University of the Free State

ANNUAL REPORT 2018

to the Department of Higher Education and Training

UNIVERSITY OF THE FREE STATE
UNIVERSITEIT VAN DIE VRYSTAAT
YUNIVESITHI YA FREISTATA
UFS UV

Contact person: Lise Kriel

Directorate for Institutional Research and
Academic Planning
T: +27(0)51 401 9380
E: kriell@ufs.ac.za

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TABLE OF CONTENTS

TABLES

FIGURES

ACRONYMS

3MT® ...... University of Queensland Three Minute Thesis
A_STEP .... Academic Student Tutorial Excellence Programme
AARTO...... Administrative Adjudication of Road Traffic Offences
ABCD........ asset-based community development
AI .... artificial intelligence
ALP .... Academic Leadership Programme
AM .... authentication management
ARIC .... Audit, Risk and IT Governance Committee
ARU.......... Afromontane Research Unit
BA .... Bachelor of Arts
BCom .... Bachelor of Commerce
BMI........... body mass index
BMS.......... building management system
BSocSci .... Bachelor of Social Sciences
CanMEDs.. Canadian Medical Education Directions for Specialists
CBE .... community-based education
CBI .... content-based instruction
CGE .... Commission for Gender Equality
CPF .... Community Policing Forum
CSIR .... Council for Scientific and Industrial Research
CSL........... community service learning
CSSU .... Clinical Simulation and Skills Unit
CTL........... Centre for Teaching and Learning
CUADS...... Centre for Universal Access and Disability Support
CUT .... Central University of Technology
DCE .... Directorate Community Engagement
DCM .... Department of Communication and Marketing
DGPO........ Data Governance Programme Office
DIRAP....... Directorate for Institutional Research an Academic Planning

DMM .... data management maturity
DoH .... Department of Health
DRD .... Directorate for Research Development
DSA .... Division for Student Affairs
DST........... Department of Science and Technology
EMS .... Faculty of Economic and Management Sciences
ETL .... excellence in teaching and learning
FASS .... four-dimensional accounting student support
FHS........... Faculty of Health Sciences
FSCHR....... Free State Centre for Human Rights
FSDoH....... Free State Department of Health
FTE .... full-time equivalent
GES........... Graduate Exit Survey
GLP........... good laboratory practice
GLS........... Global Leadership Summit
GRM.......... graduate research management
GSE........... gender and sexual equity
HC .... headcount
HEMIS .... higher education management information system
HIA .... heritage impact assessment
HPC .... high performance computing
HPCSA ...... Health Professions Council of South Africa
HRA .... Housing and Residence Affairs
I@H .... internationalisation at home
IA............. Institutional Advancement
ICT .... information and communication technology
IF .... Institutional Forum
IIS .... Institutional Information Systems
IM .... identity management
IMG........... Institutional Multi-stakeholder Group
IPE............ interprofessional education
IRSJ........... Institute for Reconciliation and Social Justice
ISRC.......... Institutional Student Representative Council
IT .... information technology
ITP .... Integrated Transformation Plan
KIAI........... Inyathelo Advancement Initiative
KPI .... key performance indicator
L4SJ .... leadership for social justice
LBGTQIA+ . lesbian, bisexual, gay, trans, queer, intersexed, asexual and gender non-conforming individuals
LED .... light emitting diode
LIS............ Library and Information Services
LLB .... Bachelor of Laws
LMS.......... learning management system
MACAH..... Mother and Child Academic Hospital
MERSETA.. Mechanical, Engineering and Related Services Sector Education and Training Authority
MMed....... Master of Medicine
NAS.......... Faculty of Natural and Agricultural Sciences
nGAP........ new generation of academics programme
NIMART .... nurses initiating anti-retroviral treatment
NRF .... National Research Foundation
NSFAS ...... National Student Financial Aid Scheme
OIA........... Office for International Affairs
OWSD....... Organization for Women in Science for the Developing World
PA .... privileged access
PGCE .... Postgraduate Certificate in Education
PGS .... Postgraduate School
PHC.......... primary health care
POPIA....... Protection of Personal Information Act
PQM .... programme and qualifications mix
PREC .... postgraduate research education conference
PrEP .... pre-exposure prophylaxis
PSET......... post-school education and training system
PSP .... Prestige Scholars' Programme
QCMC .... Qwaqwa Campus Management Committee
RIMS......... research information management system
RRHEP...... responsible reproductive health education programme
SAAA........ South African Accounting Association

SADC .... Southern African Development Community
SAHP .... School for Allied Health Professions
SAPS......... South African Police Service
SARChI...... South African Research Chairs Initiative
SART......... sexual assault response team
SAS.......... Student Academic Services
SASSE .... South African survey of student engagement
SCD.......... Student Counselling and Development
SETA......... Sector Education and Training Authority
SLAD......... Student Life Arts and Dialogues
SLD.......... Student Learning and Development
SLE .... senior lecturer equivalent
SLP .... short learning programme
SMT .... School Management Team
SOD .... segregation of duties
SOJO......... social justice online platform
SoTL .... scholarship of teaching and learning
SPP.......... Schools Partnership Project
SRC.......... Student Representative Council
SRS.......... Student Recruitment Services
SwD.......... students with disability
TIUs .... teaching input units
UAM .... user access management
UCDG........ University Capacity Development Grant
UFS.......... University of the Free State
ULD .... Unit for Language Development
UMC.......... University Management Committee

1. PREFACE

1.1. Report from the Council Chair

Given the recent changes in the socio-political landscape of South African higher education, the governance and management of universities has become increasingly complex and challenging. I would therefore like to begin by commending the executive management of the UFS for their commitment and determination during 2018 to ensure that the University performed as expected, specifically also in support of the governance and oversight duties of the Council.

The year under review was the first year of implementation of the new UFS Strategic Plan 2018-2022. As noted in section 2.1, the plan consist of seven strategic goals, each circumscribed through one or more key performance areas. The University selected six key performance indicators to measure its progress towards achieving its goals. One of these, however, will only be measured from 2019/2020 (see note 7 of Table 1).

A glance at Table 1 shows that the UFS performed relatively well in terms of its strategic goals during 2018, exceeding the targets set for three out of five key performance indicators measured. Positive results include the renewal and transformation of the curriculum, an increase in the University's contribution to local, regional and global knowledge, and the achievement of financial sustainability. On the other hand, the UFS did not achieve its 2018 targets with regard to improving student success and well-being, and increasing the efficiency and effectiveness of governance and support systems.

In terms of *student success*, the UFS did not reach its target for undergraduate degree graduates in 2018, and success at postgraduate level is also concerning, especially for doctoral qualifications. However, it is encouraging to note that the achievement gap between black and white students narrowed from 11.4% in 2017 to 11.1% in 2018, thanks to the concerted efforts of UFS lecturers and academic support staff members. The UFS will be improving its student success initiatives in order to achieve the 2019 target of 7% set for this indicator, and to increase its graduate numbers and success rates. Plans include, inter alia, an institutional student tracking system that enables the timely identification of at-risk students, as well as formative assessment of existing support systems such as tutorials. With regard to *student well-being*, it is reassuring that the majority of UFS students feel that the UFS supports their overall well-being.

The UFS considers student representation in governance structures as the key indicator of its performance with regard to the *efficiency and effectiveness of its governance and support systems*. During 2018, students attended only one third of Senate subcommittee meetings, falling far short of the 75% target for the year. In order to address this underrepresentation, a number of changes are being effected at institutional, faculty and departmental level. One of the most important of these is the new Institutional Student Representative Council Constitution, which imbeds academic student governance within the institutional governance model of the UFS.

In terms of enrolment management, the UFS over-enrolled by 5% during 2018, which is within acceptable margins. However, The University was significant under-enrolled at postgraduate level (especially below Master's level), as well as in distance enrolments. With regard to the latter, the UFS is in the process of finalising a comprehensive strategy for open distance learning, primarily located at its South Campus. It is envisaged that this campus will become a hub for continued professional development, utilising cutting-edge education technology to facilitate successful blended and distance learning.

Increasing third stream income is key strategy for the UFS to maintain *financial sustainability*. During 2018, the share of total income originating from non-government sources and tuition fees decreased from 13% in 2017 to 10%. The share of third stream income from contract research decreased very slightly from 12% to 11.8%, but remained above the target of 11.5% set for 2018. However, the share of third stream income from advancement activities decreased significantly, from 32% in 2017 to 15% in 2018. This is mainly due to a decrease in bursary donations of more than 75%. In order to address this the UFS is establishing a third stream income task team dedicated to exploring and exploiting new and existing opportunities for enhancing this income stream.

Given that being research-led is a key element of its vision, I am pleased to report that the UFS has improved its performance in terms of research publications overall, and in international journal articles in particular. The UFS again exceeded its target rate of publication in international journals by increasing the share of its scholarly articles published in well-regarded international journals from 77% in 2017 to 85% in 2018. The majority of UFS researchers have collaborated with other institutions on their 2018 publications: UFS authors co-authored with researchers at other South African institutions in almost 70% of its collaborative publications; while over 30% were co-authored with international institutions. This bodes well in terms of both the quality and reach of the University's research, and means that the UFS has successfully increased its *contribution to local, regional and global knowledge*.

The University continued to focus a significant amount of its resources on identifying and developing black and female researchers to further their qualifications and apply for National Research Foundation (NRF) rating. As a result, the number of black rated researchers increased from 14 in 2017 to 20 in 2018, while the number of female rated researchers increased from 44 to 51. These increases are encouraging. However, the share of especially black NRF-rated researchers remain very low at only 13% (up from 9% in 2017). Female researchers comprised less than a third of the University's NRF-rated researchers in 2018, which is a slight improvement from 29% in 2017.

The UFS monitors the employment of its graduates as the key indicator for its performance in terms of *curriculum renewal and transformation*. More than half of the 2018 graduating cohort had accepted a job offer or were already working at the time of graduation (that is 12% above the 40% target set 2018), while the jobs of 73% of these graduates are related directly to their qualification. These results show that not only do the majority of UFS graduates obtain employment relatively shortly after completing their qualifications, but that almost three quarters of them find employment in their field of study.

The pedagogic relationship between students and lecturers plays a critical role in *curriculum transformation*. It is therefore encouraging to note that the majority of UFS students (more than 60%) characterise the quality of their interactions with lecturers and academic staff as excellent or good. UFS students also report significantly higher levels of meaningful, substantive interactions with their lecturers than students from other universities do.

The level of student participation in service learning has been identified as the strategic indicator of the University's *support of development and social justice through engaged scholarship*. The share of undergraduate students who report that they have participated in service learning during 2018 have decreased from 66% in 2017 to 59% in 2018. Despite this, the UFS remains in a better position with regard to this high impact teaching and learning practice than its national counterparts, given that only 48% of students at the other participating universities reported the inclusion of community-based projects in their modules during 2018.

The UFS is committed to shape its *institutional culture* to reflect diversity, inclusivity, and social justice. The first step in this process was the establishment of an Institutional Multi-stakeholder Group, chaired by the Vice-Chancellor. The Group is responsible for the identification of interventions in relation to the University's institutional culture. The key topics debated during 2018 were the independent report on student protests in 2017, and the possible impact of the relocation of the President MT Steyn statue on the state of social cohesion at the UFS.

With regard to the execution of its responsibilities during 2018, the Council approved the remit of a new Student Services Committee, which replaces the Student Services Forum, and will advise the Council on student services. Chaired by Prof Puleng LenkaBula, the Vice-Rector: Institutional Change, Student Affairs, and Community Engagement, the Committee will report to Council twice per year on policies related to student support services. Senior appointments approved by the Council during 2018 include Prof LenkaBula in the Vice-Rector position, and Prof John Mubangizi as the Dean of Law.

Most notable, and following an extended consultative process, the Council approved the relocation of the President MT Steyn statue to a site off the campus. The Council resolved that the relocation will be done in complete cooperation with the family of President Steyn, and that the process of relocation would take place in a dignified manner, following the necessary legislative processes as set out by the Free State Heritage Resources Authority. I would like to take this opportunity to commend my fellow Council members for their engagement throughout 2018 in a high level of debate on this sensitive matter.

Finally, the Council resolved during 2018 to implement the external evaluation of the Council required by the DHET and that the first evaluation would take place early in 2019. External evaluators were identified and terms of reference were developed for the panel.

I am grateful to my fellow Council members for unanimously re-electing me as Chairperson for the period 1 January 2019 to 30 September 2021. It remains an honour and privilege to be involved with the UFS in this capacity. The responsibility, although challenging, remained interesting and inspiring, and I would like to express my sincere gratitude for the support of all of the members of Council, as well as the UFS senior management in the execution of my duties.

Mr Willem Louw
Chairperson: UFS Council

Table 1: Strategic key performance indicators 2018

☺ < 5% under target *OR* < 10% over target	😐 5% > 10% under target *OR* > 15% over target	☹ > 10% under target

Strategic goal	Key performance indicator	2018 actual[1]	*2018 target*	
1: Improve student success and well-being	Black-white student achievement gap[2]	11.1%	*6.5%*	☹
2: Renew and transform the curriculum	Graduate employment[3]	52.0%	*40.0%*	☺
3: Increase UFS contribution to local, regional and global knowledge	Rate of publication in international journals[4, 5]	85.9%	*70.0%*	☺
4: Support development and social justice through engaged scholarship	Student participation in service-learning[6]	59.0%	*No target[7]*	○
5: Increase the efficiency and effectiveness of governance and support systems	Student representation in governance structures[8]	33.3%	*75.0%*	☹
6: Achieve financial sustainability	Share of income from contract research[9]	11.8%	*11.5%*	☺

[1] All values are preliminary (as at 27 May 2019) until audited HEMIS data is submitted to DHET on 31 July 2019.
[2] Difference between the average degree credit success rate of all undergraduate black (African, Coloured and Indian/Asian) students and the average degree credit success rate of all undergraduate white students enrolled in the current year.
[3] Share of graduates who report that they are already working or have already accepted a job offer at the time of graduation as per the UFS Graduate Exit Survey.
[4] Number of research output units generated from scholarly articles published in internationally indexed journals as a share of total number of research output units generated from journal articles. Internationally indexed journals include all journals indexed in the Thomson Reuters Web of Science (ISI Combined); ProQuest International Bibliography of Social Sciences (IBSS); Norwegian Register for Scientific Journals, Series and Publishers (level 2 only); Scientific Electronic Library Online (SciELO) SA; and Elsevier's Scopus.
[5] All 2018 research output data is preliminary until audited data is received from DHET (early 2020).
[6] Share of undergraduate students who report that 'some' or 'most or all' of their modules/subjects have included a community-based project (service-learning), as per the South African Survey of Student Engagement (SASSE).
[7] Service learning in all undergraduate modules will be reviewed from 2018. Results are expected in 2019/2020.
[8] Share of Senate subcommittee meetings that were attended by currently enrolled students.
[9] Income from contracts for research (in ZAR) as a share of total third stream income in a given year. Third stream income includes all income other than state appropriations (subsidies and grants) and tuition and other fee income, as per the UFS annual consolidated financial statements.

Table 2: Enrolment plan indicators 2018

☺ < 5% under target *OR* < 10% over target	😐 5% > 10% under target *OR* > 15% over target	☹ > 10% under target

☺ indicates exceptions, where any percentage over target is beneficial to the UFS*
☹ indicates exceptions, where more than 10% over target is not beneficial to the UFS*

Enrolment plan table	Enrolment plan indicator	2018 actual[1]	2018 target	
1. Total headcount (HC) enrolments by qualification groups	First-time entering undergraduates	8,975	8,700	☺
	Total undergraduate	31,643	28,450	☺
	Postgraduate to masters level	3,792	4,750	☹
	Masters	2,356	2,650	☹
	Doctors	983	950	☺
	Total postgraduate	7,131	8,350	☹
	Occasional students	680	900	☹
	TOTAL	39,454	37,700	☺
2. Enrolment HC ratios	*FU as % of total undergrads*	*28%*	*31%*	😐
	Undergrads as % of total	*80%*	*75%*	☺
	Postgrads as % of total	*18%*	*22%*	☹
	Occasional as % of total	*2%*	*2%*	☹
3. Contact HC enrolments by qualification type	Undergraduate diplomas & certificates	1,294	1,650	☹
	Advanced diploma	91	209	☹
	Undergraduate degrees	27,126	22,141	😐
	Total undergraduate	28,511	24,000	😐
	Postgraduate to masters level	2,936	3,550	☹
	Masters	2,356	2,650	☹
	Doctors	983	950	☺
	Total postgraduate	6,275	7,150	☹
	Occasional students	607	650	😐
	TOTAL	35,393	31,800	☺
4. Distance HC enrolments by qualification type	Undergraduate diplomas & certificates	2,684	2,900	😐
	Advanced diploma	81	100	☹
	Undergraduate degrees	367	1,450	☹
	Total undergraduate	3,132	4,450	☹
	Postgraduate to masters level	856	1,200	☹
	Masters	0	0	
	Doctors	0	0	
	Total postgraduate	856	1,200	☹
	Occasional students	73	250	☹
	TOTAL	4,061	5,900	☹
5. Total HC enrolments by qualification type	Undergraduate diplomas & certificates	3,978	4,550	☹
	Advanced diploma	172	309	☹
	Undergraduate degrees	27,493	23,591	😐
	Total undergraduate	31,643	28,450	☺
	Postgraduate to masters level	3,792	4,750	☹
	Masters	2,356	2,650	☹
	Doctors	983	950	☺
	Total postgraduate	7,131	8,350	☹
	Occasional students	680	900	☹
	TOTAL	39,454	37,700	☺
6. Contact full-time equivalent (FTE) enrolments by course level	Total undergraduate	26,236.68	19,920.00	😐
	Postgraduate to masters level	1,980.40	2,875.50	☹
	Masters	1,048.05	927.50	☺
	Doctors	473.16	411.35	☺*
	Total postgraduate	3,501.61	4,214.35	☹
	TOTAL	29,738.29	24,134.35	😐

Enrolment plan table	Enrolment plan indicator	2018 actual[1]	2018 target	
7. Distance FTE enrolments by course level	Total undergraduate	1,376.99	3,026.00	☹
	Postgraduate to masters level	625.75	852.00	☹
	Masters	0.00	0.00	
	Doctors	0.00	0.00	
	Total postgraduate	625.75	852.00	☹
	TOTAL	2,002.74	3,878.00	☹
8. Total FTE enrolments by course level	Total undergraduate	27,613.67	22,946.00	😐
	Postgraduate to masters level	2,606.15	3,727.50	☹
	Masters	1,048.05	927.50	☺
	Doctors	473.16	411.35	☺*
	Total postgraduate	4,127.36	5,066.35	☹
	TOTAL	31,741.03	28,012.35	☺
9. FTE enrolments to enrolment HC ratios by course level	Total undergraduate	0.87	0.81	☺
	Postgraduate to masters level	0.69	0.78	☹
	Masters	0.44	0.35	😐
	Doctors	0.48	0.43	☺
	Total postgraduate	0.58	0.61	☺
	TOTAL	0.80	0.74	☺
10. Contact HC enrolments by major field of study	Science, engineering, technology	10,562	11,611	😐
	Business/management	5,708	5,502	☺
	Education	6,529	3,530	😐
	Other humanities	12,593	11,157	☺
	TOTAL	35,393	31,800	☺
11. Distance HC enrolments by major field of study	Science, engineering, technology	38	23	☺*
	Business/management	996	1,385	☹
	Education	2,293	4,173	☹
	Other humanities	735	319	😐
	TOTAL	4,061	5,900	☹
12. Total HC enrolments by major field of study	Science, engineering, technology	10,600	11,633	😐
	Business/management	6,704	6,888	☺
	Education	8,822	7,703	😐
	Other humanities	13,328	11,476	😐
	TOTAL	39,454	37,700	☺
13. Proportion of total HC enrolments by major field of study	Science, engineering, technology	27%	31%	☹
	Business/management	17%	18%	😐
	Education	22%	20%	☺
	Other humanities	34%	30%	☺
	TOTAL	100%	100%	
14. Contact HC enrolments by race group	African	26,724	21,306	😐
	Coloured	2,024	2,067	☺
	Indian	364	318	☺
	White	6,281	8,109	☹
	TOTAL	35,393	31,800	☺
15. Distance HC enrolments by race group	African	2,964	4,130	☹
	Coloured	176	354	☹
	Indian	221	236	😐
	White	700	1,180	☹
	TOTAL	4,061	5,900	☹
16. Total HC enrolments by race group	African	29,688	25,436	😐
	Coloured	2,200	2,421	😐
	Indian	585	554	☺
	White	6,981	9,289	☹
	TOTAL	39,454	37,700	☺

Enrolment plan table	Enrolment plan indicator	2018 actual[1]	2018 target	
17. Proportion of total HC enrolments by race group	African	75%	67%	☺
	Coloured	6%	6%	☹
	Indian	1%	1%	☺
	White	18%	25%	☹
	TOTAL	100%	100%	
18. Contact HC enrolments by gender	Female	21,293	19,044	☺
	Male	14,100	12,756	☺
	TOTAL	35,393	31,800	☺
19. Distance HC enrolments by gender	Female	2,758	3,953	☹
	Male	1,303	1,947	☹
	TOTAL	4,061	5,900	☹
20. Total HC enrolments by gender	Female	24,051	22,997	☺
	Male	15,403	14,703	☺
	TOTAL	39,454	37,700	☺
21. Proportion of total HC enrolments by gender	Female	61%	61%	☺
	Male	39%	39%	☺
	TOTAL	100%	100%	
22. Contact FTE enrolments by major field of study	Science, engineering, technology	8,400.19	8,447.02	☺
	Business/management	4,827.94	4,826.87	☺
	Education	5,320.65	2,654.78	😐
	Other humanities	11,189.90	8,205.68	😐
	TOTAL	29,738.69	24,134.35	😐
23. Distance FTE enrolments by major field of study	Science, engineering, technology	11.00	155.12	☹
	Business/management	643.81	1,279.74	☹
	Education	756.98	1,900.22	☹
	Other humanities	590.96	542.92	☺
	TOTAL	2,002.74	3,878.00	☹
24. Total FTE enrolments by major field of study	Science, engineering, technology	8,411.19	8,602.14	☺
	Business/management	5,471.75	6,106.61	☹
	Education	6,077.63	4,555.00	😐
	Other humanities	11,780.86	8,748.60	😐
	TOTAL	31,741.03	28,012.35	☺
25. Proportion of total FTE enrolments by major field of study	Science, engineering, technology	26%	31%	☹
	Business/management	17%	22%	☹
	Education	19%	16%	😐
	Other humanities	37%	31%	😐
	TOTAL	100%	100%	
26. Total success rates: Contact FTE degree credits by course level	Total undergraduate	21,173.12	16,446.76	☺*
	Postgraduate to masters level	1,668.34	2,449.55	☹
	Masters	683.20	657.20	☺
	Doctors	272.98	307.97	☹
	Total postgraduate	2,624.52	3,414.72	☹
	TOTAL	23,797.65	19,861.48	☺*
27. Total success rates: Contact FTE degree credits by field of study	Science, engineering, technology	6,944.79	7,343.00	😐
	Business/management	3,617.28	3,571.00	☺
	Education	4,736.08	2,183.00	☺*
	Other humanities	8,499.50	6,764.00	☺*
	TOTAL	23,797.65	19,861.00	☺*
28. Total success rates: Distance FTE degree credits by course level	Total undergraduate	1,178.13	2,431.90	☹
	Postgraduate to masters level	392.25	707.16	☹
	Masters	0.00	0.00	
	Doctors	0.00	0.00	
	Total postgraduate	392.25	707.16	☹
	TOTAL	1,570.38	3,139.06	☹

Enrolment plan table	Enrolment plan indicator	2018 actual[1]	2018 target	
29. Total success rates: Distance FTE degree credits by field of study	Science, engineering, technology	9.45	133.20	☹
	Business/management	400.42	948.94	☹
	Education	658.86	1,613.19	☹
	Other humanities	501.64	443.73	☺
	TOTAL	1,570.38	3,139.06	☹
30. Total success rates: Total FTE degree credits by course level	Total undergraduate	22,351.25	18,878.66	☺*
	Postgraduate to masters level	2,060.59	3,156.71	☹
	Masters	683.20	657.20	☺
	Doctors	272.98	307.97	☹
	Total postgraduate	3,016.77	4,121.88	☹
	TOTAL	25,368.02	23,000.54	☺
31. Total success rates: Total FTE degree credits by field of study	Science, engineering, technology	6,954.24	7,476.20	😐
	Business/management	4,017.70	4,519.94	☹
	Education	5,394.95	3,796.19	☺*
	Other humanities	9,001.13	7,207.73	☺*
	TOTAL	25,368.02	23,000.06	☺
32. Total success rates: Total FTE degree credits divided by total FTE enrolments by course level	Total undergraduate	81%	82%	☺
	Postgraduate to masters level	79%	85%	😐
	Masters	65%	71%	😐
	Doctors	58%	75%	☹
	Total postgraduate	73%	81%	☹
	TOTAL	80%	82%	☺
33. Total success rates: Total FTE degree credits divided by total FTE enrolments by major field of study	Science, engineering, technology	83%	87%	☺
	Business/management	73%	74%	☺
	Education	89%	83%	☺
	Other humanities	76%	82%	😐
	TOTAL	80%	82%	☺
34. Total graduate HC by qualification type	Undergraduate diplomas	1,677	1,138	☺*
	Advanced diploma	121	93	☺*
	Undergraduate degrees	3,613	4,954	☹
	Total undergraduate	5,411	6,184	☹
	Postgraduate to masters level	2,106	1,967	☺
	Masters	607	650	😐
	Doctors	135	124	☺
	TOTAL	8,259	8,925	😐
35. Total graduate HC by major field of study	Science, engineering, technology	2,406	3,213	☹
	Business/management	1,392	2,026	☹
	Education	1,885	1,865	☺
	Other humanities	2,576	1,821	☺*
	TOTAL	8,259	8,925	😐
36. Total graduate HC as a % of total HC enrolments	Total undergraduate	17%	22%	☹
	Postgraduate to masters level	56%	41%	☺*
	Masters	26%	25%	☺
	Doctors	14%	13%	☺
	TOTAL	21%	24%	☹
37. Permanently appointed staff HC by staff category	Instruction/research professionals	972	953	☺
	Executive/management professionals	114	96	😐
	Support professionals	109	104	☺
	Total professional staff	1,195	1,154	☺
	Technical staff	42	44	☺
	Non-professional administrative staff	1,247	860	😐
	Crafts/trades staff	3	12	☹
	Service staff	227	330	☹
	Total non-professional staff	1,519	1,247	😐
	TOTAL	2,714	2,401	☺

Enrolment plan table	Enrolment plan indicator	2018 actual[1]	2018 target	
38. All FTE staff by staff category	Instruction/research professionals	1,145.00	1,279.38	☹
	Executive/management professionals	122.00	103.52	😐
	Support professionals	123.00	176.88	☹
	Total professional staff	1,390.00	1,559.78	☹
	Technical staff	174.00	204.02	☹
	Non-professional administrative staff	1,506.00	878.38	😐
	Crafts/trades staff	3.00	19.10	☹
	Service staff	236.00	414.06	☹
	Total non-professional staff	1,919.00	1,515.56	😐
	TOTAL	3,309.00	3,075.33	☺
39. Ratios of FTE staff to permanently appointed staff HC by staff category	Instruction/research professionals	1.2	1.3	☹
	Executive/management professionals	1.1	1.1	☺
	Support professionals	1.1	1.7	☹
	Total professional staff	1.2	1.4	☹
	Technical staff	4.1	4.6	☹
	Non-professional administrative staff	1.2	1.0	😐
	Crafts/trades staff	1.0	1.6	☹
	Service staff	1.0	1.3	☹
	Total non-professional staff	1.3	1.2	☺
	TOTAL	1.2	1.3	☺
40. Permanently appointed instruction/ research staff HC by highest qualification	Doctoral degree	454	422	☺
	Masters degree	414	438	😐
	Other	104	93	☺
	TOTAL	972	953	☺
41. Share of permanently appointed instruction/ research staff HC by highest qualification	Doctoral degree	47%	44%	☺
	Masters degree	43%	46%	😐
	Other	11%	10%	☺
	TOTAL	100%	100%	
42. Research outputs by output source[5]	Publication units	1,088.81	785	☺*
	Research masters graduates	401	316	☺*
	Doctoral graduates (unweighted)	135	124	☺
	WEIGHTED TOTAL	1,894.81	1,472	☺*
43. Ratios of research outputs to permanently appointed instruction/ research staff HC by output source[5]	Publication units	1.12	0.82	☺*
	Research masters graduates	0.41	0.33	☺*
	Doctoral graduates (unweighted)	0.14	0.13	☺
	WEIGHTED TOTAL	1.95	1.54	☺*
44. Ratio of FTE students to FTE instruction/research staff		27.7	21.9	☹*

1.2. Report from the Vice-Chancellor

At the beginning of 2018, I said that this year would mark the start of the implementation of the University's Integrated Transformation Plan – the ITP – and also the start of the implementation of the new Strategic Plan for 2018 to 2022. I also spoke of the implementation of the seven Vice-Chancellor's Strategic Projects, and the formation of an Institutional Multi-stakeholder Group (the IMG) which would deal with issues of institutional culture change, and would endeavour to learn from our past experiences in this domain. The #FeesMustFall and its associated movements brought to the fore the issue of power relations in higher education, and we would use the IMG to balance these. I also said that we would establish a new institutional risk management committee that would identify and assess risk with a sharp focus on continuous improvement. All of these started and were established in 2018.

We also implemented a systemic approach to driving a culture of excellent performance, good governance, financial sustainability, robust processes and systems, and an inclusive institutional culture. We have improved our governance, accountability and execution in the domains of budgeting and planning, information and communication technology, staff development, and student participation in UFS structures. We are engaging much more proactively with external stakeholders such as government, industry and the private sector, alumni, schools, and foundations; locally, nationally and abroad; and also, very importantly, with the media.

I can also say that we are now a Senate that faithfully guards the academic enterprise. As the UFS Senate, we are now engaging with teaching and learning, and with research, through annual Senate reports. These reports reflect on our own performance and are discussed very robustly and honestly, because that is the only way in which we can improve.

I believe we also had very successful union negotiations during 2018, and our general relations with the unions have been excellent. I have seen unwavering commitment from all of our staff members, our academic staff and our support staff; and I have experienced a very supportive student representative council, with open and clear channels of communication. I would like to express my thanks to the 2018 student leaders for their commitment, hard work, and dedication to ensure that all of our campuses are calm; that students, specifically first time entrants, are supported and advised; and for their openness to engage with management to resolve issue pre-emptively. In the midst of protests around the country on legitimate issues, they remained committed to engage, and I believe that shows true leadership.

I have extracted the above as the highlights of 2018. However, we need to do more; and the area where we need to put more attention going forward, is what I call the urgency of quality of delivery, which is a non-negotiable. As I have noted before: we may have all these fine plans, signed off by the relevant structures, but 95% of the success of a plan lies in the implementation thereof. If we do not get that right, if we do not have a structure to be able to manage that effectively, we are not going to be able to achieve the goals and targets that we have set for ourselves. Therefore, although we have all of these plans, we need to invest more effort into the urgency of delivery.

In that regard, we have established a programme management office in the Office of the Vice-Chancellor, to track progress and the implementation of projects. Together with the Directorate for Institutional Research and Academic Planning, we are monitoring the implementation of both the ITP and the Strategic Plan, as well as ad hoc projects that the executive believes to be useful and important to implement.

Looking forward, my mission for 2019 is underpinned by a theme, and that theme is to project the UFS as a thought leader. In our different areas of societal engagement – with government, the private sector, alumni, grant makers, the media – it is important that we demonstrate the calibre of the work that we are doing, work done by our academics and our support services, and we would like to reflect that more effectively in 2019. Creating a platform to address controversial issues in our society is what will establish the UFS as a thought leader, and the first step towards this goal was the launch of the first annual UFS Thought-Leadership Series during the Vrystaat Arts Festival in July 2018.

In 2019, we will continue our committed drive to widen the scope and radically accelerate transformation in the core functions, the institutional culture, and the support structures of the UFS. We will therefore continue to create an enabling environment for the implementation of the ITP, the Strategic Plan, and the Vice-Chancellor's Strategic Projects. To this end, we will focus on four key areas of work: defining a new University citizenship; increasing our third stream income; extending our collaboration on the continent, specifically in the areas of agriculture and health; and addressing poverty, inequality, and economic development in our city and our province.

In conclusion, we must always remember that the UFS exists only through its staff and students. We should never let any one of them feel neglected, or as if they are not being heard, because it is only through our staff and students that we will be able to deliver on the larger academic project, and the goals and objectives that we have set for ourselves. We have our eyes very firmly trained on the far horizon, to ensure that we bestow an institution on the next generation that is probably different from the past, but equally impressive; a place that at its core is founded in perpetual renewal.

Prof Francis Petersen
Vice-Chancellor and Rector: UFS

2. ABOUT THE UFS

This section provides an overview of the strategy, governance and management of the UFS during the reporting year. It clarifies the activities and membership of the key governance and management structures of the institution, as well as the manner in which the UFS governed data and managed risk during 2018.

2.1. Strategy

The current UFS Strategic Plan, summarised in Figure 1, signals the University's commitment to widen the scope and radically accelerate institutional transformation over the next five years. The UFS will strive for social justice in everything it does. It will be an institution where its diverse people feel a sense of common purpose and where the symbols and spaces, systems and daily practices all reflect commitment to openness and engagement. It will respond to the needs of the local community, while at the same time participating in global knowledge production. It will be an institution that has engaged actively with its colonial and apartheid legacies, and which recognises its common humanity and the universal nature of the intellectual endeavour. In achieving its vision, the UFS will distinguish itself through academic excellence, diversity and inclusivity, and through innovative and transformative thought, and will pursue the delivery of excellent graduates and knowledge for the region, the continent and the globe.

VISION	GOALS	KEY PERFORMANCE AREAS			
The UFS is a research-led, student-centred and regionally engaged university that contributes to development and social justice through the production of globally competitive graduates and knowledge.	1: Improve student success and well-being	1.1: Increase student success and throughput rates, and reduce the achievement gap.	1.2: Develop graduate attributes in curricular and co-curricular interventions.	1.3: Improve student safety and health issues.	
	2: Renew and transform the curriculum	2.1: Develop curricula that is locally relevant and globally competitive.	2.2: Revise the structure of the curricula in terms of pathways and graduate employability.	2.3: Transform the pedagogic relationship between students and lecturers.	
	3: Increase UFS contribution to local, regional and global knowledge	3.1: Focus resource allocation for research and innovation on UFS areas of strength and distinctiveness.	3.2: Transform the profile and increase the diversity of UFS researchers.	3.3: Increase research impact and uptake, including a special focus on the African continent.	
	4: Support development and social justice through engaged scholarship	4.1: Increase the number of academic staff who are involved in engaged scholarship.	4.2: Increase opportunities for students to engage in community-based education.	4.3: Prioritise engaged scholarship in the UFS funding model.	
	5: Increase the efficiency and effectiveness of governance and support systems	5.1: Revise and update all UFS policies to reflect the University transformative drive.	5.2: Increase student participation in University governance structures.	5.3: Optimise the student lifecycle from recruitment to graduation.	5.4: Improve the integration of data and electronic systems to support both tactical and strategic decision-making.
	6: Achieve financial sustainability	6.1: Increase non-government derived sources of income.	6.2: Optimise the cost drivers in academic programmes and support service departments.	6.3: Correct the UFS tuition fee baseline.	
	7: Advance an institutional culture that demonstrates the values of the UFS	7.1: Operationalise a UFS Institutional Multi-stakeholder Group (IMG) responsible for the identification of interventions in relation to the UFS's institutional culture.			

Figure 1: UFS Strategic Plan 2018 to 2022

2.2. Governance

2.2.1. Statement of Council on governance

In terms of the Higher Education Act 101 of 1997, as amended, the main institutional governance structures of the UFS are the Council, the Senate, the SRC, and the Institutional Forum. The Council is the highest decision-making body, and is responsible for ensuring the good governance of the institution subject to the Higher Education Act and the Statute.

The UFS Council is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King III Report. Accordingly, the Council endorses, and has applied during the period under review, the King III Code of Practices and Conduct, and the Code of Ethical Behaviour and Practice. In supporting this Code, the Council recognises the need to conduct the business of the UFS with integrity and in accordance with generally accepted practices. Further details about the UFS Council, its composition, its committees, and its activities in 2018 are provided in section 2.2.2 of this report. The Code of Ethical Conduct of the UFS Council is included as Appendix 3 of this report.

The current Report conforms to the 2014 Regulations for Reporting by Public Higher Education Institutions, which applies the principles of the King Code of Corporate Governance for South Africa 2009, i.e. King III Code. However, the Council is familiar with the King IV Code, which was introduced in 2016. The King IV Code includes the response of the King Committee to requests received from non-private sector organisations to amend the Code so that it is more easily applicable to all types of organisations, including the public sector and non-profit institutions. While the Council currently functions cognisant of the new Code, it eagerly awaits the Department of Higher Education and Training's (DHET) revision of the 2014 Regulations in order to align its monitoring and reporting system to the King IV Code.

Worker and student participation is essential to effective co-operative governance. The UFS recognises two labour unions, namely NEHAWU and UVPERSU (the majority union). The Collective Agreement between the University and UVPERSU was signed on 14 October 2010 and the Recognition Agreement between the UFS and NEHAWU was signed on 1 September 2010. The UFS management regularly meets with the unions to discuss issues of mutual concern, and annual negotiations are conducted in respect of salary adjustments and conditions of service.

Workplace forums were established during 2018, in addition to the unions, to discuss issues not covered by the collective agreements and to enhance democratic participation in the decision-making processes at the UFS. These include the Support Service Staff Forum, the Head of Academic Departments Forum, and the Workers Student Forum. The latter incudes student and service worker representatives.

No staff unrest or protest action by outsourced workers was experienced during 2018.

Increasing student participation in University governance structures has been prioritised as a key performance area of the UFS in the Strategic Plan 2018-2022. In addition, the Rectorate and the Division for Student Affairs (DSA) were in consistent engagement with students during the year to ensure clear and open communication. More information about the participation of students in UFS governance structures, including details of the Institutional Student Representative Council (ISRC) Constitution and the new academic governance system, is included in section 3.3.1.3 of this report. The activities and membership of the SRC during 2018 are noted in section 2.2.5.

With regard to conflict management, two academic days were lost at the Qwaqwa Campus due to student unrest during 2018. The cost of damage to property was approximately R18 500. Most of the damage to buildings was a result of looting at different food outlets on the campus. The service providers collectively incurred damages of approximately R528 000 on stock. The unrest was mainly related to the deregistration of provisionally registered students, student transport, and extended library hours. The Rectorate intervened and the matter was resolved by the conclusion of a Memorandum of Agreement between the UFS and the SRC.

Mr Willem Louw
Chairperson: UFS Council

2.2.2. UFS Council

The UFS Council met five times during 2018. The Council fulfilled its fiduciary responsibilities with regard to governance, as provided for in the Higher Education Act. The Council implemented the new UFS Statute, which was published in the Government Gazette on 26 January 2018. During March 2018, the Council also approved, in terms of Section 32(i)(a) of the Higher Education Act, the Institutional Rules of the UFS, which gave effect to the newly published Statute. The Rules are aimed at improving the overall levels of governance, accountability and management at the UFS, and were implemented accordingly by the Council during 2018. The Rules specify the different subcommittees of Council, as follows:

- Executive Committee of Council
- Audit, Risk, and Information Technology (IT) Governance Committee
- Finance Committee
- Remuneration Committee
- Nominations Committee
- Naming Committee
- Human Resources Committee
- Honorary Degrees Committee (joint committee with the UFS Senate)

The Council's activities during 2018 included considering senior appointments (as prescribed by the Statute and Rules). The Council approved the appointments of Prof Puleng LenkaBula as Vice-Rector: Institutional Change, Student Affairs and Community Engagement, and of Prof John Mubangizi as the Dean of the Law Faculty on 22 January 2018. Other significant matters considered by the Council during 2018 include:

- Unanimously re-elected Mr Willem Louw as Chairperson for the period 1 January 2019 to 30 September 2021, and extended the term of Dr Nthabeleng Rammile as the Vice-Chairperson of Council until 31 December 2019.
- Approved the Policy on Council-delegated Authorities, and the Remit of the Student Services Committee (with amendments), which will advise the Council on student services.
- Approved the Sexual Harassment, Sexual Misconduct and Sexual Violence Policy; and Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures.
- Noted the UFS Compliance Report, Employment Equity Report, and the institutional risks.
- Approved of the 2017 Annual Report.
- Approved the appointment of PricewaterhouseCoopers as the external auditors for 2018 to 2022.
- Approved the relocation of the President MT Steyn statue.
- Considered fee adjustments for 2019 and approved the Consolidated Financial Statements for the year 2017 as well as the 2019 Budget.
- Approved in principle the multi-faceted initiative between the Mother and Child Academic Hospital (MACAH) Foundation and the UFS.

The members of Council are noted in the following sections.

2.2.2.1. Members of the UFS Council, 2018

Vice-Chancellor and Rector
- Prof Francis Petersen

Vice-Rector
- Prof Prakash Naidoo (until 2018/09/30)
- Prof Puleng LenkaBula (from 2018/10/01)

Appointed by the Minister of Higher Education and Training
- Prof Millard Arnold
- Leah Molatseli
- Dan Mosia
- Itumeleng Pooe
- Judge Celeste Reinders

Appointed by the Premier of the Free State
- Pule Makgoe (until 2018/10/31)
- Kopung Ralikontsane (from 2018/11/15)

Elected by the Senate
- Prof Loyiso Jita (from 2018/02/27)
- Prof Danie Vermeulen

Members of the religious community
- Dr Nthabeleng Rammile (*Vice-Chairperson*)

Elected by the Convocation
- Christo Dippenaar (until 2018/10/31)
- Prof Johan Grobbelaar (until 2018/10/31)
- Henry Madlala (until 2018/10/31)
- Dr Marius Swart

Elected by the Donors
- Rian Moolman

Elected by the academic staff who are not members of Senate
- Dr Henk Potgieter

Elected by the non-academic staff (support service employees)
- Susan van Jaarsveld

Appointed by the Central Student Representative Council
- Asive Dlanjwa/Sonwabile Dwaba (Bloemfontein)
- Masopha Hlalele/Sakhile Mnguni (Qwaqwa)

Appointed by the South African Local Government Association: Free State
- Zanoxolo Futwa

Chairperson of the Institutional Forum
- Rantooa Moji

Appointed by Council
- David Abbey (from 2018/03/23)
- Ryland Fisher
- Derek Foster
- Dan Kriek (from 2018/03/23)
- Dr Anchen Laubscher
- Willem Louw (*Chairperson*)
- Kgotso Schoeman
- Dr Susan Vosloo

2.2.2.2. *Members of the UFS Council, as at 14 June 2019*

Vice-Chancellor and Rector
- Prof Francis Petersen

Vice-Rector
- Prof Puleng LenkaBula

Appointed by the Minister of Higher Education and Training
- Prof Millard Arnold
- Leah Molatseli
- Dan Mosia
- Itumeleng Pooe
- Judge Celeste Reinders

Appointed by the Premier of the Free State
- Kopung Ralikontsane

Elected by the Senate
- Prof Loyiso Jita
- Prof Danie Vermeulen

Members of the religious community
- Dr Nthabeleng Rammile (*Vice-Chairperson*)

Elected by the Convocation
- Dr Marius Swart
- *Three vacant positions*

Elected by the Donors
- Rian Moolman

Elected by the academic staff who are not members of Senate
- Dr Henk Potgieter

Elected by the non-academic staff (support service employee)
- Susan van Jaarsveld

Appointed by the Central Student Representative Council
- Sonwabile Dwaba (Bloemfontein)
- Sakhile Mnguni (Qwaqwa)

Appointed by the South African Local Government Association: Free State
- Zanoxolo Futwa

Chairperson of the Institutional Forum
- Rantooa Moji

Appointed by Council
- David Abbey
- Derek Foster
- Dan Kriek
- Dr Anchen Laubscher
- Willem Louw (*Chairperson*)
- Dr Susan Vosloo
- *One vacant position*

2.2.3. Statement of the Audit, Risk, and IT Governance Committee of Council

The objective of the Audit, Risk and IT Governance Committee (ARIC) of Council is to assist the UFS Council with executing the responsibilities as prescribed in the Higher Education Act 101 of 1997 as amended, the Regulations for Reporting by Public Higher Education Institutions and King IV encapsulated in the remit of the ARIC.

Council approved at a meeting on 18 June 2018 a name change after a review of the remit of the committee from the Audit and Risk Management Committee to the Audit, Risk and Information Technology Governance Committee to be more representative of the scope of the responsibilities of the committee.

The ARIC comprises of independent members who have extensive financial and audit expertise, risk management and IT as well as broad business or leadership experience.

The ARIC had four meetings during 2018, which was also attended by both internal and external auditors, members of the executive and senior managers in Finance, IT and the Registrar.

The ARIC confirmed specifically during the course of the 2018 on matters pertaining to:

- compliance with applicable legislation and the requirements of regulatory authorities;
- the consideration of sustainability matters in the annual report;
- a conclusion and reporting on the effectiveness of internal financial controls;
- the matters relating to financial and internal control, accounting policies, reporting and disclosure;
- the audit activities, scope, adequacy and effectiveness of the internal audit function, audit plans and audit strategy for the year;
- review of the internal auditor's reports;
- the assessment of all areas of financial risk and the management thereof;
- the review and approval of external audit plans, annual audit management letters and fees;
- the recommendation of the annual financial statements after due deliberation and discussion with the Finance Committee, external auditors and presentations by management;
- due deliberation and follow up of internal audit reports and implementation of remedial actions;
- the institutional risk register, evaluation of risk ratings, the appropriateness of mitigating strategies and targets for key performance indicators;
- determining the independency of the external auditor;
- determining and pre-approval of the nature and extent of non-audit services;
- independent meetings with the internal and external auditors;
- ensuring that ICT (information and communication technology) Services fulfils the governance requirements of the greater UFS where digital technologies and digital transactions are at play;
- acknowledging the ICT-mandate in terms of specific areas of institutional governance and mandate ICT to resolve those issues;
- ensuring and confirming that the technology-based activities of ICT Services is sufficient to cater for current, and potential future digital risks, but also to ensure that the Business-side activities related to practice and process is enforced;
- checking and ensuring that ICT Services provides standardised and formalised mechanisms to protect the operational integrity of the UFS from a digital perspective (including system security, platform security, and infrastructure security);
- checking and validating the role and initiatives of ICT Services in terms of the integrity of the UFS data domain from a digital perspective.

The ARIC satisfied itself with regard to the resources and experience of the finance function after consideration of the character, integrity and high ethical values demonstrated, a commitment to competence, the assignment of authority and responsibility as a basis for accountability and control, the proper application of accounting principles in preparation of the financial statements from reliable information systems.

2.2.3.1. Members of the Audit, Risk, and IT Governance Committee of Council, 2018

- Derek Foster (*Chairperson*)
- David Abbey (from 2018/03/23)
- Dan Kriek (from 2018/03/23)
- Christo Dippenaar (until 2018/10/31)
- Willem Louw
- Rian Moolman
- Dr Nthabeleng Rammile
- Prof Francis Petersen

Mr Willem Louw
Chairperson: UFS Council

Mr Derek Foster
Chairperson: Audit, Risk and IT Governance Committee

2.2.4. UFS Senate

All members of the professoriate are members of the UFS Senate, which is chaired by the Vice-Chancellor and Rector of the UFS. The revised Statute also provides for representation of lecturing staff in the categories of senior lecturer and lecturer per faculty, heads of academic departments, other academic employees, the SRC, and one student from each faculty on the Bloemfontein and Qwaqwa campuses.

The Senate convened six times during 2018 to exercise its responsibility for the academic and research functions of the University, as prescribed by the Higher Education Act. The Senate is responsible for the strategic direction of the core functions of the UFS (teaching and learning, research, and community engagement), as well as for determining policy and rules concerning academic matters. Issues considered during 2018 include the following:

- Ratified the Remit of the Senate Central Admissions Committee, and approved the remits of the Teaching and Learning Committee of Senate, and the Language Committee as a subcommittee of Senate.
- Noted the revision of the Remit of the Executive Committee of Senate.
- Approved the name change of the Centre for Africa Studies to the Centre for Gender and Africa Studies.
- Elected Prof Loyiso Jita to represent the Senate in the Council for the unexpired term of Prof Caroline Nicholson, who had resigned.
- Elected Dr Engela van Staden as the Senate's preferred candidate for the position of Vice-Rector: Academic.
- Noted the Registration and Enrolment Status Report, the Annual Research Report 2017, and the revision of the Performance Management System.
- Noted the President MT Steyn statue process.
- Approved the Institutional Calendar for 2019 and the full UFS Calendar for 2019 (with all the details included).
- Considered faculty enrolment targets.

- Approved the Internationalisation Strategy of the UFS.
- Recommended the restructuring of the Department of South African Sign Language and the Unit for Language Facilitation and Empowerment for approval by the Council.
- Approved the appointment of Dr Chitja Twala as Vice-Dean of the Humanities Faculty for a period of five years.
- Approved the phasing out of the distance mode Bachelor of Laws (LLB).

The Senate subcommittees assisted the Senate in the execution of its functions. These subcommittees include the following:

- Executive Committee of Senate
- Research Committee of Senate
- Research Ethics Committee of Senate
- Central Admissions Committee
- Academic Timetable Committee
- Library Senate Committee
- Academic Planning and Development Committee

2.2.5. Student Representative Council

In terms of Section 35 of the Higher Education Act, every University must establish a Student Representative Council (SRC) in line with its Statute and Institutional Rules. The SRC of an institution is its highest structure of student governance. Once in place, the UFS SRC identifies a set of strategic objectives through engagement with students.

In formulating their strategies for the term 2017/2018, the collective SRCs of the UFS identified three areas of strategic focus, i.e. (i) improving access and support, (ii) integration of off-campus students, and (iii) policy work. In order to improve student access during 2018, the SRC focused on raising funds to assist students with provisional registration, and negotiating reduced registration fees for 'missing middle' students. The SRC strategies for improving student support included an academic audit to ascertain the current skill set of academic staff, and the identification and assessment of the effectiveness of structures put in place to improve student success, including a review of the academic appeals process.

The SRC engaged with the Student Life communities (which include on-campus residences, day residences, student associations and faculty organizations), residence committees, and Kovsie Sport with the goal of utilising these structures as delivery platforms for the improved integration of off-campus students. Strategies included improved marketing of offerings and programmes specifically for off-campus students, as well as a review of programmes that exclude off-campus students. The SRC also campaigned for the provision of internet services for off campus students, the expansion of operational hours of computer labs, and the rescheduling of training times to allow students who live off campus to participate in campus sport without the increased risk to their safety after hours.

At the end of 2018, the SRC had actively participated in the development and implementation of the following critical and strategic policies within the institution: ISRC Constitution; Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures; and the Sexual Harassment, Sexual Misconduct, and Sexual Violence Policy. The SRC was also involved in the development of the Student Mental Health Policy, Social Support Policy, Residence Placement Policy, Academic Appeals Policy, and ICT Rules and Regulations during 2018.

Members of the 2017/2018 SRC are noted in the following section.

2.2.5.1. Members of the Student Representative Council, 2017/2018

Qwaqwa

President
- Masopha Hlalele

Deputy President
- Sakhile Khulekani Mnguni

Secretary
- Mawande Mazibuko

Treasurer
- Mafusi Mosia

Politics and Transformation
- Promise Mofokeng

Student Development and Environmental Affairs
- Mbali Ndlovu

Media and Publicity
- Khethukhuthula Thusi

Arts and Culture
- Khulani Mhlongo

Sports Affairs
- Sibusiso Sakhile Nsibande

Academic Affairs
- Mamokete Tamo

Religious Affairs
- Ndamulelo Muthaki

Civic and Social Responsibility
- Mafeka Piet Tshabalala

Off-campus Students
- Khethwa Miracle Mongezi

Residence Affairs
- Thato Moloi

Bloemfontein

President
- Asive Dlanjwa

Vice-President
- Letlhogonolo Boikanyo

Secretary
- Siphokazi Tyida

Treasurer
- Ntombi Nhlapo

Transformation
- Kamohelo Maphike

Student Development and Environmental Affairs
- Lefa Makara

Media and Marketing
- Kgotatso Nonyane

Student Media Council
- Tammy Fray

Arts and Culture
- Lwanda Jack

Sport
- Yanelisa Nyalambisa

Academic Student Council
- Fransesco Cirelli

Postgraduate Student Council
- Mpoi Makhetha

Student Accessibility and Support
- Sibongile Mpama

Legal and Constitutional Affairs
- Athenkosi Koti

First Generation Students
- Lorraine Chauke

Civic and Social Responsibility
Elizke Du Toit

Day Residences and Commuter Student Council
Brady MacPherson

On-campus Residence Council
Sonwabile Dwaba

International Student Council
Andrei-Tendai Kwenda

Dialogue and Associations Council
Yolisa Xatasi

2.2.6. Report of the Institutional Forum to Council

The UFS Institutional Forum (IF) advised Council on the fairness of the process of senior management appointments and contract renewals, including the Dean of Theology and Religion, the Vice-deans at the Humanities and Law faculties, and the Vice-Rector: Research. Ongoing interaction with the Rector ensured that the IF remained informed of the implementation of the Integrated Transformation Plan and that members were able to make recommendations where appropriate. Finally, the IF was represented in a number of meetings convened by the Minister of Higher Education. Unfortunately, the IF could only convene for half of their scheduled 2018 meetings, due to a lack of availability of members.

The 2018 IF membership is noted in the next section.

Mr Rantooa Moji
Chairperson: UFS Institutional Forum

2.2.6.1. Members of the Institutional Forum, 2018

Elected by the Senate
- Prof Philippe Burger
- Prof Neil Roos

Elected by other academic employees
- Dr Johan Bezuidenhout
- Rantooa Moji (*Chairperson*)

Elected by administrative employees
- Juanita Burjins
- Arista van der Westhuizen

Elected by service employees
- Pauline Lebatsa
- Kehiloe Mtshali

Designated by the Council
- Dr Anchen Laubscher
- Henry Madlala

Designated by the UMC
- Keitumetse Eister
- Pura Mgolombane (*Deputy Chairperson*)

Designated by the SRC
- Sonwabile Dwaba
- Sakhile Mnguni

Designated by the trade unions
- Anita Lombard (UVPERSU)
- Dr Makeresemese Qhosola (NEHAWU)

2.2.7. Data governance

Following the recommendations of the 2017 Data Management Maturity (DMM) assessment, the Data Management Governance division at ICT Services was tasked with designing an operating framework that outlined the individual roles and institutional structures required to establish data management governance at the UFS.

The theoretical foundations of the initial framework included the CMMI Institute's Data Management Maturity Model, Data Management Framework by DAMA International, and the TOGAF Enterprise Architecture Framework. The initial framework was aligned with industry practice by comparing it with data governance practices in South African and international higher education institutions. The refined framework was tailored to the realities of the UFS through a broad stakeholder consultation process, which included key data producers and consumers as well as University managers. The final framework was approved in October 2018. The framework standardises the terminology used when referring to segments of data; it clarifies data governance roles and presents a model to assign these roles; and it proposes data governance organisational structures. The roles and structures include the following:

- Data Domain Stewards are accountable for a data domain. They have to ensure that institutional data governance rules are enforced in their data domain. In addition, they may define domain-specific data governance rules.
- Data Governance Executives are responsible for the governance of a data portfolio, which consists of multiple data domains. They have to approve domain-specific data governance rules applicable to data domains included in their data portfolio. The Data Governance Executives, as a collective, approve institutional data governance rules.
- Data Set Stewards are responsible for a data set; they should ensure that institutional and domain-specific data governance rules are enforced.

CLOUD ADOPTION AND DATA GOVERNANCE

Cloud computing is a given model for the management of information technology operations and has become a viable option for the UFS given that the parameters (bandwidth, process maturity, digital security, etc.) to adopt cloud computing are met. In essence, cloud computing assumes that the full service (hardware platform, software, data and process capabilities) are run in a full outsourced mode. Given this understanding, it implies that UFS ICT Services no longer stands in for any local support for the service apart from ensuring that there is sufficient connectivity to the outsource partner. This model carries with it many assumptions and needs to be fully understood by those that utilise the service.

Cloud adoption means that ICT no longer maintains a hardware platform for the system, it implies that the local ICT facility does not manage the software or the data associated with the specific service as the associated data is transferred in bulk to the outsourcing partner and managed in three to four unknown international data centres. The UFS will not have any say in where that data will be hosted as this is for the discretion of the cloud partner who establishes service partnerships with data centres of their choice, mostly in selected international centres spread across several continents.

Apart from the technology challenges associated with cloud computing, two critical issues must be addressed. Firstly, the operational maturity of the UFS to accept the operational conditions of cloud computing and secondly to abide by the strict levels of operational discipline associated with a service provider that will only provide services as stipulated in a current contract and will not change operational parameters at the drop of a hat or as the current in-house business model changes (Operational maturity).

Regarding data, (this is where the actual risk resides), cloud computing requires all associated data (to the service) to be transferred to their hosting partner. Given that the cloud partner provides surety in terms of the protection of the data, it remains UFS data, but is now managed externally to the UFS. Apart from the legislative and regulatory requirements of the Protection of Personal Information Act (POPIA) and the Electronic Communications and Transactions Act, the UFS loses local control over the data. It is important to note that responsibility for the data may not be delegated to the service provider. The cloud partner becomes the "Operator" as defined by POPIA, while the UFS will remain the "Responsible Party".

Internal data management practices in the UFS are not mature. This is reflected by the low levels of data quality and is mostly related to processes that are not yet mature and established. A further concern is that the effectiveness of an external hosting partner will affect UFS data quality. Access to the referential integrity portion of data quality resides in the host system, and is therefore not granted to external parties (in this case UFS ICT Services), as it affects the overall system performance for which the host accepts accountability at the point of outsourcing.

- A Data Governance Committee is responsible for strategic data governance decision-making. The Committee reports to the Audit, Risk and IT Governance Committee of the UFS Council.
- Data Stewardship Committees make decisions on data governance at an operational level.
- A Data Governance (Programme) Office is responsible for programme administration and coordination.

2.3. Management

2.3.1. University Management Committee

The University Management Committee (UMC) consists of all UFS senior managers as well as the presidents of the SRC at Qwaqwa and Bloemfontein, and is chaired by the Vice-Chancellor and Rector (see list of members below). The Committee convened eight times during 2018. As per the Institutional Rules, the UMC is responsible for the strategic management of the UFS with regard to its focus areas, key success factors, academic support services, and portfolios. To this end, the UMC approves new appointments and promotions of permanent and full-time support services staff members at remuneration levels equal to those of a professor, associate professor or senior lecturer; it finalises all matters that cannot be concluded within certain management lines according to specific approved policy and procedures, and fall outside the mandate of the Executive Committee of the Senate and the Senate; and it establishes or terminates support services departments. It is also responsible for recommendations to the Council regarding the appointment of persons to support service posts, with a remuneration level equal to or higher than that of a senior professor. Should the policy stipulations also affect academic staff, the UMC refers relevant macro-institutional policy matters to the Council via the Senate to obtain clarity and for decision-making; otherwise, policy recommendations are submitted directly to the Council for decision-making.

During 2018, the UMC executed its mandate in the following ways:

- Recommended the approval of the Sexual Harassment, Sexual Misconduct and Sexual Violence Policy; and Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures to the Council.
- Considered the Policy on Council-delegated Authorities and the Policy on Travel and Subsistence Expenses for submission to the

Finance Committee of Council, taking into account UMC member's comments.

- Approved budget parameters for 2019.
- Noted the President MT Steyn statue process.
- Appointed a task team to develop a Policy on Student Mental Health.
- Approved certain new appointments and recommended the approval of others to Council.
- Restructured the Institute for Reconciliation and Social Justice to a support unit.
- Noted the restructuring of the portfolio of the Registrar and ratified the process in relation to the current incumbents.

2.3.1.1. *Members of the University Management Committee, 2018*

Vice-Chancellor and Rector
Prof Francis Petersen (*Chairperson*)

Vice-Rectors
Prof Hendri Kroukamp (Academic, acting)
Prof Puleng LenkaBula (Institutional Change, Student Affairs, and Community Engagement)
Prof Prakash Naidoo (Operations)
Prof Corli Witthuhn (Research)

Registrars
Dr Karen Lazenby (Systems and Administration; until 2018/10/31)
Anban Naidoo (Systems and Administration, acting; from 2018/11/1)
Dr Gift Vinger (Governance and Policy; until 2018/10/31)
Elna van Pletzen (Governance and Policy, acting; from 2018/11/1)

Deans
Prof Phillippe Burger (Economic and Management Sciences, acting)
Prof Daniella Coetzee (Open Distance Learning South Campus)
Prof Heidi Hudson (Humanities)
Prof Loyiso Jita (Education)
Pura Mgolombane (Student Affairs)
Prof John Mubangizi (Law)
Prof Fanie Snyman (Theology and Religion)
Prof Gert van Zyl (Health Sciences)
Prof Danie Vermeulen (Natural and Agricultural Sciences)

Senior Directors
Dr Vic Coetzee (Information and Communication Technology Service)
Quintin Koetaan (Housing and Residence Affairs)
Chris Liebenberg (Finance)
Prof Francois Strydom (Centre for Teaching and Learning)
Dr Glen Taylor (Research Development)
Susan van Jaarsveld (Human Resources)
Nico Janse van Rensburg (Physical Planning)

Directors
Keitumetse Eister (Library and Information Services)
Cornelius Hagenmeier (International Affairs)
Lise Kriel (Institutional Research and Academic Planning, acting)
Lacea Loader (Communication and Marketing)
Nomonde Mbadi (Student Recruitment Services)
Prof Witness Mudzi (Postgraduate School)
Bishop Billyboy Ramahlele (Community Engagement)
Annamia van den Heever (Institutional Advancement)
JC van der Merwe (Institute for Reconciliation and Social Justice, acting)

Student Representative Council Presidents
Asive Dlanjwa/Sonwabile Dwaba (Bloemfontein)
Masopha Hlalele/Sakhile Mnguni (Qwaqwa Campus)

In advisory capacity
Letsolo Lekhesi (NEHAWU)
Anita Lombard (UVPERSU)
Elna van Pletzen (Deputy Registrar)

2.3.2. Report of Council on risk assessment and management of risk

Institutional risks are managed within the Teaching and Learning Committee of Senate, Research Committee of Senate, the Support Services Risk Management Committee, and the Social Responsiveness Committee, with oversight from the Audit, Risk and IT Governance Committee of Council. The 2018 risk identification process had the institutional strategic objectives at its core. Risks were identified in areas where performance was compromised or opportunities not fully utilised. The focus of the supporting risk management committees during the year were to cascade the targets and responsibilities of achieving the strategic objectives to all the stakeholders and embed the risk management process as a tool to increase performance.

Risk mitigation included the establishment of the risk management structure to enable the monitoring and evaluation of the institution's risk profile, updating the electronic risk registers and the assessment of the internal controls supporting the strategic objectives. The internal control environment assists in embedding the risk management structure to provide assurance of the combined assurance risk management model that the University pursues.

Council maintained an effective risk management process during 2018 and is not aware of any current, imminent, or predicted risk that may threaten the sustainability of the UFS. Table 2 summarises the dominant institutional risks of 2018.

Mr Derek Foster
Chairperson: Audit, Risk and IT Governance Committee

Mr Chris Liebenberg
Senior Director: Finance

Table 3: Institutional Risks 2018

Rank	Risk name	Summary action plan	Timespan	Risk level
1	Inadequate growth in research related grants and contracts	Strategies to stimulate and diversify sources of research income include: - Faculty programmes to partner with industry - Development of research hubs - Active marketing of research and technologies through stakeholder engagement workshops	2019: Implement strategy 2020-2022: Monitor	High
2	Names and symbols not fully represent inclusive institutional culture	- The Naming Committee receives, evaluates and recommends to Council proposals for naming and renaming in support of transformed institutional culture. - The ITP work stream undertakes a comprehensive inventory of the current state of names, symbols, statues and spaces; development of a transformation strategy on naming, renaming and acquisition of art and artefacts; re-imagining and reconfiguration of spaces. - Steyn task team: facilitation of the public participation processes.	Ongoing until 2022	High
3	Lack of student participation in governance structures	- Expand student participation and voice beyond the statutory governance structures. - Create democratically elected faculty councils. - Provide training opportunities to enhance meaningful discussions.	2019: Implement	High

Rank	Risk name	Summary action plan	Timespan	Risk level
4	Inability to ensure safety and security of students residing off campus	Collaboration efforts include (but is not limited to): - Establishment of Students Safety Collaboration Forum - Deployment of Armed Response security vehicles in crime hotspots to ensure enhanced visibility during exams - Increase investment in the Safety Awareness, targeting first years. - Engagement with Municipality and Free State Provincial Authorities to increase visibility through extension of Community Policing Forum meetings to the campus, and appointment of Assistant Director to focus on threat detection, mitigation, investigations, and off campus liaison	2019: Implement	Very high
5	Cyber (Digital/ Information) Security attacks differ from event to event and there is no comprehensive approach to protecting the UFS in a bulletproof manner.	ICT Services is implementing a comprehensive digital security plan through selected and tailor-made projects which include: - Identity Management (IM) for staff and students - Segregation of duties (SOD) implemented for ICT Services - Authentication Management (AM) - Global password policy and authentication methods enforced - User Access Management (UAM) where access the PeopleSoft is reviewed daily and workflows for approval are enforced and integrated - Privileged Access (PA) - Privileged access to systems and source code is strictly controlled and administration tasks are recorded (ObserveIT).	- IM: 2020 - SOD: 2019 - AM: 2018 - UAM: 2019 - PA: 2019	Very high
6	Share of income from advancement activities stagnates	- Plan and launch a comprehensive, well-resourced campaign to grow donations (including bequests). - Ensure excellent relations with donor organisations to retain, renew and cultivate donors. - Maintain Institutional Advancement capacity built in the five-year Kresge Inyathelo Advancement Initiative	2019: Develop campaign 2020: Implement	High
7	Institutional Data Management (Governance & Operational) plan not implemented.	- Develop a data governance organisation framework addressing individual roles and organisational structures. - Refine proposed framework in consultation with the relevant stakeholders and hand-over to the proposed Data Governance Programme Office (DGPO).	2018: Approval of data governance organisational framework	Very high
8	UFS Graduate Attributes are not deliberately developed to improve employability of graduates.	- Develop and approve graduate attribute development programme. - Phased implementation and integration in programme planning and quality assurance.	2018: Approval of development plan 2019-2022: Implement and integrate	High
9	Ineffective pedagogic relationship between students and lecturers leading to low trust, low engagement and a lack of innovative approach to teaching and learning.	- Use research results of #feesmustfall to generate strategies to rebuild trust between students and lecturers - Develop initiatives to improve the quality of the lecturer-student relationship in the classroom.	2018-2022	Very high
10	Lack of an integrated quality assurance system	Develop an Integrated Quality Assurance Management System that include policies, processes, and activities (from departmental reviews to moderation of exam papers) within the next two years.	2020: Completion	High
11	Academic programmes lack local relevance and global competitiveness limit graduate employability.	- Departmental and programme reviews being conducted and updated as part of the ITP. - Continuous quality assurance through programme reviews	2018- 2019: Implement review process	High

2.3.3. Report on internal administrative/ operational structures and controls

The UFS 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 UFS. 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 (monthly) 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 risks of 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, Risk and IT Governance Committee. Corrective actions are taken to address control deficiencies and other opportunities for improving systems when identified. The Council, operating through its Audit, Risk and IT Governance 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 UFS assessed its internal control systems as at 31 December 2018 in relation to the criteria for effective internal control over financial reporting described in its financial policy documents. Based on this assessment, the UFS believes that, on 31 December 2018, 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 UFS 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.

With regard to other matters on the agendas of the Audit, Risk and IT Governance Committee there were no outstanding items that exposed the University to loss arising from undue material risk.

Mr Derek Foster
Chairperson: Audit, Risk and IT Governance Committee

Mr Gert van den Berg
Director: Internal Audit

3. PERFORMANCE REPORT

Section 3 reports on the extent to which the UFS believes that it has met the goals of its current Strategic Plan during the reporting year, with specific reference to the key performance areas, key performance indicators (KPIs) and 2018 targets as identified in the Annual Performance Plan 2018.

3.1. Report of Senate to Council

Senate's report to the Council gives an account of significant developments and achievements in the core functions of teaching and learning and research during 2018. To this end, the following narrative evaluates the University's performance with regard to three strategic goals, i.e. to improve student success and well-being; to renew and transform the curriculum; and to increase the UFS contribution to local, regional and global knowledge.

3.1.1. Improve student success and well-being

3.1.1.1. Overview of indicators

Student success and student well-being remains the core of what the University does. The current strategic plan addresses this goal in three ways: by increasing the academic success of students; by developing attributes that are supplemental to disciplinary knowledge and that enable its graduates to manage the world of work; and by ensuring the health and safety of its students. The UFS identified a KPI to monitor its progress with regard to the overall goal of improving student success and well-being, as well as a number of supplementary indicators that are related to the specific areas of performance.

The UFS KPI of student success and well-being is the achievement gap between black and white students[10]. This gap has narrowed from 11.4% in 2016 to 11.1% in 2018. This indicates that, despite falling short of its 2018 target of 6.5%, the concerted efforts noted in this chapter have contributed to a slight improvement in overall student success and well-being. However, the secondary indicator for this key performance area, undergraduate throughput rate[11], has decreased slightly from 58.6% to 57.6% over the same period.

It is encouraging to note that the UFS has made good progress during 2018 in terms of the clarification of its graduate attributes, as elucidated in section 3.1.1.3 below. Senate approved a five-year institutional plan for the development and implementation of UFS graduate attributes, and faculties and support departments across the institution are already working towards the development of the proposed skill set.

The increase in the Protection Services incident rate[12] from 13.5 to 16.0 on campus over the past year suggests that student safety is not improving as rapidly as planned. However, is extremely encouraging that the incidents of contact crimes have decreased substantially from 2017 to 2018. Incidents of common assault, for example, have decreased by 48%, while sexual assault have decreased by 83%. Student perceptions of UFS support for their well-being is also encouraging. In 2018, 69% of UFS students reported that the

[10] The difference between the average degree credit success rate of all undergraduate black (African, Coloured and Indian/Asian) students enrolled in the current year and the average degree credit success rate of all undergraduate white students enrolled in the current year.

[11] The percentage of a given undergraduate student cohort (headcount) enrolled in three-year undergraduate degrees who completed (graduated) in five years or less.

[12] Monthly average number of incidents reported by students to UFS Protection Services in the current year.

UFS emphasises the provision of support for their overall well-being[13], which is 12% higher than is reported by students from other universities participating in the South African Survey of Student Engagement (SASSE). The Vice Chancellor's opinion articles in the national media on mental health and 16 Days of Activism further highlights the fact that the well-being of its students and staff is a key strategic priority for the UFS.

The following sections provide a narrative of the key achievements and challenges that the UFS experienced with regard to student success and well-being during the year under review.

3.1.1.2. Increase student success and throughput rates, and reduce the achievement gap

The UFS defines student success as increasing the numbers of graduates from diverse backgrounds participating in high quality learning that results in the acquisition of knowledge, skills and attributes that are personally, professionally and socially valuable. Subsequently, the University is committed to not only increasing the number of graduates, but also to reduce historic and contemporary achievement gaps between different races and genders. To this end, student success activities at the UFS focus on diverse issues that affect a student's success during different phases of the student lifecycle, starting with the transition into higher education.

3.1.1.2.1. Successful transition into higher education

Student success is the shared responsibility of the entire UFS community, starting with Student Recruitment Services (SRS). The SRS mandate is to attract excellent students by creating awareness of the UFS academic offering. Its primary goal is to recruit students who have the potential to contribute to the generation of new knowledge, new discoveries, and innovations that will serve the future needs of the country. To this end, the SRS provincial recruitment strategy includes a competition for quintile one, two and three learners in three districts in the Free State. However, recruitment is only the first step and the SRS is very aware of the impact of the transition from secondary school to higher education on student success. Together with the Centre for Teaching and Learning (CTL) and Student Counselling and Development (SCD), SRS provides a number of initiatives supporting these learners, which enabled the finalists to collectively achieve 46 distinctions during their university studies and a 99% success rate for 2018.

The UFS also facilitates the transition into higher education through its University Preparation Programme and foundation Higher Certificates at the South campus. The resource-based methodology and intensified tutor programmes employed in these programmes has proven very successful. Student success rates in these programmes are consistently high and 521 students who successfully completed their Higher Certificates at the end of 2018 will proceed into mainstream programmes in 2019. An additional 145 University Preparation Programme students will proceed to the second year of the Extended Curriculum Programmes in 2019.

The UFS Gateway First Year Orientation Programme and the UFS101 undergraduate module aim to assist mainstream students to make the transition successfully. Gateway provides access to critical information, resources and support services that are essential to student success. Following the orientation period, Gateway peer mentors bring small groups of students together on a regular basis throughout the academic year, which fosters collaborative learning and assists students with their transition to higher education. The DSA coordinates the programme, which brings together all the faculties, Student Academic Services (SAS), Library and Information Services (LIS), and CTL in order to create a holistic student experience and an interface between curricular and co-curricular activities.

[13] Share of students who report that the UFS places "very much" or "quite a bit" of emphasis on providing support for their overall well-being (recreation, health care, counselling, etc.), as measured through the South African Survey of Student Engagement in the current year.

UFS101 is a compulsory undergraduate module that provides support and strategies to students by addressing some of the many variables that can affect first year students at university. The 9105 students who participated in UFS101 during 2018 learned academic success skills in the first semester (e.g. goal setting, computer skills, time management, characteristics of successful students), while the second semester focused on a deeper common intellectual experience around the topics of leadership, entrepreneurship, and career development. The UFS101 curriculum is consistently reviewed to include the practical skills that students need during their studies. For example, LIS collaborated with CTL in the delivery of the information literacy unit of UFS101, revising and updating the content and providing librarians to answer students' questions. Similarly, the Institute for Reconciliation and Social Justice (IRSJ) introduced a leadership and social justice theme into UFS101 during 2018. The programme is being developed to extend into students' second year and onwards, focussing on a deeper understanding of social justice, and how this relates to innovation and entrepreneurship.

UFS101 is managed by the CTL, which takes the lead in many UFS student success initiatives. During 2018, CTL focused on research-led analysis of student engagement and success; evidence-based implementation and impact analysis of higher impact practices at scale; the development of data analytics; and leveraging technology to enhance blended learning.

3.1.1.2.2. Student engagement

The CTL has led the contextualisation and development of student engagement in South Africa for twelve years. To date, 20 universities have participated in at least one survey in the project. The results from the 2018 SASSE show that the University's commitment to improving student engagement has borne fruit. When compared to the other participating traditional universities, UFS students show higher engagement scores in all but one of the ten engagement indicators, most significantly in terms of learning strategies, collaborative learning, experiences with staff (i.e. student-staff interaction, and effective teaching practices), and supportive campus environment.

3.1.1.2.3. High impact practices

Engagement research has helped the University to better align teaching and learning, and to design environments that put student success and quality at the centre of institutional thinking. The data has informed the development of various high impact practices or initiatives at the UFS that aim to provide evidence-based student success support at scale. These include tutorial programmes, language development, and academic advising practices.

The UFS plays a leading role nationally in the development of academic advising. The CTL advising team provided advising through various platforms and events to 15747 students during 2018. In addition, about 20000 students download the digital Kovsie Advice magazine. The UFS is also part of a national collaboration of eight higher education institutions that received a University Capacity Development Grant (UCDG) for a period of three years (2018-2020). The grant supports the development of a contextualised theoretical understanding of academic advising as a holistic developmental practice to promote professional practice, and it allows institutions to work collaboratively in advancing research and development in academic advising within South Africa.

Research shows that the development of students' language skills, especially academic literacy skills, is critical for academic and employment success. The UFS has a 20-year history of local and international investment in the development of approaches to developing academic literacy in second and third language speakers of English. The Unit for Language Development (ULD) makes use of a Content-based Instruction (CBI) approach, which utilises the content from a specific academic area as a vehicle to teach academic language skills. The ULD has two main sites of delivery, namely academic literacy courses and the Write site. In 2018, 11012 students were enrolled in literacy courses across all UFS campuses and undergraduate qualification levels (mainstream, extended-degree, and bridging), while 14500 students on the Bloemfontein and Qwaqwa campuses made use of Write site services. The Write site provides undergraduates with individual consultation for assignments, and work with lecturers to develop customised digital workshops based on specific assignments in courses. In 2018, an 18-month impact analysis confirmed that the ULD makes a significant contribution to the development of the language skills of students.

Tutorial support is critical to student success at the UFS. In addition to departmental programmes in the faculties, the CTL established the Academic Student Tutorial Excellence Programme (A_STEP) in 2007, starting with 55 tutors in only two faculties. By 2018, the A_STEP included of 286 tutors in all seven faculties on two campuses. The programme affected the learning of 9000 students. Impact analyses persistently show that higher frequency of tutorial attendance is associated with higher academic achievement in relevant modules, with the biggest. Some departments, for example in the School for Allied Health Professions (SAHP), supplement these tutorials with revision workshops hosted by academic staff.

All schools in the Faculty of Health Sciences (FHS) are supported by the FHS Student Learning and Development (SLD) division. The SLD supports both under- and postgraduate FHS students, providing academic development; academic, social and psychological support; and student briefing and de-briefing. It also coordinates a mentoring programme for undergraduate students and special programmes and initiatives in the Faculty. SLD works closely with CTL, the Health and Wellness Centre, SCD, and the Centre for Universal Access and Disability Support (CUADS).

3.1.1.2.4. Data analytics and student tracking

Data analytics play a significant role in monitoring the progress and evaluating the impact of the many student success initiatives across the institution. The UFS participates in the national Kresge Foundation Siyaphumelela project, which aims to improve the institutional capacity for institutional research of five higher education institutions, with a specific focus on data analytics (see section 3.3.1.5 for more information about the project). The project involves and affects all faculties – EMS, for example, is the first faculty to appoint a data analyst in its Teaching and Learning division. The project has enabled the UFS to move towards a more analytical approach to data, which in turn has enabled impact assessment of large student success efforts.

A key output of the project is a more sophisticated institutional student tracking system, which will facilitate more individualised support to both students and lecturers. This type of tracking and support is already standard practice in the Basic Medical Sciences department of the FHS. Formative assessments are monitored and at-risk students are identified after the first semester test. The relevant programme directors are informed accordingly and the phase chair, module leader, or session presenter provides academic support to the at-risk student on an individual basis.

The UFS also implements group-based strategies to support at-risk students. For example, SCD hosted a super study skills project at Qwaqwa campus from 23 April to 3 August 2018, to assist Humanities undergraduates who were facing possible academic exclusion. Sixty students were referred to SCD and 43 attended the workshop. In addition, the DSA presents weekly academic workshops throughout the year on themes such as exam cram, learning styles, study skills, time management, test and exam anxiety, and procrastination.

3.1.1.2.5. Blended learning

Another example of evidence-based implementation is the use of CTL staff and student Digital Identity research to enhance blended learning initiatives. The UFS blended learning development strategy allows instructional designers to work with faculties to find innovative ways of using technology in teaching and learning. The UFS currently uses the Blackboard learning management system (LMS) for the blended learning environment. The move to Blackboard in the Cloud for all Bloemfontein campus modules has been successful with 100% up time. In 2018, 7180 and 518 academic staff received training in how to use Blackboard, instructional designers support academics in creating engaging content, and 76% of modules are currently registered on the LMS. Finally, in an effort to raise awareness and share best practice, the CTL hosted a Teaching with Technology Showcase Day during 2018, which included 16 presentations with 60 attendees. Lecturers at Qwaqwa campus utilised new technologies available them in 2018 both as teaching aids (e.g. recording videos to explain some of the more difficult concepts to students) and tracking tools (i.e. the use of online platforms such as Gradebook and Blackboard to identify at-risk students).

ICT Services play a critical role in the development of blended learning. During 2018, the division digitally enabled and maintained the audio/video facilities in 220 individual classrooms across three campuses, 33 of which were fully upgraded. Through the deployment of a support function, ICT Services was able to support all classrooms from 07:00 to 22:00 on a daily basis with an average response time of less than 5 minutes, irrespective of campus or venue type.

Blended and online learning is not without its challenges. Technical challenges include PeopleSoft integration with the new cloud-based solution, which ICT Services is addressing. At South campus, a more multifaceted issue is being addressed: a comparison of the 2016 to 2018 success rates of online students and off-campus blended learning students in the same Advanced Certificates in Teaching programme show that the online group generally performs better. This may be due to a higher level of scaffolding built into the online programmes from the outset, as well as intensified facilitator support to the students. While retention strategies in the online programmes focus on the individual, including timeous identification of at-risk students, this is not the case with the blended learning students. Additional support strategies for blended learning students are therefore being conceptualised, ranging from increased scaffolding in print-based materials, to making additional training videos available to facilitators and students. Students will also receive additional training on writing of assignments. A new assessment-tracking project at South campus will also be implemented in the off-campus blended learning programmes.

3.1.1.2.6. Learning outside the classroom

Recently, the UFS is paying more attention to ensuring that the environment outside the classroom encourages the academic success of its students. For example, all Residence Committees now have a portfolio focusing on academic affairs. The purpose of this portfolio is to ensure that residence environments remain conducive to students' learning, development and academic success throughout the academic year. UFS LIS is undergoing a drastic renovation aimed at enhancing its role as a student learning facility. A five-year project will lead to the re-purposing of LIS infrastructure into multi-learning spaces. The first phase of the project creates a collaborative space furnished with state-of-the-art furniture and equipment that will develop students' skills to co-create, analyse, visualise, and design without restrictions. The Sasol and Neville Alexander libraries are in advanced stages of establishing these Makerspaces that aim to ignite students' innovative and entrepreneurial skills.

3.1.1.2.7. Postgraduate success

Becoming a research-led institution is a primary part of the UFS vision. This requires the prioritisation of student success at postgraduate level, which is a key concern of the UFS Postgraduate School (PGS). The School is mindful of the fact that most postgraduate students are not typically full-time students. Their particular needs, as well as relevant global research findings, are the main factors considered in the proactive approach that the PGS takes in capacitating these students to complete their degrees within the minimum time. During 2018, 2434 postgraduate students participated in PGS workshops that the PGS organised as part of its Research Capacity Development Programme. More than 100 generic workshops were presented on the Bloemfontein and Qwaqwa campuses, with additional events presented off campus in Gauteng, KwaZulu-Natal, the Western Cape, as well as Lesotho, Zimbabwe and Namibia. The PGS Write Space facilitated postgraduate students' scholarly writing, while open access resources were made available on social media (e.g. Facebook, YouTube) as well as the PGS webpage.

Postgraduate success have also been prioritised in the faculties. For example, the Education Faculty hosted its second annual Postgraduate Research Education Conference (PREC) in September 2018 with around 60 paper presentations and over 168 postgraduate student participants. The Conference, together with the new Proposal Defence Seminars where students defend their research proposals publicly in front of the faculty Committee for Title Registration, aim to support postgraduate student development and success. The impact of the two new initiatives are already evident in the quality of the students' work, as assessed by external examiners and other reviewers of students' publications.

Postgraduate students in the medical sciences face a unique set of challenges. The UFS FHS have found that completion of the research component of the Master of Medicine (MMed) within the prescribed residency period seemed to be a challenge for many registrars. The Faculty has therefore implemented a number of initiatives to improve postgraduate student success. The MMed research component is now centrally coordinated and followed up bi-annually; the milestones for completion of the research protocol and the final manuscript for assessment have been revisited; targeted work sessions assist registrars with the different phases of the research process (e.g. protocol writing, submission of the research protocol to Health Sciences Research Ethics Committee, submission of the research protocol to the Free State Department of Health (FSDoH), and writing the manuscript); new guidelines for writing the final manuscript is now shared in the research methodology module, which is a prerequisite for the mini-dissertation; registrars present and receive structured feedback on their research projects at departmental research meetings at least three times during the different phases of the research process; and departments grant protected research time of at least 21 days to registrars. The latter, however, depends on the demands of service delivery.

One particularly successful postgraduate programme at FHS is the Bachelor of Medical Science Honours degree in Human Molecular Biology. The programme has attained a 100% success rate since 2006, despite changing challenges in the achievement gap. This exceptional achievement may be attributed to the establishment of a structured timetable for students to include class preparation and revision time, in addition to classes that support students to make a successful transition from the undergraduate to the postgraduate programme.

3.1.1.3. *Develop graduate attributes in curricular and co-curricular interventions*

In 2018, the UFS Vice-Chancellor noted that, with respect to graduate employability, "... we have an educational responsibility that goes beyond the content of our academic curricula and our training modules.[14]" With this in mind, the University has identified graduate attributes as critical to success beyond higher education and have included this in its Strategic Plan though a focus on (i) the clarification of UFS graduate attributes and (ii) the implementation of these attributes in module learning outcomes. The purpose of clear and implementable graduate attributes is to enhance graduate employability, to give UFS graduates a relative advantage in the job market, and to position a UFS qualification as a preferred choice for employers.

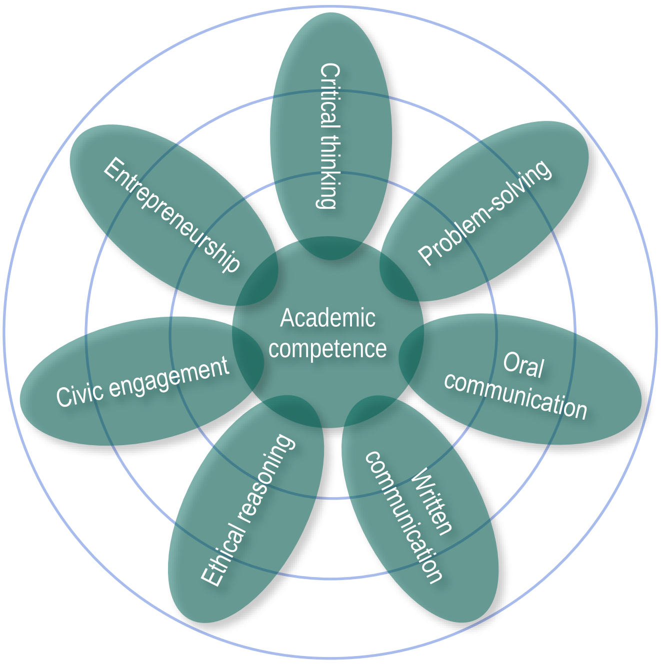


Figure 2: Proposed UFS graduate attributes

3.1.1.3.1. *Institutional plan*

The Senate approved in October 2018 a five-year institutional plan for the development and implementation of UFS graduate attributes. The plan, developed by the UFS CTL, draws on international best practice and outlines a process for the clarification and assessment of graduate attributes in the undergraduate curriculum in four phases, i.e.:

(i) Generate institutional consensus on the list of UFS graduate attributes.
(ii) Contextualise rubrics for the assessment of graduate attributes as learning outcomes.
(iii) Identify modules and co-curricular activities where the specified graduate attributes are present.
(iv) Develop assessment tools that evaluate the acquisition of these graduate attributes.

The envisioned result is that all undergraduate modules registered in the module catalogue will indicate the graduate attributes associated with the module's learning outcomes, and specify opportunities for students to demonstrate the acquisition of these graduate attributes in assessment tasks. The plan proposes eight mutually reinforcing and integrated graduate attributes as point of departure, illustrated in Figure 2.

3.1.1.3.2. *Developing graduate attributes at faculty level*

While the formal process is underway, faculties and support departments across the institution report how they are already working towards the development of these skills. The Directorate for Research Development (DRD) is proactive in the development of students' entrepreneurship skills. The Directorate offers a student innovation office with a dedicated staff member to support undergraduate entrepreneurs with their start-up businesses. It hosts 'pitching' workshops and invites guest speakers who inspire and guide aspiring entrepreneurs. It seeks funding and

[14] https://www.iol.co.za/news/opinion/employability-its-about-so-much-more-than-academic-skills-18510274

introduces students to funding agencies. The DRD also contributes in the formal curriculum by assisting with modules in the Bachelor of Commerce Honours in Entrepreneurial Management, specifically around New Venture Creation and Innovation Management, and by sharing of a lectureship between the Directorate and the Faculty of Economic and Management Sciences (EMS).

Also in EMS, valuable information on the development of graduate attributes in curricular and co-curricular interventions has been obtained through the Four-dimensional Accounting Student Support (FASS) programme. Students report a range of extra-disciplinary skills learned through this intervention, including critical thinking, oral communication, teamwork, and "knowledge about how things work in real life, about how to apply what we study in real life." Students who participate in the FASS programme are also academically more successful, in terms of both graduation rate and gaining access to the selection programme. The FASS feedback supports the scaling of the programme throughout the EMS undergraduate curriculum, through a programme that will integrate student well-being, student success and the development of graduate attributes in a single initiative.

The Programme Directors for the Bachelor of Arts (BA) and the Bachelor of Social Sciences (BSocSci) are driving the faculty-wide approach to graduate attributes at The Humanities. A review of the specific BSocSci graduate attributes was informed by the UFS graduate attributes development plan and resulted in approval of the proposed attributes by the Programme Committee, which will be put to the Faculty for approval in early 2019. The Programme Director of the BA will recommend to its Programme Committee a complete mapping process of their curricula and assessments against the proposed UFS graduate attributes as a 2019 project. This will achieve the dual purpose of aligning curricula in the BA with the UFS attributes, and re-energising the curricula to be locally relevant and globally competitive.

The Faculty of Natural and Agricultural Sciences (NAS) has published core competencies students need to achieve during their studies since 2014. The faculty started a process of mapping modules' exit level outcomes against the proposed UFS graduate attributes, which had led to an understanding of how the different major fields of study can contribute to developing graduate attributes in the curriculum and in co-curricular interventions. The ultimate goal for NAS is to develop composite rubrics and informative report mechanisms.

Graduate attributes are specified at a national level in both in the Health Sciences and in Law by the relevant accrediting bodies. The graduate attributes expected of LLB graduates in terms of the National Qualifications Standard were carefully mapped across the different modules of the current LLB. An LLB Graduate Attribute Map was developed and lecturers have started the process of adapting their learning material to develop the graduate attributes identified in this Map.

The School of Clinical Medicine report that seven out of the eight proposed UFS attributes are encompassed in the Canadian Medical Education Directions for Specialists (CanMEDs) competency framework for healthcare professionals, as required by the Health Professions Council of South Africa (HPCSA). In the SAHP, guidance on graduate attributes comes from the requirements for each profession as set out by the HPCSA and the CanMeds framework, as well as the Scope of Profession. Due to the professional and clinical orientation of all SAHP programmes, graduate attributes are already embedded in all modules and assessed accordingly. The use of standardised patients in various scenarios enriches the learning process in the Clinical Skills and Simulation Unit by adding non-technical skills (e.g. professionalism, teamwork, communication, leadership and interprofessional collaborative practice) to the training. This allows lecturers to train students on technical and nontechnical aspects required from healthcare professionals as required by the HPCSA. Opportunities for other healthcare students in the Faculty of Health Sciences, The Humanities, and the Central University of Technology (CUT) are created to expose healthcare students to interprofessional education. The students receive the opportunity to learn with, from and about each other to promote collaborative patient centred care. Training in extra-disciplinary skills is also increasingly important in the postgraduate Health Sciences programmes, e.g. time management, critical thinking, scientific writing, communication, and making formal presentations. Communication skills are developed in all modules in the Basic Medical Sciences department through students' oral feedback sessions, presenting assignments, and presenting cases to peers and lecturers. Skills to collaborate with team members are developed through group projects, dissection training sessions and community visits.

The development of oral and written communications skills are also being addressed outside the faculties. The PGS, for example, hosts a local version of the University of Queensland Three Minute Thesis (3MT®) competition. This is a research communication competition where Doctoral students have three minutes to present a compelling oration on their thesis and its significance, explaining the problem, the methodology used, as well as the importance of their research, using one slide, to a non-specialist audience. In addition to the institutional competition, the PGS also organised the national Three Minute Thesis competition where the winners from participating South African universities compete. The Critical Contemporary Conversation Series held at the Qwaqwa campus serves as another platform for intellectual engagements that aims to enhance the culture of scholarly dialogue.

The annual Student Life Colleges' writing competition, hosted by the DSA in partnership with the CTL and the Department of English in The Humanities, enables undergraduate students to produce and revise various forms of writing across the curriculum. The DSA have also developed an alignment canvas that can be used by all departments to align their respective programmes and activities with the development of specific graduate attributes.

The majority of DSA initiatives contribute to the development of civic engagement. One of its flagship programmes, the Global Leadership Summit (GLS), helps students to explore worldviews and perspectives different from their own. The programme links with the Leadership for Social Justice (L4SJ) programme to provide an integrative developmental programme in order to develop graduate attributes on a continuous basis.

Civic engagement skills are also developed through arts and conversations where students explore cultures, life experiences and diverse perspectives based on their ways of being and becoming. The DSA established partnerships with the UFS Department of Music, the Drama for Life Programme at the University of the Witwatersrand, the Free State Arts Festival, and the provincial Department of Arts and Culture to host different programmes that culminated in the intersectional Student Life Arts and Dialogues (SLAD) Fest at the end of 2018. A Student Media learning community was created in 2018 to encourage integrative learning by exploring common topics revolving around the media throughout the academic year. Students learn through different engagements with professionals in the industry and specific academics.

Dedicated career services offered by the DSA supports graduate employability in particular. SCD offers students the opportunity to explore their "best fit" career through psychometric assessments and in-depth interviews with a psychologist. The results of their aptitude, personality and interests are discussed and students are assisted in finding the career that will fulfil them the most. UFS Career Services prepares students for the world of work through workshops, webinars, career fairs, company visits and presentations, and an annual career guide. Career Services also has a strong volunteer programme that creates the opportunity for students to gain work experience. Also in support of graduate employability, 120 final year students attended a skills development programme at the Qwaqwa campus, organised in collaboration with the Alumni Office.

3.1.1.4. *Improve student safety and health issues*

Safety and health issues were one of the main priorities of the UFS Department of Communication and Marketing (DCM) in 2018. The DCM conceptualised, designed, and implemented several awareness campaigns aimed at students and staff regarding on- and off-campus student safety, awareness messages and tips about mental health, sexual and gender-based violence, and road safety. The Qwaqwa campus safety week, for example, culminated in a safety march to the local police station. Qwaqwa campus also organized a number of health advocacy campaigns, on issues such as breast cancer, family planning, and teenage pregnancy. The FHS launched a mental health awareness initiative in 2018 with the Substance Abuse Awareness Day, which included an art competition with the theme "Down the Rabbit Hole". The artworks were auctioned and the funds raised were donated to the Mother and Child Academic Hospital Foundation.

UFS Protection Services, the Health and Wellness Centre, and the DSA are the key role-players in providing the services required to improve student well-being at the UFS. However, these units cannot be effective in their task without the support and collaboration of UFS University Estates (including Facilities Management and Facilities Planning), and Housing and Residence Affairs (HRA).

3.1.1.4.1. *Safety on and off campus*

UFS Protection Services is the proverbial 'first line of defence' in terms of safeguarding the University community. During 2018, the division paid particular attention to the management of security risk, emergency and crisis preparedness, off-campus safety and security, road safety, and the investigation of reported cases and incidents. The division reviewed the Protection Services structure to ensure alignment with its mandate and initiated an ongoing review of security deployment for optimum functionality. A number of new appointments strengthened its capacity to manage safety and security on and off campus, including Assistant Directors for Threat Detection, Investigations and Liaison; Off-campus Investigations and Liaison; and for the Qwaqwa Campus. An Investigating Officer is now dedicated to off-campus incidents, and the appointment of additional traffic officers and improvement of technical capacity have strengthened the traffic section. The traffic section improved road safety by identifying five accident hotspots on the Bloemfontein campus and mitigating the risk by erecting additional speed bumps in these areas.

Protection Services is committed to working closely with its stakeholders in the community, municipality and province:

- The traffic section partnered with the Administrative Adjudication of Road Traffic Offences (AARTO), Arrive Alive, and the provincial Department of Police, Roads and Transport in its 2018 road safety awareness campaigns.
- The South African Police Service (SAPS) and the private security companies participated in the development of the UFS Standard Operating Procedures for protest management.
- The SAPS was also involved in the whistle project roll-out in 2018, as well as the annual first years' Gateway programme crime awareness sessions.

DIGITAL SAFETY

With the UFS being under constant attack from global sources, digital safety has become as important as physical safety. Apart from the ever-increasing frequency of digital attacks, the severity and intent of these attacks have escalated significantly in the past three years, necessitating an ongoing revision of the embedded digital security technologies of the UFS. Worldwide, email attacks are most frequently used to compromise organisational security perimeters. The attacks are very effective since it does not necessarily rely on technology but rather on the ability of staff to distinguish between authentic and malicious messages. ICT services makes use of active awareness campaigns as a measure to educate staff to limit the risk associated with email security. During 2018, the UFS received (+/-) 4.8 million emails and sent (+/-) 3.8 million emails to students or other associated parties. (+/-) 483,000 emails were identified as holding a potential threat to the UFS and were rejected or referred.

- A new Crime Stop Whatsapp group was set up together with the SAPS and the Community Policing Forum (CPF) to improve real-time reporting of, and response to off-campus crime.
- A Protection Services security officer is available from 18:00 to 06:00 at Pelonomi Hospital to accompany health sciences students when needed (e.g. walking to their vehicle after on-call).

Protection Services remains actively involved in the accreditation of off-campus student accommodation. It maintains a list of addresses where most off-campus students reside, in order to monitor areas with a high student volume. During 2018, armed-response security companies were deployed to monitor areas used by off-campus students during exams.

Infrastructure at Qwaqwa was significantly enhancement in 2018 through the development of the Qwaqwa Security Cluster and Information Centre, managed by UFS University Estates. The development involved a new Protection Services building with a reception area, monitor room, holding cell, committee room, kitchen, ablution facilities, and offices. ICT Services maintained a very stable security infrastructure in the form of CCTV (closed-circuit television) across the three campuses, access control to buildings and gates, and the hosting of video evidence to support and enable the critical functions of Protection Services. The seamless entry of authorised persons to UFS premises was improved trough the ongoing automation of processes at the Visitors Centre, which has already resulted in an improvement in customer satisfaction to more than 80%. The enhancement of CCTV monitoring capacity has proved very successful in improving safety and security on campus. This is evident from the number of crimes that were detected, and incidents that were successfully investigated using the system's cameras.

HRA worked closely with Protection Services during 2018 to continuously improve the standard of security at residences. Shortcomings identified in the monitoring system was successfully addressed through upgrading and improvement of the security systems.

UFS students have been struggling for many years with securing safe transportation to and from the UFS, especially when attending evening classes. In 2018, the SRC requested an interim arrangement for transportation during the 2018 UFS examinations. HRA, DSA and the UFS Finance division met with the local taxi association and others and agreed that taxis would be available between 6 am and 7 pm to service one of the main centres of off-campus student accommodation (Brandwag) from the UFS campus Taxi Rank. The SRC also requested a point-to-point service at night. The decision was that the company @Campus Shuttles would provide a service between 7 pm and 12 am (later if needed), on the hour, or when full, at R8 per passenger, servicing the Willows, Universitas and Brandwag. Students would be able to use vouchers to pay for the services, and arrangements made with the Finance division on the management of the vouchers enables every student to use vouchers. Cash paying students could purchase these vouchers beforehand, or pay the shuttle driver directly. These are, however, short-term solutions and negotiations with the Mangaung Metro Municipality and Provincial Government for a bus rapid transport system is urgently needed, to establish an affordable, permanent transport system for students.

Student pedestrian safety was a key priority for University Estates during 2018. In addition to the new Protection Services facilities, Estates further contributed to the improvement of student safety at Qwaqwa by replacing the outdated and unserviceable high mast lighting structures with 25 m scissor masts, and adding four additional masts to secure the pedestrian route to Bluegum Bosch and the newly tarred service road. In terms of the Bloemfontein campus, discussion with Protections Services, the Mangaung Metropolitan Municipality, and a consulting traffic engineer have resulted in various solutions, some of which have been implemented while others are still in planning or process. Those that have been completed include repairing the traffic light at the Nelson Mandela gate with UFS funds; a traffic count and report on signal settings, and subsequent changing of signal settings; improved signage on campus; and, as noted earlier, installation of additional speedbumps at accident hotspots.

The UFS improved its preparedness for emergency evacuation in 2018, in terms of both physical infrastructure and management systems. Facilities Planning added a steel emergency escape staircase to the Quantity Surveying and Construction Management Building, and an emergency exit on the first floor of the Examination Administration Building. All buildings on all three campuses have emergency evacuation plans and procedures with functionaries appointed and trained. Members of the University Emergency Management Team as well as most of the University Estates management team received basic firefighting and emergency evacuation training in 2018. In total, 38 staff members received evacuation training and 55 received firefighting training on different levels on all three campuses. In addition, 32 students received level one first aid training, 25 received basic firefighting training, and 33 received training in emergency evacuation procedures.

3.1.1.4.2. Health care services

The UFS Health and Wellness Centre takes a holistic approach to student health. An individual is seen as a holistic being and wellness is promoted from different dimensions. A holistic approach is used during consultations to focus on the student as a whole and to give education specifically on health issues.

The Centre is responsible for student healthcare in general, and for HIV and AIDS care in particular. It consists of the Health unit and the HIV/Aids unit, which are aligned to provide collaborative support. Its services include (i) diagnoses, treatment and support during illness, to ensure that students are back in class as soon as possible to prevent them falling behind on their academic responsibilities; and (ii) extracurricular preventative care education (i.e. teaching students to take responsibility for their own health). The latter ranges from talks on general health issues presented in residences, to focused workshops on responsible sexual behaviour.

The Centre attempts to decrease the difference between students who have higher levels of personal resources compared to those who have less. There are easily accessible and affordable health services available on campus, including a sports physician, a physiotherapist, and professional nurses who deliver primary health care (PHC) services through the PHC Clinic. In order for the Centre to provide these services, it is important to ensure that its professional staff members stay abreast of the newest trends in health sciences. To this end, the professional nurses have completed their post-basic PHC diplomas as well as NIMART (nurses initiating anti-retroviral treatment) training.

The UFS receives support via a memorandum of understanding with the Department of Health (DoH) to address the medical needs of students who do not have a medical aid plan. Through this arrangement, students can access consultations, medication, family planning and HIV services (testing, counselling and treatment). Free medical screening tests were offered to students in collaboration with the school of Nursing during 2018. These screenings included body mass index (BMI), blood pressure readings, and glucose tests. The PHC Clinic followed up with at-risk students to initiate treatment if necessary. Pre-exposure Prophylaxis (PrEP) is also offered to students where necessary, and the Qwaqwa Clinic launched their PrEP project in collaboration with BUSAMED in 2018. This included advocacy campaigns on PrEP and sexually transmitted infection.

Universal HIV and AIDS prevention is targeted on three levels of intervention, i.e. biomedical, behavioural, and structural. On the structural level, the University provides resources and advances relationships with the DoH in the implementation of PHC. The Health unit provides biomedical services, including all HIV testing and clinical support, while behavioural interventions to improve prevention is coordinated through the HIV/AIDS unit. The HIV/AIDS unit implements different levels of teaching and promoting health-seeking behaviour to accomplish outcomes on prevention. These initiatives range from awareness and testing campaigns to workshops and peer education. Two testing and health screening campaigns were conducted per campus during 2018 to stimulate health-seeking behaviour, and a group of 47 peer educators were trained to educate and influence the UFS student community. The peer educators were exposed to a curriculum of HIV-related knowledge and given the opportunity to form part of awareness campaigns (e.g. distribution of condoms on campus). Main topics of focus include information on HIV, empowerment, health, alcohol and drug abuse prevention, and sexuality. There are also a support group for students infected and affected by HIV. The support group includes a buddy system, which provides one-on-one support and helps to ensure medication adherence.

Access to health care is often a challenge for foreign students. The Office for International Affairs (OIA) conducted medical aid information sessions for international students during 2018, and supported these students with resolving issues relating to medical aid and ensuring that they have medical aid cover, as required by law.

3.1.1.4.3. Wellness and well-being

The DSA plays a key role in student well-being, in particular through SCD, the Student Wellness Office, the Gender and Sexual Equity (GSE) Office, and the Food Security Office.

SCD presented weekly developmental workshops in 2018 on diverse themes including suicide awareness, coping with stress, emotional intelligence, healthy relationships, relaxation, self-care, self-discovery, self-esteem, anger management, assertiveness, and rational emotive behavioural therapy. It also provides on-call sessions on a daily basis for emergencies such as trauma or suicidal ideation. An after-hours emergency service is available to assist in referrals and hospitalisations. SCD implemented a trauma support group for female students at Qwaqwa campus during 2018 in the form of the Power Club Project. The purpose of the intervention is to transform participating students from vulnerable victims to resilient survivors.

The FHS also provides mental health support on campus. A clinical psychologist in the School of Clinical Medicine is available for individual consultations, group sessions, and interventions such as debriefing sessions, while a referral network with the Psychiatry Department, the Free State Psychiatric Complex, and private practitioners in the greater Bloemfontein area is utilised for emergencies.

Also at faculty level, EMS conducted research during 2018 on non-academic student support systems, anxiety, depression and other related aspects amongst students in the highly demanding Chartered Accountancy programme. The findings, which was shared at the national conference of the South African Accounting Association (SAAA), confirmed high levels of anxiety and depression amongst these students. Conference participants confirmed the need and relevance of this research; consequently, the research was extended to four other national institutions. The findings will also inform faculty-wide and programme-specific emotional and psychological support interventions at EMS.

SCD collaborates with other DSA and UFS units to further support students. One such collaboration is on the Student Wellness Programme, which is managed by the Student Wellness Office together with the Health and Wellness Centre, HRA, and SCD. This programme includes four workshops per year group for first, second and third year students respectively. In 2018, 12 themes were covered, clustered per term for each year group and presented during all four academic terms. These themes revolve around matters pertaining to purposeful living and wellness. The 2018 workshops were attended by 699 first-year, 452 second-year, and 231 third-year students.

Student food insecurity is a reality among university students across the country. The 2018 SASSE results suggest that this is a more pressing problem at the UFS than elsewhere in South Africa, with 47% of first years and 46% of senior students indicating that they have considered dropping out of university due to food insecurity (compared to 29% and 31% on average for South Africa). The DSA's Food Security Office and No Student Hungry programme attempts to address this challenge by enrolling food insecure students in a food subsidy programme and disseminating food parcels to needy students throughout the academic year (7,209 parcels during 2018). This Office works in close collaboration with external donors and non-profit organisations like Rise-Against-Hunger and Gift-Of-The-Givers. The Department of Nutrition and Dietetics at FHS also contributes to improving food security for students through the Eat & Succeed project, which targets UFS students on three campuses. The project promotes eating for optimal health and academic performance on a student budget by providing students with guidelines, practical tips, recipes, and food demonstration videos. The project gained a regular slot on KovsieFM in 2018 and is increasingly embedded in more curricula across the UFS.

3.1.2. Renew and transform the curriculum

3.1.2.1. Overview of indicators

The process of curriculum renewal and transformation at the UFS includes the content and structure of the curriculum, as well as the pedagogic relationship. In addition to the work on graduate attributes discussed in the previous chapter, the transformation process is focused on issues of decolonisation, relevance, competiveness, employability, and the student-lecturer relationship. A transformed curriculum will reflect a variety of ways of knowing; it will engage students in their own learning, and provide them with the necessary tools to access knowledge. Ultimately, it will produce graduates who are not only competent and employable in their specific field, but who are also able to have a positive effect in the local and global environment.

Table 4: During 2018, about how often have you done the following?

Percentage of students who responded that they "Very often" or "Often"...	UFS		Traditional Universities	
	1st years	*Sr. students*	*1st years*	*Sr. students*
a. Talked about your career plans with a lecturer	19%	19%	9%	11%
c. Discussed module/subject topics, ideas, or concepts with a lecturer outside of class	20%	24%	8%	13%
b. Worked with a staff member on activities other than academic work	22%	28%	12%	14%
d. Discussed your academic performance with a lecturer	24%	24%	9%	10%

SOURCE: South African Survey of Student Engagement 2018

The UFS selected the employment of its graduates as the KPI for its performance towards achieving this goal. This is measured through the UFS Graduate Exit Survey (GES). The final questionnaire was administered for the first time during the graduation ceremonies of 2017/2018 and the results indicate that 52% of the graduating cohort had accepted a job offer and/or were already working at the time of graduation; 12% above the 40% target set for the current reporting period. While graduate unemployment is not a crisis in South Africa, graduate underemployment remains a concern. The UFS therefore also monitor the employment-qualification match – i.e. the extent to which an employed graduate's job is related to their qualification – as an important indicator of graduate employability. It is very encouraging to note that 73% of the graduates who completed the GES reported that their job is directly related to their qualification.

The last quantitative indicator that the University monitors with respect to curriculum transformation concerns the pedagogic relationship between students and lecturers.

The 2018 SASSE results suggest relatively low levels of meaningful, substantive interactions between students and lecturers. However, as shown in Table 3, UFS students report significantly higher levels of these interactions than students from the other participating traditional universities. In addition, the majority of UFS students (62.5%) characterise the quality of their interactions with lecturers and academic staff as excellent or good.

3.1.2.2. Develop curricula that is locally relevant and globally competitive

Excellence, relevance and decolonisation are primary concerns in the UFS process of curriculum transformation. In this sense, a transformed curriculum will draw on locally relevant research and will reference global issues more comprehensively; and it will include diverse voices, developments, and scholarship that may previously have been excluded.

3.1.2.2.1. Departmental reviews

The external review of academic departments and programmes is the basis of curriculum transformation at the UFS. These reviews are managed by the quality assurance office within the Directorate for Institutional Research an Academic Planning (DIRAP) as a process of self-reflection rather than compliance. The main purpose of is for departments to examine their implicit or explicit understandings of teaching and learning and research in order to identify what works and what does not work, and why. It takes as its point of departure that quality is the responsibility of the academics, and that peer evaluation is a tool for benchmarking and improvement. Eleven reviews were conducted between June and November 2018, including nine departments, one research centre, and one faculty-wide review.

DIRAP revised the UFS Quality Enhancement Framework during 2018 to include an explicit assessment of the curricula with respect to decolonisation and relevance in all departmental reviews. A transformed and decolonised teaching and learning function will offer curricula that reflect a variety of ways of knowing, pedagogy that engages students in their own learning, instruction that provides them with the necessary tools to access knowledge, and education that produces excellent graduates who can contribute to a sustainable, just society locally and globally. The decolonised curriculum will draw on engaged scholarship and locally relevant research, include local and other voices that may have been excluded in the past, and reference more comprehensively global issues, developments, and scholarship.

Departmental responses to curriculum transformation have been mixed. Many departments equate local relevance and global competitiveness to employer needs and changes in industry and the workplace, leaving the decolonisation question unaddressed. A meta-analysis of the 2018 external reviews revealed a lack of shared understanding of curriculum transformation and decolonisation, and very little evidence of the implementation of decolonisation initiatives. Where such initiatives exist, the interpretation of how a curriculum may be decolonised is very narrow (e.g. utilising South African textbooks or South African examples in the classroom). In order to address this on an institutional level, and to accelerate the decolonisation of the curriculum, the UFS will conduct a university-wide institutional decolonisation review during 2019.

A DECOLONISED CURRICULUM FOR THE NATURAL AND AGRICULTURAL SCIENCES

The Faculty of Natural and Agricultural Sciences (NAS) is applying a curriculum transformation and decolonisation process across departments and modules to improve collaborative relationships between students and lectures in terms of curriculum design and delivery. The principles underlying the process in the Faculty include sensitivity to socio-economic status and other artificial barriers to entry; conscious removal of the negative connotation around decolonization and emphasis on how it could be used to positively influence the world; passion for the development and knowledge of science; and revision of power hierarchies. NAS states that a transformed and decolonised curriculum exposes students to universal scientific principles and laws; uses contextualised South African/African examples and applications to show students how global knowledge may be applied to a local context; acknowledges ‘westernised’ science as essential to international competitiveness; includes ground-breaking, cutting-edge national and international research; and requires continuous review and renewal.

3.1.2.2.2. Faculty-based initiatives

However, there are some positive efforts towards curriculum transformation across the University. The Faculty of Theology and Religion, for example, undertook a comprehensive curriculum revision process during 2018 to address new disciplinary trends, greater contextual relevance, and new career challenges. The process prioritised interrogating the marginalisation of particular identities and philosophies of knowledge and incorporating scholarship from Africa and the global South. The new Master of Divinity programme deserves special mention as an innovative programme specialising in interdisciplinarity. The Education Faculty's new Postgraduate Certificate in Education (PGCE) qualification curriculum has been developed to respond differently to the debates on decolonisation, globalisation and Africanisation in general. The PGCE will be offered for the first time in 2019. Most encouragingly, a decolonisation conversation with representatives from all the departments in the Humanities that contribute to the BA degree indicated that all departments are conscious of the decolonisation agenda and – in alignment with the demands of their discipline – are instituting ways to decolonise their curricula and teaching and learning approaches.

The CTL supports and promotes curriculum transformation within the faculties through its module makeover service, which allows individual lecturers in consultation with faculty teaching and learning managers to improve their module(s) by, for example including a new activity (minute makeover), overhauling assessment in a module (minor makeover), or completely redesigning a module (extreme makeover). In 2018, 94 modules across five faculties took part in a makeover or redesign. Continuous monitoring and evaluation is used to track the change in modules and to assess the impact of the makeovers.

Discipline-based, credit-bearing service learning modules provides learning experiences that creates an awareness of locally relevant and global challenges. Service learning at the UFS endeavours to remain both locally and globally relevant by addressing the 2030 Global Sustainable Development Goals, challenges in the National Development Plan 2030, as well as regional challenges in the local integrated development plans and economic development plans of local municipalities. More information about service learning at the UFS is provided in section 3.2.1.3.

3.1.2.2.3. Internationalisation

Academic exchange programmes play an important role in ensuring the relevance and global competiveness of curricula. The Global Education Programme in partnership with the University of Wisconsin-La Crosse is one of the University's most recent global exchange programmes. Piloted by the IRSJ in May/June 2018, the programme works to integrate students into a joint learning environment that addresses difficult histories and legacies of segregation, colonization and slavery. The programme provides a high impact learning experience for diverse student groups with on-site learning, facilitated academic dialogue, and joint participatory action research between students from the two countries.

A number of other internationalisation initiatives also supported curriculum transformation during 2018. The DSAs GLS, for example, creates a common intellectual experience amongst students from different world regions through combining the broad themes of leadership and social justice. The summit takes place at the UFS every third year and in 2018, it brought together 190 local and international students and staff members from more than 14 universities. At the Qwaqwa campus, debating teams were created in preparation for the 2018 GLS, which culminated in vibrant Friday evening engagements. The 2018 summit was a collaborative effort organised by the DSA, the Institute for Reconciliation and Social Justice, and OIA.

The OIA is mindful that it is not possible to create sufficient opportunities for all UFS students to participate in outgoing exchanges. Consequently, it strives to offer UFS students with international experiences on its three campuses through Internationalisation at Home (I@H). I@H refers to the purposeful integration of international and intercultural dimensions into the formal and informal curriculum for all UFS students through activities that provide exposure to diverse nationalities and cultures in domestic learning environments. To this end, the OIA supported the discussion on the implementation of virtual academic exchanges through COIL – Cooperative Online International Learning. The UFS hosted internationally renowned COIL specialist Jon Rubin, who conducted an introductory workshop to enrich the strategic conversation on this innovative internationalisation intervention. Other I@H 2018 activities included the coordination of a student-centred Africa Day celebration, and the hosting of the first ever UFS International Cultural Diversity Festival. Also in 2018, the DSAs Global Learning Initiative brought students from the UFS and students from the University of Alabama in Birmingham together in ten virtual contact session. The discussions revolved around a common read focusing on themes of diversity, social cohesion and inclusivity.

3.1.2.3. Revise the structure of the curricula in terms of pathways and graduate employability

The UFS is revising its curricula to improve articulation between different types and levels of higher education, and to improve the employability of its graduates. The design of a curriculum for employability requires a number of key elements. Depending on the field of study, modules may include work integrated learning, integrated graduate attributes, and examples that demonstrate real world application. It also requires the active involvement of employers and graduates and, most importantly, explicit acknowledgement of the significance of employability.

Compliance with the curriculum requirements of different accrediting bodies is essential to ensure graduate employability, especially for the professional disciplines. However, UFS faculties are moving beyond compliance in order to give their graduates broader pathways into further studies as well as employment. NAS makes use of discussion forums with industry leaders, while EMS has established Student Advisory boards to give an employer perspective on needs of the workplace. EMS has implemented a number of programme changes during 2018 to improve curricular pathways and graduate employability. For example, it developed a Higher Certificate in Accounting (as Accounting is still recognised as an area of scarce skills) which, once implemented, will allow for widened access in this field of study, with set pathways following on from this initial entry into higher education. Additionally, EMS is separating financially- and non-financially based Bachelor of Commerce (BCom) programmes, and adding a specialisation on Financial and Business Analytics in response to the impact of the 4th industrial revolution on business studies.

Before embarking on the design and development of its continuing professional development programmes, South campus conducts a needs assessment of the target group(s), as well as local and international benchmarking of similar programmes. The Medical Physics curriculum is continually reviewed based on feedback from private practice. As a result, the intern training course was revised to focus on computer-based training and more advanced imaging techniques. The SAHP consults with external stakeholders from time to time and solicits continuous feedback from clinical qualified staff. Legal professionals from Bloemfontein were involved in the developed of the new LLB, and lecturers in the faculty continuously enrich the curriculum with findings from the analyses of local and international LLB curricula. The new LLB (accredited in 2018) was purposefully developed to not only enable graduates to enter legal practice as an attorney or advocate, but also to pursue careers in the public sector and a wide range of other occupations which require the application of law.

The LLB also integrates research skills development at undergraduate level, which improves articulation into postgraduate studies. Similarly, a new common module for second year BSocSci students will develop their social science consciousness and research skills. The module exposes students to both the postgraduate opportunities available to them and the skills that underpin employability for a social science graduate. The new module is part of the restructuring of the BA and BSocSci, which was finalised during 2018. The BA programme has been re-structured to allow students a broad and varied choice of disciplines in which to study, in line with other BA degrees nationally. Students will also be required to complete credits in a language other than their mother tongue in order to support the multilingualism approach of the UFS and the need for language flexibility in the workplace.

The Clinical Simulation and Skills Unit (CSSU) at the FHS offers an enormous advantage to all students in the health sciences at the UFS. Simulation training bridges theoretical knowledge and clinical practice by providing hands-on, practical training in a safe and non-threatening learning environment. The use of human patient simulators and standardised patients in various scenarios allows students to experience wide range of cases before coming into contact with real patients. This enhances clinical skills, procedural skills, and clinical reasoning, which improves patient safety and patient-centred collaborative (inter-professional) practice. The CSSU allows for instructor-based training as well as self-directed learning (where students practice on their own, in their own time). The new Medtronic/UFS Cardiac Simulation laboratory, hosted within the CSSU, will be used to enhance specialisation training, specifically for cardiology, cardiothoracic surgery, vascular surgery, and anaesthesiology.

3.1.2.4. Transform the pedagogic relationship between students and lecturers

A positive pedagogic relationship is critical to teaching and learning, to student success, and to curriculum transformation. The student movements of recent years, associated with protests and disruption of the academic calendar, have highlighted the challenges in this relationship. Research by CTL suggests that #FeesMustFall had a significant emotional impact that may have triggered new or exacerbated existing tensions between UFS students and lecturers.

The relationship is complex and as such, a range of factors may affect it. For example, a change of setting can have a significant impact: the service learning setting can break down power hierarchies and encourage collaborative learning; the 'flipped classroom' approach delivers instructional material outside of the classroom, allowing more time for interactive lectures and discussion in the classroom; and tutorials, as opposed to conventional classroom pedagogy, have been shown to improve the relationship between lecturer and student. Setting is of particular relevance at the South campus, where establishing a positive pedagogic relationship at a distance remains a challenge. This requires intensified support for students who are not in direct contact with their lecturers, especially for programmes offered off campus.

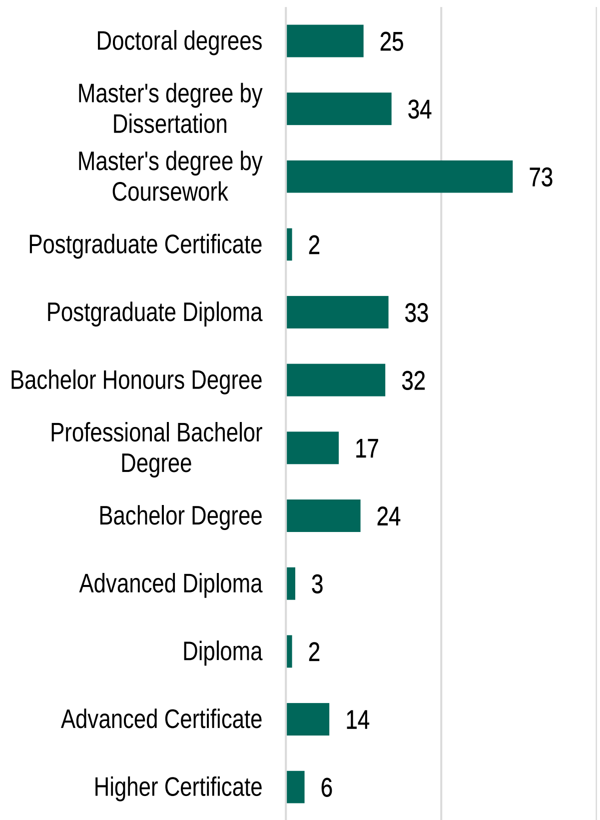


Figure 3: UFS Programme and Qualifications Mix (PQM) 2018

The transformation of the pedagogic relationship is as complex as the relationship itself. At the UFS, formal academic staff development is an important tool in achieving this objective. The CTL manages the majority of teaching and leadership development interventions at the UFS, including courses related to module design, effective teaching and learning practices, assessment, and academic career development. During 2018, 368 staff members attended CTL staff development workshops on the Bloemfontein campus. CTL benchmarked its current staff development programme against international counterparts during 2018; and it evaluated the Academic Leadership Programme (ALP), resulting in the revision of format and approach. CTL coordinates a Scholarship of Teaching and Learning (SoTL) programme, which supports scholarship-driven and evidence-based advancement of university teaching. In 2018, 21 Qwaqwa staff members participated in the programme and, for the first time, each faculty on the campus was represented.

Providing opportunities to share practice, and to be recognised for best practice, are an essential aspect of academic staff development at the UFS. During 2018, these included the annual Teaching and Learning Conference, the annual Excellence in Teaching and Learning (ETL) Awards (see), and a Teaching and Learning Day at Qwaqwa, where awards were presented to Qwaqwa staff members. CTL initiated the Kgothatsa project in 2018 to give recognition to staff and students. Kgothatsa means “to inspire” in Sesotho and the project started with a general call to students to write about how their lecturer has inspired them. After receiving the students’ submissions, lecturers were asked to reply, and the narratives showed how both students and staff inspire each other. Not only does the project reveal positive interactions between staff and students; it also has the potential to improve the relationship between staff and students.

Direct and regular interaction between staff and students is an essential part of a positive pedagogic relationship. This may be achieved through both formal and informal mechanisms. Student governance presents a platform within the wider University governance structure where students can legitimately participate in the transformation of the pedagogic relationship. Professional student associations have long since enabled this interaction in the professional disciplines. More recently, the revised ISRC Constitution formalises academic student governance at faculty level in the form of student Faculty Councils, thereby providing a new model of direct interaction between students and lecturers. The model will require appointment/election of student representatives at module or class, and departmental level. Some academic departments also invite student representatives to participate in departmental (staff) meetings. Different faculties and departments use a range of more informal mechanisms to facilitate an open relationship between students and lecturers. The SAHP, for example, maintains an ‘open door’ policy in all departments and host social functions that are attended by both students and lecturers; and the Dean of the Law Faculty meets with student groups on an ad hoc basis to share important information and to remain informed about students’ issues and concerns. These, and other informal interactions, enhance trust, respect, collegiality and mentorship within the pedagogic relationship.

Table 5: Excellence in Teaching and Learning Awards 2018

Award category	Campus	Winners	
Innovation in Teaching and Learning	Qwaqwa	1st	**Marthinus Delport**, Industrial Psychology (Economic and Management Sciences)
		2nd	**Marne van Niekerk**, School of Accounting (Economic and Management Sciences)
		3rd	**Cias Tsotetsi**, School of Education Studies (Education)
		4th	**Michaela Martin**, Political Studies and Governance (Humanities)
Innovative methods in Teaching and Learning: *Assessment Practices*	Bloemfontein and South	1st	**Ane Church**, School of Accounting (Economic and Management Sciences)
		2nd	**Dr Marguerite Muller**, School of Education Studies (Education)
Innovative methods in Teaching and Learning: *Curriculum Design and Delivery*	Bloemfontein and South	1st	**Sihle Ntuli**, Greek, Latin and Classical Studies (Humanities)
Innovative methods in Teaching and Learning: *Engaged Scholarship*	Bloemfontein and South	1st	**Mojalefa Mosala**, School of Accounting (Economic and Management Sciences)
Innovative methods in Teaching and Learning: *Student Engagement & Learning*	Bloemfontein and South	1st	**Dr Adri van der Merwe**, Communication Sciences (Humanities)
		2nd	**Nokuthula Tlalajoe**, Student Learning and Development (Health Sciences)
Vice-Chancellor's Award (Individual)	Bloemfontein and South	1st	**Dr Chantel van Wyk**, Health Science Education (Health Sciences)
Departmental Award	Qwaqwa	1st	Nhlanhla Ndlovu and Cebelihle Sokhela, Sociology (Humanities)
Most valued professional	Bloemfontein and South	1st	**Linley Fourie**, Curriculum Delivery and Innovation (Centre for Teaching and Learning)
Research in Teaching and Learning	Bloemfontein and South	1st	**Lizemari Hugo**, School of Nursing (Health Sciences)
	Qwaqwa	1st	**Maria Tsakeni**, School of Mathematics Natural Sciences and Technology Education (Education)

3.1.3. Increase UFS contribution to local, regional and global knowledge

3.1.3.1. Overview of indicators

Being research-led is a key element of the UFS vision. In order to achieve this the University has implemented strategies aimed at increasing its contribution to local, regional and global knowledge through its research function. These strategies include differentiated resource allocation, the transformation of its researcher profile, and an improvement in the impact and uptake of its research. In all of these strategies, the University's focus remains on research quality.

Publication in well-regarded international scholarly journals remains a proxy indicator of the quality and reach of a researcher's work. The UFS therefore monitors its rate of publication in international journals[15] as KPI of its contribution to knowledge production. In 2018, the UFS again exceeded its target rate of publication in international journals by increasing the share of its scholarly article output units that were published in internationally indexed journals from 76.6% in 2017 to 84.9%. Figure 4 illustrates how the UFS has improved its performance in terms of research publications overall, and in international journal articles in particular.

The UFS also monitors research collaboration and co-publication as secondary indicators of research impact and uptake. According to SciVal (Scopus), the UFS had collaborated with co-authors affiliated with other institutions on 59% of its 1077 publications in 2018. UFS researchers collaborated and co-authored with researchers at other South African institutions in 69% of these publication outputs; 31% were co-authored with international institutions, including 6% were co-authored with researchers at other African universities. Even though this is commendable,

[15] Number of research output units generated from scholarly articles published in internationally indexed journals as a share of the total number of research output units generated from journal articles. Internationally indexed journals include all journals indexed in the Thomson Reuters Web of Science (ISI Combined); ProQuest International Bibliography of Social Sciences (IBSS); Norwegian Register for Scientific Journals, Series and Publishers (level 2 only); Scientific Electronic Library Online (SciELO) SA; and Elsevier's Scopus.

the University acknowledges that there remains much room for improvement in this regard.
The 2018-2022 Strategic Plan prioritises increasing diversity within its research function by transforming the profile of UFS researchers. To this end, the University monitors its cohort of black[16] and female scholars, specifically those who have achieved a rating from the National Research Foundation (NRF), as they remain the most underrepresented group of researchers at the UFS and nationally. At the end of 2018, the UFS housed a total of 159 NRF-rated researchers, including 38 researchers under the age of 40 years (i.e. emerging researchers in the P and Y categories, established according to criteria of the NRF) and 121 established researchers in the A, B and C category. The University continues to focus a significant amount of its resources on identifying, developing and facilitating especially black and female researchers to not only apply for rating but also to further their qualifications. As a result, the number of black rated researchers increased from 14 in 2017 to 20 in 2018, while the number of female rated researchers increased from 44 to 51. The increases are encouraging. However, the share of especially black NRF-rated researchers remain very low at only 12.6% (up from 9.3% in 2017). Female researchers comprised 32.1% of the UFS' NRF-rated researchers in 2018, which is a slight increase from 29.3% in 2017. Most of the University's research capacity development efforts are therefore focused on women and black researchers (see section 3.1.3.3 for more details).

The following sections provide more information about the strategies that the UFS employed during 2018, and some examples of how these strategies have contributed to increasing the University's contribution to local, regional and global knowledge.

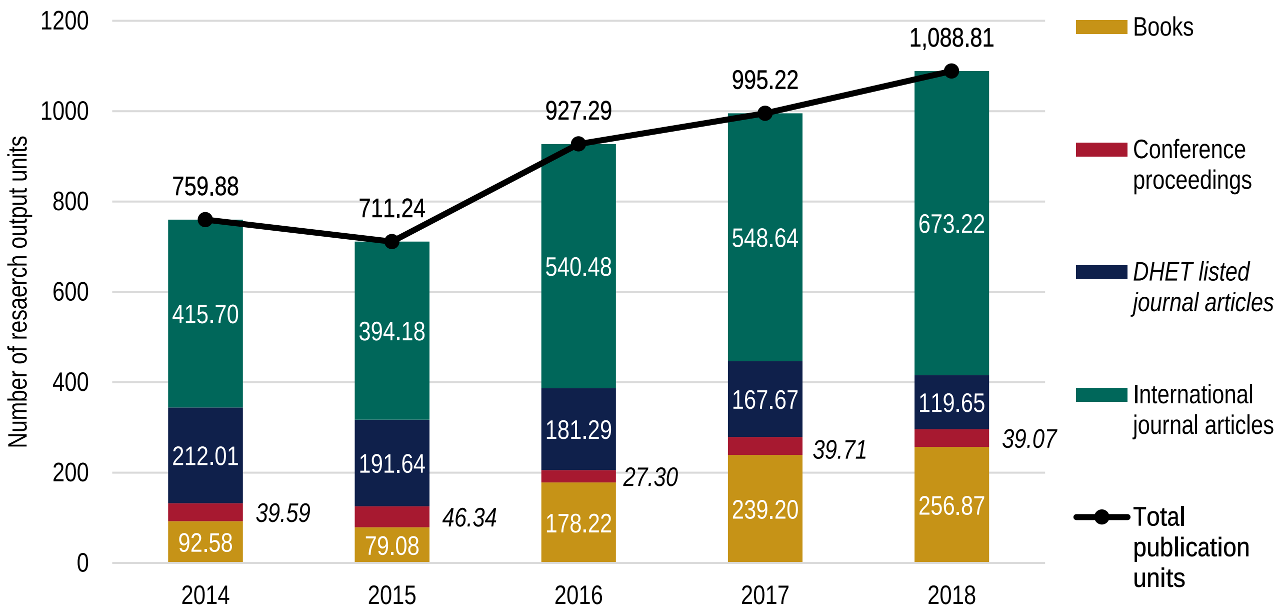


Figure 4: UFS publication outputs, 2014 to 2018

[16] African, Coloured and Indian/Asian

3.1.3.2. Focus resource allocation on UFS areas of strength and distinctiveness

Over the next five years, disproportionate investment in postgraduate education and in proven areas of research strength and distinctiveness will be the University's primary strategy for increasing its contribution to local, regional and global knowledge. This involves the development of existing areas of strength and distinctiveness, and those with tangible potential, into UFS flagships or research hubs, and focusing resource allocation for research and innovation on these hubs.

The UFS is already prioritising leading research in terms of its strategic research funding model. This strategy has proven successful, especially with regard to the five South African Research Chairs Initiative (SARChI) chairs and the Senior Professor Programme. During 2018, the University allocated additional resources for research on indigenous knowledge systems, and to the Afromontane Research Unit (ARU) at Qwaqwa. This follows the identification of a number of potential research hubs early in 2018, based on their established strengths, uniqueness, and potential for innovation and sustainability.

The metrics used for this process included relevance to issues of national, provincial and international priorities; potential impact on society; contributions to discovery and innovation; potential to attract resources; research leadership; and significant collaboration and engagement. These hubs were requested to develop a strategy indicating their key performance areas, one of which is transformation. The most promising hubs receive funding for a period of five years. In 2018, 48% of the strategic research budget was allocated to these research areas, and each hub received an additional investment of between R2 million and R8 million. The hubs also received the majority of the University's postdoctoral fellowships and postgraduate bursaries.

The UFS invests in postgraduate education by funding tuition fees from Honours to doctoral level. The PGS received an allocation of R4 million for Honours bursaries and over R15 million for Research Master's and doctoral bursaries for 2018. Over 2 500 Master's and doctoral students applied, of which 1 577 were granted bursaries (886 Master's and 691 doctoral).This allows for larger numbers of postgraduate enrolments and, in due course, a larger pool of doctorate graduates from which to generate the next generation of leading researchers. NRF funding also provided much needed support within the block grants categories for UFS postgraduates, to the value of almost R22 million. This included 166 Honours bursaries, 117 Master's bursaries, and 42 bursaries at doctoral level. I addition, 11 UFS postgraduates received bursaries from the joint Inter-Bursary Support programme of the Department of Science and Technology (DST) and the Council for Scientific and Industrial Research (CSIR).

AFROMONTANE RESEARCH UNIT, QWAQWA

The ARU research on the local montane environment that is characteristic of the Qwaqwa region seeks to capitalize on a vacant niche in southern Africa. The ARU is unique in southern Africa as it is the only research unit of its kind that focuses on the multi-disciplinary nature of mountains as social-ecological entities. The ARU Strategic Plan was developed during 2018, following a formative review of the Unit's three-year history. Four objectives were defined to inform the future trajectory of the ARU, increasing in spatial scale from

- ✓ local (understanding the Maloti-Drakensberg as a unique social-ecological entity and addressing topics of high relevance in this regards as the ARU's primary research focus);
- ✓ regional (highlighting the very poorly studied and misunderstood southern African mountain systems as medium to long term research priorities); and
- ✓ global (informing hypotheses, theories and practice in the global mountain community of practice from a southern hemisphere mountain perspective).

3.1.3.3. Transform the profile and increase the diversity of UFS researchers

The UFS has as one of its goals to transform the profile of its academic cohort and to increase the diversity of its researchers. The University's efforts in this regard addresses all stages in the process of researcher development – from postgraduate and postdoctoral level up to NRF rating and the professoriate. This is evident from both the strategic research funding model and the University's investment in human resource development.

3.1.3.3.1. Next-generation academics

African students received the majority (60%) of the 2018 Honours tuition fee bursaries. Most of the recipients were social science and humanities students who were not funded by the NRF. More than half of the Master's and doctoral bursary recipients were female, and 64% was African. Of the 140 postdoctoral fellows supported through UFS funding in 2018, 69% were from countries outside South Africa, including 55 fellows from elsewhere in Africa.

Two complementary university-wide initiatives supported the development of human resources for research during 2018, i.e. the New Generation of Academics Programme (nGAP) and the new programme for the development of the next generation professoriate. These initiatives are integrated into the UFS Talent Management Strategy, which aims to systematically close the gap between the talent within the University, and the talent it needs to successfully respond to current and emerging challenges. A talent strategy ensures that the right people with the right skills, experiences and competencies are in the right positions and roles (or ready to transition into them) at the right time.

nGAP is a DHET initiative which funds a number of academic posts with the purpose of attracting and retaining academic staff from designated groups. The nGAP academics undertake a reduced teaching load and is assigned with a mentor for the duration of their participation in the programme. The mentor assists with the preparation of a personal professional development plan and engages in reflective discussions with the nGAP academic about teaching and research experiences, opportunities and challenges. The initiative is monitored through focus groups and questionnaires that allow nGAP staff members to provide feedback with regard to, for example, job satisfaction.

The Prestige Scholars' Programme (PSP) was replaced during 2018 with a new programme for the development of the next generation professoriate. The new programme is modelled on the PSP, but broader in both its catchment and conceptualisation. The purpose of the new programme is to identify, collaborate with, and empower younger professional scholars, and it anticipates strong commitment at faculty level, specifically from Deans and academic Department Heads. The new programme is focused specifically on black and female scholars. Once selected for the programme, the research standing and trajectory of each scholar is evaluated. This evaluation is used to develop an Individual Research Plan and a five-year career plan with milestones for each scholar, in collaboration with the scholar, the PSP Directors, and the relevant academic department head. The scholars are assisted with the develop of their teaching philosophy, in collaboration with the CTL, and has access to a life coach who will support the wellness and performance of the scholar.

3.1.3.3.2. Capacity development at faculty level

Similar initiatives are also being implemented at faculty level. The OIA supported the FHS in Bloemfontein and the ARU at the Qwaqwa campus with the implementation of doctoral staff development projects. Both projects were funded by the DHET, and involve partnerships with the University of Venda in South Africa and one (or more) universities in the United States. DHET funding of almost R5.5 million will support ten mostly young and black FHS academics from the UFS and the University of Venda to obtain doctoral degrees, in partnership with the University of Virginia. The ARU project also supports ten academics to complete doctorates that focus on mountain research. This R4.6 million project is a partnership with Appalachian State University, Colorado State University, and the University of Montana and includes opportunities for mobility to the United States.

EMS rolled out mentorship programmes for doctoral students and for senior lecturers in their postdoctoral phase in 2018. The lecturer programme focuses on building research capacity and outputs as part of career development for these staff members. Most of the participants in the doctoral programme finalised their degrees in 2018. The Free State Centre for Human Rights (FSCHR) at the Law Faculty appointed four postdoctoral fellows, three research fellows, and two extraordinary professors, all from designated groups. NAS is actively encouraging young, black academics to complete their doctorates and to participate in the Faculty's sabbatical leave programme. The Faculty of Theology and Religion is also starting to appoint researchers with more diverse backgrounds, including a Roman Catholic scholar from Nigeria and a Chinese theologian.

The Faculty of the Humanities received a USD$436,615 grant from the Andrew W. Mellon Foundation in December 2015 to support the transformation of the professoriate profile. The programme currently houses six postdoctoral fellows, all of whom are black South Africans. The programme was consolidated during 2017/2018, with the fellows being able to make important international connections and publish key pieces of work. These fellows are currently supervising four Master's and three doctoral students (all black South Africans) and are engaged in preparing scholarly publications. Two of the fellows were awarded Mellon postdoctoral fellowships for 2019. These fellowships allow recipients to work with selected leaders in their disciplinary area for up to six months on agreed-upon deliverables, thereby supporting efforts to increase international exposure and create networks. All of this increases their research outputs and standing, which will accelerates their entry into the professoriate.

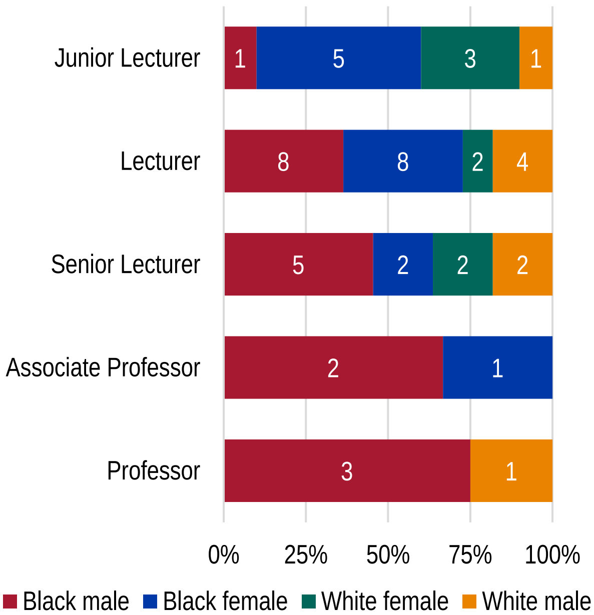


Figure 5: New academic appointments by race and gender, 2018

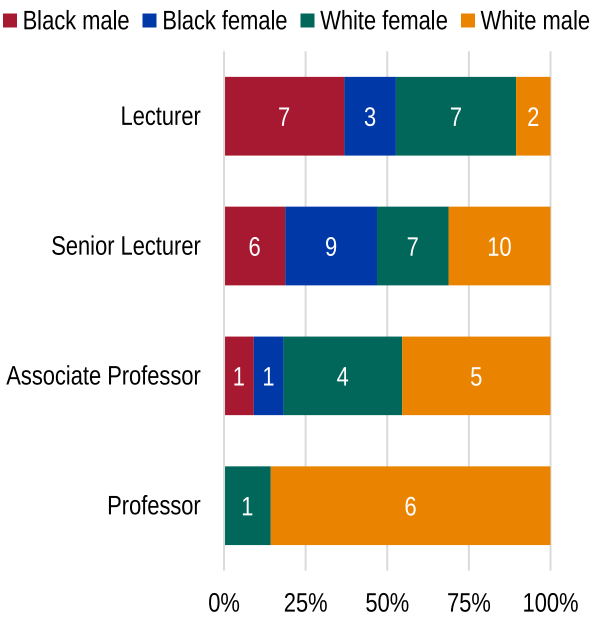
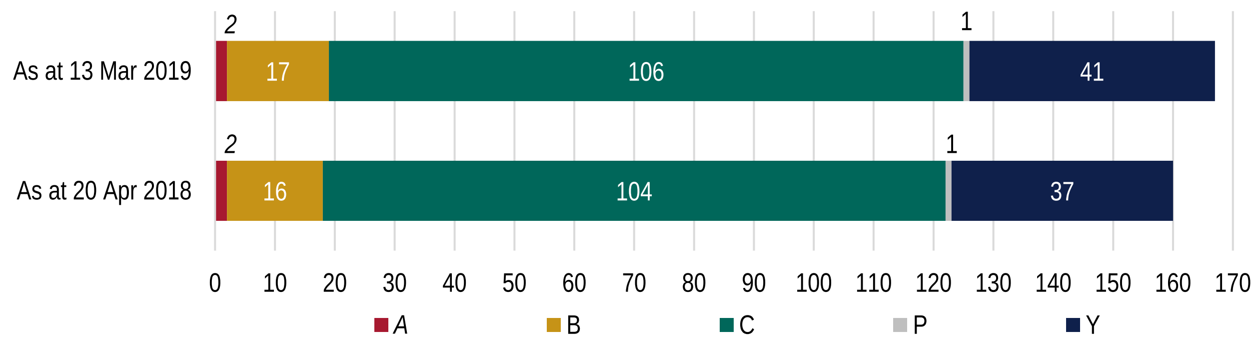


Figure 6: Academic promotions by race and gender, 2018



SOURCE: National Research Foundation, https://www.nrf.ac.za/rating

Figure 7: Number of UFS researchers holding a National Research Foundation rating, by rating category, 2017/2018/2019

3.1.3.3.3. Appointment and promotion of academics

These strategies have proved successful during 2018 with 84% of new academic appointments and 67% of academic promotions being persons from the designated groups. This is reflected in the increasing share of the academic staff group who are black and/or female. However, the UFS is still finding it difficult to appoint and retain black staff members in senior academic positions. As shown in Figure 5 and Figure 6, the UFS professoriate grew with 25 members, of which less than a third were black staff members, and 48% were white males. Although the number of new black professoriate appointments is encouraging, the fact remains that 89% of academics promoted into the professoriate during 2018 were white.

Faculties often cite remuneration as an obstacle to attracting and retaining suitably qualified academic staff members from the designated groups, especially at the professoriate level. To ensure that the institution remains competitive and remunerates staff according to the median, the UFS Human Resources department benchmarks remuneration data quarterly against Remchannel, which includes the data of all 23 higher education institutions in the country. Benchmarking of positions is based on the Peromnes level of specific posts and the job title or job code of academic positions. Where scarce and critical skills are required, this will also be linked to job title or code. Adjustments are negotiated during the annual salary negotiations when a deviation is identified and structural adjustments are made when the comparative ratio is less than 95% of the median.

3.1.3.4. Increase research impact and uptake

Research impact and uptake requires visibility and standing and therefore involves the quality of the University's research, dissemination of results and findings, and the development of collaborative relationships with a range of stakeholders – from the local community, through private sector businesses, to global research leaders.

3.1.3.4.1. Dissemination

Scholarly publication in international peer-reviewed scholarly journals and books address both dissemination and quality. The following are highlights from the faculties with regard to their 2018 publications:

- The Faculty of Theology and Religion started the new book series 'Theological Explorations' with the explicit aim to publish research that has international impact and visibility.
- The Narrative Study of Lives programme of the Department of Sociology published 11 articles in the international journal Qualitative Sociology Review.

- Various EMS academics published in higher-impact journals (e.g. PLOS One) and two members of the professoriate in the Faculty launched peer-reviewed books in the United States.
- The Education Faculty continued to host the internationally accredited Journal 'Perspectives in Education', which is the premier journal on education research in South Africa.
- The Medical Physics department at FHS produces almost all of the internationally peer-reviewed research papers on medical physics in South Africa.
- The SAHP (also at FHS) encouraged their researchers to disseminate their research in African journals and at African conferences in order to create networks in Africa.

The UFS also utilises dissemination strategies that go beyond traditional presentation and publication. These include collaboration with other leading scholars, technology transfer (i.e. spin-out technology, licensing agreements, and patents), and the utilisation of non-traditional communication platforms. With regard to non-traditional communication platforms, the UFS DCM uses the institutional website, social media, and local and national print, broadcast, and online media to continuously profile and position the University's research and its researchers to external target audiences.

3.1.3.4.2. Collaborative research

Currently, the UFS maintains over 50 active institutional collaborations with universities and institutions around the world. The OIA report that UFS researchers co-authored 2751 publications with 1584 collaborating institutions in other countries since 2015, and that the University increased the number of international collaborating institutions by 321, and its co-authored publications by 1016 from 2017 to 2018.

Facilitating international partnerships at institutional level and supporting stakeholders in developing their international collaborations and linkages is a key aspect of the OAI mandate. To this end, the OIA supported the hosting of several international delegations from across the globe, including institutional visitors from the Korea Institute of Oriental Medicine in South Korea; Fulda University in Germany; the University of Ghent in Belgium; and the Free University of Amsterdam and Wageningen University, both in the Netherlands. Existing partnerships were strengthened and possible new collaborations were negotiated during visits to the University of Sao Paolo and other institutions of higher learning in Brazil; the University of Namibia; the University of Lesotho; and Shandong Jianzhu University in China. The OIA also coordinated the involvement of the UFS is a member to the South Africa-Sweden Universities Forum, which is a collaboration of 30 universities in Sweden and South Africa, together with embassies, civil society organisations, funding agencies, and ministries in both countries.

Various levels and types of research collaboration is taking place across research projects, academic departments, faculties, and campuses. The CTL, for example, is the home of the SASSE, which has been used by 21 higher education institutions, including 16 public, four private, and one international university. The IRSJ collaborates with the Vrije Universiteit (Amsterdam) and the University of California, Los Angeles on diversity in higher education. In 2018, it joined international research exchange consortium SIMAGINE, which includes 10 European and American partner universities. This consortium aims to explore the role of social imaginaries within a globalizing world. The IRSJ also entered into an Erasmus+ inter-institutional agreement with the Open University of Cyprus to initiate exchanges of academics, administrative personnel, and potentially students. The faculties also reported their most important research collaborations in 2018, including the following:

- The Department of Geography at NAS established the Climate Change Research Group in 2018, including linkages with SAEON (in South Africa), Bindura University of Science Education in Zimbabwe, and EURAC in Italy.
- The Education Faculty maintained their strong research networks with Great Zimbabwe University, the University of the West Indies-ROYTEC in Trinidad and Tobago, Northwestern

University in the United States, Leiden University in the Netherlands, and the Lesotho Colleges of Education.

- The Faculty of Theology and Religion established a memorandum of understanding with Justo Mwale University in Zambia, which is one of the NetAct theological institutions in Africa. The Faculty is one of twelve member institutes in NetAct, which is a network of theological schools that prepare leaders for missional congregations through networking and sharing of resources.
- The Medical Physics department of FHS collaborates with Lund University in Sweden, iRT systems in Germany, and Princess Margaret Hospital in Canada.
- The FHS School of Nursing is one of nine partners in the MEGA project, which is co-funded by the Erasmus + Programme of the European Union. MEGA aims to build capacity in Southern African Development Community (SADC) countries by implementing mhGAP mobile interventions.

3.1.3.4.3. Library services

A research-led University is supported by an academic library that is well resourced and responds timeously to the information needs of researchers. During 2018, dedicated UFS LIS Research Librarians supported researchers, including postgraduate students, through the application of advanced search strategies leading to relevant quality search results. These Librarians proactively search for and disseminate any new information published in specified research fields. A total of 5309 searches were conducted in 2018 (almost 40% more than the previous year), with academics sending messages of appreciation at the timeous delivery of services and relevant information resources sought for them.

LIS has started with the establishment of research data management services as one of the trends in international academic libraries. This is also in line with research funders, who require research data management plans to accompany research proposals for funding. This service will result in extending the preservation and dissemination of scholarly output to data gathered and used to produce the final output product. During 2018, the ICT Services Architecture Review Board approved Figshare Software to be used as a platform for research data storage, and security and ethical issues, confidentiality and data storage space for Figshare have been addressed.

LIS continued building research capacity during 2018, ensuring that established and emerging UFS researchers are familiar with new trends in information management. The annual UFS Library Research Week highlighted SA media and dissertation databases on Sabinet, Scival, ProQuest eBook Central, predatory conferences, co-authorship, and finding the best journal to publish in. A total of 962 postgraduate students and researchers participated in research literacy training, including collaborative events presented together with the PGS.

The LIS repository, KovsieScholar, remained key in improving the impact of UFS research by making research output visible and discoverable worldwide, increasing citation rates, increasing research collaboration, and reducing both time to publication and publishing costs. The repository is utilised extensively, with more than 3 million searches conducted in 2018. The new version of KovsieScholar was launched during international Open Access Week. To enhance its visibility, KovsieScholar is now included in Nexus, Sabinet, Ebsco Discovery Service, Registry of Open Access Repositories, OpenDoar, ROARMAP, and ROAR.

Visibility and discoverability was also enhanced through digitisation. Thus far, LIS has digitised 539 items, including inaugural lectures, analogue video recordings (on-demand), and a range of paper-based theses and dissertations, books, and journals. A newly acquired 3D scanner will also be used to digitise objects.

3.2. Report on Engaged Scholarship

A transformed university in South Africa will be one that strives for social justice17 in everything it does. The UFS aims to support social justice and development through the core function of engaged scholarship.

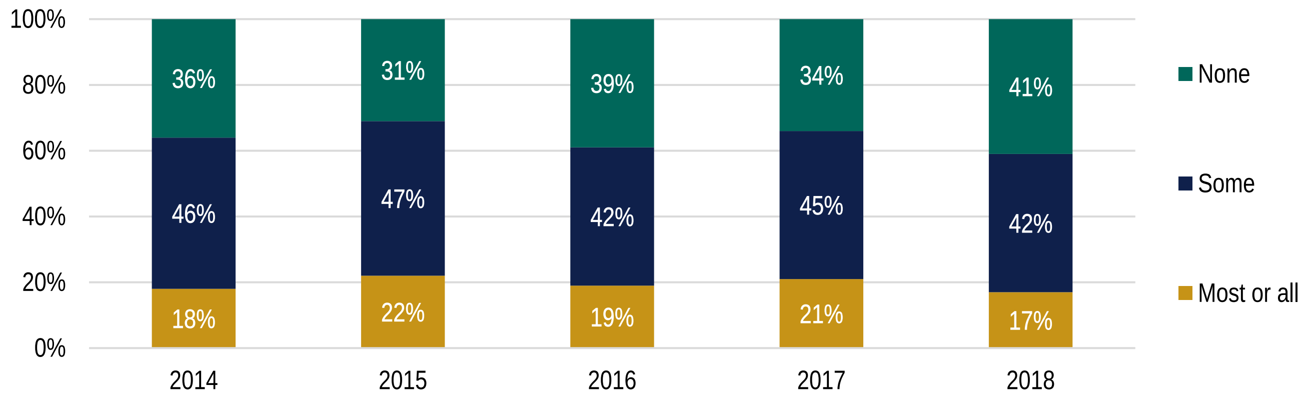
3.2.1. Support development and social justice through engaged scholarship

3.2.1.1. Overview of indicators

The application of knowledge is the core of engaged scholarship. It is about the citizenship of the University; its social responsibility to greater society; and about enriching the curriculum, research efforts, teaching, and student attributes through interaction with the diverse community in which the UFS exists.

The UFS monitors its support of development and social justice through engaged scholarship by measuring the level of student participation in service learning. Figure 8 shows the share of undergraduate students who report that they have participated in a community-based project (service-learning), as measured through the SASSE. As can be seen in the graph, results have varied over the last five years, and have decreased from 66% of participating students reporting that at least some of their modules have included service learning in 2017, to 59% in 2018. The UFS did not set a target for this KPI for 2018, because all community-based education (CBE) at undergraduate level was under review and results are expected only in 2019/2020. However, it is encouraging to note that the UFS seems to be in a better positon with regard to this high impact teaching and learning practice than its national counterparts, given that only 48% of students at the other participating traditional universities reported the inclusion of community-based projects in their modules during 2018.

The University's secondary indicators with regard to engaged scholarship require data on academic staff members who have participated in engaged scholarship, as well as funding amounts allocated to engaged scholarship activities. However, due to the revision of the formal UFS performance management system for academic staff, and the development of a differentiated funding model for research, accurate data will only be available for the 2020 reporting period.



SOURCE: South African Survey of Student Engagement 2018

Figure 8: About how many of your modules/subjects have included a community-based project?

[17] *Social justice* is an understanding of the principles and practices which promote compassionate and fair distribution of the resources of a society. In the context of South Africa, it covers the notion of redress towards those who have suffered discrimination and exclusion.

The Directorate Community Engagement (DCE), the DSA, and the IRSJ are key role-players in the UFS's work on social justice and engaged scholarship. The IRSJ is researching and developing a Social Justice Online Platform (SOJO), which will collate the work of these three role-players. This platform will allow stakeholders to engage with the concepts of social justice and social cohesion across the functional units, ranging from dialogues, to events, to specialised training programmes. The following narrative details the achievements of these three units during 2018, as well as engaged scholarship activities at faculty level.

3.2.1.2. Increase the number of academic staff who are involved in engaged scholarship

The UFS views engaged scholarship as the heterogeneous way in which a university interacts with the diverse community in which it exists. It is about citizenship of the University and its social responsibility to greater society. Academic staff involvement in engagement scholarship entails effectively linking the teaching and research skills of academics (and their students) to specific needs in different parts of the extended community, i.e. civil society, the private sector, government, and non-governmental organisations.

The DCE coordinates engaged scholarship, including service learning, at the UFS. The DCE employed a range of strategies to support development and social justice through engaged scholarship during 2018, starting with a reconceptualization of the institutionalisation of engaged scholarship. DCE also aligning engaged scholarship at the University with the UFS vision and strategy, and initiated the revision and alignment of engaged scholarship policies with teaching and learning and research policies. With regard to increasing staff involvement in engaged scholarship, DCE created awareness in all faculties through knowledge sharing; it revisited pedagogy and epistemology to address engaged scholarship; it implemented incentives for engaged scholarship (e.g. promotion, awards); and it provided internal and external resources and infrastructure to create an enabling environment for engaged scholarship.

Awareness raising activities in 2018 included a benchmarking seminar, a roadshow, an ongoing series of staff and student workshops on 'Positioning the Academic in an Engaged University', and the introduction of the asset-based community development (ABCD) approach as preferred methodology for community engagement at the UFS. The DVCs Community Engagement Awards incentivised staff, students, community and business partners to demonstrate excellence and leadership in engaged scholarship. In addition, awards for excellence in community engagement were included in the UFS annual Excellence in Teaching and Learning Awards. The bulk of DCE's efforts in 2018, however, were directed towards creating an enabling environment for engaged scholarship. This included the establishment of an engaged scholarship database, coordination of community engagement projects, and allocating funding to engaged scholars.

The database aims to serve as a digital platform for local, national and global collaboration; a knowledge resource for good practice in engaged scholarship; and a management tool for monitoring the amount of engaged scholarship at the UFS, its impact on the community, and the associated research outcomes and third-steam income. DCEs community projects provide opportunities for UFS staff and students to participate in engaged scholarship. For example, the Responsible Reproductive Health Education Programme is a partnership between the UFS and the Princess Gabo Foundation that allows midwifery students and staff from the School of Nursing to advance secondary school learning strategies that integrate reproductive healthcare education into grade 8 to 11 curricula. The two enterprise development programmes allows academics to engage in research and to design evidence-based tools to address xenophobia and gangsterism within the community.

The Heidedal Resource and Development Forum facilitates contact with more than 20 community organisations committed to community development. Through collaboration with the

Global University of Lifelong Learning, the research of a UFS doctoral student was extended into an 'Action Learning Pathway to Holistic Development' education project at Bloemshelter. The annual Learning Festival enables university students to collaborate with partners in designing vocational development 'colleges' (about 55 workshops), both from a curricular and co-curricular platform. The colleges equip people from a diverse target group with skills to help them earn an income and take charge of their lives. A community-initiated food security programme in Phuthaditjhaba provides engagement opportunities for agriculture and agribusiness scholars.

3.2.1.3. Increase opportunities for students to engage in community-based education

CBE encourages and strengthens student engagement in relation to social justice. As education for social justice, CBE requires that students become immersed within communities, interacting with community members and learning through service provision. This is said to develop their understanding of, interest in, and commitment to social justice.[18]

Discipline-based service learning is a type of CBE that allows for engagement in reflective and experiential learning, and for application of theory towards the development of praxis (practical wisdom) within a partnership context (university, community and diverse service-sectors). Rooted in the common good, experiential learning and civil society, service-learning pedagogy and philosophy offers students an opportunity to develop a sense of social responsibility, citizenship, cultural diversity and democracy, as well as values of reciprocity, reflection, relationship, respect, openness, mutuality, partnership, social justice and trust. The UFS strives to create opportunities for CBE in both the formal curriculum and through co-curricular initiatives. DSA plays a critical role in terms of the latter, particularly through the Student Life Colleges' Schools Project, the SRC Civic and Social Responsibility Portfolio, and Kovsie ACT (active civic teaching). The Colleges' Schools Project and the Eco-vehicle Project are both undertaken in partnership with the DCE. The Schools Project involves five secondary schools in Mangaung area. Kovsie ACT utilises the project to offer students direct experiences with issues in the extended UFS community throughout the academic year. The Eco-vehicle project also involves the Mechanical, Engineering and Related Services Sector Education and Training Authority (MERSETA) and NAS Engineering. It aims to establish integrated student learning communities around the key question of sustainable green energy. Finally, the Student Governance Office facilitated the SRC constitutional amendment that extended the responsibilities of the Civic and Social Responsibility Portfolio to include student associations that are interested in and are participants in community engagement initiatives, thus creating opportunities for student associations to be engaged in CBE.

SCHOOLS PARTNERSHIP PROJECT

The UFS Schools Partnership Project (SPP) at the South campus earned the DVCs Community Engagement Award in the category: Engaged partnerships and citizenship. The project was recognised for outstanding service, commitment, and excellence in the field of community engagement.

South campus collaborates with rural schools through the SPP to provide mentorship to School Management Teams (SMTs) and teachers in scarce subjects. In 2018, the mentorship programme extended beyond the schools to include training district officials on conflict management; training learners to become mathematics tutors; supporting non-profit organisation enke in training learners on community-based project methodology; developing open source, video driven SA-SAMS training modules; establishing a reading club at the Kgorathuto community library; and supporting the Ntemoseng debating team to participate in Africa Day panel discussions at the UFS Sasol Library.

The project has led to significant improvement of the NSC results of learners in the project schools, as well as a considerable increase in the number of learners who gain admission to higher education.

[18] Mtshali, N. G., & Gwele, N. S. (2015). Community-based nursing education in South Africa: A grounded-middle range theory. *Journal of Nursing Education and Practice*, 6(2), 55. https://doi.org/10.5430/jnep.v6n2p55

Table 6: Community Engagement Awards 2018

Category	Winner
Engaged Citizenship	**Anita Harmse**, community partner
	Charlotte Fourie, community partner
	Corne Vrey, community partner
	Disebo Chaka, student (Natural and Agricultural Sciences)
	Teboho Ramabolu, student (Humanities)
Engaged External Partnerships	**Dr Chitja Twala**, History (Humanities)
	Salomien Boshoff, Business Management (Economic and Management Sciences)
	Science-for-the-Future Unit, School of Mathematics Natural Sciences and Technology Education (Education)
Engaged External Partnerships and Citizenship	**Dikgapane Makhetha**, UFS Directorate Community Engagement
	Edward Charles, Free State Indigenous Knowledge Systems Documentation Centre (Humanities)
	Tessa Muller, UFS Directorate Community Engagement
Engaged Partnerships	**Bukelwa Eunice Qwelane**, community partner
	Erna Liebenberg, community partner
	Joanie le Roux, student (Health Sciences)
	Johan van Zyl, Center for Development Support (Economic and Management Sciences)
	Mash Mawasha, community partner
	Agnes Khalanyane, community partner
	Pulane Motsamai, community partner
	Andile Mooketsi, community partner
	Claudia Mangwegape, community partner
	Coca-Cola Beverages Africa, community partner
Engaged Partnerships and Citizenship	**UFS Finance Department**
	Lucy Sehloho, UFS Student Affairs
	Social Responsibility Enterprises, South campus
Engaged Teaching and Learning (Service-Learning)	**Adv. Inez Bezuidenhout**, Public Law (Law)
	Dr Arno van Niekerk, Economics (Economic and Management Sciences)
	Grey Magaiza, Community Development, Qwaqwa campus
	Rouxan Fouche, Computer Science and Informatics (Natural and Agricultural Sciences)

During 2018, formal UFS curricula included 55 service-learning modules across all seven faculties. Each faculty hosts a flagship CBE programme (see Table 7), many of which are supported by research and sponsorships. Seventy lecturers at the Bloemfontein campus and five at Qwaqwa offered discipline-based service-learning infused modules.

CBE is a fundamental component of health sciences education and is therefore integrated in the curricula of all FHS schools and departments. Students in the four-year undergraduate curriculum of the School of Nursing master the required professional competencies in a variety of community-based settings. Six service-learning modules are offered in the undergraduate programme, and three in the post-basic programme. Interprofessional education (IPE), community service learning (CSL), and CBE are embedded in the curricula of all SAHP programmes. The Department of Basic Medical Sciences is currently involved in the restructuring and alignment process of CBE projects in Phase I and Phase II of the MBChB programme. Currently, third-year MBChB students complete a community service project at a registered non-governmental organisation; fourth-years complete two weeks of integrated CBE/IPE in Trompsburg and Botshabelo; and final-year students attend community health clinics and health centres as part of training in Family Medicine.

The DCE Service Learning division supports the practice of CBE across the UFS. The division liaises closely with those involved and it provides staff development throughout the year to assist individual lecturers with the implementation of service learning. It also manages the quality of relevant modules, which includes impact evaluation of service learning on students and communities. To this end, the division supports student activities such as exhibitions and presentations on the implementation and impact of service-learning activities.

3.2.1.4. Prioritise engaged scholarship in the funding model

With the exception of the Service Learning Grant allocated to all faculties to promote CBE as a scholarly activity, engaged scholarship has not yet been given formal precedence in the UFS funding model. In the meantime, the DCE works with and supports academics to access research grants and funding for engaged scholarship and community projects. In 2018, DCE supported five staff members from different faculties to attend and present their work at national and international conferences, and various staff members were supported at faculty level to attend conferences and disseminate their engaged scholarship.

Table 7: Flagship community-based education programmes in the UFS faculties

Faculty	Flagship programme(s)
Economic and Management Sciences	- TATA partnership for marketing strategies of business
Education	- Family maths and sciences
Health Sciences	- Xhariep partnership (CBE and Interprofessional Education) - Responsible Reproductive Health Education Programme (RRHEP)
Humanities	- Study-Buddy project with schools - Therapeutic horse riding - Language facilitation and empowerment
Law	- Law Clinic programme
Theology and Religion	- Shepherd project
Natural and Agricultural Sciences	- Boyden Observatory and Science Centre and Naval Hill Planetarium

3.3. Report of the Vice-Chancellor on Management and Administration

The Vice-Chancellor's report evaluates the managerial and administrative achievements of the UFS in terms of the strategic goal of increasing the efficiency and effectiveness of the University governance and support systems. The following narrative reports on the management of the UFS policy environment, administration of student academic services, the quality of management information, and the participation of students in UFS governance structures. Matters related to staffing is reported in section 3.1.3.3.

3.3.1. Increase the efficiency and effectiveness of governance and support systems

3.3.1.1. Overview of indicators

The UFS has therefore prioritised the efficiency and effectiveness of governance and support systems as part of its Strategic Plan 2018-2022. The key areas of work include the policy platform, student participation in institutional governance, student administration processes and systems, and data and systems integration in support of evidence-based decision-making.

The UFS considers student representation in governance structures as the key indicator of its performance with regard to the efficiency and effectiveness of its governance and support systems. Currently enrolled students attended only one third of Senate subcommittee meetings during 2018, falling far short of the 75% target for the year. In order to address this underrepresentation, a number of changes have been made at both institutional, faculty and departmental level. These are elucidated in section 3.3.1.3 of this report.

The rate of policy revision, the effectiveness of enrolment management, the level of automation of student administration processes and rules, and gaps in data integration of current systems are also monitored as secondary performance indicators. The latter two indicators involve technical developments that are still in the process of establishing baselines for these indicators. In terms of enrolment management, the UFS over-enrolled during 2018, but by only 4.7%. The UFS considers this to be within acceptable margins. In terms of policy revision rate, the UFS is still in the process of developing a policy governance framework and platform. Upon conclusion of this process, which is elaborated upon in the next section, the UFS will begin to track the share of UFS policies that are revised on an annual basis.

3.3.1.2. Revise and update all UFS policies to reflect the University transformative drive

The UFS needs to revise the majority of its policies to ensure that they reflect and support the transformation drive of the University. The outcome of this revision process is detailed in the Integrated Transformation Plan and requires a well-established, standardised framework and competencies to develop clear operational policies and procedures that are easily accessible in digital format. An institutional policy manual must include all policies, procedures, remits and other relevant governance documents, and it must flag revision dates and dependencies on legislation. Despite a lack of improvement in this regard at institutional level, many support service and academic departments have made important progress during 2018 in certain areas of governance and policy.

The IRSJ and the DSA developed the new Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures, as well as the new Sexual Harassment, Sexual Misconduct and Sexual Violence Policy (see section 3.5.7). Protection Services improved security risk management governance during 2018 through the development of the UFS Security Policy; while the DRD started a revision process of the UFS policy on costing of research and consultancy income, and the intellectual property policy of the University. In response to the anticipated Policy Framework for the Internationalisation of Higher Education in South Africa, the OIA is leading the development of an internationalisation reporting procedure for the UFS. During 2018, a system to extract information on internationally co-authored scientific publications and present it in a user-friendly way was developed, and a reporting architecture for the UFS was the drafted.

University Estates conducted an audit of its policies and standard operating procedures during 2018. ICT Services developed, deployed and maintains a comprehensive, extended framework as the basis for the management of all aspects related to governance in the ICT-domain. The FSCHR at the Law Faculty steered the process of drafting a protest policy (see section 3.5.7). FHS updated its Guidelines for Impairment during 2018, to reflect UFS mental health policy; and the Humanities Faculty is in the process of aligning all of its procedures with new policy documents.

KEEPING STUDENTS AND STAFF INFORMED

Almost 2 million users accessed the UFS website in 2018. The website remains one of the primary sources of information for students, as well as staff and the general University community. The KovsieLife student website also remained a popular source for students to obtain relevant information about the UFS and campus life. This page had 572 550 visits during 2018, which is a 72% increase from 2017; and 420 722 mobile visits, 43% more than in 2017. The website workflow system also assisted the Department of Communication and Marketing (DCM) to enhance the quality of content published on the website in 2018, with 4 236 items approved.

Social media platforms are another major source of information for students. In 2018, the number of posts shared on Facebook increased by 65%, while engagement on Twitter increased by 8% and doubled on Instagram. The number of followers on Twitter and Instagram more than doubled in 2018. This was achieved through, for example, live crossings about key student events by #KovsieCyberStars on social media.

The 2018 Internal Communication Audit assisted with the revision of staff and student communication platforms into a streamlined communication matrix that aligns with the themes and goals of the Integrated Transformation Plan and the UFS Strategic Plan 2018-2022. These recommendations have been implemented through a new Institutional Communication and Marketing Strategy, ensuring that the collective efforts of the DCM are aligned and supports the vision and strategic goals of the UFS.

The UFS has prioritised student participation in institutional governance, including the development of institutional policy and procedures. In 2018, the SRC was actively involved in the development, consultation and review of the Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures; the Sexual Harassment, Sexual Misconduct, and Sexual Violence Policy; and the new Constitution of the Institutional Student Representative Council. However, the student engagement with existing institutional policies and procedures, attendance of institutional meetings, and student participation beyond the members of the SRC remains inadequate.

3.3.1.3. Increase student participation in University governance structures

UFS students participate in institutional governance mostly through the student governance system, of which the SRC is the principal structure. The DSA Student Governance Office facilitates the active and effective participation of the SRC through leadership training for all new members, which involves generic leadership training (offered by the Student Leadership Development Office), followed by training on the governing documents and structures of the UFS. The DSA also assists the new SRC to conduct strategic planning, review and performance assessment.

However, the UFS aims to expand student participation beyond the members of the SRC with the goal of facilitating broader and more frequent engagement. To this end, the DSA Student Governance Office, with DIRAP support, embarked on a review of the academic student governance structure of the UFS. The outcomes of the review informed the development of a new ISRC Constitution during 2018, which imbeds academic student governance within the institutional governance model of the UFS. The Constitution makes provision for student representation to exist at all levels within faculties – from the classroom to department to faculty. The establishment of the new structure will be supported through three new contract positions that will increase the capacity of the Student Governance Office.

Student associations are another avenue for student participation. During the 2017/2018 term, 82 associations and organisations were registered on the Bloemfontein Campus of the UFS. The Office for Student Leadership Development provides all registered organisations with the opportunity to take part in its training initiatives.

Various support service and academic departments and faculties implemented changes during 2018 to increase student participation within their own governance domains. The DRD, for example, added two student members to the committee for intellectual property investment and started a postdoctoral fellow association. The Education Faculty supported students in establishing one of the first democratically elected faculty councils at the UFS; the Humanities Faculty drew up a process for the election of student representatives in each its 24 academic departments; and Theology and Religion invite students to attend Faculty Boards meetings. Finally, the SRC President at Qwaqwa is a member of the Campus Management Committee (QCMC) and both the SRC President and Deputy President participated in the QCMC's annual strategic retreat in 2018.

Representation of distance students in student governance continue to be a challenge. While the Qwaqwa campus has a formal student representative structure, this was not the case at the South campus. The campus therefore established its first ever Student Representative Council during this reporting year, with the first three members elected towards the end of 2018. It is anticipated that the Council will afford a much-needed voice to South Campus students within the formal UFS governance system.

3.3.1.4. Optimise the student lifecycle from recruitment to graduation

The lifecycle of a university student encompass recruitment, application, admission, registration, timetabling, examination, certification, and graduation. Each of these life activities were supported by the portfolio of the Registrar: Systems and Administration during 2018. UFS Student Academic Services (SAS) and Student Recruitment Services are key role-players in the cycle.

UFS Student Recruitment Services (formerly UFS Marketing) is the first point of contact between the UFS and prospective students. During 2018, the division primarily followed a mass-marketing strategy by conducting school visits to 1000 schools across South Africa, parent evenings, career exhibitions, and open days on both the Bloemfontein and the Qwaqwa campuses. This strategy was supplemented with the strengthening of stakeholder relationships and targeted recruitment of top achievers. The value of merit awards for academic achievement in grade 12 was increased for the 2018 intake, which resulted in a 15% increase in registration of top achievers. Student Recruitment Services championed an aggressive international recruitment drive to Zimbabwe, Botswana, Namibia and Lesotho in collaboration with the PGS, Institutional Advancement (IA), and the OIA to create awareness of especially the University's postgraduate offerings and to establish relationships with key stakeholders in schools, business, and higher education, as well as UFS alumni living abroad.

In 2018, the UFS experienced a record number of applications, students that met the requirements, and students with offers that arrived to register. Due to this increase, the UFS over-enrolled in most of its faculties and their respective programmes. For the 2019 intake, the UFS introduced a new Offer Acceptance Management process to mitigate the risk of over-enrolment. The UFS made offers to the best applicants in each faculty that qualified for the programmes for which they applied. The process was agreed on with the faculties and implemented in 2018 in preparation for the 2019 registration cycle.

A review of the SAS Graduation Office in 2018 resulted in its relocation from the Director's Office to the division of Applications, Admissions and Certification. The move is temporary, until SAS completes a full benchmarking with regard to its optimal location. The Examination Administration Division also started reviewing its processes. While the processes were characterized by strong controls, an opportunity exists for improved utilization of available technology. Following faculty consultation, this Division also centralised the administration of approximately 550 special examinations. This will result in more efficient and effective administration of special examinations.

The SAS Student Services Centre expanded its human resource capacity in order to improve service delivery to student during 2018. Permanent service agents increased from four to 12; temporary agents increased from 50 (10 in call centre) to 90 (40 in call centre), and a specialist academic record service provider was contracted to improve academic transcript services. In addition, the Centre investigated and implemented a digital call management and recording software solution.

Optimal utilisation of technology is essential to enhance the student lifecycle. In 2018, SAS started using a new timetabling software solution as an optimization and quality assurance tool. The first phase of software implementation was completed in 2018, but the subsequent phases will require significant resources in order to extract the maximum value from the tool. SAS also worked on improving the existing academic progression system, which is labour intensive and makes limited use of technology. A project was established as part of the ITP, with the purpose of identifying students who have not progressed in terms of both general and faculty rules. SAS identifies a preliminary list, which assists faculties in identifying students who are at risk of academic exclusion. This new process will be constantly refined as rules, and the implementation of rules, are amended. The division strengthened its systems management capacity through two new appointments, i.e. a Systems Manager and a Solution Architect to provide expertise and support and to manage the systems renewal process.

Postgraduate student, international students, and students with disability (SwD) have needs and requirements that are significantly different from the majority of the student body. These students receive dedicated academic lifecycle support from the PGS, OAI and CUADS. The work of CUADS is reported in section 3.5.5. The PGS implemented the Graduate Research Management (GRM) technology within the existing institutional software solution (PeopleSoft Campus Solutions) to enable more efficient tracking and monitoring of postgraduate research processes, and more effective support services for of postgraduate students throughout their period of study. The OIA improved international student support services in 2018 by creating more effective and efficient systems for international student administration. The Office published its first international student guide, conducted an immigration information session for international students, and provided individual assistance to international students with immigration challenges. In order to ensure equal support of internationalisation at all UFS campuses, the OIA also strengthened it Qwaqwa campus office.

3.3.1.5. Improve the integration of data and electronic systems to support decision-making

Being a research-led university is the opening statement of the UFS vision for 2022. This means that the way in which the University approaches the academic enterprise – from teaching and learning to strategic management – should be informed by research. In this sense, evidence-based decision-making is an integral part of a research-led institution. DIRAP's overall goal is to support evidence-based decision-making at all levels of the UFS. To this end, DIRAP's Institutional Information Systems (IIS) unit aims to make data available that may be used by decision-makers to effect and monitor change, to assess progress, and to plan for the future.

As noted in section 3.1.1.2, the UFS participates in the national Kresge Foundation Siyaphumelela project. The CTL leads the project at the UFS, together with IIS, ICT Services, and SAS. The project has strengthened capacity, collaboration, and the culture of evidence within the UFS, and it has helped the UFS to reflect on its data infrastructure and management procedures.

A key achievement of the project is the development, customisation and maintenance of data dashboards at the institutional level. The IIS has been utilising these data dashboards to make data collected through the Higher Education

Management Information System (HEMIS) as well as selected operational data more understandable and accessible to end-users. The data collected for HEMIS reporting is audited and comparable at national level. The dashboards facilitate sharing of this data in a consistent manner across the institution, from departmental level (e.g. departmental profiles that inform departmental review processes) to the office of the Vice-Chancellor. NAS, for example, reports that they are using the dashboards to assist in tactical decision-making and planning.

The dashboards will be utilised for the development and implementation of an institutional student tracking system, supported through the Siyaphumelela project. However, various student tracking systems of varying complexity are already being used at departmental and faculty level (e.g. in the Basic Medical Sciences department of FHS). These represent one type of an undetermined number of non-networked databases of variable sophistication across the three UFS campuses.

UFS ICT Services is working on the integration of these decentralised data collection and storage systems into the institutional system. However, its primary focus is the integration of data from the different institutional systems of the UFS. The UFS currently uses Oracle PeopleSoft Campus Solutions for the management of data on students, staff and finances. A number of other systems also form part of the data infrastructure at institutional level, such as the Blackboard learning management system, the InfoEd research information management system (RIMS), HEMIS, the EvaSys education survey automation suite, the QuestionMark e-assessment system, the DevMan customer relations management system, and Perceptive Software's ImageNow document management, imaging and workflow software. All of these systems represent one or more databases storing the data that must be integrated.

The database environment of the UFS consists of approximately 150 large-scale databases. These are only those databases linked to actual data being stored and do not include the other multiple programming databases underpinning PeopleSoft. In many instances, databases are also shared between systems, creating a data dependency structure between core systems and ancillary applications. This network of data dependencies easily gives rise to data replication, data duplication, data discrepancies, non-aligned data fields, etc. Changing a single data element easily nullifies processes in ancillary systems due to the inter-relatedness of data, system dependencies on data, etc. The issue is compounded by the fact that data dependencies have not been documented and therefore the result of a system change, in terms of data, can often not be determined beforehand. Referential integrity of data dependencies is critically important in the process of data integration. It refers to the quality of the relationships between database tables, which influences the capability to provide accurate data. Referential integrity ensures that relationships among joined tables remain consistent.

INTEGRATING DEVMAN

Institutional Advancement (IA) utilises the DevMan customer relations management system to provide excellent service experiences to the University's internal and external stakeholders. The first phase of implementation was completed in 2017 and the system was used during 2018 to schedule and manage 19 events, send 40 953 cellular telephone text messages and 851 041 email messages, distribute two newsletters, and capture 1 186 online updates by alumni of their contact details. DevMan now records details of alumni and their UFS qualifications from 1924 to 2018.

In 2018, the integration with the UFS financial system was completed and donor data was migrated to DevMan. The migration project has institution-wide implications and is overseen by ICT Services, the Finance and Human Resources divisions, and Student Academic Services. The process revealed deficiencies in the previous structure of the database as well as the data quality, which IA is addressing through a data cleaning process.

3.4. Sustainability Review

Section 3.4 reviews the operational sustainability of the UFS during 2018. The following narrative reports on the University's impact on the economic life of the community in which it operated during the year under review, and on its progress towards achieving the strategic goal of financial sustainability. The section concludes with the financial executive's statement on the 2018 financial results. The annual financial review and associated annual financial statements are presented in Appendix 1.

3.4.1. Statement of Council on sustainability

The UFS improved its enrolment numbers by 3.5% from 2017 to 2018 – due to concerted efforts to improve marketing, applications, and admissions of students – and its teaching input units (TIUs) by an estimated 1.6%. This means that the UFS has exceeded its targets (see Table 2) in terms of both enrolments and TIUs, which is critically important in terms of securing the projected teaching-input sub-block grant in 2020.

Effective enrolment management – specifically achieving the enrolment targets set by the DHET – is of critical importance to secure the government subsidy that the UFS requires to remain financially sustainable. At the same time, the UFS depends on student financial aid in terms of its financial sustainability, especially funds disbursed by the National Student Financial Aid Scheme (NSFAS), and tuition fees paid by students. During 2018, the UFS Council approved a general institutional fee increase of 8%, in line with the fee gap grant provided by the Minister of Higher Education and Training. Tuition and other fee income increased by 14.6%, a significant improvement compared to the 8.5% increase from 2016 to 2017. This includes a 17.5% increase in income from tuition fees only.

Given the uncertainties around tuition fees and government funding, the UFS has made a concerted effort in the last few years to increase its income from third-stream sources – i.e. sources other than government and students. However, during 2018 third-stream income decreased by 14.2%. This is mainly due to a decrease in private gift and grant income from bursaries and scholarships, which decreased by 75.2% (see section 3.4.2.2.2).

The UFS is satisfied that its management information system provides the necessary data to manage sustainability appropriately. It is continuously working on ensuring the quality of its data and has identified improved integration of data and electronic systems to support both tactical and strategic decision-making as a key performance area in the next five-year period (see section 3.3.1.5).

In terms of the impact of the UFS on its environment, it must be acknowledged that the UFS is one of the largest contributors of direct employment in Bloemfontein and also in and around its Qwaqwa campus in Phuthaditjhaba (Eastern Free State). In addition, the University uses services from a range of different contractors in the area of construction and maintenance, as well as professional services(e.g. lawyers, accountants, auditors, human resources consultants), the large majority of which are located in Bloemfontein, thus contributing to the generation of gross domestic product in the city and the province. The UFS is fully committed to help contractors develop their businesses and has developed a programme in the area of construction and maintenance for this purpose.

The UFS has prioritised the utilisation of renewable energy not only to contribute financial sustainability but also to environmental sustainability. Energy savings were generated during 2018 through three primary initiatives, i.e. a new Building Management System (BMS), solar production, and light emitting diode (LED) lighting retrofits. The BMS resulted in an energy saving of 1,555 MWh representing a cost saving of R 2.3 million, which is a significant increase from the R 1.7 million saving achieved in 2017. Savings of 1,197 MWhm or R 1.7 million was realised through solar production, and a further R 0.5 million (326 MWh) was saved through LED retrofits. This totals to R 4.4 million in energy savings.
The Examination Centre and HvdM Scholtz Hall at the Bloemfontein campus is one example of how

the UFS is saving energy. The existing lighting solutions at the four examination venues consisted of gas discharge lamp technology, which required a restart time of up to ten minutes after a power interruption. The LED lighting retrofit project makes it possible for the lighting to now be restored instantaneously after a power interruption. Improved illuminance levels were also achieved, while saving energy and electricity costs at the same time.

3.4.2. Achieve financial sustainability

3.4.2.1. Overview of indicators

Financial sustainability implies that the University has adequate funding to cover its needs, and all deserving undergraduate and postgraduate students are be able to access funding. This requires a sustainability model that allows the UFS to parameterise and review risks associated with macro indicators, and to match costs and revenue at micro level, and identify surpluses that may be used both as incentives and to fund strategic activities as needed. This is mainly a question of the size and shape of the University, but also a dedicated focus to increase income through donations, endowments, grants, and contracts.

The UFS measures the share of third stream income from contract research[19] as the KPI for its financial sustainability. During 2018, this share decreased very slightly from 12.0% to 11.8%, but remained above the target of 11.5% set for 2018. The actual rand value of contract research decreased by 16% or R 6.4 million.

The share of third stream income originating from advancement activities[20] is a secondary indicator of the financial sustainability of the University. This indicator decreased significantly, from 31.9% in 2017 to 14.6% in 2018, signifying a rand value decrease of R 65.4 million. This may be due to the erroneous perception among donors that students now receive free education, which caused bursary donations to decrease more than 75%. In addition, a number of community engagement projects that were concluded successfully during 2018 were not replaced with new, externally funded projects.

The UFS is also endeavouring to optimise the cost drivers in academic programmes and support service departments. To this end, it is in the process of developing a departmental viability or costing model, which is elucidated in section 3.4.2.3.

3.4.2.2. Increase non-government derived sources of income

Income from non-government derived sources exclude all income originating with government departments and agencies, e.g. the DHET, the DST and its research grant distributor, the NRF, the Medical Research Council, and NSFAS. The majority of this income stream includes tuition fees for formal qualifications and short learning programmes (SLPs) paid directly by students, their guardians or sponsors; bursaries paid by, for example, private companies and non-profit foundations; private gifts and grants from, for example, philanthropic donors and alumni; and income from contracts. The latter is discussed in section 3.4.2.1.

3.4.2.2.1. Tuition and other fees

At 42% of total income, fees is the second largest income stream of the UFS, after government subsidies and grants. Tuition fees increased by 17.5% from 2017 to 2018, mainly due to a significant increase in student (headcount) enrolments: first year enrolments[21] increased by 11.8%, from 8 027 in 2017 to 8 975 in 2018, and total enrolments by 3.3%. The UFS exceeded its 2018 target for first year enrolments by 3.2%, and its target for total enrolments by 4.4%. The UFS student risk profile has also improved, given the normalisation of the environment after the

[19] Income from contracts for research (in ZAR) as a share of total third stream income in a given year. Third stream income includes all income other than state appropriations (subsidies and grants) and tuition and other fee income, as per the UFS annual consolidated financial statements.

[20] Income from private gifts and grants (in ZAR) as a share of total third stream income in a given year. Third stream income includes all income other than state appropriations (subsidies and grants) and tuition and other fee income, as per the UFS annual consolidated financial statements.

[21] I.e. first-time entering undergraduate enrolments

volatility emanating from, for example, student protests and announcements on free education by government in prior years. Allowance for credit losses as a percentage of student receivables has subsequently decreased from 50% to 37% in 2018. Irrecoverable student fees written off during the year as a percentage of total tuition income has also decreased from 0.01% in 2017 to 0.005% in 2018.

The UFS SLP offering is an important source of its fee income. However, its income from SLPs decreased by 34% from R 38.9 million in 2017 to R 25.8 million in 2018. In order to maximise its third stream income from this source, the UFS started a process of policy review during 2018, which will align its SLP Policy with the Council on Higher Education and Training's 2016 *Good Practice Guide for the Quality Management of Short Courses Offered Outside of the Higher Education Qualifications Sub-Framework*. The process includes the establishment of a central SLP Office within the UFS structures. The revised policy and SLP office will facilitate better management and marketing of the UFS SLP offering, which is distributed across faculties. For example, the EMS Centre for Business Dynamics is the commercial unit of the Business School and is one of the major contributors to the SLP-based third stream income of the UFS. The second is the South Campus, where the majority of SLPs target educators. In 2018, the Faculty of Education at Qwaqwa also secured R 1.2 million in funding to present SLPs to 100 mathematics educators from the Thabo Mofutsanyana, Motheo and Lejweleputswa education districts.

3.4.2.2.2. Gifts and grants

Private gifts and grants is a critical third income stream, i.e. income from sources other than government and fees. Fundraising from private gifts and grants is the primary responsibility of the IA office. Its key strategy in this regard is relationship building, which enables the UFS to increase support and understanding of its key constituents, including alumni and friends, members of the community, and philanthropic entities of all types. IA also provides services that enable other University project leaders and departments in their fundraising efforts. During 2018, the UFS received philanthropic donations from civil society, private companies and corporate foundations, individuals (including alumni), international foundations, South African foundations and trusts, as well as bequests[22]. About 60% of donations received were for bursaries, and the remainder for community engagement, infrastructure development, research, teaching and learning, and support functions. Key bursary support during 2018 was received from by the Mandela Rhodes Foundation and, for the first time in 2018, the Organization for Women in Science for the Developing World (OWSD) Postgraduate Fellowship and the Firstrand International Postgraduate Scholarship.

IA managed successful due diligence processes with a number of donors, including the Community Chest, Absa, and Standard Bank. The Kresge Foundation in the USA is another significant donor for the University. The Foundation contributed US$640 000 to the UFS over the last five years (2013 to 2018), through its Inyathelo Advancement Initiative (KIAI). The initiative, which was concluded during 2018, made a significant positive difference in the UFS institutional advancement programme and its engagement with alumni and donors, though the professional framework, development opportunities, inspiration, and discipline that it provided. KIAI's final assessment of the UFS IA function noted that "there is little doubt that the Kresge Foundation's funds were well spent at UFS".

IA also established the UFS Development Committee during 2018. The Committee formally identifies and reviews institutional projects that require University endorsement, which includes the commitment of UFS resources to enable the success of such projects. Projects for fundraising are prioritised and IA's service levels to the project leader(s) are decided accordingly. The Committee

[22] IA also secured Sector Education and Training Authority (SETA) funding. However, since SETAs are government agencies, and DHET allocates their funding, the UFS considers this as a government-derived source of income.

uses the following criteria – related to the UFS strategic plan – to determine which submissions receive endorsement:

- Degree to which the project aligns with and embodies the strategic intentions of the University.
- Extent to which the proposal delineates verifiable institutional benefits of association.
- Extent to which the proposal delineates the marketability and probability of sufficient resources in the funding landscape.
- Level of assurance that the University, or the appropriate part thereof, can accommodate the project beyond the life of external funding.
- Quality of the proposal (e.g. content precision, effective presentation of information).

The IA department participated in the development of an integrated marketing plan with Communications and Marketing, Student Recruitment Services and Career Services. The plan proposes to increase the University's visibility and to enhance its reputation among internal and external audiences. Its aim is to identify overarching methods in which activities executed by these functions can be performed in an integrated manner.

The UFS recognises its alumni as one of its primary stakeholder groups. Building good alumni relations is therefore critical to enhancing the University's reputation, building the UFS brand, and designing a fundraising strategy. Alumni today want to engage with, participate in, and speak to their university. They have a stake in the welfare of their alma mater and institutions should therefore actively involve their alumni in the life of the institution. When they do so, they will see a return on investment that benefits the entire institution. At the same time, alumni are becoming more discerning regarding their investments of "time, talent and treasure". It is therefore incumbent upon institutions to add value to the alumni engagement experience. One way that the UFS achieves this is through the Chancellor's Distinguished Alumni Awards. The 36th awards ceremony in 2018 was an illustrious event. Award winners included Danie Meintjes (Alumnus of the Year), Dr Mafu Rakometsi (Cum Laude Award), Gustav Wilson (Kovsie Ambassador's Award), Ace Moloi (Young Alumnus of the Year Award), Prof Dave Lubbe (Executive Management Award), Dr Suzanne Staples (Cum Laude Award), Bertus Jacobs (Kovsie Ambassador's Award), and Tshepo Moloi (Kovsie Ambassador's Award). The Vice-Chancellor also undertook a visit to the UK during 2018 for fundraising purposes, which included a meeting with selected UFS alumni in London. The visit resulted in confirmation of donations of R 4.8 million and it laid the groundwork for the establishment of a core group of active alumni in the UK.

3.4.2.2.3. FARMOVS

Early in 2018, the UFS significantly improved its third stream income by acquiring 100% shares in PAREXEL's Bloemfontein-based clinical research business, FARMOVS. Through this acquisition, the UFS now owns the largest Phase 1 clinical research business, and the only Good Laboratory Practice (GLP) accredited bioanalytical laboratory in South Africa. FARMOVS was established in 1974 by the UFS Department of Pharmacology. In 2000, the UFS sold 70% shares to PAREXEL International, a global clinical research organisation. Under PAREXEL's ownership and investment, FARMOVS developed into a world-class clinical research facility which is on par with the best in the world. FARMOVS conducts important clinical research for the global pharmaceutical industry that enables marketing of affordable generic drugs in South Africa and elsewhere in the world. Today, FARMOVS has conducted more than 3 000 clinical studies. FARMOVS also supports the development of important new medicines for a variety of diseases and illnesses. While continuing its focus on the testing of generic drugs, FARMOVS will support clinical research in different patient populations in the future, in partnership with the UFS Health Sciences Faculty.

3.4.2.3. *Optimise the cost drivers in academic programmes and support service departments*

The development of costing models to assist decision-makers is not a new concept. In the private sector, accounting and consulting firms use such models as a niche to approach businesses for selling their services. However, in the higher education sector, known models are few. The UFS has therefore developed a framework for such a model through a benchmarking exercise in terms of the purposes for which such models are utilised. The UFS costing model will serve as a tool for managers making decisions about the level of investment in existing programmes, and initiating new academic programmes. A direct advantage of the model will be that it is extremely powerful to evaluate (on a scientific basis) the financial performance of academic departments. It will also serve as a measurement tool to assess the performance of academic departments annually and, based on the assessment, to set financial goals aimed at improving effectiveness and efficiency. The viability model will lend itself to evaluating new scenarios (in terms of restructuring an organisation) and to answer "what-if" questions. Additional decision support tools may be developed from the costing model, for example a model to determine class fees and or the calculation of performance indicators.

In essence, the development of a costing model to determine the cost of a student place forms part of the quality management process to enhance the University's decision-making capabilities and may be regarded as a subset of a financial information system. Financial information is the most widespread indicator of performance. The quality of the model as applied by the University is the concern of the users and quality management characteristics such as validity, integrity, reliability, preservation and retrievability are important and provide a basis for assuring and assessing the quality of decision-making models.

The proposed UFS model takes a departmental point of view and uses the module/course as the smallest possible unit of analysis. The principle of the model is based on the fact that all costs for the institution are allocated on an accepted basis (in this case on unweighted FTEs, student headcounts) as may be appropriate to the cost being allocated. All revenues are allocated as it is earned. This then enables the computation of a 'bottom line' or surplus/deficit per department. The basic methodology of the model resolves from a macro perspective where total expenditure minus total income equals a profit or a loss. Total expenditure can be divided into two categories, namely direct costs and indirect or overhead costs. A direct cost relates to the formal academic function of an institution and consists of staff remuneration, operational and capital expenditure supporting all teaching activities within the academic component of an institution. Indirect or overhead costs are all costs associated with the non-academic functions of an institution and constitute all expenses not included in direct costs. The total income is also divided into two categories, namely the income received from the state as a subsidy and the income received from student fees.

REMUNERATION MODEL

Remuneration is a key cost driver for the UFS. The majority of total institutional expenditure is on staff costs (55% in 2017, and 57% in 2018). This expenditure increased by 10% in 2018, which is mainly due to the general salary increase of 7.7%, an increase in the number of part-time employed staff, and the recognition of the post-retirement group life liability.

UFS Human Resources uses the Multiple-year, Income-related Remuneration Improvement model (53% of income model) as the frame of reference for salary negotiations, and the application of this model allowed for the salary increase given to personnel to fall within the parameters negotiated with the unions. Benefits improved as follows during 2018:

- ✓ A general salary adjustment of 7.70%;
- ✓ 1.3% allocated to senior lecturer equivalents (SLEs) required for remuneration of staff members which were previously funded from the University Capacity and Development Grant and Strategic Funds;
- ✓ 2% allocated for growth in SLEs (capacity building);
- ✓ 0.25% allocated for managing down the personnel cost as a percentage of the income; and
- ✓ 0.39% allocated towards total structural alignment with job grading for Associate Professors, Assistant Directors, and Vice-Rectors.

The UFS has instituted a process to confirm the principles and methodology of the model before data will be extracted as a management information report. Consultative workshops will be arranged with academic department heads to ensure that the model is understood and agreement to the methodology and principles of the model is reached.

3.4.3. Statement from the financial executive on the financial results

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 are also 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 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 (i) whether the financial statements of the University fairly present, in all material respects, 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; (ii) the University's compliance with any applicable legislation relating to financial matters, financial management and other related matters; and (iii) the reported information relating to the performance of the University against predetermined objectives. The governance and management of the UFS provides assurance for financial sustainability, and the UFS has received unqualified audit reports in all of the periods included in this report.

Mr Derek Foster
Chairperson: Audit, Risk and IT Governance Committee

Mr Chris Liebenberg
Senior Director: Finance

3.5. Statement of Council on Transformation

During 2017, the UFS committed itself to widen the scope and radically accelerate transformation in the University through the development and implementation of its Integrated Transformation Plan (ITP). The ITP operationalises the process of transformation in all areas of the institution, including curriculum and pedagogy, research and knowledge production, engagement, institutional culture, and administrative systems and structures. Section 3.5 reports on progress with regard to the ITP during 2018 in general, and on aspects of the ITP that relates to the strategic goal of advancing an institutional culture that demonstrates the values of the UFS in particular.

3.5.1. Integrated Transformation Plan

The implementation of the ITP continued in 2018. The ITP includes 13 cross-functional task teams, listed in Table 7. The process is managed through quarterly Implementation Committee meetings, which are chaired by the Vice-Chancellor and attended by the convenors of each of the cross-functional task teams. An Oversight Committee fulfils the governance function on an annual basis. The majority of the work streams were on track with regard to their deliverables by the end of 2018. With most of the supporting research, and the strategic and operational plans completed, implementation will be the focus of the ITP during 2019.

Five of the 13 ITP work streams are dedicated to the transformation of institutional culture. These are the work streams on student experience; student accommodation and residence culture; staff experience and composition; names, symbols, and spaces; and universal access. The Vice-Rector: Institutional Change, Student Affairs, and Community Engagement convenes three of these work streams, i.e. names, symbols, and spaces (supported by the IRSJ), student experience, and universal access (both supported by DSA). The Vice-Rector: Operations convenes the remaining two – student accommodation and residence culture, and staff experience and composition. Housing and Residence Affairs coordinates the former, and HR the latter.

3.5.2. Advance an institutional culture that demonstrates the values of the UFS

University culture is a complex entity clearly discernible yet complicated to define and change. It incorporates the University's values, the names and symbols, its use of space, its research focus, and the interactions between staff new and old, and between staff and students. The UFS is committed to shape its institutional culture to reflect diversity, inclusivity, and social justice.

The UFS operationalised an Institutional Multi-stakeholder Group (IMG) chaired by the Vice-Chancellor that is responsible for the identification of interventions in relation to the University's institutional culture. The frequency and content of IMG meetings is monitored as a measure of progress with regard to advancing an institutional culture that demonstrates the values of the UFS. The Group met quarterly as planned during 2018. Members discussed the draft IMG remit at its inception meeting, clarifying the membership and functions of the Group. HR and DIRAP presented an overview of activities at the UFS that are aimed at improving institutional culture at the second meeting.

3.5.3. Staff experience and composition

In addition to revising the UFS employment equity strategy, HR implemented numerous initiatives aimed at creating a University culture that is inclusive to all during 2018, as part of the staff experience and composition work stream. These included a Blackboard page, a Diversity Week, and an SLP titled "An engagement with diversity and inclusion". The SLP aims to provide UFS staff members, both support and academic, with the knowledge and skills needed to advance an institutional culture that demonstrates the values of UFS.

Table 8: Integrated Transformation Plan

TRANSFORMATION AREAS		WORK STREAMS	
	Core functions	1	Teaching and learning
		2	Research, internationalisation, and innovation
		3	Engaged scholarship
	University culture	4	Student (a) experience and (b) accommodation and residence culture
		5	Staff experience and composition
		6	Names, symbols, and spaces
		7	Universal access
	Structural issues	8	Financial framework (size and shape)
		9	Governance: (a) policy and (b) systems and administration
		10	Multi-campus model: (a) Qwaqwa and (b) South Campus

These tools empower staff members to understand and apply concepts associated with diversity and inclusion, and to promote a culture of an inclusive workplace. The SLP is a collaboration between HR, the Humanities Faculty, and the IRSJ. The purpose of the Diversity Week was to celebrate the diversity that exists in the University. A total number of 481 staff members attended the event, which concluded an 'Amazing Race' team competition, and a 3 km WALK the TALK fun walk.

3.5.4. Names, symbols and spaces

The most significant process with regard to transforming the names, symbols and spaces of the UFS during 2018 involved the statue of President MT Steyn in front of the main building on the Bloemfontein campus. The University convened a Special Task Team in March 2018 to accelerate the review of the position of the statue. Four options were considered during the review process: (i) retention of the statue in its current position; (ii) reinterpretation; (iii) relocation on campus; or (iv) relocation to a site off campus. The task team, consisting of representatives of various campus communities, appointed an independent heritage consultant to conduct a Heritage Impact Assessment (HIA) as prescribed by the heritage legislation, consulted widely, and gathered qualitative data. This included a two-month-long public participation process. Robust discussion sessions were facilitated on campus, and various opinion articles were carried widely in the media. The Special Task Team presented the University management with a report, and in November 2018 the UFS Council approved the relocation of the statue to a site off campus. The UFS submitted an application to the Free State Heritage Resources Authority for a permit to relocate the statue to the War Museum.

3.5.5. Universal access

CUADS supported 220 SwD through its Disability Support Programme during 2018. The programme takes a specialist, holistic, coordinated approach to creating more enabling environments in order to empower SwD to participate equally. The Accessible Transport Programme assisted 12 SwD with regular transport between the Bloemfontein and South campuses, as well as 22 SwD with ad hoc requests. The Accessible Study Material Production Programme provided academic support to 17 students with visual impairments; and the Communication Access Programme facilitated and coordinated academic support together with Interpreter Services to eight Deaf students and eight hard of hearing students. The Alternative Assessment Programme accommodated 193 students at the accessible test and examination facility, of which 136 students received extra time concessions and 14 amanuensis. A further 24 students made use of specialised equipment during tests and exams and 17 students made use of accessible formatted papers. CUADS also appointed two coordinators at its newly established offices on the Qwaqwa and South campuses.

CUADS also developed a Disability Awareness Plan, which covers themes such as stigma, access (infrastructure, curriculum and development issues), and negative attitudes and beliefs about disabilities. It addresses the multiple interventions and academic support systems, including information and technological platforms, which aid learning in order to broaden student access and success. Under the guise of the ITP, CUADS initiated discussions with different stakeholders, including KovsieSport regarding Disability Sport, HR regarding staff with disabilities, student experience advocacy projects, and CTL for the implementation of universal design in learning and instruction.

3.5.6. Gender equality

The UFS has also made significant inroads in terms of gender and sexual equity during 2018. The Commission for Gender Equality (CGE) selected the UFS as one of the institutions to be evaluated in terms of its progress in gender transformation during 2017. The CGE sent provincial representatives to campus to engage in a multi-stakeholder consultation and invited the Vice-Chancellor to present before a panel from the CGE National Office. The IRSJ coordinated the original response to the CGE and prepared a document in March 2018 detailing the required actions that emanated from the evaluation findings.

The DSA's GSE Office is responsible for sensitising the UFS community about gender and sexuality related matters, including gender-based violence. In the second semester of 2018, the GSE office led the #respect me, stop sexual and gender based violence campaign – an advocacy and awareness campaign focused on fostering an inclusive UFS culture founded on respect and buttressed in human dignity. The GSE office functions as an important resource for students pertaining to gender and sexuality matters. It engages students on important gender based topics, refers students for specialised support, and participates in policy development. Additionally, the GSE forms an integral part of the UFS' Sexual Assault Response Team (SART), a structure that provides professional and rapid assistance to victims and survivors of sexual assault and gender-based violence.

3.5.7. Policy change

The UFS reviewed existing policies and developed new policies during 2018 as part of the ITP process. HR reviewed its policies on employment, employment equity, promotion, and the development of next generation academics. New policies included the Anti-Discrimination, Promotion of Equality, and Social Justice Policy and Procedures; and the Sexual Harassment, Sexual Misconduct and Sexual Violence Policy. Responding to a recommendation from the report by an independent panel on the Conduct of Private Security Companies and Police on the Bloemfontein and Qwaqwa Campuses during 2017, a new Protest Policy was drafted. The policy aims to operationalise the right to freedom of assembly, demonstration and picket, while balancing the right to legitimate, peaceful and unarmed protest on the one hand with the broader interests of the University community on the other. This policy is in the process of being approved.

3.5.8. Unit for Institutional Change and Social Justice

The politics of identity, the enablement of universal access for staff and students with disabilities, and the promotion of gender equality and inclusive support of Lesbian, Bisexual, Gay, Trans, Queer, Intersexed, Asexual and Gender non-conforming Individuals (LBGTQIA+) have been identified as important imperatives for social justice and cohesion in universities and societies. Also, the Policy Framework for the Realisation of Social Inclusion in the Post-School Education and Training System (PSET) guide institutions in facilitating transformation and prioritizing race, class, gender, disability, language, age, HIV and Aids, geography and citizenship in its broadest sense.

Taking the above into consideration, the decision was taken in 2018 to restructure the IRSJ into a Unit for Institutional Change and Social Justice that will house two offices, namely the office for Institutional Change and the office for Gender Equality and Anti-Discrimination. This Unit will target and address the inclusion needs of marginalized groups and minorities under the categories of race, class, gender, disability and mental health on a continuous basis; and will enable the UFS to move towards an environment in which staff and students feel that they have a stake, are respected as individuals, and recognised for the value that they add. Furthermore, in order to strengthen the UFS' focus on social justice and human rights through scholarship, advocacy, and progressive interventions, a reconfigured executive portfolio of Institutional Change, Student Affairs and Community Engagement was filled.

Mr Willem Louw
Chairperson: UFS Council

Prof Francis Petersen
Vice-Chancellor and Rector: UFS

INSOURCING AND SOCIAL JUSTICE

The UFS considers employment equity and social justice to be a key issue with regard to the reintegration of outsourced workers. This relates to fair and decent employment, and the need to protect the dignity, safety and integrity of those who work on the campuses of the UFS . However, the process of insourcing must balance cost and risk, required services, and the needs and rights of workers. The immediate insourcing of all workers will not be financially sustainable. While it is considering different insourcing models, the UFS took the following actions to ensure that the workers of external service providers are treated fairly and maintain job security in the medium term:

- ✓ All stakeholders signed a Code of Conduct. The Code stresses that service providers have to comply with the Basic Conditions of Employment Act, the Labour Relations Act, and the sectorial determinations of the different industries.
- ✓ Two forums were established to manage the relationships between the UFS, the employees, and the service providers, i.e. a Workers Student Forum with student and worker representatives, and a service providers' forum. The purpose of the forums is to promote the interests of all employees in the workplace (those that are employed directly and indirectly by the UFS) and to facilitate good labour relations. This means not only ensuring that all key stakeholders are appropriately engaged and aligned through each phase of the insourcing process, but also to create a culture at the UFS that supports workers to understand the organisational context of their work. The Forums meet on a quarterly basis (or as convened by the chairperson if there are urgent matters to discuss) and the chairperson provides a quarterly report to the UFS management.
- ✓ The UFS appointed a compliance officer who supports and empowers outsourced workers to report contraventions of the code of conduct.

In 2017, an agreement was reached that the current contracts between the UFS and the service providers will be revisited in 2020 and the UFS management committed itself to revisit the insourcing discussion at that time and to re-calculate the opportunities and impact. During 2018, the Workers Student Forum requested that insourcing must be considered again. However, UFS management believe that the current agreement ensures financial sustainability while also addressing the issues of a living wage, employee benefits, and fair labour practices.

APPENDIX 1: Annual Financial Statements 2018

UNIVERSITY OF THE FREE STATE

CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS

31 December 2018

CONTENTS **Page**

UNIVERSITY OF THE FREE STATE

GENERAL INFORMATION

CHAIRMAN OF THE COUNCIL	Mr W. Louw
RECTOR AND VICE-CHANCELLOR	Prof. F.W. Petersen
POSTAL ADDRESS	P.O. Box 339 Bloemfontein 9300
STREET ADDRESS	Nelson Mandela Drive Bloemfontein 9301
AUDITORS	PricewaterhouseCoopers Inc. Bloemfontein
BANKERS	ABSA Bank

UNIVERSITY OF THE FREE STATE

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS

The council is responsible for the preparation, integrity and fair presentation of the consolidated and stand alone financial statements of the University of the Free State. The consolidated and stand alone financial statements, presented on pages 10 to 97, have been prepared in accordance with International Financial Reporting Standards and the requirements of the Minister of Education as prescribed by the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, 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 consolidated and stand alone financial statements.

The going concern basis has been adopted in preparing the consolidated and stand alone 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 financial statements.

The consolidated and stand alone 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 CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS

The consolidated and stand alone financial statements set out on pages 10 to 99 were approved by the council on 14 June 2019 and signed on its behalf by:

Rector and Vice-chancellor

Chairman of the Council

Senior Director: Finance

pwc

Independent auditor's report to the Minister of Higher Education and Training and the council of the University of the Free State on the University of the Free State

Report on the audit of the consolidated and stand alone financial statements

Opinion

We have audited the consolidated and stand alone financial statements of the University of the Free State and its subsidiaries (the group) set out on page 10 to 97, which comprise the consolidated and stand alone statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, stand alone statement of profit or loss and other comprehensive income, consolidated statement of changes in funds, the stand alone statement of changes in funds and consolidated and stand alone statement of cash flows for the year then ended, as well as the notes to the consolidated and stand alone financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and stand alone financial statements present fairly, in all material respects, the consolidated and stand alone financial position of the group as at 31 December 2018, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997) (HEA).

Basis for opinion

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

We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of professional conduct of registered auditors* (IRBA code) and other independence requirements applicable to performing audits of the financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and in accordance other ethical requirements applicable to performing audits in South Africa. *The IRBA code is consistent with the International Ethics Standards Board for Accountants' Code of ethics for professional accountants (parts A and B).*

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

Responsibilities of Council for the financial statements

The council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and stand alone financial statements in accordance with IFRS and the requirements of the HEA, and for such internal control as the council determines is necessary to enable the preparation of consolidated and stand alone financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and stand alone financial statements

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

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

Report on the audit of the annual performance report

Introduction and scope

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

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

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the university for the year ended 31 December 2018:

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Strategic objectives	Pages in the annual report
Strategic objective 1 - Improve student success and well-being	4
Strategic objective 3 - Increase UFS contribution to local, regional and global knowledge	4
Strategic objective 6 - Achieve financial sustainability	4

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

- Objective 1 – Improve student success and well-being
- Objective 3 – Increase UFS contribution to local, regional and global knowledge
- Objective 6 – Achieve financial sustainability

Report on the audit of compliance with legislation

Introduction and scope

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

We did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

The council is responsible for the other information. The other information comprises the information included in the *University of the Free State Annual Report 2018 to the Department of Higher Education and Training*, which includes the report from the Council Chair, the report from the Vice-Chancellor, the report of Senate to Council, the report of the Institutional Forum to Council, the statement from the financial executive on the financial results and the statement of the Audit, Risk and IT Governance Committee. The other information does not include the consolidated and stand alone financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor's report.

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

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and stand alone financial statements and the selected objectives] presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Internal control deficiencies

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

Other reports

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

Audit-related services and special audits

As requested by the University, the following agreed upon procedures engagements were conducted:

Entity name / engagement	Purpose of the engagement	Status of engagement	Period covered
Department of Higher Education and Training - Infrastructure Grant	Agreeing of expenditure to contracts and supporting documentation.	Report issued on 28 May 2019	1 April 2018 to 31 March 2019
Department of Higher Education and Training - Financial data submission	Agreeing of financial data to the Consolidated Financial Statements.	Report issued 4 June 2019	1 January 2018 to 31 December 2018
National Research Foundation Grants (Other NRF - Awards)	Agreeing of expenditure against grant contracts and supporting documentation.	Report issued 28 February 2019	1 January 2018 to 31 December 2018
National Research Foundation Grants (SKA - Awards)	Agreeing of expenditure against grant contracts and supporting documentation.	Report issued 28 February 2019	1 January 2018 to 31 December 2018
National Research Foundation Grants (THRIP - Awards)	Agreeing of expenditure against grant contracts and supporting documentation.	Report issued 28 February 2019	1 January 2018 to 31 December 2018
Department of Higher Education and Training - Published research	Agreeing of research outputs of published articles to supporting documentation and personnel records.	Report issued 28 May 2019	1 January 2018 to 31 December 2018

Entity name / engagement	Purpose of the engagement	Status of engagement	Period covered
articles / Research Output Certificates (ROC)			
Department of Higher Education and Training - Clinical Research Funding	Agreeing expenditure on the grant to supporting documentation.	Report issued 2 May 2019	1 April 2018 to 31 March 2019
Department of Higher Education and Training - Clinical Enrolment Headcount	Agreeing of student statistics to the underlying financial systems and data.	Report issued 26 July 2018	1 January 2017 to 31 December 2017
Department of Higher Education and Training – University Capacity Development Grant	Agreeing of expenditure to supporting documentation.	Report issued 28 February 2019	1 January 2018 to 31 December 2018
Department of Higher Education and Training - Foundation Programme	Agreeing of expenditure to supporting documentation.	Report issued 24 May 2019	1 April 2018 to 31 March 2019
Department of Higher Education and Training – Full Time Equivalent Student Statistics	Agreeing of student statistics to the underlying financial systems and data.	Report issued 25 July 2018	1 January 2017 to 31 December 2017
Department of Higher Education and Training – New Generations of Academics Programme (nGAP)	Agreeing of expenditure to supporting documentation.	Report issued 8 May 2019	1 April 2018 to 31 March 2019
University of the Free State – Serenade Sing off	Agreeing of voting results.	Report issued 6 November 2018	22 August 2018 to 25 August 2018
University of the Free State – Stagedoor Serenade	Agreeing of voting results.	Report issued 25 April 2019	13 March 2019 to 15 March 2019
Kovsie FM	Agreeing of expenditure to supporting documentation.	Report issued 13 May 2019	1 January 2018 to 31 December 2018

Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of the University of the Free State for 24 years.

PricewaterhouseCoopers Inc.
PricewaterhouseCoopers Inc.
Director: L Rossouw
Registered Auditor
14 June 2019
Bloemfontein

pwc

Annexure – Auditor's responsibility for the audit

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

Financial statements

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

- identify and assess the risks of material misstatement of the consolidated and stand alone financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council
- conclude on the appropriateness of the council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University of the Free State and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a university to cease continuing as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

Communication with those charged with governance

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

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

UNIVERSITY OF THE FREE STATE
Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2018 (all amounts in R'000)

Group

	Notes	2018 Council controlled Unrestricted	2018 Specifically funded activities Restricted	2018 SUB - TOTAL	2018 Student & staff accommodation Restricted	2018 TOTAL	2017 Council controlled Unrestricted	2017 Specifically funded activities Restricted	2017 SUB - TOTAL	2017 Student & staff accommodation Restricted	2017 TOTAL
TOTAL INCOME		2 444 195	361 841	2 806 036	151 839	2 957 875	2 143 280	327 111	2 470 392	142 320	2 612 711
State appropriations - subsidies and grants	6.	1 169 461	178 989	1 348 450	10 681	1 359 131	1 039 088	135 565	1 174 653	9 890	1 184 543
Tuition and other fee income	7.	1 102 837	272	1 103 109	139 474	1 242 583	953 470	90	953 561	130 377	1 083 938
Income from contracts	8.	23 703	153 595	177 298	-	177 298	28 706	73 714	102 420	-	102 420
Sales of goods and services	9.	134 726	1 110	135 836	1 648	137 484	112 867	15 958	128 825	2 053	130 877
Private gifts and grants	10.	15 878	29 749	45 627	4	45 631	9 703	101 267	110 970	-	110 970
Other income	11.	(2 410)	(1 874)	(4 284)	32	(4 252)	(554)	517	(36)	-	(36)
TOTAL EXPENDITURE		2 290 103	414 734	2 704 837	113 187	2 818 024	2 064 857	358 440	2 423 297	101 639	2 524 936
Personnel costs	12.	1 377 235	177 967	1 555 202	36 560	1 591 761	1 241 992	123 906	1 365 899	32 164	1 398 063
Other operating expenses	13.	794 481	228 191	1 022 673	76 627	1 099 300	724 495	234 478	958 973	69 475	1 028 448
Depreciation and amortisation	18.1; 18.2; 18.3	118 387	8 576	126 963	-	126 963	98 369	56	98 425	-	98 425
OPERATING SURPLUS /(LOSS) FOR THE YEAR		154 092	(52 893)	101 199	38 652	139 851	78 424	(31 329)	47 095	40 680	87 775
Other income		272 860	105 920	378 780	1	378 781	404 358	37 097	441 455	1	441 457
Interest and dividends	14.	225 775	20 056	245 831	1	245 832	181 545	17 254	198 800	1	198 801
Investment income		47 085	1 087	48 172	-	48 172	222 813	11 588	234 401	-	234 401
Share of net profit from associate accounted for using the equity method		-	3 486	3 486	-	3 486	-	8 255	8 255	-	8 255
Net gain on purchase of subsidiary	25.4	-	81 291	81 291	-	81 291	-	-	-	-	-
Administration cost on financial assets	15.	(14 496)	(768)	(15 264)	-	(15 264)	(15 530)	(1 032)	(16 562)	-	(16 562)
Interest paid on loans	17.7	-	(3 694)	(3 694)	(20 558)	(24 252)	-	-	-	(20 019)	(20 019)
Net surplus for the year before market value adjustments on investments		412 457	48 565	461 021	18 095	479 117	467 252	4 736	471 988	20 663	492 651
Revaluation of investments to market value at year end	17.5	(193 188)	(703)	(193 891)	-	(193 891)	-	-	-	-	-
Net surplus for the year before income tax		219 269	47 862	267 131	18 095	285 226	467 252	4 736	471 988	20 663	492 651
Income tax expense	16.	-	10 280	10 280	-	10 280	-	-	-	-	-
Net Surplus		219 269	58 142	277 411	18 095	295 507	467 252	4 736	471 988	20 663	492 651
OTHER COMPREHENSIVE INCOME											
Items that may be subsequently reclassified to profit or loss											
Revaluation of investments to market value at year end	17.5	-	-	-	-	-	97 152	542	97 694	-	97 694
Items that will not be reclassified to profit or loss											
Recognition of post-retirement goup life actuarial gains	18.6.4	(837)	-	(837)	-	(837)	-	-	-	-	-
Recognition of post-retirement medical actuarial gains	18.6.3	18 605	-	18 605	-	18 605	29 924	-	29 924	-	29 924
Recognition of post-retirement pension actuarial gains /(loss)	18.6.2	6 797	-	6 797	-	6 797	(57 325)	-	(57 325)	-	(57 325)
Total comprehensive surplus for the year		243 834	58 142	301 976	18 095	320 072	537 003	5 278	542 281	20 663	562 944

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

UNIVERSITY OF THE FREE STATE
Stand alone statement of profit or loss and other comprehensive income
for the year ended 31 December 2018 (all amounts in R'000)

University	Notes	2018 Council controlled Unrestricted	2018 Specifically funded activities Restricted	2018 SUB - TOTAL	2018 Student & staff accommodation Restricted	2018 TOTAL	2017 Council controlled Unrestricted	2017 Specifically funded activities Restricted	2017 SUB - TOTAL	2017 Student & staff accommodation Restricted	2017 TOTAL
TOTAL INCOME		**2 444 195**	**295 528**	**2 739 724**	**151 839**	**2 891 563**	2 143 280	320 615	2 463 895	142 320	2 606 215
State appropriations - subsidies and grants	6.	**1 169 461**	**178 989**	**1 348 450**	**10 681**	**1 359 131**	1 039 088	135 565	1 174 653	9 890	1 184 543
Tuition and other fee income	7.	**1 102 837**	**272**	**1 103 109**	**139 474**	**1 242 583**	953 470	90	953 561	130 377	1 083 938
Income from contracts	8.	**23 703**	**89 799**	**113 502**	**-**	**113 502**	28 706	73 714	102 420	-	102 420
Sales of goods and services	9.	**134 726**	**171**	**134 897**	**1 648**	**136 545**	112 867	13 379	126 246	2 053	128 299
Private gifts and grants	10.	**15 878**	**26 298**	**42 176**	**4**	**42 180**	9 703	97 866	107 569	-	107 569
Other income	11.	**(2 410)**	**-**	**(2 410)**	**32**	**(2 378)**	(554)	-	(554)	-	(554)
TOTAL EXPENDITURE		**2 290 103**	**313 606**	**2 603 709**	**113 187**	**2 716 896**	2 064 857	347 515	2 412 371	101 639	2 514 010
Personnel costs	12.	**1 377 235**	**118 836**	**1 496 070**	**36 560**	**1 532 630**	1 241 992	122 737	1 364 729	32 164	1 396 893
Other operating expenses	13.	**794 481**	**194 770**	**989 252**	**76 627**	**1 065 878**	724 495	224 778	949 272	69 475	1 018 748
Depreciation and amortisation	18.1; 18.2; 18.3	**118 387**	**-**	**118 387**	**-**	**118 387**	98 369	-	98 369	-	98 369
OPERATING SURPLUS /(LOSS) FOR THE YEAR		**154 092**	**(18 077)**	**136 015**	**38 652**	**174 667**	78 424	(26 900)	51 524	40 680	92 204
Other income		**272 860**	**102 892**	**375 752**	**1**	**375 754**	404 358	35 411	439 769	1	439 770
Interest and dividends	14.	**225 775**	**17 099**	**242 874**	**1**	**242 875**	181 545	16 491	198 037	1	198 038
Investment income		**47 085**	**1 016**	**48 101**	**-**	**48 101**	222 813	10 665	233 478	-	233 478
Share of net profit from associate accounted for using the equity method		**-**	**3 486**	**3 486**	**-**	**3 486**	-	8 255	8 255	-	8 255
Net gain on purchase of subsidiary	25.4	**-**	**81 291**	**81 291**	**-**	**81 291**	-	-	-	-	-
Administration cost on financial assets	15.	**(14 496)**	**(719)**	**(15 215)**	**-**	**(15 215)**	(15 530)	(971)	(16 500)	-	(16 500)
Interest paid on loans	17.7	**-**	**-**	**-**	**(20 558)**	**(20 558)**	-	-	-	(20 019)	(20 019)
Net surplus for the year before market value adjustments on investments		**412 457**	**84 096**	**496 553**	**18 095**	**514 648**	467 252	7 541	474 792	20 663	495 455
Revaluation of investments to market value at year end	17.5	**(193 188)**	**-**	**(193 188)**	**-**	**(193 188)**	-	-	-	-	-
Net Surplus		**219 269**	**84 096**	**303 365**	**18 095**	**321 461**	467 252	7 541	474 792	20 663	495 455
OTHER COMPREHENSIVE INCOME											
Items that may be subsequently reclassified to profit or loss											
Revaluation of investments to market value at year end	17.5	**-**	**-**	**-**	**-**	**-**	97 152	-	97 152	-	97 152
Items that will not be reclassified to profit or loss											
Recognition of post-retirement group life actuarial gains	18.6.4	**(837)**	**-**	**(837)**	**-**	**(837)**	-	-	-	-	-
Recognition of post-retirement medical actuarial gains	18.6.3	**18 605**	**-**	**18 605**	**-**	**18 605**	29 924	-	29 924	-	29 924
Recognition of post-retirement pension actuarial gains /(loss)	18.6.2	**6 797**	**-**	**6 797**	**-**	**6 797**	(57 325)	-	(57 325)	-	(57 325)
Total comprehensive surplus for the year		**243 834**	**84 096**	**327 930**	**18 095**	**346 026**	537 003	7 541	544 544	20 663	565 207

The above stand alone statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

UNIVERSITY OF THE FREE STATE

CONSOLIDATED AND STAND ALONE STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Notes	GROUP 2018 R ' 000	GROUP 2017 R ' 000	UNIVERSITY 2018 R ' 000	UNIVERSITY 2017 R ' 000
ASSETS					
Non-current assets					
Property, plant and equipment	18.1	**1 317 535**	1 165 075	**1 255 129**	1 164 151
Investment property	18.2	**20 387**	34 627	**33 572**	34 627
Intangible assets	18.3	**6 023**	5 395	**6 023**	5 395
Available-for-sale financial assets		**-**	4 050 226	**-**	4 033 542
Financial assets at fair value through profit or loss (FVPL)	17.5	**4 095 244**	-	**4 078 855**	-
Investment in subsidiary	24.3	-	-	**96 707**	-
Investment in associates	24.3	**398**	61 704	**398**	61 704
Student and other loans	17.2	**1 674**	26 705	**3 588**	26 705
Retirement benefit surplus	18.6.2	**141 563**	126 715	**141 563**	126 715
Deferred tax asset	18.8	**5 110**	-	**-**	-
Total non-current assets		**5 587 935**	5 470 447	**5 615 836**	5 452 840
Current assets					
Available-for-sale financial assets	17.4	-	816 299	-	813 788
Financial assets at fair value through profit or loss (FVPL)	17.5	**1 180 478**	-	**1 177 778**	-
Inventory	18.4	**8 441**	7 486	**8 441**	7 486
Biological assets	18.5	**8 081**	6 466	**3 009**	2 285
Trade and other receivables	17.1	**223 086**	226 061	**204 949**	225 903
Cash and cash equivalents	17.3	**152 129**	105 880	**135 956**	101 300
Total current assets		**1 572 215**	1 162 192	**1 530 133**	1 150 762
Total assets		**7 160 150**	6 632 639	**7 145 969**	6 603 602

The above consolidated and stand alone statement of financial position should be read in conjunction with the accompanying notes.

UNIVERSITY OF THE FREE STATE

CONSOLIDATED AND STAND ALONE STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

		GROUP		UNIVERSITY	
	Notes	2018 R ' 000	2017 R ' 000	2018 R ' 000	2017 R ' 000
FUNDS AND LIABILITIES					
Funds and reserves					
Unrestricted funds - Education and general		**3 272 868**	2 911 160	**3 272 868**	2 911 160
Unrestricted use funds		**754 305**	798 031	**754 305**	798 031
Unrestricted designated funds		**2 518 564**	2 113 128	**2 518 564**	2 113 128
Restricted funds - Education and general		**464 826**	462 160	**518 670**	446 946
Trust and endowment funds		**167 996**	151 014	**221 840**	135 800
Funds for specific purposes		**296 830**	311 146	**296 830**	311 146
Restricted funds - Residences		**98 406**	82 249	**98 406**	82 249
Financial instruments at Fair value through profit and loss reserves		**477 092**	-	**474 635**	-
Non-distributable Reserves		**-**	670 982	**-**	667 822
Fixed assets fund Property plant and equipment		**1 337 922**	1 199 702	**1 288 702**	1 198 779
Total funds and reserves		**5 651 114**	5 326 252	**5 653 281**	5 306 956
Non-current liabilities					
Borrowings	17.7	**191 998**	187 493	**191 998**	187 493
Post employment medical obligation	18.6.3	**521 987**	495 861	**521 987**	495 861
Post employment group life insurance obligation	18.6.4	**18 791**	-	**18 791**	-
Accrued leave provision		**152 240**	147 511	**152 240**	147 511
Total non-current liabilities		**885 017**	830 866	**885 017**	830 866
Current liabilities					
Trade and other payables	17.6	**370 127**	270 024	**355 793**	260 283
Deferred tax liabilities	18.8	**485**	**-**	**-**	-
Deferred income	18.7	**238 378**	192 051	**238 378**	192 051
Accrued leave provision	18.6.1	**15 030**	13 445	**13 501**	13 445
Total current liabilities		**624 019**	475 521	**607 672**	465 780
Total funds and liabilities		**7 160 150**	6 632 639	**7 145 969**	6 603 601

The above consolidated and stand alone statement of financial position should be read in conjunction with the accompanying notes.

UNIVERSITY OF THE FREE STATE

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2018 (all amounts in R'000)

Group

Description	Notes	Total	Accumulated fund *Unrestricted*	Designated *Unrestricted*	*SUB - TOTAL A*	Funds for specific purposes *Restricted*	Trust and endowment funds *Restricted*	*SUB - TOTAL B*	Residence fund *Restricted*	Financial instruments at FVPL reserves	Non-distributable Reserves	Fixed assets fund PPE *Restricted*	*SUB - TOTAL C*
Balance at 31-12-2016		4 759 204	672 556	1 829 126	2 501 683	346 448	126 327	472 775	62 426	-	573 288	1 149 032	1 784 746
Net surplus		492 651	125 475	341 777	467 252	(20 821)	25 557	4 736	20 663	-	-	-	20 663
Reallocation of funds		-	-	9 517	9 517	(9 258)	(172)	(9 430)	(88)	-	-	-	-
Other additions (1)		4 105	-	600	600	-	3 505	3 505	-	-	-	-	-
Fixed asset reallocation		-	-	(40 492)	(40 492)	(9 433)	7	(9 426)	(752)	-	-	50 670	49 918
Revaluation of investments to market value at year end	17.4	97 694	-	-	-	-	-	-	-	-	97 694		97 694
Recognition of post-retirement medical actuarial gains	18.6.3	29 924	-	29 924	29 924	-	-	-	-	-	-	-	-
Recognition of post-retirement pension actuarial gains / (losses)	18.6.2	(57 325)	-	(57 325)	(57 325)	-	-	-	-	-	-	-	-
Balance at 31-12-2017		5 326 252	798 031	2 113 128	2 911 160	306 936	155 224	462 160	82 249	-	670 982	1 199 702	1 952 933
Reallocation of financial assets at fair value through profit or loss to designated reserves due to IFRS 9 adoption.	17.5; 21.3	-	-	-	-	-	-	-	-	670 982	(670 982)	-	-
Restated balance at 31-12-2017		5 326 252	798 031	2 113 128	2 911 160	306 936	155 224	462 160	82 249	670 982	-	1 199 702	1 952 933
Net surplus		**295 507**	**(43 726)**	**262 996**	**219 269**	**(1 679)**	**59 821**	**58 142**	**18 095**	**-**	**-**	**-**	**18 095**
Reallocation of financial assets at fair value through profit or loss to designated reserves		**-**	**-**	**193 188**	**193 188**	**-**	**703**	**703**	**-**	**(193 891)**	**-**	**-**	**(193 891)**
Reallocation of funds		**-**	**-**	**19 436**	**19 436**	**(15 184)**	**(4 199)**	**(19 383)**	**(53)**	**-**	**-**	**-**	**(53)**
Other additions (1)		**4 790**	**-**	**46**	**46**	**-**	**4 745**	**4 745**	**-**	**-**	**-**	**-**	**-**
Fixed asset reallocation		**-**	**-**	**(94 795)**	**(94 795)**	**6 757**	**(48 297)**	**(41 541)**	**(1 885)**	**-**	**-**	**138 220**	**136 335**
Recognition of post-retirement group life actuarial gains / (losses)	18.6.4	**(837)**	**-**	**(837)**	**(837)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of post-retirement medical actuarial gains	18.6.3	**18 605**	**-**	**18 605**	**18 605**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of post-retirement pension actuarial gains / (losses)	18.6.2	**6 797**	**-**	**6 797**	**6 797**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31-12-2018		**5 651 114**	**754 305**	**2 518 564**	**3 272 868**	**296 830**	**167 996**	**464 826**	**98 406**	**477 092**	**-**	**1 337 922**	**1 913 420**

(1) Profit on realisation of trust funds, funds for designated use.

UNIVERSITY OF THE FREE STATE

STAND ALONE STATEMENT OF CHANGES IN FUNDS
for the year ended 31 December 2018 (all amounts in R'000)

University

Description	Notes	**Total**	**Accumulated fund** *Unrestricted*	**Designated** *Unrestricted*	***SUB - TOTAL A***	**Funds for specific purposes** *Restricted*	**Trust and endowment funds** *Restricted*	***SUB - TOTAL B***	**Residence fund** *Restricted*	**Financial instruments at FVPL reserves**	**Non-distributable Reserves**	**Fixed assets fund PPE** *Restricted*	***SUB - TOTAL C***
Balance at 31-12-2016		4 737 644	672 556	1 837 427	2 509 983	338 196	108 267	446 463	62 426	-	570 670	1 148 102	1 781 198
Net surplus		495 455	125 475	341 777	467 252	(20 821)	28 361	7 541	20 663	-	-	-	20 663
Reallocation of funds		-	-	1 217	1 217	(1 006)	(123)	(1 129)	(88)	-	-	-	-
Other additions (1)		4 105	-	600	600	-	3 505	3 505	-	-	-	-	-
Transfers (2)		-	-	-	-	-	-	-	-	-	-	-	-
Fixed asset reallocation		-	-	(40 492)	(40 492)	(9 433)	-	(9 433)	(752)	-	-	50 677	(49 925)
Revaluation of investments to market value at year end	17.4	97 152	-	-	-	-	-	-	-	-	97 152	-	97 152
Recognition of post-retirement medical actuarial gains	18.6.3	29 924	-	29 924	29 924	-	-	-	-	-	-	-	-
Recognition of post-retirement pension actuarial gains / (losses)	18.6.2	(57 325)	-	(57 325)	(57 325)	-	-	-	-	-	-	-	-
Balance at 31-12-2017		5 306 956	798 031	2 113 128	2 911 160	311 146	135 800	446 946	82 249	-	667 822	1 198 779	1 948 850
Reclassification of financial instruments at fair value through profit and loss to designated reserve due to IFRS	17.5; 21.3	-	-	-	-	-	-	-	-	667 822	(667 822)	-	-
Restated balance at 31-12-2017		5 306 956	798 031	2 113 128	2 911 160	311 146	135 800	446 946	82 249	667 822	-	1 198 779	1 948 850
Net surplus		**321 461**	**(43 726)**	**262 996**	**219 269**	**(1 679)**	**85 775**	**84 096**	**18 095**	**-**	**-**	**-**	**18 095**
Reallocation of financial assets at fair value through profit or loss to designated reserve		**-**	**-**	**193 188**	**193 188**	**-**	**-**	**-**	**-**	**(193 188)**	**-**	-	**(193 188)**
Reallocation of funds		**-**	**-**	**19 447**	**19 447**	**(19 394)**	**-**	**(19 394)**	**(53)**	**-**	**-**	**-**	**(53)**
Other additions (1)		**299**	**-**	**35**	**35**	**-**	**265**	**265**	**-**	**-**	**-**	**-**	**-**
Fixed asset reallocation		**-**	**-**	**(94 795)**	**(94 795)**	**6 757**	**-**	**6 757**	**(1 885)**	**-**		**89 923**	**88 038**
Recognition of post-retirement group life actuarial gains / (losses)	18.6.4	**(837)**	**-**	**(837)**	**(837)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of post-retirement medical actuarial gains	18.6.3	**18 605**	**-**	**18 605**	**18 605**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of post-retirement pension actuarial gains / (losses)	18.6.2	**6 797**	**-**	**6 797**	**6 797**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31-12-2018		**5 653 281**	**754 305**	**2 518 564**	**3 272 868**	**296 830**	**221 840**	**518 670**	**98 406**	**474 635**	**-**	**1 288 702**	**1 861 742**

(1) Profit on realisation of trust funds, funds for designated use

The above stand alone statement of changes in funds should be read in conjunction with the accompanying notes

UNIVERSITY OF THE FREE STATE

CONSOLIDATED AND STAND ALONE STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

		Group		University	
	Notes	**2018 R' 000**	2017 R' 000	**2018 R' 000**	2017 R' 000
Cash flow from operating activities					
Cash generated from operations	20	**516 764**	531 753	**541 504**	531 998
NET CASH INFLOW FROM OPERATING ACTIVITIES		**516 764**	531 753	**541 504**	531 998
Cash flow from investing activities					
Investment income less cost of finance					
Dividends received	14	**66 357**	54 304	**66 125**	54 096
Interest income	14	**179 475**	144 496	**176 750**	143 942
Administration cost financial assets	15	**(15 264)**	(16 562)	**(15 215)**	(16 500)
Purchase of property, plant and equipment and cost of patents	18.1	**(221 848)**	(152 155)	**(211 903)**	(152 107)
Inflow of grant income designated for the purchase of property, plant and equipment		**126 932**	25 047	**126 932**	25 047
Purchase of property, plant and equipment and cost of patents relating to grants	18.7	**(126 932)**	(25 047)	**(126 932)**	(25 047)
Purchase of financial assets	17.5; 17.4	**(4 321 078)**	(4 140 448)	**(4 320 481)**	(4 139 043)
Proceeds on disposal of investments	17.5; 17.4	**3 781 581**	3 591 013	**3 781 581**	3 591 013
Proceeds on disposal of assets	18.1	**576**	1 436	**576**	1 436
Proceeds on disposal of trust funds		**310**	4 105	**310**	4 105
Increase in cash due to business combination	25	**45 745**	-	-	-
Capital repayment on business combination	25	**33 377**	-	**33 377**	-
NET CASH OUTFLOW FROM / (UTILISED IN) INVESTING ACTIVITIES		**(450 769)**	(513 810)	**(488 880)**	(513 057)
Cash flow from financing activities					
Interest paid on loans	17.7	**(24 252)**	(20 019)	**(20 558)**	(20 019)
Increase in borrowings	17.7	**4 505**	5 086	**2 591**	5 086
NET CASH OUTFLOW FROM / (UTILISED IN) FINANCING ACTIVITIES		**(19 747)**	(14 933)	**(17 967)**	(14 933)
Increase / (decrease) in cash and cash equivalents		**46 248**	3 009	**34 656**	4 008
Cash and cash equivalents at beginning of year		**105 880**	102 871	**101 300**	97 291
Cash and cash equivalents at end of year	12	**152 128**	105 880	**135 956**	101 300

The above consolidated and stand alone statement of cash flows should be read in conjunction with the accompanying notes.

UNIVERSITY OF THE FREE STATE

NOTES TO THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS
for the year ended 31 December 2018

Contents of the notes to the financial statements Page

How are the numbers calculated?

Risk

Group structure

Unrecognised items

Other information

Notes to the financial statements

1 General information

The financial statements were authorised for issue by the Council on 6 June 2019.

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 financial statements is for the group, consisting of the University of the Free State and its subsidiaries.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated annual financial statements are set out below. Where an accounting policy relate to separately disclosed transactions or balances, it is included under that specific note. These policies are consistently applied for all years presented, unless otherwise stated.

2.1 Basis for preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations and are prepared in the manner prescribed by the Minister of Higher Education and Training in terms of the Higher Education Act no 101 of 1997, as amended by Act 54 of 2000. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared under the historical cost basis, except where otherwise specified in the individual accounting policy notes in the financial statements.

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 21.1 "Critical accounting estimates and judgements".

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

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.

3. Changes in accounting policy and disclosures

3.1 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 2018.

IFRS 9: Financial instruments and associated amendments to various other standards	*IFRS 9 replaces the multiple classification and measurement models in IAS 39 Financial instruments: Recognition and measurement with a single model that has initially only two classification categories: amortised cost and fair value.* *Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if: a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest.* *All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value.* *All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss).* *For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in the their own credit risk in other comprehensive income rather than profit or loss.* *The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.* *In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:* *- a third measurement category (FVOCI) for certain financial assets that are debt instruments* *- a new expected credit loss (ECL) model which involves a three-stage approach whereby* *financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables). On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.*
Disclosure	*Refer to notes 21; 17.4 and 17.5 for the reclassification impact on financial assets.*

IFRS 15 Revenue from contracts with customers and associated amendments to various other standards	*The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised: - identify contracts with customers - identify the separate performance obligation - determine the transaction price of the contract - allocate the transaction price to each of the separate performance obligations, and - recognise the revenue as each performance obligation is satisfied. Key changes to current practice are: - Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. - Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.) – minimum amounts must be recognised if they are not at significant risk of reversal. - The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa. - There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. - As with any new standard, there are also increased disclosures. These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.*
Disclosure	*These amendments does not have a material impact on the financial statements of the group. Refer to notes 7, 8, 9 and 10.*
Amendment to IAS 40, 'Investment property' relating to transfers of investment property	*The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The list of evidence for a change of use in the standard was re-characterised as a non-exhaustive list of examples to help illustrate the principle. The Board provided two options for transition: - prospectively, with any impact from the reclassification recognised as adjustment to opening retained earnings as at the date of initial recognition, or - retrospectively - only permitted without the use of hindsight.*
Disclosure	*These amendments does not have a material impact on the financial statements of the group. Refer to notes 18.2.*
Interpretation 22 Foreign Currency Transactions and Advance Consideration	*The interpretation clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The group choosed to apply this changes prospectively.*
Disclosure	*These amendments does not have a material impact on the financial statements of the group.*

3.2 Standards, amendments and interpretations to existing standards effective after 1 January 2019.

None of the standards in this section have been early adopted by the institution. The University intends to adopt all these standards or amendments on its effective dates.

Apart from the standards and amendments listed below, there are no other standards that are not yet effective and that would be expected to have a material impact on the University in the current or future reporting periods.

Standard	Description	Effective date
IFRS 16 'Leases'	*IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.* *The statement of profit or loss will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change.* *Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows.* *The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.*	*Annual periods beginning on or after 1 January 2019 with earlier application permitted if IFRS 15, 'Revenue from Contracts with Customers', is also applied.*
Expected effect:	*The group evaluated all its current leases and agreements to determine the extend and impact of IFRS 16. The items identified, that will be impacted by the standard is motor vehicles and specific research equipment. The effect of this is immaterial. Insourced contract agreements was also considered, however equipment used in the execution of these contracts are minimal and the effect is considered immaterial.*	
Amendments to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement'	*The amendments to IAS 19 clarify the accounting for defined benefit plan amendments, curtailments and settlements. They confirm that entities must :* *- calculate the current service cost and net interest for the remainder of the reporting period after a plan amendment, curtailment or settlement by using the updated assumptions from the date of the change* *- any reduction in a surplus should be recognised immediately in profit or loss either as part of past service cost, or as a gain or loss on settlement. In other words, a reduction in a surplus must be recognised in profit or loss even if that surplus was not previously recognised because of the impact of the asset ceiling* *- separately recognise any changes in the asset ceiling through other comprehensive income.*	*Annual periods beginning on or after 1 January 2019*
Expected effect:	*These amendments are not expected to have a material impact on the financial statements of the group.*	

Amendments to IAS 1 and IAS 8 on the definition of material	*These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.*	*Annual periods beginning on or after 1 January 2020*
Expected effect:	*These amendments are not expected to have a material impact on the financial statements of the group.*	
Amendment to IFRS 9, Financial instruments', on prepayment features with negative compensation	*The narrow-scope amendments made to AASB 9 Financial Instruments in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss.* *To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model.*	*Annual periods beginning on or after 1 January 2019*
Expected effect:	*These amendments are not expected to have a material impact on the financial statements of the group.*	
Amendments to IAS 28 'Investments in associates', on long term interests in associates and joint ventures	*The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under AASB 9 Financial Instruments before applying the loss allocation and impairment requirements in AASB 128 Investments in Associates and Joint Ventures.*	*Annual periods beginning on or after 1 January 2019*
Expected effect:	*These amendments are not expected to have a material impact on the financial statements of the group.*	

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 (not required for the University).

How are the numbers calculated?

5. Statement of profit or loss and other comprehensive income: separate activities

The format of the statement of profit or loss and comprehensive income is designed to disclose separately:

- the utilisation of resources that are under the absolute control of the Council (Council controlled Unrestricted);
- the utilisation of those resources which are prescribed in terms of the legal requirements of the providers of such resources (Specifically funded activities restricted); and
- the provision of accommodation for students and / or staff (Student and Staff accommodation restricted).

General accounting policies pertaining to the statement of profit or loss and other comprehensive income:

Council controlled unrestricted
Included in council controlled unrestricted income, is designated unrestricted income. Although the funds are under the control of council, they are designated for specific purposes. In all instances any such income is recognised as income in the financial period when the University is entitled to use those funds. The funds will not be used until some specified future period or occurrence and are held in an appropriate fund until the financial period in which the funds can be used.

Income on assets representing restricted 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 is recognised via profit or loss to the respective funds.

Interdepartemental income
interdepartemental income and expenditure are eliminated.

6. State appropriations: Subsidy and grant income

Accounting policy:

State subsidies and grants for general purposes are recognised as income in the financial year to which the subsidy relates.

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.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
State subsidy for general purpose assistance	**1 052 808**	968 694	**1 052 808**	968 694
Earmarked grants	**306 323**	215 849	**306 323**	215 849
	1 359 131	1 184 543	**1 359 131**	1 184 543

There are no unfulfilled conditions or other contingencies attached to the subsidies and grants that have been recognised above, some of which are classified as restricted income. Also refer to note 18.7 for deferred revenue relating to government grants.

7. Tuition and other fee income

Accounting policy:

Tuition and other fee income is only recognised when the amount can be measured reliably and future economic benefits will flow to the group. Also refer to note 22.2.2.1 for the accounting policy on measuring expected credit losses.

As per IFRS 15, a new five-step process must be applied before revenue can be recognised:
- identify contracts with students.
- identify the separate performance obligation
- determine the transaction price
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Area of significant management judgement and estimation

The group uses it's judgement to determine what performance obligations in contracts with students are and if this obligations are satisfied to recognise revenue in accordance to the accounting policy stipulated above. When the registration of a student is finalised income is recognised on tuition fees and accommodation. Judgement is also used to allocate the transaction price over the performance obligations.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Tuition fees	**1 074 285**	914 268	**1 074 285**	914 268
Student accommodation	**142 495**	130 760	**142 495**	130 760
Income from short learning programmes	**25 803**	38 910	**25 803**	38 910
	1 242 583	1 083 938	**1 242 583**	1 083 938
Number of students enrolled at the university			**39 832**	38 837

8. Income from contracts

Accounting policy:

As per IFRS 15, a new five-step process must be applied before revenue can be recognised:
- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Bundled goods or services that are distinct will be separately recognised, and any discounts or rebates on the contract price will be allocated to the separate elements.

Research and other income
In additional to the accounting policies under note 5, in certain instances contracts are received for specific purposes with a contractual outcome and the funding does not allow for the retention of any of the capital or any of the profit by the Group. Unspent income is treated as income in advance in the statement of financial position, and is returned to the sponsor at the end of the contract period as required. The balance of the restricted funds on contract close-out will become unrestricted if all obligations in terms of the contract have been met, and where the requirement to return such funds to the sponsor has been waived. These funds are then utilised to support ongoing research. Actual work performed method is used to account for research and other contracts. In addition, judgements are required when recognising and measuring any variations or claims on each contract.

Research and other expenditure relating to contracts
Research and other expenditure relating to contracts is recognised as an expense when incurred. Costs that are directly attributable to the development of intangible assets are capitalised. Refer to note 18.3 for additional disclosures.

Income from clinical research contracts
Revenue from clinical research contracts is therefore recognised over time based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. The group consider this method an appropriate measure of the progress towards complete satisfaction of the performance
obligations.

The group becomes entitled to invoice customers for research based on achieving a series of performance related milestones. When a particular milestone is reached the customer is sent a relevant statement of work and an invoice for the related milestone payment. The group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost–to–cost method then the company recognises a contract liability for the difference.

Area of significant management judgement and estimation

The group uses it's judgement to determine what performance obligations in contracts are and if this obligations are satisfied to recognise revenue in accordance to the accounting policy stipulated above. Judgement is also used to allocate the transaction price over the performance obligations.

	Group		University	
	2018	2017	**2018**	2017
Income from contracts	**R ' 000**	R ' 000	**R ' 000**	R ' 000
for research	**34 120**	40 472	**34 120**	40 472
for other activities	**79 382**	61 948	**79 382**	61 948
for clinical research contracts	**63 796**	-	**-**	-
	177 298	102 420	**113 502**	102 420

Financing components

It is not the practice of the group to provide finance facilities. The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

9. Sales of goods and services

Accounting policy:

As per IFRS 15, a new five-step process must be applied before revenue can be recognised:
- identify contracts with customers
- identify the separate performance obligation
- determine the transaction price of the contract
- allocate the transaction price to each of the separate performance obligations, and
- recognise the revenue as each performance obligation is satisfied.

Income is generally recognised at the fair values of the amounts of goods or services received or receivable with consideration of the 5 step approach above. Income is shown net of value-added tax, returns, rebates and discounts. Income derived from occasional sales and services are thus recognised in the period in which the performance obligations are met. Performance obligations are generally met when the services or the goods are delivered. A receivable is recognised when the services are rendered or the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

No warranties or related obligations for the group exist.

Sales of goods and services	**Group**		**University**	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Letting of buildings	**14 034**	18 360	**18 957**	18 360
Transport income	**12 064**	4 531	**12 064**	4 531
Other trade revenue	**71 399**	74 785	**68 769**	72 795
Income from sale of academic notes	**13 163**	11 302	**13 163**	11 302
Miscellaneous	**26 823**	21 900	**23 592**	21 311
TOTAL	**137 484**	130 877	**136 545**	128 299

Financing components
The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

10. Private gifts and grants

Accounting policy:

Donations and gifts are recognised upon receipt when the funder can be specifically identified. When not identified, the receipts are treated as a liability and subsequently allocated to revenue when the funder can be identified and it can be determined if any conditions should be met. Donations in kind are recognised at fair value.

	Group		**University**	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
General donations	**17 844**	9 283	**17 844**	9 283
Donations for bursaries and scholarships	**27 787**	101 687	**24 336**	98 286
	45 631	110 970	**42 180**	107 569

11. Other income

Accounting policy:

Profit on disposal of property, plant and equipment
Gains and losses on disposals are determined by comparing proceeds with carrying amount. The gains or losses are recognised when the ownership of the assets is transferred. These gains or losses are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

Gain on revaluation of biological assets
Refer to note 18.5 for the accounting policies relating to biological assets.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Profit / (loss) on disposal of property, plant and equipment	**(4 458)**	(554)	**(2 378)**	(554)
Gain on revaluation of biological assets	**206**	517	**-**	-
	(4 252)	(36)	**(2 378)**	(554)

12. Personnel costs

Accounting policy:

Personnel costs are charged to the Statement of profit or loss when related services are rendered.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Salaries and wages				
Academic professionals	**730 990**	699 495	**730 427**	699 163
Other personnel	**762 996**	638 831	**704 428**	638 214
Employee Benefits	**97 775**	59 737	**97 775**	59 517
Total salaries and wages	**1 591 761**	1 398 063	**1 532 630**	1 396 893

Average monthly number of people employed by the University* during the year:	**2018 Number**	2017 Number
Full time - Lecturing	**995**	986
Full time - Support	**1 658**	1 653
Part time - Lecturing	**1 188**	1 186
Part time - Support	**1 451**	1 357
	5 292	5 182

* The numbers disclosed do not include people employed on the joint staff establishment of the Free State Department of Health or employees of the subsidiaries.

12.1 Remuneration of Executive Management

The following information is provided in compliance with the Higher Education Act (Act 101 of 1997, as amended) and the regulations for Annual Reporting by Higher Education Institutions (section 7.4). Remuneration of executive staff is based on the cost of employment to the university.

Remuneration of executive management relating to the University

Name	Designation	**2018 R'000**	2017 R'000
Petersen FW, Prof	Rector and Vice-Chancellor (from 1 April 2017)	**4 257**	2 753
Lenkabula P, Prof	Vice-Rector: External Relations (from 1 May 2018)	**1 441**	-
Morgan N, Prof	Vice-Rector: University Operations (to 30 September 2017) Rector and Vice-Chancellor (acting from 1 September 2016 to 30 March 2017) Vice-Rector: External Relations (acting from 1 October 2017 to 1 June 2018)	**945**	2 745
Keet A, Prof	Vice-Rector: External Relations (acting from 1 June 2016 to 30 September 2017)	-	787
Lange L, Prof	Vice-Rector: Academic (to 31 January 2018)	**236**	2 062
Witthuhn RC, Prof	Vice-Rector: Research	**2 256**	2 018
Naidoo P, Dr	Qwa-Qwa Campus Principal (to 30 September 2017) Vice-Rector: University Operations (acting from 1 October 2017; appointed from 1 January 2018)	**2 249**	1 618
Vinger MJ, Dr	Registrar Governance and Policies	**4 465**	1 867
Lazenby K, Dr	Registrar Systems and Administration	**3 721**	1 890
Coetzee D, Prof	Dean: South Campus	**1 397**	1 301
Mgolombane P, Mr	Dean: Student affairs	**1 530**	1 274
Manchu TI, Mr	Qwa-Qwa Campus Principal (Acting from 1 October 2017)	**1 334**	271
Mandew M, Mr	Qwa-Qwa Campus Principal (From 1 August 2018)	**567**	-
Kroukamp HJ, Prof	Dean: Economic and Management Sciences Vice-Rector: Academic (acting from 1 February 2018)	**2 115**	1 517
Van Zyl GJ, Prof *	Dean: Health Sciences	**1 071**	999
Botes LJS, Prof	Dean: Humanities (to 31 Augustus 2017)	**-**	1 104
Peacock R, Prof	Dean: Humanities (co-acting from 1 December 2016 to 30 September 2017)	**-**	918
Riveira M, Prof	Dean: Humanities (co-acting from 1 December 2016 to 30 September 2017)	**-**	912
Hudson H, Prof	Dean: Humanities (acting from 1 October 2017 and appointed 1 March 2018)	**1 609**	343
Nicholson CMA, Prof	Dean: Law (to 31 December 2017)	**-**	1 506
Mubangizi JC, Prof	Dean: Law (from 1 February 2018)	**1 382**	-
Vermeulen PD, Prof	Dean: Natural and Agricultural Sciences	**1 654**	1 559
Jita LC, Prof	Dean: Education	**1 979**	1 744
Snyman SD, Prof	Dean: Theology	**1 352**	1 285
Total remuneration of Executive Management		**35 561**	30 473

* also appointed on the joint staff establishment of the Free State Department of Health. (Remuneration excluded)

			2018	2017
			R'000	R'000

Remuneration of executive management relating to the group in addition to that of management of the University disclosed above.

Name	**Designation**	**Related entity**		
Taylor G, Dr	Director	Farmovs (Pty) Ltd	**-**	-
Sutherland C, Mr	Managing Director	Farmovs (Pty) Ltd	**1 528**	-
Brand S, Miss	Chief financial officer	Farmovs (Pty) Ltd	**572**	-
Theron, HB, Mr	Head of Business Administration	Farmovs (Pty) Ltd	**1 151**	-
Smith J, Mr	Head Sales, General & Administration	Farmovs (Pty) Ltd	**1 024**	-
Mr. R. Rauch	Farm manager	Lila Theron Farm	**138**	138

One lump sum payment in excess of R0,250 million was made during 2017 to an executive staff member of the University. This related to accumulated leave upon retirement and is included in the remuneration disclosed in the note above. During 2018 two lump sum payment were made to two executive staff members relating to restructuring and accumulated leave payout and is included in the remuneration disclosed in the note above.

	2018	2017
	R '000	R '000
Morgan N, Prof	-	304
Vinger MJ, Dr	**2 895**	-
Lazenby K, Dr	**1 693**	-

The following table represents the disclosure required in terms of IAS 24 in respect of key management:

	Group		**University**	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Compensation of key management				
Short-term employee benefits	**36 637**	28 290	**32 650**	28 290
Post-employment pension and medical benefits	**3 201**	2 183	**2 911**	2 183
Total compensation paid to key management personnel	**39 837**	30 473	**35 561**	30 473

The post-employment pension and medical benefits reflected above for key management represents payments made to the University's retirement fund.

Payments for attendance at meetings of the Council and its Committees or any directors meetings

Council and committee members are not paid any remuneration for attendance of Council and committee meetings. Also no directors of subsidiaries receive remuneration for attendance of directors meetings.

Members of Council and committees				
- Reimbursement of expenses	**350**	354	**350**	354

13. Other operating expenses by nature

Accounting policy:

Expenses are recognised as expenses as incurred. Services are thus recognised when satisfactory performed and expenses relating to products when the product was delivered and the rights relating to ownership was transferred.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
The following items are included:				
Supplies and services	**719 946**	677 704	**694 304**	668 643
Cost of maintenance services	**85 590**	51 119	**78 659**	50 685
Cost of small alterations	**4 366**	24 274	**4 366**	24 274
Research and development expenditure	**141 958**	132 809	**141 958**	132 809
Bursaries	**144 096**	139 256	**144 048**	139 121
Auditor's remuneration	**3 343**	3 286	**2 543**	3 216
- Audit fee	**1 971**	1 549	**1 571**	1 549
- Other special investigations and special reports	**1 372**	1 737	**972**	1 667
Total other operating expenses	**1 099 300**	1 028 448	**1 065 878**	1 018 748

14. Interest and dividends

Accounting policy:

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 mainly relating to outstanding student debt and trade debtors. 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.

Interest income from financial assets at fair value through profit or loss (FVPL) is included in the net fair value gains/(losses) on these assets, see note 17.5 below. Interest income on financial assets at amortised cost (2017 – available-for-sale securities, held-to-maturity investments and loans and receivables) calculated using the effective interest method is recognised in the statement of profit or loss as part of other income.

Dividend income:
Dividends are received from financial assets measured at FVPL and (2017 – from financial assets at FVPL and available-for-sale financial assets).Dividends are recognised as other income in profit or loss when the right to receive payment is established.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Interest income	**179 475**	144 496	**176 750**	143 942
Dividend income	**66 357**	54 304	**66 125**	54 096
Total interest and dividend income	**245 832**	198 801	**242 875**	198 038

Refer to note 24.4 for detail on interest income and dividend income from related parties.

15. Administration cost of financial assets

Accounting policy:

Expenses relating to the administration cost of financial assets are recognised as expenses when the related services were performed.

Investment management fees	**15 264**	16 562	**15 215**	16 500
Total administration cost financial assets	**15 264**	16 562	**15 215**	16 500

16. Income Tax

Accounting policy:

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the group and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Area of significant management judgement and estimation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether
additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

No provision for normal South African income tax was made for the University, as the University is exempt in terms of section 10(1)(cA)(i) of the South African Income Tax Act. All income taxes disclosed below relate to Farmovs (Pty) Ltd, a wholly owned subsidiary of the University.

	Group	
Income tax expense		
Major components:	**2018**	2017
	R ' 000	R ' 000
Current		
Local income tax	**-**	**-**
Deferred		
Deferred tax	**(1 687)**	**-**
Under/(Over) provision of prior period tax	**(8 594)**	-
Total income tax expense / (income)	**(10 280)**	-

Reconciliation of tax expense

Reconciliation between applicable tax rate and average effective tax rate.

	2018	2017
Statutory rate	**28.00%**	0%
Effective tax rate	**-34.31%**	0%

The differences between the statutory and effective tax rate related to the overprovision of prior period income tax, fixed asset adjustment and other minor differences.

17. Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:
- an overview of all financial instruments held by the group
- specific information about each type of financial instrument
- accounting policies
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The group holds the following financial instruments

	Notes	Group 2018 R ' 000	Group 2017 R ' 000	University 2018 R ' 000	University 2017 R ' 000
Financial assets					
Financial assets at amortised cost					
Student and trade receivables	17.1	**223 086**	226 061	**204 949**	225 903
Student and other loans	17.2	**1 674**	26 705	**3 588**	26 705
Cash and cash equivalents	17.3	**152 129**	105 880	**135 956**	101 300
Available-for-sale financial assets	17.4	**-**	4 866 525	**-**	4 847 330
Financial assets at fair value through profit or loss (FVPL)	17.5	**5 275 722**	-	**5 256 633**	-
Financial liabilities					
Liabilities at amortised cost					
Trade and other payables **	17.6	**341 882**	246 825	**327 548**	237 084
Borrowings	17.7	**191 998**	187 493	**191 998**	187 493

** Excluding non-financial liabilities

The group's exposure to various risks associated with the financial instruments is discussed in note 22. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Accounting policy:

Classification
From 1 January 2018, the group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.
For assets measured at fair value, gains and losses will either be recorded in profit or loss.

The group reclassifies debt investments when and only when its business model for managing those assets changes. (Also refer to note 21.3)

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.
Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Equity instruments
The group subsequently measures all equity investments at fair value. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

Impairment
From 1 January 2018, the group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.
For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 22.2.2 for further details.

Accounting policy applied until 31 December 2017

The group has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Classification
Until 31 December 2017, the group classified its financial assets in the following categories:
- financial assets at fair value through profit or loss,
- loans and receivables,
- held-to-maturity investments, and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluated this designation at the end of each reporting period.

Reclassification
The group could choose to reclassify a non-derivative trading financial asset out of the held for trading category if the financial asset was no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables were permitted to be reclassified out of the held for trading category only in rare circumstances arising from a single event that was unusual and highly unlikely to recur in the near term. In addition, the group could choose to reclassify financial assets that would meet the definition of loans and receivables out of the held for trading or available-for-sale categories if the group had the intention and ability to hold these financial assets for the foreseeable future or until maturity at the date of reclassification. Reclassifications were made at fair value as of the reclassification date. Fair value became the new cost or amortised cost as applicable, and no reversals of fair value gains or losses recorded before reclassification date were subsequently made. Effective interest rates for financial assets reclassified to loans and receivables and held-to-maturity categories were determined at the reclassification date. Further increases in estimates of cash flows adjusted effective interest rates prospectively.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9, see description above.
Subsequent to the initial recognition, loans and receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.
Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:
- for financial assets at FVPL – in profit or loss within other gains/(losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in note 19.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and losses from investment securities.

Impairment

The group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan or held-to-maturity investment had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.
Impairment testing of trade receivables is described in note 19**.**

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.
Impairment losses on equity instruments that were recognised in profit or loss were not reversed through profit or loss in a subsequent period.
If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

17.1 Trade and other receivables

Accounting policy:

Classification as trade receivables
Trade receivables are amounts due from customers or students for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The group holds the trade receivables with the objective to collect the contractual cash flows, and the cash flows represent solely payments of principal and interest. They therefore measures them subsequently at amortised cost using the effective interest method. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 22.2.2.1.

Area of significant management judgement and estimation

The group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 22.2.2.1.

	Notes	Group 2018 R ' 000	Group 2017 R ' 000	University 2018 R ' 000	University 2017 R ' 000
Student debtors					
Gross student debtors		**175 252**	130 364	**175 252**	130 364
Less: Allowance for credit losses	22.2.2.1	**(64 526)**	(64 686)	**(64 526)**	(64 686)
Closing net carrying amount		**110 725**	65 679	**110 725**	65 679
Pre-paid expenses		**9 534**	2 148	**9 534**	2 148
Current tax receivable		**10 381**	-	**-**	-
Other trade receivables		**85 671**	121 878	**77 301**	121 719
Accrued interest on investments		**6 776**	36 357	**7 390**	36 357
Closing net carrying amount		**112 361**	160 382	**94 224**	160 224
Total trade and other receivables		**223 086**	226 061	**204 949**	225 903

Fair values of trade and other receivables
Due to the short-term nature of the trade and other receivables, their carrying amount is considered to be the same as their fair value. Also refer to note 19 for further disclosures relating to fair values.

Impairment and risk exposure
Information about the impairment of trade and other receivables and the group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 22.

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.

Other trade receivables
Other trade receivables consist of amounts owed by a number of reputable institutions, resulting from various grants / contracts or in accordance with other agreements.

Carrying amount of other trade receivables approximate their fair values.

Accrued interest on investments
Accrued interest is amounts due to the group by their investment portfolio manager on investments within the group'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.

17.2 Student and other loans

Accounting policy:

Loans to students 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. The group holds these receivables with the objective to collect the contractual cash flows, and the cash flows represent solely payments of principal and interest. 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.

Area of significant management judgement and estimation

The group assesses its student loans for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset. Details about the group's impairment policies and the calculation of the loss allowance are provided in note 22.2.2.2

Financial assets at amortised cost include the following debt investments:

	Notes	**Group**		**University**	
		2018	2017	**2018**	2017
		R ' 000	R ' 000	**R ' 000**	R ' 000
Student loans		**28 945**	26 801	**28 945**	26 801
Less: Allowance for credit losses	22.2.2.2	**(27 271)**	(96)	**(27 271)**	(96)
Student loans - net		**1 674**	26 705	**1 674**	26 705
Loans to related parties	24.4	**-**	-	**1 914**	-
		1 674	26 705	**3 588**	26 705

Student loans

All non-current student loans are due within 5 years from the relevant year-end. The interest rate is prime less 1 %. None of these loans were re-negotiated and no collateral were taken on any of these loans. Loans to students become repayable on completion of their studies. All loans are dominated in South African Rand.

The classification of these loans are represented as follows:

	Group 2018	Group 2017	**University 2018**	University 2017
Student loans for students still studying - not yet repayable	**1 604**	26 384	**1 604**	26 384
Student loans for students who completed their studies - repayable	**27 340**	417	**27 340**	417
	28 945	26 801	**28 945**	26 801

Fair values of other financial assets at amortised cost

The fair values of student loans:

	Group 2018	Group 2017	**University 2018**	University 2017
Student loans	**26 254**	24 309	**26 254**	24 309
	26 254	24 309	**26 254**	24 309

The fair value of the student loans are based on the cash flows discounted using a rate based on the prime rate of 10.25% (2017: 10.25%). They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk (See note 22.2.2.2)

Due to the short-term nature of the other loans receivables, their carrying amount is considered to be the same as their fair value.

Further information relating to loans to related parties is disclosed in note 24.4

Impairment and risk exposure

Note 22 sets out information about the impairment of financial assets and the group's exposure to credit risk.

The maximum exposure to credit risk at the reporting date is the fair value of each of the receivables mentioned above.

17.3 Cash and cash equivalents

Accounting policy:

Classification as cash equivalents
For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

	Group		**University**	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Current assets				
Cash and bank balances	**152 129**	105 880	**135 956**	101 300

Additional information relating to cash and cash equivalents of the University
Included in the cash balances above, are utilized overdraft accounts for the University of R1,700m (2017: R6,667m). This related to an overdraft account, at the same bank, 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 5.21% (2017: 5,51%).

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

Reconciliation to cash flow statement
The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year. Also refer to note 20 for futher detail regarding cash flows of the group.

Risk exposure and fair value measurements
Information relating to risk exposure and fair value measurement can be found in note 22.

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

The group places cash and cash equivalents with reputable financial institutions, mostly banking institutions, to limit credit risk. All banking institution are rated as BB+ (Moody's rating) and above instutions. The maximum exposure to credit risk at the reporting date is the carrying value of the cash and cash equivalents.

17.4 Financial asset previously classified as available-for-sale financial assets

Accounting policy (2017):

Classification of financial assets as available-for-sale
Investments were designated as available-for-sale through OCI financial assets if they did not have fixed maturities and fixed or determinable payments, and management intended to hold them for the medium to long-term. Financial assets that were not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) were also included in the available-for-sale category.

The financial assets were presented as non-current assets unless they matured, or management intended to dispose of them within 12 months of the end of the reporting period.

Impairment indicators for available-for-sale financial assets
A security was considered to be impaired if there had been a significant or prolonged decline in the fair value below its cost.

	Group		**University**	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Opening net carrying amount	-	4 219 396	-	4 201 080
Additions	-	4 140 448	-	4 139 830
Disposals	-	(3 591 013)	-	(3 591 013)
Fair value movements	-	97 694	-	97 433
Closing net carrying amount	-	4 866 525	-	4 847 330

Investments comprise marketable securities and cash funds 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 recorded directly to other comprehensive income.

Non-current available-for-sale financial assets

Opening net carrying amount	-	3 691 030	-	3 675 225
Additions	-	2 217 920	-	2 217 302
Disposals	-	(1 942 362)	-	(1 942 362)
Fair value movements	-	83 638	-	83 377
Closing net carrying amount	-	4 050 226	-	4 033 542

Current available-for-sale financial assets

Opening net carrying amount		528 366		525 855
Additions	-	1 922 528	-	1 922 528
Disposals	-	(1 648 651)	-	(1 648 651)
Fair value movements	-	14 056	-	14 056
Closing net carrying amount	-	816 299	-	813 788

Investments to the value of R146 million were provided as security for the FirstRand Bank loan (Note 17.7). These investments are managed within the portfolios of the Coronation and Allan Gray fund managers of the University.

17.5 Financial assets at fair value through profit or loss

Accounting policy:

Classification of financial assets as available-for-sale
The group classifies the following financial assets at fair value through profit or loss (FVPL):
- debt investments that do not qualify for measurement at either amortised cost,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The financial assets were presented as non-current assets unless they matured, or management intended to dispose of them within 12 months of the end of the reporting period.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Opening net carrying amount	**4 866 525**	-	**4 847 330**	-
Additions	**4 321 078**	-	**4 320 481**	-
Disposals	**(3 717 991)**	-	**(3 717 990)**	-
Fair value movements through profit and loss.	**(193 891)**	-	**(193 188)**	-
Closing net carrying amount	**5 275 722**	-	**5 256 633**	-

Investments comprise marketable securities and cash funds 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.

Non-current financial assets at fair value through profit and loss

Opening net carrying amount	**4 050 226**	-	**4 033 542**	-
Additions	**1 727 416**	-	**1 727 007**	-
Disposals	**(1 493 997)**	-	**(1 493 997)**	-
Fair value movements through profit and loss	**(188 400)**	-	**(187 697)**	-
Closing net carrying amount	**4 095 244**	-	**4 078 855**	-

Current financial assets at fair value through profit and loss

Opening net carrying amount	**816 299**	-	**813 788**	-
Additions	**2 593 662**	-	**2 593 474**	-
Disposals	**(2 223 993)**	-	**(2 223 993)**	-
Fair value movements through profit and loss	**(5 491)**	-	**(5 491)**	-
Closing net carrying amount	**1 180 478**	-	**1 177 778**	-

Investments to the value of R146 million were provided as security for the FirstRand Bank loan (Note 17.7). These investments are managed within the portfolios of the Coronation and Allan Gray fund managers of the University.

Risk exposure and fair value measurements

Information about the group's exposure to price risk is provided in note 22. For information about the methods and assumptions used in determining fair value please refer to note 19 below.

17.6 Trade and other payables

Accounting policy:

Trade and other receivables:

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Provisions:

Provision is recognised when the Group 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.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Trade payables	**159 229**	116 537	**145 556**	106 817
Finance lease liabilities	**537**	-	**-**	-
Other payables and provisions	**96 886**	76 496	**96 762**	76 475
Student deposits	**5 502**	5 626	**5 502**	5 626
Tuition fees creditors	**60 383**	71 365	**60 383**	71 365
Agency funds *	**47 590**	-	**47 590**	-
Total trade and other payables	**370 127**	270 024	**355 793**	260 283

Trade payables are unsecured and are usually paid within 30 days of recognition. The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade and other payables are denominated in South African Rand.

* Agency funds represent funds that the group manage on behalf of a third party. The balance of transactions is repayable to the third parties after transactions are finalised. E.g. Bursaries managed on the behalf of third parties.

Trade payables classified as non-financial liabilities included above				
Taxes	**28 245**	23 200	**28 245**	23 200

17.7 Borrowings

Accounting policy:

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss 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 prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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

Borrowing costs are expensed in the period in which they are incurred.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Non-current portion of borrowings				
Development Bank of South Africa	**72 731**	70 188	**72 731**	70 188
FirstRand Bank	**119 267**	117 305	**119 267**	117 305
Current portion of long term borrowings				
Current portion	-	-	-	-
	191 998	187 493	**191 998**	187 493

The borrowings are from FirstRand Bank, the Development Bank of South Africa and are all denominated in South African Rand.

A loan of R64,5 million was entered into on 17 December 2015 with the Development Bank of South Africa. The loan matures in 2035 and bears interest at a fixed rate of 12.04% p.a.

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..

Maturity of borrowings	**2018** **R ' 000**	2017 R ' 000
Within 1 year	**17 257**	16 053
Between 2 and 3 years	**38 494**	35 808
Between 4 and 5 years	**44 484**	41 381
Between 6 and 7 years	**51 407**	47 820
After 7 years	**309 344**	335 997

Assets pledged as security
Borrowings from Firstrand Bank is secured by investments as disclosed in note 17.4 and 17.5. Other borrowings are unsecured.

Risk exposure and fair value measurements
Details of the group's exposure to risks arising from current and non-current borrowings are set out in note 22. For information about the methods and assumptions used in determining fair value please refer to note 19 below.

18. Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liabilities. Detailed notes are provided on:
- property, plant and equipment (note 18.1)
- investment properties (note 18.2)
- intangible assets (note 18.3)
- inventories (note 18.4)
- biological assets (note 18.5)
- employee benefit obligations (note 18.6)
- deferred income (note 18.7)
- deferred tax balances (note 18.8)

Accounting policy:

Individual accounting policies of non-financial assets and liabilities is disclosed under each separate sub-note of note 18. However the accounting policy relating to impairment of non-financial assets is disclosed below as this is consistent for all non-financial asset classes.

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.

18.1 Property, plant and equipment

Accounting policy:

Land and buildings mainly consist of lecture halls, laboratories, hostels and administrative buildings. All property (including investment properties - note 18.2), 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 through profit and loss.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting 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:

The depreciation methods and periods used by the group are disclosed in the note below.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings. When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Area of significant management judgement amd estimation

The group uses its judgement in determining the residual value of assets as well as the useful lives of each category of assets.

UNIVERSITY OF THE FREE STATE

NOTES TO THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS
for the year ended 31 December 2018

Group						
2018	Land and buildings	Vehicles	Computer equipment	Furniture and equipment	Other **	Total
Non-current	R ' 000	R ' 000	R ' 000	R ' 000	R ' 000	R ' 000
At 1 January 2018						
Cost	1 177 958	26 314	230 398	460 144	22 134	1 916 948
Accumulated depreciation	(325 200)	(14 502)	(122 357)	(276 645)	(13 153)	(751 857)
Net carrying amount	852 759	11 811	108 042	183 499	8 981	1 165 092
Year ended 31 December 2018						
Additions	62 512	6 161	44 729	45 786	2 635	161 822
Additions relating to business combinations		556	45 374	244	744	46 919
Reclassification of owner occupied investment property to property, plant and equipment *	13 186	-	-	-	-	13 186
Buildings under construction	58 951	-	-	-	-	58 951
Disposals	-	(632)	(948)	(1 372)	(2)	(2 954)
Depreciation charge	(49 091)	(1 785)	(27 335)	(45 218)	(2 505)	(125 934)
At 31 December 2018						
Cost	1 322 162	31 836	315 277	463 305	25 364	2 157 944
Accumulated depreciation	(383 393)	(15 725)	(145 415)	(280 365)	(15 510)	(840 409)
Net carrying amount	938 769	16 111	169 862	182 939	9 854	1 317 535

* The reclassification relates to the property of the University which is occuppied by its wholly owned subsidiary Farmovs (Pty) Ltd.

** Other assets include software cost, art collections and library books

Government grants to the amount of R 391.268m were applied against the cost of the relevant asset when the asset was procured or constructed, in accordance with IAS 20.

University						
2018	Land and buildings	Vehicles	Computer equipment	Furniture and equipment	Other	Total
Non-current	R ' 000	R ' 000	R ' 000	R ' 000	R ' 000	R ' 000
At 1 January 2018						
Cost	1 177 244	26 314	230 376	459 814	22 134	1 915 882
Accumulated depreciation	(325 176)	(14 502)	(122 347)	(276 546)	(13 153)	(751 724)
Net carrying amount	852 068	11 811	108 030	183 268	8 981	1 164 158
Year ended 31 December 2018						
Additions	60 082	6 161	37 354	45 645	2 635	151 877
Buildings under construction	58 951	-	-	-	-	58 951
Disposals	-	(632)	(948)	(1 372)	(2)	(2 954)
Depreciation charge	(48 850)	(1 697)	(18 880)	(44 971)	(2 505)	(116 903)
At 31 December 2018						
Cost	1 296 277	31 280	262 506	462 589	24 620	2 077 272
Accumulated depreciation	(374 026)	(15 638)	(136 949)	(280 019)	(15 510)	(822 143)
Net carrying amount	922 251	15 643	125 557	182 570	9 109	1 255 129

Group						
2017	Land and buildings	Vehicles	Computer equipment	Furniture and equipment	Other	Total
Non-current	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**
At 1 January 2017						
Cost	1 119 973	24 694	224 502	414 953	15 463	1 799 585
Accumulated depreciation	(291 887)	(14 665)	(131 223)	(237 494)	(10 966)	(686 235)
Opening net carrying amount	828 086	10 029	93 279	177 459	4 497	1 113 350
Year ended 31 December 2017						
Additions	10 686	4 043	30 670	51 289	6 671	103 359
Buildings under construction	47 282	-	-	-	-	47 282
Disposals	-	(713)	(632)	(556)	-	(1 901)
Depreciation charge	(33 313)	(1 547)	(15 280)	(44 688)	(2 187)	(97 015)
At 31 December 2017						
Cost	1 177 941	26 314	230 398	460 144	22 134	1 916 931
Accumulated depreciation	(325 200)	(14 502)	(122 362)	(276 640)	(13 153)	(751 857)
Net carrying amount	852 742	11 811	108 037	183 504	8 981	1 165 075

Government grants to the amount of R 264,271m were applied against the cost of the relevant asset when the asset was procured or constructed, in accordance with IAS 20.

UNIVERSITY OF THE FREE STATE

NOTES TO THE CONSOLIDATED AND STAND ALONE FINANCIAL STATEMENTS
for the year ended 31 December 2018

University						
2017	Land and buildings	Vehicles	Computer equipment	Furniture and equipment	Other	Total
Non-current	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**	**R ' 000**
At 1 January 2017						
Cost	1 119 259	24 694	224 502	414 662	15 463	1 798 580
Accumulated depreciation	(291 869)	(14 665)	(131 223)	(237 424)	(10 966)	(686 148)
Opening net carrying amount	827 390	10 029	93 279	177 237	4 497	1 112 432
Year ended 31 December 2017						
Additions	10 686	4 043	30 670	51 257	6 671	103 327
Buildings under construction	47 282	-	-	-	-	47 282
Disposals	-	(713)	(632)	(564)	-	(1 909)
Depreciation charge	(33 307)	(1 547)	(15 280)	(44 659)	(2 187)	(96 981)
At 31 December 2017						
Cost	1 177 227	26 314	230 398	459 821	22 134	1 915 894
Accumulated depreciation	(325 176)	(14 502)	(122 362)	(276 541)	(13 153)	(751 735)
Net carrying amount	852 051	11 811	108 037	183 272	8 981	1 164 151

No property, plant and equipment were pledged as security.

Revaluation, depreciation methods and useful lives
Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

- Buildings 10 - 50 years
- Air conditioners 10 - 20 years
- Vehicles 5 - 8 years
- Furniture and equipment 5 – 20 years
- Computer equipment - 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

18.2 Investment property

Accounting policy:

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

Investment properties are initially recognised at fair value and subsequently treated as non-current assets. It is then 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.

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.

Area of significant management judgement amd estimation

The group uses its judgement in determining the residual value of assets as well as the useful lives of each category of assets. The group also uses it judgement to determine the valuation techniques, which is the discounted cash flow approach as well as the assumptions used to determine the fair value of the property for disclosure purposes.
Discount rate of 11% was used for Farmovs Parexel (Pty) Ltd as all expenses are paid by the tenant. A discount rate of 5% 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.

	Group		University	
	2018	2017	**2018**	2017
Non-current assets	**R ' 000**	R ' 000	**R ' 000**	R ' 000
Cost at the beginning of the year	**52 743**	52 743	**52 743**	52 743
Accumulated depreciation beginning of the year	**(18 116)**	(17 061)	**(18 116)**	(17 061)
Opening net carrying amount	**34 627**	35 682	**34 627**	35 682
Reclassificiation of owner occupied investment property to property, plant and equipment *	**(13 186)**	-	**-**	-
Depreciation charge	**(602)**	(1 055)	**(1 055)**	(1 055)
Cost at the end of the year	**30 002**	52 743	**52 743**	52 743
Accumulated depreciation end of the year	**(9 615)**	(18 116)	**(19 171)**	(18 116)
Closing net carrying amount	**20 387**	34 627	**33 572**	34 627
Amounts recognised in profit or loss for investment properties				
Rent received on investment property	**5 004**	4 731	**12 669**	13 306
Direct operating expenses	-	-	**3 529**	2 780

* The reclassification relate to the property of the University which is occuppied by its wholy owned subsidiary Farmovs (Pty) Ltd.

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

Fair value				
Fair value of investment property	**91 348**	184 570	**160 652**	184 570

Usefull live
Property is depreciated over a 50 years economic useful life.

Leasing arrangements
Some of the investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

Operating lease receivable commitments	**Group**		**University**	
	2018	2017	**2018**	2017
The future minimum lease receivables under non-cancellable operating leases are as follows:	**R ' 000**	R ' 000	**R ' 000**	R ' 000
Not later than 1 year	**6 268**	12 937	**14 334**	12 937
Later than 1 year and not later than 5 years	**7 622**	13 592	**13 743**	13 592
Later than 5 years	**22**	135	**22**	135
Total future cash flows	**13 912**	26 664	**28 099**	26 664
Lease income already accrued due to straight lining of leases	**(830)**	(2 043)	**(2 036)**	(2 043)
Future receivables	**13 083**	24 621	**26 063**	24 621

Also refer to note 24.4 for disclosure of related party transactions.

18.3 Intangible assets

Accounting policy:

Trademarks, licences, and customer contracts
Separately acquired trademarks and licences are shown at historical cost. Trademarks, licenses and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses

Software
Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:
- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.
Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Research and development
Research expenditure and development expenditure that do not meet the criteria under software above are recognised as an expense as incurred.
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.

Amortisation methods and periods
Refer to note below for details about amortisation methods and periods used by the group for intangible assets.

Derecognition
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.

Area of significant management judgement amd estimation

The group uses its judgement in determining the residual value of assets as well as the useful lives of each category of assets. The actual useful life may be shorter or longer than 20 years, depending on technical innovations and competitor actions.

	Group		University	
	Patents, trademarks and other rights			
	2018	2017	**2018**	2017
Non-current	**R ' 000**	R ' 000	**R ' 000**	R ' 000
At 1 January				
Cost	6 494	5 077	6 494	5 077
Accumulated depreciation	(1 099)	(752)	(1 099)	(752)
Opening net carrying amount	5 395	4 325	5 395	4 325
Additions	**1 057**	1 514	**1 057**	1 514
Disposals	**37**	(88 791)	**-**	-
Depreciation charge	**(429)**	(355)	**(429)**	(355)
At 31 December				
Cost	**7 551**	6 494	**7 551**	6 494
Accumulated depreciation	**(1 528)**	(1 099)	**(1 528)**	(1 099)
Net carrying amount	**6 023**	5 395	**6 023**	5 395

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

Amortisation methods and useful lives

The group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents 20 years

18.4 Inventory

Accounting policy:

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. Costs of purchased inventory are determined after deducting rebates and discounts.

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

	Group		University	
Current assets	**2018**	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Inventories comprise the following items:				
Sundry - mostly stationery, cleaning material, furniture and fuel	**6 412**	5 640	**6 412**	5 640
Food	**2 030**	1 846	**2 030**	1 846
	8 441	7 486	**8 441**	7 486

An amount of R 0,081m is recognised in the consolidated statement of comprehensive income as stock surplusses. In 2017 R 0,012m were recognised as write-off of inventory shortages.

18.5 Biological assets

Accounting policy:

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.

	Group		University	
	2018	2017	**2018**	2017
Current assets	**R ' 000**	R ' 000	**R ' 000**	R ' 000
Biological assets comprise the following:				
Opening net carrying amount	**6 466**	6 218	**2 285**	2 285
Livestock purchased	**1 849**	76	**713**	-
Livestock sold	**(449)**	(346)	**-**	-
Market value adjustment	**216**	517	**10**	-
Closing net	**8 081**	6 466	**3 009**	2 285

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. Refer to note 19 for further disclosures regarding fair values of biological assets.

18.6 Employee benefits

Accounting policy:

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Other long-term employee benefit obligations

The group also has liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Post-employment obligations

The group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

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.

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.

Pension obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. 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 corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs. For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group 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.

	Notes	Group 2018 Current R ' 000	2018 Non-current R ' 000	2018 Total R ' 000	2017 Current R ' 000	2017 Non-current R ' 000	2017 Total R ' 000
Leave obligations	18.6.1	**(15 030)**	**(152 240)**	**(167 270)**	(13 445)	(147 511)	(160 957)
Defined pension benefits	18.6.2	**-**	**141 563**	**141 563**	-	126 715	126 715
Post-employment medical benefits	18.6.3	**-**	**(521 987)**	**(521 987)**	-	(495 861)	(495 861)
Post-employment group life insurance	18.6.4	-	**(18 791)**	**(18 791)**	-	-	-
Total employee benefit obligations		**(15 030)**	**(551 455)**	**(566 485)**	(13 445)	(516 657)	(530 103)

Statement of Comprehensive Income charge for:	Group 2018 R'000	2017 R'000
Pension benefits	(1 392)	(4 541)
Post employment medical obligations	44 731	46 074
	43 339	41 533

Other Comprehensive Income gain / (loss) for:	2018 R'000	2017 R'000
Pension benefits	6 797	(57 325)
Post employment medical obligations	18 605	29 924
	25 402	(27 401)

Only one subsidiary of the UFS, Farmovs (Pty) Ltd, contain employee benefits, whereby an accrual for leave to employees are raised. All other employee benefit obligations for the group relate to employees of the University and no additional obligations exist for any of the other group entities. Therefor only information relating to the University is disclosed in notes 18.6.2 to 18.6.3.

18.6.1 Leave obligations

	Group 2018 R ' 000	Group 2017 R ' 000	University 2018 R ' 000	University 2017 R ' 000
Opening net carrying amount	**160 957**	167 165	**160 957**	167 165
Leave payouts	**(11 638)**	(7 720)	**(11 638)**	(7 720)
Accrued	**17 951**	1 511	**16 422**	1 511
Closing net carrying amount	**167 270**	160 957	**165 741**	160 957
Current portion of leave obligations	**(15 030)**	(13 445)	**(13 501)**	(13 445)
Non-current portion of leave obligations	**(152 240)**	(147 511)	**(152 240)**	(147 511)

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.

	2018	2017
The leave accrual is based on valuations performed by management.		
The principal actuarial assumptions used for accounting purposes were:		
Discount rate	**6.00%**	6.30%
Future salary increases, excluding merit promotions	**7.00%**	7.30%

18.6.2 Retirement benefit surplus/ (obligations)

	University	
	2018	2017
	R ' 000	R ' 000
Pension benefits		
The amounts recognised in the statement of financial position and the movements in the net defined benefit obligation over the year are as follows:		
Present value of obligation	**1 637 961**	1 587 520
Fair value of plan assets	**1 779 524**	1 843 118
(Funded) / unfunded obligation according to actuarial valuation	**(141 563)**	(255 598)
Effect of write down to asset ceiling	**-**	128 883
Liability/(assets) in the statement of financial position	**(141 563)**	(126 715)
Change in defined benefit obligation		
Defined benefit obligation at beginning of year	**1 587 520**	1 537 033
Interest cost	**144 157**	145 330
Current service cost	**9 901**	11 551
Benefit payments	**(131 205)**	(135 145)
Employee contributions	**3 523**	3 894
Actuarial (gain)/loss	**24 065**	24 857
Defined benefit obligation at end of year	**1 637 961**	1 587 520
Change in defined benefit asset		
Asset at fair value at beginning of year	**1 843 118**	1 816 159
Employer contributions	**6 659**	7 498
Employee contributions	**3 523**	3 894
Interest income on defined benefit assets	**167 565**	171 920
Actual return earned in excess of interest income	**(110 136)**	(21 208)
Benefit payments	**(131 205)**	(135 145)
Asset at fair value at end of year	**1 779 524**	1 843 118

The closing net DB asset has been determined as the sum of the employer surplus account (R145 739 000), and the present value of future refunds to the employer (nil). The employer surplus account was established in Rule Amendment 1 and contains all amounts allocated to the employer in terms of section 15C of the PFA. The present value of future refunds is determined as the difference between the required employer contributions on the 2018 IAS19 valuation basis and the required employer contributions on the last statutory valuation basis (both determined using the Attained Age method).

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	**9 901**	11 551
Interest cost	**144 157**	145 330
Interest income	**(167 565)**	(171 920)
Effect of asset ceiling write-down	**12 115**	10 498
	(1 392)	(4 541)

(Gain) / loss recognised in other comprehensive income

Adjustment to asset ceiling	**(140 998)**	11 260
Return on plan assets in excess of interest	**110 136**	21 208
Actuarial (gain)/loss	**24 065**	24 857
Total (gain) / loss	**(6 797)**	57 325

The principal actuarial assumptions used for accounting purposes were:	**2018**	2017
Discount rate	**9.80%**	9.40%
Future price inflation	**6.00%**	6.30%
Future salary increases, excluding merit promotions	**7.00%**	7.30%
Future pension increases (Cat A and B)	**6.00%**	4.73%
Future pension increases (Cat C)	**3.60%**	2.72%
Net discount rate - pre-retirement	**2.62%**	1.96%
Net discount rate - post-retirement (Cat A and B)	**3.58%**	4.46%
Net discount rate - post-retirement (Cat C)	**5.98%**	6.50%

Pension benefit
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 Pension 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 2014. 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 and the cost of the "underpin" in respect of Category C members. The University would also be required to make additional contributions to fund any shortfall arising in the assets backing defined benefit member liabilities and "underpin" 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 2018. 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 2017, the discount rate (9.40% per annum) was determined with reference to the duration of the Fund’s DB liability (on a time weighted projected cash flow basis). The duration of the Fund’s DB liability was in the order of 10 years. We have determined that the duration of the Fund’s DB liability has reduced to the order of 10 years as at 31 December 2018. As such, the discount rate was set by determining the level of the South African zero coupon bond yield curve as at 31 December 2018 at a term of 10 years. The discount rate is 9.80% per annum at this term.

• **Long-term price inflation rate:** We have assumed a long-term future inflation rate of 6.00% 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. 9.80% per annum.
In order to determine the yield on inflation linked bonds (on the same basis as for nominal bonds) we have used the level of the South African zero coupon real yield bond curve as at 31 December 2018. The corresponding yield from this curve (at a term of 10 years) is 3.30% per annum at the valuation date.

Excluding an allowance for an inflation risk premium, implies an expected future inflation rate of 6.50% per annum (9.80% less 3.30% per annum). Our 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.

We have assumed an inflation risk premium of 0.50% for the purposes of this valuation. Based on the above, an expected inflation rate of 6.00% per annum has been assumed as at 31 December 2018 (i.e. 9.80% less 3.30% less 0.50%).

At the previous valuation date an inflation rate of 6.30% was assumed using a similar methodology as 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. 7.00% per annum (7.30% used at the previous valuation date).

• **Pension increases (active members):** 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 between 75% and 100% of inflation, subject to the affordability thereof assessed with reference to a net discount rate of 4.5% per annum. We have therefore allowed for pension increases of 6.00% per annum. (being 100% of the assumed inflation rate of 6.00% per annum). The net discount rate applied to Category A and B members in retirement is thus 3.58% per annum (calculated as 1.0980 ÷ 1.06 – 1). A pension increase assumption of 4.73% per annum was used at 31 December 2017, implying a net post retirement discount rate of 4.46% per annum at that date.
The Fund's pension increase policy (as it applies Category C members in retirement) is to target increases of between 30% and 60% of inflation, subject to the affordability thereof assessed with reference to a net discount rate of 6.50% per annum. A pension increase assumption of 3.6% per annum (being 60% of the assumed inflation rate of 6.00% per annum) would lead to a net discount rate of 5.98%(calculated as 1.0980 ÷ 1.036 – 1). A pension increase assumption of 2.72% per annum was used at 31 December 2017, implying a net post retirement discount rate of 6.50% per annum at that date.
In terms of IAS19 the pension increase rate must be set independently of the discount rate. The affordability of the pension increases for the current valuation were determined with reference to the Fund's expected return on assets as per the most recent statutory valuation.

• **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 IAS19 requires that allowance be made for pension increases in excess of, or less than, 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.

• **Net discount rate:** The net discount rate applied to in-service members is 2.62% per annum (calculated as 1.0980 ÷ 1.0700 – 1). This is higher than the 40% of Earnings Yield basis (2.43% per annum) discount rate specified in the Regulations to the PFA for the calculation of the Minimum Individual Reserve. We 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 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 increased from 1.96% to 2.62% per annum, and the net post-retirement discount rate has increased from 4.46% to 3.58% per annum (for Category A and B members). 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.

An approximate split of the Fund's assets by asset class as at 31 December 2018 is set out below:

Asset class	Category A & B in-service members	Category A & B in-service members	Pensioners	Liability weighted average
SA equities	**24.3%**	**41.7%**	**6.3%**	**12.3%**
SA property	**5.8%**	**8.1%**	**3.5%**	**4.3%**
SA nominal bonds	**27.1%**	**18.1%**	**5.5%**	**12.5%**
SA inflation-linked bonds	**5.8%**	**0.0%**	**49.8%**	**35.3%**
SA cash	**6.9%**	**1.1%**	**6.0%**	**6.3%**
International equities	**23.7%**	**23.7%**	**25.5%**	**24.9%**
Other	**6.4%**	**7.3%**	**3.4%**	**4.4%**
Total	**100.0%**	**100.0%**	**100.0%**	**100.0%**

An approximate split of the Fund's assets by asset class as at 31 December 2017 is set out below:

Asset class	Category A & B in-service members	Category A & B in-service members	Pensioners	Liability weighted average
SA equities	27.9%	48.7%	10.3%	16.2%
SA property	5.4%	7.6%	3.2%	3.9%
SA nominal bonds	26.8%	17.7%	4.9%	12.0%
SA inflation-linked bonds	5.8%	0.0%	47.8%	34.0%
SA cash	6.3%	0.0%	7.7%	7.2%
International equities	22.7%	19.7%	24.4%	23.8%
Other	5.1%	6.3%	1.7%	2.9%
Total	100.0%	100.0%	100.0%	100.0%

Note that there is a cash flow matching strategy in place in respect of a portion of the pensioner liability at the

	R'000 2018	R'000 2017	R'000 2016	R'000 2015
Present value of obligation	**1 637 961**	1 587 520	1 537 033	1 464 737
Fair value of plan assets	**1 779 524**	1 843 118	1 816 159	1 769 606
(Funded)/unfunded obligation	**(141 563)**	(255 598)	(279 126)	(304 869)

Demographic assumptions

The valuation basis in respect of the Fund's demographical assumptions remains unchanged from those used at the previous valuation date.

The following mortality tables have been used:	Mortality table
- Before	SA85-90(light)
- After	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 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.

Although IAS 19 recommends making allowance for improvements in post retirement mortality, we have not made such allowance at the valuation date. The post retirement mortality assumption is set to be consistent with the assumption used in the last statutory valuation of the Fund (as at 13 December 2014) in which the valuator confirms the appropriateness of the assumption used. Improvements in post retirement mortality will be allowed for in future should the Fund valuator consider this appropriate for the statutory valuations of the Fund.

One of the key drivers of the financial position of the Fund over the long term is pensioner longevity. If pensioners live longer (because of medical advancement, for example than we have budgeted for, all other things being equal, a shortfall will arise.

100% of in-service members will be married at retirement with husbands being 3 years older than their wives. (For pensioners, the actual marital status is taken into account.)

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:

	2018 R'000	2017 R'000
Actuarial gain \ (loss) due to changes in financial assumptions	**84 829**	4 802
Actuarial gain \ (loss) due to experience differing from assumptions	**(24 659)**	(29 659)
Total actuarial gain \ (loss) arising	**60 170**	(24 857)

The actuarial gain due to changes in financial assumptions is due to the weakening of the preretirement and post-retirement bases from the previous valuation date. The net pre-retirement discount rate has increased from 1.96% per annum to 2.62% per annum and the net post retirement discount rate for pensioners has increased from 4.24% per annum to 4.87% per annum.

The actuarial loss due to changes in experience differing from assumptions can be contributed to the salary increases being higher than allowed for in the previous valuation basis (8.15% compared to 7.3%). Included in this is an actuarial gain due to actual pension increases being lower than expected. There are other miscellaneous items arising from, amongst other things, membership movements during the inter-valuation period.

Fund liability position

Category	2018 R'000	2017 R'000
In-service member liability	**463 045**	522 460
Pensioner liability	**1 090 912**	1 065 060
Combined liability	**1 553 957**	1 587 520
Current service cost	**8 212**	9 901

The liability reflected above includes the liability in respect of disability claimants in each of the relevant categories, where applicable. The cost of the Category D members' in-fund retirement option is very sensitive to the difference between the net post-retirement discount rate on the ongoing funding valuation basis of 4.59% p.a. and on the IAS19 valuation basis of 3.587% p.a. At the previous valuation date the net post retirement discount rates were 4.59% p.a. and 4.46% p.a. respectively.

The results above reflect a net decrease of R50 441 000 in the liabilities. The net decrease is made up of the following items:
- Increase through the service cost;
- Increase through the interest cost;
- Decrease through actuarial gain; and
- Decrease through benefit payments made (negative item).

An actuarial gain or loss results from the actual experience differing from that assumed at the previous valuation, as well as any changes in assumptions from the previous valuation.

Contributions towards funding defined benefit liabilities for the next financial reporting period.

The University currently contributes at 14.14% of members' pensionable salaries in respect of Category A, B and C members. Note that only a portion of the employer's contribution in respect of Category C members are applied towards funding defined benefit liabilities.

Category A members contribute at 8.0% of their pensionable salaries while Category B and C members contribute at 7.5% of their pensionable salaries. Similarly to the above, only a portion of the members' contributions in respect of Category C members are applied towards funding defined benefit liabilities.

Neither the University nor Category D members contribute towards funding the in-Fund retirement option as this option is cost neutral on the Fund's statutory valuation basis.

The expense for the defined contribution section of the Fund (i.e. including Category D members and the defined contribution component of Category C members) is equal to the University's contributions in respect of those members. This expense has not been disclosed in this report and the University should account for this separately in its financial statements.

Based on the above, the total expected contributions towards funding defined benefit liabilities for the financial reporting period ending on 31 December 2019 are:

	2018 R '000
Employer	7 125
Member contributions:	3 770

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 2018.

	1% decrease 7.20% p.a. R'000	Base liability 8.20% p.a. R'000	1% increase 9.20% p.a. R'000
Defined benefit asset	1 779 524	1 779 524	1 779 524
In-service member liability	(554 572)	(547 050)	(552 131)
Pensioner liability	(1 090 912)	(1 090 912)	(1 090 912)
Funded /(Unfunded) status	144 040	141 563	136 481
% change in defined benefit liability	-2.0%	0%	0.3%
% change in funded status	1.7%	0%	-3.6%
One-year service cost	12 879	13 198	13 581
% change	-2.4%	0.0%	2.9%

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 2018.

	Lower increases 50% of CPI	**Base liability 75% of CPI**	**Higher liability 100% of CPI**
	R'000	**R'000**	**R'000**
Defined benefit asset	1 779 524	1 779 524	1 779 524
In-service member liability	(558 100)	(547 050)	(535 989)
Pensioner liability	(1 125 802)	(1 090 912)	(1 055 984)
Funded / (Unfunded) status	95 622	141 562	187 551
% change in defined benefit liability	2.8%	0.0%	-2.8%
% change in funded status	-32.5%	0.0%	32.5%
One-year service cost	13 476	13 198	12 919
% change	2.1%	0.0%	-2.1%

Impact of 1% change in the discount rate

The following table sets out the impact of a 1% change in the discount rate when compared to the calculated base liability at 31 December 2018.

	1% decrease 8.80% p.a.	**Base liability 9.80% p.a.**	**1% increase 10.80% p.a.**
	R'000	**R'000**	**R'000**
Defined benefit asset	1 779 524	1 779 524	1 779 524
In-service member liability	(608 272)	(547 050)	(500 338)
Pensioner liability	(1 172 640)	(1 090 912)	(1 019 074)
Funded /(Unfunded) status	(1 388)	141 562	260 112
% change in defined benefit liability	8.7%	0%	-7.2%
% change in funded status	-101.0%	0%	83.7%
One-year service cost	15 113	13 198	11 837
% change	14.5%	0.0%	10.3%

Impact of a one year change in the age rating of the post retirement mortality assumption

The following table sets out the impact of a one year change in the age rating of the post retirement mortality assumption when compared to the calculated base liability at 31 December 2017.

	Lower mortality PA(90) - 3 R'000	**Base liability PA(90) - 2**	**Higher mortality PA(90) - 1 R'000**
	R'000	**R'000**	**R'000**
Defined benefit asset	1 779 524	1 779 524	1 779 524
In-service member liability	(471 083)	(463 045)	(454 992)
Pensioner liability	(1 125 804)	(1 090 912)	(1 055 985)
Funded /(Unfunded) status	182 637	225 567	268 547
% change in defined benefit liability	2.8%	0%	-2.8%
% change in funded status	-19.0%	0%	19.1%
One-year service cost	8 417	8 212	8 006
% change	2.5%	0.0%	-2.5%

18.6.3 Post employment medical benefits

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 2017.

Key actuarial assumptions

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

		2018	2017
Discount rate		**10.04%**	9.86%
Health care cost inflation		**8.02%**	8.60%
Consumer price inflation (CPI)		**6.52%**	7.10%
Salary inflation		**7.90%**	7.60%
Real discount rate (With respect to salary inflation)		**1.98%**	2.10%
Members employed before 1 April 1998	- Normal retirement age	**65**	65
	- Expected average retirement age	**63.3**	63.9
Members employed on or after 1 April 1998	- Normal retirement age	**60**	60
	- Expected average retirement age	**59.2**	59.6
Spouse age gap		**3 years**	3 years
Continuation at retirement		**100.00%**	100.00%
Proportion married at retirement		**75.00%**	75.00%
Orphan contribution cease age		**21**	21
Subsidy-weighted duration of total liability		**11.6**	13 years
Mortality pre-expected retirement age with consideration of actuary table, ref SA1985 - 90 LIGHT			
Mortality post-expected retirement age, with consideration of actuary table, ref PA (90) - 2			

Real discount

The maximum monthly subsidised Rand amount for active members is assumed to increase each year with salary inflation, where salary inflation is expected to be CPI for UFS. Therefore, the real discount rate in respect of the maximum cap is based on CPI and not health care cost inflation. However, the underlying subsidised contribution (the subsidy below the maximum cap) is expected to increase in line with health care cost inflation.

Decrement rates

We were not provided with relevant data to enable the calculation of company specific decrement rates (mortality, retirement, resignation and employment rates). In addition, the membership size of the company is not large enough to provide credible results. However, the standard assumptions that we have used are based on the global experience of a range of South African companies, and we do not have reason to believe them to be inappropriate.

Proportion married

We have assumed that the above proportion of retirees will be married at retirement. We have used actual marital status for

Membership profile

We allowed 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.

Death-in-service

We have assumed the actual marital status for employees when valuing the death-in-service liability, where applicable.

Resignation and retirement

If an employee leaves the employment of UFS, there would be no post-employment obligation in respect of that member.

Spouse age gap
We have assumed husbands will be 3 years older than their wives.

Child dependants
Unless otherwise stated, we have assumed that the member will not have any children dependants at retirement and therefore no children would be subsidised when the principal member retires.

Orphans
We have assumed that subsidies in respect of orphans cease when they reach the orphan contribution cease age, as per disclosures above. This is usually specified by the company's policies and procedures.

Plan options
We have assumed that the membership will remain on their current plan option during retirement. For members close to retirement, this implicitly allows for the migration of members to more comprehensive benefits as they get older, where applicable.

Duration of liability
The duration of the total liability is based on the subsidy-weighted average discounted mean term.

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

	2018		2017	
	% Change in past-service contract- tual liability	**% Change in service cost plus interest cost contractual liability**	% Change in past-service contract- tual liability	% Change in service cost plus interest cost contractual liability
Consumer price inflation +1%	**13.50%**	**14.80%**	13.90%	15.30%
Consumer price inflation -1%	**-11.30%**	**-12.20%**	-11.50%	-12.50%
Mortality rate + 1 %	**-8.80%**	**-9.40%**	-8.90%	-9.70%
Mortality rate -1%	**9.80%**	**10.70%**	10.10%	11.00%
Resignation rate +1%	**-2.60%**	**-3.30%**	-2.80%	-3.60%
Resignation rate -1%	**2.90%**	**3.70%**	3.10%	4.00%
Discount rate +1%	**-11.00%**	**-4.70%**	-11.30%	-5.10%
Discount rate -1%	**13.40%**	**5.40%**	13.80%	5.90%

	2018 R'000	2017 R'000	2016 R'000	2015 R'000
The value of unfunded obligations at year end:	**521 987**	495 861	479 711	449 825

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 R18,876 million.

The amounts recognised in the statement of financial position were determined as follows:	**2018 R'000**	2017 R'000
Present value of unfunded obligations		
Unfunded obligations in terms of active members	**255 687**	249 894
Unfunded obligations in terms of continuation and widowed members	**266 300**	245 967
Liability in the Statement of financial position	**521 987**	495 861

The liabilities shown above are in respect of the employer's share of medical scheme contributions. Only the contractual liabilities are required to be recognised under the IAS 19 accounting standards.

No long-term assets are set aside in respect of the UFS's post-employment health care liabilities. Therefore, no assumption specifically relating to assets has been made.

Movement in the defined benefit obligation is as follows:

Opening net carrying amount	**495 861**	479 711
Current service cost	**13 644**	14 647
Interest cost	**48 056**	47 004
Benefits paid	**(16 969)**	(15 577)
Actuarial (gain)/loss	**(18 605)**	(29 924)
Closing net carrying amount	**521 987**	495 861

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

Current service cost	**13 644**	14 647
Benefits paid	**(16 969)**	(15 577)
Interest cost	**48 056**	47 004
Total included in staff cost	**44 731**	46 074

The amounts recognised as Other comprehensive income are as follows:

Recognition of previously unrecognised actuarial loss / (gain)	**(18 605)**	(29 924)
Total included in other comprehensive income	**(18 605)**	(29 924)

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

Actuarial gain \ (loss) due to the actual demographical profile of membership compare with that	**5 621**	13 099
Actuarial gain \ (loss) due to actual health care inflation cost compared with that expected	**6 302**	13 009
Actuarial gain \ (loss) due to changes in actuarial assumptions	**6 682**	3 816
Total actuarial gain \ (loss) arising	**18 605**	29 924

Basis
The discount rate and consumer price inflation assumptions have changed from 9.86% and 7.10% p.a. to 10.04% and 6.52% p.a., respectively, with a resulting change to the health care cost inflation and salary inflation assumptions. This decreases the liability resulting in a surplus of R6.7 million.

Medical
The expected increase in the underlying contributions for active members and CAWMs was 8.6% compared to the actual overall average post-employment contribution increase of 6.2% and 8.4% on average, respectively. The expected increase in the maximum cap was 7.6% compared to the actual increase 7.89%. This deviation from the expected, including the impact of dependant changes, creates a net surplus of R6.3 million.

Membership
The membership with post-employment health care subsidisation experienced a net decrease of 90 active members and an increase of 14 CAWMs since the previous valuation. The net effect of the above membership changes decreases the liability creating a surplus of R5.6 million.

Risk exposures
Through its defined benefit pension plans and post-employment medical plans, the group is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields:

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.

Inflation risks:

Some of the group's pension obligations are linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the deficit.

Life expectancy:

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

18.6.4 Post employment Group life insurance benefits

(also refer to note 21.2)

The University of the Free State operates a post employment group life insurance. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The latest actuarial valuation was carried out as at 31 December 2017.

The University's subsidy policy is as follows:

■ The University subsidises 50% of the total premiums paid by retirees towards postemployment group life insurance.

■ The PRGLI subsidy is in respect the premiums payable to an insurer for life cover equal to 1.6x the annual pensionable salary of employees on their date of retirement.

■ Employees are entitled to the subsidy provided that they remain in the employment of the University until retirement.

■ Retirees have the option of taking up the PRGLI on their date of retirement.

Key actuarial assumptions

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

	2018	2017
Discount rate	**9.80%**	9.40%
Long term price inflation	**6.00%**	6.30%
Salary inflation	**8.00%**	8.30%
Net discount rate pre-retirement	**1.67%**	1.02%
Mortality pre-expected retirement age with consideration of actuary table, ref SA1985 - 90 LIGHT		
Mortality post-expected retirement age, with consideration of actuary table, ref PA (90) - 2		

Discount rate

We have determined the duration of the PRGLI subsidy arrangement to be in the order of 10 years as at 31 December 2018. The discount rate was set by determining the level of the South African zero coupon bond yield curve as at 31 December 2018 at a term of 10 years. The discount rate is 9.80% per annum at this term. Using a similar methodology the discount rate was set at 9.40% per annum as at 31 December 2017.

Long-term price inflation

We have assumed a long-term future inflation rate of 6.00% per annum determined using the following relationship:

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. 9.80% per annum. In order to determine the yield on inflation linked bonds (on the same basis as for nominal bonds) we have used the level of the South African zero coupon real yield bond curve as at 31 December 2018. The corresponding yield from this curve (at a term of 10 years) is 3.30% per annum at the valuation date. Excluding an allowance for an inflation risk premium, implies an expected future inflation rate of 6.50% per annum (9.80% less 3.30% per annum). Our 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. We have assumed an inflation risk premium of 0.50% for the purposes of this valuation. Based on the above, an expected inflation rate of 6.00% per annum has been assumed as at 31 December 2018 (i.e. 9.80% less 3.30% less 0.50%). As at 31 December 2017 an inflation rate of 6.30% was assumed using a similar methodology as described above.

Salary inflation

Salary inflation: It has been assumed that inflationary salary increases will take place at a rate of 2.00% per annum in excess of price inflation, i.e. 8.00% per annum (8.30% was used as at 31 December 2017). We have set the salary inflation rate at a higher level than that used in the IAS19 valuation of the Pension Fund of the University of the Free State as we have not made any allowance for promotional salary increases in the valuation of the PRGLI subsidy. We have assumed that the insurance cover available to employees at their normal retirement age is based on twelve times their monthly pensionable salary.

Increases in subsidy

The subsidy is linked to the employee's salary at retirement and does not increase after retirement. The cost of the subsidy could increase or decrease in future, depending on the rate per R1 000 cover that can be secured from the insurer – we have assumed that this rate will remain constant over time and, therefore, that the cost of the subsidy remains constant after retirement.

Net discount rate

The net discount rate applied to in-service employees is 1.67% per annum. We highlight that the difference between the various financial assumptions are generally more important than the absolute assumptions. The net discount rate applied to in-service employees increased from 1.02% per annum to 1.67% per annum between 1 January 2018 and 31 December 2018.

Demographical assumptions

■ Employees are assumed to retire at their normal retirement age, either 60 or 65;
■ On reaching normal retirement age 70% of members will take up PRGLI cover. This proportion was determined by investigating the typical take up rates over the inter-valuation period. 60% was assumed at 31 December 2017 using similar methodology.
■ Once an employee has elected to take up the cover at retirement, it has been assumed that this cover will be retained (and the subsidy will continue to apply) until death.

Disclosures as at 31 December 2018	DB obligation R' 000	Cost / (credit) recognised in P&L R' 000	(Gain) /loss recognised in OCI R' 000
Recognition of obligation	**16 812**	**16 812**	
Current service cost	**790**	**790**	
Interest cost	**1 596**	**1 596**	
Benefits paid	**(1 244)**	**(1 244)**	
Actuarial (gain)/loss	**837**	**-**	**837**
Balance as at 31 Dec 2018	**18 791**	**17 954**	**837**

No long-term assets are set aside in respect of the UFS's post-employment group life insurance. Therefore, no assumption specifically relating to assets has been made.

The interest cost is calculated as the interest (at a discount rate of 9.40% per annum) on the liability as at 31 December 2017, allowing for service cost and benefit payments.

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:	**2018** **R' 000**
Actuarial gain \ (loss) due to the actual demographical profile of membership compare with that	**-**
Actuarial (gain) / loss due to changes in financial assumptions	**(1 073)**
Actuarial (gain) / loss due to change in take up rate	**1 584**
Actuarial (gain) / loss due to actual experience being different than expected	**326**
Total actuarial gain \ (loss) arising	**837**

The actuarial gain due to changes in financial assumptions is due to the strengthening of the pre-retirement and post-retirement bases from 1 January 2018. The net pre-retirement discount rate has increased from 1.02% per annum to 1.67% per annum and the net post retirement discount rate for retirees has increased from 9.40% per annum to 9.80% per annum.

The proportion of members expected to take up PRGLI cover was underestimated in the previous valuation, resulting in an actuarial loss.

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

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 2018.

	1% decrease 7.00% p.a. R'000	Base liability 8.00% p.a. R'000	1% increase 9.00% p.a. R'000
In-service employee liability	9 499	10 209	11 010
Retiree liability	8 582	8 582	8 582
Total defined benefit liability	18 081	18 791	19 592
% change in defined benefit liability	3.8%	0%	4.3%
One-year service cost	833	913	1 004
% change	-8.8%	0.0%	10.0%

Impact of 1% change in the discount rate

The following table sets out the impact of a 1% change in the discount rate when compared to the calculated base liability at 31 December 2018.

	1% decrease 8.80% p.a. R'000	Base liability 9.80% p.a. R'000	1% increase 10.80% p.a. R'000
In-service employee liability	11 881	10 209	8 851
Retiree liability	9 088	8 582	8 127
Total defined benefit liability	20 969	18 791	16 978
% change in defined benefit liability	11.6%	0%	-9.6%
One-year service cost	1 085	913	776
% change	18.8%	0.0%	-15.0%

Impact of a one year change in the age rating of the post retirement mortality assumption

The following table sets out the impact of a one year change in the age rating of the post retirement mortality assumption when compared to the calculated base liability at 31 December 2018.

	Lighter mortality PA(90) - 3 R'000	Base liability PA(90) - 2 R'000	Heavier mortality PA(90) - 1 R'000
In-service employee liability	10 368	10 209	10 044
Retiree liability	8 781	8 582	8 378
Total defined benefit liability	19 149	18 791	18 422
% change in defined benefit liability	1.9%	0%	-2.0%
One-year service cost	926	913	899
% change	1.4%	0.0%	-1.5%

Impact of a changing the assumed take-up rate at retirement

The following table sets out the impact of changing the assumed take-up rate at retirement when compared to the calculated base liability at 31 December 2018.

	Higher take-up rate 90% R'000	Base liability 70% R'000	Lower take-up rate 50% R'000
In-service employee liability	13 126	10 209	7 292
Retiree liability	8 581	8 582	8 581
Total defined benefit liability	21 707	18 791	15 873
% change in defined benefit liability	15.5%	0%	-15.5%

No entity-specific risks relating to the post employment group life insurance liability were identified.

18.7 Deferred income

Accounting policy:

Refer to note 6 for disclosure of the accounting policy relating to grants for the group.

	Group		University	
Non-current assets	**2018 R ' 000**	2017 R ' 000	**2018 R ' 000**	2017 R ' 000
Opening net carrying amount	**192 051**	86 905	**192 051**	86 905
Grants received during the year	**301 350**	232 009	**301 350**	232 009
Grants realised	**(255 023)**	(126 863)	**(255 023)**	(126 863)
Closing net carrying amount	**238 378**	192 051	**238 378**	192 051

Included in deferred income above are all earmarked grants received from DHET. This includes the teaching and development grant (2017), research capacity grant (2017), infrastructure grant, clinical training grant, foundation grant and the university capacity development grant. The infrastructure earmarked for the construction of assets, is deducted in arriving at the carrying value of any assets constructed from the grant.

18.8 Deferred tax

Accounting policy:

Refer to note 16 for disclosure of the accounting policy relating to income tax for the group.

Area of significant management judgement and estimation:

Refer to note 16 for disclosure of the significant management judgements and estimations used in the recognition of deferred tax assets and liabilities. The deferred tax assets include an amount of R 4,767 m which relates to carried forward tax losses of Farmovs (Pty) Ltd following the acquisition of the subsidiary by the University. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary is expected to generate taxable income from 2020 onwards. The losses can be carried forward indefinitely and have no expiry date.

	Group		University	
	2018	2017	**2018**	2017
Deferred tax liability	**R ' 000**	R ' 000	**R ' 000**	R ' 000
Property, plant and equipment	**(485)**	-	-	-
Total deferred tax liability	**(485)**	-	-	-
Deferred tax asset				
Leave provision	**428**	-	-	-
Provision for impairment on debtors	**129**	-	-	-
Finance lease	**13**	-	-	-
Bonus provision	**86**	-	-	-
Assessed loss	**4 189**	-	-	-
Work in progress	**265**	-	-	-
Total deferred tax asset, net of valuation allowances	**5 110**	-	-	-
Net deferred tax	**4 626**	-	**-**	-
Reconciliation of deferred tax asset / (liability)				
Net deferred tax asset obtained through business combination (note 25.3)	**6 313**			
Movement in Capital allowance	**876**	-	-	-
Temporary difference on finance lease	**5**			
Temporary difference on bonus provision	**(64)**	-	-	-
Temporary difference on Leave provision	**83**	-	-	-
Temporary difference on provision for bad debt	**116**	-	-	-
Temporary difference on WIP	**2 175**	-	-	-
Temporary difference on operating leases	**(37)**	-	-	-
Temporary difference on bursaries	**(74)**	-	-	-
Temporary difference on restructuring charge	**0**	-	-	-
Temporary difference on assessed loss	**(4 767)**	-	-	-
	4 626	-	**-**	-

19 Recognised fair value measurements

Accounting policy:

The group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data 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.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities

Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:
- the use of quoted market prices or dealer quotes for similar instruments
- for other financial instruments – discounted cash flow analysis.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities, a contingent consideration receivable and certain derivative contracts, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

19.1 Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial and non-financial assets and liabilities that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its financial and non-financial assets and liabilities into the three levels prescribed under the accounting standards and detail in the accounting policy note above.

The classification of financial assets and liabilities into levels for the University does not differ from that of the group.
There were no transfers between levels 1, 2 and 3.

The following table represents the groups assets and liabilities that are measured at fair value.

Recurring fair value measurements as at 31 December 2018	Notes	**R'000 Level 1**	**R'000 Level 2**	**R'000 Level 3**	**R'000 Total**
Financial and non-financial assets					
Financial assets at fair value through profit or loss (FVPL)	17.5	**5 275 722**	**-**	**-**	**5 275 722**
Biological assets	18.5	**-**	**-**	**8 081**	
Total financial and non-financial assets		**5 275 722**	**-**	**8 081**	**5 275 722**
Financial and non-financial liabilities					
Interest bearing borrowings	17.7	**-**	**(191 998)**	**-**	**(191 998)**
Total financial and non-financial liabilities		**-**	**(191 998)**	**-**	**(191 998)**

Recurring fair value measurements as at 31 December 2017	Notes	R'000 Level 1	R'000 Level 2	R'000 Level 3	R'000 Total
Financial and non-financial assets					
Available-for-sale financial assets	17.4	4 886 802		-	4 886 802
Biological assets	18.5	-	-	6 466	6 466
Total financial and non-financial assets		4 886 802	-	6 466	4 893 268
Financial and non-financial liabilities					
Interest bearing borrowings	17.7	-	187 493	-	187 493
Total financial and non-financial liabilities		**-**	187 493	-	187 493

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 and are within level 2 of the fair value hierarchy."

The fair values of non-current interest-bearing borrowings are as follows:	
Total fair value of non-current interest-bearing borrowings:	201 666

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2018 and 31 December 2017:

	Group		University	
	2018 R'000	2017 R'000	**2018 R'000**	2017 R'000
Opening net carrying amount	**6 466**	6 218	**2 285**	2 285
Selling	**(449)**	(346)	**-**	-
Additions	**1 849**	76	**713**	-
Revaluation	**216**	517	**10**	-
Closing net carrying amount	**8 081**	6 466	**3 009**	2 285

20. Cash flow information

20.1 Cash generated from operations

	Notes	Group 2018 R'000	Group 2017 R'000	University 2018 R'000	University 2017 R'000
Reconciliation of net surplus to cash generated from operations:					
Surplus for the year		**295 507**	492 651	**321 460**	495 455
(Income)/loss from associate		**(84 777)**	(8 255)	**(84 777)**	(8 255)
Surplus for the year without associate		**210 729**	484 396	**236 683**	487 201
Adjustments for:					
Depreciation	18.1	**126 963**	98 425	**118 387**	98 369
Income tax expense	16	**(10 280)**	-	**-**	-
Revaluation of investments to market value		**193 891**	-	**193 188**	-
Dividends	14	**(66 357)**	(54 304)	**(66 125)**	(54 096)
Interest received	14	**(179 475)**	(144 496)	**(176 750)**	(143 942)
Administration cost financial assets	15	**15 264**	16 562	**15 215**	16 500
Interest expense		**24 252**	20 019	**20 558**	20 019
(Profit)/loss on sale of assets	11	**4 458**	554	**2 378**	554
Purchase of property, plant and equipment and cost of patents relating to grants	18.7	**126 932**	25 047	**126 932**	25 047
Changes in working capital (excluding the effects of acquisition and disposal):					
- Inventories		**(955)**	(964)	**(955)**	(964)
- Deferred tax		**6 843**		**-**	
- Biological assets		**(1 616)**	(248)	**(723)**	-
- Trade and other receivables		**25 159**	(21 429)	**20 954**	(21 691)
- Student and other loans		**25 031**	(1 560)	**25 031**	(1 560)
- Trade and other payables		**36 815**	1 826	**47 919**	(1 364)
- Deferred income		**(80 605)**	80 099	**(80 605)**	80 099
- Retirement benefit surplus		**(8 051)**	(12 039)	**(8 051)**	(12 039)
- Post-employment medical obligation		**44 731**	46 074	**44 731**	46 074
- Accrued leave obligation		**5 082**	(6 208)	**4 785**	(6 208)
- Post-employment group life obligation		**17 954**	-	**17 954**	-
Cash generated from operations		**516 764**	531 753	**541 504**	531 998

20.2. Net liabilities from financing activities reconciliation

This note sets out an analysis of net liabilities from financing activities and the movements therein for the periods presented.

	Group 2018 R'000	Group 2017 R'000	University 2018 R'000	University 2017 R'000
Net liabilities as at 1 January	**187 493**	182 407	**187 493**	182 407
Repayments on borrowings	**-**	-	**-**	-
Interest accrued	**24 252**	20 019	**20 558**	20 019
Cash flow payments	**(19 747)**	(14 933)	**(16 053)**	(14 933)
Net liabilities as at 31 December	**191 998**	187 493	**191 998**	187 493

Further detail regarding borrowings is disclosed under note 17.7.

20.3 Further disclosures on Financing activities

Also refer to note 25.6 for the purchase consideration – cash outflow on acquisition of Farmovs (Pty) Ltd.

Risks

This section of the notes discusses the group's exposure to various risks and shows how these could affect the group's financial position and performance.

21. Critical estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

21.1 "Significant estimates and judgements

The areas involving significant estimates or judgements are:
- Estimation of current tax payable and current tax expense – note 16.
- Estimated fair value of certain financial assets – notes 19.
- Estimation of fair values investment property – notes 18.2.
- Estimated useful life of intangible asset – note 18.3
- Estimation of employee benefit obligation and assets – note 18.6.
- Estimation of fair values of contingent liabilities and contingent purchase consideration in a business combination – note 25.
- Recognition of deferred tax asset for carried forward tax losses – note 18.8.
- Estimation of usefull lives of assets - note 18.1
- Estimation of usefull lives of biological assets - note 18.5

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances."

21.2 Recognition of prior unrecognised liability

The University did not previously recognise the financial liabilities relating to post employment group life insurance in the financial statements as a reliable actuarial valuation was not performed prior to 2017 and industry data was lacking. The University recognised this liability in 2018, when a valuation was available. We however elected to rectify this in the financial year and not in prior years, as the effect of the liability is not material.

	2017 R '000
Would the university have elected to recognise a prior year error and adjust the prior year figures accordingly, the effect would have been as follow:	
The effect of these changes in the Statement of financial position were as	
Post employment group life insurance obligation increased by:	16 812
Unrestricted funds decreased by:	(16 812)
The effect of these changes on the Statement of changes in funds were as follows:	
Unrestricted funds decreased by	(16 812)

Also refer to note 18.6.4. Employee benefits for a full disclosure of the critical judgements and actuarial assumptions used in determining the liability.

21.3 Change in accounting policy

IFRS 9
IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 January 2018 resulted in changes in accounting policies. However the monetary impact of the credit loss adjustment was immaterial to the Group and the University. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated. Also refer to note 17.4 and 17.5 for detail regarding the accounting policies and impact on classification of financial instruments.

IFRS 9 also have an effect on the impairment of financial assets. Refer to note 19 for full disclosures relating to the accounting policies and effect on the financial statements.

IFRS 15
The group has adopted IFRS 15 Revenue from Contracts with Customers from 1 January 2017 which resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. In accordance with the transition provisions in IFRS 15, the group has adopted the new rules retrospectively. In summary, the following adjustments were made to the amounts recognised in the balance sheet at the date of initial recognition. None of these adjustments were material to the group.

	Group					
Asset class	**2018**			2017		
	Amount previously recognised R '000	Remeasure-ment R '000	Adjusted amount R '000	Amount previously recognised R '000	Remeasurement R '000	Adjusted amount R '000
Student and trade receivables	**220 668**	**(7 963)**	**212 706**	234 460	(8 398)	226 061

22. Financial risk management

This note explains the group's exposure to financial risks and how these risks could affect the group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	Note	Exposure arising from	Measurement	Management
Market risks:				
- Foreign exchange	22.1.1	Future commercial transactions	Cash flow forecasting and sensitivity analysis	Portfolio diversion and foreign investments to off-set exposure.
- Interest rate risk	22.1.2	Long-term borrowings at variable rates	Sensitivity analysis	Business models to fund ventures from external borrowings carefully considered and variable versus fixed rates considered.
- Security prices	22.1.3	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	22.2	Cash and cash equivalents, trade receivables	Aging analysis and credit rating	Diversification of bank deposits, credit limits. Investment guidelines for debt investments
Liquidity risk	22.3	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities.

Risk management is performed by the relevant decision-making structures in the group in accordance with the policies approved by the Council or board of directors as applicable. Senior management identify, evaluate and coordinate the management of strategic risks faced by the group. 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 Group's investment channels have strong investment characteristics and no portfolios that have speculative characteristics, are being utilised.

22.1 Market risk

22.1.1 Foreign currency risk

Exposure
The group's exposure to foreign currency risk is mainly 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 group 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.

	Group		**University**	
	2018	2017	**2018**	2017
	%	%	**%**	%
Foreign investment exposure to foreign currencies (Also refer to 17.5)				
Rand	**68%**	66%	**68%**	66%
US Dollar	**32%**	34%	**32%**	34%

Sensitivity
As shown in the table above, the group is primarily exposed to changes in US/ZAR exchange rates.
The table below shows the foreign currency risk exposure on foreign currency investments, taking into account a possible 10% variance in foreign currency rates.

	Group	University
Possible variances in foreign currency rates:	±10%	±10%
Foreign Investments	**169 553**	**168 755**
Trade receivables dominated in foreing currency (ZAR amount)	**8 689**	**-**

22.1.2 Cash flow and fair-value interest rate risk

Exposure
Interest rate risk is the possibility that the group 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 group'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 17.7 for further disclosures regarding interest-bearing borrowings and related interest rates.

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

	Note	Rate	**2018**		2017	
			R'000	**% of borrowings**	R'000	% of borrowings
Fixed rate borrowings	17.7		**(191 998)**	**100%**	(187 493)	100%
FirstRand Bank		10.13%				
Development Bank of South Africa		12.04%				
Variable rate borrowings	17.3	Prime	**1 700**		6 667	

* Interest is levied on the utilised overdraft balance only if the balance exceed the positive account balance of the current account at ABSA. This did not occur during 2018, therefore no interest was levied.

No sensitivity analysis was performed as the likelihood that the group would be exposed to interest rate risk is highly unlikely.

22.1.3 Price risk

Exposure

The group is exposed to equity securities price risk because of investments held by the group classified on the statement of financial position as financial assets through profit and loss (Previously available-for-sale financial instruments). The group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group 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 majority of the group's investments are publicly traded and included on the FTSE or JSE CAPI index. Also refer to note 17.5 for further information regarding investments.

		Group			
		2018		2017	
	Note	R'000	% of investment	R'000	% of investment portfolio
Listed national shares	17.5	1 512 401	29%	1 630 749	34%

Sensitivity

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

The exposure of the University is not significantly different from that of the group, therefore no separate disclosure of the sensitivity.

	R '000
Possible variance in price risk:	±10%
Shares (listed)	151 240

22.2 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through profit or loss (FVPL), deposits with banks and financial institutions, as well as credit exposures to students and customers, including outstanding receivables.

22.2.1 Risk management

The group is exposed to credit risk in for the following classes of transactions and balances:

		Related notes
23.2.2.1	Outstanding student fees and trade receivables	17.1
23.2.2.2	Student loans	17.2
	Cash and cash equivalents	17.3
23.2.2.3	Financial instruments at FV through profit and loss.	17.5

The group 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 specific policy is disclosed under note 17.1.

Commercial customers are rated with consideration of the customers financial position, past experience and other factors. There is no significant concentrations of credit risk, whether through concentrations of individual customers or industry sectors.

The group is of the opinion that as at 31 December 2018, there existed no material credit risks that were not provided for.

22.2.2 Impairment of financial assets

The group has the following types of financial assets that are subject to the expected credit loss model:
- Student and trade receivables (note 22.2.2.1)
- Debt investments carried at amortised cost (note 22.2.2.2)

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The restatement on transition to IFRS 9 as a result of applying the expected credit risk model was immaterial for all financial classes listed above, with the exception of Student and trade receivables, which is detailed in note 22.2.2.1.

22.2.2.1 Student and trade receivables

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all student, trade receivables and contract assets. To measure the expected credit losses, student and trade receivables have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales / services rendered over a period of 36 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information affecting the ability of the customers to settle the receivables. Historical loss rates are then accordingly adjusted. Also refer to the separate heading below for more factors considered in adjusted the provision for student receivables.

On that basis, the loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for both student and trade receivables.

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 or not being able to secure their registration during the provisional registration process. 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.

The listing of students who did not register again and who did not complete their degrees, relate to the academic year being the year reported on. None relate to prior academic years.

The application of IFRS 9 did not result in significant differences in the determination of impairment losses versus when IAS 39 was applied. Therefore no adjustment was made to the opening balance of the allowance for student losses.

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:

Student receivables only exist in the University, therefore disclosures for the group and the University will be the same.

	2018	2017
	R '000	R '000
Students still studying	**87 592**	20 295
Students not registered, who obtained a qualification	**13 926**	11 741
Students not registered and who did not obtain a qualification	**73 733**	98 329
	175 252	130 364

The listing of students who did not register again and who did not complete their degrees, relate to the academic year being the year reported on. None relate to prior academic years.

The closing loss allowances for trade receivables as at 31 December 2018 reconcile to the opening loss allowances as follows:

	Group		University	
Student receivables	**2018**	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Opening loss allowance	**64 696**	35 230	**64 696**	35 230
New allowance for credit losses	**61 753**	88 208	**61 753**	88 208
Receivables written off during the year	**(61 922)**	(58 752)	**(61 922)**	(58 752)
Closing net carrying amount	**64 526**	64 686	**64 526**	64 686

Trade receivables - 2018

	Group					
	R '000	R '000	R '000	R '000	R '000	R '000
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
31 December 2018						
Expected loss rate - University	**0%**	**0%**	**0%**	**0%**	**11%**	
Expected loss rate - Subsidiaries	**4%**	**8%**	**9%**	**0%**	**0%**	
Gross carrying amount	**57 738**	**6 611**	**2 026**	**1 031**	**34 575**	**101 980**
Loss Allowance	**145**	**372**	**97**	**-**	**18 736**	**19 350**

Trade receivables - 2017

	Group					
	R '000	R '000	R '000	R '000	R '000	R '000
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	Total
1 January 2018						
Expected loss rate	0%	0%	0%	0%	14%	14%
Gross carrying amount	123 460	7 604	7 004	1 631	20 685	160 382
Loss Allowance	-	-	-	-	22 561	22 561

	Group		University	
Trade Receivables	**2018**	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	**22 561**	6 003	**22 561**	6 003
(Reversal) / New allowance for credit losses	**(2 355)**	14 626	**(2 355)**	14 626
Receivables written off during the year	**(856)**	1 933	**(856)**	1 933
Closing net carrying amount	**19 964**	22 561	**19 350**	22 561

Student and trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on student and trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment. The group considered that there was evidence of impairment if any of the following indicators were present:

22.2.2.2 **Student loans**

Credit quality of student loans
All of the entity's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

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 R1,604m (2017 - R26,384m) 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 R0,07m (2017 - R0,417m) 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:

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Current	**-**	297	**-**	297
30 Days	**-**	9	**-**	9
60 Days	**-**	7	**-**	7
90 Days	**-**	7	**-**	7
120 Days and longer	**27 340**	96	**27 340**	96
	27 340	417	**27 340**	417

As at 31 December 2018, student loans of R27,271m (2017: R0,096m) 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 R27,340m (2017 - R0,096m) was raised.

The application of IFRS 9 did not result in significant differences in the determination of impairment losses versus when IAS 39 was applied. Therefore no adjustment was made to the opening balance of the allowance for credit losses on student loans.

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

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
Opening net carrying amount	**96**	44	**96**	44
Reversal / (allowance) for new credit losses	**27 388**	52	**27 388**	52
Loans written off during the year	**(214)**	-	**(214)**	-
Closing net carrying amount	**27 271**	96	**27 271**	96

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

22.2.2.3 Credit quality of financial instruments at FV through profit and loss

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 2018 or 2017. If there would have been allowances for credit losses, the amounts would be included in Other operating expenses in the consolidated statement of comprehensive income.

	Group		University	
	2018	2017	**2018**	2017
	R ' 000	R ' 000	**R ' 000**	R ' 000
National bonds and unlisted debt	**887 317**	762 387	**887 317**	762 387
Listed national shares	**1 512 401**	1 630 749	**1 503 987**	1 622 161
Foreign shares and bonds	**1 695 526**	1 657 089	**1 687 550**	1 648 994
Futures	**692**	401	**692**	401
Current investments in financial institutions	**1 179 786**	815 898	**1 177 086**	813 387
	5 275 722	4 866 525	**5 256 633**	4 847 330

% Exposure of investments per category

	Group		University	
	2018	2017	**2018**	2017
	%	%	**%**	%
National bonds and unlisted debt	**17%**	16%	**17%**	16%
Listed national shares	**29%**	34%	**29%**	33%
Foreign shares and bonds	**32%**	34%	**32%**	34%
Futures	**0%**	0%	**0%**	0%
Current investments in financial institutions	**22%**	17%	**22%**	17%
	100%	100%	**100%**	100%

Listed National bonds and unlisted debt maturity

0 - 1 year	**5.12%**	5.35%	**5.12%**	5.35%
1 - 3 years	**6.46%**	7.43%	**6.46%**	7.43%
3 - 7 years	**22.25%**	22.89%	**22.25%**	22.89%
7 - 12 years	**14.54%**	16.49%	**14.54%**	16.49%
12+ years	**51.63%**	47.84%	**51.63%**	47.84%
	100.00%	100.00%	**100.00%**	100.00%

22.3 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 group aims to maintain flexibility in funding by keeping committed credit lines available.

The group has minimised risk of liquidity as shown by its sufficient cash, cash equivalents and investment portfolio. Management monitors rolling forecasts of the group's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 17.3) on the basis of expected cash flows. This is generally carried out at local level in the operating companies of the group in accordance with practice and limits set by the group. These limits vary by location to take into account the liquidity of the market in which the entity operates.

The cash budget 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.

Maturity of financial liabilities

The table below analyses the group'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. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

			Group		
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
At 31 December 2018	**Less than 1 year**	**Between 2 and 3 years**	**Between 4 and 5 years**	**Over 5 years**	**Carrying amount liabilities**
Borrowings	**17 257**	**38 494**	**44 484**	**360 751**	**191 998**
Trade and other payables	**370 127**	**-**	**-**	**-**	**370 127**
	387 384	**38 494**	**44 484**	**360 751**	**562 125**

			Group		
At 31 December 2017	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Carrying amount liabilities
Borrowings	16 053	35 808	41 381	383 817	187 493
Trade and other payables	270 024	-	-	-	270 024
	286 077	35 808	41 381	383 817	457 518

			University		
	R'000	**R'000**	**R'000**	R'000	R'000
At 31 December 2018	**Less than 1 year**	**Between 2 and 3 years**	**Between 4 and 5 years**	**Over 5 years**	**Carrying amount liabilities**
Borrowings	**17 257**	**38 494**	**44 484**	**360 751**	**191 998**
Trade and other payables	**355 793**	**-**	**-**	**-**	**355 793**
	373 050	**38 494**	**44 484**	**360 751**	**547 791**

			University		
At 31 December 2017	Less than 1 year	Between 2 and 3 years	Between 4 and 5 years	Over 5 years	Carrying amount liabilities
Borrowings	16 053	35 808	41 381	383 817	187 493
Trade and other payables	260 283	-	-	-	260 283
	276 336	35 808	41 381	383 817	447 777

23. Capital risk management

The group's objectives when managing capital are to
- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

Due to the varying nature of the University and it main subsidiary, their capital management strategies are disclosed separately below.

University

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.

	Group		University	
	2018	2017	**2018**	2017
	R'000	R'000	**R'000**	R'000
Current portion of financial assets	**1 180 478**	816 299	**1 177 778**	813 788
Cash and cash equivalents	**152 129**	105 880	**135 956**	101 300
Total	**1 332 606**	922 179	**1 313 734**	915 088
Current liabilities	**(575 559)**	(475 521)	**(560 081)**	(465 780)
Total current liabilities	**(575 559)**	(475 521)	**(560 081)**	(465 780)
Net position	**1 908 165**	1 397 700	**1 873 816**	1 380 868

Farmovs

The company's objective when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to maintain a flexible capital structure that reduces the cost of capital to an acceptable level of risk and to safeguard the company's ability to continue as a going concern while taking advantage of strategic opportunities in order to maximise stakeholders returns.

Group structure

This section provides information which will help users understand how the group structure affects the financial position and performance of the group as a whole. In particular, there is information about:
- changes to the structure that occurred during the year as a result of business combinations
- transactions with non-controlling interests

A list of significant subsidiaries is provided in note . This note also discloses details about the group's equity accounted investments.

24. Interest in other entities

Principles of consolidation and equity accounting

(i) Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(ii) Associates
Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

(iii) Equity method
Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 19.

(iv) Changes in ownership interests
The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners.

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

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

24.1. Group structure

The group's principal subsidiaries at 31 December 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business. South Africa is the principal place of business for all entities listed below.

Name of entity	Relationship to the University	Ownership and interest held by the University		Financial results	Principal activities
		2018	2017		
Kovsie Alumni Trust	The University is the sole beneficiary	100%	100%	Note 24.2.1	Marketing to Alumni to facilitate bursaries to students
Lila Theron Trust	The University is the sole beneficiary	100%	100%	Note 24.2.1	Farming activities
Shimla Stigting	The University is the sole beneficiary	100%	100%	Note 24.2.1	Promotion of Shimla Rugby
Kovsie Holdings (Pty) Ltd	Full Subsidiary	100%	100%	Note 24.2.1	Dormant
Achilla Bioscience (Pty) Ltd	Full Subsidiary	100%	100%	Note 24.2.1	Dormant
Farmovs (Pty) Ltd	Full Subsidiary	100%	30%	Note 24.2.2	Clinical research company
Sun Media (Pty) Ltd	Associate	33.3%	33.3%	Note 24.3	Publishing company

All of the above entities are wholly owned, except for SunMedia Ltd, which is accounted for as investment in associate under note 24.3. The University also acquired controlling interest in Farmovs (Pty) Ltd on 1 February 2018. Refer to note 25 for more details on the business combination.

Refer to note 24.4 for details of related party transactions with the parties listed above.

24.2 Subsidiaries

Only the financial result of Farmovs (Pty) Ltd is material to the group and is detailed in note 24.2.2 below. The financial results of all other consolidated entities are not material, individually or combined. The combined financial results are disclosed in note 24.2.1 below.

24.2.1 Statement of financial position of all subsidiary undertakings excluding Farmovs (Pty) Ltd.

	2018 R '000	2017 R '000
Assets		
Property, plant and equipment	**1 366**	923
Biological Assets	**5 073**	4 180
Investments	**19 089**	19 195
Receivables and prepayments	**-**	158
Bank and cash	**3 682**	4 580
Total assets	**29 209**	29 037
Funds and liabilities:		
Accumulated profit / funds available	**19 286**	19 297
Accounts	**9 923**	9 741
Total funds and liabilities	**29 209**	29 037

24.2.2 Statement of financial position of Farmovs (Pty) Ltd.

	2018 R '000	2017 R '000
Assets		
Property, plant and equipment	**13 590**	-
Deferred tax	**5 110**	-
Receivables and prepayments	**9 640**	-
Current tax receivable	**10 381**	
Cash and cash equivalents	**12 427**	-
Total assets	**51 147**	-
Funds and liabilities:		
Intercompany loans	**1 914**	
Accumulated profit / funds available	**39 719**	-
Deferred tax	**485**	
Finance leases	**537**	-
Trade and other payables	**8 492**	-
Total funds and liabilities	**51 147**	-

24.3 Investment in associates and subsidiaries

24.3.1 Investment in associates

		Group 2018 R '000	Group 2017 R '000	University 2018 R '000	University 2017 R '000
Unlisted					
- Farmovs (Pty) Ltd	**24.3.1.1**	**-**	61 324	**-**	61 324
- Sun Media Bloemfontein (Pty) Ltd	**24.3.1.2**	**396**	380	**396**	380
Total investment in associates		**396**	61 704	**396**	61 704

24.3.1.1 Farmovs (Pty) Ltd

		Group 2018 R '000	Group 2017 R '000	University 2018 R '000	University 2017 R '000
Opening net carrying amount		**61 324**	53 189	**61 324**	53 189
Profit/(loss) of associate		**3 470**	8 134	**3 470**	8 134
Capital dividends received		**(33 377)**	**-**	**(33 377)**	**-**
Impairment of fair value measurement		**(2 421)**	-	**(2 421)**	-
Reclassification to subsidiary due to business combination	25	**(28 996)**	-	**(28 996)**	-
Closing net carrying amount		**-**	61 324	**-**	61 324
Revenue of the associate (30%)		**-**	58 701	**-**	58 701
Assets and liabilities of the associate: (30%)					
Assets		**-**	57 585	**-**	57 585
Liabilities		**-**	(8 633)	**-**	(8 633)
Equity		**-**	48 951	**-**	48 951

Farmovs (Pty) Ltd is a clinical research organisation involved in pharmaceutical contract research and operates principally in South Africa. The University had a 30% share in Farmovs (Pty) Ltd during 2017. 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. On 1 February 2018 the University obtained the remaining 70% of the shares of the company. Refer to note 25 for more disclosures relating to the business combination.

The investment has been accounted for using the equity method during 2017.

24.3.1.2 Sun Media Bloemfontein (Pty) Ltd

	Group		University	
	2018	2017	**2018**	2017
	R '000	R '000	**R '000**	R '000
Opening net carrying amount	**380**	260	**380**	260
Profit/(loss) in associate	**16**	120	**16**	120
Closing net carrying amount	**396**	380	**396**	380
Revenue of the associate (33%)	**1 123**	900	**1 123**	900
Assets and liabilities of the associate: (33%)				
Assets	**437**	481	**437**	481
Liabilities	**(74)**	(130)	**(74)**	(130)
Equity	**362**	351	**362**	351

The University holds a 33.3% share in Sun Media Bloemfontein (Pty) Ltd. The company is a publishing organisation which operates principally in South Africa. The shares (320 shares representing 33.3%) were acquired on 1 January 2009.

The investment has been accounted for using the equity method.

24.3.2 Investment in subsidiary

		Group		University	
		2018	2017	**2018**	2017
Unlisted		**R '000**	R '000	**R '000**	R '000
- Farmovs (Pty) Ltd	24.3.2.1	**398**	-	**96 707**	-
Total investment in associates		**398**	-	**96 707**	-

24.3.2. Farmovs (Pty) Ltd

Opening net carrying amount		**-**	-	**-**	-
Reclassification of associate to subsidiary due to business combination	25	**398**	-	**96 707**	-
Closing net carrying amount		**398**	-	**96 707**	-

Farmovs (Pty) Ltd is a clinical research organisation involved in pharmaceutical contract research and operates principally in South Africa. The University had a 30% share in Farmovs (Pty) Ltd during 2017. 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. On 1 February 2018 the University obtain 100% of the shares of the company. Refer to note 25 for more disclosures relating to the business combination.

24.4 Related party transactions and balances

The following transactions were carried out by the University with related parties as disclosed under note 24.1.

	Farmovs (Pty) Ltd		Sun Media (Pty) Ltd	
	2018	2017	**2018**	2017
	R '000	R '000	**R '000**	R '000
Purchases of goods and services	**321**	-	**1 685**	2 231
Rent received	**7 665**	8 575	**5 004**	-
Intercompany loans receivable	**1 914**	-	**-**	-

	Lila Theron Farm		Kovsie Alumnie Trust	
	2018	2017	**2018**	2017
	R '000	R '000	**R '000**	R '000
Distribution from entity to the UFS	**6 961**	6 802	**1 605**	2 017
Trade receivables from entity	**9 954**	9 185	**-**	-
Admin fees income	**94**	82	**220**	220

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.

A loan was entered into between the University and Farmovs (Pty) Ltd on 1 October 2018. The loan bears interest at prime and is payable on demand. No security was provided for the loan.

Executive management are also deemed related parties of the University. Refer to note 21 for a list of all executive members and their remuneration during the financial year.

25 Business Combinations

Accounting policy:

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:
- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.
- fair value of intangible asset resulting from e.g. customer contracts.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

The excess of the
- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill.
If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.
Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

25.1 Background

Farmovs (Pty) Ltd is a clinical research organisation involved in pharmaceutical contract research and operates principally in South Africa. The University had a 30% share in Farmovs (Pty) Ltd. On 1 February 2018 the University acquired the additional 70% shareholding from fellow shareholders who wanted to move its operations out of South Africa. The operations of Farmovs allign with the business of the University and compliments components of the research strategy. There the decision to acquire the remaining 70%.

There were no acquisitions in the year ending 31 December 2017.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

25.2 Purchase consideration

	2018 R '000
Fair value of consideration	*
Total purchase consideration	*

* less than R1000

25.3 The fair value of assets and liabilities recognised as a result of the acquisition are as follows:

	R '000
Property, plant and equipment	46 919
Deferred tax asset	9 583
Deferred tax liability	(3 271)
Finance lease non-current	(525)
Cash and cash equivalent	45 745
Current tax receivable	1 851
Trade and other receivables	11 803
Trade and other payables	(15 398)
Net identifyable assets acquired	**96 707**

The customer base on date of acquisition were considered to determine if any intangible asset resulted from the business combination. No such assets were identified.

25.4 Gain on bargain purchase in the stand alone financial statements

On 1 February 2018, a deemed loss on disposal of associate of R19,780 million was recognised in profit and loss. This was calculated as the difference between the carrying value of the 30% investment as disclosed in note 24.3 and the FV of 30% of the consideration valued at R29 012 million.

	Note	R '000
Gain on bargain purchase		
Fair value of consideration paid	25.2	*
add: FV of 30% interest before acquisition		**29 012**
less: Net Assets (Fair value)	25.3	**96 707**
less: Adjustment to interest before acquisition		**13 596**
Gain on bargain purchase		**(81 291)**

The gain on bargain purchase was mainly attributable to the physical assets and the cash of the company obtained, when fellow shareholders wanted to move its operations from the country.

25.5 Revenue and profit / (loss) contribution

The acquired business contributed revenues of R79,372m and a net loss of R15,127m to the group for the period from 1 February to 31 December 2018.

25.6 Purchase consideration – cash outflow	R '000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration paid	*
Less: Balances acquired	
Cash	**45 745**
Bank overdraft	
Net inflow of cash – investing activities	**(45 745)**

* less than R1000

Unrecognised items

This section of the notes provides information about items that are not recognised in the financial statements as they do not (yet) satisfy the recognition criteria.

26. Commitments

Capital commitments

	Group 2018 R '000	University 2018 R '000
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:		
Property, plant and equipment	**96 159**	138 125

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.

27. Summary of significant accounting policies not disclosed in individual notes above

27.1 Foreign currency translation

27.1.1 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.

27.1.2 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.

27.2 Principals of consolidation

27.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 24).
Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

27.2.2 Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.
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.

27.2.3 Joint arrangements

Under IFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The university does not have any joint operations and joint ventures.

27.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group’s interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 19.

27.2.5 Changes in ownership interests

When the group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate. When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

27.3 Funds and reserves

27.3.1 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.

27.3.2 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.

27.3.3 Council designated funds

These funds fall under the absolute discretion and control of Council, but are designated for a specific purpose in order to support the achievement of strategic goals within the group.

27.3.4 Non-distributable funds

Non-distributable funds are further categorised into property, plant and equipment fund and available-for-sale reserve. The available-for-sale reserve have been reclassified in 2018 due to the change in IFRS 9 to a Fair value through profit and loss reserve, which forms part of council designated funds.

University of the Free State
P.O. Box 339
Bloemfontein 9300
South Africa

205 Nelson Mandela Drive
Park West
Bloemfontein

T: +27(0)51 401 9111
F: +27(0)51 401 0000
E: info@ufs.ac.za

www.ufs.ac.za