



UNIVERSITY *of the*
WESTERN CAPE



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Annual Report
2011

A place of quality,
a place to grow, from hope
to action through knowledge



VISION 2025

In keeping with South Africa's need to make the best use of its talent pool and to be globally competitive, UWC will be, and will be widely recognised as, a vibrant intellectual space where people engage with matters of real significance at the highest levels of competence. It will have:

- a successful first degree programme attracting students from a range of backgrounds and nationalities,
- respected postgraduate and research programmes in strategically selected spheres,
- a substantial place in the knowledge economy in partnership with other research institutions, industry and the state,

- a well-developed set of productive relationships with other academic and research bodies, government at various levels and the professions, and
- a mature and growing network of active partnerships with other universities, globally and in Africa.

Through its activities and practices, UWC will strive to be an effective partner in the larger national project of building a sustainable and equitable non-racial, non-sexist, democratic, multilingual society where people use their freedom to good effect and honour their responsibility for hard work, social justice and nurturing the environment. Based on this vision, UWC will also play a significant role in the new era of Africa's development.



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EXECUTIVES

- 1 **Professor Brian O'Connell**
Rector and Vice-Chancellor
- 2 **Professor Ramashwar Bharuthram**
Deputy Vice-Chancellor: Academic
- 3 **Professor Lullu Tshiwula**
Deputy Vice-Chancellor: Student Development and Support
- 4 **Dr Ingrid Miller**
Registrar
- 5 **Ms Amanda Glaeser**
Executive Director: Human Resources
- 6 **Mr Abduraghman Regal**
Executive Director: Finance and Services

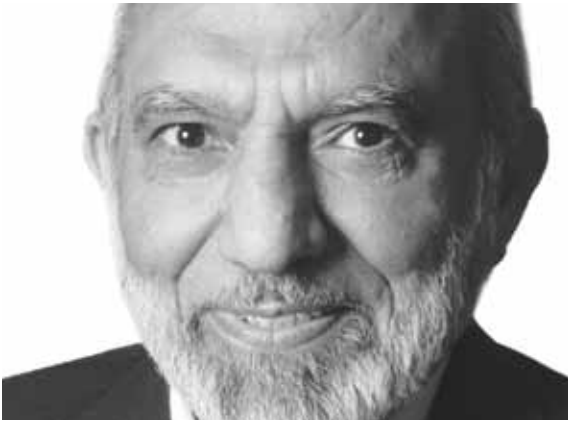
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DEANS OF FACULTIES

- 1 **Professor Duncan Brown**
Faculty of Arts
- 2 **Professor Ratie Mpofu**
Faculty of Community and Health Sciences
- 3 **Professor Yusuf Osman**
Faculty of Dentistry
- 4 **Professor Christopher Tapscott**
Faculty of Economic and Management Sciences
- 5 **Professor Zubeida Desai**
Faculty of Education
- 6 **Professor Julia Sloth-Nielsen**
Faculty of Law
- 7 **Professor Jan van Bever Donker**
Faculty of Natural Sciences



Report of the **CHAIRPERSON** of **COUNCIL**

It is with pleasure that I report on the Council's work. The reports that follow speak to the institution's considerable achievements in terms of teaching and learning and research, the administrative and other support systems and the institution's finances. The Council recognises and acknowledges the institution and its leaders' dedication in pursuing the stated objectives, as set out in the Institutional Operating Plan 2010 – 2014 (IOP).

In my 2010 report I mentioned the retirement of the University of the Western Cape's (UWC) longstanding Chancellor, Archbishop Emeritus Desmond Tutu. The Council appreciates that Archbishop Tutu agreed to stay on until the university could appoint a new chancellor towards the end of 2011. The Council recognises, with immense gratitude, Archbishop Tutu's commitment to UWC over the last quarter century, half of the institution's lifespan. His example, courage and leadership inspired generations of students and employees. At its last meeting of 2011 the Council appointed Archbishop Thabo Makgoba as the new UWC Chancellor and he was inaugurated at the beginning of 2012. Archbishop Makgoba's commitment to education, justice and fairness bodes well with the institution's history and its commitment to the future. We look forward to this new phase in UWC's history with him as the titular head of the institution.

Early in 2011 the University of Missouri honoured the Rector, Prof Brian O'Connell, by awarding him an honorary degree. Dr Blade Nzimande, the Minister of Higher Education and Training also appointed Prof O'Connell as a member of the Committee for the Review of the Funding of Universities. This is highly deserved public recognition for the Vice-Chancellor in his professional capacity and it also attests to the role that UWC plays within a broader context.

Strategic focus

At the end of 2009, the Council approved the IOP, setting out the strategic direction of the university for the next five years, framed within a vision for 2025. The IOP provides an aligned framework to guide planning across all academic and support divisions within the university. The IOP ensures that priority concerns receive concentrated and synergised effort from the different levels of organisational leadership. In addition to high-level strategic goals, the institution has also agreed to ten change initiatives that are key to achieving the strategic shifts articulated in the IOP goals. It is clear from reports by different structures that the IOP has filtered through to every level of the institution and that it provides a dynamic framework that directs institutional efforts on every level.

As can be expected in any large organisation, the year under review posed various challenges as well as wonderful highlights and achievements. Such matters are reported on in detail by the Rector in his written and verbal reports to Council. These reports are presented in a format that focuses on the institution's eight strategic IOP goals and the achievements and challenges in relation to the set goals.

Council membership

More than 60% of the members of the UWC Council are external and include a wide range of constituencies, in accordance with the legal requirements pertaining to councils of South African public universities. These individuals bring a breadth of skills and experiences to governance structures which enrich the Council's work. There were a number of changes in the Council membership in 2011. Mr Mbulelo Bikwani was appointed chairperson of the CPUT council and subsequently resigned. During the year Ms Laura Schultz, Profs Olajide Oloyede and Charlene Africa, and Messrs Ayabulela Mahlali and Munyaradzi Nkomo's term of office came to an end. New members included Profs Jose Frantz and Thozamile Mabusela, Messrs Chrispin Phiri and Nqabakazi Jaxa. Messrs Oscar Solomon and Michael Abel, whose term of office expired during the year, were reappointed. Mr Sedick Jappie was also reappointed when his term came to an end. Mr Jappie was also reappointed as the chairperson of the Tender Committee.

The Council approved a recommendation that members elected to represent the Convocation should be elected at the Convocation's annual general meeting and that the council terms of convocation representatives should be aligned to avoid elections of such representatives at other times during the year when the logistical arrangements of such elections have huge cost implications.

Senior appointments

One of the Council's key responsibilities is to ensure that the university has the appropriate senior leadership in place. During 2011, the Council appointed Ms Patricia Lawrence as Pro-Vice-Chancellor responsible for the Office for Development and Public Affairs. Council advertised and interviewed possible candidates for Vice-Rector: Operations, but did not fill the position and will reconsider the job profile in 2012. Following the required processes, Council extended the contracts of Vice-Rector: Academic, Professor Ramesh Bharuthram and Executive Director: Human Resources, Ms Amanda Glaeser.

Prof Stanley Ridge's term as Pro-Vice-Chancellor came to an end during 2011. The Council thanks him for his committed service and his considerable contributions to UWC over many years.

Council also appointed Prof Hester Klopper as the new dean of the Community and Health Sciences Faculty and Prof Mike Davies-Coleman as the new dean of Natural Sciences.

In addition, the Council appointed the following deputy deans: Prof ME Parker (Dentistry: Academic), Prof Sudeshni Naidoo (Dentistry: Research and Postgraduate Studies), Prof Hendrik Carstens (Dentistry: Clinical), Prof Michelle Esau (Economic and Management Sciences: Academic Planning), Prof Beverley Thaver (Education: Research and Postgraduate Studies), Prof Bernard Martin (Law: Student Affairs) and Francois du Toit (Law: Academic Planning).

Finances

Universities are not profit-seeking institutions, but it is essential that they must be administered in a manner that ensures their future financial viability while sufficiently funding its core activities. The Council recognises the huge strides that have been made in terms of the university's finances during the last decade. The balance sheet shows a financially sound institution and this must be recognised as a significant achievement by a university that constantly strives to balance the needs of modernisation and growth with the financial realities of students. The Council thanks the university management and the Finance Committee for this achievement.

The Council is pleased to report that UWC yielded a surplus of 7% (2010: 9%) in unrestricted income, compared to the 1% norm set by the Department of Higher Education and Training.

Governance, policy and key issues

The Council is the highest decision-making body with an overarching responsibility in terms of the university's governance and conducts its business with the assistance of a number of committees. Reflecting on the Council's work and the university's 2011 achievements, I want to acknowledge every member of the Council for the commitment with which they execute their responsibilities. Council committees with a mandate of strategic or financial significance are chaired by individuals with appropriate skills and experience and the various committees report all significant matters to the Council.

The university recognises a number of key individuals annually for their respective contributions through the conferral of honorary degrees. In 2011, the Council approved that the university honours the following individuals in this manner: Mr Samuel Isaacs (DEd.); Prof Mervyn Shear (DPhil.); Prof Aubrey Sheiham (DPhil.); Prof Marleen Temmerman (DPhil.); and Prof Rhoda Elizabeth Reddock (DPhil.).

Each year the Council considers recommendations for academic staff to be promoted to senior professor. To qualify for a promotion an individual must meet a range of criteria that include, among others, their academic standing as recognised by the National Research Foundation (NRF) and peers as well as through their ability to attract research funding. Council approved the appointment of the following academics as senior professors: Profs Felix Banda (Linguistics), Christopher Stroud (Linguistics), Robert Lindsay (Physics), Wium van Zyl (Afrikaans en Nederlands), Wendy Woodward (English), Tamara Shefer (Women and Gender Studies), Kelvin Mwaba (Psychology) and Sudeshni Naidoo (Dentistry).

The Council also approved that the title of Emeritus Professors be bestowed on Profs Darcy du Toit (Law), Dirk Knoesen (Physics) and Ivan Green (Chemistry) in recognition of, amongst others, their academic standing and enduring commitment to UWC.

The Council approved various policies and amendments to policies during the year under discussion and these included the: Fixed Assets Policy; Bandwidth Management Policy; ICS Change Management Policy; Risk Management Policy; Overtime Policy, UWC Residence Rules, UWC residence Admission Policy, Work Study Policy, Financial-Aid Policy, Collections Policy, Plagiarism Policy. Council also approved the Dentistry Faculty Leave Policy which was aligned with the Provincial Government of the Western Cape (PGWC) since the faculty is involved in the management and administration of hospital facilities on behalf of the PGWC. Amendments to the Formal Systems Development Lifecycle Policy were approved. The Council also approved amendments to the standing orders of the Risk Management Committee and the Council Audit Committee to ensure better oversight in terms of institutional risk management. Amendments to the Enterprise Architecture and Information Systems Committee were also approved.



The Council appreciates the increasing number of Convocation activities and the university and Convocation's involvement specifically in the delicate issues concerning the people of the Hangberg community in Houtbay and the eventual establishment of the Hangberg Peace and Mediation Forum. The university and the Convocation will continue to work with community structures to find ways to support the development of the Hangberg community.

Social responsibility

UWC has a track record that attests to its commitment to providing access to higher education. The university actively promotes and enables access for student from the working and lower-middle classes and from previously disadvantaged schools and communities.

In addition to financial support through the National Financial Aid Scheme, the range of bursaries offered through donor and institutional resources, there are various programmes in place such as the Work Study initiative, to provide additional financial support to students in need.

The Council is satisfied that the university's commitment to community engagement remains an important aspect of giving effect to the institutional mission and fulfilling its responsibility as a public university. Community projects span all faculties, and there are also institution-wide projects, such as the Dynamics of Building a Better Society (DBBS) project. Through its faculties of Dentistry and Community and Health Sciences, the University also delivers services to communities at numerous sites, resulting in hundreds of thousands of patients being treated annually.

The Council recognises and expresses its appreciation for the university's continued commitment to fighting HIV/Aids and is satisfied that the university exercises its responsibility with regard to HIV/Aids in all its core areas of activity.

Institutional performance

In reflecting on the university's performance, the Council is satisfied that the required progress is being made to achieve the institutional objectives as outlined in the IOP for the period 2010 – 2014. All the reports that follow reflect aspects of institutional performance in 2011, and the following are highlighted as high-level indicators of performance in relation to the university's strategic goals:

- The elevation, alignment and expansion of co-curricular activities contribute significantly to providing a more holistic student experience at both faculty and institutional levels.
- Through its growing research stature and attention to innovative teaching and learning practices, UWC is increasingly able to reshape its academic profile by attracting and retaining excellent students from a diverse range of backgrounds.
- Building on the significant improvement already made to the administrative systems of the university, increased focus was directed to building a culture of accountability for the quality of work delivered and in this way contributing to professionalising the support to the academic project.
- Supported by a number of strategic interventions and dedicated resources UWC has substantially enhanced the status of teaching and learning across the institution, resulting in improved teaching and learning practices, student engagement and success, and deepened research into the scholarship of teaching and learning.
- Considerable progress has been made towards strengthening UWC as a significant research and innovation university and it is building a distinct identity around key niche areas, some of which already have international standing, attracting exciting new researchers and students to the university.
- The university's commitment to recognising that its overall success depends on its ability to attract, retain and development the right quality and mix of people at all levels of the institution has gained significant momentum through a carefully designed talent stewardship process that is starting to bring together and develop the human resource capacity which UWC needs to reach its strategic goals.
- Through a range of efficiency and entrepreneurial measures the university not only continues operating as a going concern but is also beginning, through its newly established Business Innovation Centre and Technology Transfer Office, to open up opportunities for diversifying its income base for financial sustainability.
- The preparation of a coherent Master Development Plan of the campus has aligned the nexus between academic, enrolment and infrastructure planning and translated, in concrete terms, the transformative potential of the university and its subregion into implementable capital project priorities to help direct resources to areas of high strategic concern for UWC.
- The marked achievements towards fulfilling our distinctive academic role coupled with benchmarked new infrastructure and a viable financial position continues elevating UWC's distinctive standing and profile, locally and internationally.

- Through visionary and highly capable leadership, underpinned by the security of good governance and accountability frameworks, the university continues instilling confidence in its strategic direction and manage the complex change processes that are necessary for it to realise its vision.

Self-evaluation

The Council, through its various committees, reflects critically on attaining a balance between equity, excellence, capacity and delegation within the system of governance, in order not to compromise sound governance principles while ensuring the smooth operation of the institution. As part of ongoing self-assessment and considering the work of the Council as it related to 2011, the Council:

- On the information available, is satisfied that the management and leadership of the university are stable. Council recognised that the pool of available senior managers in higher education is limited and that the scarcity of the strategic leadership pool could pose certain risks that will require continued attention including external equity considerations in terms of remuneration;
- continues monitoring the performance of the senior leadership in line with the strategic direction of the university;
- continues monitoring the alignment of budget, planning and performance;
- provides strategic focus and sanctions strategic plans and initiatives;
- is satisfied that there was improvement in financial performance and the management of the institutional budget (The monitoring of financial management remains a key item on the Council's agenda.);
- is confident that the financial strategies implemented in accordance with the IOP are realistic and addressed key concerns (The monitoring of this is part of Council's continued fiduciary responsibility.);
- continues deliberating transformation issues, which remain high on the Council's agenda and include factors such as student and employee composition, the strategic institutional focus and the institutional culture;
- is continuously informed of the institutional environment through written reports from the Vice-Chancellor;
- is apprised of risks in key areas through reports from the Vice-Chancellor and the audit and risk, tender, and finance committees;
- approves policies, ensuring compliance with legislation, streamlining processes, and aligning policy and procedure in certain areas;
- is satisfied that the academic project is healthy, as is evident from the recognition extended to employees in terms of NRF ratings, the continuously improving publication output, and the number of research grants awarded to UWC employees (The Council receives quarterly reports in this regard from the Senate and regular updates by the Rector and Vice-Rector: Academic.);
- received reports from Senate and the Rector and is satisfied that ongoing attention is given to issues affecting student success.

Conclusion

As the highest decision-making body of the university, the Council remains mindful of its responsibility to ensure good governance and provide leadership that supports the senior management in their efforts to give effect to the institution's strategic goals.

At its last meeting of 2011, I was re-elected as Chairperson of the Council until 30 November 2014 and I look forward to the new term, leading a Council comprising of competent and committed individuals. As a Council we remain steadfast in our commitment to UWC and its success as a crucial role-player in building a more equitable and cohesive nation and a stronger Africa.



Brian Williams
Chairperson of Council



Report of the **RECTOR** and **VICE-CHANCELLOR** on **MANAGEMENT** and **ADMINISTRATION**

For the University of the Western Cape (UWC), 2011 was of considerable importance. Following the adoption of the five-year Institutional Operational Plan 2010 – 2014 (IOP), the focus has been on harnessing a range of supporting plans – e.g. teaching and learning; research and innovation; student development; enrolment management; people; financial; infrastructure and faculty – to the overall objectives of the university. After our 50th anniversary celebrations in 2010, 2011 was marked by a new sense of urgency and agency. We defined a number of areas more clearly to make and implement decisions efficiently to bring about systematic change. These include:

- what it means to be an “engaged university”;
- our scope of activities;
- redefining assigned roles and responsibilities; and
- a renewed emphasis on a conducive climate that supports effective implementation.

In our management practices, we often speak of UWC as a metaphor for South Africa. We draw on its proud intellectual role during the struggle to help bring about a more equitable and democratic society. Therefore, the IOP places a high premium on the development of UWC’s leadership and management cadre and their ability to grapple with the tensions that emerge from underdevelopment and the demands of global competitiveness, fuelled by technological advances.

Under the Vice-Chancellor’s Leadership initiative, we had ongoing interaction with all UWC leaders to refine plans and guide the implementation of strategies to help improve the institution’s functioning by realigning it in pursuit of the declared goals. To this end, managers were consistently encouraged to make sense of the inherent complexities and contradictions of our society and to embrace the notion of “an engaged university” as an unfolding sense of ourselves. Across the board the university management demonstrated a keen willingness to engage with new and established ideas of how to take the university to new heights whilst mediating the tensions inherent in dealing with past inequities and being globally competitive. Avoidance of the pervasive deficit discourse associated with being a disadvantaged institution and holding the notions of transformation and global competitiveness in balanced tension has made the notion of “engagement” a recurrent theme firmly embedded in each strategic change initiative of the university to foster internal cohesion.

In 2011, staff participated in a second institution-wide culture survey to gauge the degree to which staff feel valued and the extent to which their personal culture aligns with UWC’s organisational culture. This exercise yielded honest, constructive responses and provided valuable insights into staff experiences and their sense of job worth on an institution-wide, faculty and unit level. The majority reported positive attitudes and high degrees of job satisfaction. The results were relayed to staff with a view to facilitate two-way communication and seek commitment follow-through.

The eight goals provide the framework for UWC to:

- Strategically attract, retain and enable the development of students in line with our vision and mission, paying particular attention to growth in specific areas.
- Provide opportunities for an excellent teaching and learning experience that is contextually responsive to the challenges of globalisation and a society in transition, and which enhances students’ capacity as change agents.
- Reshape the postgraduate student profile and enhance UWC as a significant research and innovation university, with increased numbers of postgraduate students and strengthened links with industry partners.
- Attract, retain, diversify and develop excellent talent to enable UWC to realise its vision and achieve its strategic goals.

- Develop a strong and diversified financial base allowing the university to make bold moves when opportunities present themselves and to provide a buffer against bad times.
- Shape the internal and external standing and profile of UWC as a vibrant institution through the use of diverse communication and marketing strategies to support our goals.
- Develop campus infrastructure and influence the development of the areas surrounding the university.
- Give effective leadership at all levels to maintain and develop a vibrant and viable institution of high repute.

Since the IOP's inception, university leadership has actively participated in several initiatives to align the direction of faculties and administrative units with the overall strategic direction. The senior leadership also identified 10 strategic change initiatives to accelerate the institution's ability to deliver on key objectives successfully within the IOP time-frame. The key institution-wide change initiatives will focus on the following:

- Holistic student experience
- Reshaped profile (size, shape and mix)
- Professional academic and administrative support services
- Graduate success and attainment of desired graduate attributes
- Establishment and development of research niches
- Innovation
- Knowledge, skills and values profile
- Strong and diversified financial base aligned with strategic goals
- Strategically influence and develop the campus and surrounding areas for academic excellence
- Sense-making through leadership development and aligned practice

Administrative structure achievements

Student administrative services contribute significantly to the educational experiences of students. Over the past years the university has paid much attention to the integration and automation of systems and processes to provide on-demand responses to student and staff enquiries. The success thereof is most evident in the prompt responses to enquiries, the speed and accuracy of online applications and the elimination of long queues during registration. Under the Registrar, Dr Ingrid Miller's leadership, the university launched a strategic change initiative to professionalise the academic and administrative support services and continually improve the university's administrative systems. Through ongoing workshops, dialogue and assessments to deepen everyone's shared understanding of the desired institutional culture, the foundation was laid to achieve consistent improvement in structures and streamlining work processes across functional boundaries.

The administrative services were further professionalised by additional software developments to UWC's Student Enrolment Management System (SEMS), designed to yield efficient and economical student services such as admissions, registration, examinations and graduation. The system is also designed to automate computerised student data reports about students' success records, overdue payments, progression requirements, etc. The improved oversight of key administrative processes resulted in an improved quality of student services. These reports have highlighted the value of debriefing to learn from each other's experiences, mistakes and successes and thus improving their understanding around the university's administrative rules, procedures and processes. These interventions have contributed to improved quality which is evident in, for example, the significant decrease in system overrides in 2011. System overrides refer to corrections made after data is uploaded. These "corrections" are tracked and reported on to ensure continuous improvement. Other key achievements that contributed to the progress made in 2011 included:

- A dedicated focus throughout the year to refine and improve enrolment management processes and to develop collective skills in support of the desired culture.

- A number of enhancements and improvements to SEMS, including the student tracking system which is due for completion in 2012, the initiation of the Student Administration System Integration (SASI) project and a student document management system to improve the efficiency and integrity of our document management processes which was identified as an area of risk in 2010.
- The development of a new administrative manual for undergraduate and postgraduate administration.

Our **human capital** remains one of UWC's most important assets. The university recognises that, in order to provide our students with excellent teaching and learning opportunities and to perform at the highest levels in terms of knowledge creation and innovation, we have to focus on the right quality and mix of people at all levels of the institution, who share a common set of values and vision for the institution.

These strategic focus areas require both the enhancement of the human resources department and the implementation of specific change initiatives that will bring together talent across the institution, appropriate to UWC's needs and aspirations. These concerns have been central to the leadership responsibilities of the Executive Director: Human Resources, Ms Amanda Glaeser.

The 2011 year was a particularly important year for the establishment of the Talent Stewardship process (TS) – a strategic project designed to support the objectives of the IOP stated above. TS's overarching intention is to bring together and develop the 'people capacity' UWC needs to reach its strategic goals. The 2011 progress included implementing a process to understand UWC's collective capability needs and translating these into a profile of the skills we require. The identification of critical HR processes was equally important. These include recruitment and selection, which may require refinement and realignment and the implementation of procedures to facilitate this refinement and realignment.

Attention was also given to the alignment of UWC's leadership culture with its strategic intentions. The executive director and her office have been instrumental in developing a deepened understanding of UWC's values and to design and implement leadership development processes aimed at building the desired culture. This includes the development of a new leadership development module for application in 2012. The following achievements are also important:

- The continuation of a strong and mutually respectful relationship with organised labour on campus, despite some internal problems experienced within the union.
- The continued alignment of the reward system with strategic objectives and the creation of internal and external equity. In 2011 remuneration benchmarks indicate that external equity gaps have mostly been addressed (median comparisons) and internal equity is improving.
- Important progress towards the achievement of employment equity goals, with specific emphasis on setting targets for the employment of staff with disabilities.
- The university has maintained its employment cost at below the 60% national benchmark which is a major achievement for an institution with a relatively low income base.

The financial review section of this report provides detailed information about the university's financial position and the ongoing **financial viability** of UWC. The IOP also require the university to diversify its financial base and this is a key objective in terms of moving beyond the constraints of the past. These priorities continued being prudently managed and developed by Mr Manie Regal, the Executive Director: Finance.

The university has made progress to continue operating as a going concern, strategically increasing its student numbers and growing its reserves, and implementing various measures aimed at building the university's entrepreneurial capacity. Entrepreneurial achievements included developing the Business Innovation Centre set up in 2010 further. Positive results from this venture are already becoming evident.

The annual cycle of internal audits did not raise any serious concerns about our financial systems and controls, which continue improving. Despite the global economic crisis UWC was still successful in attracting third stream research income, as well as keeping our tuition and accommodation fees affordable. A broad range of factors influence our finances, which include:

- student academic performance against national benchmarks;
- our ability to increase enrolment in targeted areas;
- the attraction and retention of appropriate staff;

- third stream income;
- state subsidies;
- fee income; and
- employment costs.

Despite the complex environment in which we operate, we are confident that our financial planning processes are sound and that they support key institutional objectives and goals.

Student development and support

A key element of our academic and administrative services is to place students at the centre of the academic project so that they can grow and develop to become productive and responsible world citizens. Although there has been a traditional focus on students' experience within the classroom, we have implemented a range of intervention strategies to give students a holistic experience.

Under the leadership of the Deputy Vice-Chancellor: Student Development and Support, Professor Lullu Tshiwula, our 2011 approach was informed by a strength-based perspective where students are recognised and valued as change agents. A range of co-curricular activities and interventions were coordinated across the faculties and administrative support services to develop students' potential in and out of the classroom. These activities built greater synergy across the institution and aligned the development interventions with UWC's Charter of Graduate Attributes to instil desired attributes among our students.

The improved collaboration, particularly with the Directorate for Teaching and Learning, elevated student development and support as an area of learning and research. The growing body of knowledge and expertise across the university – in relation to holistic student development – has been encouraging. This culminated in staff hosting and participating in conferences on student development with more publications focusing on important aspects of the student experience at university level. Some of the specific achievements in 2011 included:

- The Centre for Student Support Services' (CSSS) 'help online system' pilot project accessed 729 first-year students to explore if online assistance may present less of a barrier than face to face counselling for students seeking help.
- A continued focus on enhancing the first-year experience through the Living and Learning Programme and its infusion into the foundation year. It is now being successfully implemented in the faculties of Economic and Management Sciences, Arts, Science and Dentistry. An online evaluation of the programme confirmed its value for students.
- Enhancing the mentoring programme to support first-year students. In 2011, a significant number of first-year students applied to be mentored at orientation and 205 mentors were recruited and trained to take on this role. Of these mentored students, 73% and 78% passed the 2011 June and November examinations respectively.
- The information and technology systems of both the residence management and the student financial aid units were integrated into the newly developed student enrolment management system. This has very important implications for the alignment of services bringing together a broad spectrum of information that can be used to help students and improve the efficiency of services.
- Students who have completed their studies but were unable to graduate because of outstanding debt were traced and assisted in applying for funding from the National Student Financial Aid Scheme's Historic Debt category. These students' received their degrees at the March 2012 graduation.
- Towards the end of 2011 a number of additional beds became available for the 2012 intake. This on-campus development forms part of a private-public partnership and requires careful reconceptualisation of the role of residences in academic life, particularly in enhancing the co-curricular experience. It also requires innovative thinking about ways to make residence fees affordable.

Student fee increases and financial aid

UWC remains committed to providing access to students who were formally excluded from higher education and who struggle to afford a university education. Part of the strategy for giving effect to this is the National Student Financial Aid Scheme (NSFAS), which plays an important role in assisting indigent students to study. Because the university's fees are decidedly lower than most other South African universities, we are able to assist large numbers of students through this national initiative. There is a complex relationship between the commitment to access and tuition fees that requires ongoing stringent financial management. UWC is located in close proximity to four other universities and it competes with them for various resources, including staff and students. The fact that UWC's tuition income base is significantly lower than that of neighbouring institutions impacts the rate at which certain improvements to infrastructure, for example, can be made.

The year-on-year increase in tuition and residence fees for 2011 was 10%. UWC's approach to student tuition and accommodation fees is strongly influenced by its mission of social equity and affordability, but fees have demonstrably been too low, in most cases now amounting to less than half of that charged by sister institutions in the region. For this reason, fee increases over the past few years have had to exceed inflation and the University Council acknowledged that this will have to continue for some time in order to avoid the risk of underfunding. UWC will not attempt to match the fees of its neighbouring institutions. However, it must take into account that the quality of its programmes, the required expansion of its infrastructure, as well as its financial viability will be compromised if fees and subsidy fall below the actual cost of delivering these programmes to the appropriate standards.

In 2011 the UWC Financial Aid Office administered a total allocation of R231.1 million compared to R213.9 million in 2010. Of this total, NSFAS allocated R126.2 million (2010: R112.3 million), which included bursaries. The University's own allocation to bursaries was R9.5 million, compared to R9 million in 2010. UWC has longstanding relationships with numerous donors and their continued support assists the university to increase the number of students who receive financial support annually. Despite increased difficulties in attracting financial support in the current economic climate, UWC will continue building on existing relationships and seek new sources of funding to support our students in their academic endeavours.

Sport

Sport can be an important catalyst for student development and to create a cohesive campus community. Its initial success indicates the considerable potential to have an impact on South Africa's sport development. UWC Sport continues drawing players and athletes from marginalised communities and our key objective is for our student athletes to attain the highest levels of sporting achievement. This requires an athlete development pathway, from the talent identification and sport academy stage, to high performance levels that deliver elite athletes.





Our sportsmen and women perform well at the annual University Sport South Africa national competitions and in 2011 UWC:

- achieved first place in:
 - chess;
 - dance sport; and
 - female beach volleyball;
- second place in:
 - athletics; and
 - netball;
- third place in male beach volleyball; and
- fourth place in aquatics.

At the 2011 Commonwealth Games UWC's Farzaanah Soeker received the bronze medal in karate.

At the Universiade which was held in Shenzhen, China, Stacey Gardner (400x100m relay), and swimmers Robyn Ferguson and Victor Lemphane formed part of team South Africa. At another international competition, the African Zone VI Tournament in Namibia, our male volleyball team ended in the fourth place.

In the Athletics Summer series UWC's Brent Stevens was named Athlete of the Series and Bernice Roman was named Best Upcoming Athlete.

In 2011, the FNB Varsity Shield Competition was added to the sporting calendar. Based on the popular concept of the Varsity Cup, UWC and four other universities competed in the inaugural 2011 FNB Varsity Shield Competition. This exiting competition ushered in a new era of rugby at UWC. In the 2011 inaugural competition, UWC placed third. We look forward to building our rugby capacity and improving our position next season. The UWC rugby team also went on to win their Western Province rugby league division to be promoted to the Western Province Club Rugby Premier League A division for the 2012 season.

We are also very proud of Janine Felix (center) and Laurian Johannes (prop), our two female rugby players who played in the national female rugby team. Janine was named player of the tournament in the U20s women's rugby Nations Cup, an international four-nation series between the USA, South Africa, Canada and England, which was hosted by Canada.

UWC's cricket team performed very well in 2011. They were the Cricket one-day champions in the Western Province league and ended third overall in the League.

We also hosted our first major local swimming gala in 2011 with national television coverage. In addition to our existing heated Olympic-size swimming pool we plan to construct a short-course pool in 2012 that will also be suitable for water polo.

The campus and surrounding infrastructure

Universities are enduring institutions; therefore, coherent campus planning has to be undertaken against the long-term horizon of the institution, its sub-region and its relationship with the higher education system. During 2011, we increased the number and range of engagements with external stakeholders such as the City of Cape Town, business leaders, expert teams and prospective developers in an attempt to remove the physical barriers that inhibit the successful execution of strategies, while at the same time nurturing a hospitable living and learning space conducive to students' learning to operate in a globally competitive environment. Although UWC is poorly located in terms of cross city transportation routes and has a local hinterland without appropriate urban, residential and commercial facilities, we can show that the area has remarkable potential as a lever for socio-economic and spatial transformation if the industrial barrier can be broken and the various elements of the city reconnected. Another dilemma is that the university is landlocked which significantly limits the campus's holding capacity.

As part of a strategy to reintegrate UWC into the sub-region's urban form and participate in urban renewal strategies, we formally purchased the former J.S. Marais Hospital in the Bellville central business district in 2011. This acquisition will allow us to relocate the programmes of at least four health science departments into the main building which comprises the ground floor and parking

basement, with two towers of six and nine storeys respectively. A contiguous first floor of the adjacent building has been purchased on a sectional title basis. The building needs major renovation before it can house the School of Nursing, related health science departments, lecture theatres, tutorial venues, simulation laboratories and an inter-professional faculty practice to serve the surrounding communities.

During 2011 we developed a coherent master development plan (MDP) to strengthen the university's foundation by taking account of projected student numbers, sculpting the desired academic direction and overcoming new innovation challenges. It also attends to the quality of student life, new regulatory requirements that involve sustainable environments that are health and safety compliant and the required sub-regional and campus infrastructure. The MDP further concretises these needs into implementable capital project priorities to help direct resources to the areas of highest strategic concern to the university. The challenge remains to share and test its content with and proposed effect on multiple stakeholders.

We continued making good progress during the year in creating an environment within a coherent, integrated zoning strategy. Following the completion of the award winning Life Sciences complex we drew on good practice building designs to achieve optimum space efficiency and commenced the construction of the new Chemical Sciences building to maximise the space of the existing site. The proposed five storey facility will consolidate the science precinct and avoid the duplication of basic science education laboratories, remote stores and costly bulk services. The project offers a unique opportunity to achieve greater collaboration and efficiencies in cognate areas and seeks to co-locate Applied Geology, undergraduate Chemical Sciences programmes, postgraduate and advanced Chemistry research, including Environmental and Nanosciences, Sensor research and the Nanosciences Institute, in the same precinct with Hydrogen South Africa and the Institute for Microbial Biotechnology and Metagenomics. It also balances the tension between equitable access at undergraduate level and high-end research demands, both considerations with a view to strategically adjusting the optimal size and shape of the institution by academic field, programme level and type.

We also developed and maintained an inventory of available space data to make sense of projected enrolment growth in relation to space norms, space shortfalls and campus holding capacity. The data suggest a significant space shortage in 2013 while we also face the challenge of replacing approximately 8 000 m² in seriously inadequate prefabricated buildings which are used as teaching, laboratory and examination space. It is impossible to meet best practice standards in such buildings, and they are very expensive to maintain. Addressing the concerns of accreditation bodies who have made unequivocal comments on the insufficiency of this space for professional training purposes remains a challenge.

In collaboration with a private developer we completed phase 1 of a student housing complex's development and increased the number of beds ready for occupation by the start of 2012 by 334. This forms part of plans to provide 1 632 new student beds over a three-year period within the framework of a Public-Private Partnership. This arrangement, at no financial risk to UWC, proves to be challenging as we seek ways to make the annual student accommodation fees more affordable.

UWC completed design drawings to build a new Residence Life Centre in 2012. This stems from the demolition of an ageing, stand-alone dining hall and study facility situated on the existing residence construction site at the furthest edge of campus. The new centre offers a unique opportunity to combine the need to feed residence students and help meet their social and personal needs. Furthermore, many commuting students travel long distances by public transport daily and have no place to eat, wait, meet or study in groups with fellow students. The proposed dining facilities in closer proximity to the residences will be open most of the day which has the added benefit that commuter students will spend longer hours on campus and refrain from leaving early or driving off campus to buy food after hours. These factors form part of a retention and persistence initiative to create a meeting place and a sense of personal connection with the campus among students. In fact, its situation between the residential, academic and sports zones on the eastern side of campus, makes the proposed facility convenient, and so encourages participation in more campus activities. It should become an important site for social integration.

We have made significant advances in terms of supporting stable information and communications technology infrastructure. Following South Africa's link to the new submarine SEACOM cable, the UWC-SANReN node was successfully commissioned on 15 December 2011 to connect UWC to all higher education and other research institutions in southern Africa via a 10 GB link. The South African Bio-informatics Institute (SANBI) and the astrophysics and other research units can use the increased bandwidth for voluminous data exchanges. In terms of network infrastructure we deployed single mode fibre and thus 10 GB of increased connectivity speed to several buildings on campus. The datacentre backbone is being converted to a 10 GB network. Cisco NEXUS equipment has been acquired as the basis for this conversion.

During 2011 we also acquired 80 terabyte of usable NETAPP 3240 storage to deploy an on-campus private cloud solution that will enhance the academic programme. A migration project that moves our applications and data from older storage to the newer storage is currently underway.



Alumni and external relations

UWC is at a critical stage in its development. It has become an increasingly significant force to be reckoned with in teaching and research, and is playing a vital intellectual role in the development of our nation and continent.

We have spent considerable time during the recent past reconnecting UWC with our alumni across the country to establish a tradition of alumni support for the university. We are working very hard to achieve this and to keep our alumni informed of what is happening at their alma mater. The convocation is also very active in arranging various events, including lectures on campus to bring former students back to their alma mater. We appreciate their efforts and the dedication with which they pursue this task.

UWC's media presence has shown steady growth over the years and we continue our efforts to engage with issues that affect our nation via this medium, as well as profile important research and events on campus. In addition to the regular On-Campus publication, and the 360 Degrees alumni publication, 2011 saw the second edition of the more recently launched publication, Perspective. This publication focuses on high-level research projects, community engagement initiatives and UWC's initiatives in giving effect to its vision of being an engaged university, deeply committed to shaping the future of our country.

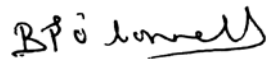
The university also presents a range of annual public and memorial lectures which include the Dullah Omar, Ashley Kriel, Desmond Tutu, and Julius Nyerere lectures. In recent years we also launched the Jan Rabie en Marjorie Wallace Gedenklesing, and the Amy Biehl, Ray Alexander, Duclie September and Mahatma Ghani memorial lectures. Through these lectures the university can connect with a wide range of people and engage with different societal and other issues through such events.

Conclusion

In 2010 we spent a lot of time developing a more in-depth shared understanding of the institutional direction and the strategies to support the IOP. In 2011 we shifted our focus and implemented various plans to give effect to the strategies. We are pleased that we are making good progress in most areas, but we also recognise that in other areas we are facing more challenges in our implementation attempts. In 2012 we will reach the halfway mark in terms of the current plan and this will be an important moment in terms of assessing our progress.

The university leadership is fully committed to placing the university in good stead to be responsive to the current and future needs of the country and the continent. This is no easy task and calls for ongoing critical engagement and developing a deeper sense of the challenges we face.

We look forward to 2012 and strengthening UWC as a vibrant intellectual space where people engage with matters of real significance at the highest levels of competence. Through our various activities and practices, UWC will continue striving to be an effective partner in the larger national project of building a sustainable and equitable non-racial, non-sexist, democratic, multilingual society, where people use their freedom to good effect and honour their responsibility to work hard, pursue social justice and nurture the environment.



Professor BP O'Connell
Rector and Vice-Chancellor





Report of **THE CHAIRPERSON** of **SENATE**

It remains a singular pleasure to report on the teaching, learning and research activities of the University of the Western Cape (UWC). Constituting the core business of the university, the continued efforts of staff to provide our students with a quality learning experience, both inside and out of the classroom, as well as the huge strides we continue to make in terms of our growing research profile, gives us confidence in the strategic direction of the institution.

The university's academic project is located in its seven faculties, namely the faculties of: Arts, Community and Health Sciences, Dentistry, Economic and Management Sciences, Education, Law and Natural Sciences faculties. All faculties – except Dentistry – are located on the university's main campus in Bellville. The Faculty of Dentistry operates mainly from the Tygerberg Hospital Complex in Bellville and has a satellite campus in Mitchell's Plain.

The Deputy Vice-Chancellor: Academic, Prof Ramesh Bharuthram, and the deans are responsible for the leadership and management of the academic project. The strides we have made are directly attributable to their committed leadership in implementing the institutional vision.

UWC academics fulfil important leadership roles in various national and international capacities. Prof Bharuthram was selected by the National Research Foundation (NRF) as the only South African representative, and convenor, of a three-person Panel of Scientists to review the National Institute of Theoretical Physics. Following a series of nationwide stakeholder meetings, the Panel was tasked to make recommendations on the future direction of the Institute. Prof Ben Cousins, SARCHI Chair in Poverty Alleviation, was appointed by the Minister of Science and Technology to serve on the Board of the National Research Foundation.

Several of our academics, such as Prof Patricia Hayes (Historical Studies) and Prof Peter Witbooi (Mathematical Sciences), serve on NRF Rating and Evaluation Committees. Prof Peter Eagles of UWC's School of Pharmacy is chairperson of the Medicine Control Council of South Africa. Prof Shirley Walters chaired the South African Qualification Authority's Board, Prof Beverly Thaver serves on the Council of the Council on Higher Education and Mr Vincent Morta is a member of the Higher Education Quality Committee's Accreditation Committee.

The Senate advises Council on all academic matters and is supported by its executive committee and a range of sub-committees. The Senate and all its committees have clear terms of reference that sets out their roles and responsibilities. The UWC Senate consists of:

- members of the university executive;
- Council representatives;
- deans;
- professors (along with specified visiting, extraordinary and honorary professors);
- the directors of schools, centres and institutes at the university;
- all chairpersons of academic departments or similar academic structures;
- eight academic employees;
- eight non-academic employees;
- eight registered students;
- the director of library services;
- the director of teaching and learning;
- the director of postgraduate studies; and
- such additional persons, not more than eight in number, as the Council, on the recommendation of the Senate, may decide upon.

The university's academic offering has remained stable and the only changes that were approved in 2011 are: Doctor of Philosophy in Child and Family Studies; Masters of Arts in Creative Writing; Postgraduate Diploma in Higher Education in Teaching and Learning; Postgraduate Diploma in Sport for Development; and Master of Science in Nanoscience.

The UWC student body

Through its growing research stature and attention to innovative teaching and learning practices, UWC is increasingly able to reshape its academic profile by attracting and retaining excellent students from a diverse range of backgrounds.

The Institutional Operating Plan 2010 – 2014 (IOP) commits UWC to a series of enrolment management strategies which aim to influence the overall size and shape of the university systematically and define the planned growth that would distinctly characterise the university by academic field, programme types and demography.

The university saw a marginal shift in its enrolment per major field of study. Science enrolments moved from 38% to 37%; Business and Education stabilised at 13% and 8% respectively; with the balance in Humanities shifting from 41% to 42%. The mandated target for Science to grow to 40% is compromised by the low number of qualifying school leavers.

Female students still accounts for a larger proportion of the total student enrolments, but they do not represent the majority of students in every discipline. Between 2010 and 2011 the number of female students stabilised at 60% of the total enrolment. The university's forward projections expect that this trend will remain and the institution does not have enrolment strategies aimed at influencing the gender split.

As UWC strives to be a vibrant intellectual space, it endeavours to embrace diversity as a key component of campus life that will ultimately assist in establishing an equitable and dynamic society that supports social cohesion and inclusiveness. The composition of the student body in terms of nationality, race, religion and language reflects a wonderfully diverse and dynamic campus community. This is supported by a deep-rooted institutional culture and tradition of tolerance and a willingness to embrace others. We remain mindful of the fact that this has to be nurtured constantly and entrenched as a value through our conduct in every aspect of university life.

Over the last decade the university has almost doubled in size and UWC is currently maintaining a relatively conservative undergraduate growth rate, mainly due to the campus having reached its holding capacity. According to the IOP, the institution is focusing on increasing its postgraduate enrolments to shift the undergraduate: postgraduate ratio over the next few years. Shifting the ratio is difficult to achieve with continued high undergraduate growth.

Headcount 2000 – 2011

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
First-time entering undergraduates	1 980	2 279	2 963	3 019	2 769	2 899	3 155	2 948	2 830	3 251	3 800	3 852
Total undergraduate	7 370	8 026	10 086	11 146	10 920	11 531	12 020	12 042	11 946	12 871	14 297	14 874
Postgraduate to masters level	1 179	1 201	1 169	1 271	1 567	1 523	1 332	1 412	1 352	1 490	1 769	1 862
Masters	956	1 074	1 252	1 381	1 434	1 205	1 161	1 105	1 390	1 419	1 489	1 472
Doctors	170	198	222	245	304	321	325	368	386	423	504	556
Total postgraduate	2 305	2 473	2 643	2 897	3 305	3 049	2 818	2 885	3 128	3 332	3 762	3 890
TOTAL ENROLMENT	9 675	10 499	12 729	14 043	14 225	14 580	14 838	14 927	15 074	16 203	18 059	18 764

Headcount by major field of study

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Science, engineering, technology	2 083	2 456	2 799	3 163	3 768	4 360	4 510	4 574	4 716	5 027	6 646	6 839
Business/management	1 239	1 322	1 781	2 089	2 173	2 150	2 103	2 046	2 499	2 524	2 367	2 528
Education	533	872	1 537	1 551	1 341	1 307	1 226	999	913	1 074	2 072	2 104
Other humanities	5 820	5 849	6 612	7 240	6 944	6 646	6 950	7 270	6 935	7 562	6 974	7 293
TOTAL	9 675	10 499	12 729	14 043	14 226	14 463	14 789	14 889	15 063	16 187	18 059	18 764

In 2011, the student headcount was 18 767 compared to 18 059 in 2010. This was achieved by improved alignment of enrolment planning with the strategic direction of the institution and integrating and managing intra-institutional (faculty) planning and institutional targets. In 2011, the full-time equivalent (FTE) student load was 79.2% of the student headcount compared to 80.3% in 2010. This shift is, among others, affected by the number of Foundation Year and Senate Discretionary students, who take fewer subjects per semester. The projected FTE enrolment is planned to remain steady at around 80% of headcount.

A breakdown of student enrolment by race indicates only slight changes and currently the university has 42% African students (2010: 41%); 47% Coloured students (2010: 46%). Indian and White students proportionately stabilised at 6% and 4% respectively.

Nationally, universities struggle with high attrition rates, impacting on the ability to achieve planned enrolment targets. As part of a strategy to arrest attrition rates and better support student success, UWC commissioned a series of mini-studies to investigate and respond to the causes that negatively impact student morale, undermine retention and hinder student achievement. Incoming first year students were encouraged to write the national benchmark test whereafter the institution proactively used the National Senior Certificate and National Benchmark Test results to identify students at risk. To mitigate the risk of early dropout, we initiated a broad communication campaign raising awareness of retention issues and setting up social media networks to encourage increased student persistence. This includes a situation analysis of existing policies and practices that impact retention.

Academically strong students also received focused attention to encourage their continued postgraduate study. To this end the strategic honours bursary was designed to support the development and growth of research niches and facilitate eventual entry into Master's and Doctoral programmes.

In 2011 the Minister of Higher Education and Training, Dr Nzimande, announced UWC's Council-approved mandated growth plan for the period 2011 – 2013. In essence, the growth plan permits UWC to increase its headcount from 16 203 in 2009 to 19 485 in 2014. This represents an average increase of 4.7% between 2009 and 2013.

Quality assurance

In accordance with the provisions of the Higher Education Act (Act No 101 of 1997), ultimate responsibility for all matters pertaining to and associated with the quality of the institution's core activities rests with the university Council. The Senate advises the Council on quality assurance matters, especially on academic affairs. There are various Senate committees, or joint committees between the Senate and the Council, which advise the Council by means of written reports concerning the areas specified in their standing orders.

UWC also has a rigorous process of academic review using external advisors. Departmental academic reviews are at the heart of the institution's means of promoting quality and continuous improvement. Other methods include self-evaluation through the annual reports of departments and faculties, and external peer review through external examining. Departments undergo rigorous reviews of this nature every five to seven years. The university reviews a number of departments/divisions annually and those reviewed in 2011 were as follows:

- Geography
- Political Studies
- Earth Sciences
- Psychology
- Anthropology and sociology
- The Institute for Poverty, Land and Agrarian Studies (PLAAS)
- The Division for Lifelong Learning (DLL)
- The Centre for Adult and Continuing Education (CACE)

UWC had its Higher Education Quality Committee (HEQC) institutional quality audit during September 2007. During 2008, the HEQC presented the audit report, which reflects the audit findings. Institutions are required to respond to the findings by submitting improvement plans. UWC submitted its response to the HEQC in June 2009. In 2010, the university received a visit from the HEQC to discuss progress in relation to the areas highlighted in the audit report and in preparation for the university's progress report, which was submitted to the HEQC early in 2011. The HEQC responded to this report in June 2011 and commended the university for the "comprehensiveness and quality" of its report and confirmed that the first cycle of institutional audit had been concluded.



Teaching and Learning

UWC's mission places excellence in teaching and learning at the forefront of our commitments. This requires ongoing attention to the viability of our academic offerings and their relevance to national and international needs. In the pursuit of excellence, UWC aims to offer a supportive and stimulating teaching and learning environment. *The Charter of Graduate Attributes* and the *Strategic Plan for Teaching and Learning* provide a clear guiding framework in support of the IOP strategies. UWC has a range of activities that focuses on constantly improving teaching and learning practices, among these are integrating graduate attributes into the curriculum, to ensure that we remain focused on the holistic development of our students.

The 2011 year was an exciting one for UWC where we were able, in constructive ways, to give effect to the IOP's commitment to provide an 'excellent teaching and learning experience' for all students at UWC. Important progress was made towards enhancing the status of teaching and learning under the leadership of the Deputy Vice-Chancellor: Academic and driven by Prof Vivienne Bozalek, the Director for Teaching and Learning and deputy deans responsible for teaching and learning in the faculties.

Key focus areas for the year included:

- incorporating teaching and learning aspects into normal academic processes such as the promotion and appointment of academic staff and the review of academic programmes;
- supporting research endeavours into the scholarship of teaching and learning, including specific research projects and attendance at teaching and learning conferences; and
- improving teaching and learning practices among employees, especially in the foundation year programmes.

A teaching and learning induction course has also been designed, piloted and implemented for new academic staff.

UWC is very active in regional teaching and learning activities and participates in the offering of teaching and learning courses through the Cape Higher Education Consortium (CHEC). In 2011 a regional Postgraduate Diploma in Teaching and Learning was developed as part of the initiatives aimed at improving the quality of teaching and learning.

As part of the institution's commitment to facilitate student success, the Living and Learning Programme was initiated at the beginning of 2009 as a pilot project with first-year students in the Faculty of Science's Physics Foundation Programme (Extended Curriculum Programme – ECP), funded through the SANTED II project. Drawing on institutional and system-wide research on student retention and innovative teaching and learning practices, the Living and Learning Programme is aimed at working proactively with students – especially those from educationally disadvantaged backgrounds – through various learning-community processes. In 2010, Foundation Programme students in the Life Sciences and Arts also formed part of the programme that aims to facilitate improved personal, social and academic adjustment and, through these mediating factors, to contribute towards improved academic performance. In 2011, UWC took over the funding of the Living and Learning Programme and included Foundation Programme students of the Faculty of Economic and Management Sciences.

The UWC eLearning project continues gaining momentum and the eLearning Development and Support Unit provides training and support to lecturers for a wide range of eLearning initiatives. eLearning mainly includes learning that is enhanced through access to and the use of technology with which to create, distribute and retrieve digital content. The number of lecturers using technology to enhance their teaching grows annually. We are also seeing an increase in lecturers using social media very effectively to communicate with students and stimulate debate around certain topics. Providing adequate infrastructure for students remains a challenge, but we improve the infrastructure to support our students every year.

Throughout 2011 the number of seminars and opportunities for debate and engagement also increase with individual faculties leading university endeavours to create a more vibrant intellectual space for its students.

It is impossible to reflect on the extensive range of activities that forms part UWC's teaching and learning focus adequately in a report of this nature, but it is worth mentioning some of the highlights for 2011:

- The awarding of the Higher Education Learning and Teaching Association (HELTASA) award for Excellence in Teaching and Learning to Professor Delia Marshall, the Deputy Dean: Teaching and Learning in the Faculty of Science. UWC's Prof Vivienne Bozalek received the award in 2010.
- The continued implementation of the Vice-Chancellor's Teaching and Learning Excellence award and introducing this award in the Faculty of Arts who awarded it to Dr Fiona Moolla (English department).
- The continuation of awarding research grants for research into the scholarship of teaching and learning that started in 2010. In 2011, the grants were specifically given to research into innovative teaching and learning practices at UWC. In addition to the seven grants awarded in 2010, a further eight proposals were approved for funding in 2011.
- The Faculty of Education's involvement in a R4.8 million EU-funded project run by the Department of Higher Education and Training (DHET) aimed at the development of a Foundation Phase Bachelor of Education (BEd) to address the critical national need for training of foundation phase teachers. This is a partnership programme with Rhodes University, Nelson Mandela Metropolitan University and Walter Sisulu University.
- Introducing a unique Creative Writing Programme in South Africa in the Faculty of Arts which includes writing in different languages, particularly English, isiXhosa and Afrikaans, and across different genres, such as poems, novels, plays, etc. Student writing from this programme has already been collated into an anthology, *UWC Creates*.
- Implementing a Bachelor's Degree in Oral Hygiene (BOH) in the Faculty of Dentistry, which opens up much better career opportunities for students than was possible with the previously offered Diploma in Oral Hygiene.
- The continued professional recognition of those faculties offering professional programmes quality assured by the Professional Boards.

Research and innovation

In the university's Mission Statement, the commitment to excellence in research recognises knowledge as the driver of our core mandate as a national university. Striving for excellence must therefore revolve around understanding and taking forward the university's role as a centre for advanced knowledge production and scholarship. UWC's research output and quality has improved dramatically during the last few years and we have received national recognition for the excellence of several programmes. The university is able to demonstrate improvements in the quality of our postgraduate offering, evidenced through improved graduation and throughput rates, and have made considerable progress in the development of our research niche areas.

The IOP recognises that, while the research context presents many challenges, it also creates opportunities for the University to excel in areas that will place it at the cutting edge of the production and transfer of new knowledge in key fields nationally, regionally and internationally. UWC is committed to strengthening and expanding the number of niche areas of excellence that constitute our distinctiveness and show our responsiveness to societal concerns. In addition to institutionalising and developing our research capacity, these new opportunities require strong intellectual leadership on a broader front: leadership that can see what may be possible through innovative, critical and rigorous scholarship, whatever the constraints.

Further opportunities being pursued relates to the challenge of innovation: the movement from the point of invention to the point of sale or public beneficiation. UWC's efforts are supported by the emerging national innovation system and legislation that makes us responsible for protecting any intellectual property that arises from publicly funded research. During 2011 the processes and implementation model for the Technology Transfer Office was developed and the model as well as funding to the amount of R3 million towards the implementation was approved by the Department of Science and Technology.

UWC has set out an ambitious strategy to achieve excellence through research and innovation. Following the adoption of the IOP, the UWC Research Policy was approved at the end of 2009 providing further detail to guide faculty planning and to give greater clarity in terms of the research efforts – both generally and in carefully selected niche areas. Faculties have identified approximately 16 niche areas to





highlight UWC's clusters of high-quality research, the generation of new knowledge through scholarly and innovation activities, and for contributions to regional economic development and the public good. Strategies towards this end have included:

- the strategic appointment of scholars to mentor young researchers and enhance the research standing of the focus area;
- the appointment of post-doctoral fellows;
- dedicated funding for research development and promotion; and
- the establishment of strategic partnerships and networks.

The DVC, his staff and deputy deans of research and postgraduate studies continue focusing on building an understanding of the importance of developing areas of research excellence around which research capacity can grow and proliferate. Similarly, much work has gone into establishing or strengthening research partnerships with local, regional and international partners, which are key to building these research platforms across the university. The progress made towards improving our research standing – nationally and internationally – is closely linked to strengthening the niche areas. Similarly, with continued targeted support from the DVC's office and through some faculty-specific interventions, 2011 also saw improvements in our research outputs and more employees completing their PhDs.

As a university we have now reached the point where 54% of our academic staff have PhDs, placing us significantly above the national average. All these interventions and improvements have a significant impact on enhancing both the research, teaching and learning environments, particularly for postgraduate students.

In addition to the roles already mentioned, the Division for Postgraduate Studies, led by Prof Lorna Holtman, plays an important role in supporting postgraduate students, and in staff capacity building to support postgraduates. A key indicator of the students' research experience is the higher degree completion rates and times. We are pleased to report that, on average, our Master's and Doctoral students' time-to-degree rate is 3.2 and 5.1 years respectively, compared to the internal benchmark of three and five years, which many South African universities struggle to achieve.

Three years ago UWC embarked on a structured staff relief process to upgrade the qualifications of academic staff to increase our supervisory capacity and this is yielding exciting results.

Funding for postgraduate students is a critical element of the strategy to grow postgraduate enrolment and are provided in the form of scholarships, general registration bursaries and graduate assistantships (in collaboration with the Deputy Vice-Chancellor: Student Development and Support), and grants for PhD research costs. University bursaries supporting specifically Honours students have contributed to significant growth. In 2010, UWC was awarded two grants of €3.2 million in total that focus on student mobility working with two international networks. The two networks, EUROSA and EMA2SA, are led by the universities of Antwerp and Leuven, in Belgium. More than 200 Master's and Doctoral students and staff across the partnership universities will benefit from the mobility scheme. UWC and the Council for Scientific and Industrial Research have also established a partnership to provide postgraduate scholarships (Honours, Master's and Doctoral) to a total value of R600 000 per annum in the areas of:

- Materials science and manufacturing, with a focus on metals and metal processing;
- Biosciences, with a focus on pharmaceuticals and synthetic biology;
- Nanotechnology, with a focus on the modelling of nanomaterials; and
- Environment management, with a focus on water quality.

With the support of the Mellon and Claude Leon Foundations and VLIR, to name a few, we are attracting increasing numbers of postdoctoral students to different research centres, which has a positive influence on the students' research experience. Capacity development of young scientists is a key focus area and a range of activities are in place to support young researchers.

Our research output continues gaining national recognition for excellence that shows the soundness of our strategic intentions to strengthen both research niche areas and distinctive innovation capabilities. In 2011, the NRF provided updated information on a research impact study they conducted. The study considered all publications by South African researchers and linked them to the university with which the authors were associated while writing the research papers. As a relatively young university UWC features 11th of the 23 higher education institutions, but when comparing the cumulative research output of South African universities during the last five years we feature 7th nationally.

However, what makes this study very different is that it not only looked at the number of research papers produced, but it also considered the impact of what was published by focusing on the citation of the research produced by an institution in the work of other researchers which changes the picture completely. UWC, with much less publications has had an immense impact in terms of its research output. The following areas formed part of the study: Computer Science; Physics; Molecular Biology and Genetics; Biology and Biochemistry; and Space Science.

UWC performed as follows:

- Computer Science – UWC's impact was the second highest in the country.
- Physics – we were rated the best in the country.
- Molecular Biology and Genetics – we came out as number one in the country.
- Biology and Biochemistry – we were rated as the institution having the biggest research impact nationally.
- Space Science – we are starting to feature favourably in an area in which we do not have historic strengths but where we are increasingly building capacity.

These results confirm that the institution is on the right track in terms of its strategic focus on research and its efforts to continue building research capacity and infrastructure.

UWC launched its first ever **Research Report**, entitled *Research at UWC 2010* which showcases the work of around 150 of UWC's leading and emerging researchers, as well as a second report focusing on the work of UWC Women in Research. During 2011 we published an updated Research Report, incorporating the scholarship of Teaching and Learning.

Recognition of the work done by UWC researchers continues. UWC introduced the **Vice-Chancellor's Research Award** for the first time in 2008 and in 2010/11 the award went jointly to two colleagues in the Human and Social Sciences, Profs Ernst Conradie (Arts faculty) and Jacques de Ville (Law faculty).

The **Vice-Chancellor's Annual Book Award** was founded in 2009 to recognise scholarly publications by staff in the form of books, both as authors and as editors. In 2011 awards were made in the following two categories:

- Category 1 acknowledges an author of a book published by a recognised publishing house, and the book must be based purely on research undertaken by the author during his/her academic career. This award went to Prof Premesh Lalu, Director of the Centre for Humanities Research, faculty of Arts, for the book *The Deaths of Hintsa: Post-apartheid South Africa and the Shape of Recurring Pasts*.
- Category 2 acknowledges the editor(s) of a book published by a recognised publishing house, and the book must be based purely on research undertaken by the authors. The recipient of this award was Prof Duncan Brown, the Dean of Arts for the book *Religion and Spirituality in South Africa: New Perspectives*.

Other exciting research achievements for UWC in 2011 include:

- The securing of the NRF/FirstRand Foundation Chair in Mathematics Education in the Faculty of Education. UWC is the only institution who has been selected to host such a chair.
- The submission, following very careful and intense preparation, of 22 proposals for the NRF SAARCHI research chairs. The proposals were all orientated towards emerging and developed niche areas across the seven faculties. At the beginning of 2012 we were informed that UWC had been awarded seven of the new research chairs, the most awarded to any one of the 23 higher education institutions.
- The finalisation with the Department of Science and Technology (DST) of a MSC Nanoscience Platform with UWC as the HUB institution and involving a total approved budget of R17.4 million for the next three years. The MSc, which is offered in partnership with the universities of Johannesburg, Free State and the Nelson Mandela Metropolitan University, will commence in 2012 with a class of 21 students.
- The very exciting preparation of a unique and *innovative book*, *Becoming UWC: Reflections, Pathways and Unmaking Apartheid's Legacy*. Driven by the Centre for Humanities Research the book brings together a collection of essays, images and reflective writings on the 50th anniversary of UWC.
- A special supplement in the *Mail and Guardian* that profiled the recipients of the 74 doctoral awards that were awarded at the two graduation ceremonies in 2011.



UWC's most active international partners include:

AFRICA

Ahfad University, Sudan
University of Dar Es Salaam, Tanzania
Eduardo Mondlane University, Mozambique
ISCISA – Higher Institute for Health Sciences, Mozambique
Namibia Polytechnic
National University of Rwanda

CANADA

Ottawa University, Canada

CENTRAL AND NORTH AMERICA

Peace University, Costa Rica
Alcorn State University, outside Lorman, Mississippi
Arcadia University Center for Education Abroad
California State University, Fullerton
Fayetteville State University
Howard University
Johns Hopkins University
Kentucky University
Marquette University
Oklahoma State University
Wisconsin-Madison University

AUSTRALIA

University of Newcastle

EUROPE & EASTERN EUROPE

AUSTRIA

Johannes Kepler University, Linz

BELGIUM

University of Antwerp
Vrije Universiteit Brussels
Gent University
Katholieke Universiteit Leuven

FINLAND

North-South-South Higher Education Institution Network Programme (The grant agreement)

FRANCE

PO Sciences

GERMANY

Dortmund University
Europa Universität Viadrina, Frankfurt (Oder)
German Sport University, Cologne
Institute of European Sport Development & Leisure Studies
Humboldt University
Katholische Stiftungsfachhochschule München, Bavaria
Konstanz University
Neu-Ulm University Germany
Ruhr Bochum University
Ruprecht-Karls-Universität Heidelberg

IRELAND

Hibernia College, Dublin

THE NETHERLANDS

Arnhem and Nijmegen University (HAN)
Inholland University
Institute of Social Studies (ISS), The Hague
Rijks University Leiden
Utrecht University
Vrije Universiteit, Amsterdam

NORWAY

Bergen University
Bergen University Nordic-Southern African Centre
Bodø University College
University of Norland
Norwegian School of Sports Science
Oslo University
Stavanger University UiS
Tromsø University

SWEDEN

Gotland University
Karlstad University, Sweden
Kungl Tekniska Högskolan, Stockholm
Linköpings University
Malmö University

ROMANIA

West University of Timisoara

SPAIN

Universidad Politécnica de Madrid (Technical University of Madrid)

MIDDLE AND FAR EAST

Dewan Bahasa Dan Pustaka, Malaysia
Pertanian University, Malaysia
Royan Institute, Iran

PEOPLE'S REPUBLIC OF CHINA

He Nan ZhiCheng Science and Education Consulting Co. Ltd
Shanghai University of Traditional Medicine
Shandong University of Traditional Chinese Medicine

International partnerships

The Mission Statement reminds us that UWC is “a national university alert to its African and national context”, and committed to the furthering of global perspectives among its staff and students. The university continuously pursues the strengthening of existing national and international relationships while exploring new partnerships in support of its strategic direction. Internationalisation is appreciated as an aspect that cuts across all endeavours of the university, including teaching and learning, research and innovation.

UWC has an extensive network of international partnerships, of which only some are mentioned here as examples of different types of partnerships.

It is quite pleasing that partnerships with universities and university colleges in the Nordic countries have continued growing. This is supported by the growth of the Southern African-Nordic Centre (SANORD) partnership. The SANORD administrative centre is located at UWC. By its very nature, the increased interest and participation in the SANORD network has also resulted in growth in our partnerships with southern African institutions. It is clear that SANORD's policy of funding multi-institutional and multi-national projects has resulted in interesting cooperation among its members. Furthermore, the longstanding cooperation with Norwegian institutions in NUFU- and Fredskorps-funded projects, and exchanges of students in a variety of strategic disciplines, continue.

The Dynamics of Building a Better Society (DBBS), a growing cooperation with designated Flemish universities in Belgium, taking the form of an innovative, strategic cross-faculty programme, continued for the ninth year. Supported by the Flemish Inter-University Council (VLIR), DBBS builds research capacity in areas vital to social transformation and has engaged major scholars from the Universities of Antwerp, Ghent, Leuven and Brussels in sustained cooperation with UWC staff and students. This support continues contributing to UWC's strategic outputs, and takes the form of prestigious scholarships, research projects, co-supervision of theses, employee and student exchanges and capacity building. A critical aspect of the second phase of this project, which is currently under way for the period 2008 to 2013, is the ongoing development of five research centres at UWC. VLIR also supports North-South-South cooperation, and this supports UWC in working relationships with Mozambique, Ethiopia, Cuba and other countries. The six DBBS projects are: Citizenship and Democracy; Sport Sciences for Development; HIV Prevention and Care; Water for Ecological Sustainability; Multilingual Citizenship and Cities in Transition; and Student Quality of Life.

Service learning and community engagement have grown as key strategic areas within the University's approach to internationalisation. Since 2002, the cooperation with the Hogeschool van Arnhem en Nijmegen, in the Netherlands, has resulted in previously unheard of opportunities. This engagement, involving several health-related disciplines, has provided UWC with a strategic edge in terms of community involvement in the teaching and learning process. The rural setting of the communities involved in this project adds a unique dimension to the quality and relevance of the academic process.

The 26-year partnership with the University of Missouri system (Columbia, Kansas City, Rolla and St Louis) is a great ongoing benefit for both institutions. We often use this relationship as an example of what institutional partnerships can achieve, and we continue nurturing and expanding the relationship through the consolidation of existing and pursuit of new opportunities. The use of technology is enhancing the internationalisation-at-home experience for both institutions, and we believe that this will have an impact on the large numbers of students who cannot participate in mobility programmes particularly. This remains one of the most important UWC international partnerships and embodies what such partnerships can achieve.

Semester study abroad forms an important part of internationalisation and, in the year under review, UWC hosted students from institutions such as Hogeschool van Arnhem en Nijmegen and Utrecht in the Netherlands; Dortmund, Humboldt and Konstanz in Germany; Johannes Kepler in Austria; Gotland in Sweden; Bergen, Oslo and Stavanger in Norway; and Marquette and Arcadia in the USA. Various UWC students also studied abroad and we continue looking for such opportunities to impact and expand the holistic learning experience of our students.

Publications

Publications constitute an important element of measuring universities' research contributions. There are ongoing debates about the ways in which different forms of research should be acknowledged and a report such as this is not the place to enter into those debates. For UWC the accredited publications produced annually remain a good indicator of our research effort and progress made. UWC has now exceeded the national norm of 1.25 units per academic and thus no longer qualify for research development grants in terms of publications.

We are proud of the increasing number of academics who successfully publish whether it be in the form of peer-reviewed academic journal articles, books or contributing book chapters or the publication of research in peer-reviewed conference proceedings.

UWC has not yet received feedback on its 2011 accredited publication submission, but it is worth considering the increase in weighted research output over the years as per the table below:

	2000	2002	2004	2006	2008	2010	2011 (preliminary)
Publication units	103	114	152	222	240	267	355
Research Masters graduates	68	89	134	137	116	221	209
Doctoral Graduates	20	15	23	28	42	60	80
Weighted total	231	248	355	443	482	667	804

Community engagement

Institutional engagement with local and broader communities occurs through a range of activities and in a variety of forms, often combining teaching, research, advocacy and service. These activities range from faculty-specific programmes organised and coordinated by faculty structures, to centrally coordinated, institution-wide programmes led by either an academic structure or a student structure. These initiatives have a range of transformational concerns in common that are addressed through a variety of approaches. The university is in the process of developing a comprehensive database of all its community engagement activities, with a view to consider the institution's impact in the different communities it is involved in.

UWC's mission makes the student-in-communities the academic point of departure for its community engagement initiatives. This means that UWC, as a university, is challenged to pursue ongoing engagement with the communities from which its students come and with those they are necessarily becoming part of as they increasingly equip themselves to compete in a global environment. UWC's community engagement role involves academic work of the highest order that addresses community concerns and is, in turn, informed and enhanced by them.

UWC has always prided itself on developing links internationally and locally with various partners. Through developing regional, national and international links, we engage in a process of highlighting our unique experiences, learning from other experiences, sharing these and disseminating good practices. We have several regional, national and international links, which include the Education Coalition for South Africa (EDCOSA), and the South African Higher Education Community Engagement Forum (SAHECEF) where the Director of our Community Engagement Unit, Prof Priscilla Daniels, was re-elected to serve on the executive board for another term.

The university successfully revitalised its partnership with the Hogeschool van Arnhem en Nijmegen University (HAN) in Theewaterskloof (TWK) municipality and a new memorandum of understanding is being developed to clarify and enhance the partnership agreement which involves the exchange of students doing a service-learning placement who are placed in various community projects within the TWK community.

Service learning is a key component of community outreach and, for many years, has been an aspect of professional programmes such as the allied health programmes, teacher training and social work. All faculties have examples of service learning modules that offer community engagement as an integral part of their curricula.

Community-based education can also take other forms. Partnerships with the neighbouring urban and rural communities contribute towards an enabling learning environment in which students work in community settings as part of their course requirements. The faculties of Dentistry and Community and Health Sciences are good examples of community-based education as integral to the work and approach of students. The placement of students in varied clinical settings and assessment methodologies that evaluate competence in the field are central to the success of such programmes.

In another venture, the faculties of Community and Health Sciences and Education engage collaboratively with hospitals and schools in the Health Promoting Schools Project.

Apart from the activities listed above, UWC also engages in a range of other community outreach activities. These include, for example, our students assisting communities through financial literacy programmes, engagement with learners on entrepreneurship, a variety of courses designed to address community needs related to language issues and numerous HIV/Aids awareness and mentoring programmes in schools and communities.

UWC's Community Engagement (CE) Unit also facilitates an important function in the teaching and learning arena. The unit is a newly formed entity that has its roots in previous projects, such as the Western Cape Community Partnership Project and the Community Higher Education Services Partnership.

The year under review marks the third year of the Collaboration for Health Equity through Education and Research (CHEER), which the Community Engagement Unit coordinates with the dean of the Community and Health Sciences Faculty. CHEER is a collaboration of academics involved in inter-professional community-based education from each of the eight Health Science faculties in the country. The following research projects have been developed through the CHEER collaboration:

- An exploration of communities' views, attitudes and recommendations on community-based education of undergraduate health sciences student (a collaborative research study between Limpopo University, University of KwaZulu-Natal and UWC).
- A study on the impact of collaborative inter-professional education and practice on developing socially responsible graduates who are well equipped to practice in rural and underserved areas.

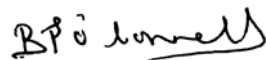
It is envisaged that both research projects will be concluded by July 2012 with the intention of several publications being generated from the research.

Conclusion

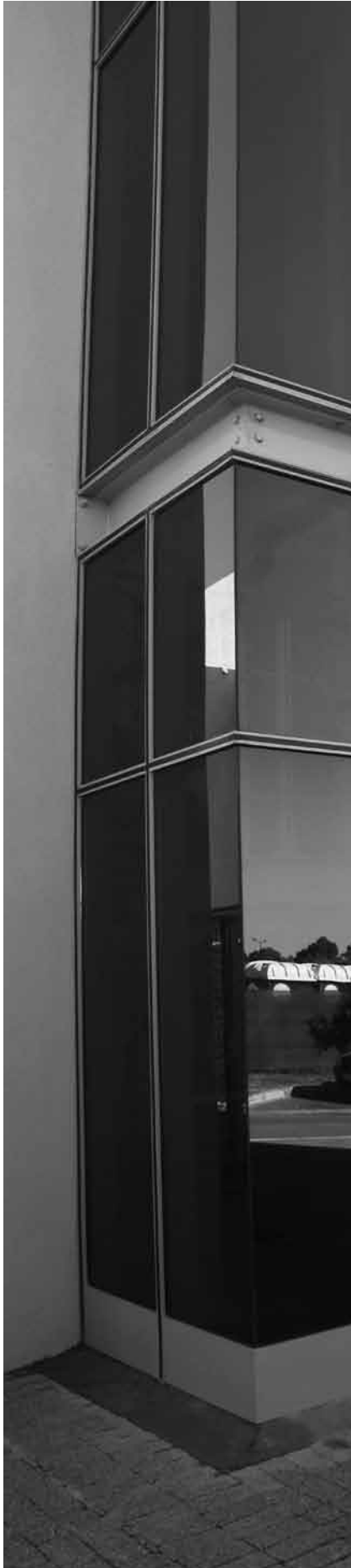
Quality teaching, learning and research are pivotal to the institution's academic and financial viability and its long-term sustainability. We are currently improving our monitoring processes to be in a better position to assess our progress against the targets we set for ourselves and those whereby we are measured externally.

Academic leadership is critical at faculty and departmental level and in speaking of the achievements raised in this report we have to acknowledge the hard work of specifically those in academic leadership positions.

It is impossible to capture all the successes or reflect on all the challenges in writing a report such as this, but in reflecting on 2011 we are humbled by how far our university has come. We have to recognise the individuals, institutions, government agencies and government departments who support us in our efforts and who believe in our ability to be what we pronounce publicly as our motto: "a place of quality, a place to grow, from hope to action through knowledge".



Prof BP O'Connell
Chairperson of Senate





Report of the **CHAIRPERSON** of the **INSTITUTIONAL FORUM**

The Institutional Forum (IF) is an advisory structure which is established in accordance with section 31(1) of the Higher Education Act (Act 101 of 1997), as amended, to advise the Council. The membership of the IF allows for equal representation of the University's management, Senate, Council, academic staff, the non-academic staff union, and students.

During 2011, the IF had four meetings, where it mainly dealt with matters concerning senior appointments made by the Council. As part of fulfilling its mandate, the IF provided the Council with advice on the suitability of candidates for the positions: Deputy Vice-Chancellor: Operations and Deans for the faculties of Natural Sciences, and Community and Health Sciences. The IF also advised the Council on the possible extension of contracts of the Deputy Vice-Chancellor: Academic, the Executive Director: Human resources and the Dean of Economic and Management Sciences. In addition to the defined roles of various positions and possible candidates, IF discussions relating to appointments include considerations focusing on the University's ability to deliver on its primary responsibility to offer academic and research programmes of high quality while, at the same time, being able to respond effectively to national and global challenges and considering diversity issues.

In 2007, the Department of Education (DoE) commissioned an independent assessment and evaluation of the functionality of Institutional Forums at universities. During September 2009, the newly established Department of Higher Education and Training (DHET) arranged an IF National Review meeting that was attended by representatives from all universities, to discuss the findings of the 2007 IF assessment and evaluation. At that time the IF deliberated extensively on the recommendations of the national review meeting and concluded that the University remained committed to transformation and that stakeholders were represented in all governance structures of the institution which allowed participation in the decision-making processes. During 2010, the IF established a working group to consider the recommendations contained in the review meeting report. At that time the IF considered the feedback of the working group and agreed that the IF as a consultative body remains an important structure and that some of the national concerns did not apply to UWC. The IF awaits further feedback from the DHET regarding this matter.

I wish to express my appreciation to all the members of the IF for their contributions to the strengthening of institutional governance and enabling the Council to make decisions based on a broader institutional understanding.

Dr Johann van der Merwe
Chairperson of the Institutional Forum



COUNCIL'S STATEMENT on Corporate Governance

The University of the Western Cape (UWC) is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King Report on Corporate Governance. Accordingly, the Council endorses the Code of Corporate Practices and Conduct and the Code of Ethical Behaviour and Practice as set out in the King II report. In supporting these Codes the Council recognises the need to conduct the business of the university with integrity and in accordance with generally accepted practices. Monitoring the university's compliance with the Code, forms part of the responsibilities of the Audit and Risk Committee of Council. The Council is investigating the implications of King III as it remains committed to conducting the University's business with integrity and in accordance with generally accepted practices. Monitoring the university's compliance with King II formed part of the Audit and Risk Committee's responsibility, and this responsibility will remain as we establish a better understanding of King III.

Council

The UWC Council comprises broad representation which includes academic and non-academic persons appointed in terms of the Institutional Statute. The majority of Council members are neither employees nor students. The role of the Council chairperson is separated from the Rector and Vice-Chancellor. The Council responsibilities are set out in the Institutional Statute and are in accordance with the stipulations of the Higher Education Act, 1997. The Council is responsible for the ongoing strategic direction of the institution and the approval of major developments which is facilitated by regular reports from management. The Council meets four times per year and has several committees including a Remuneration committee, Finance Committee, Audit and Risk Committee and a Membership Committee. All of the committees are formally constituted with terms of reference and, with the exception of the Finance Committee, mainly comprise Council members, who are neither employees nor students of UWC.

Council members do not receive remuneration for the meetings they attend. The members are ultimately accountable to the state and are fully cognisant of their collective and individual responsibilities.

Finance Committee

The Council's Finance Committee exercises control over all university funds and advises Council on financial strategy and financial progress against benchmarks and annual budgets. The Finance Committee is also responsible for:

- assessing the financial planning of the university with respect to its financial viability;
- evaluating the annual financial statements of the university;
- advising the university on long-term financing strategy with respect to immovable capital projects; and
- making recommendations regarding the aforementioned.

The Finance Committee meets at least quarterly and continuously measures and reports on the university's financial performance.

Remuneration Committee

The Remuneration Committee considers and makes recommendations to the Council regarding policies, remuneration and prerequisites, and the contracts of staff appointed by the Council, which includes the executive management and the deans of faculties. The annual financial statements reflect the earnings of the executive management separately.

Membership Committee

The Council Membership Committee considers nominations for vacancies in the Council in terms of the Institutional Statute and makes recommendations regarding suitable persons where applicable. The committee assigns Council members to the required subcommittees and is responsible for the implementation of the Code of Conduct for Council members.

Audit and Risk Committee

The Audit and Risk Committee reviews the findings and reports of the university's internal and external auditors. Both the internal and external auditors have unrestricted access to the audit committee, ensuring that their independence is in no way impaired. Meetings are held at least four times a year and are attended by the internal and external auditors and appropriate members of the executive management. The Audit and Risk committee operates in accordance with Council-Confirmed written terms of reference that clearly sets out the committee's responsibilities in relation to:

- the committee's integrated reporting responsibility;
- its responsibilities in terms of overseeing both the internal and external audit functions; and
- the committee's responsibilities in terms of risk oversight and internal controls.

Conflict management

Council agreed in its Code of Conduct to deliberate immediately on matters where conflict arises as a result of, for example, a declaration of vested interest, and to decide upon it in accordance with generally accepted practice. During 2011, it was not necessary for Council to act on this provision.

Executive Management Committee

The Executive Management Committee is responsible for implementing Council-approved strategies and for managing the university's affairs. The Executive Management Committee is chaired by the Rector and meets twice a month. The committee's terms of reference encompass strategy development, collaboration between faculties and units, and maintaining and managing the university's operations in the most effective and efficient way. The Executive Management Committee is responsible for ensuring that the accounting records of the university is maintained in good order by the accounting information systems and personnel complement.

Employee and student participation

The university uses a variety of participating structures to resolve issues that affect employees and students directly and materially. These structures are designed to achieve good employer/employee and student relations and for the effective sharing of relevant information, consultation and the identification and resolution of conflict. They embrace goals relating to productivity, career security, legitimacy and identification with the university. Employment equity remains high on the institutional agenda and is steered through an employment equity forum.

Code of ethics

The Code of Conduct for Council members expects councillors to observe the highest standard of integrity, behaviour and ethics to conduct business through the use of fair commercial practices. In 2011, there were no breaches in terms of the Code of Conduct. Council members and employees are expected to observe the institution's ethical obligations in order to conduct business through the use of fair commercial practices.

Risk exposure management

The university is proud of its reputation as an institution that produces high-quality graduates, excellent research and renowned scholars. It also prides itself in being an institution known for sound financial management and safety at work. Reputational, financial and other areas of risk are key priorities for the Council, the university executive and the bodies responsible for the management of risk. The Council is ultimately responsible for risk management, which includes evaluating key risk areas and ensuring that processes for risk management and systems of internal control are implemented. The Executive Management, Audit and Risk, and Finance committees play an extremely important role in advising the Council in terms of risk.

Financial risks

The university's financial risks include interest rate risk, foreign exchange rate risk, and credit risk. The ongoing international economic uncertainty could impact international donors' ability to continue funding research activities at the expected levels. The position of the rand relative to foreign currencies impacts the restricted funds, as a large portion of donor income is received in foreign currency.

At times, this requires projects to revise their work to function within the actual rand value of funds received. Interest rate risk has been eliminated largely by recapitalisation with regard to the institution's cash flow position, but new long-term loans are foreseen and, if there are increases in interest rates, these will impact such loans.

The university has had almost a decade of consistent growth and financial strengthening. It has moved from a position of substantial borrowings and little infrastructure expansion to one of growing reserves and major infrastructure projects. These bring new elements of financial risk, specifically investment risk relating to reserves and price escalation risk relating to long-term projects.

UWC's applicant pool from disadvantaged communities poses a specific credit risk. Students who do not succeed academically, or succeed only partly, may not qualify for continued financial aid (NSFAS or donors) and may not be able to honour their financial obligations to the university. This often results in higher dropout rates, with serious financial implications in terms of debt collection and academic output rates. Improved academic support systems are expected to yield better results in this mission-critical area. The current economic climate could also impact our success in student debt from previous years.

The Executive Director: Finance and Service is responsible for managing credit, currency and interest rate exposure. Monthly management reports contain details of costs and the market value of financial instruments, and an analysis of exposures against limits established by the Council. The limits principally cover the maximum permitted exposure in respect of:

- finance lease debts limited to prime;
- floating rate borrowings in terms of long-term loans; and
- credit concentrations.

Non-financial risk

The non-financial factors that impact UWC include competitive attractiveness, the ability to perform in strategic priority areas, attracting and retaining appropriately skilled employees, reaching student enrolment targets, legislative risks, HIV/Aids and operational risks resulting from process failures.

However, all the abovementioned non-financial factors that impact the institution also have financial risk implications. The university has identified a number of key priorities for the next five years and success in these areas will, among others, improve student success rates and research output, which would reduce risk in terms of the current portion of the state subsidy received as a development grant. Initial indications are positive, but performance in these strategic priority areas poses a degree of risk. The university has thus far performed well in terms of its projected student numbers, but if it does not succeed in this area, it would have implications, not only for the institutional budget but also for UWC's proportionate share in the annual higher education financial allocation.

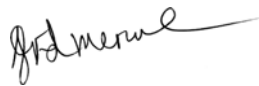
The competitive environment in terms of employees holds the risk of the institution losing highly qualified and skilled employees, who are not easily replaceable, to other higher education institutions or industries.

UWC remains vigilant of the challenge posed by HIV/Aids and the institution has embarked on several initiatives to raise awareness, offer support programmes and influences students' behaviour through peer education.

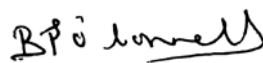
Much has been done in information technology to increase levels of security by addressing matters such as weaknesses in change control, firewall security and general network security, but the institution is still exposed to a degree of risk in this area.



Mr B Williams
Chairperson of Council



Dr Johann van der Merwe
Chairperson of the Audit and Risk Committee



Prof Brian O'Connell
Rector and Vice-Chancellor





University of the Western Cape
East Drive

↑ Parking PPP

Left Lane for South Campus



↑ East Campus
East Park
Central Park
Central Campus
North Campus





The **AUDIT AND RISK COMMITTEE REPORT** on the **SYSTEMS** of **INTERNAL CONTROL**

The University of the Western Cape maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposal. Such systems are designed to provide reasonable assurance to the University and the Council that the operational environment promotes the safeguarding of the University's assets and the preparation and communication of reliable financial and other information.

The systems of control designed by management include the documentation of organisational structures, division of responsibilities and established policies and procedures in key areas, which are communicated throughout the organisation.

Information systems utilising information technology are in use throughout the organisation. Management intends that systems be designed to promote ease of use for all users while balancing control requirements. In using electronic technology to conduct transactions with staff and with third parties, Management maintains that control aspects are given close scrutiny and that procedures are designed and implemented to minimise the risk of fraud or error. The development, maintenance and operation of all systems are under the control of competently trained staff. However, the vacancy of the Director: Information and Communication Systems position inhibits the general control environment.

Internal auditors monitor the adequacy and effectiveness of internal control systems based on coverage plans discussed with Management and approved by the Audit and Risk Committee, and report their findings and recommendations to Management and Council through the Audit and Risk Committee. Corrective actions are taken by Management to address control deficiencies, and other opportunities for improving systems are identified. The internal audit process includes a follow-up of agreed management action plans, which are then reported to the Audit committee. The Council, operating through its Audit and Risk Committee, provides oversight of the internal control process.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances. Instances where it is detected that internal control systems have failed, are followed-up to determine whether further investigations are required.

Reports to the Audit and Risk Committee by both the internal and external auditors indicate that there are some outstanding items in terms of controls deemed to be inadequate or ineffective. These matters are reported to the Management and Council, and progress with addressing such issues will be reviewed in subsequent audits and duly reported.



Dr Johann van der Merwe
Chairperson of the Audit and Risk Committee



FINANCIAL REVIEW

The global markets continue feeling the pressure of the recession which showed signs of recovery at the beginning of the financial year. However, the negative European markets affected most active markets across the globe resulting in further job losses and government bailouts. The general sentiment is that things are getting better but one cannot ignore the challenges faced by the BRICS, i.e. Brazil, Russia, India, China and South Africa. The BRICS enjoyed relative economic stability compared to other parts of the world, but they often experience significant impact on a two-year lag. Uncertainty, volatility and below normal level of operations will remain features on the way to economic stability, consistency and confidence.

The South African economy maintained a steady recovery rate but at a slower pace than anticipated. It has shown impressive resilience to the global economic condition and has earned its place as a BRICS partner. Hard work and brave leadership is an important requirement for South Africa's success, with special interventions to speed up the recovery rate in the coming years.

The University of the Western Cape (UWC) performed well under the conditions of the South African economy. While this is good news for the current year, we approach the future with cautious optimism. UWC generated a surplus on its operating budget for the 2011 fiscal year that is well augmented with the Institutional Operating Plan 2010 – 2014 (IOP) strategy that calls for diversification of the revenue base, better alignment of budget, strategy and building reserves for the future.

Operating results

The strategic impact on operating results revealed a higher than expected operating surplus for the year. The net operating surplus for the year amounted to R71.9 million (2010: R78.4 million). The positive financial performance is a reflection of the university's ability to grow under difficult conditions without compromising quality and efficiency. The university achieved its financial targets, and this can be attributed to, among others, the following factors:

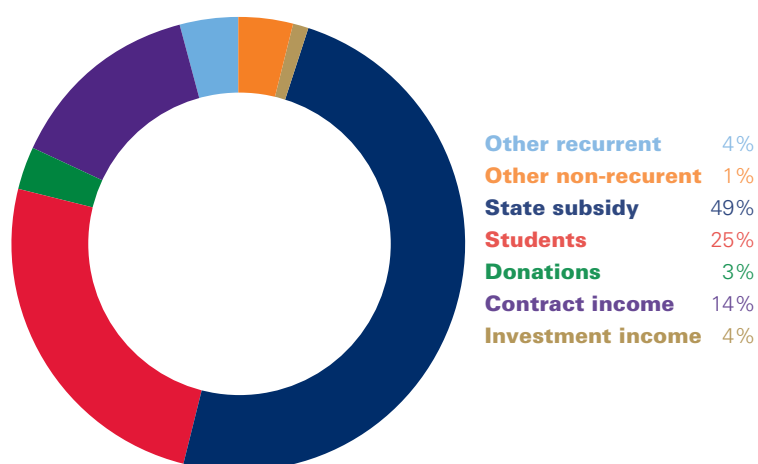
- Continuous improvements to fiscal policy
- Improved administrative efficiency and effectiveness, supporting planned student administration and collections
- Implementation of strategic special intervention programmes
- Human capital investment
- Student academic performance
- Diversification of the revenue base

The IOP focuses on building capacity to deliver quality, and with the university's strategic interventions, this translated into positive financial performance.

Consolidated revenue streams share

The university is funded from many sources that can be categorised in the revenue streams below. The graph depicts the size of the revenue stream in proportion to the aggregate on consolidation.

Share of Revenue Streams 2011



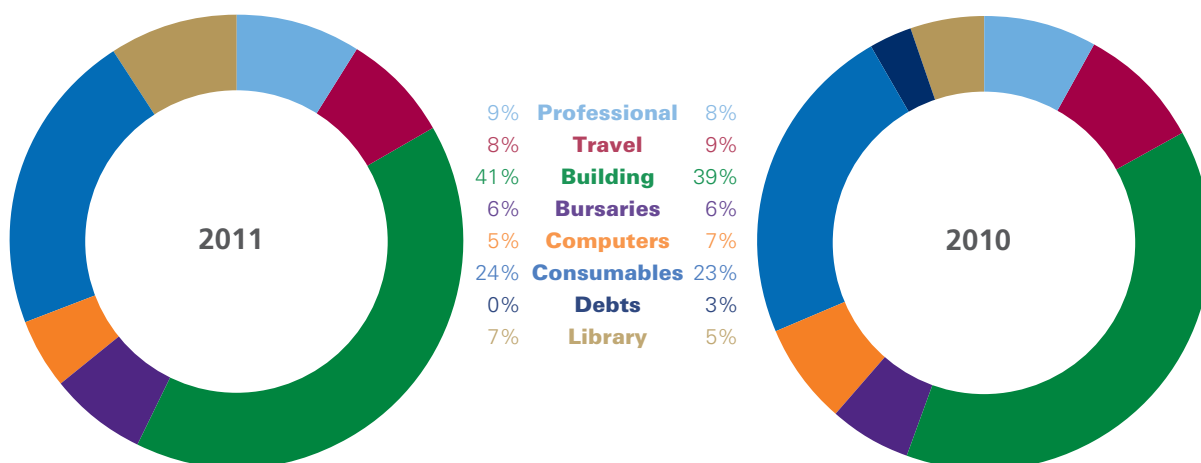
The graph above depicts state subsidy as the largest component of income at 49% while the consolidated pool of funding and student income constitutes 25%. The remaining 26% is represented by third-stream income items. It is the university's intention to intensify activity in third-stream income that will be available as distributable reserves to complement the university's operations and reserves.

Abridged income and expenditure of Council-controlled and student accommodation funds

	2011 (Rmil)	% diff	2010 (Rmil)	% diff	2009 (Rmil)	% diff	2008 (Rmil)	% diff	2007 (Rmil)
Total income	963.4	11%	868.4	21%	718.9	8%	670.1	18%	569.0
State subsidies and grants	567.7	13%	500.5	20%	418.6	9%	384.9	17%	329.1
Tuition and accommodation income	321.6	11%	289.8	25%	232.2	16%	200.0	10%	182.4
Other recurrent income	73.8	-6%	74.0	9%	68.1	-12%	77.1	34%	57.5
Other non-recurrent income	0.3	-100%	4.1	100%	0.0	-100%	8.1	0%	0.0
Total expenses	891.5	13%	789.9	23%	642.6	14%	562.6	12%	500.5
Employment costs	521.5	11%	470.8	22%	387.1	11%	348.8	12%	311.2
Operating expenses	263.8	5%	256.3	20%	210.0	14%	181.7	11%	163.5
Depreciation	67.3	13%	59.7	57%	38.1	32%	31.6	24%	25.4
Pension fund surplus expenditure	26.7	100%	0.0	-100%	7.0	100%	0.0	0%	0.0
Disposal of property, plant and equipment	4.5	100%	0.0	0%	0.0	0%	0.0	0%	0.0
Finance costs	7.7	8%	7.1	1675%	0.4	-8%	0.4	0%	0.4
Net surplus	71.9		78.5		76.4		107.5		68.5

The income and expenditure of Council-controlled and student accommodation funds, also known as the general fund or operating budget, has yielded a surplus of R71.5 million (2010: R78.5 million). This surplus is reasonable compared to prior year's, and illustrates the university's ability to continue operating as a going concern. The operating results are favourable particularly under the current economic conditions and further express working capital optimisation and maintainable earnings.

Operating expenses



Operating expenses were R263.8 million (2010: R256.3 million), which is within budget. Operating expenses include special intervention programmes that accelerate academic and research performance specifically designated to support the IOP.

Depreciation was R67.3 million (2010: R59.7 million) as a result of the annual revised useful lives and revised residual values of property, plant and equipment, in terms of the accounting treatment outlined in the International Financial Reporting Standards (IFRS). Upgrades to the School of Public Health Building and the East-link Road at the end of 2008, the Life Sciences Building during 2010, and The South African Institute of Advanced Material Chemistry Innovation Centre and SPFRC Building during 2011 significantly impacted the increase in depreciation. Depreciation is expected to accelerate significantly in the coming years as assets reach the end of their useful lives and additions to computer infrastructure and buildings are brought into use. The graphs above indicated that the portion of expenditure on infrastructure has increased to 41% (2010: 39%) of the total budget. A substantial portion of this expense is earmarked funding from the Department of Higher Education and Training.

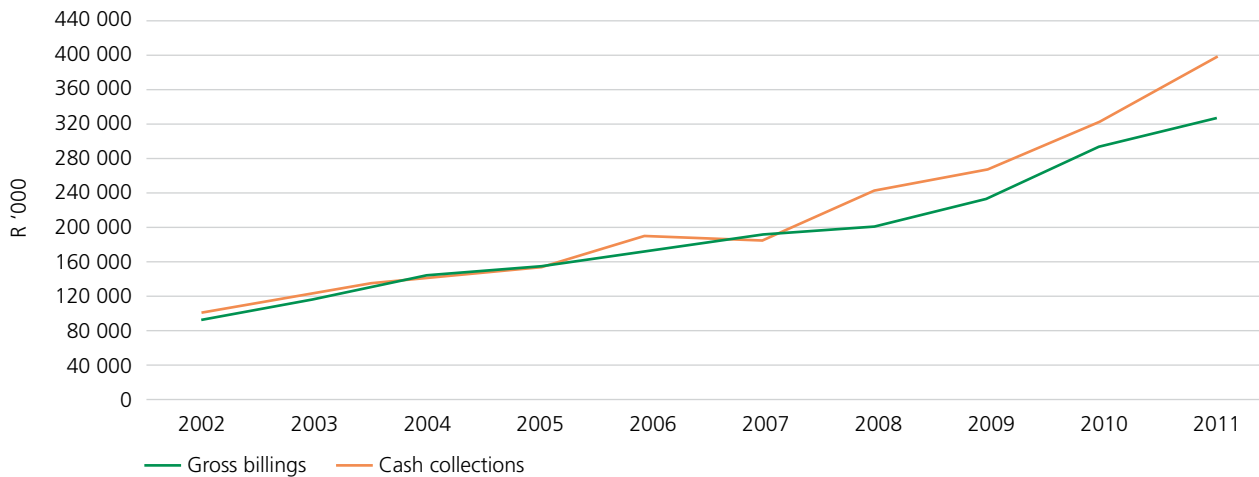
We increased operating expenditure on existing buildings and computer infrastructure to improve the student experience at the university.

Student accommodation expenditure continues applying pressure on the budget because of the accommodation fund's inability to break even. Students are continually engaged with to balance the fund. The university has unsuccessfully negotiated accelerated accommodation rates to break even. The deficit accrued for 2011 amounts to R6.5 million (2010: R9.6 million). The income and operating costs for student accommodation activities are included in the table above.

Student debt

UWC has consistently improved its collection rate over the years. This is due to numerous improvements in debt-collection processes, financial aid processes and direct engagement with individual students and their parents, student leadership, donors and stakeholders regarding the settlement of debt. The development of the Student Enrolment Management System (SEMS) has resulted in coherent management information and accessible interfaces that translate into improved efficiency and effectiveness. The SEMS programme will be developed over the next year to support the strategic objectives in this area better.

GROSS COLLECTIONS VS GROSS BILLINGS



The graph above represents the student debt account that illustrates the relationship between collections against billings. The Department of Higher Education and Training (DHET) has committed funding from the National Student Financial Aid Scheme (NSFAS) to cover historical debt which has reduced the debtors book during the 2011 financial year. The budgeted collections have been achieved for 2011 and exceed the annual billing.

UWC has a history of registering academically viable indigent students without the necessary financial resources to pay tuition and resident fees upfront. This bodes well with the institutional mission of providing access and being an engaged university, augmented by students and families taking responsibility for the cost of higher education. At registration all students are required to pay an upfront amount of less than 20% of the average student billing per annum. However, a higher registration fee is desirable but it is a highly contested process among most universities in South Africa. Payment settlement agreements are entered into with individual students to stagger payments throughout the year. In most instances students honour these agreements. The National Student Financial Aid Scheme (NSFAS), donors and various stakeholders have played a significant role in the success of student debt collection at UWC. In the current economic climate we are very grateful to the donors, parents, guardians and students for their unequivocal commitment to addressing student debt.

Restricted funds

Restricted funds represent donations, grants and contracts accounted for during the year. The university performed exceptionally well compared to the prior year which is mostly attributable to re-established relationships with donors and third parties. The fund generated R73 million (2010: R22 million) normal activity surplus for the year.

Significant accounting issues and disclosures

The university's financial reporting and preparation of financial statements is based on IFRS. Below is an explanation of certain significant items contained in the financial statements.

Government grants and disclosure for government assistance

At year-end, the government grants relating to assets (note 24) were valued at R373 million (2010: R296 million) in the consolidated statement of financial position. This is as a result of grants received over the years from the DHET for infrastructural improvement and expansion projects. Although this is income received in terms of IAS 20: Accounting for Government Grants and Disclosure for Government Assistance, the grant received shall be recognised as a liability (deferred income) and subsequently recognised as income over the period of the asset's useful life to match the costs to which the asset relates on a systematic basis. The DHET has committed funding for the future years that will influence this balance. The liability will not be discharged in full when the buildings are brought into use, but will be reduced annually to the extent of the related costs for which they are intended to compensate, on a systematic basis.

The net effect is paradoxical, the more the DHET aids the university in building its infrastructure, the higher our liability on the statement of financial position and will carry a liability for the lifetime of the building or asset that will be reduced systematically over this period of time, even though it does not represent an obligation to be settled in the future.

Special concession: property, plant and equipment

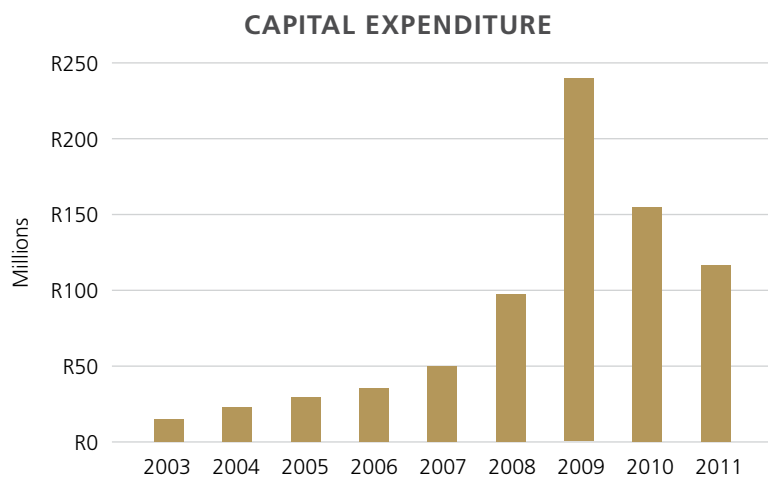
UWC adopted the method of capitalising the cost of the buildings constructed on university land on a "Build-Operate-Transfer" (BOT) basis on a registered notarial lease. The accounting policy requires full capitalisation of construction costs incurred and depreciating the building over its expected useful life. An equivalent liability is raised at the date of capitalisation and is derecognised over the life of the lease agreement as per note 26. The payment obligation to discharge the loan for the construction is owned by the developer, Kovacs, who has undertaken full risk of planning, development, management operations and maintenance of the full project over a phase in approach. The liability is therefore similar to the government grants accounting policy in that the liability will be reduced systematically over a period of time, even though it does not represent an obligation to be settled by the university in future.

Interest-bearing borrowings

The university entered into a long-term loan with the Development Bank of South Africa to finance the completion of the Life Sciences Building during 2010. The initial loan value was R90 million at inception and is repayable over 10 years as detailed in note 9 to the annual financial statements.

Infrastructure improvement and expansion projects

The university made unprecedented investments in infrastructure from 2007. This could not be possible without support from the DHET and the respective donors who believed in UWC. It is noteworthy to mention completed projects, projects in force and planned projects.



The table illustrates the intensity of investment in infrastructure.

Teaching space

Due to the financial position of the UWC in prior years, it could not make adequate provision for maintenance and upgrades. From 2005, the university invested significantly in annual infrastructure upgrades, specifically with regard to teaching facilities and to address the maintenance backlog. The university continued improving teaching facilities during 2011 and has committed funds in terms of its budgeting process to accelerate the improvement project systematically. This espouses an enhanced student experience, excellence in academic and research activities, and an upgrade of support and general infrastructure.

Life Sciences Building

Practical completion and occupation commenced during 2010. Teaching and research activities commenced in the first term of 2010. The operationalisation of the building has significantly changed the cost structure as planned, which can be seen from the buildings cost share of operational costs. Total cost rounded, including fit-out, amounts to R550 million.

School of Public Health Building

The occupation of the building during 2009 did not come without general growth pains. The building is fully operational and has contributed to the change in building cost structure. Total cost rounded, including fit-out, amounts to R80 million.

East-link Road

The East-link Road was completed during 2007. Total cost rounded amounts to R20 million.

South African Institute of Advanced Materials Chemistry Innovation Centre

Construction commenced during 2009 and completion was achieved during 2011. Total cost rounded, including fit-out, amounts to R33 million.

Conversion of Olefins to Distillate (COD) facility

Construction commenced during 2010 and completion achieved during 2011. Total cost rounded, including fit-out, amounts to R8 million.

New residences

The university has entered into a development agreement with a company, Kovacs, for the construction of residential accommodation, offering 1 600 beds at a cost of R321 million on the East campus adjacent to Symphony Way. The first phase of construction commenced in June 2011 and was completed in February 2012. Total cost of the second phase including fit-out is estimated at R55 million. Phase 2 is planned to commence during May 2012.

Cluster residence upgrades – ablution facilities and kitchen installations

The project comprised mainly to build kitchen facilities and upgrade the ablution facilities in four of the university's cluster residences. These upgrades will result in a substantial improvement in the quality of life of residence students. The project commenced during 2010 and was completed during 2011. Total cost rounded of the project amounts to R40 million.

New Chemical Sciences Building

Construction has commenced at the end of 2011. The total project cost is estimated at R226 million at this time, including fit-out. The completion of the building is expected during July 2013.

Bellville Medical Centre (Old JS Marais hospital)

Situated in the Bellville central business district, construction is planned to commence in the third quarter of 2012. Expected project cost including land amounts to R200 million.

Residence Lifestyle Centre

The project commenced during 2012 and is expected to be completed at the end of 2012. Total expected cost rounded amounts to R40 million.

Open Plan Pool

The project commenced during 2012 and is expected to be completed during 2012. Total expected cost rounded amounts to R4 million.

Dentistry Tygerberg Hospital

The project will commence during 2012 and scheduled for completion during 2013. Total cost rounded amounts to R15 million.

Stadium Upgrade

The stadium is scheduled for upgrade over a number of phases. Phase one is expected to commence during 2012 and completed during 2013. Total cost rounded of phase 1 amounts to R20 million.

Conclusion

The favourable financial results for 2011 are a tribute to the efforts of the Council, its Finance and Audit and Risk committees, executive management, finance leadership and the campus community, who all applied sound fiscal discipline. We will continue the annual strategic prioritisation in the budgeting process and provide the required financial support to sustain the institutional objectives of the IOP. The established financial planning processes, as articulated in the university's financial planning processes, will be adhered to and will guide the financial decisions of the university. As we look beyond the current downturn, it is clear that we are very well positioned with a quality team of people. The future is exciting for UWC as it is steered to success, drawing on innovation, core competencies and leadership.



Mr Abduraghman Regal CA(SA)

Executive Director: Finance and Services





Table of Contents to the ANNUAL FINANCIAL STATEMENTS





The background of the page features a collage of financial data visualizations. At the top left, there is a line chart with a grid, showing price fluctuations over time. Below it, another line chart is visible, with numerical values such as 84.65, 326.648€, 100, 0.00, -100, and -264.047. At the bottom of the page, a bar chart is partially visible, showing several vertical bars of varying heights. The overall theme is financial reporting and data analysis.

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Statement of Responsibility

for the annual financial statements

The Council is responsible for the preparation, integrity and fair presentation of the financial statements of the University of the Western Cape (UWC).

The financial statements presented on pages 56 to 88 of the 2011 Annual Report have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Minister of Education in the regulations in terms of the Higher Education Act, 1997 (Act No 101 of 1997), as amended, and include amounts based on judgements and estimates made by the management. The Council has also approved the Council Statement on Corporate Governance and confirms its accuracy and consistency with the financial statements.

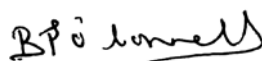
The financial statements have been audited by Ernst & Young Inc., who have been given unrestricted access to all financial records and related data, including minutes of meetings of the Council and its committees. The Council believes that representations made to the independent auditors during their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

Approval of annual financial statements

The annual financial statements on pages 56 to 88 of this Annual Report were approved by Council on 21 June 2012 and are signed on its behalf by:



Mr B Williams
Chairperson of Council



Prof BP O'Connell
Rector and Vice-Chancellor

Report of the **Independent Auditors** to the Council of the University of the Western Cape

REPORT ON THE FINANCIAL STATEMENTS

Introduction

We have audited the financial statements of the University of the Western Cape, which comprise the statement of financial position as at 31 December 2011, and the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 56 to 88.

Council's responsibility for the financial statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the Minister of Higher Education and Training in terms of S41 of the Higher Education Act 101 of 1997 (as amended), and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of the Western Cape as at 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Minister of Higher Education and Training in terms of S41 of the Higher Education Act 101 of 1997 (as amended).

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Public Audit Act of South Africa and the General Notice issued in terms thereof, we report the following findings relevant to performance against predetermined objectives and compliance with laws and regulations, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the information in the Report of the Chairperson of Council as set out on pages 7 to 11 of the annual report in respect of the Council's self-assessment of the achievement of predetermined objectives. There were no material findings identified regarding the reliability of the reported achievement of predetermined objectives.

Compliance with laws and regulations

We performed procedures to obtain evidence that the University of the Western Cape has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the Public Audit Act of South Africa.

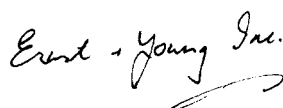
Internal control

We considered internal control relevant to our audit of the financial statements, Report of the Chairperson of Council on certain information in respect of the achievement of predetermined objectives and compliance with laws and regulations. We did not identify any deficiencies in internal control that we considered sufficiently significant for inclusion in this report.

OTHER REPORTS

Agreed-upon procedures engagements

We conducted a number of agreed-upon procedure engagements during the year under review as per the requirements of various entities providing funds to the university.



Ernst & Young Inc.

Director: Abdul-Majid Cader
Registered Auditor
Chartered Accountant (SA)

Cape Town
29 June 2012

Consolidated statement of Financial Position

as at 31 December 2011

	Notes	ZAR 2011	ZAR 2010
ASSETS		2,192,185,200	1,939,208,162
Non-current assets		1,447,208,951	1,352,011,442
Property, plant and equipment	2	1,122,424,017	1,067,931,898
Service Concession: Property, plant and equipment	2.1	43,282,102	–
Investments		270,329,660	246,470,035
Marketable Securities	3.1	267,209,402	243,374,193
Other investments	3.1	3,120,258	3,095,842
Post-employment fund surpluses		10,998,637	37,355,491
Retirement fund surplus	10.2	7,474,364	7,157,491
Pension fund surplus	10.1	3,524,273	30,198,000
Staff loans	4	174,535	254,018
Current assets		744,976,249	587,196,720
Inventories	5	981,154	823,614
Investments	3.2	3,311,929	3,147,674
Accounts receivable		115,103,829	128,416,095
Student fee debtors	6	76,379,108	75,246,372
Other receivables	7	38,724,721	53,169,723
Cash and cash equivalents	8	625,579,337	454,809,337
FUNDS AND LIABILITIES		2,192,185,200	1,939,208,162
Funds available		1,524,907,966	1,381,229,614
Council controlled funds		180,152,306	127,835,642
Restricted use funds		241,536,656	197,243,830
Student accommodation funds		(53,358,799)	(47,133,545)
Property, plant and equipment funds		1,122,424,017	1,067,931,898
Fair value adjustments reserve		34,153,786	35,351,789
Non-current liabilities		559,755,413	437,780,944
Interest-bearing borrowings	9	69,800,000	78,800,000
Other non-current liabilities	26	43,282,102	–
Government grants relating to assets	24	372,583,426	295,973,491
Leave pay provision	11	74,089,885	63,007,453
Current liabilities		107,521,821	120,197,604
Accounts payable and accrued liabilities	12	88,269,859	93,613,654
Current portion of leave pay provision	11	9,266,567	14,752,235
South African Revenue Service provision	13	–	1,279,320
Student deposits	14	985,395	1,552,395
Current portion of interest-bearing borrowings	9	9,000,000	9,000,000

Consolidated statement of Changes in Funds

for the year ended 31 December 2011

	Notes	Council controlled funds	Restricted use funds	Student accommodation and equipment funds	Property, plant and equipment funds	Fair value adjustments reserve	Total available funds
FOR THE YEAR ENDED 31 DECEMBER 2011							
Accumulated funds at 1 January 2011 (ZAR)							
Total comprehensive income for the year		127,835,642	197,243,830	(47,133,545)	1,067,931,898	35,351,789	1,381,229,614
Net surplus/(deficit) for the year		78,454,558	72,966,503	(6,544,706)		(1,198,003)	143,678,352
Fair value adjustment reserves realised	3.1	-	-	-	-	-	144,876,354
Unrealised fair value adjustment gains	3.1	-	-	-	-	(6,599,749)	(6,599,749)
Transfers for acquisition/disposal of PPE	2	(98,949,371)	(21,013,042)	(1,848,486)	121,810,899	-	-
Transfer of depreciation on PPE	2	65,150,842	-	2,167,938	(67,318,780)	-	-
Transfers to eliminate dormant entities	22	-	-	-	-	-	-
Other inter-fund transfers		7,660,635	(7,660,635)	-	-	-	-
Accumulated funds at 31 December 2011		180,152,306	241,536,656	(53,358,799)	1,122,424,017	34,153,786	1,524,907,966
FOR THE YEAR ENDED 31 DECEMBER 2010							
Accumulated funds at 1 January 2010 (ZAR)							
Total comprehensive income for the year		106,480,537	206,785,316	(40,708,034)	972,422,239	15,177,088	1,260,157,146
Net surplus/(deficit) for the year		87,990,538	22,483,954	(9,576,725)	-	20,174,701	121,072,468
Fair value adjustment reserves realised	3.1	87,990,538	22,483,954	(9,576,725)	-	-	100,897,767
Unrealised fair value adjustment losses	3.1	-	-	-	-	(906,464)	(906,464)
Transfers for acquisition/disposal of PPE	2	(118,110,495)	(36,627,676)	(426,622)	155,164,793	-	-
Transfer of depreciation on PPE	2	56,077,298	-	3,577,836	(59,655,134)	-	-
Transfers to eliminate dormant entities	22	(28,411)	28,411	-	-	-	-
Other inter-fund transfers		(4,573,825)	4,573,825	-	-	-	-
Accumulated funds at 31 December 2010		127,835,642	197,243,830	(47,133,545)	1,067,931,898	35,351,789	1,381,229,614

Consolidated statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	ZAR 2011	ZAR 2010
TOTAL INCOME		1,265,783,258	1,112,504,469
Recurrent revenue		1,258,854,407	1,107,618,483
State subsidies and grants	15	624,840,900	550,400,356
Student fee revenue		321,619,861	290,376,296
Income from contracts		172,947,698	144,383,065
For research		141,299,718	110,211,224
For other activities		31,647,980	34,171,841
Other service revenue		3,172,945	2,431,381
Private gifts and grants		37,657,517	35,925,573
Other recurrent income	18.1	49,370,102	38,832,745
Subtotal		1,209,609,023	1,062,349,416
Interest received	16	44,840,142	41,981,699
Dividends received	16	4,405,242	3,287,368
Non-recurrent items		6,928,851	4,885,986
Realised gain of marketable securities	16	6,599,749	906,464
Other non-recurrent income	18.2	12,229	271,342
Post-employment fund surpluses			
Retirement fund surplus income	10.2	316,873	3,178,000
Pension fund surplus income	10.1	–	530,180
TOTAL EXPENDITURE		1,120,906,903	1,011,606,702
Recurrent items		1,089,802,605	1,009,869,706
Personnel		604,957,730	553,953,050
Academic professionals	17	323,132,390	298,292,977
Other personnel	17	281,825,340	255,660,073
Other operating expenses	18.3	409,827,733	389,136,448
Depreciation	2	67,318,780	59,655,134
Subtotal		1,082,104,243	1,002,744,632
Finance costs	19	7,698,362	7,125,074
Non-recurrent items		31,104,298	1,736,996
Post-employment fund expenditure			
Pension fund surplus expenditure	10.1	26,674,000	–
Loss on disposal of PPE		4,430,298	1,736,996
NET SURPLUS FOR THE YEAR		144,876,355	100,897,767
Fair value adjustment reserves realised	3	(6,599,749)	(906,464)
Unrealised fair value adjustment gains	3	5,401,746	21,081,165
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		143,678,352	121,072,468

The surplus for the year is analysed as follows:

Council controlled funds	78,454,558	87,990,538
Accommodation funds	(6,544,706)	(9,576,725)
Restricted funds – normal activities	72,966,503	22,483,954
NET SURPLUS FOR THE YEAR	144,876,355	100,897,767

Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	COUNCIL CONTROLLED FUNDS	
		ZAR 2011	ZAR 2010
TOTAL INCOME		922,722,103	828,297,189
Recurrent revenue		922,455,230	824,589,009
State subsidies and grants	15	567,654,652	500,537,509
Student fee revenue		280,998,845	250,015,195
Income from contracts		21,085,230	20,348,263
For other activities		21,085,230	20,348,263
Other service revenue		3,172,945	2,431,381
Private gifts and grants		1,730,827	3,040,403
Other recurrent income	18.1	10,144,391	14,411,421
Subtotal		884,786,890	790,784,172
Interest received	16	37,584,464	33,370,226
Dividends received	16	83,876	434,611
Non-recurrent items		316,873	3,708,180
Post-employment fund surpluses			
Retirement fund surplus income	10.2	316,873	3,178,000
Pension fund surplus income	10.1	–	530,180
TOTAL EXPENDITURE		844,317,545	740,306,651
Recurrent items		813,142,056	738,569,655
Personnel		511,179,672	460,825,111
Academic professionals	17	287,079,601	263,207,349
Other personnel	17	224,100,071	197,617,762
Other operating expenses	18.3	229,113,180	214,542,172
Depreciation		65,150,842	56,077,298
Subtotal		805,443,694	731,444,581
Finance costs	19	7,698,362	7,125,074
Non-recurrent items		31,175,489	1,736,996
Loss on disposal of PPE		4,501,489	1,736,996
Post-employment fund surpluses			
Pension fund surplus expenditure	10.1	26,674,000	–
NET SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		78,454,558	87,990,538

Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	STUDENT ACCOMMODATION FUNDS	
		ZAR 2011	ZAR 2010
TOTAL INCOME		40,610,505	40,049,253
Recurrent revenue		40,598,276	39,797,411
Student fee revenue		40,598,276	39,797,411
Non-recurrent items		12,229	251,842
Other non-recurrent income	18.2	12,229	251,842
TOTAL EXPENDITURE		47,155,211	49,625,978
Recurrent items		47,155,211	49,625,978
Personnel		10,346,714	10,003,969
Other personnel	17	10,346,714	10,003,969
Other operating expenses	18.3	34,640,559	36,044,173
Depreciation		2,167,938	3,577,836
NET DEFICIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(6,544,706)	(9,576,725)

Statement of Comprehensive Income

for the year ended 31 December 2011

	Notes	RESTRICTED USE FUNDS	
		ZAR 2011	ZAR 2010
TOTAL INCOME		302,471,841	244,158,027
Recurrent revenue		295,800,901	243,232,063
State subsidies and grants	15	57,186,248	49,862,847
Student fee revenue		22,740	563,690
Income from contracts		151,862,468	124,034,802
For research		141,299,718	110,211,224
For other activities		10,562,750	13,823,578
Private gifts and grants		35,926,690	32,885,170
Other recurrent income	18.1	39,225,711	24,421,324
Subtotal		248,223,857	231,767,833
Interest received	16	7,255,678	8,611,473
Dividends received	16	4,321,366	2,852,757
Non-recurrent items		6,670,940	925,964
Realised gain of marketable securities	16	6,599,749	906,464
Other non-recurrent income	18.2	–	19,500
Profit on disposal of PPE		71,191	–
TOTAL EXPENDITURE		229,505,338	221,674,073
Recurrent items		229,505,338	221,674,073
Personnel		83,431,344	83,123,970
Academic professionals	17	36,052,789	35,085,628
Other personnel	17	47,378,555	48,038,342
Other operating expenses	18.3	146,073,994	138,550,103
NET SURPLUS FOR THE YEAR		72,966,503	22,483,954
Other comprehensive income			
Fair value adjustment reserves realised	3	(6,599,749)	(906,464)
Unrealised fair value adjustment gains	3	5,401,746	21,081,165
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		71,768,500	42,658,655

Consolidated Statement of Cash Flows

for the year ended 31 December 2011

	Notes	ZAR 2011	ZAR 2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus before interest and dividends	25.1	103,329,333	62,753,774
Adjusted for:			
Depreciation	2	67,318,780	59,655,134
Net gain on disposal of investments	3.1	(6,599,749)	(906,464)
Government grants relating to assets recognised during the year	24	(5,546,000)	(3,600,509)
Loss on disposal of property, plant and equipment		4,430,298	1,736,996
		162,932,622	119,638,931
Increase in inventory		(157,540)	(197,942)
Decrease/(increase) in receivables		13,312,266	(56,782,083)
Decrease/(increase) in staff loans		79,483	(47,918)
Increase in retirement fund surplus		(316,873)	(625,160)
Decrease/(increase) in pension fund surplus		26,673,727	(3,178,000)
(Decrease)/increase in payables and provisions		(1,026,351)	32,664,236
Decrease in student deposits		(567,000)	(73,055)
Cash generated from operations		200,930,374	91,399,009
Interest received	16	44,396,108	41,507,025
Dividends received	16	4,405,242	3,287,368
Finance costs	19	(7,698,362)	(7,125,074)
Net cash flows from operating activities		242,033,362	129,068,328
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(126,392,948)	(157,017,654)
Proceeds on disposal of property, plant and equipment		151,751	115,078
Purchase of marketable securities	3.1	(136,205,999)	(182,440,545)
Proceeds on disposal of marketable securities	3.1	117,772,536	24,364,352
Proceeds on disposal of other investments	3.1	255,363	255,363
Net cash flows from investing activities		(144,419,297)	(314,723,407)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term loans	9	(9,000,000)	(4,500,000)
Long-term loans raised	9	–	90,000,000
Government grants received relating to assets	24	82,155,935	83,857,000
Net cash flows from financing activities		73,155,935	169,357,000
Net decrease in cash and cash equivalents		170,770,000	(16,298,079)
Opening cash and cash equivalents	25.2	454,809,337	471,107,416
Closing cash and cash equivalents	25.2	625,579,337	454,809,337

Notes to the Annual Financial Statements

for the year ended 31 December 2011

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The annual financial statements set out on pages XX to XX are prepared in accordance with and comply with International Financial Reporting Standards and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended. The annual financial statements are prepared on the historical cost basis, except for marketable securities which are measured at their fair value.

Unless otherwise indicated, all amounts are expressed in South African rands, which is the university's functional currency.

Statement of compliance

The financial statements are prepared in compliance with both IFRS and Interpretations of those Standards as adopted by the International Accounting Standards Board.

Changes in accounting policy and disclosure

The principal accounting policies applied in the preparation of these financial statements are set out below and are consistent with those adopted in the previous year, except as follows:

Amendments resulting from improvements to the following International Financial Reporting Standards (IFRS) did not have any impact on the accounting policies, financial position or performance of the university.

- Improvements to IFRS (May 2010)
- IFRIC 14 – IAS 19 The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IAS 24 revised – Related Party Disclosures

1.2 Fund categories

The statement of comprehensive income is prepared on a segmented reporting basis in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended. Income shown as Council Controlled relates to funds over which the council has legal control and discretionary control. Income shown as Restricted Use relates to funds generated in terms of legally enforceable requirements by the donor or grantor. Income shown as Student Accommodation relates to funds generated from student accommodation. Management continuously reviews the classification of the various funds and periodically reclassifies them, where deemed appropriate, for changes in the circumstances and conditions relating to them.

The consolidated statement of changes in funds is grouped according to the same criteria as the statement of comprehensive income and also includes a property, plant and equipment fund and a fair value adjustments reserve. Funds for the acquisition of property, plant and equipment are transferred to the property, plant and equipment fund, which thereafter carries the funds representing the carrying value of the items of property, plant and equipment. The fair value adjustment reserve carries those gains and losses on available-for-sale investments that are not recognised in the statements of comprehensive income. The Restricted Use Funds represent the unspent portion of funds received which the university has an obligation to spend in terms of a mandate.

1.3 Revenue recognition

Revenue is recognised if it is probable that the economic benefits associated with the transaction will flow to the university and the amount can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, net of any discounts, rebates and related taxes.

State subsidies and grants

The university receives state subsidies and grants each year to assist in covering costs that will arise during that year. State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates. Appropriations for specific purposes are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. If the funding is provided in advance of the specified requirement, the relevant amount is retained as a liability and accounted for as current or non-current as appropriate. When a grant relates to an asset, the recognition of revenue is deferred and released to income over the expected useful life of the relevant asset.

Student fee revenue

Tuition, registration and residence fee revenue is recognised in income in the period to which they relate.

Income from contracts

Income from contracts for research activity is recognised over the duration of the associated research activity. Income from contracts for other activities is recognised when such activities occur.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

1. ACCOUNTING POLICIES (continued)

1.3 Revenue recognition (continued)

Other service revenue

Revenue from services is recognised by reference to the stage of completion, determined on a cost or time apportionment basis, as appropriate, of the services involved.

Income from private gifts and grants

Income from private gifts and grants is recognised when it accrues to the university. Unless specifically indicated otherwise, income is considered to accrue to the university when it is received.

Other recurrent income

Other recurrent income is recognised when it accrues to the university.

Interest and dividends

Dividend income is recognised when the university's right to receive the payment is established and recorded as dividends received. Interest is recognised as it accrues on the effective-interest method, according to the terms of the contract and accrued in interest received.

Recapitalisation

Government grants not expected to recur on an annual basis are recorded in net surplus of the statement of comprehensive income and disclosed as non-recurrent items when they accrue to the university.

1.4 Financial instruments

Financial instruments recognised on the statement of financial position include investments, staff loans, accounts receivable, cash and cash equivalents, accounts payable and accrued liabilities, interest-bearing borrowings and student deposits. Financial instruments are recognised when the university becomes party to the contractual provisions of the instrument. All regular way purchases and sales of financial assets are recognised on the trade date.

When financial assets and financial liabilities are recognised initially, they are measured at fair value, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Loans and receivables are carried at amortised cost using the effective-interest method. Gains and losses are recognised on derecognition or impairment as well as through the amortisation process.

Unless otherwise disclosed under the relevant statement of financial position item note, investment financial assets are carried at fair value while all other financial assets are carried at amortised cost. The methods and assumptions used to determine initial fair value, as well as measurement subsequent to initial recognition are as follows:

Investments

Marketable securities are considered to be "available for sale" where there is no specific date of disposal and are classified as non-current assets. Other investments, where the intention of the university is to hold the investment to maturity, are considered to be "held to maturity" investments and are measured at amortised cost using the effective-interest method. Marketable securities are held at fair value. The fair value of marketable securities is their market value calculated by reference to stock exchange quoted selling prices at year-end. Movements in the fair value of marketable securities are recognised in other comprehensive income until they are sold or impaired, whereupon the surplus deficit is recognised in net surplus.

The estimated fair value of fixed interest-bearing deposits is based on discounted cash flow using prevailing money-market interest rates for instruments with similar credit risk and maturity.

Staff loans

Staff loans are considered to be "loans and receivables" and are carried at amortised cost. An impairment is made, when there is objective evidence that the university will not be able to recover the loans, for the full irrecoverable amount.

Accounts receivable

Accounts receivable are considered to be "loans and receivables".

Student fee debtors

Student fee debt is non-interest-bearing, and minimum payments are required on registration and on prescribed subsequent dates. Student fee debt is carried at amortised cost using the effective-interest method less an allowance for impairment. Amounts are impaired when there is objective evidence that the university will not be able to collect the debt.

1.4 Financial instruments (continued)

Other receivables

Other receivables comprise non-interest-bearing items with no fixed terms of payment. Other receivables are carried at amortised cost.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less. Cash and cash equivalents are considered to be "loans and other receivables". Cash on hand in banks and short-term deposits are carried at amortised cost. In the cash flow statement these amounts are stated net of outstanding bank overdrafts.

Interest-bearing loans and borrowings

Interest bearing loans and borrowings are considered to be "financial liabilities at amortised cost". They are measured at amortised cost using the effective-interest method, being original debt value less principal repayments and amortisations. Gains and losses are recognised in income when the liabilities are derecognised as well as through the amortisation process. The interest expense is calculated using the effective interest rate and recognised in net surplus of the statement of comprehensive income in the year in which it is incurred.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities comprise a variety of items, which are non-interest-bearing and are considered to be "financial liabilities at amortised cost". Trade payables have settlement terms ranging from 7 to 30 days, and other items of accounts payable and accrued liabilities have no specific terms of repayment. Trade and other payables are initially measured at fair value and subsequently carried at amortised cost.

Student deposits

Student deposits are amounts held to cover damages that may arise during use of certain University facilities by students and are considered to be "financial liabilities at amortised cost". These deposits are initially measured at fair value and subsequently measured at amortised cost.

Fair value of financial instruments

The fair value of financial instruments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. For financial instruments where there is no active market, fair value is determined using valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis or other valuation models.

Offset

Financial assets and liabilities are set off and reported on a net basis when the university has a legally currently enforceable right to set off the recognised amounts as well as the intention to realise the assets and settle the liabilities on a net basis.

Derecognition of financial assets and liabilities

- The rights to receive cash flows from the asset have expired,
- The university retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement, or
- The university has transferred its right to receive cash flows from the asset, or either transferred substantially all the risks and rewards of the asset or neither transferred nor retained substantially all the risk and rewards of the asset, but has transferred control of the assets.

A financial liability is derecognised when the obligation under the liability is discharged, is cancelled or expires.

Impairment

Impairment of financial assets

The university assesses at each statement of financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

1. ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

Loans and receivables

For financial assets carried at amortised cost, the university first assesses whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the university determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in net surplus of the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset.

Loans, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the university. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is recognised in net surplus of the statement of comprehensive income.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

Available-for-sale financial investments

For available-for-sale financial investments, the university assesses at each statement of financial position date whether there is objective evidence that an investment or group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the net surplus – is removed from other comprehensive income and recognised in the net surplus. Impairment losses on equity investments are not reversed through the net surplus; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the net surplus. Interest continues to be accrued at the original effective interest rate on the reduced carrying amount of the asset and is recorded as part of 'Interest and similar income'. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the net surplus, the impairment loss is reversed through the net surplus.

1.5 Property, plant and equipment

Purchased items of property, plant and equipment are initially recognised at cost, and thereafter stated at historical cost less accumulated depreciation (see below) and impairment losses. Certain property, plant and equipment acquired on gaining autonomy are recorded at a cost, based on South African Post Secondary Education (SAPSE) norms using replacement value as at April 1984 as the basis, less depreciation. Property, plant and equipment transferred as part of the Tygerberg Oral Health Centre incorporation, were recorded at fair value at date of incorporation. Where significant parts of an item of property, plant and equipment have different useful lives, they are accounted for and depreciated as separate components of property, plant and equipment.

Subsequent costs are included in an asset's carrying amount, or are recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits will flow to the university, and the cost of the item can be measured reliably. Maintenance and repairs, which do not meet these criteria, are charged against income as incurred. Depreciation is charged to net surplus of the statement of comprehensive income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated.

1.5 Property, plant and equipment (continued)

The estimated useful lives are as follows:

Buildings	
– Primary structure	10 to 50 years
– Components	10 to 15 years
Vehicles	4 to 10 years
Computer equipment	1 to 5 years
Furniture and equipment	3 to 50 years

Library, museum and art acquisitions are expensed in the year of acquisition.

Residual values and remaining useful lives are reassessed annually.

The university assesses at the end of each financial reporting period whether there is any indication that an asset may be impaired.

The recoverable amount is the greater of the fair value of the asset, less costs to sell, or the value in use. Any impairment losses, being an excess of carrying amount over recoverable amount, are included in net surplus of the statement of comprehensive income. Where there is an indication that previously recognised impairment losses may have decreased or no longer exist, the carrying amount of the asset is increased to its recoverable amount, and the reversal of the impairment recognised in net surplus in the statement of comprehensive income. The reversal of impairment PPE is limited to the carrying value had the impairment never occurred.

Gains and losses from the disposal of assets are determined by reference to their carrying amounts and are taken into account in determining the net surplus or deficit.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

1.6 Inventories

Inventory is valued at the lower of cost or net realisable value on a first-in first-out basis. Net realisable value is the replacement cost of inventories.

1.7 Leases

All leases, where substantially all the risks and rewards associated with ownership have not transferred from the lessor to the lessee, are treated as operating leases and are recognised on a straight-line basis over the lease term, except for contingent rentals which are recognised as incurred or accrued.

1.8 Post-employment benefits

The university operates both a defined-benefit pension fund and a defined-contribution fund for its employees. The benefits in respect of the defined-benefit pension fund are funded. The cost of providing benefits under the defined-benefit plan is determined using the projected unit credit method. Actuarial gains and losses are recognised as income or expense in full when incurred.

Past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognised immediately.

The defined-benefit asset or liability comprises the present value of the defined-benefit obligation (using a discount rate based on the gross government R186 long-term bond yield), less past service costs not yet recognised and less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund. Fair value is based on market price information and in the case of quoted securities it is the published bid price. The value of any plan asset recognised is restricted to the sum of any past service costs not yet recognised and the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Notes to the **Annual Financial Statements**

for the year ended 31 December 2011 (continued)

1. ACCOUNTING POLICIES (continued)

1.9 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1.10 Personnel costs

Personnel costs comprise remuneration for services and other employee benefits. Remuneration and contributions in respect of defined-contribution retirement benefit plans are charged to the statement of comprehensive income as the staff render their services to the university and costs relating to defined-benefit retirement plans are charged to the statement of comprehensive income according to IAS 19 and as further detailed in note 10.

1.11 Operating expenses

Operating expenses, except where dealt with under a specific accounting policy, are charged to net surplus of the statement of comprehensive income in the year in which they are incurred.

1.12 Foreign currencies

The university's financial statements are presented in rands, which is the university's functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the statement of financial position date. All differences are taken to net surplus of the statement of comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

1.13 Consolidation

Separate accounting entities are created for funds separately identified for specific research or operational activities. These entities are accounted for within the university's general ledger, and are consolidated in the preparation of the financial statements. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

1.14 Service concession arrangements

Service concession arrangements are binding arrangements between a grantor and an operator in which the operator uses the service concession asset to provide a public service on behalf of the grantor for a specified period of time; and the operator is compensated for its services over the period of the service concession arrangement.

When an agreement of this nature is entered into, the grantor recognises a service concession asset when the grantor controls the services that may be provided with the use of the asset and retains the beneficial interest in the asset. This asset is initially recognised at its fair value and subsequently accounted for in the same manner as property, plant and equipment.

A corresponding liability is raised which is classified either as a financial liability, where the grantor has an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, or deferred revenue in the form of a grant of a right to use, where the grantor does not have an unconditional obligation to pay cash or another financial asset to the operator for the construction, development, acquisition, or upgrade of a service concession asset, and grants the operator the right to earn revenue from third-party users or another revenue-generating asset. The university has entered into a right to use contract in respect of the construction and lease of a number of residences.

This obligation to provide the operator with the right to use the asset is initially recognised at the fair value of the asset received. The revenue arising from providing the use of the asset is subsequently recognised in the net surplus over the period that the university is obliged to provide the operator with the right to use the asset, on a straight-line basis.

1.15 Accounting standards and interpretations issued and not yet effective

IFRS and IFRIC Interpretations not yet effective

The following standards, not yet effective, that could impact future financial statements have been issued or revised. They will be adopted no later than the effective dates.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 as issued reflects the first phase of the International Accounting Standards Board's (IASB) work on the replacement of IAS 39 and applies to classification and measurement of financial assets and liabilities as defined in IAS 39. The standard is effective for annual periods beginning on or after 1 January 2013.

1.15 Accounting standards and interpretations issued and not yet effective *(continued)*

The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of the university's financial assets and liabilities. The university will quantify the effect in conjunction with other phases, when issued, to present a comprehensive picture.

Improvement to IFRS (issued in May 2012)

The IASB issued "Improvements to IFRSs", an omnibus of amendments to IFRS standards. The amendments have not been adopted as they become effective for periods on or after 1 January 2013. The amendments listed below, are considered to have a reasonable possible impact on the university:

- IAS 1 *Presentation of Financial Statements*;
- IAS 16 *Property, Plant and Equipment*;
- IAS 32 *Financial Instruments: Presentation*.

The university, however, expects no impact from the adoption of the amendments on its financial position or performance.

Improvement to IFRS (issued in May 2011)

The IASB issued "Improvements to IFRSs", an omnibus of amendments to IFRS standards. The amendments have not been adopted as they become effective for periods on or after 1 July 2011. The amendments listed below, are considered to have a reasonable possible impact on the university:

- IAS 27 *Consolidated and Separate Financial Statements*

The university, however, expects no impact from the adoption of the amendment on its financial position or performance.

IFRS 12 Disclosures of Interests in Other Entities

The IASB issued IFRS 12 that includes all of the disclosure requirements for subsidiaries, joint ventures, associates, and "structured entities". Financial statements will disclose increased information about an entity's relationship with other entities. The standard is effective for annual periods beginning on or after 1 January 2013. The university does not expect any impact on its financial position or performance.

IFRS 13 Fair Value Measurement

The IASB issued IFRS 13 to provide guidance on how to measure fair value, but does not change when fair value is required or permitted under IFRS. The standard is effective for annual periods beginning on or after 1 January 2013. The university does not expect any impact on its financial position or performance.

Amendments to IAS 19 Employee Benefits

The IASB issued amendments to IAS 19. It proposes changes to the accounting for employee benefits, including the removal of the option for deferred recognition of changes in pension plan assets and liabilities (known as the "corridor approach"), medium- and long-term remuneration plans recognised and measured in the same manner as pensions; and distinction of short- and long-term benefits will now be distinguished based on expected timing of settlement rather than employee entitlement. In addition, these amendments will limit the changes in the net pension asset (liability) recognised in profit or loss to net interest income (expense) and service costs, and actuarial gains and losses recognised in OCI as they occur. Expected returns on plan assets will be replaced by a credit to income based on the corporate bond yield rate. The standard is effective for annual periods beginning on or after 1 January 2013. The university does not expect any significant impact on its financial position or performance.

Amendments to IAS 1 Presentation of Financial Statements

The IASB issued amendments to IAS 1 that require companies preparing financial statements in accordance with IFRS to group together items within Other Comprehensive Income (OCI) that may or may not (such as for example the re-measurements taken to OCI for IAS 19) be reclassified to the profit or loss section of the income statement. The amendments also reaffirm existing requirements that items in OCI and profit or loss should be presented as either a single statement or two consecutive statements. Additionally the amendment aligns the presentation of items of other comprehensive income to US GAAP. The amended standard is effective for annual periods beginning on or after 1 July 2012. The university does not expect any significant impact on its financial position or performance.

Amendments to IAS 32 Financial Instruments: Presentation

The IASB issued an amendment to clarify the meaning of "currently has a legally enforceable right to set off the recognised amounts" (IAS 32.42(a)). This means that the right of set-off:

- must not be contingent on a future event; and
- must be legally enforceable in all of the following circumstances:
 - the normal course of business;
 - the event of default; and
 - the event of insolvency or bankruptcy of the entity and all of the counterparties.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

1. ACCOUNTING POLICIES (continued)

1.15 Accounting standards and interpretations issued and not yet effective (continued)

Amendments to IFRS 7 Financial Instruments: Disclosure

The IASB issued amendments to IFRS 7 which amends the required disclosures to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of setoff associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

1.16 Significant accounting judgements and estimates

Judgements

In the process of applying the university's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements as discussed below.

Estimation uncertainty

Key assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Property, plant and equipment

On an annual basis, management reviews the useful lives and residual values of immovable property, plant and equipment. In addition, management periodically obtains the opinion of external building specialists regarding the estimation of their useful lives. The most recent external opinion was obtained in June 2006. The useful lives and residual values of movable items of property, plant and equipment have been estimated with reference to historic information and market trends.

The carrying value of property, plant and equipment at 31 December 2011 was R1,165,706,119 (2010: R1,067,931,898).

Student fee debtors and other receivables

Appropriate rates for the discounting of student fee debtors are approximated with reference to prevailing market rates that would be available to the university on low-risk deposits. The probability and timing of cash flows are estimated based on historical trends. The fair value of Student fee debtors at 31 December 2011 was R76,379,108 (2010: R75,246,372).

Leave pay provision

The pattern of staff retirements used in the leave pay calculation was estimated with reference to actuarial data pertaining to the university's staff. The pattern of leave utilisation was estimated with reference to historic information.

The fair value of the leave pay provision at 31 December 2011 was R83,356,452 (2010: R77,759,688).

Defined-benefit fund

The cost of defined-benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions which are disclosed in note 10.

Accounts payable and accrued liabilities

Appropriate rates for the discounting of accounts payable and accrued liabilities are approximated with reference to prevailing market rates that are being earned on cash deposits financed by these liabilities. The fair value of the accounts payable and accrued liabilities at 31 December 2011 was R88,269,859 (2010: R93,613,654).

Held-to-maturity investments

Judgement is made with regard to investments classified as held to maturity. This judgement is based on management's intention to hold the instrument to maturity at initial recognition. The fair value of endowment policies at 31 December 2011 was R1,472,632 (2010: R1,597,559).

Provision for bad debts

Debt is considered irrecoverable after taking into account collections subsequent to year-end and historic patterns of collection by the university as well as by professional debt collectors. For student fee debtors, the impairment takes into account the present value of future expected cash flows.

The impairments raised for bad debts as at 31 December 2011 were as disclosed in note 4: staff loans – R463,300 (2010: R463,300); note 6: student fee debtors – R109,064,233 (2010: R109,365,019); note 7: provincial subsidies and grants – R6,240,753 (2010: 6,934,190) and note 7: sundry receivables – R308,648 (2010: R308,648).

	ZAR Land and buildings	ZAR Furniture and equipment	ZAR Computer equipment	ZAR Vehicles	ZAR Total
2. PROPERTY, PLANT AND EQUIPMENT					
Year ended 31 December 2011					
Opening net book value	847,969,602	133,475,142	81,274,049	5,213,105	1,067,931,898
Additions	51,763,714	38,182,339	34,924,873	1,522,022	126,392,948
Disposals	(507,471)	(3,839,332)	(149,665)	(85,581)	(4,582,049)
Depreciation charge	(31,465,655)	(16,323,598)	(18,575,652)	(953,875)	(67,318,780)
Closing net book value	867,760,190	151,494,551	97,473,605	5,695,671	1,122,424,017
At 31 December 2011					
Gross carrying amount	1,067,514,226	269,912,703	180,931,183	11,102,369	1,529,460,481
Gross accumulated depreciation	(199,754,036)	(118,418,152)	(83,457,578)	(5,406,698)	(407,036,464)
Net book value	867,760,190	151,494,551	97,473,605	5,695,671	1,122,424,017
Year ended 31 December 2010					
Opening net book value	806,236,774	93,687,757	67,804,711	4,692,997	972,422,239
Additions	72,268,120	54,451,488	28,693,460	1,604,586	157,017,654
Disposals	(47,885)	(1,224,626)	(409,490)	(170,860)	(1,852,861)
Depreciation charge	(30,487,407)	(13,439,477)	(14,814,632)	(913,618)	(59,655,134)
Closing net book value	847,969,602	133,475,142	81,274,049	5,213,105	1,067,931,898
At 31 December 2010					
Gross carrying amount	1,011,101,408	237,922,654	148,696,680	10,264,245	1,407,984,987
Gross accumulated depreciation	(163,131,806)	(104,447,512)	(67,422,631)	(5,051,140)	(340,053,089)
Net book value	847,969,602	133,475,142	81,274,049	5,213,105	1,067,931,898
At 31 December 2009					
Gross carrying amount	939,172,480	187,366,209	120,976,946	9,229,191	1,256,744,826
Gross accumulated depreciation	(132,935,706)	(93,678,452)	(53,172,235)	(4,536,194)	(284,322,587)
Net book value	806,236,774	93,687,757	67,804,711	4,692,997	972,422,239

LAND AND BUILDINGS

- Main campus, Modderdam Road, Bellville, described as whole or remainders of Erf numbers 14869, 17018, 40240, 40241, 40242, 40243 in Bellville Township, Province of the Western Cape.
- Rector's House, described as Erf number 563 in Bellville Township, Province of the Western Cape.
- Hector Petersen Residence, Amandel Road, Belhar, described as Erf number 29059 in Bellville Township, Province of the Western Cape.
- House in Observatory, Cape Town, described as Erf number 26498 in Observatory, City of Cape Town, Province of the Western Cape.
- Tygerberg Oral Health centre, described as Erf 15528 in Parow, City of Cape Town, Province of the Western Cape. (Legal transfer of this property took place in December 2011.)
- Dentistry Building, Mitchells Plain Medical Centre, described as unit 2 of sectional title scheme 248 in Mitchells Plain, 29388, Province of the Western Cape.

Certain land and buildings that comprise the main campus of the university were brought to account with the granting of autonomous status to the university. Such land and buildings were valued on a replacement cost basis as at April 1984, based on SAPSE norms.

Certain property, plant and equipment were transferred to the university as part of the Tygerberg Oral Health Centre incorporation in 2004. The valuation of the Tygerberg dentistry building was performed by independent professional property valuers.

2.1 Service concession: Property, plant and equipment Kovacs Student Housing Phase 1

The asset will be depreciated over its useful life. The obligation will be released to revenue on a straight-line basis over the term of the lease. The land rentals will need to be recognised on a straight-line basis. At the end of the lease term only the asset will remain on the statement of financial position and this will continue to depreciate over the remaining useful life of the asset.

At year end, Phase 1 of the service concession agreement was substantially complete, with construction costs of R43,282,102 having been incurred.

Subsequent to year end, additional costs to complete Phase 1 of the contract are expected to be R22,677,500.

Phase 2 consists of the construction of three accommodation blocks with an indicative cost of R55,354,125 to complete. Phase 3 comprises the balance of the development entailing the construction of 10 accommodation blocks to the estimated total of R199,423,620.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR
	Land and buildings
2.1 PROPERTY, PLANT AND EQUIPMENT <i>(continued)</i>	
Year ended 31 December 2011	
Opening net book value	–
Additions	43,282,102
Disposals	–
Depreciation charge	–
Closing net book value	43,282,102
At 31 December 2011	
Gross carrying amount	43,282,102
Gross accumulated depreciation	–
Net book value	43,282,102

3. INVESTMENTS

	ZAR 2011	ZAR 2010
3.1 Non-current investments		
Available-for-sale:		
Marketable securities		
Local equity and mutual funds	244,027,277	233,194,091
State stocks and bonds	10,554,892	4,871,662
Offshore investments	12,627,233	5,308,440
	267,209,402	243,374,193
Opening value	243,374,193	64,216,835
Additions	136,205,999	182,440,545
Disposals	(117,772,536)	(24,364,352)
Movement in fair value adjustment reserve	5,401,746	21,081,165
Closing value	267,209,402	243,374,193

Marketable securities are administered by portfolio managers, comprise listed instruments and are classified as available for sale. They have no fixed maturity date or coupon rate.

In the cash flow statement, proceeds from the disposal of marketable securities comprise:

Cost of marketable securities disposed	111,172,787	23,457,888
Realised gain on disposal of marketable securities	6,599,749	906,464
Proceeds on disposal of marketable securities	117,772,536	24,364,352

Held to maturity:

Other investments

	Endowment policies	Zero Coupon Bond	Total 2011	Endowment policies	Zero Coupon Bond	Total 2010
Opening net book amount	1,597,559	1,498,283	3,095,842	1,713,405	1,362,130	3,075,535
Additions/(redemptions)	(255,363)	–	(255,363)	(255,363)	–	(255,363)
Interest earned and reinvested	130,436	149,343	279,779	139,517	136,153	275,670
Closing net book amount	1,472,632	1,647,626	3,120,258	1,597,559	1,498,283	3,095,842

The Zero Coupon Bond is stated at initial amount invested plus capitalised interest, which represents its fair value, and is security for the loan from Public Investment Commissioner as described in note 9. The Zero Coupon Bond has an effective interest rate of 9.56%, maturing in June 2015. The endowment policy is a held-to-maturity instrument at a fixed interest rate of 8.45%, maturing in December 2019 and is stated at amortised cost which is the fair value.

	ZAR 2011	ZAR 2010
3.2 Current investments		
Endowment policies		
Opening net book amount	3,147,674	2,948,669
Interest accrued	164,255	199,005
Closing net book amount	3,311,929	3,147,674

The endowment policy is an available-for-sale instrument and is carried at fair value. The fair value is the amount that can be called on at any point in time, and is equal to the initial amount invested plus interest at market rates.

3.3 Fair value hierarchy

The university uses the hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs, other than quoted prices within level 2, which have a significant effect on the recorded fair value are observable, for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices).

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Assets measured at fair value

	31-Dec-11	Level 1	Level 2	Level 3
Available-for-sale financial assets				
Local equity and mutual funds	244,027,277	244,027,277	–	–
State stocks and bonds	10,554,892	10,554,892	–	–
Offshore investments	12,627,233	12,627,233	–	–
Guaranteed investments	3,311,929	–	3,311,929	–
Total	270,521,331	267,209,402	3,311,929	–

During the reporting period ending 31 December 2011, there were no transfers between level 1 and level 2 fair value investments, and no transfers into and out of level 3 fair value measurements.

	31-Dec-10	Level 1	Level 2	Level 3
Available-for-sale financial assets				
Local equity and mutual funds	233,194,091	233,194,091	–	–
State stocks and bonds	4,871,662	4,871,662	–	–
Offshore investments	5,308,440	5,308,440	–	–
Guaranteed investments	3,147,674	–	3,147,674	–
Total	246,521,867	243,374,193	3,147,674	–

During the reporting period ending 31 December 2010, there were no transfers between level 1 and level 2 fair value investments, and no transfers into and out of level 3 fair value measurements.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR 2011	ZAR 2010
4. STAFF LOANS		
Gross amount	637,835	717,318
Less impairment	(463,300)	(463,300)
	174,535	254,018

These loans are unsecured and attract interest at 15% with repayment terms varying from 1 to 36 months.

Movement in the provision for impairment of staff loans were as follows:

At 1 January 2010	(463,300)	(687,642)
Utilised during the year	-	224,342
	(463,300)	(463,300)

5. INVENTORIES

Maintenance store (at cost)	981,154	823,614
	981,154	823,614

Amounts expensed relating to inventory are included under other operating expenses.

6. STUDENT FEE DEBTORS

Gross amount	185,443,341	184,611,391
Less impairment	(109,064,233)	(109,365,019)
	76,379,108	75,246,372

Student fee debt is non-interest-bearing, and minimum payments are required on registration and on subsequent prescribed dates as published in the university's fee handbook. The portion of student debt which is considered irrecoverable after taking into account collections subsequent to year-end and historic patterns of collection by the university as well as by professional debt collectors, is impaired. The impairment takes into account the present value of future expected cash flows. The carrying amounts approximate the fair value.

The debtors book of the university is subject to collective impairment with the exception of R14,476,720 (2010: R17,252,058) which is past due by less than one year but not impaired. This relates to National Student Financial Aid Scheme amounts which are considered fully receivable.

Movement in the provision for impairment of student fee debtors was as follows:

At 1 January	109,365,019	104,301,558
Utilised during the year	(300,786)	-
Charge for the year	-	5,063,461
At 31 December	109,064,233	109,365,019

	ZAR 2011	ZAR 2010
7. OTHER RECEIVABLES		
Prepayments	19,905,574	13,716,780
Government subsidies and grants	–	24,063,000
Provincial subsidies and grants	8,101,479	8,763,384
Gross amount	14,522,232	15,697,574
Less impairment	(6,420,753)	(6,934,190)
Other receivables in respect of subsidies, contracts and grants	7,486,682	3,338,615
Sundry receivables	3,230,986	3,287,944
Gross amount	3,539,634	3,596,592
Less impairment	(308,648)	(308,648)
	38,724,721	53,169,723

The impairment of R6,420,753 represents salary recoveries payable by the Provincial Government of the Western Cape, of which the recovery rate of claims is being addressed, and the impairment of R308,648 in respect of residence billings is in the process of being resolved. Other receivables comprise non-interest-bearing items with no fixed terms of payment. They are not discounted and their carrying amounts approximate their fair value.

Impairment: Provincial grants

Movement in the provision for impairment of provincial subsidy and grants was as follows:

At 1 January 2010	(6,934,190)	(8,776,756)
Recovery for the year	513,437	1,842,566
Utilised during the year	–	–
	(6,420,753)	(6,934,190)

Impairment: Sundry receivables

Movement in the provision for impairment of provincial subsidy and grants was as follows:

At 1 January 2011	(308,648)	(308,648)
(Charge)/recovery for the year	–	–
Utilised during the year	–	–
	(308,648)	(308,648)

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	261,315,940	180,186,947
Short-term bank deposits	364,263,397	274,622,390
	625,579,337	454,809,337

Short-term bank deposits comprise term deposits, the majority of which mature within three months. These deposits are at market-related fixed rates of between 4.39% and 6.1% (2010: 5.8% and 7.95%) and their carrying amounts approximate fair value. They are classified as cash equivalents as management consider them to be accessible prior to prescribed maturity.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR 2011	ZAR 2010
9. INTEREST-BEARING BORROWINGS		
Non-current		
Non-current portion of PIC long-term loan	2,300,000	2,300,000
Non-current portion of Development Bank of South Africa long-term loan	67,500,000	76,500,000
Total non-current borrowings	69,800,000	78,800,000
Current		
Current portion of Development Bank of South Africa long-term loan	9,000,000	9,000,000
Total current borrowings	9,000,000	9,000,000

A R2,300,000 loan from the Public Investment Commissioner (PIC), repayable on 30 June 2015, is secured by a zero coupon bond of R300 000 currently valued at R1,647,626 (2010: R1,498,283).

The university entered into a ten-year term loan of R90,000,000 with the Development Bank of South Africa (DBSA), repayable by 30 June 2020 in half-yearly instalments, with a floating rate of Jibar rate plus 305 basis points.

At year-end the university had an unutilised overdraft facility of R15,000,000 (2010: R15,000,000).

Effective interest rates on long-term loans 9.70% 9.18%

Carrying amount and fair value

The carrying amounts and fair values of fixed interest-bearing long-term loans are as follows:

	Carrying amounts		Fair values	
	2011	2010	2011	2010
PIC loan	2,300,000	2,300,000	2,802,768	2,684,358
DBSA loan	76,500,000	85,500,000	97,627,787	100,056,074

The fair values are based on the discounted cash flows using a discount rate based upon the borrowing rate that the management expects would be available to the university at the statement of financial position date of 7% (2010: 9.50%).

	Variable		Fixed	
	ZAR 2011	ZAR 2010	ZAR 2011	ZAR 2010
Maturity of interest-bearing borrowings				
Less than 1 year	15,589,688	16,285,009	650,900	650,900
Between 1 and 2 years	14,790,938	15,497,441	650,900	650,900
Between 2 and 5 years	39,580,313	41,766,911	3,276,350	3,927,250
Over 5 years	37,091,250	49,360,146	-	-
	107,052,189	122,909,507	4,578,150	5,229,050

10. POST-EMPLOYMENT BENEFIT INFORMATION

The university contributes to the University of the Western Cape Retirement Fund, a defined contribution fund, and to the University of the Western Cape Pension Fund, a defined-benefit fund. Both funds were established when the university took the decision to leave its previous fund. Members of the previous fund were given the option to transfer to either fund. These funds are registered under and governed by the Pension Funds Act, 1956 as amended. The assets of both these funds are held independently of the university's assets in separate trustee-administered funds.

Total employer contributions for the year were R44,392,265 (2010: R40,338,574).

10. POST-EMPLOYMENT BENEFIT INFORMATION (continued)

10.1 University of the Western Cape Pension Fund

The following summarises the components of the net benefit expense recognised in the statement of comprehensive income, the fund status and amounts recognised in the statement of financial position for the plan.

	ZAR 2011	ZAR 2010
Net benefit expense		
Current service cost	17,612,000	17,347,000
Interest cost on benefit obligation	34,300,000	35,153,000
Expected return on plan assets	(36,349,000)	(39,600,000)
Net actuarial losses recognised in the year	29,275,386	5,367,000
Net benefit expense	44,838,386	18,267,000
Actual return on plan assets	40,570,614	29,663,000
Net benefit asset		
Net present value of future obligations	(469,795,000)	(413,756,000)
Net market value of plan assets	473,319,273	443,954,000
Net surplus	3,524,273	30,198,000
Unrecognised surplus	–	–
Net benefit asset	3,524,273	30,198,000
Movements in the defined-benefit obligation		
Opening defined-benefit obligation	413,756,000	389,938,000
Interest cost	34,300,000	35,153,000
Current service cost	17,612,000	17,347,000
Benefits paid	(29,370,000)	(24,112,000)
Actuarial losses on obligation	33,497,000	(4,570,000)
Closing defined-benefit obligation at 31 December	469,795,000	413,756,000
Changes in the fair value of plan assets		
Opening fair value of plan assets at 1 January	443,954,000	416,958,000
Expected return on plan assets	36,349,000	39,600,000
Contributions	20,213,659	21,492,000
Transfers into the fund	(2,049,000)	(47,000)
Benefits paid	(29,370,000)	(24,112,000)
Actuarial loss on plan assets	4,221,614	(9,937,000)
Fair value of plan assets at 31 December	473,319,273	443,954,000

The university expects to contribute R18,422,821 to its defined-benefit pension plan in 2012.

Major categories of plan assets

Old Mutual Absolute Growth Fund	236,433,000	244,149,000
Oasis Market Value Portfolio	121,323,000	111,847,000
Old Mutual Balanced Portfolio	97,809,000	87,822,000
Prescient Asset Management	23,097,000	–
Sanlam Cash Deposit account	2,635,000	2,470,000
Sanlam shares	–	4,824,000
Value of assured pensions	2,868,000	3,386,000
Net creditors	(10,845,727)	(10,544,000)
	473,319,273	443,954,000

The expected return on plan assets is determined on Government bonds as at the date of financial position and is estimated at 8.65% (2010: 8.29%).

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	%	%
	2011	2010
10. POST-EMPLOYMENT BENEFIT INFORMATION <i>(continued)</i>		
10.1 University of the Western Cape Pension Fund <i>(continued)</i>		
The principal assumptions used in determining plan obligations are:		
Discount rate	5.61%	4.97%
Expected rate of return on assets	8.65%	8.29%
Future salary increases	6.76%	5.97%
Future pension increases	0.00%	0.00%

The investment return assumption is based on the yield of the R186 Government bond. The post-retirement rate used targets pension increases of 50% of CPI (2010: 50% of CPI), in line with the policy of the fund.

	ZAR 2011	ZAR 2010	ZAR 2009	ZAR 2008	ZAR 2007
Amounts for the current and previous four years are as follows:					
Defined-benefit obligation	(469,795,000)	(413,756,000)	(389,938,000)	(353,904,000)	(323,235,000)
Plan assets	473,319,273	443,954,000	416,958,000	388,425,000	382,712,000
Surplus	3,524,273	30,198,000	27,020,000	34,521,000	59,477,000
Experience adjustments					
On plan assets	4,221,614	(9,937,000)	(6,337,000)	(21,441,000)	27,586,000
On plan liabilities	22,232,021	12,040,000	44,980,000	9,278,000	1,532,000

The above disclosures are according to an IAS 19 actuarial valuation performed as at 31 December 2011, and not a full statutory actuarial valuation. The most recent actuarial statutory valuation of the fund was performed as at 1 January 2011. The actuarial value of liabilities for all members was determined at R518,253,000 and the actuarial value of the plan assets was R440,049,000. The fund therefore has a statutory deficit of R78,204,000 at 31 December 2010.

The next statutory valuation is to be performed as at 1 January 2012.

10.2 University of the Western Cape Retirement Fund

When the fund was established, the transfer payments from the previous fund were significantly less than the benefits accumulated by the members. The most recent actuarial valuation of the fund was performed as at 1 March 2010. The actuarial value of liabilities for all members was determined at R381,427,000 and the actuarial value of the plan assets was R381,042,000. The fund therefore has a deficit of R385,000.

The statutory actuarial valuation was performed as at 1 March 2010. The next statutory actuarial valuation will be performed as at 1 March 2013. The university contributed R26,149,107 (2010: R22,732,112) to the fund.

The surplus apportionment date of the fund was 1 March 2004. The surplus apportionment exercise of the fund was completed and approved by the Registrar of Pension Funds on 22 September 2008. An amount of R2,622,000 was allocated to the employer at the surplus apportionment date (1 March 2004). The accumulated value of the employer surplus amounts to R7,474,364 on 31 December 2011 (2010: R7,157,491) after adding investment return.

	ZAR 2011	ZAR 2010
11. LEAVE PAY PROVISION		
Opening balance	77,759,688	63,598,052
Provision released during current year	(5,889,360)	(5,636,727)
Additional provision raised	11,486,124	19,798,363
	83,356,452	77,759,688
Total leave pay liability	83,356,452	77,759,688
Current portion shown under current liabilities	9,266,567	14,752,235
Long-term portion	74,089,885	63,007,453

Employee benefits in the form of annual leave entitlements are recognised and provided for when they accrue to employees with reference to services rendered up to the statement of financial position date. Annual leave, being non-accumulative in nature, is considered to be a short-term employee benefit due to the leave being a short-term compensated absence where the compensation is due to be settled within 12 months after the period the employee renders their services to the university. These benefits vest with the employee in the year in which they accrue. Study leave, being accumulative in nature, is considered to be a long-term post-employment benefit as the employee benefits after the completion of their employment. The university has made the same assumptions regarding the pattern of future staff retirements as has been used for the calculation of retirement benefit information, in determining the value of long-term post-employment benefits. These assumptions have been used to determine whether and when leave will be taken or encased. These assumptions are based on historical information and are similar to those used for defined benefit plans.

12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Trade payables	24,908,506	39,641,110
Salary deductions	1,265,631	383,067
Students with credit balances	26,624,042	21,554,926
Bursaries payable	11,004,030	5,667,227
Voluntary severance package and retrenchment cost liability	252,354	252,354
NRF deposit	13,180,000	6,588,000
Other payables	11,035,296	19,526,970
	88,269,859	93,613,654

Accounts payable and accrued liabilities comprise a variety of items, which are non-interest-bearing. Trade payables have settlement terms ranging from 7 to 30 days, and other items of accounts payable and accrued liabilities have no specific terms of repayment. Included in other payables are cheques not yet presented at the bank amounting to R2,701,065; (2010: R9,286,647).

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR 2011	ZAR 2010
13. SOUTH AFRICAN REVENUE SERVICE PROVISION		
Opening balance	1,279,320	1,279,320
Provision released	(1,279,320)	–
Provision for SARS assessment (payroll taxes)	–	1,279,320

During 2005, a letter of assessment was issued by SARS listing the university's various areas of exposure due to past practices and policies which SARS deemed to be in breach of taxation legislation and quantifying the associated liability, inclusive of interest and penalties.

Following a settlement of dispute process, SARS issued a revised assessment in 2007, reducing the liability to R8,190,554. The university settled a portion of the reassessed provision in 2007, while the remaining R1,279,320 was still being disputed. In the current year, due to discussions held with SARS, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, resulting in the reversal of the remaining provision.

14. STUDENT DEPOSITS		
Hostel deposits	985,395	1,552,395
	985,395	1,552,395

Hostel deposits are held to cover damages that may arise during use of hostel facilities by students. Their carrying amounts approximate fair value.

15. STATE SUBSIDIES AND GRANTS		
State subsidy for general purposes	562,108,652	496,936,667
Subsidy released on capital grants from Department of Higher Education	5,546,000	3,600,842
State grants and contracts for research (Restricted use)	57,186,248	49,862,847
	624,840,900	550,400,356

	ZAR Council- controlled	ZAR Restricted use	ZAR Total 2011
16. INCOME FROM INVESTMENTS			
Interest received			
Investments	–	5,602,900	5,602,900
– Available for sale	–	5,323,121	5,323,121
– Held to maturity	–	279,779	279,779
Cash and cash equivalents	33,605,871	1,652,778	35,258,649
Student fee debtors	3,978,593	–	3,978,593
Total interest received	37,584,464	7,255,678	44,840,142
Dividends received	83,876	4,321,366	4,405,242
Realised gain on disposal of available-for-sale investments	–	(6,599,749)	(6,599,749)
Unrealised fair value adjustment gains	–	5,401,748	5,401,748
	Council- controlled	Restricted use	Total 2010

Interest received			
Investments	–	3,104,866	3,104,866
– Available for sale	–	2,829,196	2,829,196
– Held to maturity	–	275,670	275,670
Cash and cash equivalents	31,133,909	5,506,607	36,640,516
Student fee debtors	2,236,317	–	2,236,317
Total interest received	33,370,226	8,611,473	41,981,699
Dividends received	434,611	2,852,757	3,287,368
Realised gain on disposal of available-for-sale investments	–	906,464	906,464
Unrealised fair value adjustment gains		21,081,165	21,081,165

	ZAR Council- controlled	ZAR Restricted use	ZAR Student accommo- dation	ZAR 2011 Total
17. PERSONNEL COSTS				
Academic professionals				
Salaries	261,679,902	35,423,434	–	297,103,336
Post-employment benefit contributions	25,399,699	629,355	–	26,029,054
Total – academic professionals	287,079,601	36,052,789	–	323,132,390
Other personnel				
Salaries	207,463,193	46,558,150	9,440,788	263,462,131
Post-employment benefit contributions	16,636,878	820,405	905,926	18,363,209
Total – other personnel	224,100,071	47,378,555	10,346,714	281,825,340
TOTAL PERSONNEL COSTS	511,179,672	83,431,344	10,346,714	604,957,730

Average monthly personnel employed by the University during the 2011 year:

Full time	1,071
Part time	1,259
	<u>2,330</u>

17. PERSONNEL COSTS (continued)

Remuneration of key management

The following disclosures relate to compensation paid to the key management of the university.

Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

Name	Office held	Months in office	Short-term employee benefits R'000	Post- employment benefits R'000	Actual amount R'000	Annualised amount R'000
O'Connell BP	Rector	12	1,399	15	1,414	1,414
Tshiwula L	Vice Rector: – Student Development and Support	12	911	172	1,083	1,083
Miller IM	Registrar	12	777	141	918	918
Regal A	Executive Director: – Finance and Services	12	872	161	1,033	1,033
Glaeser A	Executive Director: – Human Resources	12	914	–	914	914
Bharuthram R	Vice Rector: – Academic Affairs	12	1,318	364	1,682	1,682
<i>Deans</i>	<i>Faculties</i>					
Christie RL	Research Development	12	725	161	886	886
Desai ZK	Education	12	751	141	892	892
Brown D	Arts	12	899	–	899	899
Osman YI	Dentistry	12	118	–	118	118
Sloth-Nielsen J	Law	12	955	134	1,089	1,089
Mpofu RMB*	Community and Health Sciences	12	978	–	978	978
Tapscott CPG	Economic and Management Sciences	12	833	82	915	915
Van Bever Donker JM	Natural Sciences	12	749	141	890	890

Exceptional payment amounts – each exceeding in annual aggregate R249,999

No exceptional payments were made during the year.

* Contract ended August 2010, currently in acting capacity.

Payments for attendance at meetings of the Council and its subcommittees

It is not University policy to remunerate Council members for attendance at meetings.

	ZAR	ZAR	ZAR	ZAR
	Council-controlled	Restricted use	Student accommodation	2010 Total
17. PERSONNEL COSTS (continued)				
Academic professionals				
Salaries	240,115,440	34,577,285	–	274,692,725
Post-employment benefit contributions	23,091,909	508,343	–	23,600,252
Total – academic professionals	263,207,349	35,085,628	–	298,292,977
Other personnel				
Salaries	182,678,571	47,141,173	9,102,003	238,921,747
Post-employment benefit contributions	14,939,191	897,169	901,966	16,738,326
Total – other personnel	197,617,762	48,038,342	10,003,969	255,660,073
TOTAL PERSONNEL COSTS	460,825,111	83,123,970	10,003,969	553,953,050

Average monthly personnel employed by the university during the 2010 year:

Full time	1,034
Part time	1,187
	<u>2,221</u>

Remuneration of key management

The following disclosures relate to compensation paid to the key management of the university.

Remuneration is based on the cost of employment to the institution comprising flexible remuneration packages.

Name	Office held	Months in office	Short-term employee benefits R'000	Post-employment benefits R'000	Actual amount R'000	Annualised amount R'000
O'Connell BP	Rector	12	1,139	185	1,324	1,324
Tshiwula L	Vice Rector: – Student Development and Support	12	851	149	1,000	1,000
Miller IM	Registrar	12	718	123	841	841
Regal A	Executive Director: – Finance and Services	12	805	145	950	950
Glaeser A	Executive Director: – Human Resources	12	841	–	841	841
Bharuthram R	Vice Rector: – Academic Affairs	12	1,207	366	1,573	1,573
<i>Deans</i>	<i>Faculties</i>					
Christie RL	Research Development	12	707	146	853	853
Desai ZK	Education	12	686	128	814	814
Brown D	Arts	12	815	–	815	815
Osman YI	Dentistry	12	117	–	117	117
Sloth-Nielsen J	Law	12	885	122	1,007	1,007
Mpofu RMB*	Community and Health Sciences	12	960	105	1,065	1,065
Tapscott CPG	Economic and Management Sciences	12	869	74	943	943
Van Bever Donker JM	Natural Sciences	12	689	129	818	818

Exceptional payment amounts – each exceeding in annual aggregate R249,999

No exceptional payments were made during the year.

* Contract ended August 2010, currently in acting capacity.

Payments for attendance at meetings of the council and its subcommittees

It is not University policy to remunerate Council members for attendance at meetings.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR	ZAR	ZAR	ZAR
	Council-controlled	Restricted use	Student accommodation	2011 Total
18. OTHER OPERATING REVENUES AND EXPENSES				
18.1 Other recurrent income	10,144,391	39,225,711	–	49,370,102
Other recurrent income arises from activities associated with the university's core teaching and research activities, but not directly derived therefrom.				
18.2 Other non-recurrent income	–	–	12,229	12,229
Other non-recurrent income arises from transactions that are not part of the normal activities of the university.				
18.3 Other operating expenses				
Academic consumable material	9,765,048	20,742,821	30,518	30,538,387
Advertising	6,765,725	1,364,470	–	8,130,195
Bad debts written off/impairments	678,017	–	–	678,017
Bursaries and prizes	16,619,580	47,296,299	–	63,915,879
Cleaning	11,779,997	7,957	8,752,547	20,540,501
Computer maintenance and licensing	14,187,238	2,511,756	7,171	16,706,165
Electricity and water	24,211,434	271,856	7,209,846	31,693,136
Entertainment	5,544,256	2,706,314	648,608	8,899,178
Food provisions	122,497	107,559	15,230	245,286
Hire of equipment	448,538	27,128	350	476,016
Insurance	4,352,194	38,932	–	4,391,126
Journals and subscriptions	16,594,882	1,868	–	16,596,750
Library and art acquisitions	1,937,469	386,830	–	2,324,299
Postage and telephone	6,031,367	1,333,526	339,703	7,704,596
Printing and stationery	14,808,571	3,866,559	362,436	19,037,566
Professional services	24,113,178	10,054,598	144	34,167,920
Property rates	12,178,535	–	–	12,178,535
Protective clothing	196,529	27,716	8,116	232,361
Rebate on fees	1,392,516	–	–	1,392,516
Rent of buildings	720,875	1,349,684	2,975,085	5,045,644
Repairs and maintenance	17,381,551	250,827	2,918,762	20,551,140
Security contracts	9,157,194	172,068	6,689,840	16,019,102
Staff meals: food services	1,698,957	629,416	69,977	2,398,350
Sundries	8,852,755	25,311,380	636,794	34,800,929
Travel and subsistence	17,739,888	27,047,370	3,822,351	48,609,609
Vehicle expenses	1,834,389	567,060	153,081	2,554,530
	229,113,180	146,073,994	34,640,559	409,827,733

Rebates on fees represent the cost to the university of certain policies, and are disclosed under other operating expenses instead of being set off against tuition fees in order to better present the impact of these policies.

	ZAR	ZAR	ZAR	ZAR
	Council-controlled	Restricted use	Student accommodation	2010 Total
18. OTHER OPERATING REVENUES AND EXPENSES <i>(continued)</i>				
18.1 Other recurrent income	14,411,421	24,421,324	–	38,832,745
Other recurrent income arises from activities associated with the university's core teaching and research activities, but not directly derived therefrom.				
18.2 Other non-recurrent income	–	19,500	251,842	271,342
Other non-recurrent income arises from transactions that are not part of the normal activities of the university.				
18.3 Other operating expenses				
Academic consumable material	8,640,089	27,499,316	105,403	36,244,808
Advertising	5,774,854	1,186,193	3,100	6,964,147
Bad debts written off/impairments	8,428,859	–	–	8,428,859
Bursaries and prizes	13,203,774	42,201,763	–	55,405,537
Cleaning	10,860,764	77,927	7,036,873	17,975,564
Computer maintenance and licensing	17,134,476	1,393,140	113,946	18,641,562
Electricity and water	16,551,779	62,471	6,305,873	22,920,123
Entertainment	5,562,362	3,574,688	623,464	9,760,514
Food provisions	158,568	152,745	165	311,478
Hire of equipment	153,540	48,881	1,000	203,421
Insurance	3,261,243	45,233	455	3,306,931
Journals and subscriptions	11,074,369	8,801	–	11,083,170
Library and art acquisitions	1,835,917	758,025	–	2,593,942
Postage and telephone	5,726,193	2,083,029	321,523	8,130,745
Printing and stationery	14,445,390	4,426,868	287,183	19,159,441
Professional services	21,223,685	8,087,684	74	29,311,443
Property rates	12,197,038	–	–	12,197,038
Protective clothing	209,063	17,350	93,146	319,559
Rebate on fees	1,216,016	–	–	1,216,016
Rent of buildings	1,146,402	806,344	5,320,909	7,273,655
Repairs and maintenance	15,748,423	996,138	2,545,614	19,290,175
Security contracts	7,831,517	22,534	6,471,322	14,325,373
Staff meals: food services	1,501,144	799,953	48,231	2,349,328
Sundries	11,550,160	18,917,430	1,673,240	32,140,830
Travel and subsistence	17,613,210	24,873,782	4,949,938	47,436,930
Vehicle expenses	1,493,337	509,808	142,714	2,145,859
	214,542,172	138,550,103	36,044,173	389,136,448

Rebates on fees represent the cost to the university of certain policies, and are disclosed under other operating expenses instead of being set off against tuition fees in order to better present the impact of these policies.

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

	ZAR	ZAR
	Council-controlled	
	2011	2010
19. FINANCE AND RELATED COSTS		
Finance costs		
Long-term loans	7,698,362	7,068,596
Bank and other borrowings	–	56,478
	7,698,362	7,125,074
Other related costs		
Portfolio administration costs	2,145,034	1,141,736

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The university's financial liabilities include long-term loans, accounts payable and student deposits. The financial assets such as investments, student fee debtors, accounts receivable and cash and short-term deposits arise directly from its operations. The main risks arising from the university's financial instruments are cash flow interest rate risk, liquidity risk, credit risk and price risk. Management reviews and agreed policies for managing each risk are summarised below.

Credit risk management

The university deposits only with major banks of high-quality credit standing. At year-end the management of the university did not consider there to be any significant concentration of credit risk which has not been adequately provided for. The maximum exposure to credit risk is the carrying amounts disclosed in note 3: held to maturity – R3,120,258 (2010: R3,095,842); note 4: staff loans – R174,535 (2010: R254,018); note 6: student fee debtor – R76,379,108 (2010: R75,246,372); note 7: other receivables excluding prepayments – R18,819,147 (2010: R15,389,943); and note 8 cash and cash equivalents – R625,579,337 (2010: R454,809,337). Credit risk in respect of student credit is managed by the application of credit monitoring procedures and enrolment processes. All student fee debtors at year-end reflect debt that is past its due date and not impaired.

The university has no concerns over the credit quality of assets that are neither past due nor impaired.

Interest rate risk management

Interest rate risk on investments, long-term loans and cash is managed by utilising a mix of fixed and variable rate instruments that avoid a concentration of risk.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all variables held constant, of the university surplus. There is no material impact on the university equity.

	ZAR	ZAR
	2011	2010
Interest rate changes		
The effect of a 1% increase in interest rate on net surplus	5,622,115	3,822,529
The effect of a 1% decrease in interest rate on net surplus	(5,622,115)	(3,822,529)

Liquidity risk management

The university manages its liquidity risk by maintaining a sufficient cash buffer and an overdraft facility at all times. Deposits are held at central banks that can be easily accessed for liquidity management purposes. At the year-end the university had an unutilised overdraft facility of R15,000,000 available. Refer to note 9 and note 12 for contractual maturing of financial liabilities.

Price risk

There is an exposure to price risk on listed and unlisted shares due to the fair value or future cash flows of financial instruments which will fluctuate because of changes in market prices. The risk is managed by our portfolio agent.

Price risk table

The effect on equity due to a reasonably possible change in equity indices, with all other variables held constant, is as follows:

Price risk changes		
The effect of a 5% increase in price risk on funds	12,988,738	12,323,502
The effect of a 5% decrease in price risk on funds	(12,988,738)	(12,323,502)

21. COMMITMENTS AND CONTINGENT LIABILITY

Capital commitments

Amounts allocated for capital expenditure at the financial position date, but not contracted	331,882,378	249,796,000
Capital expenditure contracted for at year-end, but not yet incurred	6,500,000	17,000,000
Total planned capital expenditure	338,382,378	266,796,000

Capital expenditure approved relates to amounts formally designated for the acquisition, construction, improvement or major maintenance of items of property, plant and equipment.

Operating lease commitments

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

Not later than 1 year	2,720,532	3,308,456
Later than 1 year and not later than 5 years	2,082,188	2,652,164
	4,802,720	5,960,620

Operating lease commitments relate to rental of buildings and of photocopier equipment. The amounts disclosed above are the minimum lease payments, in addition to which the photocopier equipment agreements provide for contingent rentals based on usage.

Contingent liability

A contingent liability exists in respect of collateral security of R42,230 (2010: R49,960) advanced by the university to financial institutions to enable staff to obtain housing loans. Management is of the opinion that there is no transfer of significant risk to the university, based on the historical behaviour of the beneficiaries and the fact that the university has security in the form of the staff member's retirement fund.

A former staff member has instituted action in the High Court, a claim for payment of R1,280,813 in terms of contract of employment and loss of income. The university is unable to establish the total cost at this stage.

22. TRANSFERS TO CLEAR DORMANT ENTITIES

Entities that comprise restricted funds have been reviewed to identify entities that have been inactive for a substantial period. The accumulated surpluses or deficits in such entities are represented by credits and debits, respectively, in the accumulated funds of these entities.

Where management is of the opinion that no claim or restriction will apply to the credit balances in such a fund, the amount in the fund is transferred to the council-controlled funds of the university.

Where management is of the opinion that no recovery or settlement is likely of any debit balances in such a fund, an appropriate amount is transferred from council-controlled funds to eliminate such debit balance.

		ZAR 2011	ZAR 2010
Transfers to clear entities with credit balances	-	-	(23,460)
Transfers to clear entities with debit balances	-	-	51,871
	-	-	28,411

Entities with debit balances mainly comprise entities previously cleared as dormant which were reinstated.

23. RELATED PARTIES

Due to the nature of the university's operations and the composition of its Council (being drawn from public and private sector organisations) it is possible that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arm's length and in accordance with the university's regulations and normal procurement procedures. The Department of Education is a related party and transactions with them comprise various subsidies and grants received amounting to R624,840,900 (2010: R550,400,356). St Patrick's Investment CC and Gorvalla Enterprises (Pty) Ltd controlled by Dr Pat Gorvalla, a Council member, provide residence and transport services to the students amounting to R527,406 (2010: R722,958).

Notes to the Annual Financial Statements

for the year ended 31 December 2011 (continued)

24. GOVERNMENT GRANT RELATING TO ASSETS

According to IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, Government grants related to assets shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. The deferred revenue will be recognised as income on a systematic and rational basis over the useful life of the assets.

	ZAR 2011	ZAR 2010
At 1 January	295,973,491	215,717,000
Deferred during the year	82,155,935	83,857,000
Recognised during the year	(5,546,000)	(3,600,509)
At 31 December	372,583,426	295,973,491

	Notes	ZAR 2011	ZAR 2010
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25. NOTES TO THE CASH FLOW STATEMENT

25.1 Net surplus before interest and dividends

Net surplus/(deficit) from

Council-controlled funds	78,454,558	88,032,241
Restricted use funds	72,966,503	22,442,251
Student accommodation funds	(6,544,706)	(9,576,725)

Consolidated net income

144,876,355 100,897,767

Separately disclosable items

(41,547,022) (38,143,993)

Interest received	16	(44,396,108)	(41,507,025)
Interest earned and reinvested	3&16	(444,034)	(474,674)
Dividends received	16	(4,405,242)	(3,287,368)
Finance costs	19	7,698,362	7,125,074

Net surplus before interest and dividends

103,329,333 62,753,774

25.2 Cash, bank and cash equivalents

Cash at bank and on hand	261,315,940	180,186,947
Short-term bank deposits	364,263,397	274,622,390
	625,579,337	454,809,337

At 31 December 2011, the university had available R55,400,000 (2010: R54,700,000) of undrawn committed facilities in respect of which all conditions precedent had been met.

Only expenditure that results in a recognised asset can be classified as a cash flow from investing activities in accordance with IAS 7 Statement of Cash Flows (Effective date 1 January 2010).

26. OTHER NON-CURRENT FINANCIAL LIABILITIES

A notarial lease arrangement with Kovac (Pty) Ltd for the lease of land (Student Housing Project) was constructed. The lease commences on 1 January 2014 and the lease period is 25 years.

This liability represents the obligation to provide Kovacs with a right to use the residence for the lease period. This liability will be released to revenue over the period of the lease beginning when the residence is available for use.

	ZAR 2011
Year ended 31 December	
Opening balance	–
Additional liability raised	43,282,102
Liability released during the current year	–
Closing balance	43,282,102

Annexures

Composition, membership and attendance of key committees

COMPOSITION AND MEMBERSHIP OF THE COUNCIL OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises the following categories:

The Rector and Vice-Rectors

Prof Brian O'Connell
Prof Lulu Tshiwula
Prof Ramashwar Bharuthram

Five persons appointed by the Minister of Education

Dr Patricia Gorralla
Dr Yvonne Dladla
Ms Gugulethu Nyanda
Mr Hlengani Mathebula
Ms Laura Schultz (term ended 19 March 2011)

Two members of Senate

Prof Emmanuel Iwuoha
Prof Olajide Oloyede (term ended 30 November 2011)
Prof Jose Frantz (term started 1 December 2011)

One academic employee

Prof Charlene Africa (term ended 30 November 2011)
Prof Thozamile Mabusela (term started 1 December 2011)

One non-academic employee

Mr Samuel Marcus

Two registered students

Mr Ayabulela Mahlati
(SRC President – term ended September 2011)
Mr Munyaradzi Nkomo (term ended September 2011)
Mr Chrispin Phiri (SRC President – term started October 2011)
Mr Nqabakazi Jaxa (term started October 2011)

Two donors

Ms Karen Barry
Mr John Matthews

One member of the City of Cape Town

Dr Johannes van der Merwe

Two persons elected by Convocation

Mr Brian Williams
Mr Randall Titus

One member of organised business in the Western Cape

Mr Oscar Solomons (term ended 31 December 2010 and was re-appointed 1 January 2011)

One member of organised business in South Africa

Ms Mmabatho Matiwane (term ended 30 November 2011)

One member of organised labour in South Africa

Mr Manene Samela

One member of organised labour in the Western Cape

Mr Ronald Philander

One person designated by the Premier of the Western Cape

Dr Gertrude Fester

A minimum of four and a maximum of six additional members

Mr Mbulelo Bikwani (resigned June 2011)
Mr Michael Abel
Mr Sedick Jappie
Dr Anwah Nagia
Ms Gayle Kaylor
Mr Nick Christodoulou

COMPOSITION AND MEMBERSHIP OF THE AUDIT COMMITTEE OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises the following categories:

Two members of Council

Dr Johannes van der Merwe
Mr Hlengani Mathebula

Two persons appointed by Council

Mr Iqbal Khan
Ms Thobeka Sishuba-Mashego (from 1 April 2011)

Annexures

Composition, membership and attendance of key committees (continued)

COMPOSITION AND MEMBERSHIP OF THE FINANCE COMMITTEE OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises the following categories:

The Rector

Prof Brian O'Connell

The Vice-Rectors

Prof Lulu Tshiwula
Prof Ramashwar Bharuthram

The Executive Director: Finance

Mr Manie Regal

An additional member of the Management Committee

Ms Amanda Glaeser

The Dean designated annually by the Executive Committee of Senate

Prof Christopher Tapscott

The Dean of Research

Prof Renfrew Christie

Two members of Senate

Prof Petrus Brink
Prof Jan van Bever Donker

A minimum of two and a maximum of four members of Council

Ms Mmabatho Matiwane
Ms Karen Barry
Mr Nick Christodoulou
Mr John Matthews

COMPOSITION AND MEMBERSHIP OF THE INSTITUTIONAL FORUM OF THE UNIVERSITY OF THE WESTERN CAPE

In accordance with the Institutional Statute, membership comprises the following categories:

Three representatives of the Management

Prof Brian O'Connell
Prof Lulu Tshiwula
Ms Amanda Hambrook-Glaeser

Three representatives of the Senate

Ms Birgit Schreiber
Prof Ciraj Rassool
Dr Gavin Davis

Three representatives of Council

Dr Johannes van der Merwe
Mr John Matthews
Mr Ronald Philander

Three representatives of the academic employees elected by an organisation representing such employees

Prof Emmanuel Iwuoha
Prof Donovan Hiss
Vacant

Three representatives of the non-academic employees elected by an organisation representing such employees

Ms Lucille Teegler
Mr Samuel Marcus
Mr John Manuals (term ended 31 July 2011)
Ms M Jacobs (term started 22 August 2011)

Three representatives of the students elected by the Student Representative Council

Ms Shirlene Kamfer (term ended 30 September 2011)
Mr Munyaradzi Nkomo (term ended 30 September 2011)
Mr Anele Gela (term ended 30 September 2011)
Mr Mihlahli Mtoto (term started 1 October 2011)
Mr Amaan Phiri (term started 1 October 2011)
Ms Namhla Sigonya (term started 1 October 2011)

A maximum of four persons not being in the employ of the university

Not appointed

ATTENDANCE OF COUNCILLORS OF COUNCIL, FINANCE AND AUDIT COMMITTEE MEETINGS IN 2011

COUNCILLOR	COUNCIL 4 meetings	FINANCE 6 meetings	AUDIT 3 meetings
1. Prof Brian O'Connell	4	6	1
2. Prof Lulu Tshiwula	4	5	
3. Prof Ramashwar Bharuthram	3	6	
4. Mr Hlengani Mathebula	1		0
5. Ms Gugulethu Nyanda	2		
6. Dr Patricia Gorvalla	3		
7. Ms Laura Schultz	1 of 1		
8. Dr Yvonne Dladla	2		
9. Prof Emmanuel Iwuoha	4		
10. Prof Olajide Oloyede	4		
11. Prof Charlene Africa	3		
12. Mr Samuel Marcus	3		
15. Mr Ayabulela Mahlati (SRC President)	3 of 3		
16. Mr Munyaradzi Nkomo	2 of 3		
17. Mr Chrispin Phiri (SRC President)	1 of 1		
18. Mr Nqabakazi Jaxa	1 of 1		
17. Mr John Matthews	3	4	
18. Ms Karen Barry	0	0	
19. Dr Johannes van der Merwe	3		2
20. Mr Oscar Solomons	3		
21. Ms Matilda Matiwane	4	6	
22. Dr Gertrude Fester	0		
23. Mr Randall Titus	4		
24. Mr Brian Williams	4		
25. Ms Gayle Kaylor	4		
26. Dr Anwah Nagia	2		
27. Mr Sedick Jappie	4		
28. Mr Nick Christodoulou	2	2	
29. Mr Michael Abel	4		
30. Mr Mbulelo Bikwani	0 of 2		
31. Mr Ronald Philander	3		
32. Mr Manene Samela	2		

ATTENDANCE OF AUDIT COMMITTEE MEETINGS BY NON-COUNCIL MEMBERS

1. Mr Iqbal Khan	3
2. Ms Thobeka Sishuba-Mashego	2

ATTENDANCE OF FINANCE COMMITTEE MEETINGS BY NON-COUNCIL MEMBERS

1. Mr Manie Regal (Executive Director: Finance)	6
2. Ms Amanda Glaeser (Executive Director: Human Resources)	6
3. Prof Jan van Bever Donker	5
4. Prof Renfrew Christie	5
5. Prof Petrus Brink	1 of 2
6. Prof Christopher Tapscott	4



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embedded culture of sense-making*

