

UNIVERSITY OF CAPE TOWN
(Incorporated in terms of
The University of Cape Town Private Act
No 8 of 1999)

ANNUAL REPORT

FOR THE YEAR ENDING

31 DECEMBER 2001

UNIVERSITY OF CAPE TOWN

ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2001

ANNUAL REPORT

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UNIVERSITY OF CAPE TOWN**ANNUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2001****EXECUTIVE MEMBERS OF COUNCIL**

Professor N S Ndebele (2, 3, 4) (Vice-Chancellor)
 Professor W Gevers (3, 4, 5) (Senior Deputy Vice-Chancellor)
 Professor M E West (4) (Deputy Vice-Chancellor)

REGISTRAR

Mr H T Amoore (5)

EXECUTIVE DIRECTOR OF FINANCE

Professor E Uliana (3, 4)

COUNCIL OF THE UNIVERSITY OF CAPE TOWN (MAY 2002)

Mr A Z Farr (1) (Chair)
 Mrs M M Burton (1) (Deputy chair)
 Professor D M Ackermann
 Dr A W Barday
 Mr E P H Bieber (1, 2, 3)
 Ms B da Gama
 Emeritus Professor J C de Villiers
 Councillor D M Dlali (2)
 Ms K Fatyi
 Dr T D Fredericks
 Mr J J Gauntlett SC
 Mr G Griffin (2, 3, 4)
 Mr M Gibson
 Mr R ka Msengana
 Ms R Kadalie (4)
 Dr J Kane Berman (2, 3, 4)
 Father M Lapsley
 Mr P S G Leon
 Mr R Magotsi
 Mr L M Malukazi
 Mr M X Mama
 Associate Professor N J Marais (3, 5)
 The Hon Justice Y S Meer
 Professor G L Nongxa
 Professor G N Padayachee (4)
 Mr E Patel
 Dr A H Robins
 Mr R B Rosenthal (2)
 Mr I R Scott (5)
 Mr C Sonn (3, 4)
 Mr P E Swartz
 Professor J A Thomson
 Professor C A Wanamaker

1 = Member of senior salaries committee
 3 = member of finance committee
 5 = Member of building and development committee

2 = Member of audit committee
 4 = Member of strategy committee

BUSINESS ADDRESS

Bremner Building
 Lovers Walk
 Rondebosch
 7700

POSTAL ADDRESS

Private Bag
 Rondebosch
 7701

AUDITORS

Ernst & Young
 P O Box 656
 Cape Town
 8000

BANKERS

The Standard Bank of SA Limited
 P O Box 1
 Rondebosch
 7700

UNIVERSITY OF CAPE TOWN

Council Statement on Corporate Governance

The Council is committed to the principles of openness, integrity and accountability advocated in the King report on corporate governance. In doing so the Council is conscious of its responsibilities under the Higher Education Act, 1997, Act 101 of 1997 for governing the University, as a public body committed to becoming a World-Class, African University.

The Council

The Council comprises persons appointed under the University of Cape Town (Private) Act. Over 60% of the members are neither staff nor students, and both the chairperson and the deputy chairperson of both the Audit Committee and the Finance Committee are non-executive members of the Council (who are not staff nor students). The Council is responsible for strategy, for senior appointments, and for the operating and capital budgets. During the year under review the Council met monthly, except in January. It receives a monthly report from the Vice-Chancellor, who is the chief executive officer, and regular reports from the accountable officer on the work of each faculty and of the major operating divisions. The Council has standing committees, the most important of which are the Finance Committee, the Audit Committee, the Senior Salaries committee, the Strategy Committee and the Building and Development Committee. Each of these is formally constituted with written terms of reference.

During the year under review the Council took further steps towards openness and accountability by setting up an internal open governance intranet site, so that members of the University can see how the governance systems works, and what decisions are being made. The Council hopes that this will both contribute to good governance, and lead to enhanced levels of confidence within the institution.

The University Finance Committee

The Committee's work is reviewed in the report of the Chair and the Finance Director. It advises the Council on financial strategy, and has taken important steps in the year under review to bring the University nearer to having the financial muscle it needs to take advantage of opportunities and to meet important needs. The finance committee met 7 times during 2001, including a joint meeting with the strategy committee to consider and approve the 2002 budget.

The University Audit Committee

The Audit Committee consists of four lay members of Council and the Vice-Chancellor. Both Internal Audit and the University's Auditors have unrestricted access to the committee. The Audit Committee meets quarterly, has a written charter, and works to:

- ensure that there is an effective process for assessing and managing risk;
- assess the financial statements for reasonability and accuracy, and for compliance with internally and externally defined reporting requirements;
- review, on its own, and with the help of Internal Audit, the adequacy and effectiveness of internal controls; and
- review the scope and focus of external audit and reports emanating from the external auditors.

The Senior Salaries Committee

This committee consists of the chairperson and deputy chairperson of the Council and the chairperson of the Audit Committee. It acts for the Council in setting the remuneration of the executive officers, the deans, the executive directors, the registrar and senior managers. It has set in place systems of performance management for this group. The senior salaries committee met 4 times during 2001.

The University Strategy Committee

This joint committee of the Council and of the Senate advises the Council on strategy, and through the University Finance Committee on strategic budgetary allocations. It is chaired by the Vice-Chancellor and met 7 times during 2001.

The University Building and Development Committee

This Council Committee is responsible for developing physical planning and spatial development proposals for Council's consideration, and for managing large building projects. It met 8 times during 2001.

UNIVERSITY OF CAPE TOWN

Statement on Ethics, Internal Control, Administrative and Operational Structures

The Council has a written statement on ethics, and has written policy and procedures on conflicts of interest, which require disclosure by all Council members, and by all senior staff who have decision making authority or who serve on decision-making committees and full reporting where conflict of interest situations arise.

The University maintains systems of internal control over financial reporting and safeguarding of assets against unauthorised acquisition, use or disposition of such assets. Such systems are designed to provide reasonable assurance to the University and Council regarding the preparation of reliable published financial statements and the safeguarding of its assets. It includes a documented organisational structure and division of responsibilities, established policies and procedures, which are communicated throughout the University, and the careful selection, training and development of its people. Internal auditors monitor the operation of the internal control systems and report findings and recommendations to management. Corrective actions are taken to address control deficiencies and other opportunities for improving the systems when identified. Council, through its Audit Committee, provides oversight of the financial reporting process.

The University has undertaken an extensive review of its systems, procedure and controls under the Analysis of Integrated Management Systems (AIMS) initiative. The AIMS initiative was started in 1999 and culminated in June 2001 and its recommendations have either already been, or are in the process of being, implemented and/or integrated into the management systems of the relevant departments. Procedures are in place to ensure that the 'continuous improvement' of systems, service and internal controls envisaged in AIMS will be sustained into the future.

Statement on Risk Management

Financial risks

Decisions on the level of risk undertaken are confined to the University's Investment and Finance Committees and endorsed by Council. These limits are established by reference to the transaction type, the values involved and an assessment of the counter party.

The University is covered in terms of its policy with regard to insurance and risk cover as set and monitored by the Audit Committee. Specifically, the University's cover against fire and related risks, accidental damage, business interruption, theft, money and fidelity, and both public and employers' liability is considered adequate.

Management and control of the consequences of risk

The University's risk profile, compiled during 2000, has been and will continue to be reviewed by both the Risk Management and the Audit Committees. The risk assessment in respect of each identified area of risk, undertaken in 2000, has been reviewed and will be repeated during 2002. This risk assessment will review the impact of a failure in each area, the control effectiveness, the desired control effectiveness, and the management gap between the actual and the desired control effectiveness.

MR E P H BIEBER
CHAIR OF AUDIT COMMITTEE
8 May 2002

MR H T AMOORE
REGISTRAR
(Responsible For Internal Audit)

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UNIVERSITY OF CAPE TOWN

ANNUAL FINANCIAL REVIEW FOR THE YEAR ENDED 31 DECEMBER 2001

Report of the Chair of the Finance Committee and the Executive Director Finance

The annual financial statements cover all the activities of the University, including non-recurrent income and expenditure, investment activities and financing transactions; they thus provide a comprehensive overview of the financial position of the University and its progress over the past year. In particular, they include the consolidated results of the Graduate School of Business (Pty) Ltd, the UCT Foundation and the Student Loan Fund Ltd., while the results of African Medical Imaging (Pty) Ltd have been equity accounted. There have been no major changes in the operations during the year.

Key features of the financial results were:

1. The strong rise in recurrent income by 14,3%, underpinned by an increase in income from research contracts of 38,1%, from state subsidies and grants of 14,9% (a function of continuing growth in student numbers, throughput, and research publications), and from tuition and other fee income of 13,6%.
2. A growth in overall expenditure of 8.7%, with Council controlled recurrent expenditure, before finance costs, increasing by only 5.4%.
3. A growth in the financial support provided to financially disadvantaged students of some 26% to R 80,7 million.
4. An improvement in the University's net cash position from R47,4 million to R112,0 million, after investing a further R61,7 million in fixed assets and reducing the University's long term borrowings by R27,9 million. Much of this, however, is due to the increase in restricted funds designated for specific activities.
5. An increase in the University's overall operating surplus of 152,4% to R88.9 million, and a surplus attributable to Council controlled unrestricted funds of R34,7 million from a deficit of R31,7 million in 2000.
6. The University's growth in income exceeded that in expenditure for the first time in many years.

The University's Balance Sheet reflects these improved operating results with:

1. Total borrowings reducing from R234.3 million to R206.3 million.
2. Non Distributable Reserves, comprising mostly of our Endowed funds, rising from R553.8 million to R689.9 million, as result of strong equity markets and foreign exchange gains.
3. Unrestricted Council controlled funds rising from R116.1 million to R151.1 million; it should be noted, however, that realisable assets do not back much of this balance.

The financial management activities of the University are focused on supporting the key strategic thrusts identified by the University's leadership and endorsed by Council, while ensuring appropriate levels of controls and discipline in the various financial processes. To this end, the University Finance Committee will continue its focus on the following key issues:

- To continue to build awareness within the University community of the importance and relevance of effective financial management, via broad involvement in the budgeting process, the provision of effective management information and ensuring proper reporting of results.
- Enabling the University to deal with the impact of currency weakness on costs that are denominated in stronger currencies, including library materials and the ability of our staff to remain abreast of international trends through conference attendance.
- Creating the capacity for proper planned renewal and maintenance of campus facilities, and, in particular, the ongoing development of the residence infrastructure.
- Enhancing the University's ability to attract and retain the quality of staff needed to grow the teaching and research capability and to provide a suitable infrastructure.

The results for the year were made possible by the adoption by Council of a rigorous four year medium term budget framework, and the support this received from the University Executive and the broader University community. While these results are pleasing, much work remains to be done to build a sustainable balance between income and expenditure.

Mr G GRIFFIN
CHAIR OF FINANCE COMMITTEE
8 May 2002

PROFESSOR E ULIANA
EXECUTIVE DIRECTOR OF FINANCE

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UNIVERSITY OF CAPE TOWN

Council's Statement Of Responsibility For The Annual Financial Statements For The Year Ended 31 December 2001

Council is responsible for the preparation, integrity and fair presentation of the statements of the University of Cape Town.

The financial statements presented on pages 15 to 29 of this annual report for 2001 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Minister of Education as contained in the manual on annual reporting issued by the Department of Education, and include amounts based on judgements and estimates made by management. Council also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the financial statements.

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

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

APPROVAL BY COUNCIL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements set out on pages 15 to 29 were approved by the Council on May 8 2002 and are signed on its behalf by:

Mr A Z FARR
CHAIR OF COUNCIL

Mr G GRIFFIN
CHAIR OF FINANCE COMMITTEE

PROFESSOR N S NDEBELE
VICE-CHANCELLOR

PROFESSOR E ULIANA
EXECUTIVE DIRECTOR OF FINANCE

REPORT OF THE INDEPENDENT AUDITORS TO THE COUNCIL OF THE UNIVERSITY OF CAPE TOWN

We have audited the annual financial statements of the University of Cape Town set out on pages 15 to 29 for the year ended 31 December 2001. These financial statements are the responsibility of the university's executive management. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and,
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly present, in all material respects, the financial position of the University of Cape Town at 31 December 2001 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Minister of Education in terms of S41 of Act 101 of 1997 (as amended).

Ernst & Young
Registered Accountant and Auditors
Chartered Accountants (SA)
Cape Town
8 May 2002

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UNIVERSITY OF CAPE TOWN
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2001

	Note	2001	2000
	<u>2</u>	R'000	Restated R'000
ASSETS		1,558,964	1,321,089
NON-CURRENT ASSETS		1,352,218	1,156,576
Property, plant and equipment	<u>3</u>	392,043	376,482
Investments	<u>4</u>	938,266	753,450
Investment in associate	<u>5</u>	1,211	1,211
Non-current receivables	<u>6</u>	20,698	25,433
Student loans		10,642	15,505
Loans to employees		10,056	9,928
CURRENT ASSETS		206,746	164,513
Inventories	<u>7</u>	383	565
Accounts receivable and prepayments	<u>8</u>	60,195	52,447
Loans to employees	8	7,535	9,642
Student fees receivable	8	26,646	19,660
Current portion of investments	<u>4</u>	-	34,810
Cash at bank and cash equivalents	<u>9</u>	111,987	47,389
EQUITY AND LIABILITIES		1,558,964	1,321,089
EQUITY		1,136,943	890,394
Non-distributable reserves		689,881	553,788
Endowed funds		503,681	449,748
Revaluation reserve		186,200	104,040
Restricted funds designated for specific activities		295,941	220,540
Education and general		269,376	209,560
Student and staff accommodation		26,565	10,980
Unrestricted Council controlled funds		151,121	116,066
NON-CURRENT LIABILITIES		358,246	330,551
Borrowings - interest bearing	<u>10</u>	190,413	177,660
Non-current portion of provisions and accruals	<u>11</u>	167,833	152,891
CURRENT LIABILITIES		63,775	100,144
Accounts payable and accrued liabilities	<u>12</u>	34,570	32,311
Student deposits		6,969	5,552
Current portion of borrowings	<u>10</u>	15,936	56,631
Current portion of provisions and accruals	<u>11</u>	6,300	5,650

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UNIVERSITY OF CAPE TOWN
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

(all amounts in R'000)

Note	Education and General			Student and Staff Housing Restricted	2001 TOTAL	2000 Restated TOTAL	Change %
	Council Controlled Unrestricted	Specifically Funded Activities Restricted	Sub Total				
	736,029	364,759	1,100,788	79,696	1,180,484	1,039,072	13.6
TOTAL INCOME							
Recurrent Income	720,443	361,779	1,082,222	78,736	1,160,958	1,015,996	14.3
State appropriations-subsidies and grants	<u>13</u> 395,027	57,363	452,390	-	452,390	393,584	14.9
Tuition and other fee income	212,991	-	212,991	70,900	283,891	249,810	13.6
Income from contracts	332	144,723	145,055	-	145,055	106,310	36.4
For research	-	143,139	143,139	-	143,139	103,635	38.1
For other activities	332	1,584	1,916	-	1,916	2,675	(28.4)
Sales of goods and services	75,186	47,031	122,217	7,816	130,033	126,484	2.8
Private gifts and grants	13,283	79,846	93,129	-	93,129	92,428	0.8
Sub Total	696,819	328,963	1,025,782	78,716	1,104,498	968,616	14.0
Interest and dividends	<u>16</u> 23,624	32,816	56,440	20	56,460	47,380	19.2
Non-Recurrent Income	15,586	2,980	18,566	960	19,526	23,076	(15.4)
Profit on disposal of fixed assets	25	-	25	894	919	1,350	(31.9)
Profit on sale of investments	<u>16</u> 8,654	2,980	11,634	66	11,700	15,505	(24.5)
Other non-recurrent income	6,907	-	6,907	-	6,907	6,221	11.0
TOTAL EXPENDITURE	701,309	326,020	1,027,329	64,237	1,091,566	1,003,846	8.7
Recurrent Expenditure	696,392	323,268	1,019,660	62,932	1,082,592	981,411	10.3
Personnel	<u>14</u> 429,753	96,448	526,201	9,692	535,893	476,124	12.6
Academic professional	240,137	33,614	273,751	-	273,751	251,134	9.0
Other personnel	189,616	62,834	252,450	9,692	262,142	224,990	16.5
Other operating expenses	<u>15</u> 205,532	130,311	335,843	50,917	386,760	366,908	5.4
Bursaries and financial aid	29,905	50,818	80,723	-	80,723	64,068	26.0
Depreciation	20,319	22,894	43,213	2,050	45,263	43,858	3.2
Sub-Total	685,509	300,471	985,980	62,659	1,048,639	950,958	10.3
Finance costs	<u>17</u> 10,883	22,797	33,680	273	33,953	30,453	11.5
Non-Recurrent Expenditure	4,917	2,752	7,669	1,305	8,974	22,435	(60.0)
Minor capital items expensed	4,917	2,752	7,669	1,305	8,974	22,435	(60.0)
OPERATING SURPLUS	34,720	38,739	73,459	15,459	88,918	35,226	152.4
Share of profits in associate	-	-	-	-	-	1,211	-
Transfer from endowed funds	14,914	6,507	21,421	117	21,538	16,834	27.9
NET SURPLUS	49,634	45,246	94,880	15,576	110,456	53,271	107.3

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UNIVERSITY OF CAPE TOWN
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2001

(all amounts in R'000)

Note	Non-Distributable		Restricted for Specific Activities		Unrestricted Council Controlled	TOTAL	
	Endowed Funds	Revaluation Reserve	Education and General	Student and Staff Housing			
EQUITY 1 January 2000	405,791	130,471	112,788	3,322	268,925	921,297	
Prior year adjustment	-	-	-	-	-	-	
Recognition of post retirement medical aid benefit costs	<u>2</u>	-	-	-	101,700	101,700	
Adjusted equity 1 January 2000	405,791	130,471	112,788	3,322	167,225	819,597	
Net surplus/(deficit) 2000 (restated)	2	-	-	97,201	7,658	(51,588)	53,271
Transfers between funds	-	-	(429)	-	429	-	
Transfer to current operations	(16,834)	-	-	-	-	(16,834)	
Realised gains on investments	-	(19,290)	-	-	-	(19,290)	
Adjustment to market value of investments	<u>4</u>	-	(7,141)	-	-	(7,141)	
Donations	9,522	-	-	-	-	9,522	
Profit on sale of investments	30,795	-	-	-	-	30,795	
Disinvestment	(1,799)	-	-	-	-	(1,799)	
Investment income	22,273	-	-	-	-	22,273	
EQUITY 31 DECEMBER 2000	449,748	104,040	209,560	10,980	116,066	890,394	
Net surplus 2001	-	-	45,246	15,576	49,634	110,456	
Transfers between funds	-	-	14,570	9	(14,579)	-	
Transfer to current operations	(21,538)	-	-	-	-	(21,538)	
Realised gains on investments	-	(56,374)	-	-	-	(56,374)	
Adjustment to market value of investments	<u>4</u>	-	138,534	-	-	138,534	
Donations	6,002	-	-	-	-	6,002	
Profit on sale of investments	<u>16</u>	44,674	-	-	-	44,674	
Investment income	16	24,795	-	-	-	24,795	
EQUITY 31 DECEMBER 2001	503,681	186,200	269,376	26,565	151,121	1,136,943	

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UNIVERSITY OF CAPE TOWN

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001	2000
	<u>2</u>	R'000	Restated R'000
Cash flows from operating activities			
Cash receipts from students, government and private sources		1,022,790	904,267
Cash paid to employees and suppliers		(912,177)	(858,397)
		<u>110,613</u>	<u>45,870</u>
Investment income	<u>16</u>	56,460	47,380
Interest paid	<u>17</u>	(33,953)	(30,453)
		<u>133,120</u>	<u>62,797</u>
Cash generated from operations		6,002	7,723
Endowed funds donation income		24,795	22,273
Endowed funds investment income	16	<u>163,917</u>	<u>92,793</u>
Cash inflows from operating activities			
Cash flows from investing activities			
Additions to fixed assets	<u>3</u>	(61,697)	(86,396)
Proceeds on disposal of fixed assets		1,792	3,050
Net additions to investments		(11,472)	(21,726)
Cash outflows from investing activities		<u>(71,377)</u>	<u>(105,072)</u>
Cash flows from financing activities			
(Decrease)/Increase in long term borrowings		(27,942)	11,138
Cash (outflows)/inflows from financing activities		<u>(27,942)</u>	<u>11,138</u>
Net movement in cash and cash equivalents			
Cash and cash equivalents at beginning of period	<u>9</u>	47,389	48,530
Cash and cash equivalents at end of period	9	<u>111,987</u>	<u>47,389</u>

CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

Surplus		110,456	53,271
Adjustments for:			
Depreciation	<u>3</u>	45,263	43,858
Net movement in leave and medical aid benefit provisions	<u>11</u>	15,592	11,353
Profit on sale of property, plant and equipment		(919)	(1,350)
Investment income	<u>16</u>	(56,460)	(47,380)
Interest expense	<u>17</u>	33,953	30,453
Profit on sale of current investments	<u>16</u>	(11,700)	(15,505)
Share of profits in associate	<u>5</u>	-	(1,211)
Income transferred from endowed funds		(21,538)	(16,834)
Changes in working capital			
- trade and other receivables		(7,892)	2,732
- inventories		182	(151)
- payables		3,676	(13,366)
Cash generated from operations		<u>110,613</u>	<u>45,870</u>

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**UNIVERSITY OF CAPE TOWN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001**

1. ACCOUNTING POLICIES

Basis of preparation

The consolidated annual financial statements are prepared in accordance with, and comply with South African statements of Generally Accepted Accounting Practice and in the manner required by the Minister of Education in terms of S41 of Act 101 1997 (as amended). AC 133 relating to financial instruments has been adopted earlier than required.

The consolidated annual financial statements are prepared under the historic cost convention as modified by the revaluation of certain marketable securities and incorporate the following principle accounting policies which are consistent with those of the previous year except for the change in policy disclosed in note 2 below.

1.1 Consolidation

Subsidiary entities are those entities over which the University of Cape Town has the power directly or indirectly to exercise control or is the sole beneficiary. Subsidiaries are not consolidated when purchased for short-term purposes or when there is a restriction on the transferability of funds between the University of Cape Town and the subsidiary. Subsidiaries are consolidated from the point where the University of Cape Town has effective control. The financial statements include the operations of the subsidiaries and other entities listed below. All inter-entity transactions, balances and unrealised surpluses and deficits have been eliminated. Where necessary, appropriate adjustments have been made to the accounting policies of subsidiaries on consolidation to ensure consistency with the policies adopted by the University of Cape Town.

Entity	Nature of ownership
The Graduate School of Business (Proprietary) Limited	100% of ordinary equity
The University of Cape Town Foundation	A trust of which the University of Cape Town is the sole beneficiary
The Student Loan Fund Limited	A Section 21 company controlled by the University of Cape Town

1.2 Investments in associates

Investments in associated entities are accounted for using the equity method of accounting. Associated entities are undertakings in which the University of Cape Town has a long-term equity interest and exercises significant influence over the financial and operational policies of those entities. The effect of the equity method is to include the University's share of profits of the associate in the income statement and in the carrying value of the investment in the associate. The equity accounted profit and loss in the income statement is adjusted for the effect of any fair value adjustment at acquisition, unrealised profit, differences in accounting policies and goodwill amortisation.

1.3 Income recognition

State subsidy and grants for general purposes are recognised as income in the financial year to which the subsidy accrues. Subsidies and grants for specific purposes such as capital expenditure are brought into the appropriate fund as income at the time that they are available to finance the expenditure for the purpose provided. Such grants are presented separately as credits in the income statement. Grants relating to specific expenses are not offset against the expense but are included in the disclosure of government grants.

Income received for designated specific purposes arises from contracts, grants, donations and income for specific endowments. Such income is brought into the income statement in the financial period in which the university becomes entitled to the use of these funds.

Funds which cannot be used until some specific future period or occurrence, are held in an appropriate fund until the financial period that the funds may be used, at which time the amount is recognised as income. Until that time the amount is included in one of the funds comprising equity.

Tuition and residence fees are recognised in income in the period to which they relate. Deposits provided by prospective students are treated as current liabilities until the amount is billed as due.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University. Dividends are recognised when the right to receive payment is established.

1.4 Foreign currency transactions

Foreign currency transactions are recorded at the spot rate on the transaction date.

Assets and liabilities designated in foreign currencies at the balance sheet date are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising from the translation are recognised in the income statement in the year in which they arise.

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UNIVERSITY OF CAPE TOWN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AT 31 DECEMBER 2001 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

1.5 Inventories

Inventories are stated at the lower of average cost and net realisable value.

1.6 Retirement benefits

Defined contribution retirement plan

Employer contributions to the University of Cape Town Retirement Fund are recognised in the income statement in the year in which they are incurred.

Medical aid benefits

Costs of medical aid benefits are recognised as an expense in the period during which the employees render services to the group.

Post-retirement medical aid benefits

The University of Cape Town has an obligation to provide certain post retirement medical aid benefits to its eligible employees and pensioners.

The costs incurred in respect of post-retirement medical aid benefits are charged to income as incurred, as current service costs. The present value of the future medical aid subsidies for past service costs is actuarially determined annually in accordance with South African statement of GAAP, AC 116 Employee Benefits. The liability is recognised at the balance sheet date. Any curtailment benefits or settlement amounts are recognised against income as incurred.

Actuarial gains and losses are recognised as income or expense when the cumulative actuarial gains or losses exceed 10% of the defined benefit obligation. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the scheme.

1.7 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation. Donations are recorded at fair value at the date of donation. Depreciation is calculated on the straight-line method, to write off the cost of each asset to its residual value over the estimated useful life as follows:

Buildings	50 years
Vehicles	5-10 years
Furniture and equipment	5-10 years
Computer and software	3 years

Library Books are written off in the year in which they are acquired.

Land is not depreciated as it is deemed to have an indefinite life.

Routine maintenance costs are expensed as incurred. Costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except where the useful life has been extended.

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

Gains and losses on disposal of property, plant and equipment are determined by comparing the carrying value of the asset at disposal to the proceeds on disposal and are taken to operating surplus.

1.8 Provisions

Provisions are recognised when there is a present legal or constructive obligation as a result of a past event, 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.

1.9 Trade and student receivables

Receivables are carried at anticipated realisable value. Receivables that are likely to be irrecoverable are estimated and provided for, based on a review of outstanding amounts at year-end. Actual bad debts are written off during the year in which they are identified.

1.10 Cash at bank and cash equivalents

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

1.11 Financial instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, accounts payable and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

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UNIVERSITY OF CAPE TOWN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AT 31 DECEMBER 2001 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

1.11 Financial instruments (continued)

Investments:

Investments in sinking funds to meet certain debt obligations are held to maturity at cost. All other investments are regarded as available for sale investments. An investment is classified as available for sale if it is not held to maturity. All investments are measured at fair value without any deductions that may be incurred on sale or other means of disposal. The fair value of listed equities is market value. Market value is calculated by reference to stock exchange quoted selling prices at the close of business at the balance sheet date. The fair value of fixed interest financial instruments is determined with reference to the market yield at the close of business at the balance sheet date. If the fair value of the investment cannot be determined the investment is measured at cost, if there is no fixed maturity, or at amortised cost if there is. Available for sale investments are classified as non-current assets.

The adjustments to the fair value of available for sale investments are recognised in the revaluation reserve until such time as the investment is sold, in which case it is recognised in the income statement.

Derivative instruments:

Derivative instruments are deemed to be held for trading even though they are not actively traded with a view to realising a gain from short-term price fluctuations. Derivative instruments are measured at fair value, being market value. The futures contracts are marked-to-market daily and the resultant gains and losses recognised in the income statement

Disclosures about financial instruments to which the University is a party are provided in note 18.

1.12 Research costs

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

2 CHANGE IN ACCOUNTING POLICY

The University of Cape Town has changed its accounting policy in respect of post-retirement medical aid benefits to comply with the introduction of South African statement of GAAP AC116, Employee Benefits. Provision is now made in the financial statements for the University's obligation to provide post-retirement medical aid benefits to eligible employees and pensioners. Previously post-retirement medical aid benefits were charged to income as incurred. This change in policy results in the cost of post-retirement medical aid benefits being recognised over the period of employment and the actuarial present value of the liability being raised.

The change in policy has been made in accordance with AC 103 and the comparative figures have been changed accordingly.

The effect of the change in policy is to reduce Unrestricted Council Controlled funds carried forward from 1999 by R101.7m, to reduce the previously reported surplus for the year ended 31 December 2000 by R13.4m and to reduce the surplus for the current year by R13.9m.

3 PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2001

(all amounts in R'000)

Cost	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets under Construction	Total
Cost 1 January 2001	386,634	127,858	61,035	6,293	8,798	590,618
Additions	8,399	22,114	15,217	2,179	13,788	61,697
Transfers	10,010	-	-	-	(10,010)	-
Disposals	(75)	(1,796)	(471)	(663)	-	(3,005)
Cost 31 December 2001	404,968	148,176	75,781	7,809	12,576	649,310
Accumulated depreciation						
Balance 1 January 2001	105,968	72,414	32,310	3,444	-	214,136
Disposals	(42)	(1,397)	(26)	(667)	-	(2,132)
Depreciation charge	6,003	16,953	21,110	1,197	-	45,263
Balance 31 December 2001	111,929	87,970	53,395	3,974	-	257,267
Book value 31 December 2001	293,039	60,206	22,386	3,835	12,576	392,043

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UNIVERSITY OF CAPE TOWN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001 (CONTINUED)

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

Year ended 31 December 2000

(all amounts in R'000)

Cost	Land and Buildings	Furniture and Equipment	Computer Equipment	Motor Vehicles	Assets under Construction	Total
Cost 1 January 2000	316,997	96,842	41,281	5,344	45,667	506,131
Additions	3,235	31,287	19,920	1,811	30,143	86,396
Transfers	67,012	-	-	-	(67,012)	-
Disposals	(610)	(271)	(166)	(862)	-	(1,909)
Cost 31 December 2000	386,634	127,858	61,035	6,293	8,798	590,618
Accumulated depreciation						
Balance 1 January 2000	100,048	59,857	7,862	2,721	-	170,488
Disposals	(16)	(9)	(46)	(139)	-	(210)
Depreciation charge	5,936	12,566	24,494	862	-	43,858
Balance 31 December 2000	105,968	72,414	32,310	3,444	-	214,136
Book value 31 December 2000	280,666	55,444	28,725	2,849	8,798	376,482

A register of land and buildings is available for inspection at the business address. The University is not permitted to dispose of, or otherwise alienate its land and buildings without the approval of the Minister of Education. In addition, there are further restrictions on the alienation of certain properties held by deed of grant under the Rhodes Will Act.

	2001	2000
	R'000	R'000
4. INVESTMENTS		
Available for sale		
Opening balance	662,731	649,179
Additions	18,784	22,919
Disposals	(673)	(2,226)
Adjustment to market value	138,534	(7,141)
Market value (Market value approximates the fair value of available for sale investments)	819,376	662,731
Held to maturity		
Sinking fund investments – at cost	118,890	125,529
Public Investment Commission	17,563	15,119
Standard Corporate and Merchant Bank Limited	101,327	75,600
Nedcor Investment Bank Limited	-	34,810
Total investments	938,266	788,260
Current portion	-	(34,810)
Non-current investments	938,266	753,450

Sinking fund investments

Public Investment Commission. Various deposits of which the proceeds are to be used to redeem fixed period loans of R25.6m included under government subsidised loans of R50.7m in note 10. Interest accrues at 75% of the rate applicable to the individual fixed period loans, varying between 15.5% and 18.5%. The loans are repayable between 2 and 6 years. The carrying value approximates the fair value.

Standard Corporate and Merchant Bank Limited. Deposit accruing interest at 17.9%, ceded to Standard Bank of SA Limited. The proceeds to be used to redeem the Standard Bank of SA transitional retirement loan of R131.5m, maturing on 13 March 2005 reflected under note 10. The fair value of the investment is R125.4m.

Nedcor Investment Bank Limited: A bond that matured on 30 September 2001 at R39.2m., the proceeds of which were used to redeem the R40 million GSB preference shares referred to under note 10.

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UNIVERSITY OF CAPE TOWN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001 (CONTINUED)

4. INVESTMENTS (Continued)	2001 R'000	2000 R'000
The total investments comprise the following categories:		
Equity - local	365,856	313,691
Equity - international	225,949	143,247
Capital market interest-bearing investments	282,728	281,966
Money market deposits	63,733	49,356
	<u>938,266</u>	<u>788,260</u>

At 31 December 2001 the international equity foreign currency holdings were US\$14.9m and Sterling 2.8m (2000: US\$14.8m and Sterling 2.9m)

5. INVESTMENT IN ASSOCIATE

Investment in African Medical Imaging (Pty) Ltd (36%)	1,211	-
Equity accounted profit for the period	-	1,211
	<u>1,211</u>	<u>1,211</u>

Council values the investment in the associate at carrying value.

6. NON-CURRENT RECEIVABLES

Student loans	50,605	52,791
Provisions	(39,963)	(37,286)
Student loans - net	10,642	15,505
Loans to employees	10,056	9,928
	<u>20,698</u>	<u>25,433</u>

The current receivables relating to these items are shown in note 8. All non-current receivables are due within 5 years from balance sheet date. The carrying value of the non-current receivables is considered to approximate fair value. These amounts are unsecured. The weighted average interest rates were as follows:

Student loans	13.00%	13.00%
Loans to employees - car scheme	16.00%	16.00%
Loans to employees - PC scheme	17.25%	17.25%
Loans to employees - other	14.50%	14.50%

7. INVENTORIES

	R'000	R'000
Stationery	-	192
Technical inventories	-	37
Study materials	383	330
Food	-	6
	<u>383</u>	<u>565</u>

8. ACCOUNTS RECEIVABLE AND PREPAYMENTS

Accounts receivables and prepayments	60,195	52,447
Loans to employees	7,535	9,642
Student fees receivable	26,646	19,660
	<u>94,376</u>	<u>81,749</u>

Fees outstanding after July each year are charged interest at prime. The average for the year was 13.5% (2000 14.5%).

9. CASH AT BANK AND CASH EQUIVALENTS

Cash at bank and in hand	166	396
Short-term bank deposits	111,821	46,993
	<u>111,987</u>	<u>47,389</u>

The weighted average effective interest rate on short-term bank deposits was 9.8% (2000: 9.7%).

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UNIVERSITY OF CAPE TOWN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AT 31 DECEMBER 2001 (CONTINUED)

10. NON-CURRENT BORROWINGS

	2001 R'000	2000 R'000
Interest bearing		
Financial institutions for government-subsidised loans	50,657	53,394
Standard Bank of SA Limited transitional retirement loan	131,475	109,572
Rand Merchant Bank Limited	15,300	19,142
GSB preference shares	-	40,000
Student Loan Fund loans	8,917	12,183
Total interest-bearing borrowings	<u>206,349</u>	<u>234,291</u>
Current portion	<u>(15,936)</u>	<u>(56,631)</u>
Non-current borrowings	<u>190,413</u>	<u>177,660</u>

Financial institutions for government-subsidised loans. Government-subsidised loans are subsidised to the extent of 50% and 85% for both interest and capital repayments, and consist of a number of loans with financial institutions at interest rates ranging from 5,5% to 18,5% and varying repayment terms. The weighted average interest rate was 14.6% (2000 14.6%). The carrying values collectively approximate their fair values.

Standard Bank transitional retirement loan. Promissory notes with a face value of R235,440,000 have been issued by the University of Cape Town in favour of the Standard Bank of SA Limited, payable on 13 March 2005. These have been discounted for R38 million accruing interest at 18,4% (2000 18,4%). The promissory notes will be redeemed from the proceeds of the transitional retirement loan sinking fund (see note 4), which has been ceded as security for the liability. The fair value of this loan is R139,6 million.

Rand Merchant Bank Limited. Donations amounting to R6,700,000 per annum for 10 years, pledged by a number of large corporate donors, were ceded to Rand Merchant Bank Limited for a discounted value of R33,710,000 on 1 April 1995. The donations are being recognised over the 10-year period at the implicit interest rate of 14,9% (2000 14,9%). The fair value of this loan is R19,9 million.

GSB preference shares. The Graduate School of Business (Proprietary) Limited (GSB) has redeemed its variable rate cumulative redeemable preference shares amounting to R400 from Tradman Investments (Proprietary) Limited. The shares had been issued at a premium of R39,999,600, repayable on redemption. The preference shares were redeemed by payment in cash for the nominal value thereof and the premium paid thereon on 1 October 2001. The proceeds of R39,2 million of the GSB sinking fund investment with Nedcor Investment Bank Ltd (see note 4), which matured on 30 September 2001, was used to redeem the share capital and share premium with the shortfall of R800,000 being met by operations.

Student Loan Fund loans. Student Loan Fund loans bear interest at rates between prime minus 1% and prime minus 6%. The University intends to redeem these loans from the Standard Bank of SA during 2002. The carrying value of this liability approximates its fair value.

Interest rate exposure

At fixed rates	197,432	182,108
At variable rates	8,917	52,183
Total borrowings	<u>206,349</u>	<u>234,291</u>

Maturity of interest-bearing non-current borrowings

Between 1 and 2 years	24,878	24,837
Between 2 and 5 years	159,489	36,137
Later than 5 years	6,046	116,686
Total non-current borrowings	<u>190,413</u>	<u>177,660</u>

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UNIVERSITY OF CAPE TOWN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AT 31 DECEMBER 2001 (CONTINUED)

11. NON-CURRENT PROVISIONS AND ACCRUALS FOR LIABILITIES	2001 R'000	2000 R'000
Leave provision academic staff	19,933	19,933
Leave provision for administrative and support staff	25,200	23,508
Post-retirement medical aid benefit obligation	129,000	115,100
	<u>174,133</u>	<u>158,541</u>
Current portion	(6,300)	(5,650)
Non-current provisions and accruals	<u>167,833</u>	<u>152,891</u>
Leave provision academic staff		
This relates to academic staff accrued study and research leave. There is, however, only limited entitlement to this leave on resignation or retirement from the University.		
Leave provision for administrative and support staff		
An accrual is made for the estimated liability for annual leave as a result of services rendered by administrative and support staff up to the balance sheet date.		
Post-retirement medical aid benefit obligation		
The status of the University's obligations towards post-retirement medical aid benefits, determined in terms of South African statement of GAAP, AC116 Employee Benefits, is as follows:		
Funding obligation	133,200	106,400
Amount accrued in respect of funding obligation	129,000	115,100
Unrecognised actuarial losses/(gain)	4,200	(8,700)
Reconciled as follows:		
Net obligation at the beginning of the year	115,100	101,700
Net expenses	17,300	16,600
Contribution paid in respect of funding obligation	(3,400)	(3,200)
	<u>129,000</u>	<u>115,100</u>
The adoption of AC 116 was applied with effect from 1 January 2000. For further information refer to Notes 1.6, 2 and 23.		
12. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		
Trade payables	8,889	9,039
Accrued expenses	4,538	4,284
VAT	780	1,539
Other payables	20,363	17,449
Total	<u>34,570</u>	<u>32,311</u>
13. STATE APPROPRIATIONS AND GRANTS RELATING TO INCOME		
Subsidy for general purpose	350,045	304,532
State grants and contracts	79,545	67,776
Grants related to specific expenses	22,800	21,276
Rates subsidy	14,000	11,938
Subsidy on interest and redemption on state guaranteed loans	8,800	9,338
	<u>452,390</u>	<u>393,584</u>

UNIVERSITY OF CAPE TOWN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001 (CONTINUED)

14. PERSONNEL COSTS			2001	2000
			R'000	R'000
	Academic Professional	Other	Total	Total
Wages and salaries	232,199	226,084	458,283	405,506
Termination benefits	-	743	743	1,972
Pension costs	32,252	27,315	59,567	52,046
Post retirement medical aid benefits	9,300	8,000	17,300	16,600
	<u>273,751</u>	<u>262,142</u>	<u>535,893</u>	<u>476,124</u>

Post retirement medical aid benefits comprise:

Interest cost on obligation	12,800	12,200
Current service cost	4,500	4,400
Total	<u>17,300</u>	<u>16,600</u>

Average number of persons employed during the year

	No.	No.
Full time	2,781	2,793
Part time	1,008	991
Total	<u>3,789</u>	<u>3,784</u>

15. OTHER OPERATING EXPENSES

The following items have been charged in arriving at operating surplus:

	R'000	R'000
Library acquisitions	21,869	13,798
Repairs and maintenance	36,750	14,976
Expenditure on computer equipment written off	5,762	10,256
Cost of services outsourced	19,182	9,450
Auditors' remuneration	2,150	1,654
Current year	1,400	1,154
Under provision in prior years	750	500
Software costs	3,496	4,605

16. INCOME FROM INVESTMENTS

	Income Statement	Endowed Funds	Total	Total
Interest income	49,483	21,734	71,217	63,654
Marketable securities				
- dividend income	6,977	3,061	10,038	5,999
- gains on sales of marketable securities	11,700	44,674	56,374	46,300

17. FINANCE COSTS

Interest expense	<u>33,953</u>	<u>30,453</u>
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18. FINANCIAL INSTRUMENTS

Objectives and significant terms and conditions

In order to achieve the desired equity exposure, the University of Cape Town's portfolio managers make use of forward foreign exchange contracts to manage exposure to fluctuations in foreign exchange rates on specific transactions (no positions were open at the end of the year) and futures contracts to manage the equity exposure flexibly and cost effectively.

Both the University and the UCT Foundation portfolio managers make use of futures contracts. At 31 December 2001, 13 call contracts of INDFH2 (20 March 2002) and 116 futures contracts of ALSI (20 March 2002) were held. In addition, a short position existed with regard to a further 53 futures contracts of ALSI (20 March 2002).

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UNIVERSITY OF CAPE TOWN
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 AT 31 DECEMBER 2001 (CONTINUED)

18 FINANCIAL INSTRUMENTS (Continued)

Credit risk

There is no significant concentration of credit risk.

Derivative instruments are entered into with, and cash is placed with substantial financial institutions.

The credit exposure of derivatives is subject to movements in the All Share Index.

The university is exposed to foreign exchange risk to the extent that it does not take forward cover for foreign currency transactions in the course of operations. This exposure is reduced by the use of a GBP bank account and US Dollar bank account from which such foreign obligations are settled.

The University is also exposed to foreign exchange risk through its holdings of US Dollar and Sterling investments referred to in note 4 above.

Loans to University of Cape Town students are granted by the Student Loan Fund Limited through the Standard Bank of SA Limited. Adequate provisions have been made for these loans.

Student fees outstanding are provided for on a sliding scale and fully provided for after five years. These outstanding fees are wide spread amongst numerous students indicating no particular concentrated area of credit risk.

Fair values

The carrying amounts of the following financial assets and financial liabilities approximate their fair value: cash, available for sale investments, trade receivables and payables, other receivables and payables, and short-term borrowings. Information on the fair value of held to maturity investments and of borrowings is included in notes 4 and 10.

19. CONTINGENT LIABILITIES

Out-sourced services

As at 31 December 2001, there is an appeal pending against the outsourcing of cleaning and gardening services. Should the appeal court overturn the ruling of the Labour Court in this matter, the University of Cape Town may have to compensate 241 workers for unfair dismissal. Management is of the opinion that this is unlikely.

20. COMMITMENTS

Capital Commitments

Capital commitments at the balance sheet date but not recognised in the financial statements are as follows:

	2001 R'000	2000 R'000
Property, plant and equipment:		
Contracted	2,550	-
Approved not yet contracted	1,500	1,400
Not yet approved	-	300
Total	<u>4,050</u>	<u>1,700</u>

Funds are available from existing resources.

21. POST BALANCE SHEET EVENTS

Investment with Saambou Bank

Subsequent to the year end the University re-invested R15 million with Saambou Bank, which was later placed under curatorship.

As at the date of approval of the annual financial statements there were no other material post balance sheet events.

**UNIVERSITY OF CAPE TOWN
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AT 31 DECEMBER 2001 (CONTINUED)**

22 RETIREMENT BENEFITS

University of Cape Town Retirement Fund

The University of Cape Town Retirement Fund is a defined contribution fund, of which the majority of permanent and long-term contract employees are members. The current year's contribution to the fund for the benefit of employees was R59.6m (2000: R52.0m).

The fund was formed on 1 January 1996, after the majority of employees had elected to transfer from the Associated Institutions Pension Fund, a defined benefit plan underwritten by the State. This latter fund had an estimated funding level of 60% of liabilities at the date of withdrawal. The University provided a transitional amount of R38 million towards improving the position of active members transferring to the Fund. This was fully funded by the University by the raising of a loan, referred to in note 10

Health care benefits

The University's future obligation in respect of post-retirement medical aid contributions is actuarially valued annually based on the projected unit credit method. For the purpose of the valuation at 31 December 2001 the following key assumptions were made; discount rate 12% (2000 12%); expected inflation on medical aid contributions of 11,5% for 5 years, decreasing to 9% thereafter; normal retirement age of 62 (2000: 62).

23. REFERENCES TO THE UNIVERSITY

In the context of these financial statements all references to the University of Cape Town refer specifically to the University itself, while all other references include the group comprising the University and its entities, the accounts of which are consolidated (Refer note 1.1).

24. RELATED PARTY TRANSACTIONS

Due to the nature of the university's operations and the composition of its council, the Council takes particular care to avoid conflicts of interest, and has an explicit policy requiring disclosure and reporting. Any transaction with third parties in which any council member has a direct or fiduciary interest are subject to this policy, at arms length, and in accordance with approved procurement policy.

The register of direct and fiduciary interests is updated at least annually. This has been reviewed. No transactions have been identified with a third party controlled by one or more members of the Council.

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