

# ANNUAL REPORT 2017



UNIVERSITY OF  
KWAZULU-NATAL<sup>TM</sup>  
INYUVESI  
YAKWAZULU-NATALI

**FOUNDATION**





# MISSION STATEMENT

To provide a professional fundraising service which supports the development of UKZN and addresses the needs and aspirations of our donors.



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# Message from the Chairperson of the Board of Trustees

**Chairperson of the Board of Trustees**  
Mr Mac Mia



*“A number of new initiatives were introduced to generate brand awareness of the Foundation and to raise funds in areas that were previously underserved in its fundraising activities.”*

As in 2016, 2017 was characterised by a continued weak economy, both locally and internationally. Donors have been forced to reduce their contributions, and, in some instances, have had to prune some of their beneficiaries. Against this backdrop, the UKZN Foundation team has excelled in achieving income of R120 million against a target of R105 million. This result is an indicator of donor confidence in the University.

The Foundation developed a new strategy for 2017-2021 which coincides with the launch of the University's strategy for the same period. The simultaneous release of these two strategies gives the Foundation a clear purpose and focus towards its fundraising initiatives. Aligned to its strategy, the Foundation also presented an Annual Giving Plan (AGP) to promote the needs of the University and provide opportunities for individuals, staff, students and alumni to make a contribution.

A number of new initiatives were introduced to generate brand awareness of the Foundation and to raise funds in areas that were previously underserved in its fundraising activities. The focus for 2017 was Student Services, which included bursaries, food security and disability. The Disability Support Unit (DSU), which assists more than 700 students with disabilities, was a popular beneficiary of new donors. The DSU supports students with disabilities that range from visual impairments to those with multiple disabilities. Thirty nine were provided with the latest technology assisted SmartCanes™ to improve their mobility.

At an operational level, the Foundation has improved its financial processes, its website and has simplified its online donations platform which augurs well for increasing the base of individual donors.

On behalf of the Board of Trustees, I extend heartfelt gratitude to all our donors. Every rand helps us to “Inspire Greatness”.

Appreciation is also extended to several former Trustees or Governors who gave unstintingly their time, support and advice over considerable periods of time: Dr Warren Clewlow (former Chair-24 years), Brian Kurz (25), Bill Lambert (21), Kay Makan (13), Dr Bheki Hlatshwayo (12), Trueman Goba (8) and Mrs Yvonne Zwane (4). These Trustees/Governors have ensured the laying of a strong base for the Foundation to be taken to the next level.

To my colleagues on the Board, the Executive Director and staff, sincere thanks for a highly successful year.

A handwritten signature in black ink, appearing to read 'Mac Mia', with a stylized flourish at the end.

**Mr Mac Mia**

# Message from the Executive Director

## Executive Director

Prof Anesh Maniraj Singh



*“In line with its Annual Giving Plan, the first campaign, “Share the Festive Cheer” was launched in November 2017. The purpose of the campaign was to raise funds to support student food security.”*

Close to two thousand (1 951) students received bursaries from donor funding in 2017, more than half of which were full packages and the balance was used towards partial and top-up bursaries. The #feesmustfall movement was criticised by many quarters for the methods that were used to get the students' message across. However, the message was loud and clear that universities needed assistance in creating access for academically deserving students who were faced with financial challenges. Donors responded positively to the call and gave generously towards bursaries which accounted for almost half (46%) of the Foundation's income.

The financial success of the Foundation rested on a full staff complement, who, under trying circumstances, were able to reach their challenging targets. Our development team (fundraisers) adopted the Donor Nurturing Cycle to retain existing donors whilst simultaneously working towards growing the donor base. Growing the Foundation brand has been equally important. A number of outwardly focused events, jointly hosted with key stakeholders, allowed the Foundation to expose the brand to organisational leaders in the province. Internally, the Foundation visited all the colleges and almost all the schools to pledge the Foundation's support for their fundraising initiatives and to garner support for fundraising campaigns run by the Foundation.

In an attempt to grow alumni support, the Foundation accompanied the Alumni Relations Division to their alumni gatherings. The Foundation hosted an alumni gathering in

New York where two Foundation Ambassadors were enlisted to promote and support the work of the Foundation in raising funds from UKZN alumni residing in the USA.

In line with its Annual Giving Plan, the first campaign, “Share the Festive Cheer” was launched in November 2017. The purpose of the campaign was to raise funds to support student food security. This initiative will run annually until we implement a sustainable solution for student food security. The Foundation is supporting Student Services and InQubate to source funding for a food production facility intended to be “for students, by students”.

The success of UKZN Foundation is dependent on the generosity and support of many people: our staff, our Board of Trustees, the staff and leadership of the University and most especially, you, our donors who have helped us “Enable Greatness” at UKZN.

I wish to extend my heartfelt appreciation to my colleagues at the Foundation for their support and tenacity during a financially challenging period.

A handwritten signature in black ink, appearing to read 'Anesh Singh', written in a cursive style.

**Professor Anesh Maniraj Singh**

# Report of the Trustees

for the year ended 31 December 2017

The Board of Trustees has pleasure in presenting their annual report which accompanies, and should be read in conjunction with, the financial statements and supplementary schedules for the year ended 31 December 2017 which are set out on pages 14 to 28.

The Foundation is a registered charitable trust dedicated to advancing the goals of the University of KwaZulu-Natal ("UKZN") through various fundraising activities by garnering grants, donations and bequests from donors, stakeholders and other partners from within South Africa and abroad. The Foundation is domiciled in the Republic of South Africa. The head office is located at the Howard College Campus in Durban.

## Nature of business

The core task of the Foundation is to promote and seek external resources for institutional development, that is, for the establishment of new research centres, curricula and academic programmes, forms of internal and external service provision, and any other initiatives that serve to build and strengthen UKZN and assist it to meet its strategic goals.

As part of its outreach programme, the Foundation also provides pro bono fundraising advice to other university foundations and non-governmental and community-based organisations whose goals and ethos are consistent with, or complementary to, those of UKZN.

## Review of activities and results

During the year under review, the Trustees held four meetings. At these meetings they provided guidance and strategic direction to the Foundation. In particular, the Trustees considered various reports from the Executive Director and management of the Foundation dealing with the operating activities and financial results of the Foundation and aspects relating to the administration of the Foundation and the investment of its funds.

The results of the Foundation, its financial position and accounting policies and practices for the year ended 31 December 2017 are comprehensively set out in the attached financial statements and do not, in the opinion of the Trustees, require any further comment.

## Trustees

### THE FOLLOWING TRUSTEES HELD APPOINTMENT DURING THE YEAR UNDER REVIEW AND TO DATE OF THIS REPORT:

Mr M Mia (Chairperson)	Dr A Ntsaluba (resigned 30 June 2017)
Dr P Mnganga (Deputy Chairperson)	Ms H Nyasulu
Dr A van Jaarsveld (Vice-Chancellor & Principal UKZN)	Mr A Osman
Prof A M Singh (Executive Director)	Judge N Pillay
Mr B Kurz (resigned 05 January 2018)	Prof D Ramjugernath (appointed 20 April 2017)
Mr S Mashita	Mr S Saunders
Mrs N Mbhele (Chief Finance Officer UKZN) (appointed 1 March 2017)	Mr V W Sibisi
Rev Dr V Mehana (Chair of Council) (appointed 1 July 2017)	Ms Z Sokhela (appointed 19 June 2017)

<b>Bankers</b>	Standard Bank SA Limited
<b>Auditors</b>	PricewaterhouseCoopers Inc.
<b>Investment managers</b>	Investec Asset Management
<b>Financial administrators</b>	University of KwaZulu-Natal (Finance Division)

# Staff of the Foundation



**Prof Anesh Maniraj Singh**  
Executive Director



**Brendan Boyce**  
Operations Manager



**Rashina Moodley**  
Finance Manager



**Perine Leonard**  
PA to Executive Director



**Monde Mjebeza**  
Senior Development Officer



**Steve Camp**  
Senior Development Officer



**Natasha Willnecker**  
Senior Development Officer



**Nadia Paul**  
Development Officer



**Bukiwe Nqopiso**  
Prospect Researcher



**Stembiso Hadebe**  
Assistant Administrative Officer



**Reg Brijlal**  
Senior Administrative Assistant



# The University of KwaZulu-Natal: An Overview

The University of KwaZulu-Natal (UKZN) is one of South Africa's leading research and teaching institutions and embodies the ethos, aspirations and ideals of an African continent asserting its excellence in the knowledge economy. Formed in 2004 as a result of the merger of the former Universities of Natal and Durban-Westville, the University's more than 100 year history captures the richness of its social diversity and the heritage of the political transformation to democracy.

UKZN is a large university spanning five campuses with more than 47 000 students, 28% of whom are postgraduates. It currently employs more than 4 000 staff. The University

consists of nineteen schools and a number of research centres organised into four colleges: the College of Agriculture, Engineering and Science; the College of Health Sciences; the College of Humanities and the College of Law and Management Studies. The three largest campuses, Howard College; Pietermaritzburg; and Westville, offer a range of degrees and programmes across most disciplines and are complemented by the Nelson R Mandela School of Medicine in Umbilo and the Edgewood campus in Pinetown which is home to the School of Education.

Against the background of the current dynamics in tertiary education, UKZN is steadily pursuing a dual agenda of both excellence and transformation with significant success.

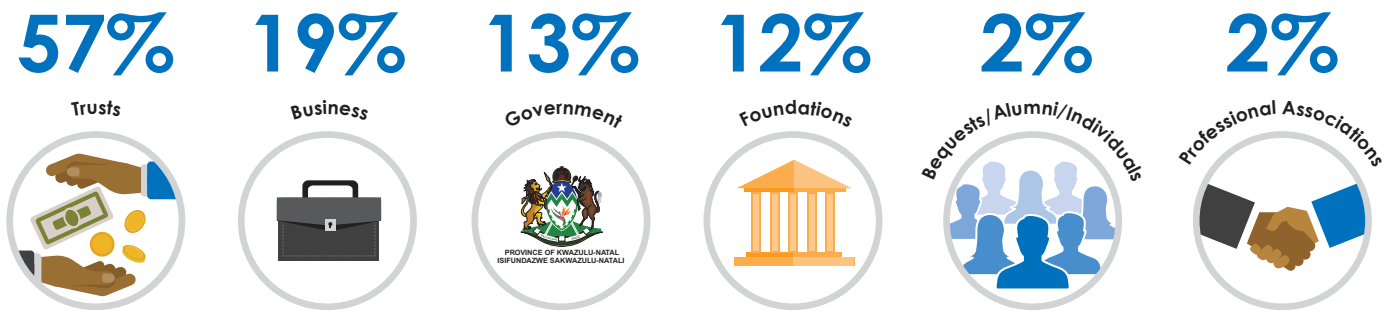
The usual measures of excellence for a university focus on research and teaching. In 2014 and 2015, UKZN was ranked as the University with the highest research output in South Africa. UKZN is ranked among the top 3% of world universities according to various international ranking systems. UKZN was also ranked 83rd amongst the top 100 young universities in the world.

In terms of teaching, UKZN student success rates meet the Department of Higher Education and Training's target of 80% while UKZN students outperform the national cohort on most measures of undergraduate degree performance. In order to support and enable all students to achieve their true potential, UKZN uses a sophisticated student monitoring and evaluation system that allows for early identification of 'at risk' students, together with a range of student support initiatives that seek to offer academic assistance as well as holistic life skills and peer mentoring. This approach pays dividends – more than 80% of UKZN's graduates who are not studying further are employed at the time of graduation. At the 2018 graduation ceremonies, over 9 000 degrees and diplomas were awarded, including an impressive 289 doctoral degrees. The majority of these doctorates were awarded to black students, many of whom come from other countries in Africa where UKZN is recognised as a beacon of excellence.

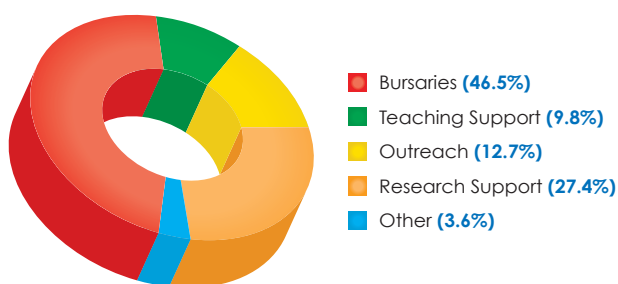




## SOURCE OF INCOME



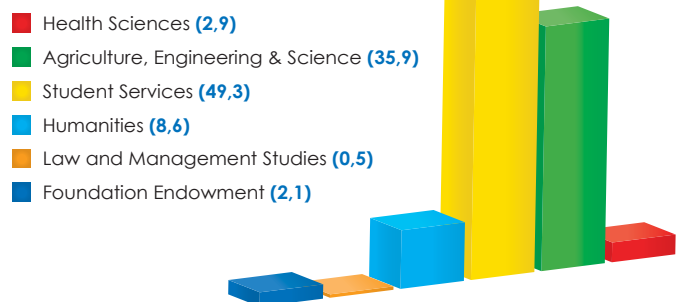
## ALLOCATION OF INCOME TO BENEFICIARIES



As well as achieving excellence in research and teaching, UKZN is recognised as the most transformed university in South Africa. 57% of students are female and 75% are African. Of the approximately 1 262 academic staff in 2017, 47% were female and 61% were black with nearly half of these being African. When considering the academic leadership of the University, 38% was female and 50% was black compared to 0% and 38% respectively at the time of the merger in 2004. No other South African University can boast demographic and cultural change of this scale and quality. Special emphasis is being placed on supporting and encouraging African academics, especially women, with a number of programmes being directed to this goal including post-doctoral recruitment and UKZN's talent, excellence and equity acceleration programme. This Council-supported programme identifies promising graduates in their final or honours year of study and provides funding for them to stay on for postgraduate studies through to doctoral level. It also incorporates leadership development programmes and structured mentoring by senior academics to enable them to become productive and self-sustaining academics and future university leaders.

UKZN is unique amongst the top research universities in South Africa in that it draws a significant percentage of its

## ALLOCATION OF FUNDS TO COLLEGES/DIVISIONS



students from rural and disadvantaged communities who are reliant on scholarships, bursaries and NSFAS loans to fund their studies. Many of the students attended inadequately resourced schools in impoverished communities with poor facilities, large classes and under-resourced teachers. UKZN's access programmes and student support initiatives are not luxuries but essentials that have proved their worth in enhancing student success and producing graduates who can contribute to the growth of the South African economy.

The University places a major emphasis on securing scholarship and bursary funding to recognise excellence and assist students from disadvantaged backgrounds. This funding is sourced largely from generous gifts by corporates, individuals, trusts and deceased estates and is mainly facilitated by the UKZN Foundation Trust.

The UKZN Foundation Trust is an independent trust whose primary purpose is to build relationships and source philanthropic funding to further the strategic goals and objectives of its sole beneficiary, the University of KwaZulu-Natal. Established originally in 1932 and with independent legal status as a Trust from 1949, the funds raised by the Foundation enable the University to strive for excellence in its teaching, learning, research and community engagement programmes.

# List of Donors

1 January to 31 December 2017

Absa Bank	Charles Stewart Mott Foundation (USA)	Estate Late KM Dowling	Ikusasa le Africa Foundation
Ackerman Family Educational Trust	Chelius, B	EtheKwini Municipality	Industrial Development Corporation of SA Ltd (IDC)
Adams Booksellers (Pty) Ltd	Chetty, S	Evangelisches Missionswerk (EMW)	International Development Research Centre (Canada)
Adcock Ingram Healthcare (Pty) Ltd	Chohan, S	Everest Flexibles (Pty) Ltd	Ishimwe, C
AIDS Foundation of South Africa	Chunder, R	Ewseta	Jacob Zuma RDP Education Trust
Aids Healthcare Foundation	Church of Sweden Mission	F. Manjoo Optometrists	Jakobi, N
Albert Wessels Trust	Clare, J	Foundation for Professional Development	James, A A
Alfred Duma Local Municipality	Claude Leon Foundation	FR Moore Roadlife	Jerome van Schalkwyk Bursary Fund
Allan Gray Ltd	Cleland, K	Franklin, D M	Jewitt, G
Altron Management Services	Cobbing, S	Gandhi, E	Jhagroo, G
Amod, R	Cohen, T J A	Gerwel Proches, C	Jones, T E
Andrews, P E	Cohen, T	GH Langelier Bursary Trust	Kaunda, D
Arabic Study Circle Trust	Conlog (Pty) Ltd	Gilbert, T	Khan, A
Arizona Centre for Nature Conservation - The Phoenix Zoo	Cook, S	Glassom, D	Khan, F
Arnold, D C	Crocker, A D	Godlwana, M	Khumalo, P J
Aronsson, H	Cullinan, M	Goedhals, M	Kidd, M A
Aspen Pharmacare	Cyril Ramaphosa Foundation	Goethe-Institut South Africa	Kloof Conservancy
Attorneys Fidelity Fund	Daya, M	Govender, B	Kubheka, S
Back A Buddy	Discovery Foundation	Govender, D	Kurz, B
Badul, C J	Distell (Pty) Ltd	Govender, K	KwaZulu-Natal Civil Society Coalition
Bebington, S	DKA Austria	Govender, S	KwaZulu-Natal Performing Arts Trust
Bele, L	Dlamalala, S	Govindsamy, D	Labuschagne, P
Bergmann, T	Dlamini, J N	Grand Gaming Corporate Social Investment	Lakha, P
Beyene, Y	Dlungwane, T	Greater Kokstad Municipality	Lambert, J
Bill & Melinda Gates Foundation	Dobrev, R	Green Matter	Larkin, M J
Blaine, P G	Dods, O T	Group Technology	Lasich, N
Botswana High Commission	Donnelly, S	Gundula, A	Lawrence, P
Boyce, B P	Dukhea, R	Halgreen, A L	Lehumo Women's Investment Holding
Brijlal, B	Earth Touch (Pty) Ltd	Hammerschlag, T	Leon, R N
Buckman Laboratories (Pty) Ltd	Edward Stanley Murphy Will Trust	Harries, C S	Lesotho Manpower Development Secretariat
Burnand, A M C	Eekhout, L	Harries, K	Lignotech South Africa
Button, D	EM Peachy Trust Fund	Hawk Mountain Sanctuary	Lockhat Charities Trust
Career Wise	ENACTUS Head Office	HCI Foundation	Lockhat, M R
Carl & Emily Fuchs Foundation	Epstein, A	Hillcrest Conservancy	Loubser, G
Cassim, B	Erasmus, J	Hillensberg Trust	Loubser, R C
Cele, P	Eskom Development Foundation	Hlongwa, N P	Lutchman, R S
Charities Aid Foundation (CAF) (USA)	Essilor	Homan, D	Lutchmipersadh, R
Charities Aid Foundation of America - (UK)	Estate Late Alexandra Beryl Constance Dow	Hordyk, Y	
	Estate Late HK Anderson	Houdet, J J-P	
	Estate Late JM Hale Trust	Hughes, J	
		Hussain, J	



Magula, N	Nadar, A	Ramdhani, J	T Birch & Co (Pty) Ltd
Mahamba, K	Naidoo, B	Ramiah, A	The Boston Consulting Group
Maharaj, A	Naidoo, M	Ramlakhan, I	The Bradlow Foundation
Maharaj, R	Naidoo, N	Rampartab, K	The ELMA Philanthropies
Maharaj, S	Naidoo, S	Rampersad, S	Services (US) Inc
Mahomed, R	Naidoo, Y	Rayner, N A	The FirstRand Empowerment
Makhaula, J N	Naidu, S	Reddi, M	Foundation Trust
Mani, S	Naidu, S	Reddy, P S	The Ford Foundation (USA)
Manjoo, F	Narismulu, G P	Reutech Communications	The Fulton Trust
Manuchar South Africa (Pty) Ltd	National Arts Council	Ruhland, B	The Halleria Charitable Trust
Marais, A	National Geographic Society	SA Association of Women Graduates	The Hexagon Trust
Marsh (Pty) Limited	Naude, M J A	SA National Muslim Association	The Howard Davis Farm Trust
Masina, M S	Nedbank Educational Trust	SA Sugar Association (SASA)	The Little Tew Charitable Trust
Masojada, S	Nedbank Eyethu Community Trust (Nedbank Foundation)	SA Sugar Millers Association Ltd	The Minerals Education Trust Fund
Matthews, A	Ngcobo, R B	San Lameer Master Homeowners Association	The Oppenheimer Memorial Trust
Mbambo, M	Ngema, L	Schembri, C	The Tony & Lisette Lewis Foundation
Mbhele, T	Ngqongwa, M	Shamase, S P	The Victor Daitz Foundation (SA)
Meyerowitz, J	Nhlengethwa, K	Sheik, Z	Thelma McDonald Trust Fund
Meyiwa, A	Nicol, M	Shondoni Logistics	Thomas, L
Mfusi, N	Nkuna, N	Singh, A M	Toyota SA Manufacturing
Mhlongo, N S	Numsa Investment Company (Pty) Ltd	Singh, M S	Tramontin, V
Mickel, R E	Nxumalo, M	Singh, P	Trois, C
Mkhabela, T	Nxumalo, P P N	Smith, C	Tronox KZN Sand
Mkhwanazi, N N	NYDA (Solomon Mahlangu Scholarship Fund)	Smiths Manufacturing (Pty) Ltd	Tucker, A E
Mlita, Q	O'Connor, D M	Solly Ginwala Trust	Tucker, M C
Mocktar, C	Old Mutual Education Trust	Sookraj, N	UKZN Extended Learning
Modular Mining Systems Africa (Pty) Ltd	Ollewagen, W	Sotsu, O	University of KwaZulu-Natal UK Trust
Mohun, P	Oxfam (SA)	South African Institute of Electrical Engineers KZN Centre	UWP Consulting
Mondi Ltd	Parker, J	South African National Biodiversity Institute	Van Der Merwe, E
Moodley, K	Patel, S	South African Property Owners Association	van Jaarsveld, A
Moodley, M B V	Patel, V	Southern African Clothing and Textile Worker's Union	Velkushanova, K V
Moodley, R	Paul, N	Southern African Music Rights Organisation Ltd (SAMRO Foundation)	Vermaak, C
Moodley, R	Pearson, P	Spurrett, D	Vermaak, K
Moosa, K	Peters, D	Steinmeyer, E	Wallis, M J D
Moses Kotane Institute	Petersen, I	Stringel, S	Watt, M P
Moshal Scholarship Programme	Petrucci, M	StudieTrust	Wessels, M L
Motsepe Family Foundation Trust	Philp, K	Supra Healthcare KZN	White, T
Mpungose, S P	Pillay, B	Swales, L J E	Willnecker, N
MSC Printing	Pillay, K	Swaziland Government Scholarship	Willowton Group
Mshengu, J P	Pillay, S	Swedish International Development Cooperation Agency (SIDA) - Lusaka	Wood, N A
Mthethwa, B O	Plant Health Products (Pty) Ltd		Wyngaard, J
Mukonoweshuro, J Z	Praekelt Foundation NPC		Xozwa, A
Muslim Darul Yatama Wal Masakeen	Price, S		Yeoman, R
Muthen, T	Raab, R		Zungu, N
My School	Rabodietso, M		Zungu, S Z
Myataza, C	Ramabodu, B		
Myeni, J N	Ramdeyal, R		

# ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

TRUST DEED NUMBER: IT 589 / 2003

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# Statement of Responsibility by the Board of Trustees and Approval of Financial Statements

The Board of Trustees is responsible for the preparation, integrity and fair presentation of the financial statements of the University of KwaZulu-Natal Foundation Trust ("the Foundation").

The financial statements presented on pages 14 to 26 have been prepared in accordance with International Financial Reporting Standards and in terms of the Foundation's Deed of Trust.

The Board of Trustees considers that the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in preparing the financial statements, and that the financial reporting standards relevant to the Foundation have been adopted as far as is practicable. The Board of Trustees is satisfied that the information contained in the financial statements fairly presents the results of the Foundation's operations and cash flows for the year and its financial position at year end.

The "going concern" basis has been adopted in the preparation of the financial statements. The Board of Trustees has no reason to believe that the Foundation will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The viability of the Foundation is supported by the financial statements.

The Foundation operates in a well-established control environment that is comprehensively documented and reviewed regularly. This incorporates risk management and internal control procedures which are designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that the risks facing the Foundation are being controlled. No event or item has come to the attention of the Board of Trustees that indicates any material breakdown in the functioning of the key internal controls and systems during the year under review.

These financial statements have been reported on by the independent auditors, PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all relevant meetings. The Board of Trustees believe that all representations made to the independent auditors during their audit were valid and appropriate. The report of the independent auditors is presented on pages 12 and 13. The supplementary financial information presented on pages 27 to 28 does not constitute part of the audited financial statements.

The financial statements set out on pages 14 to 26 and the supplementary financial information set out on pages 27 to 28 were approved by the Board of Trustees on 2 July 2018 and are signed on its behalf by:



**Mr M Mia**  
Chairperson



**Prof A M Singh**  
Executive Director



**Mrs N Mbhele**  
Chief Finance Officer

# Independent Auditor's Report

To the Board of Trustees of the University of KwaZulu-Natal Foundation Trust

## Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of KwaZulu-Natal Foundation Trust (the Trust) as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

## What we have audited

The University of KwaZulu-Natal Foundation Trust's financial statements set out on pages 14 to 26 comprise:

- the statement of financial position as at 31 December 2017;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in funds and reserves for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

## Basis for opinion

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

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

## Independence

We are independent of the Trust in accordance with the *Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code)* and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

## Other information

The Board of Trustees are responsible for the other information. The other information comprises the Statement of responsibility by the Board of Trustees, Report of the Trustees, Schedule of Expenditure and Schedule of Endowment Funds as required by the Foundation's Deed of Trust. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the trustees for the financial statements

The Board of Trustees are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and in terms of the Trust's Deed of Trust, and for such internal control as the Board of Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Trustees are responsible for assessing the Trust's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.



# Independent Auditor's Report ...continued

To the Board of Trustees of the University of Kwazulu-Natal Foundation Trust

## Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Trustees.

- Conclude on the appropriateness of the Board of Trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



**PricewaterhouseCoopers Inc.**

**Director: H Ramsumer**

**Registered Auditor**

**Durban**

**11 June 2018**

# Statement of Financial Position

as at 31 December 2017

	Notes	2017 R	2016 R
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment	2	40 506	50 151
Investments	3.1	216 725 757	205 505 838
		<b>216 766 263</b>	205 555 989
<b>Current Assets</b>			
Cash at bank		94 481	10 953 575
<b>Total Assets</b>		<b>216 860 744</b>	216 509 564
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Endowed Funds			
Specified endowment funds		43 323 075	40 987 955
Unspecified endowment fund		44 622 571	47 665 057
Total endowed funds		<b>87 945 646</b>	88 653 012
Restricted funds			
Investment revaluation reserve	3.2	117 460 988	107 950 624
Total Funds		<b>205 406 634</b>	196 603 636
<b>Non-current Liabilities</b>			
Post-retirement health care obligations	4	1 155 460	1 148 676
<b>Current Liabilities</b>			
Accounts payable and accrued liabilities		215 927	291 137
Specified donations to be transferred		90 981	10 900 075
Employee benefits	5	366 898	365 329
UKZN current account	6	9 624 844	7 200 711
<b>Total Funds and Liabilities</b>		<b>216 860 744</b>	216 509 564



# Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Notes	Specified Endowment Funds	Unspecified Endowment Fund	Endowed Funds 2017 Total	2016 Total
		R	R	R	R
<b>INCOME</b>					
<b>Donations and grants</b>					
Specified purposes		119 862 934	-	<b>119 862 934</b>	187 705 281
Specified University endowments		228 800	-	<b>228 800</b>	251 250
Unspecified endowments		-	1 443 733	<b>1 443 733</b>	3 888 087
Total donations and grants		120 091 734	1 443 733	<b>121 535 467</b>	191 844 618
<b>Investment income</b>					
Income from marketable securities:		4 470 710	5 238 846	<b>9 709 556</b>	8 783 739
Interest and dividends		2 464 167	2 887 548	<b>5 351 715</b>	4 352 900
Realised gains on sale of marketable securities		2 006 543	2 351 298	<b>4 357 841</b>	4 430 839
Total investment income		4 470 710	5 238 846	<b>9 709 556</b>	8 783 739
Total income		124 562 444	6 682 579	<b>131 245 023</b>	200 628 357
<b>EXPENDITURE</b>					
Administration expenses - local		-	7 586 701	<b>7 586 701</b>	6 813 607
International operations		-	191 903	<b>191 903</b>	171 714
Bursary awards and other disbursements		1 358 840	-	<b>1 358 840</b>	1 278 623
Total expenditure		1 358 840	7 778 604	<b>9 137 444</b>	8 263 944
<b>Net surplus/(loss) before allocations</b>	<b>8</b>	123 203 604	(1 096 025)	<b>122 107 579</b>	192 364 413
<b>Allocations</b>					
		120 091 734	-	<b>120 091 734</b>	187 956 531
Grants for specified University purposes		119 654 684	-	<b>119 654 684</b>	187 324 331
Specified Foundation endowment funds		208 250	-	<b>208 250</b>	380 950
Specified University endowment funds		228 800	-	<b>228 800</b>	251 250
<b>NET SURPLUS/(LOSS)</b>		<b>3 111 870</b>	<b>(1 096 025)</b>	<b>2 015 845</b>	4 407 882
Other comprehensive income/(loss) for the year		4 378 572	5 185 331	<b>9 563 903</b>	(4 727 651)
(Loss)/gain on available for sale financial assets		6 385 115	7 483 090	<b>13 868 205</b>	(316 381)
Realised gains on sale of marketable securities		(2 006 543)	(2 351 298)	<b>(4 357 841)</b>	(4 430 839)
Remeasurement of post retirement obligations		-	53 539	<b>53 539</b>	19 569
<b>Total Comprehensive Income/(Loss) for the Year</b>		<b>7 490 442</b>	<b>4 089 306</b>	<b>11 579 748</b>	<b>(319 769)</b>

# Statement of Changes in Funds and Reserves

for the year ended 31 December 2017

	Notes	Funds			Restricted Funds	
		Specified Funds	Unspecified Endowment Fund	Sub-Total Funds	Investment Revaluation Reserve	Total Funds
		R	R	R	R	R
<b>Fund balances at 1 January 2016</b>		<b>38 443 043</b>	<b>45 926 537</b>	<b>84 369 580</b>	<b>112 697 844</b>	<b>197 067 424</b>
Total comprehensive income/(loss) for the year		552 623	(872 392)	(319 769)	-	(319 769)
Transfer of donations to specified endowment funds		380 950	-	380 950	-	380 950
Transfers to University operations		(542 000)	17 031	(524 969)	-	(524 969)
Net fair value movement in investments		2 153 339	2 593 881	4 747 220	<b>(4 747 220)</b>	-
<b>Fund balances at 31 December 2016</b>		<b>40 987 955</b>	<b>47 665 057</b>	<b>88 653 012</b>	<b>107 950 624</b>	<b>196 603 636</b>
Total comprehensive income for the year		7 490 442	4 089 306	11 579 748	-	11 579 748
Transfer of donations to specified endowment funds		208 250	-	208 250	-	208 250
Transfers to University operations		(985 000)	(2 000 000)	(2 985 000)	-	(2 985 000)
Net fair value movement in investments		(4 378 572)	(5 131 792)	(9 510 364)	9 510 364	-
<b>Fund balances at 31 December 2017</b>		<b>43 323 075</b>	<b>44 622 571</b>	<b>87 945 646</b>	<b>117 460 988</b>	<b>205 406 634</b>

# Statement of Cash Flows

for the year ended 31 December 2017

	Notes	2017 R	2016 R
<b>Operating activities</b>			
Cash utilised in operating activities:		(3 759 366)	(3 906 223)
Investment income: Interest & dividends		5 351 715	4 352 900
Expenditure and disbursements		(9 137 444)	(8 263 943)
Depreciation		26 363	4 820
Changes in working capital		(10 882 735)	10 962 597
(Decrease)/increase in donations to be allocated		(10 809 094)	10 820 243
Increase in employee benefits		1 569	43 901
(Decrease)/increase in accounts payable and accrued liabilities		(75 210)	98 453
Increase in post-retirement health care obligations including remeasurement		60 324	68 182
Increase/(decrease) in UKZN current account		2 424 133	(3 575 957)
Net cash (utilised)/generated in operating activities		(12 157 644)	3 548 599
<b>Investing activities</b>			
Net cash generated from investing activities:		2 631 567	3 594 609
Purchase of property, plant and equipment	2	(16 718)	(52 491)
Re-investment of investment income	3.1	(5 351 715)	(4 352 900)
Withdrawals from investments		8 000 000	8 000 000
<b>Financing activities</b>			
Net cash (utilised in)/generated from financing activities:		(1 333 017)	3 744 068
Endowment Funds: donations and grants		1 651 983	4 269 037
Endowment Funds: transfers to UKZN operations		(2 985 000)	(524 969)
Net (decrease)/increase in cash and cash equivalents		(10 859 094)	10 887 276
Cash and cash equivalents at beginning of year		10 953 575	66 300
<b>Cash and cash equivalents at end of year</b>		<b>94 481</b>	<b>10 953 575</b>

# Notes to the Financial Statements

for the year ended 31 December 2017

## 1 Accounting Policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Foundation's Deed of Trust. They have been prepared under the historical cost convention, except for available-for-sale financial assets, which are measured at fair value. The principal accounting policies adopted in the preparation of these financial statements are set out below and are consistent with those of the previous year.

These financial statements are prepared and presented in South African Rands.

### Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about areas of estimation, uncertainty and critical judgements in applying accounting policies that are likely to have the most significant effects on the amounts recognised in the financial statements are described in the following notes:

- Investments
- Post-retirement health care obligations

### Income recognition

Income comprises donations and grants received and investment income.

Donations are measured at the fair value of the consideration received or receivable.

Donations and grants are brought into the statement of comprehensive income in the year of their receipt and thereafter transferred to the beneficiary University unit, entity, endowment or other fund, as applicable. Donations received in advance of the period of their specified use are disclosed as current liabilities on the statement of financial position.

Investment income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the

Foundation. Dividends are recognised when the right to receive payment is established.

### Foreign currency transactions

Foreign currency transactions are accounted for at spot rates, being the exchange rates prevailing at the dates of the respective transactions. Gains and losses arising from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of comprehensive income in the year in which they arise. Monetary assets and liabilities designated in foreign currencies at the statement of financial position date are translated at the rates of exchange ruling at the statement of financial position date.

### Investments

Investments are "available-for-sale" investments and are stated at fair value and classified as non-current assets. Fair values are calculated by reference to securities exchange quoted selling prices at the close of business on the statement of financial position date. Adjustments to the fair value of investments are recognised in the revaluation reserve until such time as they are sold. On disposal of investments, realised gains or losses are credited or charged to the statement of comprehensive income, as appropriate. Gains and losses related to specific restricted endowment or trust funds are recognised by way of adjustments to the appropriate funds.

If there is objective evidence of impairment, the cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the investment previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

### Endowed funds

Investment income received and accrued during the year (realised capital profits, interest and dividends) is allocated to individual endowment funds in proportion to the opening balances at the beginning of the financial year. Interest in respect of the current year cash movements from the University treasury management portfolio is allocated on the same basis, at the prevailing investment average "pool" rate for the year.

### Property, plant and equipment

Items of property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.



# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, when it is probable that future economic benefits will flow to the entity and the cost of the item can be measured reliably.

Assets costing less than R5000 are written off in the year of acquisition.

Depreciation is calculated on the straight-line method, at rates calculated to write off the costs or revalued amounts of assets, to their residual values over their estimated useful lives, as follows:

Computer equipment: 3 years

Furniture and other equipment: 5 years

Routine maintenance costs are charged to income as incurred. Costs of major maintenance or refurbishment of items of property, plant and equipment are recognised as expenses, except where the useful lives of the assets concerned have 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 respective assets at disposal to the proceeds on their disposal and are accounted for in the statement of comprehensive income.

## Financial instruments

Financial instruments include investments, cash, receivables and accounts payable. Where material, the particular recognition methods adopted are disclosed in the individual policy statements associated with the respective financial instruments.

Exposure to foreign currency (i.e. exchange rate) and credit risks arises in the normal course of the Foundation's fundraising and investment activities. Exchange rate risks associated with major foreign grants and donations received are managed by the adoption of various strategies designed to minimise these risks as far as practicable. Market and credit risk on investments is prudently managed on behalf of the Foundation's Trustees by externally-appointed asset managers ("counterparties") that have credit ratings equal to or better than those of the Foundation.

## Post-retirement health care obligations

The Foundation provides post-retirement health care benefits for all employees and retirees who were members of the University of KwaZulu-Natal Medical Scheme prior to 1 August 2004. In the case of serving members, the entitlement to these benefits is conditional on employees remaining in service up to retirement age. The expected costs of these benefits are accrued over the periods of employment, using the projected unit credit method. These service costs are charged to income as incurred. Independent actuarial valuations of these obligations are carried out annually on behalf of the University and the Foundation's proportionate share of the total liability, based on the number of its members eligible to receive post-retirement health care benefits, is recognised in the statement of financial position. All actuarial gains/losses are recognised immediately through other comprehensive income.

## Employee benefits

Employee entitlements to annual leave and service bonuses are recognised when they accrue. Accruals are made for the estimated liabilities for leave accumulated up to the statement of financial position date and, in the case of service bonuses paid annually to qualifying employees in the months of their birthdays, to the extent of the *pro rata* services rendered by each employee prior to the statement of financial position date.

## Accounts payable and accrued liabilities

These amounts represent liabilities for goods and services provided prior to the end of the financial year which are unpaid.

Accounts Payable & accrued liabilities are presented as current liabilities unless payment is not due within 12 months after the reporting period.

Accounts Payable & accrued liabilities are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

## Impairment

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

At each statement of financial position date, an assessment of the carrying amounts of property, plant and equipment, investments and other assets is made to determine whether there is any indication of impairment. If such

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

indication exists, the estimated recoverable amount of the impaired asset is determined and adjusted accordingly. The resultant impairment losses on the differences between the recoverable and carrying amounts are recognised in the statement of comprehensive income, unless the relevant assets are carried at revalued amounts, in which case the impairment losses are reversed against the revaluation reserve and disclosed in the statement of changes of funds.

## Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts.

## Related parties

A party is related to the Foundation if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or is under common control with the Foundation;
- The party is a member of key management personnel of the Foundation or its parent; and
- The party is a close family member of the family or individual referred to above.

Close family member of the family of an individual includes:

- The individual's domestic partner and children;
- Children of the individual's domestic partner; and
- Dependents of the individual or the individual's domestic partner.

## Standards and interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following revised standards and interpretations were in issue, but not yet effective:

**Effective date for annual periods beginning on or after indicated below.**

### Revised

IFRS 15 - Revenue from contracts with customers. 1 January 2018 (published May 2014)

Amendment to IFRS 15 - Revenue from contracts with customers. 1 January 2018 (published April 2016)

IFRS 9 - Financial Instruments (2009 & 2010). Financial liabilities. Derecognition of financial instruments. Financial assets. General hedge accounting. 1 January 2018 (published July 2014)

Amendment to IFRS 9 - 'Financial instruments', - on general hedge accounting. 1 January 2018

Amendments to IFRS 9 - 'Financial instruments' on - prepayment features with negative compensation and - modification of financial liabilities. 1 January 2019

IFRS 16 - Leases. 1 January 2019 - earlier application permitted if IFRS 15 is also applied (published January 2016)

Amendments to IFRS 10, 'Consolidated financial instruments' and IAS 28, 'Investments in associates and joint ventures' on sale or contribution of assets. Effective date postponed (initially 1 January 2016)

IFRS 4, 'Insurance contracts'. 1 January 2018

**Regarding the implementation of IFRS 9, 'Financial instruments' (published September 2016)**

Annual improvements cycle 2015-2017. 1 January 2019 (published December 2017)

IFRIC 22, 'Foreign currency transactions and advance consideration'. 1 January 2018 (published December 2016)

IFRIC 23, 'Uncertainty over income tax treatments'. 1 January 2019 (published 7 June 2017)

IFRS 17, 'Insurance contracts'. 1 January 2021 (Early application is permitted for entities that apply IFRS 9, 'Financial Instruments', and

IFRS 15, 'Revenue from Contracts with Customers', at or before the date of initial application of IFRS 17 (published May 2017)

Amendment to IAS 40, 'Investment property' Transfers of investment property. 1 January 2018 (published December 2016)

Amendments to IFRS 2 - 'Share-based payments' Clarifying how to account for certain types of share-based payment transactions. 1 January 2018 (published June 2016)

Amendments to IAS 28, 'Investments in associates and joint ventures' - long-term interests in associates and joint ventures. 1 January 2019 (published October 2017)

The Trustees are of the opinion that the amendments to these standards will not have a material effect on the financial statements of the Foundation.

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

	Computer Equipment	Furniture and equipment	Total 2017	Total 2016
	R	R	R	R
<b>2 Property, Plant and Equipment</b>				
<b>At 31 December</b>				
Cost	170 838	73 969	244 807	228 089
Accumulated depreciation	(170 838)	(33 463)	<b>(204 301)</b>	(177 938)
Carrying value	-	40 506	<b>40 506</b>	50 151
<b>Movements for the year</b>				
Opening carrying value	10 984	39 167	<b>50 151</b>	2 480
Additions	-	16 718	<b>16 718</b>	52 491
Depreciation charge	(10 984)	(15 379)	<b>(26 363)</b>	(4 820)
Closing carrying value	-	40 506	<b>40 506</b>	50 151

	2017	2016
	R	R
<b>3 Investments</b>		
<b>3.1 Available-for-sale financial assets</b>		
The total investments comprise the following category:		
Equity Securities :	<b>216 725 757</b>	205 505 838
Investec Opportunity Fund Class		
Market value at beginning of the year	<b>205 505 838</b>	209 469 319
(Withdrawals)	<b>(8 000 000)</b>	(8 000 000)
Reinvestment of investment income	<b>5 351 715</b>	4 352 900
Fair value movement in investments	<b>13 868 205</b>	(316 381)
Market value at end of year	<b>216 725 757</b>	205 505 838
<b>3.2</b>		
In order to align the year-end closing values of the investment portfolio with the aggregate endowment fund balances, amounts available to be withdrawn from or, alternatively, added to the investment portfolio managed by Investec Asset Management were determined as follows :		
Closing market value of investments (as above)	<b>216 725 757</b>	205 505 838
Investment revaluation reserve	<b>(117 460 988)</b>	(107 950 624)
Investments, net of revaluation reserve	<b>99 264 769</b>	97 555 214
Closing balance of endowed funds	<b>(87 945 646)</b>	(88 653 013)
Balance at end of the year	<b>11 319 124</b>	8 902 201

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

	2017	2016
	R	R
<b>4 Post-Retirement Health Care Obligations</b>		
Amount accrued in respect of the health care obligation	<b>1 155 460</b>	1 148 676
<p>The Foundation's obligations towards post-retirement health care obligations in respect of its employees are determined in accordance with International Accounting Standard 19: <i>Employee Benefits (IAS 19)</i>. In terms of its stated accounting policy, the Foundation's liability represents a proportionate share of the total actuarially-calculated obligations for members of the University of KwaZulu-Natal Medical Scheme, and is based on the number of serving and former employees eligible for such post-retirement benefits. The actuarial valuation carried out in 2018 in respect of the year ended 31 December 2017 forms the basis for the recognised liability.</p>		
Movement in the defined benefit liability over the prior year is as follows:		
Balance at beginning of the year	<b>1 148 676</b>	1 100 063
Current service cost	<b>10 462</b>	9 892
Interest cost	<b>109 555</b>	113 050
Benefit payments from plan	<b>(59 694)</b>	(54 760)
Remeasurements during the year	<b>(53 539)</b>	(19 569)
Gain/loss from financial assumptions	<b>(84 631)</b>	(47 895)
Gain/loss from demographic assumptions	<b>24 759</b>	23 410
Other gains/losses	<b>6 333</b>	4 916
Balance at end of the year	<b>1 155 460</b>	1 148 676
The principal actuarial assumptions used for accounting purposes are:		
Health care cost inflation (per annum)	<b>7,50%</b>	8.00%
Discount rate (per annum)	<b>9,88%</b>	9.88%
Normal retirement age (years)	<b>60</b>	60
Remaining average working lives of in-service employees (years)	<b>13</b>	13



# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

	Leave Pay	Service Bonuses	2017	2016
	R	R	R	R
<b>5 Employee Benefits</b>				
Balances at beginning of the year	242 788	122 541	<b>365 329</b>	321 428
Utilised during the year	(398 758)	(122 541)	<b>(521 299)</b>	(416 620)
Charged to the income statement (note 8)	391 841	131 027	<b>522 868</b>	460 521
Balances at end of the year	<u>235 871</u>	<u>131 027</u>	<b><u>366 898</u></b>	<u>365 329</u>
Employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.				

	2017	2016
	R	R
<b>6 UKZN Current Account</b>		

The Foundation has a related party relationship with UKZN, of which it is a subsidiary entity for the purposes of preparing the University's consolidated financial statements. Transactions between the two parties are summarised below, together with the respective year-end balances owing to and by each other. These transactions and balances are eliminated on consolidation.

Balance owed to UKZN at beginning of year	<b>7 200 711</b>	10 776 668
Add/(less): Donations and grants received by UKZN on behalf of Foundation	<b>(1 651 983)</b>	(4 269 037)
Funds transferred by Foundation to UKZN: investment withdrawal	<b>(8 000 000)</b>	(8 000 000)
Foundation portion: UKZN post-retirement obligations	<b>(60 324)</b>	(68 182)
Expenses paid and net disbursements by UKZN for the Foundation	<b>9 137 444</b>	8 263 943
Endowment Funds: transfers to UKZN operations	<b>2 985 000</b>	524 969
Purchase of property, plant and equipment by UKZN	<b>16 718</b>	52 491
Depreciation of property, plant and equipment by UKZN	<b>(26 363)</b>	(4 820)
Bank account: transfers due to UKZN	<b>(10 859 094)</b>	10 887 275
Change in working capital	<b>10 882 735</b>	(10 962 596)
Balance owed to UKZN at end of year	<b><u>9 624 844</u></b>	<u>7 200 711</u>

## 7 Endowment Funds: Investment Income

Allocation of investment income		
Specified endowment funds	<b>4 470 710</b>	3 984 585
Unspecified endowment fund	<b>5 238 846</b>	4 799 154
Total endowment funds' portion of investment income	<b><u>9 709 556</u></b>	<u>8 783 739</u>

The allocation of investment income to the various specified endowment funds is based on the prevailing University treasury management ("pool") rate of return for the year. The purpose of the income stabilisation is to enable allocations of income to the specified endowment funds in years of relatively poor investment performance to be maintained at levels closely equivalent to the University "pool" rate. A rate equal to the University ("pool") rate of return of 7.5% was applied in 2017 (2016: 7.5%).

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

	2017	2016
	R	R
<b>8 Net Surplus Before Allocations is Arrived at After Taking the Following into Account:</b>		
Audit fees	128 827	139 643
Consultancy fees	265 897	134 304
Depreciation	26 363	4 820
Travel and subsistence	260 932	280 309
Personnel costs	6 250 389	5 739 240
Salaries and wages	5 151 710	4 721 387
Accrual for leave pay (note 5)	391 841	337 980
Retirement costs: defined contribution plan	597 283	566 823
Post-retirement health care obligations (note 4)	109 555	113 050
<b>9 Taxation</b>		
The Foundation is registered as a public benefit organisation in terms of Section 30 of the South African Income Tax ("Act") and is exempt from income tax in terms of section 10(1)(cN) of the Act.		
<b>10 Related Parties</b>		
Due to the nature of the Foundation's operations and the diverse composition of its stakeholders, the Board of Trustees takes particular care to avoid conflicts of interest. It has, accordingly, adopted a policy requiring declarations of any interests - actual or potential - by members of the Board of Trustees, and by members serving on their committees and officials in attendance at all Board and committee meetings of the Foundation. In terms of this policy, transactions with third parties in which a Board member or any other related party may have a direct or fiduciary interest are required to be disclosed to the Board and, consequently, must be entered into at arm's length and also be in accordance with the University's approved procurement policy.		
Payments to Executive Director	1 318 106	1 383 704
The Foundation has a related party relationship with UKZN, of which it is a subsidiary entity. Transactions with the University are disclosed in note 6.		

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

	2017	2016
	R	R
<b>11 Financial Risk Management Objectives and Policies</b>		

The Foundation's principal financial instruments comprise available for sale investments, cash and cash equivalents, accounts payable and accrued liabilities, employee benefits and current account with UKZN. The Foundation manages a substantial portfolio of financial assets with a long term view to growing the portfolio in order to provide financial stability and support for new initiatives and strategic choices. The main risks facing the Foundation's financial instruments are market risk, credit risk and liquidity risk. Management reviews and agrees policies for managing each risk as summarised below:

## Market risk

The risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price risk, currency risk and interest rate risk. The Foundation's exposure to market risk relates primarily to its available-for-sale financial assets. These financial assets are invested in terms of a considered strategy adopted by the Board of Trustees. The strategy takes into account the risk profile of the individual endowed funds and allocates investment to appropriate asset classes. The portfolio is then allocated to a selected portfolio manager who operates under a defined mandate. The risk is managed by the portfolio manager.

## Price risk

The following table demonstrates the sensitivity of the Foundation's Investments that are subject to price risk to a reasonable possible change in market values, with all other variables held constant.

Price risk changes:			
The effect of a 5% increase in price risk		10 836 288	10 275 292
The effect of a 5% decrease in price risk		(10 836 288)	(10 275 292)

## Interest rate risk

If the interest rate on balances at banks at year end were to increase / decrease by 50 basis points, the surplus for the year would have increased / decreased by R472 (2016: R54 768).

## Credit risk management

The Foundation deposits only with major banks of high quality credit standing. At year end, the management of the Foundation did not consider there to be any significant concentration of credit risk. The credit quality of financial assets can be assessed by reference to external credit ratings, which are as follows:

Cash at Bank and Short-term Deposits	F1+	94 481	10 953 575
Available-for-sale financial assets	AA	216 725 757	205 505 838

## Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The timing and nature of the Foundation's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the Foundation has access to funds through either its current account with UKZN or the investments portfolio in the event of any unforeseen events occurring.

# Notes to the Financial Statements ...continued

for the year ended 31 December 2017

## 11 Financial Risk Management Objectives and Policies ...continued

### Liquidity risk ...continued

The table below summarises the maturity profile of the Foundation's financial liabilities at 31 December based on contractual undiscounted payments.

	Less than 6 months	6 to 12 months	1 to 5 years	Total
	R	R	R	R
<b>31 December 2017</b>				
Accounts payable and accrued liabilities	215 927	-	-	215 927
Specified donations to be transferred	90 981	-	-	90 981
Employee benefits	-	366 898	-	366 898
UKZN Current account	9 624 844	-	-	9 624 844
<b>Total</b>	<b>9 931 752</b>	<b>366 898</b>	<b>-</b>	<b>10 298 650</b>
<b>31 December 2016</b>				
Accounts payable and accrued liabilities	291 137	-	-	291 137
Specified donations to be transferred	10 900 075	-	-	10 900 075
Employee benefits	-	365 329	-	365 329
UKZN Current account	7 200 711	-	-	7 200 711
<b>Total</b>	<b>18 391 923</b>	<b>365 329</b>	<b>-</b>	<b>18 757 252</b>

### Fair value estimation

Market values have been used to determine the fair value of available-for-sale financial assets and is based on quoted market prices at the statement of financial position date which have been summarised in the table below:

Available-for-sale financial assets: 31 December 2017

	Level 1	Level 2	Level 3
	R	R	R
<i>Equity Securities :</i>			
Investec Opportunity Fund	216 725 757	-	-
Available-for-sale financial assets: 31 December 2016			
<i>Equity Securities:</i>			
Investec Opportunity Fund	205 505 838	-	-

### Capital management

The capital of the Foundation comprises both restricted funds designated for specific purposes and unrestricted funds, being funds that can be employed by the Board of Trustees at its discretion.

### Contingent liabilities

The Foundation does not have any contingent liabilities that warrant disclosure in terms of IAS 37.

### Commitments

UKZN Council approved the relocation of the GSB to Umhlanga Rocks in order to strategically position itself within the business community which it serves. The Foundation was tasked with purchasing the land for the new site. A R48million guarantee would be required to be furnished to the seller when a Purchase and Sale Agreement is concluded.

### Events after the reporting period

No adjusting events after the reporting period were identified.



# Schedule of Expenditure

for the year ended 31 December 2017

	2017	2016
	R	R
<b>A Details of Expenditure</b>		
<b>Administration - local</b>		
Personnel costs	6 250 389	5 739 240
Audit fees	128 827	139 643
Books, manuals and subscriptions	20 513	13 489
Campaign promotion	123 203	25 871
Consultancy fees	265 897	134 304
Depreciation	26 363	4 820
Entertainment and functions	149 964	113 493
Gifts, grants and donations	32 880	22 121
Office expenses	51 535	13 684
Postages and courier services	35 092	18 339
Printing and stationery	34 323	67 639
Publications	157 815	174 239
Repairs and maintenance - equipment	14 247	34 996
Staff training and development	35 702	56 336
Telephone and communication	66 572	68 243
Travel and subsistence	115 969	125 840
Minor capital equipment	17 892	4 128
Rental of equipment	59 518	57 181
<b>Total</b>	<b>7 586 701</b>	<b>6 813 606</b>
<b>International operations</b>		
Travel and subsistence	144 963	154 469
Entertainment and functions	35 738	4 357
Marketing and Publicity	11 202	-
Subscription and affiliation fees	-	12 888
<b>Total</b>	<b>191 903</b>	<b>171 714</b>
<b>Bursary awards and other disbursements</b>	<b>1 358 840</b>	<b>1 278 623</b>
<b>Total expenditure</b>	<b>9 137 444</b>	<b>8 263 943</b>
<b>B Summary of Expenditure by Category</b>		
Personnel costs	6 250 389	5 739 240
Audit fees	128 827	139 643
Consultancy fees	265 897	134 304
Depreciation	26 363	4 820
Fundraising functions and hospitality	308 905	143 721
Other operating expenses	259 310	240 337
Staff training and development	35 702	56 336
Telephone and communication	66 572	68 243
Travel and subsistence	260 932	280 309
Publications	157 815	174 239
Minor capital equipment	17 892	4 128
Bursary awards and other disbursements	1 358 840	1 278 623
<b>Total expenditure</b>	<b>9 137 444</b>	<b>8 263 943</b>

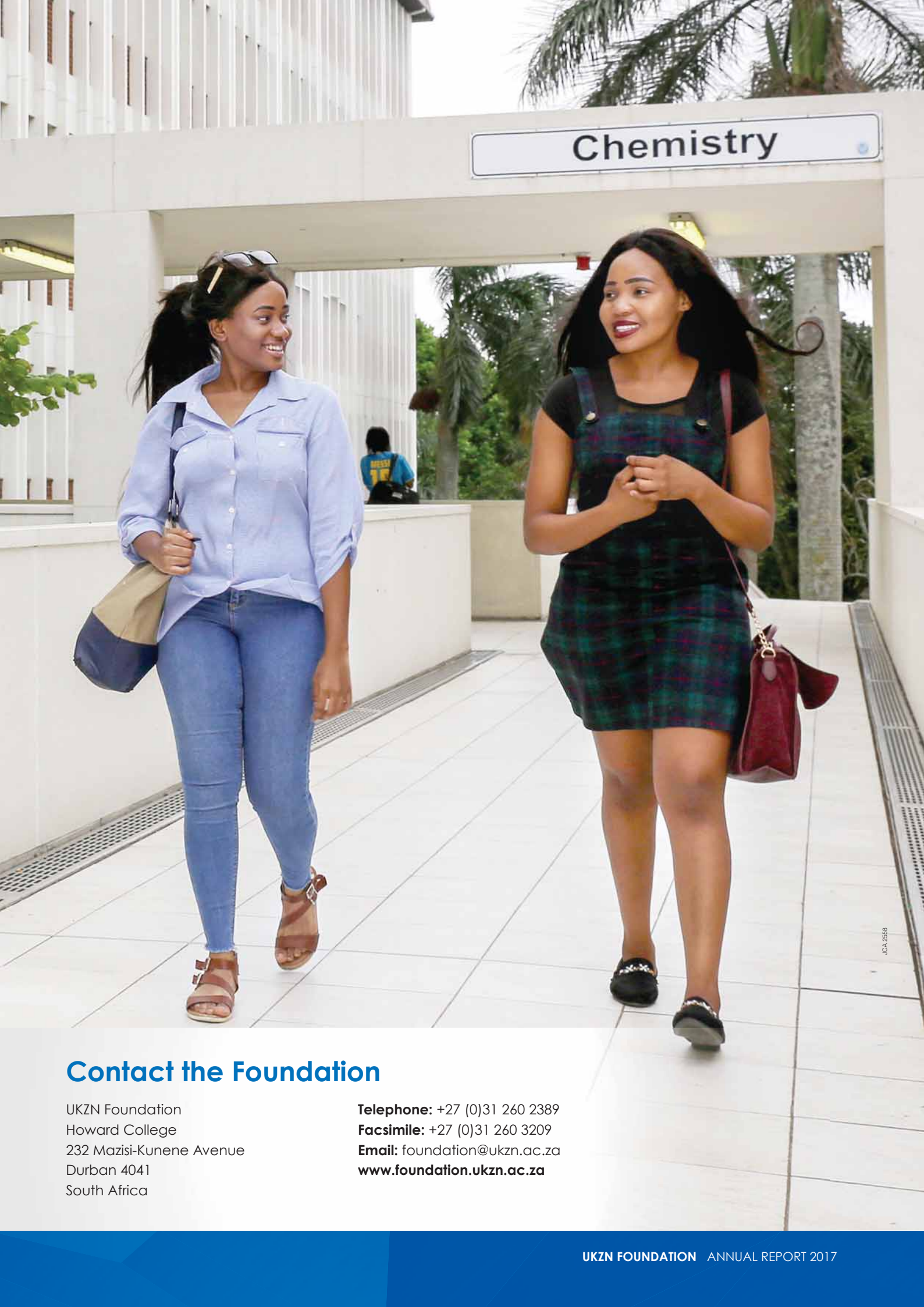
The supplementary information presented does not form part of the financial statements and is unaudited.

# Schedule of Endowment Funds

Movements for the year ended 31 December 2017

NAME OF FUND	Fund Balance Beginning of Year	Donations and Grants	Income	Transfers	Expenditure and Disbursements	2017	Specified Endowments Principal at End of Year	
	R	R	R	R	R	R	2017	2016
R	R	R	R	R	R	R	R	R
<b>SPECIFIED ENDOWMENTS</b>								
<b>Academic</b>	6 761 729	-	925 914	(730 000)	-	<b>6 957 643</b>	6 541 354	6 122 570
Albert Baumann Fund	3 422 737	-	488 633	(260 000)	-	<b>3 651 370</b>	3 622 692	3 390 764
Mackintosh Gifts	2 258 623	-	291 157	(400 000)	-	<b>2 149 780</b>	1 901 873	1 780 113
Murray & Roberts	161 897	-	14 960	-	-	<b>176 857</b>	44 000	41 183
Romatex Limited	918 472	-	131 164	(70 000)	-	<b>979 636</b>	972 789	910 510
<b>Bursaries and Scholarships</b>	7 172 954	208 250	982 668	-	(508 222)	<b>7 855 650</b>	7 063 163	6 401 364
Hajee Rooknoodeen Bursary	55 583	-	7 166	-	(7 500)	<b>55 249</b>	46 812	43 815
Alumni Bursary Fund	1 052 436	77 150	144 221	-	-	<b>1 273 807</b>	1 096 934	954 496
Dr Vasan Govind Legacy Trust	100 000	-	14 340	-	-	<b>114 340</b>	6 840	-
Hugh Africa Scholarship	235 979	-	32 679	-	(15 000)	<b>253 658</b>	234 004	219 023
Isadore Gordon Bursary	47 593	-	6 254	-	(5 000)	<b>48 847</b>	41 925	39 241
Jessie Campbell Bequest	206 049	-	28 292	-	(11 100)	<b>223 241</b>	200 526	187 688
Keppel Harvey Bursary Fund	279 415	-	37 084	-	(43 622)	<b>272 877</b>	251 921	235 793
Leana Uys Registration Fund	161 116	-	22 499	-	-	<b>183 615</b>	171 531	152 261
Pioneer Educationalist-Charles Harding	14 299	-	1 729	-	-	<b>16 028</b>	10 260	9 603
Prof. AF Hattersley Memorial Bursary	2 345 795	-	321 441	-	(186 500)	<b>2 480 736</b>	2 272 792	2 127 286
Pamela Kerry Bursary Fund	2 384 015	-	325 806	-	(232 500)	<b>2 477 321</b>	2 296 194	2 149 189
Tumelo Seliane Education Funds	182 600	131 100	26 185	-	-	<b>339 885</b>	326 190	182 600
Townley Williams Scholarship	108 074	-	14 972	-	(7 000)	<b>116 046</b>	107 234	100 369
<b>Campbell Collections</b>	3 441 670	-	491 820	(255 000)	-	<b>3 678 490</b>	3 650 343	3 416 644
<b>Chairs</b>	12 420 760	-	1 470 694	-	(848 394)	<b>13 043 060</b>	8 446 926	7 882 117
First National Bank	3 543 629	-	433 233	-	-	<b>3 976 862</b>	2 615 719	2 448 258
L. G. Joel Trust	538 824	-	69 554	-	-	<b>608 378</b>	455 198	426 056
Phyllis Lewis Trust	141 113	-	17 332	-	-	<b>158 445</b>	105 412	98 664
S. A. Nursing Association	386 535	-	53 673	-	-	<b>440 208</b>	411 218	360 862
S. A. Sugar Association	7 810 659	-	896 902	-	(848 394)	<b>7 859 167</b>	4 859 379	4 548 277
<b>Research</b>	5 495 330	-	591 110	-	(2 224)	<b>6 084 216</b>	2 995 577	2 616 380
AECI Limited	1 538 366	-	139 487	-	(2 224)	<b>1 675 629</b>	374 365	352 479
Anonymous	2 251 341	-	221 270	-	-	<b>2 472 611</b>	818 780	766 361
Kennedy-Potts	1 705 623	-	230 353	-	-	<b>1 935 976</b>	1 802 432	1 497 540
<b>Income Stabilisation Account</b>	5 383 816	-	8 504	-	-	<b>5 392 320</b>	5 392 320	5 383 816
<b>TOTAL SPECIFIED ENDOWMENT FUNDS</b>	40 676 259	208 250	4 470 710	(985 000)	(1 358 840)	<b>43 011 379</b>	<b>34 089 683</b>	<b>31 822 891</b>
<b>UNSPECIFIED ENDOWMENT FUND</b>	47 665 057	1 443 733	5 238 846	(2 000 000)	(7 725 065)	<b>44 622 571</b>		
<b>TOTAL ENDOWMENT FUNDS</b>	88 341 316	1 651 983	9 709 556	(2 985 000)	(9 083 905)	<b>87 633 950</b>		
<b>SPECIFIED FUNDS</b>								
African Institute for Sustainable Rural Livelihoods	311 696	-	-	-	-	<b>311 696</b>		
<b>TOTAL FUNDS</b>	<b>88 653 012</b>	<b>1 651 983</b>	<b>9 709 556</b>	<b>(2 985 000)</b>	<b>(9 083 905)</b>	<b>87 945 646</b>		

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A photograph of two young women walking on a paved path on a university campus. The woman on the left is wearing a light blue button-down shirt, blue jeans, and brown sandals, carrying a tan and blue bag. The woman on the right is wearing a black and green plaid dress over a black top, black loafers, and carrying a red bag. They are both smiling and looking towards each other. In the background, there is a white building with a sign that reads 'Chemistry'.

Chemistry

## Contact the Foundation

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