



UNIVERSITY OF THE
WITWATERSRAND,
JOHANNESBURG

UNIVERSITY OF THE WITWATERSRAND FOUNDATION

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2014

GENERAL INFORMATION

Trust Number	IT 4082/2009
Establishment	The University of the Witwatersrand Foundation was established by Deed of Trust on 6 April 1978 as a non-profit Trust, for the sole purpose of collecting and administering donations for the benefit of the University.
Governors	M Bashe BA Dickson A Habib A Romanis BLW Sparks A Stein B Joffe – appointed 3 December 2014 A Gore – appointed 19 January 2015 C Ramon – appointed 9 February 2015 B Mohale – appointed 8 May 2015 S Mahomed – appointed 19 November 2014 T Sekwale – appointed 7 April 2015 I Shongwe – appointed 17 April 2015
Trustees *	Al Basserabie E Bradley DC Brink T Lategan JE Klaaren A Habib *Trustees also act as Governors
Registered office	1 Jan Smuts Avenue Braamfontein Johannesburg 2001
Postal Address:	PO Box 107 Wits 2050
Auditors	PricewaterhouseCoopers Inc. Registered Auditors
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: J Rickard CA (SA)
Published	27 May 2015

CONTENTS	Page
Statement of Responsibility of the Board of Governors	4
Independent auditor's report	5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in Foundation funds	8
Statement of cash flows.	9
Notes to the annual financial statements	10-26

STATEMENT OF RESPONSIBILITY OF THE BOARD OF GOVERNORS

The Board of Governors is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with International Financial Reporting Standards.

The Board of Governors is also responsible for the Foundation's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Board of Governors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going-concern basis, since the Board of Governors has every reason to believe that the Foundation has adequate resources in place to continue in operation for the foreseeable future.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The annual financial statements, which appear on pages 6 to 26, were approved by the Board of Governors and signed on their behalf by:



D C BRINK
CHAIRMAN
BOARD OF GOVERNORS
27 MAY 2015



**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF THE WITWATERSRAND
FOUNDATION**

We have audited the financial statements of The University of the Witwatersrand Foundation set out on pages 6 to 26, which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in foundation funds and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Board of Governor's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of the Witwatersrand Foundation as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers Inc.

Director: D Desai

Registered Auditor

Johannesburg

Date: 27 May 2015

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Africa Senior Partner: S P Kana
Management Committee: H Boegman, T P Blandin de Chailain, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682

STATEMENT OF COMPREHENSIVE INCOME

Note	2014			2013		
	FOUNDATION R	POOLED EQUITY R	TOTAL R	FOUNDATION R	POOLED EQUITY R	TOTAL R
Donations received	189 705 820	-	189 705 820	202 750 230	-	202 750 230
Donor contributions received on behalf of the University	189 613 552	-	189 613 552	196 861 623	-	196 861 623
Other donor contributions	92 268	-	92 268	5 888 607	-	5 888 607
Donations allocated to	(189 613 552)	-	(189 613 552)	(196 861 623)	-	(196 861 623)
Specific projects indicated by donor (administered by the University)	(189 613 552)	-	(189 613 552)	(196 861 623)	-	(196 861 623)
Capital grants and donations retained by the Foundation	92 268	-	92 268	5 888 607	-	5 888 607
Profit on sale of assets	51 199 319	16 690 563	67 889 882	86 741 587	20 516 195	107 257 782
Investment income	15 862 232	7 855 111	23 717 343	18 468 121	6 338 765	24 806 886
Sundry revenue	-	312 606	312 606	394 060	-	394 060
Total Income	67 153 819	24 858 280	92 012 099	111 492 375	26 854 960	138 347 335
Operating Expenses	(161 530)	(75 946)	(237 476)	(264 862)	(71 925)	(336 787)
Net surplus before finance costs	66 992 289	24 782 334	91 774 623	111 227 513	26 783 035	138 010 548
Finance costs	(2 263 744)	(794 763)	(3 058 507)	(13 312 868)	(4 387 086)	(17 699 954)
NET SURPLUS FOR THE YEAR	64 728 545	23 987 571	88 716 116	97 914 645	22 395 949	120 310 594
Unrealised gain on revaluation of available-for-sale investments	24 049 450	12 506 004	36 555 454	77 295 864	30 025 232	107 321 096
Total comprehensive income for the year	88 777 995	36 493 575	125 271 570	175 210 509	52 421 181	227 631 690

STATEMENT OF FINANCIAL POSITION

	Note	2014 R	2013 R
ASSETS			
Non-current assets		779 851 192	674 279 019
Available-for-sale-investments	8	765 851 192	657 279 019
Loan to Wits University Donald Gordon Medical Centre (Pty) Ltd	9	5 000 000	5 000 000
Loans to The University of the Witwatersrand, Johannesburg	10	9 000 000	12 000 000
Current assets		46 791 600	8 793 001
Cash and cash equivalents	11	46 791 600	8 793 001
TOTAL ASSETS		826 642 792	683 072 020
FUNDS AND LIABILITIES			
Foundation funds		761 580 755	642 828 498
Initial capital		1 000 000	1 000 000
Accumulated reserves		339 653 510	315 263 620
Fair value reserve	8	90 112 916	117 262 785
Pooled equity fund	13	330 814 329	209 302 093
LIABILITIES		64 708 429	39 925 723
University funds		13 013 764	12 433 010
Amount owing to the University relating to administered funds transferred		45 666 405	22 274 090
Donor contributions received on behalf of the University but not yet transferred		6 028 260	5 218 623
Donor contributions received on behalf of the Wits University Donald Gordon Medical Centre (Pty) Ltd but not yet transferred			
Current liabilities		353 608	317 799
Accounts payable	14	335 174	220 248
Unrestricted unallocated donations		18 434	97 551
TOTAL EQUITY AND LIABILITIES		826 642 792	683 072 020

Foundation					Pooled Equity Fund						
Initial capital	Capital reserve	Accumulated reserves		Special Endowment reserve	Sub Total	Fair value reserve	Total		Fair value reserve	Total	TOTAL
		R	R				R	R			
1 000 000	117 761 396	192 938 267	4 563 957	315 263 620	117 262 785	433 526 405	157 668 242	51 633 851	209 302 093	642 828 498	
-	-	-	-	-	-	-	24 146 613	-	24 146 613	24 146 613	
-	-	-	-	-	-	-	(10 723 472)	-	(10 723 472)	(10 723 472)	
-	-	-	-	-	-	-	112 432 696	-	112 432 696	112 432 696	
-	-	-	-	-	(51 199 319)	(51 199 319)	-	(16 690 563)	(16 690 563)	(67 889 882)	
-	-	-	-	-	24 049 450	24 049 450	-	12 506 004	12 506 004	36 555 454	
-	-	64 728 545	-	64 728 545	-	64 728 545	(159 042)	-	(159 042)	64 569 503	
-	(40 338 655)	-	-	(40 338 655)	-	(40 338 655)	-	-	-	(40 338 655)	
1 000 000	77 422 741	257 666 812	4 563 957	339 653 510	90 112 916	430 766 426	283 365 037	47 449 292	330 814 329	761 580 755	

At beginning of year
Distributed income reinvested
Net capital redeemed
New investment
Realised gain on sale of investments
Investments – fair value adjustment
Net surplus/(loss) for the year
Awards made to the University of the Witwatersrand (Note 12)

STATEMENT OF CHANGES IN
FOUNDATION FUNDS

Foundation										Pooled Equity Fund		
Initial capital	Capital reserve	Accumulated reserves	Special Endowment reserve	Sub Total	Fair value reserve	Total	Capital reserve	Fair value reserve	Total	TOTAL		
R	R	R	R	R	R	R	R	R	R	R		
1 000 000	152 035 854	99 587 578	-	251 623 432	126 708 507	379 331 939	123 441 429	42 124 815	165 566 244	544 898 183		
-	-	-	-	-	-	-	22 236 906	-	22 236 906	22 236 906		
-	-	-	-	-	-	-	(7 589 096)	-	(7 589 096)	(7 589 096)		
-	-	-	-	-	-	-	19 419 961	-	19 419 961	19 419 961		
-	-	(4 563 957)	4 563 957	-	-	-	-	-	-	-		
-	-	-	-	-	(86 741 587)	(86 741 587)	-	(20 516 196)	(20 516 196)	(107 257 783)		
-	-	-	-	-	77 295 865	77 295 865	-	30 025 232	30 025 232	107 321 097		
-	-	97 914 646	-	97 914 646	-	97 914 646	159 042	-	159 042	98 073 688		
-	(34 274 458)	-	-	(34 274 458)	-	(34 274 458)	-	-	-	(34 274 458)		
1 000 000	117 761 396	192 938 267	4 563 957	315 263 620	117 262 785	433 526 405	157 668 242	51 633 851	209 302 093	642 828 498		

At beginning of year
Distributed income reinvested
Net capital redeemed
New investment
Transfer from accumulated reserves to Special endowment reserve
Realised gain on sale of investments
Investments — fair value adjustments
Net surplus for the year
Awards made to the University of the Witwatersrand (Note 12)

At the end of the year

STATEMENT OF CASH FLOWS

	Note	2014 R	2013 R
Cash flows from operating activities			
Net surplus for the year		88 716 116	120 310 594
Operating surplus before working capital changes		88 716 116	120 310 594
Working capital changes			
Increase in trade and other payables		114 926	10 488
Cash generated from operations		88 831 042	120 321 082
Strategic funding for the University	12	(40 338 655)	(34 274 458)
Decrease in unidentified donations		(79 117)	(1 560 068)
Net cash inflow from operating activities		48 413 270	84 486 556
Cash flows from investing activities			
Purchases of available for sale investments	8	(792 663 959)	(755 537 037)
Proceeds on disposal of available-for-sale investments	8	652 757 358	839 222 333
Decrease in loan to The University of the Witwatersrand, Johannesburg	10	3 000 000	-
Net cash (utilised in) /generated from investing activities		(136 906 601)	83 685 296
Cash flows from financing activities			
Capital redeemed in pooled equity funds		(10 723 472)	(7 589 096)
Capital invested in Pooled equity		112 432 696	19 419 961
Increase/(decrease) in administered funds		580 754	(165 710 192)
Increase/(decrease) in funds not yet transferred - Wits University		23 392 315	(39 587 926)
Donald Gordon Medical Centre (Pty) Ltd		809 637	5 218 622
Decrease in Inter-company loan account		-	(7 795)
Net cash inflow/(outflow) from financing activities		126 491 930	(188 256 426)
Increase/(decrease) in cash and cash equivalents		37 998 599	(20 084 574)
Cash and cash equivalents at beginning of year		8 793 001	28 877 575
Cash and cash equivalents at end of year	11	46 791 600	8 793 001

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING POLICIES

GLOSSARY OF TERMS

IFRS – International Financial Reporting Standards

IAS – International Accounting Standard

AC – Accounting Standard

IFRIC – International Financial Reporting Interpretations Committee

OCI – Other Comprehensive Income

1. GENERAL INFORMATION

The University of the Witwatersrand Foundation was established by Deed of Trust on 6 April 1978 as a non-profit Trust, for the sole purpose of collecting and administering donations for the benefit of the University.

The Foundation's affairs are managed by a Board of Governors consisting of Trustees appointed by the University Council in accordance with the Deed of Trust and supported by Governors appointed by the Trustees.

The Foundation is recognised as a public benefit organisation in terms of section 30 of the Income Tax Act No 58 of 1962, as amended, and operates exclusively for charitable and educational purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in preparing these financial statements are set out below and are consistent, in all material respects, with those applied in the previous year, unless otherwise stated.

2.1 Basis of preparation

The annual financial statements are prepared in accordance with and comply with International Financial Reporting Standards.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

2.2 New Standards and Interpretations

2.2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Foundation has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.2.2 IFRS 13 Fair value measurement

When IFRS 13 was published, paragraphs B5.4.12 of IFRS 9 and AG79 of IAS 39 were deleted as consequential amendments. This led to a concern that entities no longer had the ability to measure short-term receivables and payables at invoice amounts where the impact of not discounting is immaterial. The IASB has amended the basis for conclusions of IFRS 13 to clarify that it did not intend to remove the ability to measure short-term receivables and payables at invoice amounts in such cases.

An additional amendment clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including non-financial contracts) within the scope of IAS 39 or IFRS 9.

The effective date is for years beginning on or after 1 July 2014.

The effects of the amendments are not material.

2.2.3 IFRS 24 Related party disclosures

The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

The effective date is for years beginning on or after 1 July 2014.

The effects of the amendments are not material.

2.3 New Standards, Amendments and Interpretations issued and not yet effective

The Foundation has chosen not to adopt the following standards and interpretations before the effective dates, which has been published and are mandatory for the company's accounting periods beginning on or after 01 January 2015 or later periods:

2.3.1 IFRS 9 Financial Instruments

This IFRS is part of the IASB's project to replace IAS39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value.

The IASB has updated IFRS 9 to include guidance on financial liabilities and de-recognition of financial instruments. The accounting and presentation for financial liabilities and for de-recognising financial instruments has been relocated from IAS 39 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.

The IASB has published an amendment to IFRS 9 that delays the effective date to annual periods beginning on or after 1 January 2018. The original effective date was for annual periods beginning on or after 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.3 New Standards, Amendments and Interpretations issued and not yet effective (Continued)

2.3.1 IFRS 9 Financial Instruments (Continued)

The effective date of this new standard is for years beginning on or after 01 January 2018.

The impact of the standard is not material.

2.3.2 IFRS 15 Revenue from contracts with customers

This new standard on revenue recognition is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of goods or services transfers to a customer.

The effective date of the this new standard is for years beginning on or after 01 January 2017.

The impact of the standard is not material.

2.4 Revenue recognition

Revenue is recognised as follows:

Interest 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.

Donor contributions received are recognised on a cash received basis.

2.5 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting 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. Balances denominated in a foreign currency and outstanding at year end are translated at year end exchange rates.

2.6 Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, available-for-sale investments, receivables, accounts payable and accrued liabilities. The classification of financial instruments depends on the purpose for which the financial instruments were acquired. Management determines the classification at initial recognition.

Financial instruments are initially recognised when the Foundation becomes party to the contractual terms of the instruments and are measured at fair value, including transaction costs. Subsequent to initial recognition, these instruments are measured as set out in the applicable accounting policies.

Financial assets (or a portion thereof) are de-recognised when the Foundation realises the rights to the benefits specified in the contract, the rights expire or the Foundation surrenders or otherwise loses control of the contractual rights that comprise the financial asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.6 Financial instruments (Continued)

On de-recognition, the difference between the carrying amount of the financial asset and the consideration received and any cumulative gain or loss that had been recognised directly in equity are included in the statement of comprehensive income.

Financial liabilities (or a portion thereof) are de-recognised when the obligation specified in the contract is discharged, cancelled or expired. On de-recognition, the difference between the carrying amount of the financial liability, including related unamortised costs and amount paid for it is included in the statement of comprehensive income.

The fair value of financial instruments traded in an active financial market is measured at the applicable quoted prices. The fair value of financial instruments not traded in an organised financial market, is determined using a variety of methods and assumptions that are based on market conditions and risk existing at statement of financial position date, including independent appraisals and discounted cash flow methods.

The carrying amounts of financial assets and liabilities with maturity of less than one year are assumed to approximate their fair value.

Where a legally enforceable right of set-off exists for recognised financial assets and financial liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

At each reporting date the Foundation assesses all financial assets to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired. For amounts due to the Foundation, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments and bank overdrafts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2.6 Financial instruments (Continued)

Investments

Investments are classified as available-for-sale financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Regular purchases and sales of investments are recognised on trade-date. Trade-date is the date on which the Foundation commits to purchase or sell the asset. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value.

Gains and losses arising from changes in fair value of available for sale financial assets are recognised directly in reserves in the fair value fund.

Interest and dividend income are taken to the statement of comprehensive income in the period in which they arise.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Loans, receivables and prepayments

Loans, receivables and prepayments are measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment of loans and receivables is made where it is established that the Foundation will not be able to collect all amounts due according to the original terms of the loans and receivables.

The amount of the provision is the difference between the assets' carrying value and the present value of the estimated future cash flows, discounted at the effective interest rate. The carrying value of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income.

The Foundation considers loans and receivables impaired as set out in the Notes to the Annual Financial Statements.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2014 R	2013 R
3. PROFIT ON SALE OF ASSETS		
Available-for-sale investments		
Gains on sale of available-for-sale investments	67 889 882	107 257 782
	<u>67 889 882</u>	<u>107 257 782</u>
4. INVESTMENT INCOME		
Available-for-sale investments		
Dividend income	10 124 116	11 974 866
Interest income	13 593 227	12 832 020
	<u>23 717 343</u>	<u>24 806 886</u>
5. SUNDRY REVENUE		
Miscellaneous shares	-	326 367
Pooled Equity withdrawal fees	312 606	67 693
	<u>312 606</u>	<u>394 060</u>
6. EXPENDITURE BY CATEGORY		
Auditor's remuneration		
Foundation – current year	159 717	148 323
Pooled Equity – current year	75 946	71 925
Foundation – 2013 disbursements	-	6 233
Consulting fees	1 813	-
Legal costs	-	46 160
Printing costs	-	62 436
Trust registration	-	1 710
	<u>237 476</u>	<u>336 787</u>
7. FINANCE COSTS		
Interest attributed to funds administered on behalf of the University	580 755	3 789 551
Bank charges	249 075	498 184
Investment management fees	2 228 677	13 412 219
	<u>3 058 507</u>	<u>17 699 954</u>

Investment management fees are calculated as follows:

Stanlib Asset Management Limited (Stanlib Foundation Fund and Stanlib Pooled Equity Fund)

A new fee arrangement was entered into with Stanlib during the year under review and backdated to 01 July 2013. A base fee of 0.25% pa is applicable. A performance fee will be levied on a rolling three year annualised basis. The performance participation rate is 0.10% of all outperformance of the higher return achieved by either the Benchmark Strategic Asset Allocation, or CPI+5%. The base fee and performance fee is only calculated on the value of Domestic Assets managed under the mandate. A flat fixed fee is charged separately on the offshore assets at a rate of 1% pa for Global Equity and 0.75% pa for Global Bonds.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. FINANCE COSTS (CONTINUED)

Investec Asset Management

A monthly fee based on the aggregate value of the portfolio at month end at the following rate:

First R250million	0.35% per annum
Next R250million	0.30% per annum
Amounts there after	0.25% per annum

8. AVAILABLE-FOR-SALE INVESTMENTS

	2014 R	2013 R
Fair Value at the beginning of the year	657 279 019	740 901 001
Purchases	703 475 319	637 249 802
Disposals	(652 757 358)	(839 222 333)
Investment income received	24 092 611	24 640 783
Investment management fees	(2 234 305)	(13 611 330)
Unrealised gain on revaluation	35 995 906	107 321 096
Fair value at the end of the year	765 851 192	657 279 019

	Cost R	Unrealised capital gain/(loss) R	Fair Value R
INVESTMENTS – 2014			
Equity domestic – listed	271 893 688	92 106 582	364 000 270
Equity international – listed	70 914 947	38 860 044	109 774 991
Bonds – domestic	111 974 847	1 707 308	113 682 155
Unit trust funds – international	25 859 627	3 457 425	29 317 052
International other funds	27 573 532	1 890 940	29 464 472
Money market and short term cash	120 072 343	(460 091)	119 612 252
	628 288 984	137 562 208	765 851 192

Attributable to University of Witwatersrand
Foundation

90 112 916

Attributable to University of the
Witwatersrand Pooled Equity fund

47 449 292

137 562 208

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

	Cost	Unrealised capital gain/(loss)	Fair Value
	R	R	R
INVESTMENTS – 2013			
Equity domestic – listed	215 803 365	104 895 047	320 698 412
Equity international – listed	64 085 877	52 241 385	116 327 262
Bonds – domestic	67 222 898	634 906	67 857 804
Unit trust funds - international	10 670 762	10 077 853	20 748 615
Bonds – international	16 796 689	852 180	17 648 869
International other funds	3 077 280	195 265	3 272 545
Money market and short term cash	110 725 512	-	110 725 512
	<u>488 382 383</u>	<u>168 896 636</u>	<u>657 279 019</u>

Attributable to University of
Witwatersrand Foundation
Attributable to University of the
Witwatersrand Pooled Equity Fund

117 262 785

51 633 851

168 896 636

The fair values of the publicly traded financial instruments are based on stock exchange market prices as at the statement of financial position date. A register of investments is available for inspection at the offices of the University.

Due to the nature of the pooled equity fund, the Foundation ring fences the monies from the pooled equity investments. These monies which total R330 814 329 (2013: R209 302 093) are not available to the Foundation to distribute.

9. LOAN TO WITS UNIVERSITY DONALD GORDON MEDICAL CENTRE (PTY) LTD

	2014 R	2013 R
Loan to the Wits University Donald Gordon Medical Centre (Pty) Ltd	11 000 000	11 000 000
Less: Provision for impairment	<u>(6 000 000)</u>	<u>(6 000 000)</u>
	<u>5 000 000</u>	<u>5 000 000</u>

The loan is unsecured, interest free and has no fixed terms of repayment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. LOANS TO THE UNIVERSITY OF THE WITWATERSRAND, JOHANNESBURG

	2014 R	2013 R
Loan to the Wits University Donald Gordon Medical Centre (Pty) Ltd assumed by Wits.	9 000 000	9 000 000

The loan is interest free with no fixed terms of repayment.

Loan to Wits Health Consortium (Pty) Ltd (WHC), assumed by Wits.

- 3 000 000

The loan is interest free with no fixed terms of repayment.

9 000 000	12 000 000
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11. CASH AND CASH EQUIVALENTS

	2014 R	2013 R
Cash on hand	46 791 600	8 793 001

12. CAPITAL RESERVE PAYMENTS

	2014 R	2013 R
Strategic funding for the University	12 000 000	12 000 000
21 st Century Institutes	1 338 655	7 274 458
School of Public Health Building	4 000 000	-
Mathematical Science Building	20 000 000	-
Extension of Origins Centre	-	15 000 000
Capital to settle the Wits Health Consortium (Pty) Ltd loan	3 000 000	-
	40 338 655	34 274 458

13. POOLED EQUITY FUND

The pooled equity fund is administered by the Foundation on behalf of the University. This fund is made up as follows:

	2014	2013
Capital invested by fund participants	330 814 329	209 302 093
Current liabilities of the fund	261 721	199 521
Investments administered by the Foundation	331 076 050	209 501 614

Included in investments are investments which relate to the pooled equity fund.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

14. ACCOUNTS PAYABLE	2014	2013
Trade payables – Foundation	172 891	148 323
Trade payables – Pooled Equity	162 283	71 925
	<u>335 174</u>	<u>220 248</u>

The fair value approximates the carrying amounts.

15. FINANCIAL INSTRUMENTS BY CATEGORY

	Loans and receivables R	Available for-sale R	Total R
31 December 2014			
Assets as per statement of financial position			
Available-for-sale investments (note 8)	-	765 851 192	765 851 192
Loan to the Wits University Donald Gordon Medical Centre (Pty) Ltd (note 9)	5 000 000	-	5 000 000
Loan to the University of Witwatersrand, Johannesburg (note 10)	9 000 000	-	9 000 000
Cash and cash equivalents (note 11)	46 791 600	-	46 791 600
Total	<u>60 791 600</u>	<u>765 851 192</u>	<u>826 642 792</u>

	Financial liabilities at amortised cost R	Total R
Liabilities as per Statement of financial position		
Pooled equity fund (note 13)	330 814 329	330 814 329
Amounts owing to the University relating to administered funds	13 013 764	13 013 764
Amounts owing to the University but not yet transferred	45 666 405	45 666 405
Accounts payable and accrued liability (note 14)	335 174	335 174
Amounts owing to the Wits University Donald Gordon Medical Centre (Pty) Ltd not yet transferred	6 028 260	6 028 260
Unrestricted unallocated donations	18 434	18 434
Total	<u>395 876 366</u>	<u>395 876 366</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

	Loans and receivables R	Available- for-sale R	Total R
31 December 2013			
Assets as per Statement of financial position			
Available for sale investments (note 8)	-	657 279 019	657 279 019
Loan to the Wits University Donald Gordon Medical Centre (Pty) Ltd (note 9)	5 000 000	-	5 000 000
Loan to the University of the Witwatersrand, Johannesburg (note 10)	12 000 000	-	12 000 000
Cash and cash equivalents (note 11)	8 793 001	-	8 793 001
Totals	25 793 001	657 279 019	683 072 020

	Financial liabilities at amortised cost R	Total R
Liabilities as per Statement of financial position		
Pooled equity fund (note 13)	209 302 093	209 302 093
Amounts owing to the University relating to administered funds	12 433 010	12 433 010
Amounts owing to the University but not yet transferred	22 274 090	22 274 090
Accounts payable and accrued liability (note 14)	220 248	220 248
Amounts owing to Wits – Donald Gordon Medical Centre (Pty) Ltd not yet transferred	5 218 623	5 218 623
Unrestricted unallocated donations	97 551	97 551
Total	249 545 615	249 545 615

16. RISK MANAGEMENT

The Foundation is exposed to a variety of financial risks: Market risk (including foreign currency risk, cash flow and interest rate risk, price risk), credit risk, liquidity risk and capital risk.

The Investment and Finance Committee identifies, evaluates and co-ordinates the management of the above-mentioned risks. These are reviewed regularly for continuing relevance and effectiveness. The Investment and Finance Committee reports to the Board of Governors.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RISK MANAGEMENT (CONTINUED)

The Foundation varies its investment philosophy depending on the term of the instruments and the risk profile. To this end four portfolios have been established, with investments in bonds, equities and money market Investments. The portfolios have specific investment and return on investment mandates, which are monitored and adjusted where necessary by the Investment and Finance Committee.

The fund managers report to the Committee on a quarterly basis.

Financial Risk Factors

Market Risk

Foreign Currency Risk

The Foundation has foreign exchange exposure to the extent of foreign investments. The Foundation manages foreign exchange exposure through the Investment and Finance Committee who mandates the fund managers.

Amounts invested offshore at year end

	2014 R	2013 R
Foreign Cash (US Dollar)	29 419 261	3 215 484
Foreign Bonds (US Dollar)	-	17 648 869
Foreign Equities (US Dollar)	109 774 991	116 327 261
Foreign Money Market (US Dollar)	45 211	57 061
Foreign Unit Trusts (US Dollar)	29 317 052	20 748 615
	<u>168 556 515</u>	<u>157 997 290</u>

At 31 December 2014, if the USD, British Sterling, and Euro had strengthened by 10% during the year against the Rand with all other variables held constant, the value as at year end would have been R16 855 652 (2013: R15 799 729) higher, mainly as a result of a Rand increase in the carrying value of the USD and British Sterling denominated investments. If the USD and British Sterling had weakened by 10% against the Rand with all other variables held constant, the value as at year end would have been R16 855 652 (2013: R15 799 729) lower, mainly as a result of a Rand decrease in the carrying value of USD and British Sterling denominated investments.

Price Risk

The Foundation is exposed to equity securities price risk because of investments held by the Foundation and classified on the statement of financial position as available-for-sale investments. The Foundation is not directly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Foundation diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment and Finance Committee.

	2014 R	2013 R
Listed Domestic Equities	364 000 270	320 698 412
Listed International Equities	109 774 991	116 327 262
	<u>473 775 261</u>	<u>437 025 674</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RISK MANAGEMENT (CONTINUED)

At 31 December 2014, if the FTSE/JSE CAPI index, together with international indices, increased/decreased by 10% with all other variables held constant and all the University's equity instruments, equity values would have been R47 377 526 (2013: R43 702 567) higher/lower. Due to the unpredictability of equity market returns, a general indicative percentage of 10% is used to highlight the changes in market value on equity instruments.

Cash Flow and Interest Rate Risk

The Foundation has no significant interest bearing liabilities and the donation income and operating cash flows are substantially independent of changes in market interest rates. Therefore no formal interest rate risk management policy exists.

	2014	2013
	R	R
Cash and cash equivalents	46 791 600	8 793 001
Available-for-sale investments - Cash	119 612 252	110 725 512
Available-for-sale investments - Bonds	113 682 154	85 506 673
	<u>280 086 006</u>	<u>205 025 186</u>

If the average interest rate during the year had been 50 basis points higher/lower, as an indication, the interest earned would have been R1 212 778 (2013: R1 076 121) higher/lower. The increase/decrease of 50 basis points in the interest rate was based on a management estimate as the SA Reserve Bank has not changed the repurchase rate during the last financial year.

Credit Risk

Credit risk is the risk of financial loss to the Foundation if a member or counterparty to a financial instrument fails to meet its contractual obligations. Potential concentrations of credit risk consist mainly of short-term cash and cash equivalent investments.

The approach to the management of investments that is followed by using two investment managers spreads the investment risk. Funds are invested in four separate portfolios.

Liquidity Risk

Liquidity risk to the Foundation is that it will not be able to meet its financial obligations as they fall due.

The Foundation has minimised liquidity risk as shown by its substantial cash and cash equivalents.

The table below summarises the Foundation's exposure to liquidity risk. Included in the table are the financial assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

2014	R Up to 1 month	R 1-3 months	R 4-12 months	R 1-5 years	R Total
Liquidity Analysis					
Assets					
Non-current assets	758 568 285	-	-	21 282 907	779 851 192
Available-for-sale investments	758 568 285	-	-	7 282 907	765 851 192
Other non-current assets		-	-	14 000 000	14 000 000
Current assets	46 791 600				46 791 600
Cash and cash equivalents	46 791 600	-	-	-	46 791 600
Total Assets	805 359 885	-	-	21 282 907	826 642 792

2014	R Up to 1 month	R 1-3 months	R 4-12 months	R 1-5 years	R Total
Liabilities	335 174	-	-	395 522 758	395 857 932
Pooled Equity Funds	-	-	-	330 814 329	330 814 329
University of the Witwatersrand – Administered Funds	-	-	-	13 013 764	13 013 764
Wits University Donald Gordon Medical Centre (Pty) Ltd	-	-	-	6 028 260	6 028 260
University of the Witwatersrand	-	-	-	45 666 405	45 666 405
Accounts payable and accrued liabilities	335 174	-	-	-	335 174
Net liquidity gap analysis	805 024 711	-	-	(374 239 851)	430 784 860

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RISK MANAGEMENT (CONTINUED)

Liquidity Risk (Continued)

2013	R Up to 1 month	R 1-3 months	R 4-12 months	R 1-5 years	R Total
Liquidity Analysis					
Assets					
Non-current assets	657 279 019	-	-	17 000 000	674 279 019
Available-for-sale investments	657 279 019	-	-	-	657 279 019
Other non-current assets	-	-	-	17 000 000	17 000 000
Current assets	8 793 001	-	-	-	8 793 001
Cash and cash equivalents	8 793 001	-	-	-	8 793 001
Total Assets	666 072 020	-	-	17 000 000	683 072 020

2013	R Up to 1 month	R 1-3 months	R 4-12 months	R 1-5 years	R Total
Liabilities	220 248	-	-	249 227 816	249 448 064
Pooled Equity Funds	-	-	-	209 302 093	209 302 093
University of the Witwatersrand – Administered Funds	-	-	-	12 433 010	12 433 010
Wits University Donald Gordon Medical Centre (Pty) Ltd	-	-	-	5 218 623	5 218 623
University of the Witwatersrand	-	-	-	22 274 090	22 274 090
Accounts payable and accrued liabilities	220 248	-	-	-	220 248
Net liquidity gap analysis	665 849 772	-	-	(232 227 816)	433 623 956

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. RISK MANAGEMENT (CONTINUED)

Capital risk management

The Foundation's objectives when managing capital are to ensure that funds are available to disburse to the University as required.

In order to maintain the capital structure the Foundation has governance processes in place on disbursement of monies from capital funds and operating profits to ensure funds are available when they are needed.

	2014 R	2013 R
Non-Current Investments	765 851 192	657 279 019
Cash and Cash Equivalents	46 791 600	8 793 001
	<u>812 642 792</u>	<u>666 072 020</u>

17. TAXATION

The Foundation has received Income Tax exemption in terms of Section 10(1)(cN) of the Income Tax Act.

18. RELATED PARTIES

The University of the Witwatersrand, Johannesburg and all its associated affiliates are related parties to the University of the Witwatersrand Foundation.

Related Party Balances

	2014 R	2013 R
Loan accounts – Owing (to)/by related parties		
The University of the Witwatersrand, Johannesburg	9 000 000	12 000 000
Donor contributions received on behalf of the University but not yet transferred	(45 666 405)	(22 274 090)
Amount owing to the University relating to administered funds transferred	(13 013 764)	(12 433 010)
The Wits University Donald Gordon Medical Centre (Pty) Ltd	5 000 000	5 000 000
Donor contributions received on behalf of the Donald Gordon Medical Centre (Pty) Ltd but not yet transferred	(6 028 260)	(5 218 623)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

18. RELATED PARTIES (CONTINUED)

Related Party Transactions

	2014 R	2013 R
Expenses paid by related parties		
The University of the Witwatersrand, Johannesburg	-	108 596
 Awards made to The University of the Witwatersrand, Johannesburg	 40 338 655	 34 274 458

19. RECLASSIFICATION OF COMPARATIVE FIGURES

The loans to The University of the Witwatersrand, Johannesburg previously disclosed under current assets in the prior year were reclassified as non-current assets.

The effect of the reclassification is as follows:

Statement of Financial Position

	As previously reported	Adjustment	As currently reported
Non-current assets	-	12 000 000	12 000 000
Current assets	12 000 000	(12 000 000)	-
Total	<u>12 000 000</u>	<u>-</u>	<u>12 000 000</u>