

10. 2015 ANNUAL FINANCIAL REVIEW

The Finance and Remuneration Committee (FRC) met as scheduled during the year to consider various financial and remuneration issues. Financial sustainability and cost reduction were the major focus for the FRC during the year under review.

The institution has been operating at a deficit. However, it should be noted that the institution is operating at a surplus before provisions and estimates. Provisions and estimates are mainly as follows:

- Provision for doubtful debt.
- Provision for pension liability.
- Depreciation.

We always budget for a surplus before provisions which are a non cash item. The statement of comprehensive income distinguish between Council controlled funds, earmarked funds, Student and staff accommodation.

Various measures have been taken to ensure financial sustainability of the institution. The following were the major contributors to the deficit:

- Post- retirement medical liability.
- Operation of student residences
- Provision for doubtful debt

Provision for doubtful debt remains the major contributor to the deficit.

Budgeting Process

The budget was to support the implementation and achieving the objectives of the APP. The budget takes into consideration cash available. We try to match expenditure against cash available.

There is a budget committee responsible for reviewing and recommending the budget to the Finance and Remuneration Committee.

Financial Aid

NSFAS

There were 7 989 students who applied for NSFAS funding. There were 5 965 students who were allocated NSFAS funding amounting to R175.888 million. In 2014, 6 172 students were funded for R167.512 million. The slight decrease in 2015 is as a result of the increase in cost of study.

National Skill Fund

There were 925 students funded by NSF amounting to R22.536 million.

Bursaries and Scholarships

Bursaries and scholarships amounted to R23.632 million and funded 743 students.

Financial Highlights

Income:

Council controlled income

Council controlled income amounted to R414.429 million compared to R390.272 million in 2014 which is a 6.2% increase.

Government subsidy increased from R237.156 million in 2014 to R243.516 million in 2015 which is 2.7% increase.

Tuition fee income increased from R140.652 million in 2014 to R157.575 million in 2015 which is a 12% increase. The fee adjustment was 9% in 2015.

Restricted income

Restricted income amounted to R35.079 million. Restricted income is mainly earmarked grants from the Department of Higher Education and Training.

Student accommodation

Income from student residence fees increased from R120.390 million in 2014 to R127.096 million in 2015 which