

ANNUAL REPORT

Responsible Community Engagement African-led Globalisation Responsible Community Engagement Pre-eminence in Research Excellence in Teaching and Learning Institution of Choice for Students Responsible Community Engagement Institution of Choice for Staff Efficient and Effective Management African-led Globalisation Responsible Community Engagement Pre-eminence in Research Excellence in Teaching and Learning Institution of Choice for Students Institution of Choice for Staff Efficient and Effective Management African-led Globalisation Responsible Community Engagement Pre-eminence in Research Excellence in Teaching and Learning Institution of Choice for Students Institution of Choice for Staff Efficient and Effective Management African-led Globalisation Pre-eminence in Research Excellence in Teaching and Learning Institution of Choice for Students Responsible Community Engagement Excellence in Teaching and Learning Effective Management African-led Globalisation

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Annual Report 2007

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REPORT OF THE CHAIR OF COUNCIL

Professor T V Maphai

For a University as young as ours, UKZN has had unprecedented growth and stability over the past three years, evident in growing investor and stakeholder confidence on a global level

Advancing Higher Education

The role of any council is to provide overall leadership and the governance framework that would allow devolved decision-making and action by the University community in line with its institutional objectives. During 2007 the Council facilitated this process resulting in a consolidation of greater merger process, institutional growth and the stability and growing investor and stakeholder confidence.

Excellence in Teaching and Learning

The University is cognizant of its core business and in this regard an executive portfolio of Deputy Vice-Chancellor Teaching and Learning was established.

The continuous up-grade of teaching facilities demonstrates the University's commitment to provide world-class facilities. The establishment of the new Science and Technology Education Centre on the Westville campus aims to stimulate an awareness and interest in Science and Technology and to advance scientific knowledge and careers in this important discipline.

A Research-Led Organisation

I believe that the University is in a better position than ever before to consolidate its position as one of South Africa's leading research institutions on the continent. Research productivity in terms of publications recognised for subsidy purposes has increased by 80 percent placing UKZN as the second ranking institution in the country. The Institution is positioned as a research-led organisation and excels in the areas of HIV and AIDS, economic development, water and waste management and sustainable rural livelihoods.

Forging Strategic Partnerships

The bold and ambitious plan to support the building of a major multi-million rand medical research institute funded by the Howard Hughes Medical Institute (HHMI) in the United States will place UKZN as the leading centre in TB-HIV research in the world. The HHMI has committed \$30 million and UKZN will invest a further R10 million into this worthy project. The Centre will undertake research on the diagnosis, pathogenesis, prevention and treatment of HIV and TB. In line with our vision to be the Premier University of African Scholarship, the HHMI TB-HIV Centre will be utilised to provide much-needed training of scientists on the African continent to conduct research into TB and HIV. Professor Salim Abdool Karim's role in this significant initiative is recognised.

The United Kingdom's largest medical research charity has committed 15 million pounds to the Africa Centre for Health and Population Studies for research in HIV infection. The Centre carries out a multidisciplinary programme of research reflecting population and health priorities in sub-Saharan Africa, particularly in HIV. Initiated in 1998, the Africa Centre is a research collaboration between the South African Medical Research Council, UKZN and the Wellcome Trust.

Efficient and Effective Management

In line with the University's commitment to transparency and sound corporate governance a review of the Finance Division and Executive Portfolios was undertaken during the course of this year. Following an optimisation review of the Finance Division conducted in the latter half of this year, the Division has been restructured to promote its commitment to devolution and improved levels of service delivery. Human Resources and Equity has been re-organised into a single portfolio and UKZN International has been consolidated into Public Affairs and Corporate Communications, which will be re-named Corporate Relations.

During the course of the year the Institution was exposed to scrutiny following extensive media reports on issues of high-profile cases involving plagiarism. I am pleased to report that the University is relentless in its commitment to eradicate any form of malpractice that has the potential to bring it into disrepute.

An Enabling Environment

Transformation is high on the University's agenda and the University must explore and facilitate the recruitment and retention of Black African staff. Open dialogue is encouraged at UKZN and in its attempt to create an enabling environment for both staff and students a programme to facilitate on-going discussion on issues of racism has been mandated to the University's Centre for Critical Research on Race and Identity led by Professor G Maré.

Responsible Community Engagement

A commitment to community engagement underpins and forms a critical component of the University's core business. UKZN actively pursues nation-building by connecting with the communities it serves.

Two major initiatives deserve mention. The first is the award-winning HIV-911 programme – an initiative of the Centre for HIV/AIDS Networking at UKZN. Through HIV-911 members of the public now have easy access to information about HIV/AIDS-related services that are

available in the country. This initiative was awarded first prize in the Unitech Awards for the overall best Community Development Project in the Higher Education sector.

The second is the Rural Teacher Education Project (RTEP) which aims to develop a model for partnerships between Higher Education and rural schools that will equip teachers and school managers. The project which will be a conduit for development and social change in the country has received funds from the Nedbank Foundation.

Recognition of Outstanding Leadership

Vice-Chancellor, Professor Malegapuru Makgoba must be congratulated on being awarded a prestigious Fellowship of the Imperial College Faculty of Medicine in the United Kingdom. This distinguished award is in recognition of his outstanding contributions to medical research, international public health and to university administration.

I wish to thank Professor Makgoba for his unwavering leadership and his passion to advance the strategic thrusts of the University. I place on record my appreciation to the Vice-Chair of Council, Mr Mac Mia and to members of Council.

In conclusion as UKZN strives to take its place as the leading institution on the African continent, its commitment to advance the ideals of Higher Education in a responsible and effective manner is commended.



Professor T V Maphai
Chair of Council

OFFICERS AND MEMBERS OF COUNCIL

AS AT 31 DECEMBER 2007

Analysis of Membership by Category as at 31 December 2007

NAME		OFFICERS	CATEGORY				
Executive Committee of Council			(1)	(2)	(3)	(4)	(5)
1	Professor TV Maphai	Chair				X	
2	Mr M Mia	Vice-Chair				X	
3	Professor MW Makgoba	Vice-Chancellor		X			
4	Professor N Chetty				X		
5	Mr K Mabaso				X		
6	Mrs P Ntombela-Nzimande					X	
7	Adv PJ Olsen					X	
8	Dr MJ Phaala		X				
9	Mr S Shabalala						X
10	Mrs SE Skweyiya		X				
11	Professor H Staniland			X			
Other Members of Council							
12	Professor H Africa		X				
13	Professor SME Bengu		X				
14	Professor K Govinder				X		
15	Dr C M Hendricks		X				
16	Mrs MM Jean-Louis		X				
17	Mr T Maistry				X		
18	Professor M P Mangaliso		X				
19	Mrs P Mnganga		X				
20	Mr K Mshengu						X
21	Ms. G Mtombeni		X				
22	Mr S Ngcobo		X				
23	Mr ZC Ngidi		X				
24	Mr MT Ngwenya					X	
25	Professor D North				X		
26	Cllr F Peer		X				
27	Mr B Sibiyi		X				
28	Professor D Spurrett				X		
29	Professor LR Uys			X			
30	Mr AD Young		X				
TOTALS		30	14	3	6	5	2

KEY TO CATEGORIES OF MEMBERSHIP

- (1) Independent non-executive Council members
- (2) Executive Council members (*ex officio*)
- (3) Employee representatives
- (4) Government-appointed representatives
- (5) Student representatives

Analysis of Attendance at Council Meetings for the year ended 31 December 2007

NAME		MEMBERSHIP CHANGES	DATES OF MEETINGS AND ATTENDANCE (2007)							TOTAL OVERALL	
Executive Committee Of Council			SP 16.1	16.2	4.5	29.6	31..8	26.10	10.12	No.	%
Dr TV Maphai	£†#		ü	ü	ü	ü	ü	ü	ü	7	100%
Mr M Mia	£†		ü	ü	ü	ü	A	ü	ü	6	86%
Professor MW Makgoba	£†\$#		~	ü	ü	ü	ü	ü	ü	6	100%
Professor FNM Mazibuko		(Acting VC : 27 Nov 2006 - 25 Jan 2007)	ü	-	-	-	-	-	-	1	100%
Professor N Chetty			ü	ü	ü	ü	ü	ü	ü	7	100%
Mr. K Mabaso			ü	ü	ü	ü	ü	ü	A	6	86%
Mrs P Ntombela-Nzimande			A	A	ü	A	ü	ü	ü	4	57%
Adv PJ Olsen			ü	ü	ü	A	ü	A	A	4	57%
Dr MJ Phaala	#		ü	ü	ü	A	ü	ü	ü	6	86%
Mrs SE Skweyiya	†		ü	A	ü	ü	ü	A	A	4	57%
Professor H Staniland	†#		ü	ü	A	ü	ü	ü	*	6	86%
M Ntuli / X Mzobe (SRC)	©	Membership ended 30 Sept. 2007	ü	ü	ü	ü	ü	-	-	5	100%
Mr S Shabalala (SRC)		Appointed from 9 October 2007	-	-	-	-	-	ü	ü	2	100%
Other Members of Council											
Professor SME Bengu			ü	A	A	A	A	ü	ü	3	43%
Professor K Govinder	£		A	ü	ü	ü	ü	ü	ü	6	86%
Mrs MM Jean-Louis	\$		ü	A	ü	A	A	A	ü	3	43%
Mrs P Mnganga	#		ü	ü	ü	ü	ü	ü	A	6	86%
Ms. G Mtombeni			ü	ü	ü	A	ü	ü	ü	6	86%
Mr S Ngcobo	£		ü	ü	ü	ü	ü	A	ü	6	86%
Mr ZC Ngidi			ü	ü	ü	*	*	*	*	3	43%
Mr MT Ngwenya	\$ # \$		ü	ü	ü	A	ü	ü	ü	6	86%
Cllr F Peer	\$		ü	ü	*	A	ü	ü	A	4	57%
Professor LR Uys	\$		ü	A	ü	A	ü	ü	ü	5	71%
Mr AD Young	£\$		ü	ü	ü	ü	ü	ü	ü	7	100%
Mr VS Gounden	\$†	Resigned 4 May 2007	A	A	ü	-	-	-	-	1	33%
Professor DJ Brothers	#	Membership ended 30 June 2007	ü	ü	A	ü	-	-	-	3	75%
Mr PSC Luthuli	\$	Membership ended 30 June 2007	ü	A	ü	A	-	-	-	2	50%
Mr LC Moloi	£\$	Membership ended 30 June 2007	ü	A	A	A	-	-	-	1	25%

Analysis of Attendance at Council Meetings for the year ended 31 December 2007 (*continued*)

NAME		MEMBERSHIP CHANGES	DATES OF MEETINGS AND ATTENDANCE (2007)							TOTAL OVERALL	
OTHER MEMBERS OF COUNCIL (CONT.)			SP 16.1	16.2	4.5	29.6	31.8	26.10	10.12	No.	%
Mrs FN Msimang	§	Membership ended 30 June 2007	ü	A	ü	ü	-	-	-	3	75%
Professoressor JC Mubangizi		Membership ended 30 June 2007	ü	ü	ü	ü	-	-	-	4	100%
Mrs SVE Scheepers	#	Membership ended 30 June 2007	ü	ü	ü	ü	-	-	-	4	100%
Mr. S Phakathi (SRC)		Membership ended 30 Sept. 2007	ü	ü	ü	ü	ü	-	-	5	100%
Professor H Africa		Appointed from 1 July 2007	-	-	-	-	A	ü	A	1	33%
Dr C M Hendricks		Appointed from 1 July 2007	-	-	-	-	ü	A	ü	2	67%
Mr T Maistry		Appointed from 1 July 2007	-	-	-	-	ü	A	ü	2	67%
Professor M P Mangaliso		Appointed from 1 July 2007	-	-	-	-	A	A	ü	1	33%
Professor D North		Appointed from 1 July 2007	-	-	-	-	ü	A	ü	2	67%
Mr B Sibiya		Appointed from 1 July 2007	-	-	-	-	ü	ü	ü	3	100%
Professor D Spurrett		Appointed from 1 July 2007	-	-	-	-	ü	ü	ü	3	100%
Mr K Mshengu (SRC)		Appointed from 9 October 2007	-	-	-	-	-	ü	ü	2	100%
TOTALS (ATTENDANCE)			27	21	25	17	24	19	22	158	76%
TOTALS (MEMBERSHIP)			30	30	30	29	30	30	30	209	
OVERALL ATTENDANCE Expressed as a % of maximum possible			90%	70%	83%	59%	80%	63%	73%	76%	

KEY TO ATTENDANCE OR NON-ATTENDANCE, AS APPLICABLE

- ü Attendance
- A Apologies for non-attendance
- * Absent without apology
- Membership not current
- ~ Special leave of absence
- © M Ntuli replaced by X Mzobe on
29 June 2007

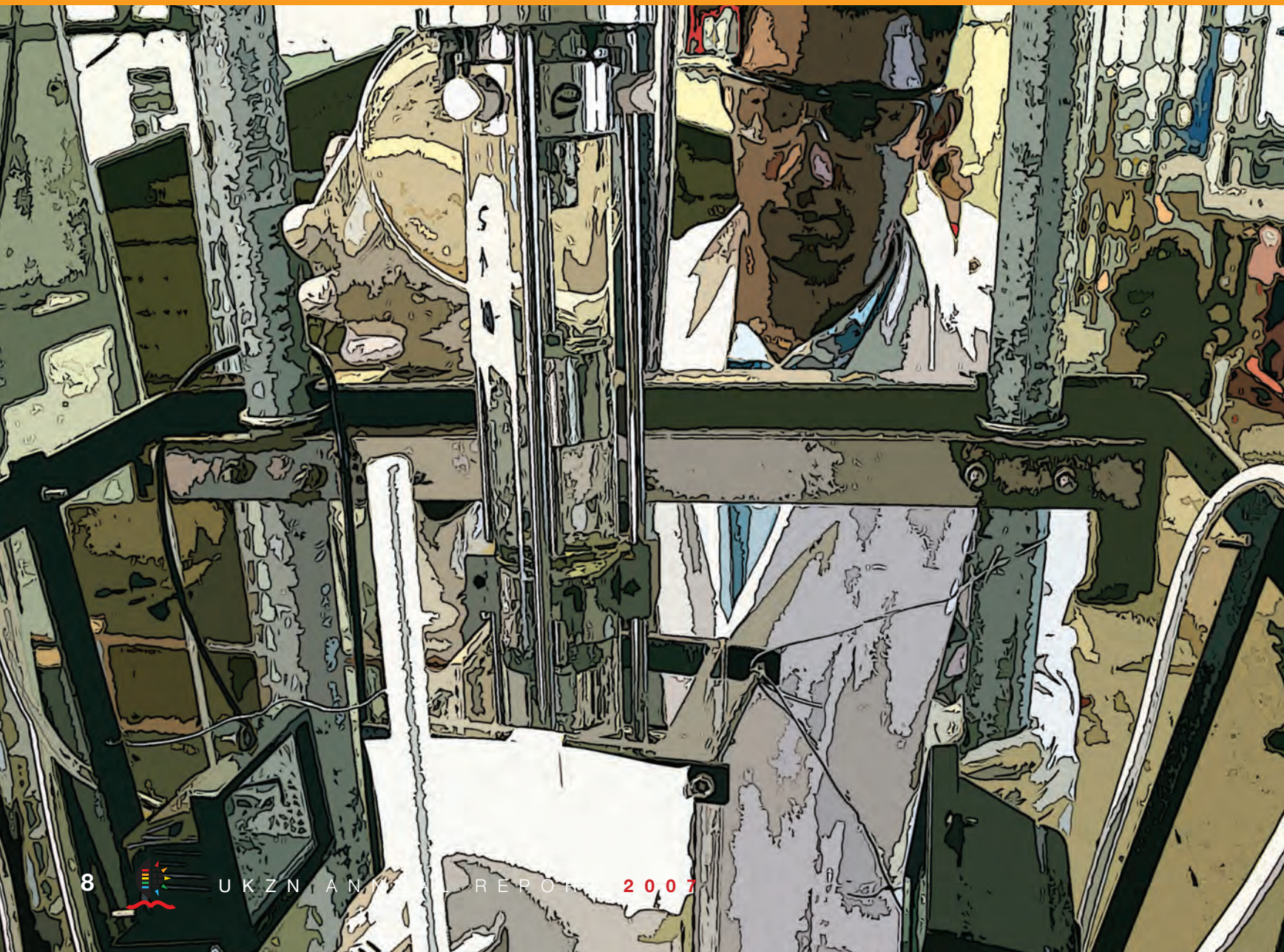
KEY TO COMMITTEES OF COUNCIL

- § Audit & Risk Committee
- £ Finance Committee
- † Remuneration Committee
- \$ Resource Planning Committee
- # Council Membership Committee

REPORT OF THE VICE-CHANCELLOR AND PRINCIPAL

Professor MW Makgoba

The University provides a dynamic
environment for all facets of the research and
innovation spectrum



A Dynamic Environment

The year 2007 was an extremely successful one for the University of KwaZulu-Natal (UKZN). This report captures some of the highlights of the year.

Research

UKZN is one of South Africa's "Big five" pre-eminent research institutions. The University is rated second in research productivity amongst the country's universities. The University also ranks amongst the top one percent of universities in the world in four research areas – Clinical Medicine, Plant and Animal, Social Sciences (general), and Environment/Ecology. This ranking is based on the number of citations of research papers in at least one of 22 academic areas.

The University provides a dynamic environment for all facets of the research and innovation spectrum. Research income in 2007 amounted to R502 million. This includes an amount of R100 million raised by the UKZN Foundation in project-related grants.

UKZN has three National Research Foundation (NRF) 'A'-Rated scholars. These are researchers who are "unequivocally recognised by their peers as leading international scholars in their field". In total, 138 of the University's academics are rated NRF researchers in six categories. All receive funding from the NRF for their research.

In 2007 three UKZN researchers – Professor Roseanne Diab, Professor Nithaya Chetty and Professor Norman Pammenter - were elected as members of the prestigious

Academy of Science of South Africa (ASSAf). Criteria for membership include scientific contribution to the problems and challenges facing South African society. Professors Diab, Quarraisha Abdool Karim, Mark Laing and Sheryl Hendriks were appointed to the ASSAf Committee for the Alleviation of Poverty.

The Children's Hospital of Philadelphia, USA, awarded Professor Hoosen (Jerry) Coovadia of the Nelson R Mandela School of Medicine the Merman Gertrude Silver Award for his groundbreaking work in helping reduce HIV and AIDS transmission from mother to child.

Vice-Chancellor, Professor Malegapuru Makgoba, presented one of the plenary talks at the Annual Conference of the British Society for Immunology in Glasgow in February 2007. In October, Professor Makgoba was awarded the prestigious Fellowship of the Imperial College Faculty of Medicine in the United Kingdom in recognition of his outstanding contributions to medical research, international public health and university administration. In April 2006 he was appointed by WHO/AFRO and the Cabinet of Japan to Chair the Medical Services Sub-Committee of the Hideyo Noguchi Africa Prize, the Japanese equivalent of the Nobel Award. He was selected as one of 31 top scientists to celebrate the 25th Anniversary of HIV at the Pasteur Institute in Paris, France.

Deputy Vice-Chancellor and Head of the College of Health Sciences, Professor Leana Uys received the Mary Tolle Wright Award for Excellence in Leadership at Baltimore, US, in November in recognition of the leadership role she has played in nursing education.

In November 2007 Professor Albert Thembinkosi Modi of the School of Agricultural Sciences and Agribusiness received the TWAS Young Scientist Award 2007: Life Science Category. The award, managed by the ASSAf, is awarded annually to a young scientist under the age of 40.

Donor Support

The University continues to attract substantial support from the international donor community. Among the numerous grants received in 2007, the African Centre for Crop Improvement (ACCI), based on the Pietermaritzburg campus, received a grant of \$8.1 million from the Alliance for a Green Revolution in Africa. ACCI trains African PhD students in the applied breeding of African crops for increased drought tolerance and improved food security.

The Africa Centre for Health and Population Studies located in Mtubatuba, where one in five people are HIV infected is a research collaboration between the Medical Research Council, UKZN and the Wellcome Trust, the UK's largest medical research charity. In 2007 the Centre received a grant of 15 Million pounds, to be spread over five years. The funding is being used to improve the health status of people in the area, with a particular focus on HIV infection.

On the local front, UKZN and ESKOM have joined hands to build a science and technology innovation park in KwaZulu-Natal. The park will take three years to complete and will cost in the region of R20 million. It will grow innovation in the field of engineering technologies.

International Collaboration

During 2007 UKZN forged a number of significant international relationships. Co-operation agreements were signed with the Sultanate of Oman and the State of Queensland in Australia. The University was chosen as a partner university by Virginia Commonwealth University in the US.

Delegations that visited UKZN with a view to forging future links included the College of the Bahamas, and the National University of Singapore. India's High Commissioner to South Africa addressed the University community in March 2007 and offered his services to facilitate partnerships and intellectual co-operation between universities in India and South Africa. Professors Makgoba and Dasarath Chetty, Pro Vice-Chancellor, Corporate Relations, visited India in September 2007 and laid the foundations for a number of partnerships between academics in India and at UKZN. A Memorandum of Understanding was signed with the Indian Council for Cultural Relations in New Delhi on 20 September. In terms of the Agreement, the Indian Government will sponsor the Gandhi-Luthuli Chair of Peace Studies in the College of Humanities at UKZN.

Staffing

UKZN employed 4 170 staff in 2007, of whom 1 494 were academic (full-time and part-time) and 2 676 were support staff. Forty three percent of academic staff and 57 percent of support staff are female. A number of women occupy senior academic and management positions. The University has developed equity strategies and programmes, including the Equity Acceleration Programme, UKZN's key mechanism for nurturing and developing the next generation of academics.

Salary negotiations between the University's Unions and Management for were amicably concluded in November 2007, signalling a propitious start to 2008.

Students

Of the 38 227 students registered at UKZN in 2007, 24 percent were postgraduate students.

Between 2004 and 2007, more than 33 000 students graduated. The table provides a comparison of figures for these four years:

Graduates by Year of Completion

Race	2004	2005	2006	2007
African	3647	3890	3889	3149
Coloured	223	238	227	180
Indian	2755	2832	2905	2548
Other		3	4	7
White	1798	1741	1724	1405
Total	8423	8704	8749	7289

Gender	2004	2005	2006	2007
Female	4796	5203	5225	4383
Male	3627	3501	3524	2906
Total	8423	8704	8749	7289

	2004	2005	2006	2007
Undergraduate	4854	5458	5880	5216
Post graduate	3569	3246	2869	2073
Total	8423	8704	8749	7289

UKZN and the Merger

In its Final Report on the Merger to Form the University of KwaZulu-Natal, the Higher Education Merger Study Group (HEMSG) writes: "... the HEMSG believes that the merger has been successful on several fronts ..." These include effective executive and student management, upgrading campus facilities, and the maintenance of high standards in teaching, learning and research. For a full report on the UKZN merger see www.ukzn.ac.za/publications/special.asp

Future Challenges

Human Resources remain the largest outstanding challenge of the merger. The process of populating the new structures in the support sector has proved cumbersome and fraught with difficulty; progress in such key areas as the harmonisation of salaries and uncompetitive academic salaries have been slow and the conditions of service agreed to early in the merger are to be revisited for academic and financial reasons.

Declining student enrolments are also a matter of concern. Though the merger has been achieved with commendably little student unrest, there has been a marked reduction in enrolments in programmes now based on the Westville campus, particularly in Management Studies. Historic racially-based perceptions relating to the Westville campus may well have contributed to this decline.

The University has also been exposed to significant media coverage around scandals that have called into question the quality of its degrees. This issue may be regarded as part of the residual legacy of the former institutions, and the University has taken steps to harmonise and tighten degree rules, and to educate both staff and students on the seriousness of plagiarism through the introduction of new software and the development of a far-reaching policy that has an educational as well as a punitive aspect.

High profile failures in corporate governance have also rocked the Institution, and have had to be carefully managed so as to ensure that the principles and procedures for sound corporate governance are well understood and grounded in the new Institution.

The translation and re-alignment of the University's 10-year strategy with the vision and budget is a critical challenge in order to secure and further deepen the successful transformation gains that have so far occurred.

There can be no question that the merger has accomplished the objectives set by the Minister of Education, and that the Institution has transcended the transient label of "merged institution" and continued its upward trajectory towards achieving its vision to be the Premier University of African Scholarship. In a recent visit to UKZN, Minister Pandor said "I would like to congratulate you, your staff and the entire University Community for the progress that is clearly evident at the University."

On behalf of the Executive I take this opportunity to thank the Council for its leadership and the many committed staff and students who have worked and contributed to bring us where we are today. Finally, I pay tribute to the public for the unswerving support and encouragement you have provided to our University.



Professor MW Makgoba
Vice-Chancellor & Principal

THE SENATE

Professor MW Makgoba

Academic Leadership

In terms of the Higher Education Act (No. 101 of 1997) and the Statute of the University of KwaZulu-Natal, the Senate is empowered with the ultimate responsibility for the maintenance of the academic integrity of the University. It also has responsibility for the development of all academic initiatives of the University. During 2007, the University Senate met five times to deal with routine operational business; one additional meeting was called to deal with urgent matters.

In the course of the year, the Senate fulfilled its statutory responsibilities and, in so doing, contributed to the enhancement of sound academic governance and the maintenance of quality of the University's various teaching and research activities.

Composition of Senate

The Senate was constituted in terms of S23(1) of the Statute of the University of KwaZulu-Natal and consists of the following:

- (1) The Senate, subject to the provisions of the Act, consists of:
 - (a) the Vice-Chancellor;
 - (b) the Deputy Vice-Chancellors who are Heads of Colleges;
 - (c) the Deputy Vice-Chancellor of Research, Knowledge Production and Partnerships;
 - (d) the Executive Dean of Students;
 - (e) two other members of the senior management elected by the senior management;
 - (f) two representatives from the Council who must not be either employees or students and who are elected by the Council;
 - (g) the Head of Library Services;
 - (h) the Director of Quality Promotion and Assurance;
 - (i) the Chairperson of the Institutional Forum;
 - (j) the President of Convocation;
 - (k) five members of the support staff, who are not already members of the Senate, being one from each of the Colleges and one from the central administration of the University duly elected by the support staff in each one of the aforementioned areas of operation;
 - (l) the Deans of the Faculties;
 - (m) the Deputy Deans of the Faculties;
 - (n) all Heads of Schools;
 - (o) five representatives from each Faculty duly elected by each such Faculty;
 - (p) a Fellow of the University appointed by each Faculty;
 - (q) six student representatives, one from each of the campuses, duly elected by the local SRC for that campus, and one student representative from the Central SRC having been duly elected by that Council;
 - (r) such additional members as are approved by the Senate.

- (2) The majority of Senate members must be academic employees.
- (3) The manner of election or appointment as the case may be of members of the Senate is as determined by each constituency.

Changes in the Academic Structure

There were no changes in the academic structures in 2007.

The College Model System approved in 2004 is still operational as follows:

- College of Agriculture, Engineering and Science
 - Faculty of Engineering
 - Faculty of Science and Agriculture
- College of Health Sciences
 - Faculty of Health Sciences
 - Faculty of Medicine
- College of Humanities
 - Faculty of Education
 - Faculty of Humanities, Development and Social Sciences
- College of Law and Management Studies
 - Faculty of Law
 - Faculty of Management Studies

The following academic entity was approved by Council in 2007:

- Africa Centre for Crop Improvement

The following policies were approved by Council following Senate preparation and recommendation:

- Research Framework for UKZN
- Developing, Retaining and Awarding Researchers
- Collaborative Research and Strategic Research Initiative

- Institutes, Centres and Units
- UKZN Teaching, Learning and Assessment Policy
- Distinguished Teachers Awards Policy and Procedures

Access

The main focus of the Access portfolio in 2007 was student failure. This challenge was addressed at different levels:

- Refining selection criteria for entrance
- Support for a wide range of teaching innovations
- Consciously positioning teaching and learning as a topic on the agenda of Senate
- Policies and procedures eg UKZN Teaching, Learning and Assessment Policy

Language

The University Languages Board was established in 2007. The main function of this Board is to implement the Language Policy. One of its mandates is to achieve for isiZulu the institutional and academic status of English. Efforts to secure the necessary funds for implementation of the policy are ongoing.



Professor MW Makgoba
Vice-Chancellor & Principal



CORPORATE RELATIONS

Professor T D Chetty

The Division played significant roles in the University's many strategic partnerships and alliances – a total of 126 events were coordinated during the year

Quality Marketing and Communication

Timeous and meaningful communication, that conveys information and messages to the university's key constituencies, is critical for the efficient and effective management of a multi-campus, complex organisation such as the University of KwaZulu-Natal.

An Emphasis on Communication

The year began with the implementation of a fortnightly electronic newsletter – Online, which covered some 50 newsworthy articles a month – a total of 388 articles over a ten month period with a distribution of over 63 000 – to students, staff, alumni and key stakeholders. The newsletter reaffirmed the vibrancy of scholastic activity at UKZN – particularly, in terms of its strategic endeavours in teaching, research and community outreach.

The University's Web also grew phenomenally as a source of information with approximately 900 000 site hits in 2007.

Emphasis was placed on a focused and clearly targeted approach to communicate with prospective students,

teachers and principals at 300 feeder schools in the country. In 2007 the Schools Liaison Unit in the Division visited 180 feeder schools and participated in over 20 major career exhibitions.

Facilitating Partnerships

The Division played significant roles in the University's many strategic partnerships and alliances – a total of 126 events were coordinated during the year including annual official events and special events that arose as interest and collaboration in the University increased. Highlights in the first half of the year included visits by the Minister of Education of Oman and the High Commissioner of India, and the signing of a cooperation Agreement with the State of Queensland which will facilitate research and student and staff exchange programmes.



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1. **Vice-Chancellor's Research Awards:** Vice-Chancellor Professor Malegapuru Makgoba awarded certificates and gifts to three UKZN researchers at a luncheon at the Govan Mbeki Centre on the Westville campus on 20 July 2007. From left to right: Professor Thumbi Ndungu; Professor Dorrit Posel; and Dr Richard Mace.
2. **US Secretary of Health visits Medical School:** United States Department of Health and Human Services Secretary Michael Leavitt and other senior officials from the United States Government visited the Nelson R Mandela School of Medicine on 21 August 2007. From left to right: Professor Hoosen Coovadia, Scientific Director: DDMRI; Secretary Michael Leavitt, US Secretary for Health and Human Services; Professor Leana Uys, Deputy Vice-Chancellor and Head of the College of Health Sciences; and Professor Willem Sturm, Dean, Nelson R Mandela School of Medicine.



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3. **Gandhi-Luthuli Chair of Peace Studies:** UKZN signed a Memorandum of Agreement (MOA) with the Indian Council for Cultural Relations (ICCR), in New Delhi on 20 September 2007. From left to right: Vice-Chancellor Professor Malegapuru Makgoba; Professor Dasarath Chetty; Dr Karan Singh, President: ICCR; and Dr Pavan K Varma, Director General: ICCR.
4. **Chief Albert Luthuli Memorial Lecture 27 October 2007:** His Excellency, Joaquim Chissano, former President of Mozambique and current Chair of the Africa Forum, delivered the 2007 Annual Albert Luthuli Memorial Lecture at UKZN on 27 October. This is the third time that the University has hosted the Lecture. From left to right: Professor Dasarath Chetty, Professor Fikile Mazibuko, His Excellency Joaquim Chissano and Professor Malegapuru Makgoba.
5. **Summa Cum Laude doctors:** The Nelson R Mandela School of Medicine has for the first time in its history produced two *summa cum laude* passes with both graduates being the top of their class. Dr Izanne Roos and Dr Bhiskar Reddy both attained an average of 82% over the five years of study. From left to right: Dr Izanne Roos and Dr Bhiskar Reddy.

Almost 1 000 guests attended the 2007 Albert Luthuli Memorial Lecture where His Excellency Joaquim Chissano, former President of Mozambique, delivered an inspiring and informative lecture on the Westville campus.

The signing of a Memorandum of Understanding between the University and the Indian Council for Cultural Relations marked a significant milestone in the formal establishment of the Gandhi-Luthuli Peace Chair in the College of Humanities.

Peer Recognition

UKZN marketing initiatives and publications produced by Corporate Relations continued to receive peer recognition by Unitech, the body of marketing, communication and advancement professionals at Higher Education Institutions in South Africa. Corporate Relations presentation of the Community Project and the UKZN publication aimed at donors, Development Brief, both received first prizes. Runner-up awards were achieved by the UKZN Website, UKZN Online, UKZN Touch and The School of Nursing's Commemorative Brochure.

Communicating through the Media

Between December 2005 to 2007, 10 144 articles about the University were published and 2341 stories were aired on various radio and television stations. The total advertising value of the publicity received was at R129 018,522 according to News Clip media monitoring service. The exceptional academic endeavours of the University were sometimes eclipsed by governance issues that arose during the course of the year.

Communicating with Alumni

Through local and international activities the Alumni Affairs Unit hosted reunions and meetings at in South Africa as well as two alumni events that were held at South Africa House in London. The Rick Turner bursary fund was launched in London in April and in September a concert led by Darius Brubeck was also held for Alumni. The career portal that has been established on the alumni website and regular workshops on Entrepreneurship and Leadership are well-received, especially by our young graduates. In recognition of their outstanding contributions two alumni were honoured by Convocation for excellence – Dr Imtiaz Sooliman for his remarkable humanitarian work and Advocate Andrea Gabriel for her sterling work in human rights issues. The Unit regularly communicates with some 135 000 alumni on the database through e-newsletters and the biannual alumni magazine, UKZN Touch.

Re-organisation, Resources and Assessment

During the first half of the year College Public Relations Officers were appointed to the University's four Colleges. Working closely with the College Deputy Vice-Chancellors, the portfolios provide a vital link to the Faculties in the Colleges.

Council unanimously supported the Corporate Relations strategic plan presented to them at its meeting on 29 June 2007. The confidence of Council in the Division's initiatives to position the University's brand as the Premier University of Africa Scholarship served to further motivate staff in the division.

Council subsequently changed the division's title from Public Affairs and Corporate Communications to Corporate Relations with the directive that UKZN International be incorporated and re-organised appropriately into the divisions of Corporate Relations and Student Services.

In a rapidly changing and highly competitive higher education environment, marketing plans are rigorously and continuously reviewed to ensure appropriateness and effectiveness. In consultation with the University's Executive management, Deans and Deputy Deans, a review of the Division's key areas of responsibilities was undertaken towards the end of 2007. The review examined the perceptions, expectations and experience of the University's senior management and other stakeholders with regard to the services and activities of the Division and facilitated the process of re-organisation.

The success of the Division is a reflection of a mutually beneficial partnership between the University community and the division of Corporate Relations. All concerned are accordingly thanked for their support.



Professor T D Chetty
Pro Vice-Chancellor: Corporate Relations

Graduation

A total of 7 420 degrees were conferred at the conclusion of 19 graduation ceremonies held on the Pietermaritzburg and Westville campuses.

Highlights included: 111 *summa cum laude* and 232 *cum laude* graduands and 80 doctoral and 40 disabled graduands. Women constituted 61.2 percent of the total graduates. Right: Ms Phathisani Ngulube *summa cum laude* Bachelor of Science: Operations Research.



International Relations

A delegation from the Sultanate of Oman, led by the Minister of Education, Her Excellency, Dr Rawya Saud Al Bousaidi, visited the University on 15 March. UKZN was represented by Vice-Chancellor Professor Malegapuru Makgoba, Deputy Vice-Chancellor and Head of the College of Humanities Professor Fikile Mazibuko and the Deans of Engineering, Health Sciences and Management Studies.

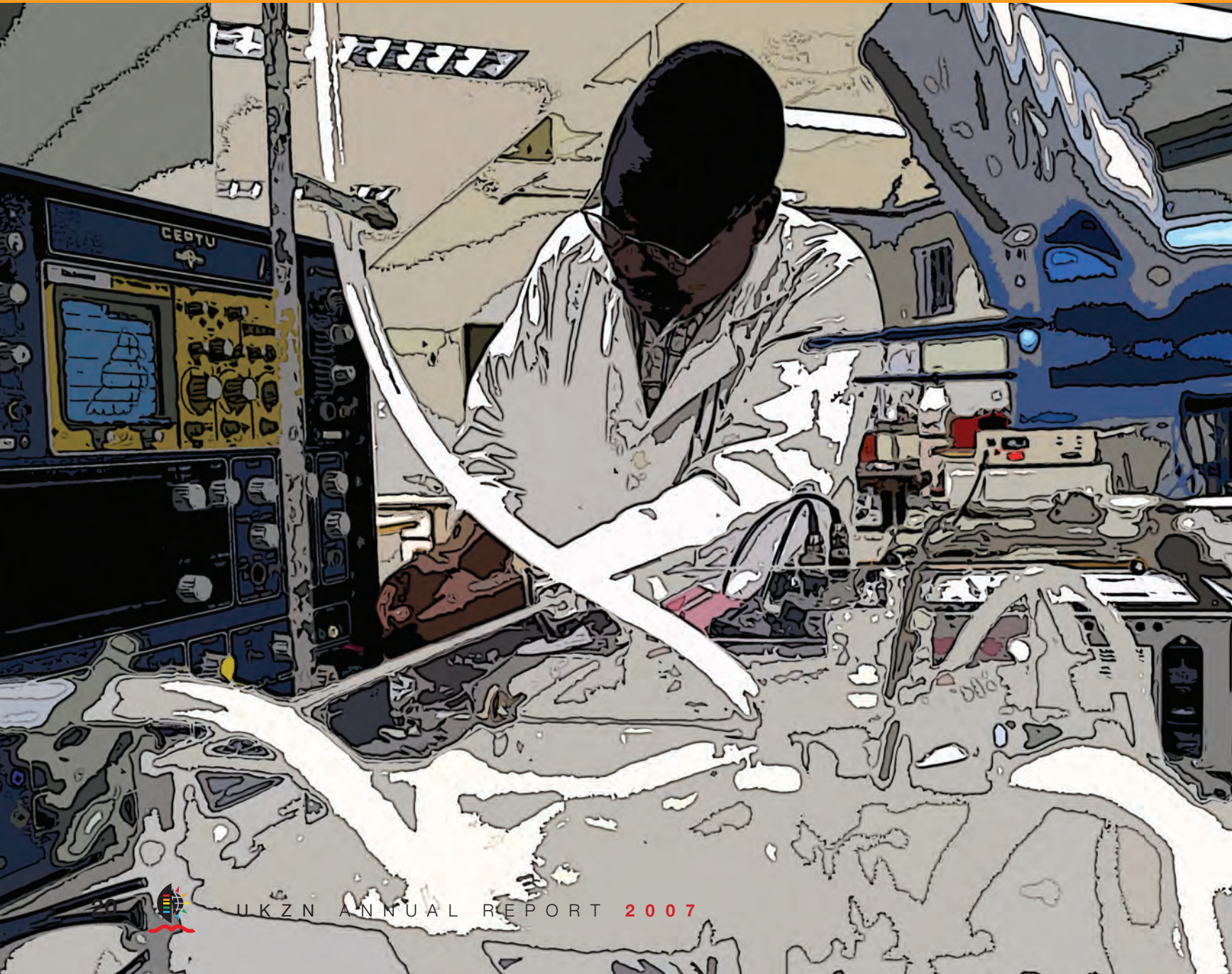
Above from left to right: Her Excellency, Dr Rawya Saud Al Bousaidi presents Professor Makgoba with a replica of an Oman dagger. The Oman delegation also received gifts from UKZN.



RESEARCH

Professor J Jacobs

There is a vast range of research being conducted in the University – including the Social Sciences, Humanities, Public Health, Epidemiology and Biomolecular Sciences - around the HIV/AIDS pandemic that is devastating our society.”



Pre-eminence in Research

In 2007 the University of KwaZulu-Natal continued to give meaning and substance to its definition of itself as a research-led university with a vision to be a premier institution of African Scholarship. The University is committed to the practice of scholarship that addresses the inequities of the past and discards irrelevant structures and programmes in favour of more appropriate ones for a democratic, African and South African context. Such scholarship is premised on research that is both local and global in its outlook, research that not only bases itself in an understanding of indigenous knowledges and circumstances from which to investigate global issues but also brings the best international perspectives to bear on its consideration of the region and the communities that it serves.

Leading Research-led South African University

Our claim to being a leading research-led South African university was supported in 2007 by a number of clear indicators. The University's publication output of accredited journal articles, books, chapters in books and refereed conference proceedings has gone from strength to strength since 2004, with the 2007 audit of 1083.71 publication units for 2006 by the Department of Education – the second-highest figure for all universities and science councils in the country – showing a remarkable increase of approximately 50% over the two-year period. This success can be attributed to the University's strategic drive to encourage all its academics to engage in research and publication, which is supported by a generous productivity award scheme. Interestingly, the Faculties that have made the greatest contribution to the University's overall publication – in equal portions – are the Faculty of Science and Engineering and the Faculty of Humanities, Development and Social Sciences.

The University has also distinguished itself in terms of national criteria of research excellence. By 2007, UKZN had secured 7 of the prestigious South African Research Chairs in the National Research Foundation South African Research Chairs Initiative. They are Professor Nceba Gqaleni (Chair in Indigenous Health Care Systems Research), Professor Steve Johnson (Chair in

Evolutionary Biology), Professor Sunil Maharaj (Chair in Gravitating Systems), Professor Thumbi Ndung'u (Chair in Systems Biology of HIV/AIDS), Professor Francesco Petruccione (Chair in Quantum Information Processing and Communication), Professor Dorrit Posel (Chair in Economic Development), and Professor Deresh Ramjugernath (Chair in Fluorine Process Engineering and Separations Technology).

National Research Foundation

Researchers at UKZN have also engaged more fully with the evaluation and rating system of the National Research Foundation, which provides a benchmark for research standing. By opening themselves to evaluation by their peers, nationally and internationally, researchers at UKZN have achieved recognition for themselves as among the relatively small number of rated researchers in South Africa whose work has impact not only in South Africa but also internationally. It is particularly gratifying that more researchers from the humanities and social sciences are participating in the rating scheme. In 2007, 137 academics at UKZN had succeeded in being rated. As an additional incentive to researchers to apply for rating and so also benefit from the funding opportunities that this affords, the University has also introduced a research incentive award for being rated.

The University is also the most successful participant of all South African universities in the NRF Thuthuka research capacity development programme. In 2007, the total NRF award amounted to R5,638,810, which was matched by the University with another R5,029,719. Members of staff from most of the Faculties have been recipients of substantial grants from the Thuthuka programme.

The research success of the University is of course also dependent on the resources made available to its researchers and researchers-in-training by the University itself from the research support budget, which in 2007 amounted to approximately R42 million (including research development equipment). In addition to its Research Incentive Scheme of productivity awards paid directly to researchers for their accredited research publications, the University's Competitive Grant Scheme is designed to assist members of staff completing their doctoral degrees and also to enable new members of staff to establish themselves as researchers. Also on a competitive basis, the University's Postdoctoral Fellowship programme makes provision for long-term, two-year postdoctoral fellowships as well as for shorter-term, six-month postdoctoral grants to enable newly graduated PhDs to convert their theses into publications.

External Grants and Research Centres

The major source of research income is, of course, from external grants and contracts for research projects, many of which also include research training and capacity development. In 2007, the Research Office processed new grants and contracts alone to the value of R614 million. And, once again, the UKZN Foundation managed to raise in excess of R100 million from donors for research and development activities.

The two major centres are the Centre for the Aids Programme of Research in South Africa (CAPRISA) under the directorship of Professor Salim Abdool Karim, and the Health Economics and Aids Research Division (HEARD) which is headed by Professor Alan Whiteside.

Within the overall framework of the development of sustainable rural livelihoods, which is a strategic research initiative at UKZN, two other major centres continue to rise to the challenge of meeting the food security needs of our continent. The Africa Centre for Crop Improvement under the leadership of Professor Mark Laing provides a model for integrating its research on five staple foods with the training of postgraduate students from all over Africa, as does the Africa Centre for Food Security under Professor Sheryl Hendriks, which has been appointed as the SADC Centre of Excellence for Vulnerability Assessment and Alleviation.

In the School of Physics, the Centre for Quantum Technologies, headed by Professor Francesco Petruccione, is not only contributing to the development of a national profile in quantum technologies but, more immediately, has been involved with the eThekweni Metro Council in rolling out an unbreakable quantum cryptography security system on its IT network.

In the wider humanities and social sciences, a number of centres have also established themselves as important generators of knowledge in the South African and African context. The Centre for African Literary Studies on the Pietermaritzburg Campus, under the directorship of Professor Mbulelo Mzamane, is continuing to consolidate its research activities around the unique Lindfors Collection of African literature with a programme of conferences and workshops. Headed by Professor Patrick Bond, the Centre for Civil Society, with its programme of research and seminars as well as its outstanding publication output, has become known as the leading academic-based centre in Africa devoted to citizens' initiatives for social and environmental justice. Under the leadership of Professor Philippe Denis in the School of Religion and Theology, the Sinomlando Centre for Oral History and Memory Work in Africa is dedicated to recovering through oral testimonies the histories of people in all sectors of society, and especially to address through the Memory Box Programme the psycho-social needs of children affected by HIV/AIDS. And under the leadership of Professor Gerhard Maré, the Centre for Critical Research on Race and Identity, now in its second

year, has expanded its research activities into issues around race and racism both under and after apartheid, and into the ways in which race and identity are involved in the processes of nation- and citizenship-building.

During 2007 the University further extended its already considerable network of research partnerships and academic exchange agreements with leading universities and other research institutions around the world – and especially in strategic partnerships with a number of other African universities.

The whole research endeavour of UKZN depends not only on the passion for research and the brilliance of the researchers themselves, but also on the dedication of all the administrators, technicians and students who make it possible for the University to maintain its excellent research profile both nationally and internationally. Of course there are ongoing challenges presented to our researchers, but there are as many opportunities, and the University is committed to providing its researchers with every possible support to realize these.



Professor J Jacobs
**Acting Deputy Vice-Chancellor: Research,
Knowledge Production and Partnerships**

EQUITY

Ms R Budree

Executive Director: Human Resources and Equity

During 2007, there was gradual progress towards the achievement of greater staff representivity



Promoting Equity

The total number of permanent staff in 2007 was 3 108, distributed according to 969 White (32 percent), 1 134 Indian (36 percent), 122 Coloured (3 percent) and 883 African (29 percent). During the years 2006 and 2007, White staff decreased by one percentage point; Indian staff decreased by one percentage point; Coloured staff remained unchanged; and African staff increased by two percentage points.

Academic staff

White academic staff decreased from 53 percent in 2006 to 51 percent in 2007; Indian academic staff remained constant at 27 percent in both years; Coloured academic staff remained constant at 2 percent in both 2006 and 2007; and African academic staff increased from 18 percent in 2006 to 20 percent in 2007.

Support staff

White support staff decreased from 21 percent in 2006 to 19% in 2007; Indian support staff increased from 42 percent in 2006 to 46 percent in 2007; Coloured support staff decreased from 5 percent in 2006 to 2 percent in 2007; and African support staff increased from 32 percent in 2006 to 33 percent in 2007.

New appointments

Overall White new appointments were 31 percent in 2006 and 23 percent in 2007; Indian new appointments were 18 percent in 2006 and 27 percent in 2007; Coloured new appointments were 3 percent in 2006 and 4 percent in 2007; and African new appointments were 48 percent in 2006 and 46 percent in 2007.

Reflecting on the progress over the last five years, a gradual shift in demographics is noted as follows:

Permanent staff according to race

	White	Indian	Coloured	African
2005	34%	36%	4%	26%
2006	33%	36%	4%	27%
2007	32%	36%	3%	29%

The main reasons cited for the slow progress are the turnover rate, an insufficient pool of suitably qualified candidates and the inability to compete with salaries in the private sector. Generally, however, a large number of vacancies exist in areas which are considered scarce skill disciplines, pointing to a wider problem regarding skill shortages, than the ability to recruit African staff.

The University continues to focus on 'growing its own timber'. The Leadership and Equity Advancement Programme, aimed at nurturing the next generation of academics in scarce skill areas has thus far effected a total of 66 appointments to Lectureships. Of these 66 appointees, 25 are still in various stages of their three-year contracts. Thirty appointees have been mainstreamed into substantive academic posts.



Ms R Budree
Executive Director:
Human Resources and Equity

INSTITUTIONAL FORUM

Professor JJ Meyerowitz

Promoting Unity

In terms of S37 of the Statute of the University of KwaZulu-Natal, the Institutional Forum advises the Council on issues affecting the University, including:

- The implementation of the Act and the national policy on Higher Education.
- Race, gender and equity policies.
- The selection of candidates for senior management positions.
- Codes of conduct, mediation and dispute resolution procedures.
- The Language Policy.

There were three meetings scheduled in 2007. Of these the first one was inquorate, and the others did not take place as fewer members than required for a quorum were able to attend.

The Institutional Forum was consulted on the appointment of the DVC: Law and Management Studies. It approved the processes followed and supported the recommendation of the Senior Appointments Committee.

The term of office of the elected members came to an end on 30 September 2007 and a new committee has been constituted. It is hoped that the new membership will enable the Institutional Forum to be more active in the future.



Professor JJ Meyerowitz

Acting Registrar

(1/03/08 – 31/12/08)





STUDENT SERVICES

Executive Dean (Students)

Mr T Wills

Student Services is committed to ensuring that UKZN is an “An Institution of Choice for Students”

Supporting Students

The Departments making up the Division of Student Services at UKZN provide a wide range of support for students, but are united in their commitment to one of UKZN's key strategic goals, namely to ensure that UKZN is an “Institution of Choice for Students”. One of the ways in which students are supported is through financial assistance. The UKZN Student Funding Centres (SFCs) on each campus are responsible for administering loan funds for needy students, and in 2007 over 6 000 students were assisted, with over R110 million in loan packages being allocated. The SFCs also administer and allocate a wide range of bursaries and scholarships, funded by the University and a growing number of generous external sponsors. Strong links are forged with banks and institutions catering for the student market, because the demand for assistance far exceeds the capacity of the University and NSFAS.

A great deal of emphasis is placed on student participation at UKZN and the development of leadership skills, whether it is in student governance, sport or other social and cultural activities. In the area of student governance, over 700 students hold office each year in elected positions. Given that the University has five campuses, it is not surprising that 60 students serve on the local SRCs or the over-arching central SRC alone. While many of our students come to the University with well developed leadership skills, having been involved in community organisations prior to university, others take advantage of the many opportunities the University

providers to hone their skills. One such opportunity is the annual Student Leadership Development Course run by the Student Leadership Development Office, a highly-regarded residential course hosted during the winter vacation. In 2007, students who had been through the leadership course demonstrated their commitment to their fellow students by taking the initiative to launch the Student Leadership Bursary Fund, an initiative aimed at getting fellow students, and alumni, to contribute towards the financial support of needy students. What sets their fund apart from others is the intention to mentor their peers who receive awards.

Sport is another area where participation is encouraged. Sport at UKZN is based on the club system, with students running the clubs and the Sports Councils on each campus, ably assisted by professional sports administrators. 2007 was again a busy year for UKZN sport, and the University hosted a number of successful South African Students Sports Union (SASSU) national tournaments. The following sports codes were hosted:

- SASSU Badminton,
- SASSU Athletics,
- SASSU Karate,
- SASSU Cricket A Week,
- SASSU Underwater, and
- SASSU Softball.

There were a number of sterling performances by UKZN sports students. At the Joint Awards evening an overall UKZN Sportsman and Woman was chosen. SA Judo champion Miss Chandelle Jeanine Lombard, and SASSU Athletics gold medalist, Mr Pieter Koekemoer, were named as the best UKZN Sportswoman and Sportsman. Pieter had the distinction of scooping the only SA gold medal for the South African team at the FISU World Student Games.

In 2007 UKZN also had 11 sports ambassadors who were recognised for their achievement representing the country at the World Students Games in Bangkok, Thailand, in August. Hockey remains a blue-chip sport at UKZN, and despite not having the hockey facilities enjoyed by most tertiary institutions, the club has continued to excel locally and nationally. Special mention must be made of Thomas Hammond, a Pietermaritzburg campus hockey player who was named the SA Hockey Player of the Year in 2007. The campuses combine to participate in the annual SASSU tournament and have enjoyed much success in the recent past. The Hockey men have finished in the top three since 2004 with the highlight being the victory in 2007. This tournament is one of the biggest events on the hockey calendar behind the senior Men's and Ladies IPTs. Our SASSU Canoe team also won their event. The commitment of the hockey clubs and their administrators was rewarded in 2007 when Steinhoff International decided to sponsor UKZN hockey.

Traditional university sports are not ignored, and in 2007 the Pietermaritzburg Men's A rowing crew took on the task of funding-raising for a tour of the United Kingdom where they participated in the Royal Henley Regatta. The Henley Regatta is one the most prestigious rowing events in the world. All the top rowing clubs in the world participate at this event. UKZN's team finished 36 out of 85 crews.

UKZN prides itself on community outreach, with many academics being engaged in projects in KwaZulu-Natal and further afield. Our students are not to be outdone, and in 2007 a number of student organisations ran programmes, particularly in the area of education. Some of these have become well-established programmes relied upon by the local communities, for example the Tutoring Programmes and Saturday Schools run by student volunteers on the Pietermaritzburg, Edgewood, and Howard College campuses. Special mention must also be made of the Masakhane Youth Leadership Course run by a student organisation at the Edgewood campus, which brings over 200 school children to the campus, and the long-running Happy Valley Clinic in the Valley of a Thousand Hills, run by medical students from the Nelson R Mandela School of Medicine.



Mr T Wills
Executive Dean (Students)

THE REGISTRAR

Registrar
Dr E Mneney

In 2007 the Registrar's Office was able to implement two strategic activities

Support and Service

The main objective of this Office is to support the University's vision and mission through the provision of legal, administrative and secretarial services to Council, Senate and their sub-committees as well as the Executive Committee.

In 2007 the Registrar's Office was able to implement two strategic activities. An induction programme for new Council members was introduced for the first time. The main objective of the programme is to provide Council members with a good understanding of:

- The internal and external environment in which the University operates;
- The legal and governance framework within which the University operates.

The induction programme can also be used to establish healthy working relations with other structures such as Senate and the SRC. The programme involved a one day workshop attended by new Council members. Members were also provided with a manual containing useful information including:

- Academic and management structures
- Functions and committees of Council
- Procedures of Council meetings
- Policies approved by Council
- The UKZN Statute

A one-stop shop for policies and procedures has been created. The Registrar's webpage has been set-up. This is aimed at ensuring that members of the University community have easy access to important information. Information can be accessed both on the internet and the inner web. The web page currently contains the following information:

- All approved policies (with dates of approval)

- Statutory committees of Council and Senate, with terms of reference
- Copyright policies and procedures
- Graduation information
- Access to Information Act – manual, application forms
- Staff information

Graduation ceremonies took place from 16-26 April 2007. The total number of graduates was 7 420. Of these, 4 539 (61.1 percent) were women. The breakdown per Faculty was as follows:

COLLEGE	FACULTY	NUMBER OF GRADUATES	%
Agriculture, Engineering & Science	Engineering	304	4.1%
	Science & Agriculture	876	11.8%
Health Sciences	Health Sciences	365	4.9%
	Medicine	295	3.9%
Humanities	Education	3 040	41%
	Humanities, Development & Social Sciences		
Law & Management studies	Law and Management Studies	2 540	34.3%
TOTAL		7 420	100%

Graduates of the University of KwaZulu-Natal were, for the first time since the merger, capped under the new Faculty colours.

COLLEGE	FACULTY	COLOUR
Agriculture, Engineering & Science	Faculty of Science & Agriculture	Forest Green
	Faculty of Engineering	Yellow
Health Sciences	Faculty of Health Sciences	Lilac
	Faculty of Medicine	White
Humanities	Faculty of Education	Royal Blue
	Faculty of Humanities, Development & Social Sciences	Cerise
Law & Management Studies	Faculty of Law	Red
	Faculty of Management Studies	Orange



Dr E Mneney
 Registrar

COLLEGE OF AGRICULTURE, ENGINEERING AND SCIENCE

Professor PJK Zacharias

A hallmark of the College is our contribution to research output and again we have led the University in this area

Over the past three years the main focus of all our activities has been the reconstruction in the Durban Centre. The year 2007 saw a lot of this work nearing completion on the Westville campus and preparations made for a major thrust of construction and refurbishment on the Howard College campus.

The facilities at Westville for all Schools are now in full swing. Chemistry, in the words of the global suppliers, has the best Nuclear Magnetic Resonance facility in any hands on the continent and it equals that of most universities in Europe and America. Physics are now settled in their new location and have begun the process of consolidating their activities. The School of Biological and Conservation Sciences are eagerly awaiting the completion of their new building at Westville, which they are due to take ownership of early in 2008. With the building in an advanced state of construction, one gets a sense of its being hailed as "Science in Action". Lots of open space and glass allows those inside and outside the building to observe teaching, learning and research in action. The central atrium will become a favourite space for exhibitions and events.

In Pietermaritzburg, the additions to the so-called "Forestry Building" are also ready for occupation by the Centre for Environment, Agriculture and Development (CEAD) as the year closes. The move of CEAD to the

Life Sciences campus will bring all those contributing to our considerable capacity to research, teach and develop sustainable livelihoods into closer geographical location. With this in place, the challenge is to have these groups move intellectually closer to exploit our capacity to its limit. Much progress has been made and the achievements of both the African Centre for Food Security and the African Centre for Crop Improvement are demonstrating that our College is making a significant contribution on a continental scale. Both have continued to be recognised as leaders in Africa, with the latter receiving an \$8.1 million grant over five years from the Alliance for a Green Revolution in Africa (AGRA). We acknowledge with gratitude the continued support of the Rockefeller Foundation and new support from the Bill and Melinda Gates Foundation. We hope their alliance as AGRA will grow as they make meaningful contributions to Africa's development through development of human capacity. The ACCI will graduate at least eight doctoral candidates from the 2007 year in the 2008 graduation ceremonies.

Professor PJK Zacharias

■ REPORT ON THE COLLEGE OF AGRICULTURE, ENGINEERING AND SCIENCE

On the theme of building human resource capacity, a further five Women in Science, Agriculture and Engineering (WOSA) scholarships were awarded and a further 20 will be settled by the close of the year. Two awardees have exited the programme, graduating *cum laude* and *summa cum laude* respectively.

As our building operations start to abate, we have been able to focus more closely on matters of scholarship, underpinned by our teaching and learning.

We are proud to record that two of the four Distinguished Teachers Awards made for 2007 are from our College and we congratulate Pat Caldwell and Jenny Lamb on this achievement. This award is more about consistency than short-term effort, which makes it all the more valuable. The College remains the leading unit for recipients of the Distinguished Teachers Awards since they were introduced 13 years ago.

A hallmark of the College is our contribution to research output and again we have led the University in this area. Several achievements of colleagues in the College bear special recognition. We have secured four South African National Research Chairs, in Evolutionary Biology (Steve Johnson), Gravitating Systems (Sunil Maharaj), Quantum Information Processing and Information (Francesco Petruccione) and Fluorine Process Engineering and Separation Technology (Deresh Ramjugernath). Despite the seemingly complex titles, all these Professors have very practically-related fields of study and will make a significant contribution to building capacity in South Africa – the primary aim of this national initiative.

A number of members of the College received local, national and international recognition for their work again this year. At the risk of overlooking some, the following are noteworthy:

- Professor Orde Munro - Vice-Chancellor's Research Award;
- Dr Kavilan Moodley - Silver Jubilee Medal by South African Institute of Physics;
- Professor Albert Modi - TWAS Young Scientist award and first-ever double award for oral and poster presentations at the combined Crop and Soil Science Congress. He is also the first Black President of the South African Crop production Society;

- Professor Deresh Ramjugernath won the National Science of Technology Forum Award and was second most prolific researcher in his Thuthuka cohort, and

- Rudi Kimmie was made a Fellow of the Global Policy Fellow programme which recognises individuals dedicated to improving post-secondary education for disadvantaged populations around the world.

The College is proud of the achievements of these individuals as well as many others who have excelled in their teaching and research – often combining excellence in both. We welcomed into the ranks of the Professores Emeriti five distinguished Professors and we hope their association with the College in this new role will be as rewarding as the years preceding this honour.

A number of agreements with research and teaching organisations and universities in France, Australia, the Philippines, Japan and South Africa were signed and these should add to our capacity to stay at the cutting edge of global development as they contribute to our African Scholarship.

I use this opportunity to congratulate all members of the College on their achievements in 2007. I recognise that while some get into the spotlight through individual recognition, much of what they are able to achieve is only due to the collective effort of all those in the College, especially the highly-competent technical, support and administrative staff.



Professor PJK Zacharias
Deputy Vice-Chancellor and
Head of College





COLLEGE OF HEALTH SCIENCES

Professor LR Uys

The year 2007 was a year of great strides for the College in all of its activities

The College of Health Sciences is recognised as a Centre of Excellence in health professional education, research and community programmes and provides a unified and holistic approach to teaching at both undergraduate and postgraduate levels across three campuses. In every sphere of its activities the College is committed to the community it serves and a strong sense of context is reflected in its teaching, research and public service activities. Academics at the College are much sought after and serve on international health professional bodies, on global health policy formulation committees, chair major international symposiums and are regularly invited as guest speakers in their respective disciplines. The year 2007 was a year of great strides for the College in all of its activities.

The new agreement between the University and the KwaZulu-Natal Department of Health to manage their partnership in service delivery and health professional education was signed in April, and replaced three previous agreements, the one more than 50 years old. This agreement redefines the relationship and promises to lead to closer co-operation and mutual support.

In March over 650 delegates representing eye care professionals, researchers, governments, civil society and industry from all over the world gathered at the Nkosi Albert Luthuli International Convention Centre to attend the first World Congress on Refractive Error and Service Development. The meeting, hosted by the International Center for Eye Care Education (ICEE) which is attached to our Faculty of Health Sciences addressed a key public health challenge of our time, Uncorrected Refractive Error (the need for an eye examination and a pair of glasses),

the leading cause of avoidable blindness and vision impairment across the world.

A further opportunity to engage Africa in health education exists through a joint collaboration project between universities in Africa. The School of Nursing was instrumental in writing the content and training of the pilot clinical Masters Programme in East Africa, named the East Africa Project. The team from South Africa is working with universities in East Africa to develop nurse-specialists in different clinical fields of nursing and midwifery. They travelled regularly during the course of the year to Moi University in Eldoret and the University of East Africa in Baraton in Kenya to teach Primary Health Care, Advanced Midwifery and Neonatal Care and Research to groups of colleagues who will then serve their local communities as expert practitioners.

This year also saw Speech-Language Pathology students being invited to participate in an international volunteer medical mission, which took place for the first time in South Africa at Ngwelezane Hospital in Northern KwaZulu-Natal. Operation Smile is a global non-profit medical services organisation that provides free surgery and related healthcare to children suffering with cleft lips, cleft palates and other facial deformities.

The College was privileged to welcome many international visitors during the course of the year. Professor John Rovers, Professor Rahul Parsa, and Ms Gretchen Olsen from Drake University in Iowa, United States visited the School of Pharmacy and Pharmacology in March. The main aim of the visit was to investigate areas of collaboration and to sign a student exchange agreement. From 11-13 July, the College hosted delegates from the Virginia Commonwealth University. The main purpose of the visit was to forge a collaborative relationship between the two universities around the areas of teaching, learning and research.

On 21 August, United States Department of Health and Human Services, Secretary Michael Leavitt together with other senior officials from the US Government visited the Nelson R. Mandela School of Medicine. Professor Salim Abdool Karim, Pro-Vice-Chancellor (Research) and Director of CAPRISA hosted the delegation who visited US-funded HIV-related projects in the Vulindlela area as well as the CAPRISA offices at the University. Other prominent members of the delegation included Dr William Steiger, Director of the Office of Global Health, Dr Julie Gerberding, Director: Center for Disease Control (CDC), Dr Roger Glass, Director: Fogarty International Center and Associate Director for International Research: NIH, Ambassador Mark Dybul, U.S. Global AIDS Co-ordinator and Marsha Singer, SA PEPFAR Co-ordinator.

We were very fortunate this year to have several of our staff receive international accolades for their work. Professor Kevin Naidoo, former Head of the Department

of Optometry and current Director of ICEE Africa was chosen as the 2007 International Optometrist of the Year by the World Council of Optometry (WCO), for his outstanding commitment to Optometry and the community at large. Professor Naidoo plays an extremely active role in the development of) Optometry and eye-care services in Africa and other developing countries. Professor Sabiha Essack, Dean of the Faculty of Health Sciences and Associate Professor in Pharmaceutics in the School of Pharmacy and Pharmacology, was selected to represent South Africa as a participant in the prestigious Africa Higher Education Collaborative (AHEC). I was also honoured with the International Mary Tolle Wright Award. The Mary Tolle Award for Excellence in Leadership is awarded to individuals that are recognised as a nursing leader in education, practice, administration and research.

Leading international infectious diseases epidemiologist and one of the Nelson R Mandela's School of Medicine's finest academics and researchers, Professor Quarraisha Abdool-Karim was invited to participate in an advisory meeting at the United Nations (UN) headquarters in New York. The meeting aimed at providing UN Secretary General Ban ki-Moon with an overview of crucial changes in both global health success, threats and challenges.

On 20 September, Research Chairs were awarded by the Department of Science and Technology to 51 international scientists. Two international health experts based in our College were awarded Chairs. Professor Nceba Gqaleni has been awarded the Chair in Indigenous Health Care Systems and will conduct basic and applied research into traditional medicine and African Health Care Systems. Professor Thumbi Ndung'u was awarded the Chair in Systems Biology of HIV/AIDS. Professor Ndung'u is a virologist whose research focuses on biological mechanisms underlying HIV/AIDS pathogenesis and is interested in the development of biomedical interventions that can be used in resource poor settings to stop the spread of HIV/AIDS. Professor Thumbi Ndung'u was also

awarded the prestigious Vice-Chancellor's Research Award by Council for exceptional research and research related scholarly activities.

In October together with Pharmaceutical company, Pfizer we hosted the first National Young Health Scientists' Research Symposium. Universities that participated were Cape Town, Stellenbosch, Witwatersrand, Limpopo (Medunsa Campus), Free State and KwaZulu-Natal. All participants were judged according to three categories: clinically-based research, laboratory based research and community-based research by internationally-acclaimed researchers and scientists. Mr Richard Paulson, CEO and country manager of Pfizer-South Africa delivered the keynote address.

A major breakthrough in the global fight against HIV infection was made by Professors Jerry Coovadia, Nigel Rollins, Anna Coutsooudis, Marie-Louise Newell and Dr Ruth Bland of the College's Africa Centre through the findings of their Vertical Transmission Study (Zulu name = 'Mamanengane' = 'mother and child'). The aim of the study was to assess the HIV transmission risks and survival associated with exclusive breastfeeding and other types of infant feeding. The results of the study, which received international praise, provided crucial evidence that when HIV-positive mothers breastfeed exclusively, their babies have only a low risk of infection with HIV. This risk is lower than that in babies who receive other food or liquids in addition to breast milk before six months of age.

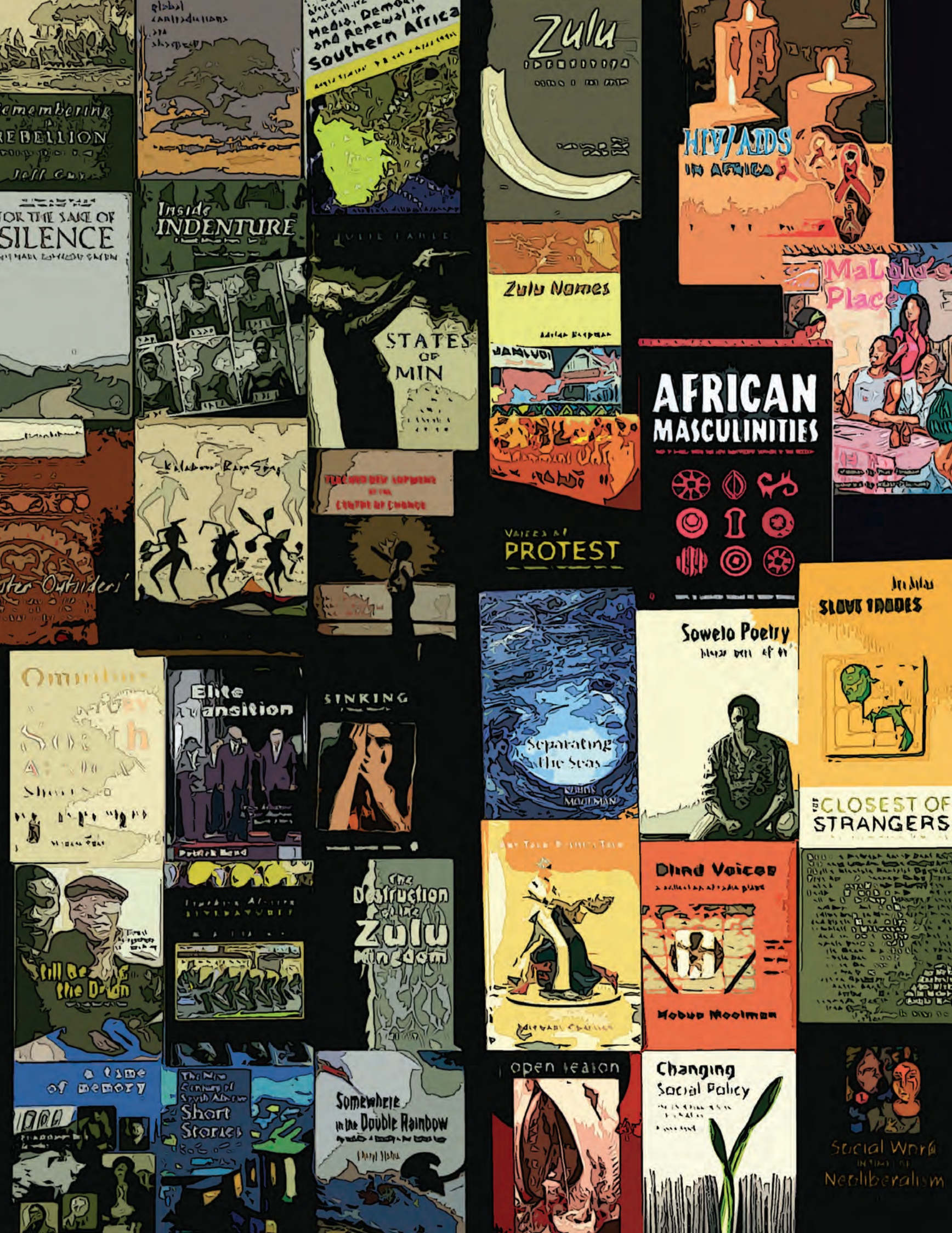
The College remains active in current research in order to treat or prevent dread diseases. Another major research breakthrough occurred in TB research. Professor Willem Sturm, Dean of the Nelson R Mandela School of Medicine and his research team worked on a project to sequence the entire genome of one strain of Extensively Drug Resistant Mycobacterium Tuberculosis (XDR-TB) from a patient in KwaZulu-Natal. This strain of XDR-TB was successfully decoded and sequenced 20 times. This sequence information will be used to develop rapid

molecular diagnostic tools for XDR and MDR-TB and will result in more rapid and accurate diagnostic tests for XDR and MDR-TB. It will also assist in the development of therapeutic agents that target drug resistant TB.

Driven by our College, on 13 November the South African Committee of Health Sciences Deans was formed between the University of Johannesburg, Cape Peninsula University of Technology, Nelson Mandela Metropolitan University, Rhodes University, Central University of Technology, University of Pretoria, North West University, Durban University of Technology, the University of Venda and our University. The purpose of the South African Committee of Health Sciences Deans is to facilitate the optimisation of the education and training of undergraduate and postgraduate students in the Health Sciences to meet the healthcare needs and health research imperatives of the country.



Professor LR Uys
Deputy Vice-Chancellor and Head of College



COLLEGE OF HUMANITIES

Professor FNM Mazibuko

The College of Humanities aims to advance African scholarship through outstanding Afro-centric scholarly research, through excellence in teaching and empowering community engagement

The vision of the College of Humanities stems from a desire to promote UKZN as a choice of excellence in the Social Sciences, Education and Humanities locally, in Africa and globally.

The College of Humanities describes itself as the 'soul' of the University, this in the sense that it is an academic home for critical thought, for understanding social realities and human development in social environments, and for promoting people and student-centred programmes.

The College of Humanities aims to advance African scholarship through outstanding Afro-centric scholarly research, through excellence in teaching and empowering community engagement. In this regard, the seven institutional goals remain the foundation of the College's operational plan. The goals are:

- **African-led globalization:** This finds expression through public and private sector partnerships, Africa and the Diaspora, focused international linkages, institutional and inter-College operations. In 2007 the College began finalising the process of appointing a full professor for the Gandhi-Luthuli Chair of Peace Studies. The appointment will be effected in 2008. The Faculty of Humanities, Development and Social Science (HDSS) has dedicated a full professorial post for the Mazisi Kunene Chair. The Faculty of Education is developing a concept paper for the John Langelibalele Dube in Rural Education Chair.

The document is going through the College and institutional decision making processes. Professor Sihawukele Ngubane continues to represent the College and the University in Premier Sbu Ndebele's African Renaissance initiative, a critical and strategic project for reconstructing Africa's development and Higher Education agendas. Two workshops were held, one reviewing and consolidating the collaborations with African and other global institutions of higher education.

- **Responsible Community engagement and scholarship:** The established Centres such as the Centre for African Literary Studies (CALS), the Centre for Creative Arts (CCA), the Centre for the Study of Racism (crri), ISILULU SOLWAZI NAMASIKO, and the Ethics Centre are already most effective resources that address issues pertaining to community transformation. The College sees itself contributing to community development through the Africanisation of curricula. In this regard, emphasis will be put on the idea that disciplines should deal more with their African, local and national contexts, in this case, the province of KwaZulu-Natal and South Africa. This is a focus for the first five years of the existence of

the College. The Faculty of Education (FoE) takes the lead in teacher development initiatives, and strongly in professional training in scarce skills areas such as educators for science and mathematics. In the Faculty of HDSS, the focus was on disciplines of social work and community development, architecture, housing and planning, languages and sustainable development.

- **Pre-eminence in research:** The Humanities have the second highest research output in the University. Research and Postgraduate Studies remain a priority area for the next five years, in line with the University's mission to be a research led institution. In addition, the approximately 38 percent of academics in the College who are currently registered for doctoral studies or who have indicated their intention to register, will be supported to complete their research.
- **Excellence in teaching and learning:** In the Council-approved structure of the College, teaching and learning are embedded on an equal basis. The access programmes and ongoing workshops on different aspects of teaching and learning are intended to promote such excellence.
- **Institution of choice for students:** This includes supporting student-initiated projects in line with the philosophy of student-centredness and allowing students spaces to be creative and innovative through projects, research and lively discourse. This is also a strategic area for recruitment, publicity and retention of both students and staff. The College has at least five student-driven projects on research and in providing tutorials in mathematics, science, and technology for learners in the schooling system. Student support extends to areas such as life skills development, bursary schemes in professional disciplines, and leadership programmes for and with learners in the schooling system. As marketing,

fundraising and visibility initiative, the College has produced three DVDs on the College, Education and Music.

- **Institution of choice for staff:** This involves creating a stimulating intellectual environment, support for staff to pursue and finish doctoral studies and collaborations with world class universities, especially their Faculties of Humanities and Education. Since 2004 the College has made a deliberate and conscious decision to actively support staff to pursue and finish their postgraduate studies. This project is on a successful trajectory. In 2007 eight members of staff in the FoE acquired doctoral qualifications at UKZN and internationally. In HDSS, five staff members were awarded doctoral degrees. The ultimate goal is to have the doctoral qualification as a minimum requirement for entry into the academy. Currently 51 percent of the academics in HDSS and 45 percent in the FoE have doctoral qualifications well above the national and the University norm.
- **Efficient and effective management:** The College aims to provide this through staff development and training in areas defined by both academic and support staff. The finance team in the College, Messrs Sammy Govender and Mhlengi Dlamini held at least six workshops for both academic leadership and support staff on finance systems and financial management. The HR Manager, Mrs Kunene, continued tirelessly to be a professional resource. Challenges remain in stabilising and clarifying institutional HR systems. At the end of 2007 the first cohort of Heads and Deputy Heads of Schools finished their term of office (2005-2007). The College achieved a 95 percent appointment of the new cohorts of this leadership. The College has introduced induction and handover practices to ensure smooth transitions and to support new academic leadership.

Quality Assurance

In the Faculty of Education all programmes reviewed in the past three years, as part of the National accreditation review process of the CHE, have received full accreditation. The Faculty has been commended for a number of exemplary practices. This year, the Faculty of Education has also received the highest number of the Funza Lushaka Bursaries from the National Department of Education. In 2007, 270 students received these prestigious Bursaries to train as teachers in the national education priorities areas. In 2008 the number increased to 350.



Professor FNM Mazibuko
Deputy Vice-Chancellor and Head of College



COLLEGE OF LAW AND MANAGEMENT STUDIES

Professor JC Mubangizi

While there are many challenges that lie ahead ... 2007
was a source of hope and inspiration

The year 2007 saw a significant event in the management and leadership of the College of Law and Management Studies. A substantive Deputy Vice-Chancellor and Head of the College was finally appointed. Hitherto the position had been occupied on an *ad hoc* and acting basis. As a result of the substantive appointment, several initiatives were quickly put into place, leading to the establishing and strengthening of College governance structures; ensuring adherence to policies and procedures; and strengthening quality assurance mechanisms, among other things. More importantly, a College Strategic Plan (2007-2016) was formulated, approved and adopted. This Strategic Plan presents the aspirations and values of the College and sets out the strategic steps through which the College will realise and achieve the goals of the University.

In the particular context of the Faculties that form the College, a number of achievements were realised. Insofar as the Faculty of Law is concerned, the following issues are worthy of mention:

- **All Africa Moot Competition:** The Faculty entered two teams in this prestigious competition which was held in Senegal and which attracts teams from throughout Africa. The Pietermaritzburg team came 4th overall with the two participants ranking 3rd and 7th in the individual oralist award. This is indeed a major achievement. The Howard College team came 15th overall – which, when considered that there were about 60 teams participating, was an extremely good effort.
- **Visit of Chief Justice:** The Chief Justice of South Africa (Judge Pius Langa) visited the Law Faculty towards the end the year. He gave a very interesting and thought-provoking talk to staff and students of the Law Faculty on utilising the Constitution to achieve true justice in South Africa.
- **Law Professions Day:** This was inaugurated in the Faculty in 2007 and takes the form of inviting leading Attorneys' firms as well as the General Council of the Bar of SA, the National Prosecuting Authority and the Law Society of SA to the Law Faculty where they can meet with students. The object of the exercise is to give students an opportunity to engage with potential employers. At the same time

the Law Faculty is able to continue with its ongoing interactions with the leading role-players in the legal profession. This is a unique experience in the sense that it does not occur in any other Law Faculty in the country. The fact that leading law firms are prepared to travel from places such as Johannesburg and Cape Town in order to meet with students is a clear indication of the quality of the students.

- **Mock Trial Competition:** The Faculty hosted an extremely successful national Mock Trial Competition for the 2nd year running. There were 12 participating teams from most of the leading Law Faculties in the country.
- **Student Academic Performance:** Graduates of the 2007 class once more distinguished themselves through the high number of students who passed the LLB degree *summa cum laude*. This indicates performance at the utmost level of excellence and the fact that six students in the Faculty achieved this accolade indicates an improvement of overall quality and standard of students.

The Faculty of Management Studies also recorded a number of significant achievements. The Graduate School of Business was rated fifth best Business School in South Africa in an annual survey conducted by the Professional Management Review. The School hosted a number of Breakfast Seminars that were addressed by prominent speakers including Mr Raymond Ackerman of Pick 'n Pay. The School of Information Systems and Technology achieved a "first" in the sense that the Head of School presented the first on-line lecture to two Universities in the United States, simultaneously lecturing to the University of Massachusetts (Dartmouth) and the University of Massachusetts (Lincoln). We believe this is the first time that this has been done between South Africa and the US.

During 2007, the Centre for Health Economics and HIV/AIDS (HEARD) provided strategic intellectual leadership towards influencing policy and enhancing practice in and beyond Africa. HEARD continues to serve as a UNAIDS Collaborating Centre, and was appointed Secretariat to the World Bank/UNAIDS Economics Reference Group. Key research conducted in Swaziland on rethinking HIV and AIDS as an emergency attracted serious attention from global economic and development funding bodies. Longitudinal research findings on child health and wellbeing in the Amajuba District were reported to stakeholders in August. In addition, HEARD was highly visible in June at the Third South African AIDS Conference, with varied academic participation and a prominent exhibition stand.

Students from the School of Economics and Finance earned several prestigious awards. The Rhodes Scholarship was awarded to Andrew Kerr, Commonwealth Scholarships were awarded to Deborah Kelly and Janine King, while Lauren Tavener-Smith won the Fulbright Scholarship. Kate Meyerowitz was awarded a scholarship by Rotary International.

International linkages were also strengthened, in particular by the School of Management (Chemnitz University in Germany and Gavle University in Sweden). The Centre for Leadership collaborated on joint programmes with the University of Warwick for joint activity in 2008. An agreement was signed with the University of Brighton for joint research projects and there was a visit from the Open University leading to agreement on materials access for Centre staff and students in 2008. The Graduate School of Business forged links with several business schools in India.

The School of Public Administration working in collaboration with the Democracy Development Programme (DDP), hosted a major national conference entitled "Traditional

Leadership and Local Governance in a Democratic South Africa” from 30-31 July 2007. There were approximately 200 delegates at the Conference. The proceedings will shortly be published and the joint editors are Professor PS Reddy (UKZN), Dr R Naidu (DDP) and Professor M Wallis (DUT).

The above are but a few highlights of many achievements for which the year 2007 will be remembered in the College of Law and Management Studies. While there are many challenges that lie ahead, such as improving pass rates, increasing research output, meeting equity targets and improving facilities for students and staff, 2007 was a source of hope and inspiration.



Professor JC Mubangizi
Deputy Vice-Chancellor and Head of College

CORPORATE GOVERNANCE

Professor T V Maphai
Chair of Council

Mrs M Jean-Louis
Chairperson of Audit and Risk Committee

The University is committed to the highest level of corporate governance and has associated itself with the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility



A Guardianship Role

The University is committed to the highest level of corporate governance and has associated itself with the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King Report on Corporate Governance. The Council endorses and, as far as is practicable, applies the Code of Corporate Practices and Conduct, and the Code of Ethical Behaviour and Practice as set out in the King II Report. This commitment was, during 2007, reinforced by Council's design and progressive development – culminating in its recent adoption – of its own, ie customised, Code of Conduct, including disciplinary provisions, for members of Council. In supporting these Codes and in fulfilling its guardianship role in relation to public and trust funds administered by the University, the Council recognises the need to conduct the business of the University with integrity, ethically and in accordance with generally accepted commercial and legal practices. Part of the mandate of the Audit and Risk Committee is to monitor compliance with these Codes.

During 2007, the University experienced threats and attempts to undermine its commitment to proper governance. The University Council acted promptly and decisively to ameliorate the ensuing damage and took steps to actively investigate, and prosecute, where appropriate, all such allegations.

In accordance with the wishes of the Audit and Risk Committee of Council and to facilitate the realisation of the commitment to the highest level of corporate governance, a contract was concluded with Whistleblowers (Pty) (Ltd) during the 2007 year. Care has been exercised in the implementation of this service to University stakeholders to ensure that the requirements of the Protected Disclosures Act are practised.

(63 percent) of whom are neither employees nor students of the University. It is made up as follows:

Independent non-executive councillors	11
Government-appointed representatives	5
Convocation representatives	3
Executive management staff	3
Employee representatives	6
Student representatives	2
TOTAL	30

The Council

The University of KwaZulu-Natal Council was incorporated on 1 January 2004 in terms of the Higher Education Act of 1997. During the year under review, the Council functioned in accordance with the prevailing Statute for the University of KwaZulu-Natal, which was promulgated on 14 July 2006. In terms of this Statute, the Council comprises 30 members, the majority

In accordance with the King Report, the role of the Chairperson of Council is separate from that of the Chief Executive Officer, the Vice-Chancellor. The Council of the University of KwaZulu-Natal is responsible for the overall strategic direction of the University, approval of major developments and the receipt of regular reports from the Vice-Chancellor, other executive officers and members of management on the day-to-day operations of the University's business.

Council met seven times during the year under review. Details of its composition and meeting attendance statistics for the year are contained elsewhere in this Annual Report. In discharging its governance role, Council is supported by a number of standing committees, including a Remuneration Committee, a Finance Committee, a Resources Planning Committee and an Audit and Risk Committee. All of these Committees are formally constituted with specified terms of reference and in all cases comprise a majority of external members of Council.

Remuneration Committee

The Remuneration Committee acts for Council in proposing changes to the Conditions of Service as they relate to employees' salaries and benefits, and is responsible also for the periodic review and determination of mandates for the University's management team in its negotiations with staff representative bodies in the Joint Bargaining Forum (JBF). During the past year, the Remuneration Committee played a strongly supportive and guiding role to the management, which contributed significantly to a timely and largely amicable settlement of the annual pay award between the JBF parties. A separate Remuneration Committee, comprising four independent, non-executive councillors, is responsible for considering and deciding upon executive salaries and benefits in relation to prevailing market conditions.

The committees were chaired by Mr M Mia, Vice-Chair of Council.

Finance Committee

The Finance Committee is responsible for monitoring the University's financial position – specifically, to ensure its ability to operate as a “going concern” – and for the adequacy of its financial accounting, treasury management and control systems. It met six times in 2007 and considered a range of matters relevant to the fiduciary duties of the University Council and advised Council on financial strategy and policy. The Finance Committee has specific responsibility for investment

management, loan finance and risk management issues, and for ensuring (through the office of the Chief Finance Officer) compliance with the University's Financial Regulations.

The committee was chaired by Mr M Mia.

Resources Planning Committee

Consideration of the University's medium- and long-term strategic plans, together with the annual operating and capital budgets, is undertaken by the Resources Planning Committee, in conjunction with the Finance Committee. During 2007, it was responsible, *inter alia*, for ensuring that budgetary and financial implications of the prospective five-year capital development programme and the annual operating budgets were considered fully prior to being approved by Council. In this respect, it holds primary responsibility for making recommendations to Council on the allocation of resources to strategic University initiatives and as between the academic and support service sectors in accordance with the University's resource allocation model and budgeting framework. The committee met three times in 2007.

During 2007, the committee was chaired by Councillor F Peer, an independent non-executive member of the University Council.

Audit and Risk Committee

The Audit and Risk Committee consists of five members of Council, none of whom is either an employee or a student, and two non-Council members with appropriate expertise. Six meetings were held during 2007; these meetings were attended also by the external and internal auditors and appropriate members of executive and senior operational management. Both the external and internal auditors had unrestricted access to the Audit and Risk Committee, which ensured that their independence was in no way impaired. The Audit and Risk Committee operates in terms of a written charter which provides assistance to Council in:

- ensuring compliance with applicable legislation, the requirements of regulatory authorities and applicable codes of corporate conduct;
- determining the adequacy and effectiveness of financial and internal controls, accounting policies, reporting and disclosure;
- in conjunction with the Finance Committee, assessing and managing all areas of financial risk;
- reviewing and approving audit plans and reports emanating from external auditors;
- monitoring the scope, adequacy and effectiveness of the internal audit function;
- meeting its statutory reporting responsibilities.

The committee was chaired by Mr S Luthuli until 30 June 2007 and by Mrs M Jean-Louis thereafter, both independent non-executive members of Council.

Employee and Student Participation (Co-operative Governance)

The University of KwaZulu-Natal utilises a variety of participating structures to manage issues affecting employees and students directly and materially. These structures are designed to achieve good employer/employee and student relations through effective sharing of relevant information, representation on all major University committees, consultation and the identification and resolution of conflicts. These structures embrace



Mrs M Jean-Louis
Chairperson of Audit and Risk Committee

goals relating to productivity, career security, legitimacy and identification with the University's mission. In the event of irregular conduct and potential conflict arising, the contract with Whistleblowers (Pty) (Ltd) allows for anonymous information to be communicated to the University.

Code of Ethics

The University is committed to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders, including its Council members, managers, employees, students, customers, suppliers, competitors, donors and society at large. The University's policies include provisions to deal with conflicts of interest. Council members and all staff who have decision-making authority, either individually or jointly through service on committees, are expected to observe the University's ethical obligations in order to conduct business through the use of fair commercial practice.

In terms of the recently adopted Codes of Conduct for members of Council and Executive management, those bound by the respective Codes are obliged to disclose any noteworthy interests (as defined) in a register of contracts. Likewise, potential or actual conflicts of interests are required to be disclosed. Various general provisions underpin Council's commitment to ethical conduct, characterised *inter alia* by the requirements to act in good faith, to serve the interests of the University, to maintain the trust of Council or the Executive, as the case may be, the duty to respect Council decisions and to maintain confidentiality. Members of Council and the Executive are required to acknowledge and uphold the respective Codes by making signed declarations to this effect, which are, in turn, lodged with the Registrar's office.



Professor T V Maphai
Chair of Council

INTERNAL CONTROL AND RISK MANAGEMENT

Mrs M Jean-Louis

Safeguarding Assets

The Audit and Risk Committee, acting on behalf of the University Council, is responsible for overseeing the University's systems of control and, together with the Finance Committee, for ensuring that risk management is both adequate and effective in providing reasonable assurance against material loss and misstatement.

Systems of Internal Control

The University maintains systems of internal control to safeguard its assets against their unauthorised acquisition, use or disposition, and to ensure that proper accounting records are maintained. Such systems are designed to provide reasonable assurance to all University stakeholders and, in particular, to Council regarding the integrity and reliability of financial information, and assurance that the University's assets are protected, its resources are efficiently and effectively used, and that appropriate risk management strategies are in place.

These systems include documented organisational structures; a clear delineation of responsibilities, including the devolution of authority, as appropriate; established policies and procedures; and codes of conduct that are conducive to fostering a strong ethical climate. The efficacy of these systems is dependent in part on the calibre and commitment of the University's leadership and management, in part on clear, consistent and timely communication of information throughout the University, and in part on the careful selection, training and development of its staff.

Information technology systems utilised by the University have been developed and implemented according to

defined and documented standards to achieve efficiency, effectiveness, reliability and security. Accepted standards are applied to protect the privacy of, and ensure the control over, all data. As far as is practicable, systems are also designed to promote ease of use for all users. The development, maintenance and operation of all systems are under the control of competently trained staff. In utilising electronic technology to conduct transactions with staff, students and third parties, the relevant controls and procedures are designed and implemented to minimise the risk of fraud or error.

Internal Audit

The role of the Internal Audit Services is to provide independent assurance on the adequacy and effectiveness of the internal control systems on an ongoing basis and to report their findings and recommendations to management, the Audit and Risk Committee and Council. Corrective actions are taken to address control deficiencies and other opportunities to improve these systems.

A review of the Internal Audit Services was carried out in 2005, which indicated the need for significant additional resources to augment these services and, in turn, to

enable adequate focus to be placed on the assurance and investigative aspects of internal audit. This augmentation has been achieved through a co-source arrangement with the auditing companies, PricewaterhouseCoopers and Ngubane and Company. The focus of the internal audit plan for 2006 and 2007 was a series of reviews of the key financial processes. These reviews have revealed a number of control weaknesses which have been reported to management and the Audit and Risk Committee. Management has agreed remedial actions and action dates, the status of which is monitored regularly by the Internal Audit service providers.

During the past year, progress was made in enhancing the control environment by the development, approval and implementation of a formal fraud policy and the introduction of a “whistleblowing” service. The latter is an independently administered service and provides University stakeholders with a hotline facility to anonymously report fraud, deviations from procurement and other policies, all forms of misconduct and other alleged irregularities, which are then investigated as appropriate.

There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention, or overriding, of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the safeguarding of assets and financial statement preparation. Notwithstanding such limitations, the Audit and Risk Committee, acting for and on behalf of Council, obtained appropriate representations from management, internal audit and external audit, which provided reasonable assurance regarding the integrity and reliability of the annual financial statements.

Risk Management

Council is accountable for the process of risk management across the University and the Executive has been delegated with the responsibility of incorporating the activities related to this function in the normal course of operations. Management is responsible to Council for designing, implementing and monitoring the process of risk management and this is considered to be a key performance area. Although the University has previously documented a detailed risk register, the process for regularly assessing the effectiveness of existing mitigating and compensating controls on a regular basis is still to be implemented. It is anticipated that the imminent appointment of a Risk Officer and the re-performance of a series of formal risk assessments will serve to achieve this current objective and further develop the effectiveness of

this function. In addition, this will facilitate the Audit and Risk Committee receiving independent assurance on the effectiveness of the University’s risk management processes.

The University’s policy with regard to insurance and risk cover is set and monitored by the Finance Committee. The University is a participant in a national consortium of higher education institutions (TERISA), which provides both cost-effective insurance and service expertise, and is adequately covered in terms of its insurance policy against fire and related risks, accidental damage, business interruption, theft, employee infidelity, and both public and employer’s liability.

Financial Risk

Decisions on the level of financial risk undertaken are made by the University’s Finance Committee and enforced by the Finance Division in terms of established limits by reference to the particular transaction type and are based on an assessment, in each case, of the values and the counter-parties involved. Financial risks faced by the University include credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk. As far as these can be assessed and quantified, the respective levels of exposure and the measures taken to mitigate such risks are described in the notes to the consolidated Annual Financial Statements (specifically, note 23 on pages 84 to 90) in the second part of this Annual Report.



Mrs M Jean-Louis
Chair of the Audit & Risk Committee

FINANCIAL REVIEW

Mr RH Clarkson
Chief Finance Officer

The second part of this annual report comprises the consolidated annual financial statements for the University of KwaZulu-Natal (UKZN). The respective statements cover all activities and results of the University and its subsidiaries, including those of the UKZN Foundation Trust. They therefore provide a comprehensive record of the University's financial operations, performance and cash flows for the past year, as well as its financial position as at 31 December 2007. A commentary on the salient features of the financial statements follows below.

Audit Opinion

The auditors have once again been obliged to issue a qualified audit opinion for the year ended 31 December 2007 as a result of the University's non-compliance with International Accounting Standard 16 – *Property, Plant and Equipment* (IAS 16). As more fully explained in the notes to the financial statements, the University has not adopted the so-called “componentisation approach” to depreciation, nor has it reviewed the useful lives and residual values of individual assets at balance sheet date. It is the opinion of management that it would be impracticable to carry out this exercise and that the cost of doing so would exceed the benefits derived. This non-

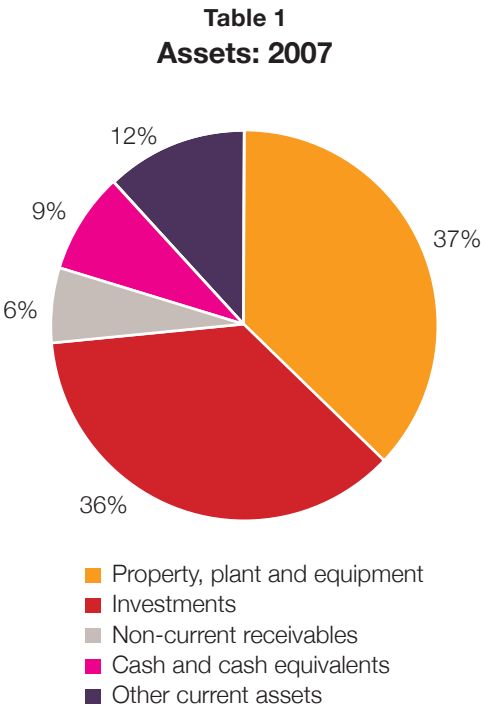
compliance is prevalent throughout the higher education sector and the Department of Education (DoE) has been canvassed in the hope of adopting a practicable alternative approach.

Despite the above qualification, the auditors are satisfied that all other elements of the financial statements fairly present the University's financial position and the results of its operations and their opinion is framed accordingly. Equally, the University Council and management, in affirming their respective responsibilities, both attest to the integrity and fair presentation of the financial statements, and can report with confidence as to the University's compliance with prevailing reporting frameworks and statutes, as well as its “going concern” status.

Overview of 2007 Annual Financial Statements (AFS)

Consolidated Balance Sheet

The financial position of the University as at 31 December 2007, together with comparative figures for 2006, is shown in the consolidated balance sheet (page 65 of the AFS). The major components of assets are analysed in **Table 1** below.



Total assets, amounting to R2,11 billion (2006 : R1,77 billion), denote appreciable growth of 19% relative to the end of the prior year, which is pleasing. This is attributable mainly to the merger-related capital additions to property, plant and equipment (a net increase of R164 million, which is equivalent to 26% compared to 31 December 2006) and significant increases in investments (24% for

the year or R148 million), of which R112 million represents the reinvestment of realised gains, reflecting in turn the ongoing buoyancy in the equity markets for much of the 2007 year. Current assets, net of accumulated impairment losses, reflect annual growth of only R12 million or 3%.

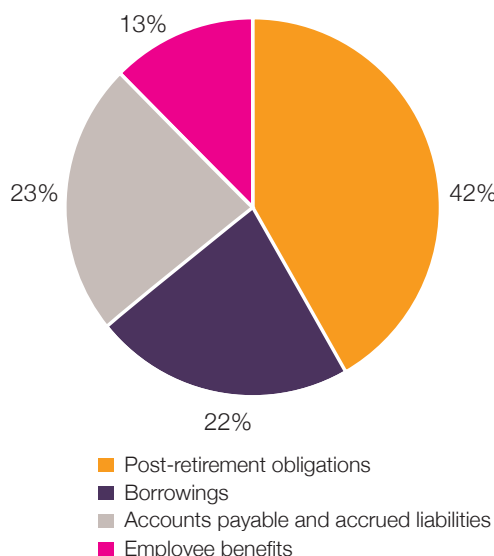
Commensurate growth has occurred in the levels of funds, especially in the University's endowment funds (R62 million, or 24%), and in the non-current liabilities (a net increase of R239 million, or 36%), the latter largely on account of a capital loan of R250 million received from the Development Bank of Southern Africa (DBSA) to finance merger-related infrastructural developments.

Total liabilities at 31 December 2007 were R1,23 billion (58% of total assets), compared to R1,01 billion (57%) at 31 December 2006, and are analysed in **Table 2**. Current liabilities decreased, however, by R22 million, or 6%, relative to the end of the prior year. This reduction was due almost entirely to the financial effects of changes to the University's leave conditions and their consequential impact on the provision for employee benefits, as explained below. Despite these changes, employee-related liabilities, including post-retirement obligations, account for more than 55% of total liabilities.

Unrestricted Council-controlled funds, whilst having improved relative to the prior yearend, continue to reflect a net deficit situation, of approximately R247 million at 31 December 2007 (2006 : R308 million and 2005 : R374 million). This matter is, however, receiving the close and ongoing attention of management, of Council and, more recently, of the Budget Working Group established by the Resource Planning Committee and the Finance Committee. Viewed in context, the respective accumulated deficits in respect of Council-controlled funds, expressed in each case as a proportion of total assets, at the end of the last three financial years were as follows: 2005 – 23%; 2006 – 17% and 2007 – 12%. This progressive trend towards the re-establishment of financial viability, whilst modest, is nevertheless gradual and positive.



Table 2
Liabilities: 2007



There was an increase in net current assets (so-called “working capital”) at the yearend, i.e. R96 million at 31 December 2007, compared with R61 million at the same date in 2006, although the liquidity ratios deteriorated as a result of the continuing difficulties being experienced in debt management. The most noteworthy changes to take place were, for the third successive year, reductions in the balances of cash and equivalents of R62 million (2006 : R104 million decrease and 2005 : R78 million decrease), which was more than offset by increases in accounts receivable (both student fee and general debtors) of R73 million. Changes in the Conditions of Service, which were agreed to in the Joint Bargaining Forum during the latter part of 2007, had the dual effects of both capping maximum accumulative leave balances and also materially restricting the encashment of leave, resulting in an overall net reduction of employee leave pay benefits of R83 million, of which the movement in the current year (2007) amounted to R59 million.

Consolidated Income Statement

A total (i.e. “consolidated”) net surplus of R120 million for the year ended 31 December 2007 (2006 : R172 million), whilst satisfactory, must be viewed with circumspection and commented upon with qualification, having regard to each of the following factors:

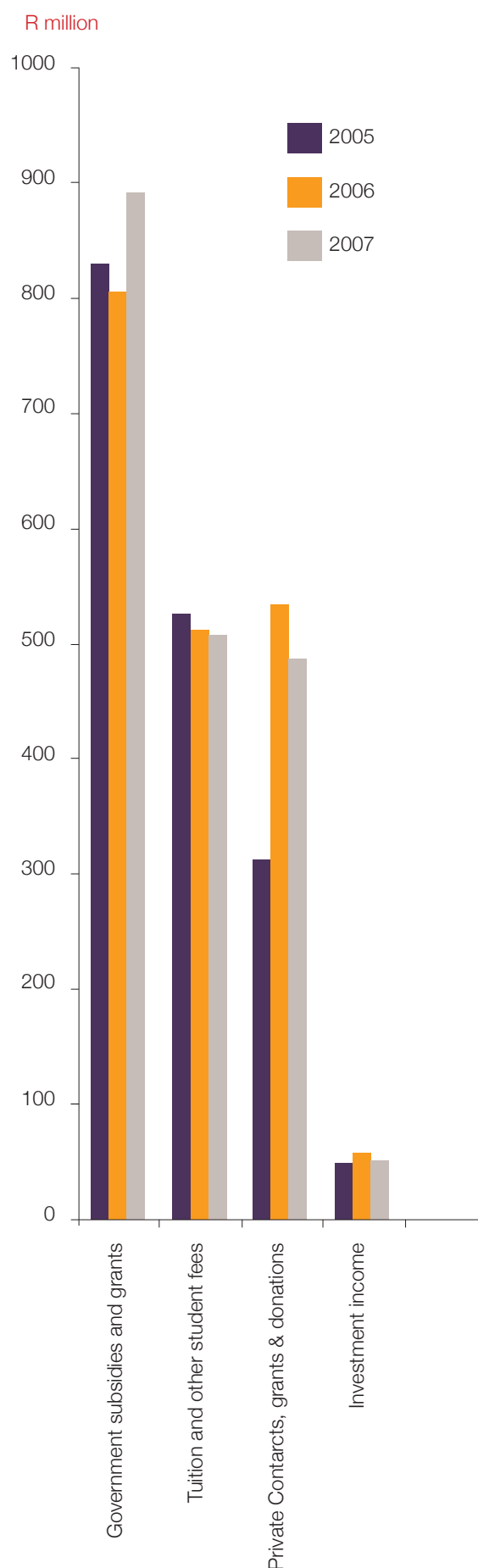
- The inclusion, by way of “non-recurrent” items of income, of the abovementioned leave pay provision net write-down (i.e. a release to income), of R59 million and the final tranche of the government merger-related grant to the extent of R10 million; and
- the significant realised gains arising on the sale of investments (R112 million), to which reference has already been made above. These are appreciable and serve, in large measure, to ameliorate the adverse impact of the operating deficit that would otherwise have been reported in the Main Fund (“Council-controlled”) for the year 2007 in respect of the University’s recurrent operations.

The so-called “Council-controlled” component of the income statement (i.e. non-consolidated Main Fund) reflected an operating deficit, before accounting for the abovementioned (non-recurrent) items and finance costs, of R107 million for the 2007 year, this being measured against an approved budget deficit of R75 million and, comparatively, a deficit of R41 million for the prior year. Clearly, this represents a challenge in the current (2008) year, which will hopefully yield an improved net operating result, despite a R69 million budget deficit having been approved by Council for the year. Surpluses in each of the other major components of the consolidated income statement, of R37 million (“Specifically Funded Activities”), R14 million (student residences) and R66 million (endowed funds) are all pleasing results for the 2007 year.

Table 3 depicts the major sources of income for each of the last three years, from which it will be noted that student fee income has declined marginally (by R4 million in 2007 and, in 2006, by R13 million relative to the prior year), thus reflecting the very real effects of successively diminishing enrolments in the past two years. This trend is accentuated by a review of the relative proportions of student fee income to total (recurrent) income over the period, which has declined as follows: 2005 – 30,6%; 2006 – 26,8%; 2007 – 26,2%.

Increases in consolidated expenditure were, during 2007, contained significantly below inflation, despite disproportionately high impairment losses (R35 million in

Table 3
Consolidated Income
2005 – 2007



respect of increased provisions for doubtful student fee and loan debtors) and depreciation rising by R18 million (22%) compared with the prior year. These are analysed in broad outline for the three year period from 2005 to 2007 in **Table 4**.

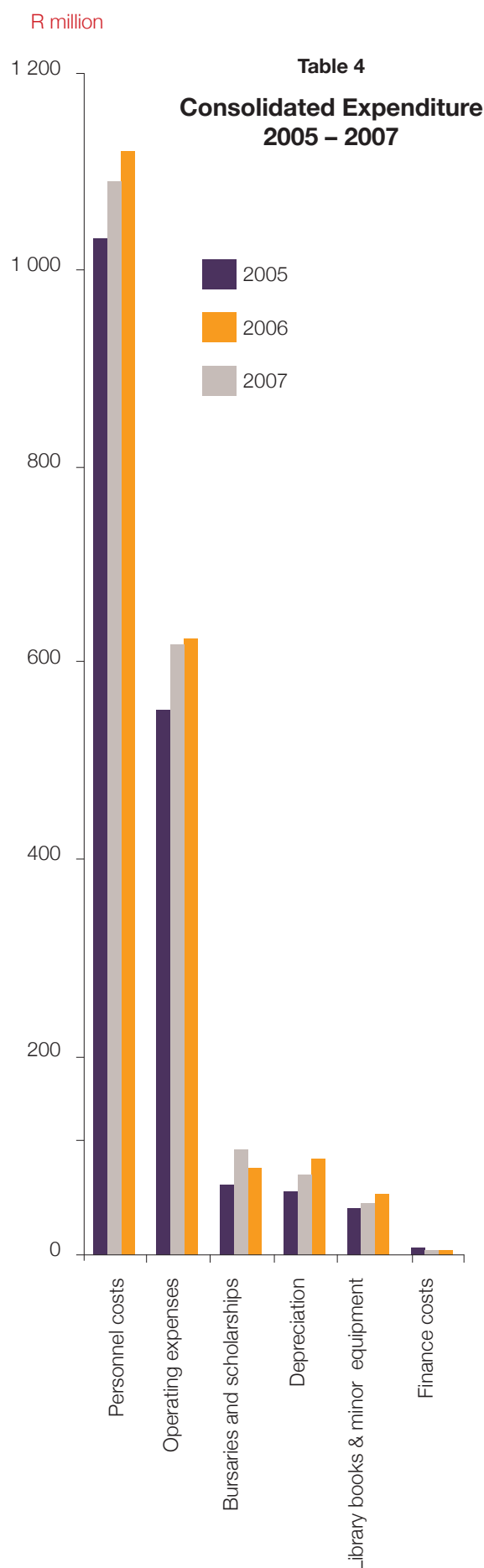
The University's 5 year financial plan (2007-2011) is based on achieving progressive reductions in personnel costs and operating expenses (in each case expressed as percentages of total recurrent income) from their presently high levels over the ensuing four years. Between 2005 and 2007, it is pleasing to note significant reductions being recorded in the proportion of personnel costs, whereas other operating expenses remained almost constant, as follows:

- Personnel costs : 2005 – 52,3%; 2006 - 48,7%; 2007 – 47,4%
- Other operating expenses : 2005 – 32,3%; 2006 – 32,5%; 2007 – 32,3%

For the purposes of the above analysis, retirement funding contributions and post-retirement costs have been excluded from personnel costs (by virtue of being consequences of conditions of service and therefore not readily controllable by budgetholders). Both items are, however, significant and warrant close and ongoing attention as part of the University's future financial management strategy to achieve its objectives.

Depreciation and finance costs, although not significant components of expenditure in relation to the above costs, are both set to increase significantly in line with the current and planned capital expenditure programmes. The respective percentages (again, by reference to total recurrent income) are as follows:

- Depreciation : 2005 – 3,7%; 2006 – 4,2%; 2007 – 5,1%; 2011 (target) – 6,5%
- Finance costs : 2005 – 0,4%; 2006 – 0,3%; 2007 – 0,2%; 2011 (target) – 3,0%



Consolidated Statement of Changes in Funds

The movements in funds for the two years ended 31 December 2006 and 2007 are shown in the appropriate statement (page 67 of the AFS) and in the supporting notes. It should be noted that, in the prior year, the 2005 year closing fund balances were restated (in some cases, materially so) as a consequence of the reclassification of certain funds, in turn following a comprehensive review and rationalisation of all post-merger balances.

Apart from the reported operating surpluses and deficits to which reference is made above, further net increases of R3 million (2006: R21 million) in the form of unrealised market gains in investments (so-called “fair value adjustments”) and other movements have been reflected, as required, in the change of funds statement and therefore in the balance sheet. The consolidated fund balances at 31 December 2007 of R885 million (2006 : R763 million) reflect an overall increase of R122 million, or 16%, relative to the opening balances. The composition of the University’s consolidated funds at 31 December 2007 is shown in **Table 5**.

Consolidated Cash Flow Statement

Net cash outflows, of R62 million (2006: R78 million), occurred for the second successive year, despite a capital injection of R250 million in the form of a long-term (twenty years) loan from the Development Bank of Southern Africa (DBSA), which has been utilised to finance ongoing merger-related capital expenditure. Future capital commitments, of which R164 million had already been approved and contracted for prior to 31 December 2007, are more than adequately covered by the unutilised balance of the DBSA loan, earmarked capital grants and from the University’s own unencumbered cash resources.

A matter of growing concern in relation to the University’s cash flow management is the continuing retardation in the rate of collection of – and, more so, increasing doubts about the eventual recoverability of – a significant proportion of its student fee income and student loan debtors. Although closely monitored by the Finance Division and regularly

reviewed by the Finance Committee, this aspect of asset management represents a challenge to all concerned. The advent of the National Credit Act (with effect from 1 June 2007) has had a major impact on all higher education institutions, and has compelled the University to review and amend its student fee-raising and credit-granting arrangements, both to safeguard its financial interests as well as to assist, as far as practicable, students and their sponsors to conduct their fee and loan accounts in a responsible manner. The University is currently seeking to partner with selected financial institutions to improve its debt management capabilities, to reduce its own credit risk exposure, and to provide students with facilitated access to external funds to finance their studies.

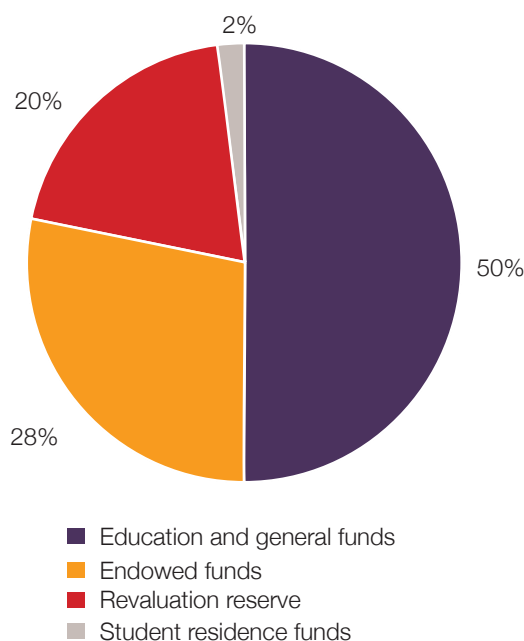
Notes to the Consolidated Annual Financial Statements

The summary of accounting policies and notes describe, variously, the bases of accounting adopted by the University, the extent of its adherence to recognised financial reporting frameworks and details of material components of its assets, liabilities, income and expenditure, all of which are required to be disclosed in terms of prevailing reporting requirements. Except as otherwise indicated below, these do not require any further elucidation.

The University strives to continually improve the quality of its financial reporting and, in particular, to provide meaningful information to the readers of its financial statements and other reports. To this end, it has complied as far as practicable with the prevailing International Financial Reporting Standards ("IFRS") and has incorporated a number of additional notes of disclosure in the 2007 annual financial statements. The most significant of these relate to:

- the use of estimates and judgements in the preparation of the financial statements (accounting policy 1.4 on page 69);
- conformity with the requirements of IFRS 7 (*Financial Instruments*) and risk management, which are described in note 23 (pages 84 to 90 inclusive);
- the amplified disclosure of the University's borrowings (note 8 on page 75); and
- an analysis of investment income and finance costs respectively (note 14 on page 79).

Table 5
Funds: 2007



Council's Responsibilities for the Financial Statements

Having regard to the University Council's stated commitment to sound corporate and financial governance, it is perhaps worth emphasising the following extract from its *Statement of Responsibility for the Financial Statements* (see page 63 of Part B of the Annual Report), which explicitly delegates part of this responsibility to the University management and which, by implication, applies also to the members of the Audit & Risk and Finance Committees, who have interrogated the AFS on Council's behalf:

" . . . Compliance with GAAP [South African Statements of Generally Accepted Accounting Practice] requires, *inter alia*, **management to make judgements, estimates and assumptions** that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. **Actual results may differ from these estimates.**"

(Emphasis added)

The nature and extent of the audit-initiated adjustments and, also, the manner in which the University management judgement was tested throughout the audit process have impacted significantly on the final reported results for the 2007 year and lend credence to the above statement. So, too, has the advent of "fair value" accounting – particularly as articulated in the *IFRS 7: Financial Instruments: Disclosures* – which has created additional scope for the exercise of judgement, an increased reliance on actuarial valuations for the purpose of measuring and reporting post-retirement obligations, and a dependence on other independent professional opinions in preparing and finalising some of the technical disclosures in the financial statements. Despite these onerous accounting standards and the additional reporting requirements, management is satisfied that, based on its overall assessment, substantive "fair presentation" has been achieved in the University's annual financial statements for the year ended 31 December 2007, a view that is endorsed by the external auditors. Council's approval should be construed accordingly.

Financial Planning

Subsequent to the 2006 financial yearend, the University management, assisted with input from a number of key stakeholders, reviewed and revised its five-year institutional financial plan. This was done by developing a structured budgetary framework that was designed to achieve, first, the University's financial viability and, thereafter, to work towards its sustainability in the medium- to longer-term. The most significant challenge facing the University in the short-term is to reverse the current trend of operating deficits in respect of its Council-controlled funds and to put in place a realistic plan that will enable it to return to a break-even situation and, in time, to generate modest operating surpluses. A combination of cost curtailment and income generation strategies has been advocated.

The prevailing five-year financial plan (for the period 2007 to 2011) was presented to, and approved by, the University Council in May 2007. It is premised on sound budgeting principles and a series of planning assumptions relating variously to student enrolments, government grants and subsidies, third-stream income, defined strategic allocations, personnel costs and other key components of the University's income and expenditure. Moreover, in a bid to first address and resolve the pattern of prevailing deficits, its attainment is forecast over a realistic (five year) time-frame. The plan therefore provides for a gradual restoration of financial viability by incorporating a migration strategy during the implementation of the University's custom-designed *Resource Allocation Model*, as well as a number of interim targets and benchmarks for budget-holders to work towards in meeting the desired objectives. Its acceptance – both by Council and, more widely, by the University community – has been accompanied by an acknowledged need to instil within all concerned the requisite levels of fiscal discipline and accountability. The five-year plan is currently undergoing review and revision to incorporate, first, the funding implications of the University's Strategic Plan for the ten year period 2007 to 2016 and, secondly, the assessed effects of significant changes in the University's operating environment, notably as a result of recent deviations from the student enrolment plan, and in other underlying assumptions, particularly those influencing input costs.

A Commitment to Governance and Accountability

The creation of a culture of good corporate and financial governance that is, in turn, fostered by a strong sense of accountability and transparency, is crucially dependent on the Finance Division's capability to produce regular, timely, accurate and relevant financial reports. This annual report is one such example of the University's commitment to public accountability.

So, too, the University's reputation depends on – and, in turn, is influenced by – its ability to attract, alternatively to generate, new funding sources in the form of endowments, research grants and third-stream income. For this to happen, it must have in place an efficient financial system that is not only capable of effectively managing and accounting for the University's finances, but also one that instills confidence in all who depend on its services. The attainment of an enabling environment that is consistent with the University's vision and capable of delivering on its strategic plan remains a key objective for the senior management in the Finance Division. Much remains to be done, however, and a finance optimisation process, accompanied by efforts to rebuild capacity and improve service delivery, is currently underway.

and guidance on a number of key issues in the course of finalising the 2007 financial statements – not least, for the thorough interrogation of all reports and draft financial statements presented to them. This has been done in the interest of ensuring that the University practises good governance, an objective that is both commendable and to which all who are entrusted with financial responsibility should remain steadfast. The University's stakeholders deserve nothing less of its financial custodians.



Mr RH Clarkson
Chief Finance Officer

Thanks and Conclusion

I wish to take this opportunity to thank our externally-contracted consultants for their valued assistance and, also, members of staff in the Finance Division, especially the select few for going beyond the call of duty to enable the University to meet its reporting obligations and deadlines in what has proved to be a difficult year for all concerned. In particular, I am indebted to my personal assistant, Mrs Shristha Haripersad, for her tireless efficiency and the professional role that she has played in the compilation of the Annual Report and other documents submitted to Council.

A special word of appreciation is extended to the Chairpersons and members of the Audit & Risk and Finance Committees, who have provided sound advice

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

31 December 2007

The Council is responsible for the preparation, integrity and fair presentation of the consolidated financial statements of the University of KwaZulu-Natal.

The financial statements presented on pages 65 to 91 of this annual report for 2007 have, except as stated in note 27 (page 91), been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("GAAP") as prescribed by the Minister of Education in the regulations in terms of the Higher Education Act (No. 101 of 1997), as amended. Compliance with GAAP requires, inter alia, management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The Council also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the financial statements.

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

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

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements set out on pages 65 to 91 were approved by the Council of the University of KwaZulu-Natal on 27 June 2008 and are signed on its behalf by :-



T V MAPHAI
Chairman of Council



M JEAN-LOUIS
Chairperson of Audit and Risk Committee



PROFESSOR M W MAKGOBA
Vice-Chancellor and Principal



RH CLARKSON
Chief Finance Officer

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE COUNCIL OF THE UNIVERSITY OF KWAZULU-NATAL

We have audited the consolidated annual financial statements of the University of KwaZulu-Natal set out on pages 65 to 91, which comprise the balance sheet as at 31 December 2007, and the income statement, the statement of changes in funds, the cash flow statement for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes.

COUNCIL'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Council of the University of KwaZulu-Natal is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Minister of Education in terms of the Higher Education Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated 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 whether the financial statements are free of 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.

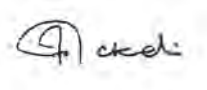
BASIS FOR QUALIFIED OPINION

As indicated in note 27 to the financial statements, depreciation for each component of items of property, plant and equipment with a cost that is significant in relation to the total cost of the item has not been separately calculated, nor have the residual values and useful lives of such assets been reassessed at the year end, as required by International Accounting Standard 16: Property, Plant and Equipment. An estimate of the effects of the above has not been made by the University.

QUALIFIED OPINION

In our opinion, except for the effect of the matter described in the preceding paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the University of KwaZulu-Natal at 31 December 2007, and its financial performance and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Minister of Education in terms of the Higher Education Act of South Africa.

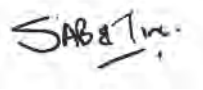
KPMG Inc.
Registered Auditors



Per J Datadin
Chartered Accountant (SA)
Registered Auditor
Director

20 Marriot Building
Kingsmead Boulevard
Durban
4001

SAB & T Inc.
Registered Auditors



Per D R Nathoo
Chartered Accountant (SA)
Registered Auditor
Director

SABS Building
15 Garth Road
Mayville
Durban
4091

27 June 2008

CONSOLIDATED BALANCE SHEET

As at 31 december 2007

	Notes	2007 R'000	2006 R'000
ASSETS			
Non-current Assets		1 682 148	1 355 512
Property, plant and equipment	2	789 185	624 690
Investments	3	759 486	611 619
Non-current receivables	4	133 477	119 203
Current Assets		431 374	419 374
Inventories	5	4 274	2 631
Accounts receivable	6	247 428	174 660
Cash and cash equivalents	7	179 672	242 083
Total Assets		2 113 522	1 774 886
FUNDS AND LIABILITIES			
Funds		885 367	762 965
Non-distributable funds			
- Endowed funds		318 684	256 563
- Revaluation reserve		222 885	228 260
Restricted funds designated for specific activities			
- Education and general		569 559	564 850
- Student residences		21 663	21 213
Unrestricted Council-controlled funds			
- Accumulated deficit		(763 716)	(906 597)
- Property, plant and equipment funds		516 292	598 676
Non-current Liabilities		892 518	653 805
Borrowings	8	264 593	16 265
Post-retirement obligations	10	515 316	476 916
Non-current portion of employee benefits	11	112 609	160 624
Current Liabilities		335 637	358 116
Accounts payable and accrued liabilities	12	251 875	247 817
Current portion of borrowings	8	8 300	9 749
Current portion of employee benefits	11	41 591	76 715
Student deposits		33 871	23 835
Total Funds and Liabilities		2 113 522	1 774 886

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2007

		Education and General					2007 Total	2006 Total
		Council- Controlled Funds	Specifically Funded Activities	Sub-total	Student Residences	Endowed Funds		
INCOME								
Recurrent Income								
Government subsidies and grants	13	855 801	34 319	890 120	1 368	-	891 488	805 510
Tuition and other fee income		420 999	15 342	436 341	70 799	-	507 140	511 307
Private contracts, grants and donations		54 270	425 506	479 776	1 566	4 683	486 025	534 613
Investment income	14	16 834	16 806	33 640	4 835	12 913	51 388	57 486
Total recurrent income		1 347 904	491 973	1 839 877	78 568	17 596	1 936 041	1 908 916
Non-recurrent Income								
Realised gains on sale of investments	3	52 774	-	52 774	-	59 411	112 185	85 303
Leave pay policy adjustment	11	59 107	-	59 107	-	-	59 107	-
Government merger-related grant	15	-	10 092	10 092	-	-	10 092	132 841
Total Income		1 459 785	502 065	1 961 850	78 568	77 007	2 117 425	2 127 060
EXPENDITURE								
Recurrent Expenditure								
Personnel costs	16	944 980	159 486	1 104 466	12 243	3 907	1 120 616	1 089 789
Other operating expenses	17	387 815	230 981	618 796	46 787	2 287	667 870	660 484
Bursaries and scholarships		44 891	37 700	82 591	-	5 151	87 742	106 166
Minor capital items expensed		11 032	7 641	18 673	978	21	19 672	13 463
Depreciation	2	66 588	29 599	96 187	2 086	-	98 273	80 228
Total recurrent expenditure		1 455 306	465 407	1 920 713	62 094	11 366	1 994 173	1 950 130
SURPLUS before finance costs		4 479	36 658	41 137	16 474	65 641	123 252	176 930
Finance costs	14	1 048	-	1 048	2 640	-	3 688	4 895
NET SURPLUS for the year		3 431	36 658	40 089	13 834	65 641	119 564	172 035

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS

for the year ended 31 December 2007

Notes	Non-distributable Funds		Funds Designated for Specific Activities		Unrestricted Funds		Total Funds
	Endowed Funds R'000	Revaluation Reserve R'000	Education & General R'000	Student Residences R'000	Council-Controlled R'000	PPE Funds R'000	R'000
Fund balances at 1 January 2006	195 474	187 180	526 810	34 191	(853 438)	479 347	569 564
Net Surplus / (Deficit) for 2006	55 499	-	194 221	2 382	(80 067)	-	172 035
Funds received / (utilised)	-	3 690	18 228	(3 936)	(18 835)	-	(853)
Merger-related grant utilised for capital work in progress	15	-	(132 841)	-	-	132 841	-
Net reduction in PPE funds	-	-	-	-	-	(11 480)	(11 480)
Change in fair value of investments	3	-	33 699	-	-	-	33 699
Transfers between funds	5 590	3 691	(41 568)	(11 424)	45 743	(2 032)	-
Fund balances at 31 December 2006	256 563	228 260	564 850	21 213	(906 597)	598 676	762 965
Net Surplus for 2007	65 641	-	36 658	13 834	3 431	-	119 564
Funds received / (utilised)	(1 525)	40	(21 857)	2 275	131 216	-	110 149
Merger-related grant utilised for capital work in progress	15	-	(10 092)	-	-	10 092	-
Net reduction in PPE funds	-	-	-	-	-	(108 135)	(108 135)
Change in fair value of investments	3	-	824	-	-	-	824
Transfers between funds	(1 995)	(6 239)	-	(15 659)	8 234	15 659	-
Fund balances at 31 December 2007	318 684	222 885	569 559	21 663	(763 716)	516 292	885 367

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2007

	Notes	2007 R'000	2006 R'000
Operating activities			
Cash (utilised in) / generated from operations	19	(3 465)	91 860
Investment income, less finance costs		47 700	52 591
Investment income	14	51 388	57 486
Less : Finance costs	14	(3 688)	(4 895)
Net cash flow from operating activities		44 235	144 451
Investing activities			
Net cash flow utilised in investing activities		(318 759)	(209 171)
Acquisition of property, plant and equipment	2	(264 227)	(199 154)
Proceeds from disposal of property, plant and equipment		1 459	248
Acquisition of available-for-sale investments	3	(34 858)	(10 265)
Increase in long-term fixed deposits	4	(21 133)	-
Financing activities			
Net cash flow from / (utilised in) financing activities		212 113	(13 154)
Proceeds from long-term borrowings : Development Bank of Southern Africa	8	250 000	-
Repayment of government-subsidised loans	8	(6 522)	(6 851)
Increase in student loans	4	(34 766)	(2 745)
Increase / (decrease) in finance lease liabilities	9	3 401	(3 558)
Net (decrease) in cash and cash equivalents		(62 411)	(77 874)
Cash and cash equivalents at beginning of year		242 083	319 957
Cash and cash equivalents at end of year	7	179 672	242 083

1 ACCOUNTING POLICIES

1.1 Statement of compliance

The consolidated annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended.

1.2 Basis of preparation

The consolidated financial statements are presented in South African rands, rounded to the nearest thousand in each case. They are prepared under the historical cost basis, except for the revaluation of certain properties and financial instruments. 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.

1.3 Basis of consolidation

Subsidiaries are entities controlled by the University. Control exists where the University has the power, directly or indirectly, to govern the financial and operating policies of an entity or is the sole beneficiary. Subsidiaries are consolidated from the date on which control is obtained by the University and until they are disposed of or control ceases. All inter-entity transactions, balances and unrealised surpluses and deficits are eliminated. Where necessary, appropriate adjustments are made to the accounting policies of subsidiaries on consolidation to ensure consistency with the policies adopted by the University.

1.4 Use of estimates and judgements

The preparation of financial statements in conformity with South African Statements of Generally Accepted Accounting Practice and International Accounting Standards ("IAS") 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 significantly affect the amounts recognised in the financial statements include the following notes:

- Note 2 - Depreciation of property, plant and equipment
- Note 3 - Valuation of investments
- Note 4 - Impairment of non-current receivables
- Note 6 - Impairment of accounts receivables
- Note 9 - Classification of leases
- Note 10 - Valuation of post-retirement obligations
- Note 11 - Valuation of employee benefits
- Note 21 - Contingencies
- Note 33 - Valuation of financial instruments

1.5 Income recognition

State subsidies and grants for general purposes are recognised as income in the financial year to which they relate. Subsidies and grants for specific purposes are brought into the appropriate fund at the time that they are available to finance the expenditure for the purpose provided. However, if funding is provided in advance of the specified requirement, (i.e. the University does not have immediate legal entitlement to it), the relevant amount is deferred and recognised in the applicable period.

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

Funds received which the University cannot use until some specified future period or occurrence, are held in an appropriate fund until the financial period in which the funds can be used, at which time the amount is recognised as income. If the funds are returnable to their source in the absence of the event or occurrence, or in the case of trust and agency monies, they are disclosed on the balance sheet under current liabilities.

Tuition and residence fees are recognised as income in the period to which they relate, ie at the time these fees are formally billed. Deposits provided by prospective students are treated as current liabilities until these amounts are billed as due. Provision is made for the estimated unrealisable amount.

Interest is recognised on a time allocation basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University. Dividends are recognised when the right to receive payment is established. Interest, dividends and other income received or due on assets representing endowment and trust funds are credited directly to the respective funds and are transferred to income only in terms of the relevant legal conditions governing such funds.

1.6 Income statement : separate activities

The format of the income statement is designed to show separately:

- (i) the utilisation of resources that are under the absolute control of Council, ie Council-controlled Funds;
- (ii) the utilisation of resources prescribed in terms of the legal requirements of the providers of such resources, ie Specially Funded activities;
- (iii) the provision of accommodation for students, ie Student Residences; and
- (iv) the receipt and utilisation of resources for bursaries, scholarships and related activities, ie Endowed Funds.

1.7 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 income statement in the year in which they arise. Assets and liabilities designated in foreign currencies at the balance sheet date are translated at the rates of exchange ruling at the balance sheet date.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted-average method and includes costs incurred in acquiring inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price of inventory, should it be sold at arms length, less estimated selling expenses.

The costs of minor departmental stocks acquired during the year are charged against current income and are not brought into account as inventory at the financial year-end.

1.9 Retirement benefits

The University provides retirement benefits for its employees through a number of defined contribution and defined benefit plans. Liabilities in respect of funded and unfunded obligations are recognised when employees have provided service for benefits to be paid in the future.

Defined contribution plans

Employer contributions to the defined contribution plan funds are charged to the income statement in the year in which they are incurred. The University has no further payment obligations once these contributions have been paid.

Defined benefit plans

For the defined benefit plans, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries who carry out full valuations of the plans at least every two years. The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liabilities. Net differences between expected returns on plan assets and interest arising from discounting the obligations are reflected under other operating expenditure. Resultant liabilities are recognised at the balance sheet date.

1.9 Retirement benefits (continued)

Actuarial gains and losses are recognised to the extent that they exceed 10% of the defined benefit obligation, over the expected average future working lives of participants in the plans.

Post-retirement health care obligations

The University provides post-retirement health care benefits for all employees and retirees who were members of the University's medical schemes prior to 1 July 2004. The entitlement to post-retirement health care benefits is based 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. Valuations of these obligations are carried out by independent qualified actuaries at least every two years. Actuarially calculated liabilities are recognised at the balance sheet date.

Actuarial gains and losses are recognised to the extent that they exceed 10% of the defined benefit obligation, over the expected average future working lives of eligible in-service employees.

1.10 Property, plant and equipment

Items of property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses, except for donated assets which are recorded at fair value on initial recognition as determined by management and/or external valuers. Donated assets are subsequently recorded at their fair value on initial recognition, less accumulated depreciation and impairment losses.

Assets costing less than R5 000 are written off in the year of acquisition. Library books, journals and collections are written off in the year in which they are acquired. Land is not depreciated as it is deemed to have an indefinite life.

Interest costs on borrowings to finance the construction of property, plant and equipment, are capitalised as part of the cost of the related assets during the period of time that is required to complete and prepare them for their intended use, in accordance with the requirements of IAS 23: Borrowing Costs.

1.10 Property, plant and equipment (continued)

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:

· Buildings	50 years
· Motor Vehicles	5 years
· Computer equipment	3-5 years
· Museum collections	5 years

Routine maintenance costs are charged to income as incurred. Costs of major maintenance or refurbishment of items of property, plant or 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 income statement.

1.11 Accounting for leases

Finance leases

Leases of property, plant and equipment where the University assumes substantially all the benefits and risks of ownership are classified as finance leases. A finance lease is capitalised at the estimated fair value of the leased asset at the inception of the lease, less accumulated depreciation and impairment losses, or, if lower, the present value of the underlying lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charges is charged to the income statement over the lease period. Items of property, plant and equipment acquired under finance leases are depreciated over their estimated useful lives on the same basis as that of owned assets.

Operating leases

Leases of property, plant and equipment in terms of which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the periods of the respective leases.

1.12 Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made.

1.13 Employee benefits

Employee entitlements to annual leave, including academic staff sabbatical leave, are recognised when they accrue. An accrual is made for the estimated liability for accumulated leave as a result of services rendered up to the balance sheet date. An accrual is made in respect of pro rata service bonuses paid annually to qualifying employees.

1.14 Financial instruments

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

Financial assets and financial liabilities are offset and the net amounts reported in the balance sheet only when the University has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Upon initial recognition, financial instruments are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability, except instruments at fair value through profit and loss which are recognised at fair value.

Cash and cash equivalents

For the purposes of the balance sheet and cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, and short-term investments in money market instruments, net of bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the University's cash management are included as a component of cash and cash equivalents. Where no legal right of set-off exists against bank deposits, bank overdrafts are included under current liabilities in the balance sheet.

Investments

Investments are divided into two categories:

- "available-for-sale" investments, and
- "held-to-maturity" investments

1.14 Financial instruments (continued)

“Available-for-sale” investments are stated at market value and are classified as non-current assets. Adjustments to the fair value of “available-for-sale” investments are recognised in the revaluation reserve until such time as they are sold. On disposal of investments, realised gains or losses are recognised in the income statement.

Where necessary, impairment losses on “available-for-sale” investments are recognised in the revaluation reserve to the extent that there is a credit balance relating to investments. Excesses, if any, are recognised in the income statement. Gains and losses related to specific restricted endowment or trust funds are recognised by way of adjustments to the appropriate funds.

“Held-to-maturity” investments are investments with fixed or determinable payments and fixed maturity dates. The intention of the University is to hold these investments to maturity. These investments are recognised at amortised cost using the effective interest rate method. Investments in sinking funds to meet certain debt obligations are classified as “held-to-maturity” and measured accordingly.

All investments, other than “held-to-maturity” investments, are measured at fair value without any deductions for transaction costs incurred on purchase. The fair value of marketable securities is the market value calculated by reference to securities exchange quoted selling prices at the close of business on the balance sheet date.

Investments exclude those entities that are included in the consolidated financial statements of the University, i.e. subsidiaries, joint ventures and associated entities.

Accounts receivable

Receivables in respect of student loans, fees and other receivables are carried at amortised cost less accumulated impairment losses. Receivables that are likely to be irrecoverable are estimated and impairment losses are raised, based on a review of outstanding amounts at year-end. Actual bad debts are written off through the income statement during the year in which they are identified.

Loans and receivables originated by the institution are created by providing money, goods, or services directly to debtors. Such amounts are classified separately.

Accounts payable and accrued liabilities

Trade and other payables are stated at cost.

Borrowings

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the cost and redemption value being recognised in the income statement over the period of the borrowings, using the effective interest method.

1.15 Impairment

At each balance sheet 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 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 income statement, unless the relevant assets are carried at revalued amounts, in which case the impairment losses are reversed against the revaluation reserve.

An impairment loss is reversed only to the extent that an asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised.

1.16 Research and development expenditure

Research and development expenditures are recognised as expenses in the periods in which they are incurred.

1.17 Computer software development costs

Costs associated with developing computer software programmes are recognised as expenses when incurred.

1.18 New standards not yet adopted

The following amendments to an International Accounting Standard (“IAS”) have been released, but were not effective for the year ended 31 December 2007, and have consequently not been applied in preparing these financial statements:

Amendment to IAS 1

IAS 1 requires an entity to disclose its objectives, policies and processes for managing capital, the basis for determining what is regarded as capital and, where applicable, information about compliance with regulatory capital requirements.

The adoption of the amendments to this standard would not have had a material effect on the financial statements of the University.

1.19 Comparative figures

Where necessary, comparative figures are reclassified and/or restated to afford a proper and more meaningful comparison between current and prior year results and other information set out in the financial statements.

						2007 R'000	2006 R'000
2	PROPERTY, PLANT AND EQUIPMENT					Total	Total
	Land & Buildings R'000	Furniture & Equipment R'000	Motor Vehicles R'000	Museum Collections R'000			
	At 31 December					1 576 626 (787 441)	1 330 978 (706 288)
	Cost or valuation	965 697	563 784	45 247	1 898		
	Accumulated depreciation	(342 312)	(416 989)	(26 242)	(1 898)		
	Carrying value	623 385	146 795	19 005	-	789 185	624 690
	Movements for the year					624 690 264 227 (1 459) (98 273)	515 770 199 154 (10 006) (80 228)
	Opening carrying value	484 779	127 711	12 200	-		
	Additions	158 194	90 693	15 244	96		
	Disposals	-	(1 107)	(352)	-		
	Depreciation charge	(19 588)	(70 502)	(8 087)	(96)		
	Closing carrying value	623 385	146 795	19 005	-	789 185	624 690
A register of land and buildings is available for inspection at the University's business address. The University is not permitted to dispose of, or otherwise alienate, its land and buildings without the prior approval of the Minister of Education.							
The Edgewood campus properties acquired for a nil consideration in 2001 have been reflected at fair value at date of acquisition, less subsequent depreciation.							
Property, plant and equipment includes capitalised finance lease assets (note 9).							
3	INVESTMENTS					611 619 34 858 112 185 824 759 486	482 352 10 265 85 303 33 699 611 619
	“Available-for-sale” financial assets						
	Opening balance at 1 January						
	Net additions to investments						
	Reinvestment of realised gains on sale of investments						
	Fair value adjustment realised in funds						
	Total investments at closing market values						

Market values approximate the fair values of available-for-sale investments.

Sensitivity analysis - equity price risk

A 1% increase or decrease in the market prices of the equity-based investments within the portfolios would have resulted in a corresponding change of R7,59 million (2006 : R6,12 million) in non-distributable funds.

	2007 R'000	2006 R'000
4 NON-CURRENT RECEIVABLES		
Student loans	343 189	308 423
University of KwaZulu-Natal loans	133 236	136 458
NSFAS and other external loans	209 953	171 965
Accumulated impairment losses	(198 404)	(169 586)
University of KwaZulu-Natal loans	(128 830)	(92 613)
NSFAS and other external loans	(69 574)	(76 973)
Net student loans	144 785	138 837
Current portion (note 6)	(32 441)	(19 634)
Long-term fixed deposit	21 133	-
Total non-current receivables	264 593	16 265
See note 23.4 for details of the ageing analyses of student loans, including the related impairment losses.		
5 INVENTORIES		
Stationery, technical stores and consumables	4 274	2 631
6 ACCOUNTS RECEIVABLE		
Net student debtors for fees	76 515	56 133
Student debtors for fees	152 750	147 767
Accumulated impairment losses	(76 235)	(91 634)
Current portion of student loans (note 4)	32 441	19 634
Net trade and other receivables	127 177	84 799
Trade and other receivables	142 131	85 794
Accumulated impairment losses	(14 954)	(995)
Loans to employees	7 161	7 088
Interest receivable	4 134	7 006
Total accounts receivable and prepayments	247 428	174 660
See note 23.4 for details of the ageing analyses of student debtors for fees, trade and other receivables, including the related impairment losses.		
7 CASH AND CASH EQUIVALENTS		
Cash at bank and on hand	38 172	16 493
Short-term bank deposits	141 500	225 590
Total cash and cash equivalents	179 672	242 083

				2007 R'000	2006 R'000
8 BORROWINGS					
Interest-bearing loans					
Development Bank of Southern Africa (DBSA) loan				250 000	-
Financial institutions for government-subsidised loans				12 151	18 673
Finance lease liabilities (note 9)				10 742	7 341
Total borrowings				272 893	26 014
Current portion				(8 300)	(9 749)
Financial institutions for government-subsidised loans				(4 472)	(6 149)
Finance lease liabilities (note 9)				(3 828)	(3 600)
Total non-current borrowings				264 593	16 265
The loan from the DBSA has been used for capital infrastructural development and is, with the exception of a R20 million cession of investments, unsecured. The loan is for a period of twenty years, bears interest at 8,6% <i>per annum</i> and will be repayable in equal half-yearly instalments commencing in March 2009. The carrying value at 31 December 2007 approximated fair value. Government-subsidised loans are subsidised to the extent of either 50% or 85% for both interest and capital repayments, and consist of a number of loans with financial institutions at fixed interest rates, ranging from 6,5% to 18,0% <i>per annum</i>, and varying repayment terms, the last of which cease in 2013. The carrying values collectively approximate their fair values.					
Loans : terms and repayment schedule					
	Interest rate	Year of Maturity	Fair Value		Carrying Value
			2007 R'000	2006 R'000	Carrying Value
Development Bank of Southern Africa	8.6%	2027	250 000	-	250 000
Sanlam	15.0%	2013	2 502	2 779	2 502
Sanlam	18.0%	2009	1 205	1 668	1 205
Sanlam	17.5%	2010	2 272	2 945	2 272
Sanlam	16.9%	2011	1 202	1 438	1 202
Other	6.5 - 17.6%	2008-2012	4 970	9 843	4 970
Finance lease liabilities					
- ITEC lease	14.0%	2012	5 153	-	5 153
- Other	10.5 - 25.5%	2008-2012	5 589	7 341	5 589
Total borrowings			272 893	26 014	272 893

All loans are denominated in South African Rands.

				2007 R'000	2006 R'000
9	FINANCE LEASES				
	Finance lease liabilities				
	Total finance lease liability (note 8)			10 742	7 341
	Current portion (note 8)			(3 828)	(3 600)
	Non-current portion of finance lease liabilities			6 914	3 741
	The capitalised finance lease assets (see below) serve as security for the finance lease liabilities. The interest rates used represent the market-related interest rates at the inception dates of the respective lease agreements.				
	Capitalised finance lease assets				
	Movements for the year				
		Cost R'000	Accumulated depreciation R'000		
	Opening carrying value	18 598	(12 125)	6 473	9 262
	Additions	8 159	(789)	7 370	2 567
	Disposals	(8 337)	8 337	-	-
	Depreciation charge		(4 894)	(4 894)	(5 356)
	Closing carrying value	18 420	(9 471)	8 949	6 473
	Reconciliation of minimum lease payments with present values				
		Due within 1 year R'000	Due within 2-5 years R'000		
	At 31 December 2007				
	Minimum lease payments	4 690	8 524	13 214	8 044
	Finance charges	(985)	(1 487)	(2 472)	(703)
	Present value of finance lease liabilities	3 705	7 037	10 742	7 341
10	POST-RETIREMENT OBLIGATIONS				
	Defined benefit plans				
	Health care benefits	(note 10.1)		498 464	451 819
	Provident fund	(note 10.2)		16 852	25 097
	Pension fund	(note 10.2)		-	-
	Total post-retirement obligations			515 316	476 916

			2007 R'000	2006 R'000
10.1 Health care benefits				
The University's obligations towards post-retirement health care obligations in respect of its two separately administered medical aid schemes were actuarially calculated by Lekana Employee Benefit Solutions as at 31 December 2007 and are disclosed in terms of International Accounting Standard 19 : <i>Employee Benefits (IAS 19)</i> , as follows :-				
	UKZN Medical Scheme	Bonitas Medical Scheme		
	R'000	R'000		
Present value of unfunded obligations	474 045	129 909	603 954	555 436
Net unrecognised actuarial losses	(119 403)	13 913	(105 490)	(103 617)
Unrecognised actuarial gains	-	13 913	13 913	9 453
Unrecognised actuarial losses	(119 403)	-	(119 403)	(113 070)
Amount accrued in respect of health care obligations	354 642	143 822	498 464	451 819
Movement in the liability recognised in the balance sheet				
Balance at beginning of the year	318 351	133 468	451 819	399 295
Contributions paid during the year	(17 775)	(4 244)	(22 019)	(21 480)
Expenses recognised : personnel costs (see below)	54 066	14 598	68 664	74 004
Balance at end of the year	354 642	143 822	498 464	451 819
Expenses recognised in the income statement (note 16)				
Current service cost	12 268	4 541	16 809	17 354
Interest cost	34 859	10 057	44 916	42 732
Actuarial losses recognised	6 939	-	6 939	13 918
Total expenses recognised	54 066	14 598	68 664	74 004
Reconciliation of unrecognised actuarial (losses) / gains				
Cumulative unrecognised actuarial (losses) / gains	(119 403)	13 913	(105 490)	(113 070)
Corridor, representing 10% of total funding obligation	(47 405)	12 991	(34 414)	(43 142)
Actuarial (losses) / gains to be recognised in future years	(71 998)	922	(71 076)	(69 928)
Comprising :				
Non-current portion	(64 632)	830	(63 802)	(63 004)
Current portion	(7 366)	92	(7 274)	(6 924)
The principal actuarial assumptions used for accounting purposes are :				
Health care cost inflation (<i>per annum</i>)			8.0%	6.75%
Discount rate (<i>per annum</i>)			9.5%	8.25%
Normal retirement age (years)			60	60
Remaining average working lives of in-service employees (years)	9.8	10.0		10.1/10.4
A 1% change in the assumed health care cost inflation would have had the following effects:				
1% increase : Current service and interest costs	9 039	2 988	12 027	10 783
Aggregate defined benefit obligation	67 337	22 002	89 339	86 709
1% decrease : Current service and interest costs	(7 360)	(2 393)	(9 753)	(8 667)
Aggregate defined benefit obligation	(55 498)	(17 768)	(73 266)	(70 434)

			2007 R'000	2006 R'000
10.2 Provident and Pension fund obligations				
The University's obligations towards post-retirement provident and pension fund obligations were actuarially calculated as at 31 December 2007 by ABSA Consultants and Actuaries and are disclosed in accordance with International Accounting Standard 19 : Employee Benefits (IAS 19), as follows :-				
	Provident Fund	Pension Fund		
	R'000	R'000		
Present value of funded obligations	122 841	329 284	452 125	384 843
Fair value of plan assets	(137 261)	(486 551)	(623 812)	(543 209)
Present value of net surpluses	(14 420)	(157 267)	(171 687)	(158 366)
Unrecognised actuarial gains	31 272	118 645	149 917	172 786
Balance not recognised (section 59 : IAS 19) (* : see note below)	-	38 622	38 622	10 677
Amount accrued in respect of provident fund obligation	16 852	-	16 852	25 097
Movement in the net liability recognised in the balance sheet				
Balance at beginning of the year	25 097	-	25 097	27 343
Contributions paid during the year	(6 629)	(14 614)	(21 243)	(23 035)
(Income) / Expenses recognised : personnel costs (see below)	(1 616)	14 614	12 998	20 789
Balance at end of the year	16 852	-	16 852	25 097
Expenses recognised in the income statement (note 16)				
Current service cost	4 748	11 787	16 535	18 229
Interest cost	7 724	21 375	29 099	27 190
Expected return on plan assets	(10 329)	(36 419)	(46 748)	(34 537)
Actuarial gains recognised	(3 759)	(10 074)	(13 833)	(3 131)
Net adjustment to unrecognised balance (* : see note below)	-	27 945	27 945	13 038
Total expenses recognised	(1 616)	14 614	12 998	20 789
Reconciliation of unrecognised actuarial gains				
Cumulative unrecognised actuarial gains	31 272	118 645	149 917	172 786
Corridor, representing 10% of plan assets	13 726	48 655	62 381	54 321
Actuarial gains to be recognised in future years	17 546	69 990	87 536	118 465
Comprising :				
Non-current portion	15 406	61 945	77 351	104 632
Current portion	2 140	8 045	10 185	13 833
* Note : The unrecognised balance in respect of the pension fund arises as a result of the related plan net surplus exceeding the cumulative actuarial gains at 31 December 2007, thereby limiting its recognition, as required by IAS 19 : Employee Benefits. The principal actuarial assumptions used for accounting purposes are:				
Discount rate			8.3%	7.2%
Return on assets			9.5%	8.1%
Remaining average working lives of in-service employees (years)	8.0	8.2		8.2 / 8.7
Future salary increases (per annum)			6.5%	5.8%

			2007 R'000	2006 R'000
11	EMPLOYEE BENEFITS			
		Leave Pay R'000	Service Bonuses R'000	
	Balances at 31 December 2007	131 499	22 701	154 200
	- Annual leave	110 143		
	- Sabbatical leave	21 356		
	Current portion	(18 890)	(22 701)	(41 591)
	Non-current portion of employee benefits	112 609	-	112 609
	Balances at beginning of the year	214 725	22 614	237 339
	Utilised during the year	(24 119)	(22 614)	(46 733)
	Net amount (released to) / charged to the income statement	(59 107)	22 701	(36 406)
	Balances at end of the year	131 499	22 701	154 200
12	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES			
	Trade and other payables			175 049
	Trust and agency monies			76 826
	Ministry of Education : merger grant (note 15)			-
	Total accounts payable and accrued liabilities			251 875
13	GOVERNMENT SUBSIDIES AND GRANTS			
	State block grant for general purposes			818 110
	State grants and contracts			27 046
	Provincial contributions to Joint Health Establishment			33 023
	Grants received for specific purposes			13 309
	Access funding : foundation programmes			7 324
	Subsidy on interest and redemption of government-guaranteed loans			5 985
	Total government subsidies and grants			891 488
14	INVESTMENT INCOME AND FINANCE COSTS			
	Investment income			
	Interest income : short-term deposits and call accounts			18 881
	Interest income : receivables			8 169
	Income from "available-for-sale" investments : dividends and interest			24 338
	Total investment income			51 388
	Finance costs			
	Bank overdraft interest			-
	Interest on interest-bearing loans			1 747
	- Interest incurred			7 555
	- Interest capitalised to property, plant and equipment			(5 808)
	Finance lease charges			1 941
	Total finance costs			3 688

			2007 R'000	2006 R'000
15	GOVERNMENT MERGER-RELATED GRANT			
	Unexpended balance at beginning of the year		10 092	142 933
	Unexpended balance at end of the year (note 12)		-	(10 092)
	Amount recognised in income statement (non-recurrent income)		10 092	132 841
16	PERSONNEL COSTS			

2007
R'000

18 REMUNERATION OF EXECUTIVE AND SENIOR MANAGEMENT

18.1 Annualised Gross Remuneration

The following disclosure relates to compensation paid to members of the Executive, Deans and other senior management staff of the University for the year ended 31 December 2007 as defined in the Statute of the University. Gross remuneration, for the purposes of the Higher Education Act, is based on the cost of employment to the University, comprises flexible remuneration packages, suitably annualised where applicable, and is inclusive of the employer's contributions to health and post-retirement benefits. Exceptional payments, if any, to Executive and senior management are not included in annualised gross remuneration, but are instead disclosed under 18.2 below, when applicable.

Executive Management

Professor	M W	Makgoba	Vice-Chancellor and Principal		2 307
Professor	A C	Bawa	Deputy Vice-Chancellor : Research, Knowledge Production and Partnerships	(Resigned 31 August) 2007	1 113
Professor	J U	Jacobs	Deputy Vice-Chancellor : Research, Knowledge Production and Partnerships (Acting)	(Appointed 1 October 2007)	639
Professor	S S	Abdool Karim	Pro Vice-Chancellor : Research		924
Professor	H	Staniland	Deputy Vice-Chancellor : Administration & Corporate Governance		946
Professor	I E	Konyn	Deputy Vice-Chancellor : Administration & Corporate Governance (Acting)	(From 22 January to 30 September 2007)	581
Professor	T D	Chetty	Pro Vice-Chancellor : Corporate Relations		797
Professor	P S	Pillay	Chief Finance Officer	(Services terminated with effect from 31 August 2007)	890
Mr	R H	Clarkson	Chief Finance Officer (Acting) and Director : Finance		1 212
Deputy Vice-Chancellors and Heads of Colleges :					
Professor	P J K	Zacharias	- Agriculture, Engineering & Science		951
Professor	L R	Uys	- Health Sciences		940
Professor	F N M	Mazibuko	- Humanities		972
Professor	J C	Mubangizi	- Law and Management Studies	(Appointed 1 May 2007)	902
Professor	P	Msweli-Mbanga	- Law and Management Studies (Acting)	(From 1 January to 30 June 2007)	893
Ms	R	Budree	Executive Director : Human Resources & Equity		938
Mr	T M	Wills	Executive Dean : Students		902
Dr	E	Mheney	Registrar		779
Professor	E	de Kadt	Executive Director : Access	(Resigned 31 October 2007)	668

Deans

Professor	R	Vithal	Dean : Faculty of Education		733
Professor	N M	Ijumba	Dean : Faculty of Engineering		699
Professor	S Y	Essack	Dean : Faculty of Health Sciences		723
Professor	D P	McCracken	Dean : Faculty of Humanities, Development and Social Sciences		729
Professor	M G	Cowling	Dean : Faculty of Law		723
Professor	K	Bhowan	Dean : Faculty of Management Studies (Acting)		736
Professor	A W	Sturm	Dean : Faculty of Medicine		922
Professor	J A	Cooke	Dean : Faculty of Science and Agriculture		723

Senior Management

Mr	G I	Maforeka	Director : Human Resources	(Resigned 31 March 2007)	854
Dr	R	Kishun	Director : International Office		765
Mr	A	Rajaram	Director : Information and Communications Technology		646
Mr	H	Ramkisson	Director : Financial Planning		623
Mr	B F	van Dyk	Executive Director : University of KwaZulu-Natal Foundation		552

18.2 Exceptional Payments

During the year ended 31 December 2007, the following exceptional payment, i.e. in excess of R249 999, was made to a member of executive and senior management. Exceptional payments, as defined for this purpose in terms of the Higher Education Act, include the commutation of leave, special bonuses and exceptional amounts arising on termination of employment with the University. Unless they are recurrent in nature, exceptional payments do not constitute part of the annualised gross remuneration disclosed in 18.1 above.

Professor	J U	Jacobs	Commutation of leave on retirement		374
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	2007 R'000	2006 R'000
19 CASH (UTILISED IN) / GENERATED FROM OPERATIONS		
Net surplus for the year	119 564	172 035
Adjustments for :		
Depreciation	98 273	80 228
Loss on disposal of property, plant and equipment	-	9 758
Investment income	(51 388)	(57 486)
Increase in post-retirement obligations	38 400	50 278
Net (decrease) / increase in accruals for leave pay and service bonuses	(83 139)	6 856
Increase in accumulated impairment losses (student loans)	28 818	32 367
Realised gains on sale of investments	(112 185)	(85 303)
Funds received / (utilised) for specific activities	110 149	(853)
Net reduction in property, plant and equipment (PPE) funds	(108 135)	(11 480)
Finance costs	3 688	4 895
Changes in working capital :		
- (Increase) in accounts receivable	(59 961)	(18 838)
- (Increase) in inventories	(1 643)	(688)
- Increase / (decrease) in accounts payable and accrued liabilities	4 058	(94 219)
- Increase in student deposits	10 036	4 310
Cash (utilised in) / generated from operations	(3 465)	91 860
20 COMMITMENTS		
20.1 Capital commitments		
Capital expenditure approved at the balance sheet date, but not recognised in the financial statements, is as follows:		
Property, plant and equipment		
- Approved, but not yet contracted for	-	42 750
- Contracted	163 517	145 597
Total capital commitments	163 517	188 347
Funds for the respective capital commitments are available from internal resources and from the proceeds of a long-term (20 years) loan of R250 million from the Development Bank of Southern Africa (DBSA) concluded in February 2007. The loan was drawn down in two tranches, the first of R203 million was received in September 2007 and the second of R47 million was received in December 2007. In accordance with the requirements of the Higher Education Act, the requisite Ministerial approval was obtained for this loan. In aggregate, capital work in progress at 31 December 2007, together with budgeted expenditure for approved merger-related projects scheduled to be concluded in 2008 and 2009, amounted to approximately R450 million.		
At the reporting date, capital work-in-progress in the form of student residences under construction, over which the University had no control or beneficial utilisation, was not disclosed as property, plant and equipment. The new residences were occupied in 2008 and, accordingly they have been disclosed as part of the capital commitments at 31 December 2007. The fair value of the buildings is approximately R129 million. The financing arrangements are currently under review and at the date of this report, remain to be concluded.		
20.2 Operating lease commitments		
At the balance sheet date, the University had outstanding commitments under non-cancellable operating leases as follows:		
Due within a year	3 425	3 114
Leases for periods longer than 12 months are deemed to be cancellable		

		2007 R'000	2006 R'000																																
21	CONTINGENT LIABILITIES																																		
Guarantees issued in respect of housing loans for University staff amounted to approximately		1 000	1 229																																
During the ordinary course of its business, the University enters into a wide range of academic, research, commercial and community outreach programmes, contracts and transactions that expose it to varying types and degrees of risk. As far as it is practicable to do so, provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or where it is considered improbable that an outflow will result, are noted as contingent liabilities in accordance with International Accounting Standard 37 : <i>Provisions, Contingent Liabilities and Contingent Assets (IAS 37)</i>. The most significant contingent liabilities are described briefly below. The University is engaged in litigation with the University of South Africa (UNISA) over a dispute regarding subsidy income of R9,36 million arising in 1999 and 2000 from a Bachelor of Education programme undertaken jointly with the former South African College of Teachers Education (SACTE), a UNISA affiliate. The matter was set down for hearing in the High Court during 2005, but was postponed shortly beforehand in the mutual expectation that a settlement between the parties would be concluded. In 2007 the University was informed by UNISA's attorneys that it was their intention to reinstate the case against the University. It has, however, been agreed with the UNISA attorneys that mediation would be a better alternative, and this is in the process of being arranged. University management is confident of achieving a mediated settlement, the cost of which is not likely to be material. The City Council of the Johannesburg Metropolitan Municipality has instituted legal proceedings against the University following a dispute arising from the discontinued Adopt-A-Light project and various related street pole advertising agreements. The University opposed this action and, as requested, prepared a debatement of account in substantiation of its alleged indebtedness in the matter. The attorneys representing the municipality contend that a further R1,9 million is owing by the University notwithstanding the debatement of account. It is the opinion of the University management, after seeking legal advice, that no material liability is likely to arise and, consequently, no provision has been recognised in these financial statements. Various other claims against the University are either pending or in progress. Having sought and obtained legal advice on each of these matters, management is of the opinion that no material losses will arise from these claims. The University's aggregate exposure resulting from litigation claims not considered to be vexatious in nature, and none of which individually exceeds R1 million, has been estimated to be of the order of R3,10 million (2006: R3,69 million), plus estimated future legal costs of R3,79 million (2006: R3,09 million), in both cases based on representations received from the respective attorneys handling such claims on behalf of the University.																																			
22	PAYMENTS FOR ATTENDANCE AT MEETINGS OF COUNCIL AND ITS COMMITTEES																																		
Remuneration paid to external members (ie: persons other than University employees and students) for attendance at meetings of the University Council and its committees is disclosed below.																																			
<table><tr><th rowspan="2">Designation / Category</th><th colspan="2">Number of members paid</th><th rowspan="2"></th><th rowspan="2"></th></tr><tr><th>2007</th><th>2006</th></tr><tr><td>Chair of Council</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td>Chairs of Council Committees</td><td>4</td><td>4</td><td>99</td><td>131</td></tr><tr><td>Members of Council</td><td>16</td><td>9</td><td>181</td><td>180</td></tr><tr><td>Members of Council Committees</td><td>10</td><td>7</td><td>59</td><td>39</td></tr><tr><td>Totals</td><td></td><td></td><td>339</td><td>350</td></tr></table>				Designation / Category	Number of members paid				2007	2006	Chair of Council	-	-	-	-	Chairs of Council Committees	4	4	99	131	Members of Council	16	9	181	180	Members of Council Committees	10	7	59	39	Totals			339	350
Designation / Category	Number of members paid																																		
	2007	2006																																	
Chair of Council	-	-	-	-																															
Chairs of Council Committees	4	4	99	131																															
Members of Council	16	9	181	180																															
Members of Council Committees	10	7	59	39																															
Totals			339	350																															

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

23.1 Overview

The University's principal financial instruments comprise available-for-sale investments, non-current receivables in the form of student loans, student fee debtors, trade and other receivables; cash and short-term bank deposits; interest-bearing borrowings, accounts payable and accrued liabilities, including monies held in trust and on an agency basis.

The University Council has overall responsibility for the establishment and oversight of the University's risk profile. Council has established the Audit & Risk, Finance and other committees to develop, monitor and manage the University's risk management policies on its behalf and Executive management is responsible for implementing, managing and complying with selected risk management strategies. All potential risks are identified, evaluated and managed as appropriate. Risk management policies, systems and procedures are reviewed regularly to reflect changes in market conditions, in the higher education sector and in the University's operating environment. The Chairpersons of the respective committees, the Vice-Chancellor and other members of Executive management report regularly to the Council on risk management activities and results. The University, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees, students and other stakeholders understand their roles and obligations.

The University's policies regarding insurance and risk cover are set and monitored by the Finance Committee. Likewise, decisions on the level of financial risk are taken by the Finance Committee and enforced by the University's Finance Division in terms of established limits by reference, in each case, to the particular transaction type, the monetary amounts and the counter-parties involved. Financial risks arising from the University's use of financial instruments include, and are described below, as follows:

- Credit risk
- Liquidity risk
- Foreign currency risk
- Interest rate risk
- Investment risk

Credit risk

The University has no significant concentrations of credit risk. As a matter of policy, the University trades only with recognised, creditworthy third parties, who are subject to credit verification procedures, terms and conditions of trade specified by the University.

The University's credit risk exposure is represented primarily by the net aggregate balance of amounts receivable in respect of unpaid student fees, loans and general trade receivables. Collateral security is obtained in respect of all student loans. Various other measures, including the withholding of examination results, denied re-admission after the first semester and the refusal to allow students in default of their financial obligations to register in the ensuing academic year, are applied to minimise credit risk. Debt collection procedures are applied as diligently as circumstances permit, both by the University Finance Division and also by externally-appointed attorneys acting on behalf of the University, and in such a way as to minimise risk and related collection costs. As a general principle, no collateral is required for general trade debtors and other receivables.

The University provides for impairment losses in respect of student-related receivables (student loans and fee debtors) and other trade receivables to the extent that these can be reliably and conservatively determined, having regard to the credit risk experience and payment history of the particular categories of debtors.

Liquidity risk

The University manages its liquidity risk by monitoring its daily cash flow to ensure that surpluses are optimally invested and that adequate cash is available to meet its day-to-day operations in the short- and medium-terms, based on rolling cash flow projections. The University adopts a diversified investment strategy with specified major financial institutions, each of which is required to be accredited by the Finance Committee, and has no significant concentration of credit risk with any single counter-party.

The timing and cyclical nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through its short-term deposits and overdraft facilities in the event that any unforeseen event occurs.

23 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

23.1 Overview (continued)

Foreign currency risk

Foreign currency transactions constitute a risk to the University, especially in relation to a significant proportion of its annual expenditure in the form of library acquisitions and imported capital equipment. Correspondingly, the University is susceptible to the risk of exchange rate fluctuations arising from major foreign grants and donations, the receipt of which, often by way of a series of tranches, may be spread over an extended period of time. Various strategies, including the selective use of forward exchange contracts and locally-based intermediary agents, are employed to minimise the related currency risks as far as practicable.

Interest rate risk

Financial assets and liabilities affected by interest rate fluctuations include bank deposits and short-term investments, as well as borrowings. Deposits comprise fixed notice and call account deposits. At the balance sheet date, these deposits were either accessible immediately or had maturity dates not exceeding twelve months. Interest rates earned on these deposits and other investments closely approximate prevailing market rates.

The University's borrowings to finance its operations are at both fixed and variable rates of interest depending, in each case, on the nature and duration of the respective borrowings and the specific purpose for which such borrowings are required. The level of borrowings and, consequently, the debt servicing costs are closely monitored and controlled by the Finance Committee on behalf of Council, having regard to the prevailing, and projected, interest rates and the University's capacity to service such debt from future earnings. In this respect, Council has imposed an upper limit, expressed as a proportion of the University's recurrent annual income ("debt service threshold"), adherence to which is strictly enforced by the Finance Division.

The University has a number of interest-bearing receivables, notably long-term student loans, overdue student fee debtors and staff loans. In each case, the interest rates charged are variable, linked to prime bank rates and are reviewed at least annually by the Finance Committee.

Investment risk

The University is exposed to risk on its investment portfolios. This risk is managed by selected, reputable portfolio managers who operate under defined mandates, which are designed to both limit the risk and also optimise the University's returns on these investments, having regard to the nature and purpose of the underlying funds. The performances of the respective fund managers are monitored closely by the Finance Committee and, in the case of the University Foundation and other subsidiaries, by the respective Boards of Trustees or Directors, as the case may be.

		2007 R'000	2006 R'000
23	FINANCIAL INSTRUMENTS		
23.2	Financial assets		
	Non-current assets		
	Investments (note 3)		
	Non-current receivables (note 4)		
	Student loans		
	Long-term fixed deposit		
	Current assets		
	Accounts receivable (note 6)		
	Cash and cash equivalents (note 7)		
	Financial liabilities		
	Non-current liabilities		
	Interest-bearing borrowings (note 8)		
	Current liabilities		
	Accounts payable and accrued liabilities (note 12)		
	Current interest-bearing borrowings (note 8)		
	Student deposits		
23.3	Credit risk		
	The carrying values of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
	“Available-for-sale” investments	759 486	611 619
	Non-current receivables	133 477	119 203
	Accounts receivable	247 428	174 660
	Cash and cash equivalents	179 672	242 083
		1 320 063	1 147 565
	The maximum exposure to credit risk for student loans and other accounts receivable at the reporting date was:		
	Student loans	144 785	138 837
	Long-term fixed deposit	21 133	-
	Student fees	76 515	56 133
	Trade and other receivables	127 177	84 799
	Loans to employees	7 161	7 088
	Interest receivable	4 134	7 006
		380 905	293 863

	2007 R'000	2007 R'000	2006 R'000	2006 R'000
23 FINANCIAL INSTRUMENTS (continued)				
23.4 Impairment losses				
The ageing of receivables at the reporting date was as follows:				
Student loans				
Loans administered by the University of KwaZulu-Natal				
2007	6 322	5 684		
2006	13 183	11 865	11 214	3 462
2005	8 919	8 027	9 366	4 115
2004	10 805	9 725	11 779	7 183
2003	9 557	9 079	10 404	6 906
2002 and before	84 450	84 450	93 695	70 947
	133 236	128 830	136 458	92 613
Loans administered by NSFAS				
2007	24 566	6 592		
2006	52 903	13 169	53 508	15 644
2005	8 743	3 679	8 897	4 425
2004	52 795	24 315	53 735	30 066
2003	14 986	6 751	15 249	8 337
2002	14 934	6 325	15 196	7 761
2001 and before	20 212	8 743	20 568	10 740
	189 139	69 574	167 153	76 973
External loans				
2007	20 814	-		
2006	-	-	4 812	-
	209 953	69 574	171 965	76 973
Total of NSFAS and external loans				
	343 189	198 404	308 423	169 586
Student debtors for fees				
2007	81 061	29 527		
2006	30 100	15 050	91 454	56 208
2005	35 899	26 937	33 573	17 088
2004	2 239	1 567	13 344	9 341
2003	1 171	937	1 595	1 276
2002	633	570	791	711
2001 and before	1 647	1 647	7 010	7 010
	152 750	76 235	147 767	91 634
Total student debtors for fees (note 4)				

	2007 R'000	2007 R'000	2006 R'000	2006 R'000
23 FINANCIAL INSTRUMENTS (continued)				
23.4 Impairment losses (continued)				
	Gross	Impairment	Gross	Impairment
Trade and other receivables				
2007	121 347	-	-	-
2006	19 353	13 523	84 304	-
2005 and before	1 431	1 431	1 490	995
Total trade and other receivables (note 4)	142 131	14 954	85 794	995
The movements in the allowances for impairment in respect of receivables during the year were as follows:				
Student loans				
University of KwaZulu-Natal loans				
Balance at 1 January		92 613		97 378
Impairment losses / (gains) recognised		36 217		(4 765)
Balance at 31 December		128 830		92 613
NSFAS and external loans				
Balance at 1 January		76 973		39 841
Impairment (gains) / losses recognised		(7 399)		37 132
Balance at 31 December		69 574		76 973
Student debtors for fees				
Balance at 1 January		91 634		86 653
Impairment (gains) / losses recognised		(15 399)		4 981
Balance at 31 December		76 235		91 634
Trade and other receivables				
Balance at 1 January		995		995
Impairment losses recognised		13 959		-
Balance at 31 December		14 954		995

Impairment losses are based on an assessment of past payment history for each respective categories of student loans, student debtors for fees, trade and other receivables.

						2007 R'000	2006 R'000
23	FINANCIAL INSTRUMENTS (continued)					Carrying value	Carrying value
23.5	Liquidity risk						
The following are the contractual maturities of financial liabilities, including interest payments:							
	Contractual cash flows	Within 12 months	1- 2 years	2 - 5 years	More than 5 years		
	R'000	R'000	R'000	R'000	R'000		
31 December 2007							
Interest-bearing borrowings	272 893	8 300	18 760	29 087	216 746		
Accounts payable and accrued liabilities	251 875	251 875	-	-	-		
Student deposits	33 871	33 871	-	-	-		
Total	558 639	294 046	18 760	29 087	216 746		
31 December 2006							
Interest-bearing borrowings	26 014	9 749	10 172	5 775	318		
Accounts payable and accrued liabilities	247 817	247 817	-	-	-		
Student deposits	23 835	23 835	-	-	-		
Total	297 666	281 401	10 172	5 775	318		
23.6	Currency risk					6 629	2 928
The University's exposure to foreign currency risk was as follows:							
Cash and cash equivalents							
The following exchange rates applied:							
	Average rate		Spot rate at reporting date				
	2007	2006	2007	2006			
	R	R	R	R			
US Dollar	7.07	6.79	6.85	7.06			
Sensitivity analysis					663	293	
A 10% strengthening or weakening of the US Dollar at 31 December would have resulted in an increase or decrease of cash and cash equivalents and, correspondingly, a change in the net surplus for the year, as follows:							

		2007 R'000	2006 R'000
23	FINANCIAL INSTRUMENTS (continued)		
23.7	Interest rate risk		
	At the reporting date, the interest rate profile of the University's interest-bearing financial instruments was as follows, in each case reflected at the respective carrying values:		
	Fixed rate instruments		
	Financial assets	391 094	427 649
	Financial liabilities	272 893	26 014
	Variable rate instruments		
	Financial assets	38 172	16 493
	Fair value sensitivity analysis for fixed instruments		
	The University does not account for any fixed rate financial assets and liabilities at fair value through the income statement. Therefore, a change in the interest rates at the reporting date would not affect the reported net surplus. The University holds no "available-for-sale" financial assets that are exposed to interest rate risk.		
	Cash flow sensitivity for variable rate instruments		
	A change of 1% in the interest rate would not have resulted in a material adjustment to the reported surplus or fund balances.		
23.8	Fair values		
	The carrying values of all financial instruments approximate their fair values, other than:		
		Fair value 2007 R'000	Fair value 2006 R'000
	"Held-to-maturity" investments		
	Fixed deposits	20 472	-
		21 133	-
24	RELATED PARTY TRANSACTIONS		
	Due to the nature of the University's operations and the diverse composition of its stakeholders, the Council takes particular care to avoid conflicts of interest and, accordingly, has adopted a policy requiring declarations of any interests – actual or potential – by members of Council and of its committees. In terms of this policy, transactions with third parties in which a Council or committee member has a direct or fiduciary interest are required to be disclosed and, consequently, must be entered into at arm's length and be in accordance with approved procurement policy. During the year under review and subsequently, no transactions were identified with third parties controlled by one or more members of the Council.		

25 TAXATION

The University of KwaZulu-Natal is exempt from South African normal taxation in terms of section 10(1)(cN) of the Income Tax Act and therefore no provision has been made for taxation.

26 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and trading operations of the following University-controlled entities :

- Centre for the AIDS Programme of Research in South Africa ("CAPRISA")
- J W Nelson Endowment Fund Trust
- KwaZulu-Natal University Health (Pty) Ltd ("NuHealth")
- The Africa Centre for Health and Population Studies ("Africa Centre")
- The University of Natal Education and Innovation Foundation ("UNEIF")
- University of KwaZulu-Natal Foundation Trust ("UKZN Foundation")

No transactions except for loans, leases of premises, the raising and recovery of direct operating expenses incurred at arm's length and, likewise, the recovery of indirect overheads, where applicable, have taken place between the University of KwaZulu-Natal and its subsidiaries. For the purposes of preparing the University's annual financial statements, all intra-group transactions were eliminated on consolidation.

27 GENERALLY ACCEPTED ACCOUNTING PRACTICE : COMPLIANCE DEVIATION

Contrary to the requirements of International Accounting Standard 16 (AC123) : *Property, Plant and Equipment*, depreciation has not been calculated separately for each significant component of items of property, plant and equipment, nor were the useful lives or residual values of such assets reassessed at the financial year-end. The University management is of the opinion that, having regard to the current status of the registers of immovable and movable property, coupled with the ongoing and relatively significant infrastructural development projects, including a number of major capital works in progress pursuant to the merger, it would not be practicable to carry out this exercise at the present time, nor would the costs of obtaining such information be justified.

To date, it has not been possible to quantify the effects of the above instance of non-compliance with South African Statements of Generally Accepted Accounting Practice. Notwithstanding the currently unquantified nature of this compliance deviation -- to which the University's external auditors have drawn attention in their audit report -- management is satisfied that, based on its reliance on the controls exercised over and the records maintained in respect of property, plant and equipment, this does not constitute a serious financial risk to the University at the present time.

