

**Financial statistics of universities,  
universities of technology and a  
technikon  
2005**

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**NET CHANGE IN THE STOCK OF CASH FROM THE UNIVERSITIES, UNIVERSITIES OF TECHNOLOGY AND A TECHNIKON AMOUNTED TO AN INCREASE OF R1 477 MILLION FOR THE 2005 FINANCIAL YEAR**

*Cash receipts from operating activities amounted to R23 532 million and cash payments for operating activities amounted to R18 236 million resulting in net cash inflow from operating activities of R5 296 million for the 2005 financial year ending 31 December 2005. Purchases of non-financial assets amounted to R1 395 million for 2005. Sales of non-financial assets amounted to R67 million for the 2005 financial year resulting in net cash outflow from investments in non-financial assets of R1 328 million. Net acquisition of financial assets other than cash amounted to R2 309 million for the 2005 financial year. Net incurrence of liabilities amounted to R183 million resulting in a net cash outflow from financing activities of R2 492 million for the 2005 financial year. Total net change in the stock of cash for universities, universities of technology and a technikon amounted to an increase of R1 477 million (see Table A, p. 4).*

**Economic classification of the cash payments for operating activities and purchases of non-financial assets of the universities, universities of technology and a technikon.**

Economic classification of expenditure is in general a measure of the nature and economic effect of government operations on the economy of a country. Seven main economically classified cash payments for operating activities categories exist: compensation of employees; purchases of goods and services; interest; subsidies; grants; social benefits; and other payments.

Compensation of employees includes cash payments in the form of wages and salaries and social contributions. Use of goods and services includes other goods and services and professional services rendered by other general government institutions. Interest includes interest payments mainly to residents. Subsidies include cash payments to non-financial public corporations, financial public corporations, non-financial private enterprises and financial private enterprises. Grants are capital or current cash payments to foreign governments, international organisations and other general government units (national extra-budgetary accounts and funds, provincial government extra-budgetary accounts and funds, provincial government, social security funds, universities, universities of technology, a technikon as well as municipalities). Social benefits include cash payments for social security benefits, social assistance benefits and employer social benefits. Other payments include property expense other than interest (mainly rent), miscellaneous other current and capital cash payments (non-profit institutions serving households, compulsory fees, surrender of donor funds to foreign donors, injuries and damages, households, non-life insurance premiums, purchases of goods and services for distribution to households, exchange rate losses, capital payments to public corporations and private enterprises).

Purchases of non-financial assets include cash payments for fixed assets (buildings and structures, machinery and equipment and other fixed assets), inventories (strategic stocks), valuables and non-produced assets (land, sub-soil assets, other naturally occurring assets and intangible non-produced assets).

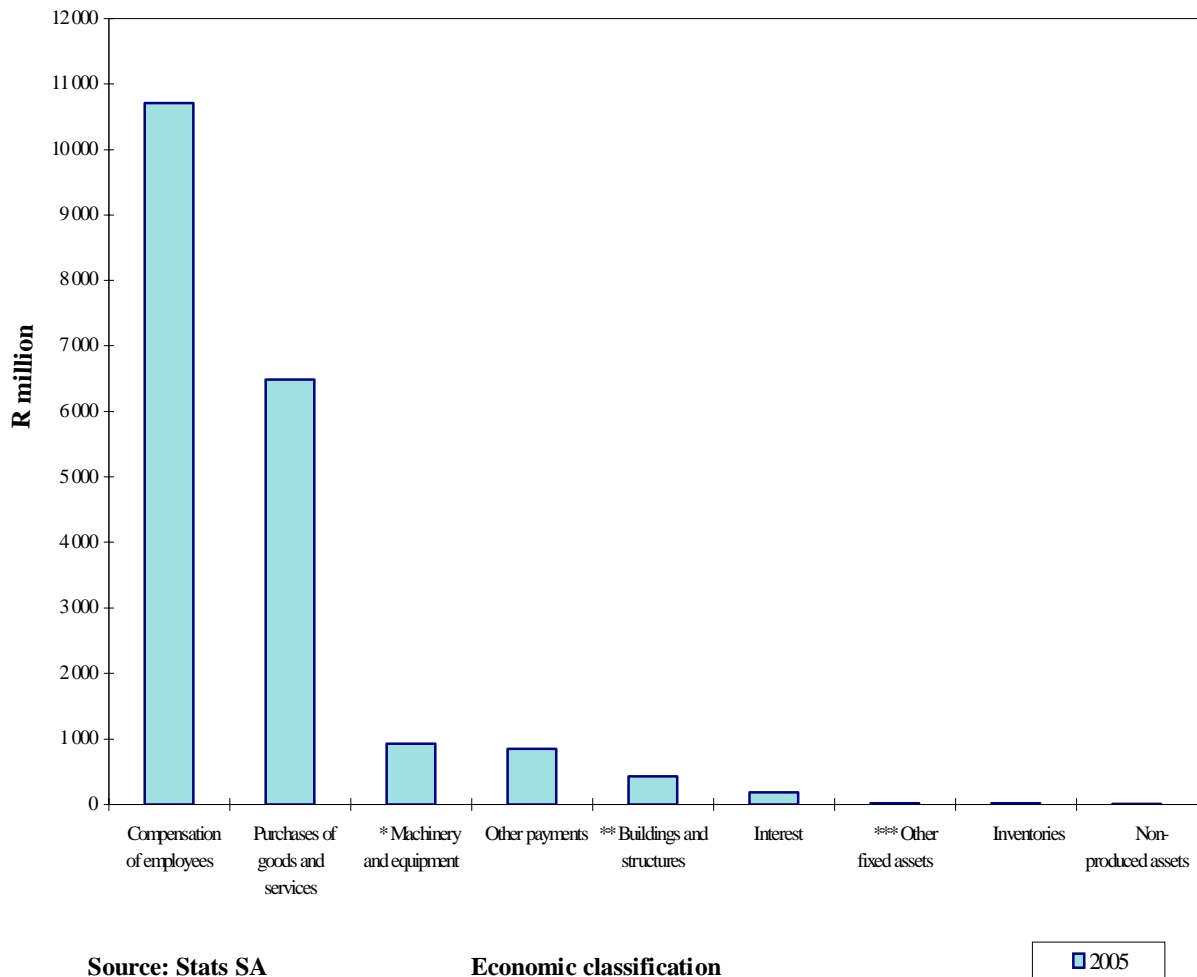
**The contribution of cash receipts from operating activities, cash payments for operating activities and purchases of non-financial assets to total expenditure by economic classification**

The largest contributor to total cash receipts from operating activities (economically classified) was other receipts (R13 646 million), followed by grants (R9 880 million) and taxes (R7 million) for the 2005 financial year (see Table A, p. 4).

The largest contributor to the total cash payments for operating activities (economically classified) for the 2005 financial year was compensation of employees (R10 715 million), followed by purchases of goods and services (R6 491 million), other payments (R843 million), and interest (R187 million) (See Table A, p.4).

The largest contributor to purchases of non-financial assets was machinery and equipment (R926 million) followed by buildings and structures (R428 million), other fixed assets (R19 million), inventories (R15 million) and non-produced assets (R7 million). (See Table B, p.5).

**Figure 1 - Economic classification of the cash payments for operating activities and purchases of non-financial assets for the 2005 financial year**



- \* Machinery and equipment include vehicles, computers, furniture, books and other machinery and equipment.
- \*\* Buildings and structures include residential buildings, non-residential buildings and other constructions.
- \*\*\* Other fixed assets include intangible assets.

**Table A – Economic classification of the Statement of Sources and Uses of Cash of universities, universities of technology and a technikon for the 2005 financial year (Summary) <sup>1</sup>**

		R million <sup>2</sup>
<b>Cash flows from operating activities:</b>		
Cash receipts from operating activities:	<b>a</b>	23 532
Taxes		7
Social contributions		0
Grants		9 880
Other receipts		13 646
Cash payments for operating activities:	<b>b</b>	18 236
Compensation of employees		10 715
Purchases of goods and services		6 491
Interest		187
Subsidies		0
Grants		0
Social benefits		0
Other payments		843
<i>Net cash flow from operating activities (outflow) / inflow</i>	<b>(a-b) = c</b>	5 296
Expenses not regarded as cash transactions (memo item)	<b>d</b>	0
<b>Cash flows from investments in non-financial assets:</b>		
Purchases of non-financial assets:	<b>e</b>	1 395
Fixed assets		1 373
Inventories		15
Valuables		0
Non-produced assets		7
Sales of non-financial assets:	<b>f</b>	67
Fixed assets		56
Inventories		0
Valuables		0
Non-produced assets		11
<i>Net cash flow from investments in non-financial assets inflow / (outflow)</i>	<b>(f-e) = g</b>	-1 328
<b>CASH SURPLUS/(DEFICIT)</b>	<b>(c+g) = h</b>	3 968
<b>Cash flows from financing activities:</b>		
Net acquisition of financial assets other than cash: (inflow) / outflow	<b>i</b>	2 309
Domestic		2 305
Foreign		3
Net incurrence of liabilities: (outflow) / inflow	<b>j</b>	-183
Domestic		-183
Foreign		0
<i>Net cash flow from financing activities (outflow) / inflow</i>	<b>(j-i) = k</b>	-2 492
<b>NET CHANGE IN THE STOCK OF CASH</b>	<b>(h+k) = l</b>	1 477

<sup>1</sup> The sum of the data may not necessarily add up to totals due to rounding-off of figures.

<sup>2</sup> Included in the total cash payments for operating activities and purchases of non-financial assets are the amounts for research undertaken by universities, universities of technology and a technikon, which was to the value of R1 745 million in 2005.

**Table B – Economic classification of purchases of non-financial assets of universities, universities of technology and a technikon for the 2005 financial year**

		<b>R million</b>
<b>Purchases of non-financial assets:</b>	<b>(n + r + s + t) = m</b>	1 395
<b>Fixed assets:</b>	<b>(o + p + q) = n</b>	1 373
<b>Buildings and structures:</b>	<b>o</b>	428
Residential buildings		56
Non-residential buildings		340
Other constructions		32
<b>Machinery and equipment:</b>	<b>p</b>	926
Vehicles		33
Computer equipment		226
Furniture		253
Other machinery and equipment		201
Books		213
<b>Other fixed assets:</b>	<b>q</b>	19
Intangible assets		19
<b>Inventories</b>	<b>r</b>	15
<b>Valuables</b>	<b>s</b>	0
<b>Non-produced assets</b>	<b>t</b>	7

**Notes**

<b>Forthcoming issues</b>	<b>Issue</b>	<b>Expected release date</b>
	Financial statistics of universities, universities of technology and a technikon for the financial year ended 31 December 2006	31 October 2007
<b>Purpose of the survey</b>	This statistical release provides financial statistics of cash transactions of universities, universities of technology and a technikon. Cash payments for operating activities and purchases of non-financial assets for the 2005 financial year were converted from accrual basis of accounting and were classified economically and functionally.	
<b>Expected changes in next the issue</b>	Publishing of comparative figures for the previous financial year. The restructuring of higher education institutions will result in 21 respondents for the 2006 publication (see note 3 on page 7).	

PJ Lehohla  
Statistician-General

**Explanatory notes****Introduction**

1. This statistical release provides cash transactions of universities, universities of technology and a technikon for the 2005 financial year, which ends on 31 December.

**Scope of the financial statistics of universities, universities of technology and a technikon**

2. The cash payments of the following universities, universities of technology and a technikon are included in the tables:

**Universities**

- Nelson Mandela Metropolitan University
- North-West University
- Rhodes University
- Stellenbosch University
- University of Cape Town
- University of Fort Hare
- University of the Free State
- University of Johannesburg
- University of KwaZulu-Natal
- University of Limpopo
- University of Pretoria
- University of South Africa
- University of Venda
- University of the Western Cape
- University of the Witwatersrand (Wits)
- University of Zululand

**Universities of Technology**

- Cape Peninsula University of Technology
- Central University of Technology, Free State
- Durban Institute of Technology
- Tshwane University of Technology
- Vaal University of Technology
- Walter Sisulu University for Technology and Science, Eastern Cape

**Technikon**

- Mangosuthu technikon

**Restructuring of higher education landscape**

3. In November 2003, the Cabinet approved proposals for the restructuring of the institutional landscape through mergers and incorporations.

It should be noted that the mergers indicated below took place in January and July 2005. Therefore, the ongoing restructuring process will result in 21 higher education institutions.



- University of the North and Medical University of South Africa (merged to form University of Limpopo)
- University of Port Elizabeth and Port Elizabeth Technikon (merged to form Nelson Mandela Metropolitan University)
- Rand Afrikaans University and Technikon Witwatersrand (merged to form University of Johannesburg)
- Cape Technikon and Peninsula Technikon (merged to form Cape Peninsula University of Technology)
- University of Transkei, Border Technikon and the Eastern Cape Technikon (merged to form Walter Sisulu University for Technology and Science, Eastern Cape with effect from July 2005).

**Methodology**

4. Statistics South Africa receives financial statements of universities, universities of technology and a technikon annually from the Department of Education.

In contrast to national departments, which keep their accounts on a cash basis, the accounts of universities and universities of technology and a technikon are kept on an accrual basis, i.e. the payments are recorded in the period to which the transactions relate and surpluses, deficits, assets and liabilities resulting from these transactions are carried over to the next fiscal year. However, the figures in this statistical release have been converted from accrual basis of accounting to cash basis of accounting. Financial statements were received for 19 institutions only.

Four institutions were estimated using the Estimates of National Expenditure (ENE 2006) document and National Treasury estimates of transfers from Department of Education to universities, universities of technology and a technikon.

Missing or incomplete information was supplemented through telephonic liaison with the relevant universities, universities of technology and a technikon as far as possible.

5. The tables contain only the consolidated information of all the universities, universities of technology and a technikon. Stats SA does not receive separate information for hostels and trust funds in order to exclude the information from the tables.
6. The expenditure on land and buildings by government departments (as a direct liability against their votes) on behalf of certain universities, universities of technology and a technikon is not included in the tables.

**Comparability with the previous year**

7. For the first time the statistical release includes tables on cash receipts from operating activities, cash flows from sales of non-financial assets, acquisition of financial assets other than cash, and net incurrence of liabilities. Net cash in/out flow from operating activities, net cash in/out flow from investments in non-financial assets, cash surplus/deficit, net cash in/out flow from financing activities and net change in the stock of cash can be calculated.

**Classification****8. Economic classification**

Transactions in this statistical release are classified economically according to the standard classifications of the 2001 Manual on Government Finance Statistics (GFS) of the International Monetary Fund.

Economic classification is in general a measure of the nature and economic effect of government operations on the economy of the country.

**Cash receipts and cash payments for operating activities and purchases of non-financial assets, sale of non-financial assets, net acquisition of financial assets other than cash and net incurrence of liabilities were classified economically as follows:**

- **Cash receipts from operating activities**

- Taxes
  - Social contributions
  - Grants
  - Other receipts

- **Cash payments for operating activities**

- Compensation of employees (excluding capitalised remuneration)
  - Purchases of goods and services
  - Interest
  - Subsidies
  - Social benefits
  - Other payments

- **Purchases of non-financial assets (including capitalised remuneration)**

- Fixed assets
  - Inventories
  - Valuables
  - Non-produced assets

- **Financial assets other than cash**

- Domestic
  - Foreign

- **Financial liabilities**

- Domestic
  - Foreign

**Related publications**

9. Stats SA also publishes statistical releases on the expenditure of the other levels of the general government:

- P9101.1 : *Annual actual and expected capital expenditure of the public sector;*
- P9102 : *Financial statistics of extra-budgetary accounts and funds;*
- P9114 : *Financial Census of municipalities;*
- P9119.3 : *Financial statistics of national government;*
- P9119.4 : *Financial statistics of consolidated general government;*
- P9121 : *Financial statistics of provincial government.*

**Symbols and abbreviations**

10. GAAP Generally Accepted Accounting Practice  
 GFS Government Finance Statistics 2001  
 SNA System of National Accounts 1993  
 Stats SA Statistics South Africa  
 - Nil or not applicable

## Glossary

<b>Accrual basis of recording</b>	Accrual basis of recording means that flows are recorded at the time economic value is created, transformed, exchanged, transferred, or extinguished.
<b>Books</b>	Include library books and periodicals.
<b>Cash basis of recording</b>	Cash basis of recording means that transactions are captured when cash is received or when cash payments are made.
<b>Compensation of employees</b>	Compensation of employees primarily includes salaries, wages, service and other bonuses, allowances (including car allowances), retirement benefits, contributions to medical, insurance and pension funds, compensation in respect of examinations and housing subsidies.
<b>Economic classification</b>	Economic classification is a measure of the nature and economic effect of government operations on the economy of the country. For example, when supplying non-market goods and services to the community, a government unit may produce the goods and services itself and distribute them, purchase them from a third party and distribute them, or transfer cash to households so they can purchase the goods and services directly. The economic classification identifies the types of expense incurred for these activities.
<b>Households</b>	Households may be defined as individuals or a small group of persons who share the same living accommodation (bursaries to students is regarded as other payments: current transfers to households).
<b>Machinery and equipment</b>	Machinery and equipment are divided into vehicles, computer equipment, books furniture and other machinery and equipment.
<b>Non-residential buildings</b>	Non-residential buildings include clinics, hospitals, offices and office blocks, warehouses, laboratories, workshops and lecture halls.
<b>Other constructions</b>	Other constructions include sport fields, roads and fences.
<b>Purchases of goods and services</b>	Purchases of goods and services include purchases of all other goods and services, except remuneration of employees, for current activities. In accordance with the recommendations of the 1993 System of National Accounts (SNA) these kinds of expenditure exclude capital expenditure relating to office, school, and household furniture and equipment.
<b>Residential buildings</b>	Residential buildings are buildings that are used entirely or primarily as residences and include student houses, flats, hostels and nursing homes.
<b>Subsidies</b>	Subsidies are current unrequited payments that general government pays to enterprises on the basis of the quantities or values of the goods and services, which they produce, sell or import.
<b>Technikon/ Universities of technology</b>	Means any technikon/ university of technology established, deemed to be established or declared as a technikon/ university of technology under the higher education act, (Act no. 101 of 1997).
<b>Universities</b>	Universities mean any university established, deemed to be established or declared as a university under the Higher Education Act, (Act no. 101 of 1997).

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