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Financial statistics of higher education institutions 2007

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Enquiries:

Francois Engelbrecht
012 310 8431

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email: info@statssa.gov.za
www.statssa.gov.za

170 Andries Street • Private Bag X44, 0001 Pretoria, South Africa
Tel: +27(12) 310 8911, Fax: +27(12) 321 7381

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Key findings

Net change in the stock of cash from higher education institutions amounted to R1 480 million for the 2007 financial year.

Cash receipts from operating activities amounted to R30 217 million and cash payments for operating activities amounted to R24 012 million, resulting in a net cash inflow from operating activities of R6 205 million for the financial year ended 31 December 2007. Purchases of non-financial assets amounted to R2 325 million for 2007. Sales of non-financial assets amounted to R88 million for the 2007 financial year, resulting in a net cash outflow from investments in non-financial assets of R2 237 million. The net acquisition of financial assets other than cash amounted to R2 640 million for the 2007 financial year. The net incurrence of liabilities amounted to R152 million, resulting in a net cash outflow from financing activities of R2 488 million for the 2007 financial year. The total net change in the stock of cash from higher education institutions amounted to R1 480 million for the 2007 financial year (see Table A, p.5).

Economic classification of cash payments for operating activities and purchases of non-financial assets of higher education institutions received

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 and these are: compensation of employees; purchases of goods and services; interest; subsidies; grants; social benefits; and other payments.

In contrast to national departments which keep their accounts on a cash basis, the accounts of higher education institutions 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 an accrual basis of accounting to a cash basis of accounting.

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, subsoil assets, other naturally occurring assets and intangible non-produced assets).

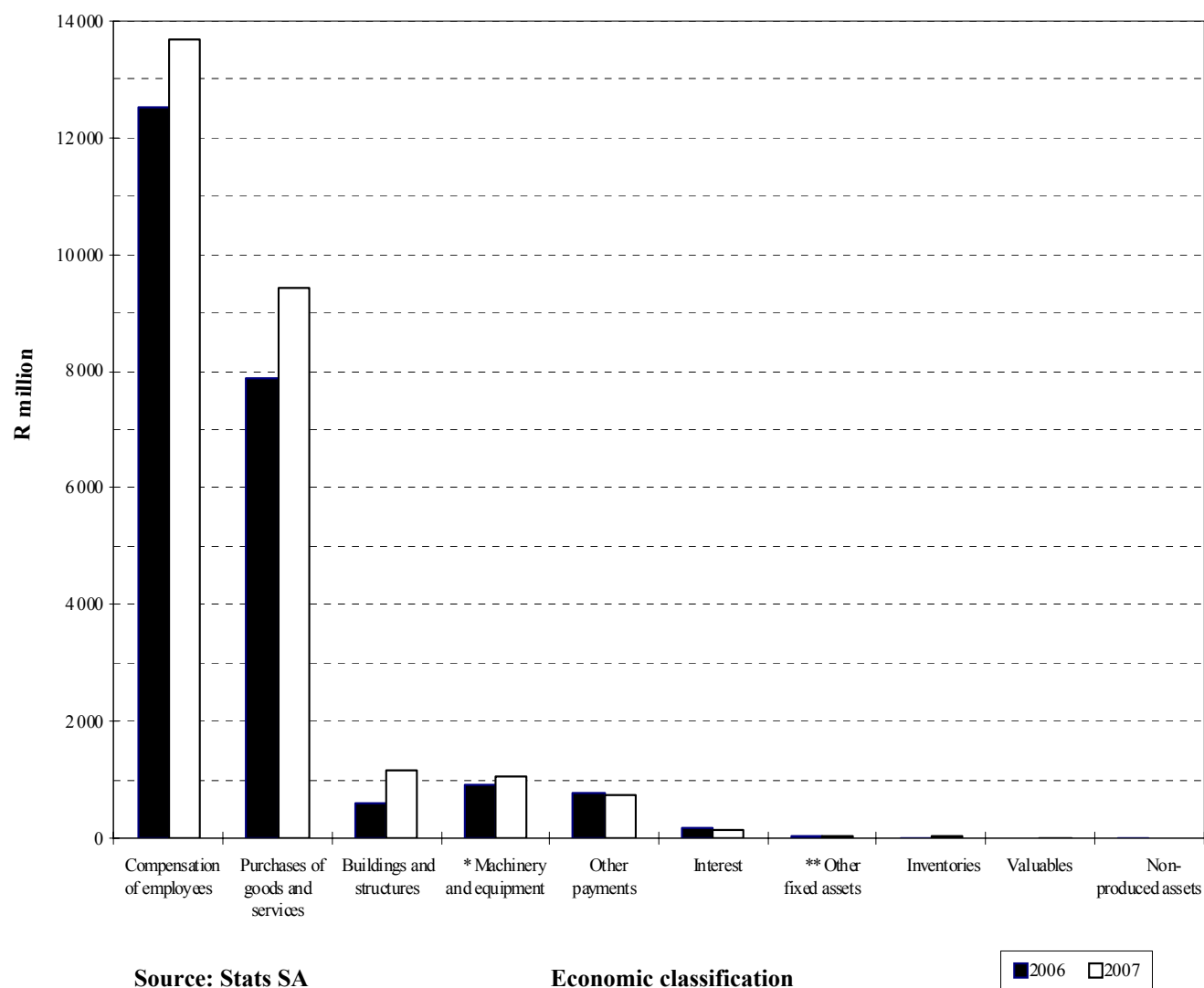
The contribution of cash receipts from operating activities, cash payments for operating activities and purchases of non-financial assets economically classified

The largest contributor to total cash receipts from operating activities (economically classified) was other receipts (R17 292 million), which mainly consists of tuition fees, followed by grants (R12 914 million) and taxes (R11 million) for the 2007 financial year (see Table A, p.5).

The largest contributor to the total cash payments for operating activities (economically classified) for the 2007 financial year was compensation of employees (R13 695 million), followed by purchases of goods and services (R9 432 million), other payments (R740 million), and interest (R145 million) (see Table A, p.5).

The largest contributor to purchases of non-financial assets was buildings and structures (R1 177 million) followed by machinery and equipment (R1 069 million), other fixed assets (R39 million), inventories (R28 million) and valuables (R12 million) (see Table B, p.6).

Figure 1 – Economic classification of the cash payments for operating activities and purchases of non-financial assets for the 2006 and 2007 financial years



* Machinery and equipment includes vehicles, computers, furniture, books and other machinery and equipment

** Other fixed assets include intangible assets

Table A – Economic classification of statement of sources and uses of cash of higher education institutions for the 2006 and 2007 financial years (Summary) ¹

GFS'01 codes	Economic classification of sources and uses of cash	2006	2007	Annual percentage change
		R million ²	R million ²	%
	Cash flows from operating activities:			
	Cash receipts from operating activities a	26 925	30 217	12,2
11	Taxes	16	11	-31,3
12	Social contributions	0	0	0
13	Grants	11 029*	12 914	17,1
14	Other receipts	15 880*	17 292	8,9
	Cash payments for operating activities b	21 316	24 012	12,6
21	Compensation of employees	12 524	13 695	9,4
22	Purchases of goods and services	7 832*	9 432	20,4
24	Interest	157	145	-7,6
25	Subsidies	0	0	0,0
26	Grants	0	0	0,0
27	Social benefits	0	0	0,0
28	Other payments	803*	740	-7,8
	<i>Net cash flow from operating activities: (outflow)/ inflow (a-b)=c</i>	5 609	6 205	10,6
	Cash flows from investments in non-financial assets:			
	Purchases of non-financial assets d	1 557	2 325	49,3
611	Fixed assets	1 536	2 285	48,8
612	Inventories	9	28	211,1
613	Valuables	2	12	500,0
614	Non-produced assets	10	0	-100,0
	Sales of non-financial assets e	37	88	137,8
311	Fixed assets	36	88	144,4
312	Inventories	0	0	0,0
313	Valuables	1	0	-100,0
314	Non-produced assets	0	0	0,0
	<i>Net cash flow from investments in non-financial assets: (outflow)/ inflow (e-d)=f</i>	-1 520	-2 237	-47,2
	CASH SURPLUS/ (DEFICIT) (c+f)=g	4 089	3 968	-3,0
	Cash flows from financing activities:			
	Net acquisition of financial assets other than cash: cash outflow/ (inflow) h	3 091	2 640	-14,6
321	Domestic	2 870	2 481	-13,6
322	Foreign	221	159	-28,1
	Net incurrence of liabilities: cash (outflow)/ inflow i	-98	152	250 ³
331	Domestic	-98	152	250 ³
332	Foreign	0	0	0
	<i>Net cash flow from financing activities: (outflow)/ inflow (i-h)=j</i>	-3 189	-2 488	22,0
99999	NET CHANGE IN THE STOCK OF CASH (g+j)=k	900	1 480	64,4

¹ The sum of the data may not necessarily add up to totals due to rounding-off of figures.² Included in the total cash payments for operating activities are the amounts for research undertaken by higher education institutions which was to the value of R1 834 million in 2007.³ Nominal change, as the percentage change cannot be calculated meaningfully.

* Revised.

Table B – Economic classification of cash payments for purchases of non-financial assets of higher education institutions for the 2006 and 2007 financial years

GFS'01 codes	Cash payments for purchases of non-financial assets		2006	2007	Annual percentage change
			R million ¹	R million ¹	%
	Purchases of non-financial assets:	(m + q + r + s) = l	1 557	2 325	49,3
611	Fixed assets:	(n + o + p) = m	1 536	2 285	48,8
6111	Buildings and structures:	n	591	1 177	99,2
61111	Residential buildings		18	42	133,3
61112	Non-residential buildings		245	1 059	332,2
61113	Other structures		328	76	-76,8
6112	Machinery and equipment:	o	917	1 069	16,6
61121	Vehicles		37	43	16,2
61122	Computer equipment		241	270	12,0
61124	Furniture		364	435	19,5
61125	Other machinery and equipment		148	175	18,2
61126	Books		127	146	15,0
6113	Other fixed assets:	p	26	39	50,0
61132	Intangible assets		26	39	50,0
612	Inventories	q	9	28	211,1
613	Valuables	r	2	12	500,0
614	Non-produced assets	s	10	0	-100,0

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

Notes

Forthcoming issues	Issue	Expected release date
	Financial statistics of higher education institutions for the financial year ending 31 December 2008	15 October 2009
Purpose of this statistical release	This statistical release provides financial statistics of cash transactions of higher education institutions. Cash payments for operating activities and purchases of non-financial assets for the 2007 financial year were converted from an accrual basis of accounting to a cash basis of accounting and were classified economically and functionally.	
Expected changes in the next issue	No changes are expected.	

PJ Lehohla
Statistician-General

Explanatory notes

Introduction

1. This statistical release provides cash transactions of higher education institutions for the 2007 financial year, which ended on 31 December.

Scope of the financial statistics of higher education institutions

2. The cash payments of the following higher education institutions are included in the tables:

Universities

- 1) Nelson Mandela Metropolitan University
- 2) North-West University
- 3) Rhodes University
- 4) Stellenbosch University
- 5) University of Cape Town
- 6) University of Fort Hare
- 7) University of the Free State
- 8) University of Johannesburg
- 9) University of KwaZulu-Natal
- 10) University of Limpopo
- 11) University of Pretoria
- 12) University of South Africa
- 13) University of Venda
- 14) University of the Western Cape
- 15) University of the Witwatersrand
- 16) University of Zululand

Universities of Technology

- 17) Cape Peninsula University of Technology
- 18) Central University of Technology, Free State
- 19) Durban University of Technology
- 20) Mangosuthu University of Technology
- 21) Tshwane University of Technology
- 22) Vaal University of Technology
- 23) Walter Sisulu University for Technology and Science

National Plan for Higher Education

3. In February 2001, the Cabinet recommended the establishment of the National Institutes for Higher Education as an innovative feature of the new higher education institutional landscape.

The National Institutes for Higher Education will constitute a new organisational entity, established in terms of the recommendations set out in the National Plan on Higher Education. The plan will facilitate the provision of higher education programmes in Mpumalanga and the Northern Cape provinces, respectively.

The National Institutes will not be established as autonomous institutions that can provide higher education qualifications in their own name, but will provide higher education programmes through collaborative agreements with existing higher education institutions.

In other words, the model of the National Institutes is that of a new organisational form, which will facilitate and co-ordinate the provision of programmes in Northern Cape and Mpumalanga by existing higher education institutions.

Methodology

4. Statistics South Africa receives financial statements of higher education institutions annually from the Department of Education. However, the figures in this statistical release have been converted from an accrual basis of accounting to a cash basis of accounting. Financial statements were received for all 23 higher education institutions.

Missing or incomplete information was supplemented through telephonic communication with the relevant higher education institutions as far as possible.

5. The tables contain only the consolidated information of all the higher education institutions. 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 higher education institutions is not included in the tables.

Comparability with the previous year

7. This statistical release is comparable to the Financial statistics of higher education institutions (2006) P9103.1 release published on 11 October 2007. For the first time this statistical release includes annual percentage change from the previous year (2006) for cash receipts from operating activities, cash payments for operating activities, purchases of non-financial assets, cash flows from sales of non-financial assets, net acquisition of financial assets other than cash, and net incurrence of liabilities.

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
Grants
Social benefits
Other payments

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

Fixed assets
Inventories
Valuables
Non-produced assets

- **Sales of non-financial assets**

Fixed assets
Inventories
Valuables
Non-produced assets

- **Net acquisition of financial assets other than cash**

Domestic
Foreign

- **Net incurrence of liabilities**

Domestic
Foreign

Related publications

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

P0441 *Gross Domestic Product;*
 P9101 *Capital expenditure by the public sector;*
 P9102 *Financial statistics of extra-budgetary accounts and fund;*
 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
 HEI Higher Education Institutions
 SNA System of National Accounts, 1993
 Stats SA Statistics South Africa
 - Nil or not applicable

Glossary

Accrual basis of recording	The accrual basis of recording means that flows are recorded at the time economic value is created, transformed, exchanged, transferred, or extinguished.
Annual percentage change	The annual percentage change is the difference between the amount of a specific item for the current year and the previous year expressed as a percentage of the amount of the same item for the previous year.
Books	Include library books and periodicals.
Cash basis of recording	The cash basis of recording means that transactions are captured when cash is received or when cash payments are made.
Compensation of employees	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.
Economic classification	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.
Financial assets	Financial assets consist of financial claims, monetary gold and Special Drawing Rights (SDRs) allocated by the International Monetary Fund (IMF).
GFS Manual (2001)	The manual describes a specialised macro-economic statistical system (Government Finance Statistics) designed to support fiscal analysis.
Grants	Grants are non-compulsory current or capital transfers from one government unit to another government unit or an international organisation.
Households	Households may be defined as individuals or a small group of persons who share the same living accommodation (bursaries to students are regarded as other payments: current transfers to households).
Inventories	Inventories are goods and services held by producers for sale, use in production, or other use at a later stage. In principle, current market prices should be available for most types of inventories, but in practice the values of inventories frequently are estimated by adjusting books or acquisition values of inventories with the aid of price indexes.
Machinery and equipment	Machinery and equipment is divided into vehicles, computer equipment, books, furniture and other machinery and equipment.
Liabilities	Liabilities are obligations to provide economic benefits to the units holding the corresponding financial claims.
Non-produced assets	Non-produced assets consist of tangible, naturally occurring assets over which ownership is enforced. Naturally occurring assets include land, subsoil assets and other naturally occurring assets.

Non-residential buildings	Non-residential buildings include clinics, hospitals, offices and office blocks, warehouses, laboratories, workshops and lecture halls.
Other structures	Other structures include sport fields, roads and fences.
Purchases of goods and services	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.
Residential buildings	Residential buildings are buildings that are used entirely or primarily as residences and include student houses, flats, hostels and nursing homes.
Subsidies	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.
Technikon/ Universities of technology	Means any technikon or university of technology established, deemed to be established or declared as a technikon or university of technology under the Higher Education Act, 1997 (Act No. 101 of 1997).
Universities	Universities mean any university established, deemed to be established or declared as a university under the Higher Education Act, 1997 (Act No. 101 of 1997).
Valuables	Valuables are produced goods of considerable value acquired and held primarily as a store of value and not used primarily for purposes of production or consumption.

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Enquiries

Telephone number: 012 310 8600/ 8095 / 8390 / 0174 / 4892 / 8496 (user information services)
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012 310 4883 / 4885 / 8018 (library)

Fax number: 012 321 6741 (technical enquiries)

Email address: Info@statssa.gov.za (user information services)
ElizabethMa@statssa.gov.za (technical enquiries)
SydneyM@statssa.gov.za (technical enquiries)
Distribution@statssa.gov.za (orders)

Postal address: Private Bag X44, Pretoria, 0001

Produced by Stats SA