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FINANCIAL STATEMENTS
for the year ended 31 December 2015

contents

Financial statements for the year ended 31 December 2015

Prepared in the format required by Section 41 of the Higher Education Act (Act 101 of 1997, as amended)

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NORTH-WEST UNIVERSITY

COUNCIL'S STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for the preparation, integrity and objectivity of the consolidated financial statements and related financial information included in this report, which is a fair presentation of the activities of the University at the end of the financial year. In order to meet this responsibility, they are assisted by management, the Audit, Risk and Compliance Committee of the Council, the Finance Committee of the Council, and the internal auditors of the University. Both the internal and external auditors have unrestricted access to all documents, minutes, records and information and no limitations have been placed on the audits. The external auditors are responsible for reporting on the consolidated financial statements. Internal controls and administrative systems, which have been designed to provide reasonable assurance regarding the integrity of the financial statements and that assets have been protected and transactions carried out in terms of the University's policies and procedures, are in place and are properly maintained on a cost-effective basis.

The consolidated financial statements comply with International Financial Reporting Standards (IFRS), including full and responsible disclosure in accordance with the University's accounting policies and in the manner required by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act (Act 101 of 1997 (as amended)). The consolidated financial statements are prepared on the going concern basis and all indications are that the University will continue in existence for the foreseeable future. The accounting policies have been applied consistently and are supported by reasonable and prudent judgements and estimates.

The consolidated financial statements for the year ended 31 December 2015 as set out on pages 6 to 64 have been approved by the Council on 23 June 2016 and are signed on behalf of the Council by:

CHAIRPERSON OF COUNCIL

VICE-CHANCELLOR

EXECUTIVE DIRECTOR: FINANCE AND FACILITIES

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Independent auditor's report to the Minister of Higher Education and Training and the Council of the North-West University

Report on the consolidated financial statements

We have audited the consolidated financial statements of the North-West University set out on pages 6 to 64, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the North-West University as at 31 December 2015 and its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of Higher Education Act of South Africa.

Report on other legal and regulatory requirements

Public Audit Act Requirements
In accordance with the Public Audit Act of South Africa and the general notice issued in terms thereof, we have a responsibility to report findings on the reported performance information against predetermined objectives for the selected objectives presented in the Annual Report, non-compliance with legislation and internal control. We performed tests to identify reportable findings as described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the reported performance information for the following selected objectives presented in the performance report as set out on pages 72 to 84 of the Annual Report of the North-West University for the year ended 31 December 2015, and reported thereon to the Council:

- Mission element 1: Access on pages 72 to 74
- Mission element 1: Equity on pages 74 to 75
- Mission element 2: Quality of teaching learning – Monitor and report progress on the Graduation outputs and graduation rates targets as approved by DHET on pages 76 to 77
- Mission element 3: Research staff capacity on pages 78 to 79
- Mission element 3: Research funding on page 79
- Mission element 5: Financial viability and sustainability on page 82
- Mission element 5: Stakeholder engagement (web-based) on page 83

We evaluated the reported performance information against the overall criteria of reliability.

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not identify any material findings on the reliability of the reported performance information for the selected objectives reported above.

Compliance with legislation

We performed procedures to obtain evidence that the University had complied with legislation regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in the Higher Education Act of South Africa.

Internal control

We considered internal control relevant to our audit of the financial statements, performance report and compliance with legislation, but not for the purpose of expressing an opinion on the effectiveness of internal control. We did not identify any significant deficiencies in internal control.

Other reports

Investigations

The Council commissioned various investigations into allegations of irregularities of petty cash expenditure, reimbursive expenditure claims, application of bursary funds and donations and an investigation into an employee's alleged fraud and misconduct. These investigations were in various stages of completion at the date of this report. Investigations completed were assessed and found not to have a material impact on these financial statements.

Audit-related services and special audits

We were engaged by the Council of the University to perform the following audit-related services:

- Agreed-upon procedures engagements in connection with the expenditure claimed against Department of Higher Education and Training (DHET) grants awarded to the North-West University as listed below:
  - Clinical Training grant for the period 1 March 2015 to 31 March 2016, and was issued on 30 May 2016;
  - Veterinary Sciences grant for the period 1 April 2015 to 31 March 2016, and was issued on 30 May 2016;
  - Ministerial Foundation Funding grant for the period 1 April 2015 to 31 March 2016, and was issued on 30 May 2016;
  - Research Development grant for the period 1 March 2015 to 31 March 2016, and was issued on 30 May 2016;
  - Teaching Development grant for the period 1 March 2015 to 31 March 2016, and was issued on 30 May 2016;
  - New Generation of Academics Programme grant for the period 1 April 2015 to 31 March 2016, and was issued on 30 May 2016;
  - Infrastructure and Efficiency grant for the period 1 April 2015 to 31 March 2016, and was issued on 30 May 2016 and Infrastructure and Efficiency Allocation for the Information Communication Technology funding category; and
  - Journal Research Output subsidy claim for the period 1 January 2015 to 31 December 2015, and was issued on 11 May 2016.
- Agreed-upon procedures engagement in connection with the Higher Education Management Information Systems (HEMIS) Report of the North-West University which is still in progress and will be issued by 31 July 2016;
- Agreed-upon procedures engagement in connection with the Electronic Supplementary Data of the North-West University submitted to the DHET for the period 1 January 2015 to 31 December 2015, and was issued on 14 June 2016;
- Agreed-upon procedures engagement in relation with the allocation of the Language Studies Bursary Scheme bursaries awarded by the Department of Arts and Culture to the North-West University grant for the period 1 April 2015 to 30 March 2016, and was issued on 30 March 2016;
- Agreed-upon procedures engagement in connection with the expenditure claimed against the National Research Foundation (NRF) grants, Scholarships and Grant Deposits awarded to the North-West University for the year ended 31 December 2015, and was issued on 11 March 2016;
- Agreed-upon procedures engagement in respect of the Financial Income and Expenditure Statement prepared for the Department of Science and Technology ("DST") relating to the Hydrogen Projects DST/CON 0183/2010, DST/CON 0165/2012 and DST/CON 0325/2014 for the period 1 April 2015 to 31 March 2016, and was issued on 25 April 2016; and
- Reasonable assurance engagement on the Statement of Expenditure for the period 1 January 2015 to 31 December 2015 in accordance with Grant CF-7485, under the Netherlands Initiative for Capacity development in the Higher Education (NICHE) awarded to the North-West University and was issued on 30 March 2016.

KPMG Inc.

M Rattigan

Per *Maureen Rattigan*
Chartered Accountant (SA)
Registered Auditor
Director
23 June 2016

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2015

	NOTE	2015 R	2014 R	
ASSETS		3 003 507 508	2 754 556 689	
NON-CURRENT ASSETS		2 295 814 013	2 337 193 236	
PROPERTY, PLANT AND EQUIPMENT (PPE)	6	1 121 871 611	1 141 840 939	
INVESTMENT PROPERTIES	7	20 322 861	20 820 106	
INTANGIBLE ASSETS	8	950 000	950 000	
INVESTMENTS	9	810 061 684	938 396 231	*
EQUITY-ACCOUNTED INVESTEES	10	3 528 141	152 014	
DEFERRED INCOME TAX ASSETS	34	72 716	71 946	
EMPLOYEE BENEFITS	18	339 007 000	234 962 000	
CURRENT ASSETS		707 693 495	417 363 453	
INVENTORIES	13	20 503 014	19 531 709	
TRADE AND OTHER RECEIVABLES	14	143 216 245	124 638 495	
INCOME TAX RECEIVABLE		406 330	164 770	
CURRENT PORTION OF INVESTMENTS	9	360 827 917	101 634 585	*
CASH AND CASH EQUIVALENTS	15	182 739 989	171 393 894	
EQUITY AND LIABILITIES		3 003 507 508	2 754 556 689	
EQUITY	16	1 977 130 546	1 724 159 983	
NON-DISTRIBUTABLE RESERVES		1 183 846 039	1 224 751 566	
PROPERTY, PLANT AND EQUIPMENT (PPE)		1 077 891 273	1 090 739 298	
NON-CURRENT INVESTMENTS REVALUATION		105 954 766	134 012 268	
RESERVE FUNDS		792 770 638	498 699 083	
RESTRICTED USE FUNDS		295 228 019	227 664 773	
STUDENT LOAN FUNDS		562 968	573 544	
STUDENT RESIDENCES FUNDS		134 429 285	113 895 592	
OTHER - EDUCATION AND GENERAL		160 235 766	113 195 637	
NWU PENSION FUND AND DISABILITY FUND - EMPLOYEE BENEFITS		339 007 000	234 962 000	
HELD FOR INVESTMENT IN PPE		24 935 261	37 493 686	
UNRESTRICTED-USE FUNDS - EDUCATION AND GENERAL		133 600 358	(1 421 376)	
NON-CONTROLLING INTERESTS		513 869	709 334	
NON-CURRENT LIABILITIES		555 957 672	530 757 229	
BORROWINGS - INTEREST-BEARING	17	42 644 237	71 352 375	
EMPLOYEE BENEFITS	18	513 313 435	459 404 854	
CURRENT LIABILITIES		470 419 290	499 639 477	
TRADE AND OTHER PAYABLES	20	297 278 266	307 284 566	
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	17	31 180 756	12 367 725	
CURRENT PORTION OF EMPLOYEE BENEFITS	18	20 421 835	19 860 465	
CURRENT PORTION OF DEFERRED INCOME	19	47 881 080	102 328 353	
STUDENT DEPOSITS AND PREPAID INCOME	21	73 657 353	57 798 368	

***** Restated - refer to note 9

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	2015 R	2014 R
INCOME	22	3 526 951 438	3 205 994 558
REVENUE		3 364 469 493	3 082 523 480
OTHER INCOME		162 481 945	123 471 078
EXPENDITURE		3 444 885 114	3 286 567 847
PERSONNEL REMUNERATION ***	24	1 926 705 413	1 817 327 467
OPERATING EXPENSES	25, 6, 7, 8	1 440 631 192	1 402 398 212
OTHER EXPENSES	28	66 241 285	53 455 332
FINANCE CHARGES	27	11 307 224	13 386 836
NET SURPLUS/(DEFICIT) BEFORE INCOME TAX		82 066 324	(80 573 289)
INCOME TAX EXPENSE	34	1 101 358	632 482
SURPLUS/(DEFICIT) FOR THE YEAR		80 964 966	(81 205 771)
OTHER COMPREHENSIVE INCOME (OCI)		172 368 498	102 048 192
Items that will not be reclassified to surplus or deficit		200 426 000	84 230 000
Remeasurements of employee benefit obligations			
PENSION FUND - SURPLUS	18, 34	192 068 000	76 730 000
DISABILITY RESERVE FUND - SURPLUS	18, 34	11 693 000	1 464 000
HEALTH CARE (MEDICAL) - (DEFICIT)/SURPLUS	18, 34	(3 335 000)	6 036 000
Items that may be subsequently reclassified to surplus or deficit		(28 057 502)	17 818 192
NET FAIR VALUE (LOSS)/GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	9, 34	(28 057 502)	17 818 192
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		253 333 464	20 842 421
Attributable to:			
- North-West University (Surplus/(Deficit))		80 797 531	(81 374 368)
- Non-controlling interests (Surplus)		167 435	168 597
- North-West University (OCI)		172 368 498	102 048 192
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		253 333 464	20 842 421

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

		2015	2014
***** TOTAL INCLUDES NON-RECURRING EXPENSES REGARDING IAS19 - VAULUATION OF EMPLOYEE BENFITS - CONSISTING OF BENEFIT ENHANCEMENT**		**89 901 000**	**190 067 000**

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTE	EDUCATIONAL & GENERAL: COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R	EDUCATIONAL & GENERAL: SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R	EDUCATIONAL & GENERAL: SUB-TOTAL R	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R	2015 TOTAL R	2014 TOTAL R
RECURRENT ITEMS		48 763 554	57 874 647	106 638 201	28 917 977	135 556 178	103 751 184
INCOME	22	2 932 427 162	266 036 264	3 198 463 426	287 452 161	3 485 915 587	3 199 728 094
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	23	1 368 327 774	322 058	1 368 649 832	0	1 368 649 832	1 267 269 199
TUITION AND OTHER FEES		1 171 280 312	0	1 171 280 312	0	1 171 280 312	999 210 874
INCOME FROM CONTRACTS		4 827 079	222 760 066	227 587 145	0	227 587 145	240 068 652
FOR RESEARCH		4 233 932	220 312 122	224 546 054	0	224 546 054	238 356 784
FOR OTHER ACTIVITIES		593 147	2 447 944	3 041 091	0	3 041 091	1 711 868
SALES OF GOODS AND SERVICES		246 356 480	18 042 405	264 398 885	287 452 161	551 851 046	535 518 383
PRIVATE GIFTS AND GRANTS		26 624 649	18 476 509	45 101 158	0	45 101 158	40 456 372
SUB-TOTAL		2 817 416 294	259 601 038	3 077 017 332	287 452 161	3 364 469 493	3 082 523 480
INVESTMENT INCOME	26.1	115 010 868	6 435 226	121 446 094	0	121 446 094	117 204 614
EXPENDITURE		2 883 663 608	208 161 617	3 091 825 225	258 534 184	3 350 359 409	3 095 976 910
PERSONNEL REMUNERATION	24	1 745 171 940	57 238 541	1 802 410 481	34 393 932	1 836 804 413	1 627 260 467
ACADEMIC PROFESSIONAL		950 138 387	19 224 427	969 362 814	0	969 362 814	850 403 217
OTHER PERSONNEL		778 105 553	38 014 114	816 119 667	34 393 932	850 513 599	814 450 250
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		16 928 000	0	16 928 000	0	16 928 000	(37 593 000)
OTHER CURRENT OPERATING EXPENSES	25	907 028 419	150 423 882	1 057 452 301	218 610 269	1 276 062 570	1 272 542 447
CAPITAL EXPENDITURE EXPENSED	28	60 949 025	598 124	61 547 149	69 431	61 616 580	52 931 395
DEPRECIATION	6 & 7	164 568 622	0	164 568 622	0	164 568 622	128 609 938
AMORTISATION	8	0	0	0	0	0	1 245 827
SUB-TOTAL		2 877 718 006	208 260 547	3 085 978 553	253 073 632	3 339 052 185	3 082 590 074
FINANCE CHARGES	27	5 945 602	(98 930)	5 846 672	5 460 552	11 307 224	13 386 836
NON-RECURRENT ITEMS		(53 490 293)	439	(53 489 854)	0	(53 489 854)	(184 324 473)
INCOME		41 035 412	439	41 035 851	0	41 035 851	6 266 464
PROFIT ON DISPOSAL OF PPE		0	439	439	0	439	217 574
PROFIT ON INVESTMENTS	26.2	39 540 347	0	39 540 347	0	39 540 347	6 014 798
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES	10	0	0	0	0	0	34 092
OTHER NON-RECURRENT INCOME		1 495 065	0	1 495 065	0	1 495 065	0
EXPENDITURE		94 525 705	0	94 525 705	0	94 525 705	190 590 937
OPERATING EXPENSES		197 304	0	197 304	0	197 304	523 937
LOSS ON DISPOSAL OF PPE		192 385	0	192 385	0	192 385	0
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEES		4 235 016	0	4 235 016	0	4 235 016	0
IAS19 - BENEFIT ENHANCEMENT	6	89 901 000	0	89 901 000	0	89 901 000	190 067 000
NET SURPLUS/(DEFICIT) BEFORE INCOME TAX		(4 726 739)	57 875 086	53 148 347	28 917 977	82 066 324	(80 573 289)
INCOME TAX EXPENSE	34	1 101 358	0	1 101 358	0	1 101 358	632 482
SURPLUS/(DEFICIT) FOR THE YEAR		(5 828 097)	57 875 086	52 046 989	28 917 977	80 964 966	(81 205 771)

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 (continued)
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

		EDUCATIONAL & GENERAL					
	NOTE	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R	SUB-TOTAL R	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R	2015 TOTAL R	2014 TOTAL R
SURPLUS/(DEFICIT) FOR THE YEAR		(5 828 097)	57 875 086	52 046 989	28 917 977	80 964 966	(81 205 771)
OTHER COMPREHENSIVE INCOME (OCI)		172 368 498	0	172 368 498	0	172 368 498	102 048 192
Items that will not be reclassified to surplus or deficit		200 426 000	0	200 426 000	0	200 426 000	84 230 000
Remeasurements of employee benefit obligations							
PENSION FUND - SURPLUS	18, 34	192 068 000	0	192 068 000	0	192 068 000	76 730 000
DISABILITY RESERVE FUND - SURPLUS	18, 34	11 693 000	0	11 693 000	0	11 693 000	1 464 000
HEALTH CARE (MEDICAL) - (DEFICIT)/SURPLUS	18, 34	(3 335 000)	0	(3 335 000)	0	(3 335 000)	6 036 000
Items that may be subsequently reclassified to surplus or deficit		(28 057 502)	0	(28 057 502)	0	(28 057 502)	17 818 192
NET FAIR VALUE (LOSS)/GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	9, 34	(28 057 502)	0	(28 057 502)	0	(28 057 502)	17 818 192
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		166 540 401	57 875 086	224 415 487	28 917 977	253 333 464	20 842 421
Attributable to:							
- North-West University (Surplus/(Deficit))		(5 995 532)	57 875 086	51 879 554	28 917 977	80 797 531	(81 374 368)
- Non-controlling interests (Surplus)		167 435	0	167 435	0	167 435	168 597
- North-West University (OCI)		172 368 498	0	172 368 498	0	172 368 498	102 048 192
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		166 540 401	57 875 086	224 415 487	28 917 977	253 333 464	20 842 421

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

DESCRIPTION	UNRESTRICTED RESERVE FUNDS	DESIGNATED RESERVE FUNDS (Note 1)	SUB-TOTAL A	RESTRICTED RESERVE FUNDS: DONATIONS & SIMILAR FUNDS	RESTRICTED RESERVE FUNDS: RESEARCH & OTHER (CONTRACTS)	SUB-TOTAL B	RESTRICTED RESERVE FUNDS: STUDENT LOANS	RESTRICTED RESERVE FUNDS: RESIDENCE	FIXED ASSET RESERVE FUND (PPE)	RESERVE FUNDS FOR FIXED ASSETS: ADDITIONS & RENEWALS	AVAILABLE-FOR-SALE/ REVALUATION RESERVE	NWU PENSION FUND AND DISABILITY FUND (Note 1)	SUB-TOTAL C	TOTAL	NON-CONTROLLING INTEREST	TOTAL EQUITY
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R
BALANCE AT 31 DECEMBER 2013 (note 16)	38 391 587	(30 665 462)	7 726 125	31 317 784	93 044 427	124 362 211	1 716 574	82 883 503	1 021 888 080	47 127 255	116 194 076	300 879 000	1 570 688 491	1 702 776 825	540 737	1 703 317 562
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	11 857 809	11 857 809	1 308 454	23 485 948	24 794 402	(1 143 030)	33 263 451	0	0	17 818 192	(65 917 000)	(15 978 387)	20 673 823	168 597	20 842 421
SURPLUS/(DEFICIT) FOR THE YEAR	0	5 821 809	5 821 809	1 308 454	23 485 948	24 794 402	(1 143 030)	33 263 451	0	0	0	(144 111 000)	(111 990 579)	(81 374 368)	168 597	(81 205 771)
OTHER COMPREHENSIVE INCOME	0	6 036 000	6 036 000	0	0	0	0	0	0	0	17 818 192	78 194 000	96 012 192	102 048 192	0	102 048 192
TRANSFERS	(1 172 881)	(19 832 429)	(21 005 310)	1 648 049	(37 609 025)	(35 960 976)	0	(2 251 362)	68 851 218	(9 633 569)	0	0	56 966 287	0	0	0
BALANCE AT 31 DECEMBER 2014 (note16)	37 218 706	(38 640 082)	(1 421 376)	34 274 287	78 921 350	113 195 637	573 544	113 895 592	1 090 739 298	37 493 686	134 012 268	234 962 000	1 611 676 393	1 723 450 649	709 334	1 724 159 983
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	90 385 469	90 385 469	6 717 281	51 168 381	57 885 662	(10 576)	28 917 977	0	0	(28 057 502)	104 045 000	104 894 898	253 166 029	167 435	253 333 464
SURPLUS/(DEFICIT) FOR THE YEAR	0	93 720 469	93 720 469	6 717 281	51 168 381	57 885 662	(10 576)	28 917 977	0	0	0	(99 716 000)	(70 808 599)	80 797 531	167 435	80 964 966
OTHER COMPREHENSIVE INCOME	0	(3 335 000)	(3 335 000)	0	0	0	0	0	0	0	(28 057 502)	203 761 000	175 703 498	172 368 498	0	172 368 498
DECREASE DUE TO BUY BACK OF SHARES IN OPENCOLLAB (PTY) LTD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(362 900)	(362 900)
TRANSFERS	4 238 398	40 397 869	44 636 267	288 106	(11 133 639)	(10 845 533)	0	(8 384 284)	(12 848 025)	(12 558 425)	0	0	(33 790 734)	0	0	0
BALANCE AT 31 DECEMBER 2015 (note16)	41 457 103	92 143 255	133 600 358	41 279 674	118 956 092	160 235 766	562 968	134 429 285	1 077 891 273	24 935 261	105 954 766	339 007 000	1 682 780 553	1 976 616 677	513 869	1 977 130 546

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

Note 1 - The Designated Reserve Funds and NWU Pension Fund and Disability Fund were previously combined.
This has been seperated for improved disclosure in the statement of changes in equity and statement of financial position.
There is no impact on the total equity disclosed previously.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015

	NOTE	2015 R	2014 R
CASH FLOWS FROM OPERATING ACTIVITIES	29	180 550 230	134 898 665
INVESTMENT INCOME LESS COST OF FINANCE		149 679 217	109 832 576
INTEREST RECEIVED	26.3	154 107 211	117 657 263
DIVIDENDS RECEIVED	26.3	6 879 230	5 562 149
INTEREST PAID	27	(11 307 224)	(13 386 836)
NET CASH GENERATED FROM OPERATING ACTIVITIES		330 229 447	244 731 241
CASH FLOWS FROM INVESTING ACTIVITIES		(308 988 245)	(379 332 726)
ACQUISITION OF OTHER INVESTMENT		(7 611 143)	0
PURCHASES OF PROPERTY, PLANT & EQUIPMENT	6	(145 710 675)	(191 967 968)
PROCEEDS FROM SALE OF PROPERTY, PLANT & EQUIPMENT	6	1 416 680	1 716 551
PROCEEDS ON SALE FROM INTANGIBLE ASSETS	8	0	4 050 390
PURCHASES OF NON-CURRENT INVESTMENTS		(157 083 107)	(193 131 699)
CASH FLOWS FROM FINANCING ACTIVITIES		(9 895 107)	(7 007 567)
PAYMENTS OF INTEREST-BEARING BORROWINGS	17	(9 895 107)	(7 007 567)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11 346 095	(141 609 052)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		171 393 894	313 002 946
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	182 739 989	171 393 894

The notes on pages 12 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

STRUCTURE OF THE UNIVERSITY

1.1 **Legal persona and country of registration**

The University is a legal person in the Republic of South Africa and is regulated by the Higher Education Act 101 of 1997, as amended by Act 54 of 2000.

1.2 **Nature of business, operations and main activities**

The operations and main activities of the University are education, research and community service based on its vision and mission.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated financial statements are presented in Rand (to the nearest), which is the University's functional currency and are prepared in accordance with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. The consolidated financial statements are also in accordance with the requirements set by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act (Act 101 of 1997 (as amended)). They were authorised for issue by Council on 23 June 2016.

The consolidated financial statements are prepared on a going concern basis under the historical cost convention, except for:

- Electing to carry financial assets at fair value through profit or loss;
- measuring investments recognised as available for sale at fair value; and
- valuing post-employment and disability benefit obligations by using the projected unit credit method.

Management is of the opinion that the University has adequate resources to continue with operational activities for the foreseeable future and therefore will continue to adopt the going concern basis in preparing its consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Standards, amendments and interpretations effective in 2015 and adopted by the University

There are no standards, amendments and interpretations effective in 2015 and adopted by the University.

(b) Standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted early by the University

- **IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.
  For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The University is yet to assess IFRS 9's full impact.

- **IFRS 15, 'Revenue from contracts with customers',** replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services.
  The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised.
  This new standard will most likely have a significant impact on the University, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The University is currently in the process of performing a more detailed assessment of the impact of this standard on the University and will provide more information in the year ending 31 December 2017 financial statements.
  The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted under IFRS.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Standards, amendments to and interpretations of existing standards that are not yet effective and have not been adopted early by the University (continued)

- **IFRS 16, 'Leases',** was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the Statement of Financial Position. No significant changes have been included for lessors.
  The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lesees and lessors. The University is assessing the potential impact on the financial statements resulting from the application of IFRS 16.

- **IAS 1*, '*Presentation of Financial Statements'*.* The IASB has issued amendments as part of its major initiative to improve presentation and disclosure in financial reports. The amendments are designed to further encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make it clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendments to IAS 1 can be applied immediately, and become mandatory for annual periods beginning on or after 1 January 2016.

2.2 Basis of consolidation

All the different components, including the institutes, bureaux, companies and educational units of the University, as well as the results, assets and liabilities of the Institutional Office and of the Mafikeng, Potchefstroom and Vaal Triangle Campuses, are included in the consolidated financial statements.

(a) Subsidiaries

Subsidiaries are entities controlled by the University. The University controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control commences until the date on which control ceases.

When the University loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in the statement of comprehensive income.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed to the former owners of the acquiree and the equity interests issued. The consideration does not include amounts related to the settlement of pre-existing relationships. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Subsequent changes in the fair value of the contingent consideration are recognised in surplus or deficit. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the gain on a bargain purchase is recognised in surplus of deficit.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the University.

The following subsidiaries have been included in the consolidated financial statements:

- Molopo Sun (Pty) Ltd
- OpenCollab (Pty) Ltd
- PUK Kanselierstrust
- PUK Ontwikkelingstrust (incorporated association not for gain)

(b) Associates

Associates are all entities over which the University has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost (which includes transaction costs), and the carrying amount is increased or decreased to recognise the University's share of the profit or loss and OCI of the equity-accounted investee after the date of acquisition. The University's share of post-acquisition profit or loss is recognised in surplus or deficit.

(c) *Transactions eliminated on consolidation*

Inter-company transactions, balances, income and expenses on transactions are eliminated. Surpluses and deficits resulting from inter-company transactions that are recognised in assets are also eliminated.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment (PPE)

2.3.1 Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, except for donations of assets that are initially recorded at fair value less depreciation. Fair value is considered as deemed cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to surplus or deficit during the financial period in which they are incurred.

2.3.2 Land and buildings comprise mainly lecture halls, laboratories, hostels and administrative buildings. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to depreciate the depreciable amount, which is the difference between their cost and their residual values, over their estimated useful lives, as referred to below.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.8).

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognised in surplus or deficit.

CATEGORY	PERCENTAGE PER ANNUM		USEFUL LIFE
Land	0,0%	:	Utilisation is unlimited.
Buildings	2,0%	:	The useful life is estimated at 50 years.
Computer equipment	33,3%	:	The useful life is estimated at 3 years.
Servers and printers	20,0%	:	The useful life is estimated at 5 years.
Laboratory equipment	15,0%	:	The useful life is estimated at 6,67 years.
Specialised equipment	20,0%	:	The useful life is estimated at 5 years.
Furniture	10,0%	:	The useful life is estimated at 10 years.
Vehicles	33,3%	:	The residual value of the vehicle pool is estimated at 65% after three years, which is the average replacement term of vehicles.
Synthetic hockey field (carpet)	12,5%	:	The useful life is estimated at 8 years.
Synthetic hockey field (base)	2,0%	:	The useful life is estimated at 50 years.
Assets less than R3 000	33,3%	:	The useful life is estimated at 3 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Property, plant and equipment (PPE) (continued)

2.3.3 Actual improvements to buildings are capitalised when it is probable that future economic benefits exceeding the originally estimated performance standard of the existing asset will flow to the business. Routine maintenance with regard to buildings and equipment are charged to surplus or deficit as incurred.

2.3.4 Costs relating to library books are expensed.

2.4 Investment properties

Investment properties, principally comprising land and buildings, are held for long-term capital appreciation and rental yields and are not occupied by the University. Investment properties are carried at cost less impairment losses and depreciation.

Depreciation on investment properties is calculated using the straight-line method to allocate their cost less their residual value over the estimated useful life of 50 years.

2.5 Intangible assets

Computer software (Licences and other)

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Costs associated with maintaining computer software programmes (including annual licence fees) are recognised as an expense as incurred. Development costs that can be measured reliably and are directly attributable to the design and testing of identifiable and unique software products controlled by the University, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditure that does not meet the criteria is recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

When capitalised, intangible assets are initially recognised at cost. These costs are amortised on a straight-line basis as follows:

- Computer software – Licences 20% : The useful life is estimated at 5 years.
- Computer software – Other 20% : The useful life is estimated at 5 years.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Intangible assets (continued)

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the University's interest in net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired is allocated to each of the cash-generating units that is expected to benefit from the acquisition or business combination. Each unit to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Separately recognised goodwill is carried at cost less impairment losses and goodwill impairment reviews are undertaken annually. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the cash generating unit's (CGU's) value in use and its fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6 Impairment of non-financial assets

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation/amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). Impairment losses are recognised in surplus or deficit in the period in which the impairment loss occurs. Prior periods' impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

2.7 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the University's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African Rand (R), which is the University's presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in surplus or deficit.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation (continued)

Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other (losses)/gains – net'.

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in surplus or deficit, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in surplus or deficit as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in other comprehensive income.

2.8 Financial instruments

Classification

The University classifies its financial assets and financial liabilities in the following categories: at fair value through profit or loss, receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current. The University's financial assets classified in this category are foreign exchange contracts and ALSI future contracts (refer to note 9).

(b) Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for receivables with maturities greater than 12 months after the end of the reporting date. These are classified as non-current assets. The University's receivables comprise the following in the statement of financial position:

- Money-market and other investments (refer to note 9);
- Trade and other receivables (refer to note 14); and
- Cash and cash equivalents (refer to note 15).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued

2.8 Financial instruments

Classification (continued)

(c) Held-to-maturity

Held-to-maturity investments are investments with fixed or determinable payments with a fixed maturity date. Other than investments in money market instruments, there is a positive intent and ability of the entity is to hold the investment to maturity. The University's held-to-maturity investments include capital bonds (refer to note 9).

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting date. The University's financial assets classified in this category comprise unlisted shares that do not qualify as an investment in an associate, listed shares and foreign investments (refer to note 9).

Recognition and measurement

Regular purchases and sales of financial assets and liabilities are recognised on the trade date – the date on which the University commits to purchase or sell and becomes a party to the contractual provisions of the instrument. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in surplus or deficit. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method. Financial liabilities are derecognised when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the University currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in surplus or deficit in the period in which they arise. Dividend income from financial assets at fair value through profit and loss is recognised in surplus or deficit as part of the other income when the University's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are reclassified to surplus or deficit.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued

2.8 Financial instruments

Recognition and measurement (continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in surplus or deficit as part of other income. Dividends on available-for-sale equity instruments are recognised in surplus or deficit as part of other income when the University's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset (and for unlisted securities) is not active, the University establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

The University assesses at the end of each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – is removed from equity and recognised in surplus or deficit. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

Equity investments measured at armortised cost – for the receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced and the amount of the loss is recognised in surplus or deficit. For a held-to-maturity investment the University, as a practical expedient, measures impairment on the basis of an instrument's fair value using an observable market price.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in surplus or deficit and is reversered if there has been a favourable change in the estimates used to determine the recoverable amount.

Impairment testing of trade receivables is described in note 2.12.

2.9 Derivative financial instruments

Certain derivatives are accounted for at fair value through profit or loss. Changes in the fair value of these derivatives are recognised immediately in surplus or deficit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Inventories

Inventories are measured at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and applicable variable selling expenses.

Cost of inventory is determined by the following methods:

2.10.1 Central warehouse, trade, cafeteria and residence inventories are stated at the weighted average cost.

2.10.2 Fuel inventories are calculated according to the first-in, first-out (FIFO) method.

2.10.3 Printed publications are stated at the weighted average purchase price.

2.10.4 Veterinary health is stated at the weighted average purchase price.

Provision for obsolete and slow-moving inventory is made where applicable and recognised in surplus or deficit.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with banks and investments in money-market instruments.

2.12 Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment allowances. An impairment allowance for trade receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (90 days and more overdue) are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in surplus or deficit.

2.13 Equity – reserve funds

The accumulated funds are subdivided on the basis of their employability between restricted and unrestricted funds.

Unrestricted funds – Council-controlled

Unrestricted and designated funds relate to funds over which the Council of the University has absolute legal control and discretion. Designated funds are unrestricted income which the Council has designated for purposes that it deems fit. Decisions in this regard can always be changed at the discretion of Council. The Council-controlled segment predominantly represents the teaching component of the University. It reflects the University's subsidised activities and comprises mainly formula subsidy, tuition fees, sales of goods and services and investment income.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Equity – reserve funds (continued)

Restricted funds

Specifically purposed income (restricted) relates to funds that have been provided in terms of legally enforceable requirements of the purpose for which they may be expended. This may result from a contract, a condition of a grant, a bequest or a condition stipulated in a notarial deed of donation. Council has no discretion or control in this regard, but retains an oversight role in regard to ensuring that expenditure is in accordance with the mandate received from funders.

Student and staff accommodation

The student housing segment relates to the provision of accommodation to students (residences).

Fixed asset reserve

These are funds utilised for acquisition of property, plant and equipment (PPE) (refer to note 30).

Revaluation reserve

The revaluation reserve reflects the fair value changes in available-for-sale investments.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in surplus or deficit over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.15 Employee benefits

2.15.1 Pension obligations

The University has both defined benefit and defined contribution plans. A defined-contribution plan is a pension plan under which the University pays fixed contributions into a separate entity. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined-contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

Defined-benefit plans

Retirement-benefit costs are provided in accordance with defined-benefit plans, which include the North-West University Pension Fund and the Associated Institutions Pension Fund. The North-West University Pension Fund has two fixed-benefit options, only available to members who changed from the Associated Institutions Pension Fund to the North-West University Pension Fund on 1 January 1995 – closed options.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

2.15.1 Pension obligations (continued)

Defined-benefit plans (continued)

The net obligation recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting date less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by qualified independent actuaries, using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Current service cost is recognised as a term expenditure in surplus or deficit and is matched with the benefit received during the working life of the employee. This includes the expenditure for benefits received by the employee who is currently in service, as well as the funding of costs for this employee when the person is no longer in service.

Past service cost, experience adjustments, the effect of changes in actuarial assumptions and the effect of plan changes are immediately recognised in surplus or deficit. The present value of the effect of the amended benefits is determined and recognised as income or expenditure in the period during which the plan change is made.

Defined-contribution plan

Retirement-benefit costs are provided in terms of a defined-contribution plan (North-West University Pension Fund). The North-West University Pension Fund has a fixed-contribution plan with a defined-benefit guarantee for all new enrolments since 1 January 1995. A fourth option was introduced on 1 January 2004 for all new members of the fund. The contributions to the defined-contribution plan are recognised as expenditure in the relevant period in which the liability arises, and the liability is thus matched with the benefit received by the employee during his/her working life.

2.15.2 Disability obligations

The disability benefits are provided in accordance with the rules of the North-West University Disability Reserve Fund that was established on 1 January 1995.

The objective of the fund is to provide disability benefits to the members of the North-West University Pension Fund. After a waiting period of 6 months, a member who is disabled receives a disability income equal to 82,5% of the member's monthly salary, subject to a maximum disability income benefit as determined by the Trustees. The income is reduced by the member's contributions towards the North-West University Pension Fund. The disability income will continue to the earlier of recovery or 65.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Employee benefits (continued)

2.15.2 Disability obligations (continued)

The asset recognised in the statement of financial position is the fair value of plan assets less the present value of the liabilities at the end of the reporting date. This is calculated annually by qualified independent actuaries using the projected unit credit method and discounting the estimated future cash outflows using interest rates of government corporate bonds that are denominated in the currency in which the benefits will be paid.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments are charged or credited to other comprehensive income (OCI) in the period in which they occur.

2.15.3 Post-employment medical benefits

The current service costs of post-retirement benefits over and above pension funds are recognised as expenditure and are matched with the benefit received during the working life of the employee and include the funding costs for when employees are no longer employed. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged to surplus or deficit during the period in which these changes arise. The liability is calculated according to actuarial assumptions to determine the current value of the estimated future costs of the benefits – by means of the projected unit credit method.

The effect of plan changes in respect of retired employees is determined as the present value of the effect of the changed benefits and is recognised as an expenditure during the period in which the change is made to the provisions of the retirement-benefit plan.

2.15.4 Termination benefits

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognises termination benefits when it is demonstrably committed to a termination when the University has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees excepted to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value and are treated as other long term employee benefits. Termination benefits settled within 12 months are treated as short term employee benefits.

2.15.5 Bonus plans

The University recognises a liability and an expense for bonuses. The University recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.15.6 Accumulated annual leave

Employee entitlements to annual leave are in accordance with the conditions of service of the employees with leave accruing to them as a result of services rendered. These include annual leave as well as accumulated leave.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Income recognition

Income is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and provision of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax (as applicable), returns, rebates and discounts and after eliminating sales within the group.

Income is recognised when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The University bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

The accounting policy regarding the elements of gross income includes the following:

2.17.1 State subsidy is recognised as income over the periods that are required to systematically match the income with the related expenditure for which it is intended. State subsidy for the acquisition of fixed property and infrastructure is credited against the cost of the relevant item of property, plant and equipment.

2.17.2 Tuition fees, residence fees and other income are recognised as the service and products are rendered, in accordance with the percentage-of-completion method. It is based on the services performed to date as a percentage of the total services to be performed by the University.

2.17.3 Research money is dealt with as follows:

- Income is recognised when received. Funds not used until some specified future period or occurrence are deferred to deferred income and released as the criteria are met and the University becomes entitled to the funds; and
- the expenditure is accounted for when incurred and is not deferred over the term of the specific research.

2.17.4 Dividends are recognised as income on the last day of registration with regard to listed shares and when it is declared in the case of unlisted shares. Interest is recognised on a time-proportion basis, which takes into account the effective return on the asset.

2.17.5 Donations received are recognised at the fair value on the date of the donation.

2.17.6 Rental received is recognised over the lease term on a straight line basis.

2.18 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to surplus or deficit on a straight-line basis over the period of the lease.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Research and development costs

2.19.1 Research expenditure, as mentioned above, is recognised as an expense in the year when incurred. This includes all expenditure directly related to research and development activities.

2.19.2 Development costs, which are inherent in the operating activities of the University, are capitalised when future economic benefits will flow to the University and when the cost can be measured reliably. However, development costs initially recognised as an expense are not recognised as an asset in a subsequent period. Development costs that have been capitalised are amortised from the date the asset is in the condition and location to be used as intended by management.

3. FINANCIAL RISK MANAGEMENT

The University's activities expose it to a variety of financial risks: market risk (including currency risk, price risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

The University's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the University's financial performance.

Council delegated the responsibility of the process of risk management to the Audit, Risk and Compliance Committee. This Committee reports key risks to Council twice a year.

The risk approach of the University is based on the following definition of risk: "Risk can be defined as a potential threat or possibility that an action or event will adversely affect an organisation's ability to achieve its objectives". The University's approach is to balance opportunities and risks based on the supposition that the University sustains itself as a going concern. As there are risks that will have direct financial implications and those that will not have (immediate) direct financial implications, risk profiles are differentiated as "financial risks" and "non-financial risks".

Risk abatement strategies are identified based on the strategic objectives of the University according to the Institutional Plan. Institutional Management (through defined responsibility and accountability of executive management) identifies the most significant risk events, conditions or areas. There is an established line function with the remit of determining the identification, assessment, intervention measures and all aspects of the management of risk affecting the University.

Identified as well as new events and actions that are potential risks are included in the risk register of the University. The list is maintained, reviewed and updated at least bi-annually and is managed accordingly.

Despite these structures and procedures, the potential exists that adverse events may occur that may affect the results of normal operations throughout the University at all levels of activity.

Only in limited instances are financial instruments used to cover risks linked to the University's activities. Where instruments are used to cover risks linked to the University's activities, each instrument is linked to an asset or liability, or an operational or financing transaction. Management of these instruments, which are mostly traded on organised or related markets, is centralised. Financial institutions are selected on their national grading to limit risks and to provide diversification.

3. FINANCIAL RISK MANAGEMENT (continued)

The University's investment policy is designed to limit exposure to financial risks and no portfolio that has speculative characteristics is utilised. A money-market division and three independent investment management companies are responsible for managing these related risks.

3.1 FINANCIAL RISK FACTORS

Market risk

(i) Price risk

The University is exposed to equity securities price risk because of investments held by the University and classified either as available-for-sale or at fair value through profit or loss. Included in investments are listed shares that are traded on the Johannesburg Securities Exchange and classified as available-for-sale investments. The risk exists that the value of these financial instruments may fluctuate as a result of changes in the market price. To manage its price risk arising from investments in equity securities, the University diversifies its portfolio. Diversification is done in accordance with the prescripts of the Committee for Investments.

At 31 December 2015, if the ALSI of the JSE increased/decreased by 1% while all other variables held constant and all the University's equity instruments moved accordingly, the value of the investments would have been R3 009 893 higher/lower (2014: R2 838 825) (refer to note 9.1). Owing to the unpredictability of equity market returns, a general indicative percentage of 5% is used to highlight the changes in market value of equity investments.

(ii) Cash flow and fair value interest rate risk

In the case of long-term borrowings, the University's interest rate risk is limited because loans are only entered into at fixed interest rates and in South African currency. Borrowings issued at fixed rates expose the University to fair value interest risk. Interest rates on overdraft facilities are linked to the prime rate and are floating. Income and operating cash flows are substantially independent of changes in the market interest rates and therefore no formal interest rate risk management policy exists.

Interest rate risk and therefore cash flow risk arises mainly from cash and cash equivalents. At 31 December 2015 an investment performance measurement was done externally by an independent consultant, who indicated an actual yield on the University's cash and cash equivalent portfolio of 7,26% (2014: 9,53%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R3 416 758 higher/lower (2014: R3 435 432).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Credit risk

Credit risk arises from cash and cash equivalents, financial instruments and deposits with banks and financial institutions, as well as credit exposures regarding outstanding receivables comprising student debtors and trade and other debtors in normal operating circumstances.

The University's policy is designed to limit exposure to any single financial institution. Credit evaluation with regard to financial institutions is done annually by the Council and a credit limit is set for each institution. The University places cash and cash equivalents as well as investments only with reputable financial institutions with high credit ratings. No credit evaluations with regard to trade and other debtors (accounts receivable) nor for student debtors are done. The University also does not require any collateral. Receivables comprise outstanding student fees and a number of sundry customers. This credit risk exposure is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration. Students with an outstanding balance from the previous year are only permitted to renew their registration after settling the outstanding amount as well as paying the current year's initial requirements. Refer to note 14 for detailed disclosure.

Credit risks are limited by the large number of clients, the diversity of the University's activities and a strict recovery policy. The University is of the opinion that no significant concentration of risk that has not been insured or adequately provided for existed at year-end.

Liquidity risk

Thorough cash planning and management take place to ensure that the University is able to meet its commitments associated with financial instruments at all times, under both normal and stressed conditions. The University has minimised the risk of liquidity, as is reflected in its substantial cash and cash equivalents.

	2015	2014
Listed investments – shares	62%	52%
Cash and cash equivalents	38%	48%
Total	100%	100%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

The table below analyses the University's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the undiscounted cash flows.

At 31 December 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	31 180 756	20 074 064	22 570 173	0
Trade and other payables	293 012 938	0	0	0

At 31 December 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	12 367 725	38 270 825	27 321 344	5 760 206
Trade and other payables	307 284 566	0	0	0

Liquidity ratio	2015 R	2014 R
Current assets *		
Inventory	20 503 014	19 531 709
Trade and other receivables	143 216 245	124 638 495
Income tax receivable	406 330	164 770
Cash and cash equivalents	182 739 989	171 393 894
	346 865 578	315 728 868
Current liabilities		
Trade and other payables	293 012 938	307 284 566
Income tax payable	4 265 328	0
Current portion of interest bearing borrowings	31 180 756	12 367 725
Current portion of post-employment benefits	20 421 835	19 860 465
Current portion of deferred income	47 881 080	102 328 353
Student deposits and prepaid income	73 657 353	57 798 368
	470 419 291	499 639 477
Net liquidity of continuing operations	(123 553 711)	(183 910 609)
Ratio *	0.74	0.63

* Current portion of investments is not included in the calculation of the liquidity ratio as it is the intention of the University to reinvest these investments when they mature in investments of the same nature as our non-current investments portfolio.

3.2 CAPITAL MANAGEMENT

The University's objectives when managing capital are to safeguard the University's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. A well-planned budgeting process is followed each year to meet this objective. A sound financial position has been established by limiting exposure to debt and increasing investments and cash balances.

Assets	2015	2014
Investments (current and non-current)	1 170 889 601	1 040 030 816
Cash and cash equivalents	182 739 989	171 393 894
Total	1 353 629 590	1 211 424 710

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 CAPITAL MANAGEMENT (continued)

	2015 R	2014 R
Liabilities		
Non-current liabilities (excluding deferred income)	555 957 672	530 757 229
Current liabilities (excluding current portion of deferred income)	422 538 210	397 311 124
Capital commitments (infrastructure) (note 30)	25 529 359	146 539 884
Contractual obligations - operating leases (note 30)	62 690 416	38 896 132
Total	1 066 715 657	1 113 504 369
Net position	286 913 933	97 920 341

The greater part of capital commitments is being financed through subsidy from the Department of Higher Education and Training.

Other information

The University has an overdraft facility of R12 million. No amount was drawn on 31 December 2015.

3.3 FAIR VALUE ESTIMATION

The fair value of financial and non-financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions at an arm's length basis. The quoted market price used for financial assets held by the University is the current bid price.
These instruments are included in Level 1 of the table below. Instruments comprise primarily JSE equity investments classified as trading securities or available-for-sale. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The University uses a variety of methods and applies assumptions based on market conditions existing at each reporting date. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The carrying values of the following financial assets and liabilities approximate their fair value: cash and cash equivalents, trade and other receivables and trade and other payables. An exposition of these is given by means of notes with regard to each item.

Note 9 contains further information with regard to investments and note 17 with regard to borrowings.

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2015.

Assets	Level 1 R	Level 2 R	Level 3 R	Total R
Available-for-sale financial assets				
Equity securities - Listed shares in public companies	300 989 270			300 989 270
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		549 458		549 458
Total assets	300 989 270	549 458	0	301 538 728

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 FAIR VALUE ESTIMATION (continued)

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	Level 2	Level 3	Total
Assets	**R**	**R**	**R**	**R**
Financial assets at fair value through profit or loss				
Trading derivatives - ALSI future contracts	197 304			197 304
Available-for-sale financial assets				
Equity securities - Listed shares in public companies	283 685 210			283 685 210
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		419 419		419 419
Total assets	283 882 514	419 419	0	284 301 933

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of consolidated financial statements requires the use of certain critical accounting estimates and assumptions as well as for management to exercise its judgement in the process of applying accounting policies. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Reported amounts of assets and liabilities at the reporting date as well as reported income and expenditure are affected by estimates, assumptions and judgements which are made and consist of the following:

4.1 Critical accounting estimates and assumptions

The University makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) Property, plant and equipment

The University is required to estimate the useful life and the expected residual value of assets for measurement and annual revising ensures that changing circumstances are taken into account.

(ii) Employee benefits

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for benefits include the discount rate, the expected salary and pension increase rates, mortality rates, contribution rates and dependants.

Any changes in these assumptions will impact on the charge to surplus or deficit and may affect planned funding of the employee benefits.

The appropriate discount rate is determined at the end of each year, which represents the interest rate that should be used to determine the present value of the estimated future cash flows expected to be required to settle the pension, disability and post-retirement medical obligations. The expected salary and pension increase rates are based on inflation rates, adjusted for salary scales.

Other key assumptions for pension, disability and medical obligations are based in part on current market conditions. Additional information is disclosed in note 18.

(iii) Impairment of financial instruments

The measurement of loans, trade and other receivables requires an estimation of the collectability of these assets.

(iv) Impairment of goodwill

Goodwill is allocated to the University’s cash-generating units (CGUs). The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require the use of estimates (refer to note 8).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

4.2 Critical judgements

(i) Classification and valuation of investments

Management is required to exercise judgement in the classification of an investment in the equity instruments of another business. They must determine whether the University controls or jointly manages the business or only exercises a significant influence upon it. Management is also responsible to determine the fair value of unlisted investments.

(ii) Provisions

Compliance with the recognition measures applicable to provisions requires that management identify the existence of constructive liabilities.

(iii) Income recognition

The criteria to be met before income is recognised require that management assess the transfer of risks and benefits associated with ownership of goods or rendering services. Depending on the type of transaction concluded, the decision to recognise income ranges from very simple to highly complex.

Further information in this regard is disclosed at each item.

5. NUMBER OF EMPLOYEES

The number of permanent employees and term employees with benefits on 31 December 2015, totalled 3 700 (2014: 3 553).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements	Land	Buildings and other improvements *	Vehicles	Furniture	Laboratory equipment	Specialised equipment	Computer equipment	Servers and Printers	Synthetic hockey field	Assets less than R3 000	Total
	R	R	R	R	R	R	R	R	R	R	R
Carrying amount at 31/12/13	31 287 820	698 478 258	28 041 909	88 393 831	42 163 902	115 234 507	43 824 331	13 963 670	123 936	17 972 475	1 079 484 639
Cost	31 287 820	837 142 613	38 330 048	151 177 555	93 045 834	219 641 035	123 396 342	54 844 823	2 665 731	36 210 831	1 587 742 632
Accumulated depreciation	0	(138 664 355)	(10 288 139)	(62 783 724)	(50 881 932)	(104 406 528)	(79 572 011)	(40 881 153)	(2 541 795)	(18 238 356)	(508 257 993)
Additions in the year	0	60 211 347	5 691 753	16 487 140	15 291 824	47 941 217	28 862 936	5 652 991	0	11 828 760	191 967 968
Depreciation for the year	0	(30 885 911)	(2 283 038)	(15 263 621)	(10 944 828)	(29 324 994)	(27 487 132)	1 442 980	778 067	(14 144 217)	(128 112 694)
Cost of disposals in the year	0	0	(1 931 616)	(595 935)	(1 707 914)	0	(787 843)	(1 301 487)	0	0	(6 324 795)
Accumulated depreciation of disposals	0	0	675 864	508 658	1 707 914	0	647 773	1 285 612	0	0	4 825 821
Carrying amount at 31/12/14	31 287 820	727 803 694	30 194 872	89 530 073	46 510 898	133 850 730	45 060 065	21 043 766	902 003	15 657 018	1 141 840 939
Cost	31 287 820	897 353 960	42 090 185	167 068 760	106 629 744	267 582 252	151 471 435	59 196 327	2 665 731	48 039 591	1 773 385 805
Accumulated depreciation	0	(169 550 266)	(11 895 313)	(77 538 687)	(60 118 846)	(133 731 522)	(106 411 370)	(38 152 561)	(1 763 728)	(32 382 573)	(631 544 866)
Additions in the year	0	36 536 180	4 975 316	14 204 492	12 965 034	20 479 569	24 148 673	25 789 737	0	6 611 675	145 710 676
Depreciation for the year	0	(17 240 496)	(4 281 511)	(15 561 684)	(10 177 121)	(69 433 414)	(28 399 224)	(8 001 118)	(26 658)	(10 950 151)	(164 071 376)
Cost of disposals in the year	0	0	(3 525 212)	(772 124)	(662 052)	(2 313 459)	(1 570 409)	(246 102)	0	0	(9 089 358)
Accumulated depreciation of disposals	0	0	2 283 245	647 455	598 758	2 315 049	1 312 654	230 659	0	92 912	7 480 732
Carrying amount at 31/12/15	31 287 820	747 099 378	29 646 709	88 048 212	49 235 517	84 898 475	40 551 759	38 816 942	875 345	11 411 454	1 121 871 611
Cost	31 287 820	933 890 140	43 540 288	180 501 128	118 932 725	285 748 362	174 049 699	84 739 962	2 665 731	54 651 266	1 910 007 121
Accumulated depreciation	0	(186 790 762)	(13 893 579)	(92 452 916)	(69 697 208)	(200 849 887)	(133 497 940)	(45 923 020)	(1 790 386)	(43 239 812)	(788 135 510)

Buildings and equipment with a cost price of R51 516 866 (2014: R84 633 757), funded with Government grants were not included above (note 2.17.1). Government grants are recognised as deferred income (current liability) and then applied against the cost of the relevant asset as the asset is obtained / developed, in accordance with IAS 20.

Included in assets are fully depreciated property, plant and equipment with an original cost of R297 283 096 (2014: R223 139 673) that are still in use.

All assets are unencumbered. The sale and transfer of land and buildings, acquired with the financial support of the State, are subject to Ministerial approval.

The University has a ten-year rolling plan in accordance with which large-scale building maintenance takes place and which is evaluated annually in order to properly maintain the buildings.

The assets register with full particulars of land and buildings is available for inspection at the registered address of the University.

Refer to note 30 regarding capital commitments.

***** Buildings still under construction at year-end amounts to R53,6m for 2015 (2014: R29,2m).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES	2015 R	2014 R
Carrying amount at beginning of year	20 820 106	21 317 351
Cost	24 862 225	24 862 225
Accumulated depreciation	(4 042 119)	(3 544 874)
Depreciation	(497 245)	(497 245)
Carrying amount at end of year	20 322 861	20 820 106
Cost	24 862 225	24 862 225
Accumulated depreciation	(4 539 364)	(4 042 119)
Income	10 335 127	8 713 148
Rental income (short-term investment income - note 26)	9 451 985	8 653 382
Insurance claim	449 720	0
Interest received	31 883	25 616
Other	401 539	34 150
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	3 070 961	2 918 305
Personnel remuneration	364 371	332 289
Maintenance - buildings	623 082	382 952
Municipal fees and property tax	380 245	84 663
Operating costs	395 152	953 035
Services outsourced	810 866	668 121
Depreciation	497 245	497 245
Net surplus from investment properties	7 264 166	5 794 843

The fair value measurement for investment properties has been categorised as a Level 3 under IFRS 13. Investment properties consist of various business buildings that are leased.

Valuations were done by Danie Rothman Accountants which has appropriate qualifications and experience in the location of the investment property being valued.
Assumptions used for the valuation of Cachet Park include an occupancy rate of 100%, rental margin of 47%, inflation rate of 6% for land and 15 years economical life for buildings. No tax implications applicable.
Present value of future cash flow projections, based on current lease agreements, were used in the calculation of the fair value to the amount of R97 019 150 (2014: R78 651 100), using an discount rate of 8% (2014: 8%) per annum.
Investment properties - Other: The fair value amounts to R3 500 000 (2014: R3 500 000).
The total fair value of all investment properties amounts to R100 519 150 (2014: R82 151 100).

The sensitivity analysis below shows the impact on the fair value of the investment property for changes in key valuation assumptions.

	Capitalisation rate		
	7%	8%	9%
Rental (5% decrease)	105 335 077	92 168 193	81 927 282
Rental (per valuators report)	110 879 029	97 019 150	86 239 244
Rental (5% increase)	116 422 980	101 870 108	90 551 207

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INTANGIBLE ASSETS	Goodwill	COMPUTER SOFTWARE Licenses	COMPUTER SOFTWARE Other	TOTAL
Opening carrying value - 01/01/14	4 597 000	389 856	1 259 361	6 246 217
Cost	4 597 000	23 809 293	24 010 757	52 417 050
Accumulated amortisation	0	(23 419 437)	(22 751 396)	(46 170 833)
Disposals	(3 647 000)	(389 856)	(13 534)	(4 050 390)
Amortisation charges	0	0	(1 245 827)	(1 245 827)
Net carrying value - 31/12/14	950 000	0	0	950 000
Cost	950 000	23 419 437	23 997 223	48 366 660
Accumulated amortisation	0	(23 419 437)	(23 997 223)	(47 416 660)
Amortisation charges	0	0	0	0
Closing carrying value - 31/12/15	950 000	0	0	950 000
Cost	950 000	23 419 437	23 997 223	48 366 660
Accumulated amortisation	0	(23 419 437)	(23 997 223)	(47 416 660)

Impairment tests for goodwill

The recoverable amount is determined annually, based on value-in-use calculations for the past five years. These calculations use pre-tax cash flow projections.

9. INVESTMENTS	2015 R	2014 R
9.1 Total investments		
The following investments are carried at fair value:		
Unlisted investments		
Available-for-sale		
Unlisted shares that do not qualify as an investment in equity-accounted investees	549 458	419 419
Listed investments		
Available-for-sale		
Shares in public companies	300 989 270	283 685 210
Financial assets at fair value through profit or loss		
ALSI future contracts	0	197 304
Total investments at fair value	301 538 728	284 301 933
The following investments are carried at amortised cost:		
Unlisted investments		
Investments in money market instruments	842 902 146	725 318 217
Committee for investments	86 778 694	77 326 477
Other	756 123 452	647 991 740
Held-to-maturity	26 448 727	30 410 666
Bonds	26 448 727	30 410 666
Total investments at amortised cost	869 350 873	755 728 883
Total investments	1 170 889 601	1 040 030 816

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015	2014
	R	R

9. INVESTMENTS (continued)

9.1 Total investments (continued)

	2015 R	2014 R	
Presented as follows:			
Non-current asset	810 061 684	938 396 231	*
Current asset	360 827 917	101 634 585	*
	1 170 889 601	1 040 030 816	

* Restated:
Prior year investments were reclassified to reflect the current portion of investment that mature within 12 months. The University reinvests all investments which mature in investments of similar long-term nature.

Fixed deposits - included in cash and cash equivalents, were also reclassified as non-recurrent investments (note 15).

	As previously reported	Reclassified	Restated
Non-current portion of investments	949 449 399	(11 053 168)	938 396 231
Current portion of investments	0	101 634 585	101 634 585
Cash and cash equivalents	261 975 311	(90 581 417)	171 393 894

The market value of listed investments represents the closing prices at year-end as fixed on the Johannesburg Securities Exchange. The management valuation of unlisted investments which takes place on the reporting date in accordance with relevant valuation bases (note 2.8) is regarded to be the same value as reflected above.

Available-for-sale investments
The fair value adjustment for the current year amounts to R28 057 502 (loss) (also see note 16) and is shown in OCI (Other comprehensive income).

	2015 R	2014 R
Shares in public companies	(28 187 541)	17 856 448
Unlisted shares - not investments in equity-accounted investees	130 039	(38 256)
	(28 057 502)	17 818 192

Refer to notes 3 and 11 for additional disclosure on financial instruments.

9.2 Derivative financial instruments

Financial assets at fair value through profit or loss

	2015 R	2014 R
ALSI future contracts (included in note 9.1)	0	197 304

Other information
Realised profits or losses on the disposal of investments are included in investment income (note 26). The register with full particulars of the above-mentioned investments is available for inspection at the registered address of the University.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015	2014
9. INVESTMENTS (continued)	**R**	**R**

9.3 Investment in subsidiaries

All the subsidiary entities are incorporated in South Africa and their prinicipal place of business is situated here.

Detail as reflected in entities financials

Molopo Sun (Pty) Ltd (100% interest)

The principal business of the company is the rental of equipment to the University.

	2015	2014
Carrying amount of shares	2 700	2 700
Attributable profit after tax	53 213	58 202

PUK Kanselierstrust (100% interest)

The principal business of the trust is to promote higher education at the University.

	2015	2014
Carrying amount of trust fund - included in other investments	1 335 842	1 311 233
Attributable profit	24 700	27 368

PUK Ontwikkelingstrust (Incorporated association not for gain) (100% interest)

The principal business of the company is to generate funds in order to realise the vision and mission of the University.

	2015	2014
Carrying amount: Non-distributable reserves	8 240 537	8 240 537
Attributable profit: Non-distributable	0	0

OpenCollab (Pty) Ltd (2015: 94,90% interest (2014: 90,29%))

The principal business of the company is to provide software development, maintenance, support and consulting services.

	2015	2014
Carrying amount of shares	93	93
Attributable profit after tax	2 756 185	1 736 326

Total assets and liabilities of consolidated subsidiaries

	2015	2014
Assets	22 592 672	19 650 199
Liabilities	621 893	677 486

Mortgages

Loan account to Molopo Sun (Pty) Ltd: The University has subordinated its claim with respect to this loan to claims of other creditors.

The University has no interest or investments in unconsolidated entities.

10. EQUITY-ACCOUNTED INVESTEES

	2015	2014
Balance at beginning of year	152 014	117 922
Acquisition of holding in investee - Ambixtra 40%	7 611 143	0
Share of (loss)/profit	(4 235 016)	34 092
Balance at end of year	3 528 141	152 014

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. EQUITY-ACCOUNTED INVESTEES (continued)

The University's share of the results of its principal associates, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name	Assets	Liabilities	Revenue	Profit/(loss)	% Interest held
31 December 2015					
- Ambixtra (Pty) Ltd	27 687 087	38 192 997	44 069	(1 288 779)	40
- Extended Campus Technologies (Pty) Ltd	713 399	461 659	2 358 584	(64 469)	50
	28 400 486	38 654 656	2 402 653	(1 353 248)	
31 December 2014					
- Extended Campus Technologies (Pty) Ltd	399 486	83 277	1 734 255	68 185	50

All the equity-accounted entities are incorporated in South Africa.

The University's interests in associate entities are considered to be non-material and their activities are not strategic to that of the University and the associated risk is therefore minimal. No dividends were received.

Ambixtra (Pty) Ltd is a start up operation funded jointly by the IDC and founders. The company will only start generating profit in 2019 and the directors believe the loan and investment require no further impairment.

11. FINANCIAL INSTRUMENTS

Financial instruments carried on the statement of financial position include investments, trade and other receivables, cash and cash equivalents, borrowings, derivatives, receivables, trade and other payables.

The fair values of these financial assets approximate their carrying amounts.

11a. FINANCIAL INSTRUMENTS BY CATEGORY

31 DECEMBER 2015	Receivables R	Held to maturity R	Available-for-sale R	Fair value through profit or loss R	Total R
Assets as per statement of financial position					
Investments and derivatives (refer note 9)	842 902 146	26 448 727	301 538 728	0	1 170 889 601
Trade and other receivables (refer note 14) (excluding prepayments and VAT)	130 060 254	0	0	0	130 060 254
Cash and cash equivalents (refer note 15)	182 739 989	0	0	0	182 739 989
Total	1 155 702 389	26 448 727	301 538 728	0	1 483 689 844

Liabilities as per statement of financial position	At amortised cost R	Total R
Borrowings (refer note 17)	73 824 993	73 824 993
Trade and other payables (refer note 20)	293 012 938	293 012 938
Total	366 837 931	366 837 931

31 DECEMBER 2014	Receivables R	Held to maturity R	Available-for-sale R	Fair value through profit or loss R	Total R
Assets as per statement of financial position					
Investments and derivatives (refer note 9)	725 318 217	30 410 666	284 104 629	197 304	1 040 030 816
Trade and other receivables (refer note 14) (excluding prepayments and VAT)	113 889 246	0	0	0	113 889 246
Cash and cash equivalents (refer note 15)	171 393 894	0	0	0	171 393 894
Total	1 010 601 357	30 410 666	284 104 629	197 304	1 325 313 956

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11a. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 DECEMBER 2014 (continued)

Liabilities as per statement of financial position	At amortised cost R	Total R
Borrowings (refer note 17)	83 720 100	83 720 100
Trade and other payables (refer note 20)	307 284 566	307 284 566
Total	391 004 666	391 004 666

11b. CREDIT QUALITY OF FINANCIAL ASSETS

Exposure per category:	Credit rating:	2015 R	2014 R
Investments (note 9)			
Listed investments - shares	-	300 989 270	283 882 514
Unlisted investments - money market and bonds	BBB- (2014: AA)	869 900 331	756 148 302
Trade and other receivables	(Group 1,2,3)	143 216 245	124 638 495
Cash and cash equivalents	BBB- (2014: AA)	182 739 989	171 393 894
Total		1 496 845 836	1 336 063 205

BBB- rating: An obligor is less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitments.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

	2015	2014
Counterparties without external credit rating		
Group 1	84 204 860	82 492 496
Group 2	26 679 692	28 162 285
Group 3	32 331 693	13 983 714
Trade and other receivables (refer to note 14)	143 216 245	124 638 495

Group 1 - existing student accounts with some defaults in the past.
Group 2 - trade debtors outstanding less than 90 days with some defaults in the past.
Group 3 - other outstanding amounts with no defaults in the past.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
Balance at beginning of year	284 104 629	242 848 695
Additions	45 491 601	23 437 742
Net (loss)/gain transferred to OCI (Other comprehensive income)	(28 057 502)	17 818 192
Balance at end of year	301 538 728	284 104 629

There were no impairment provisions made on available-for-sale financial assets in 2015 and 2014.

Available-for-sale financial assets include the following:	2015	2014
Listed securities:		
Equity securities	300 989 270	283 685 210
Unlisted securities:		
Investments in companies that do not qualify as an investment in equity-accounted investees	549 458	419 419
	301 538 728	284 104 629

Available-for-sale financial assets are denominated in rand and none of the assets are impaired.
The fair value of unlisted securities is based on cash flows and other valuation techniques (note 2.9).
The maximum exposure to credit risk at the reporting date is the carrying value of the equity securities classified as available-for-sale.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. INVENTORIES	2015 R	2014 R
Net realisable value (see note 25)		
Foodstuffs (Residence and Catering Services)	1 811 399	2 695 540
Publications and study materials	8 230 522	6 503 911
Other consumables	9 440 611	9 084 504
Veterinary health	1 020 482	1 247 754
	20 503 014	19 531 709
At cost		
Foodstuffs (Residence and Catering Services)	2 002 026	2 860 420
Publications and study materials	9 408 154	7 609 977
Other consumables	9 440 611	9 129 928
Veterinary health	1 267 356	1 247 754
	22 118 147	20 848 079

Obsolete inventory to the amount of R1 615 133 (2014: R1 316 370) was written down (see note 25).

14. TRADE AND OTHER RECEIVABLES	2015 R	2014 R
Balance at beginning of year	201 095 071	219 896 591
Plus: Net movement	106 535 171	19 731 541
	307 630 241	239 628 132
Less: Bad debts written off	(40 946 351)	(38 533 061)
Balance at end of year	266 683 890	201 095 071
Less: Allowance for credit losses	(123 467 645)	(76 456 576)
Balance at beginning of year	(76 456 576)	(75 601 804)
Debtors written off during current year	40 946 351	38 533 061
Allowance for credit losses created in current year	(87 957 420)	(39 387 833)
Balance at end of year	143 216 245	124 638 495
Details of trade and other receivables		
Students	182 699 893	146 914 529
Tuition and residence fees	175 143 490	140 748 431
Meal fees	7 556 403	6 166 098
Less: Allowance for credit losses	(98 495 033)	(64 422 033)
Sub-total: Students	84 204 860	82 492 496
Sub-total: Advances and prepayments	13 155 992	5 697 306
Other debtors	70 828 005	48 483 236
Projects: Services rendered	51 652 304	40 196 828
VAT	0	5 051 943
Other	19 175 701	3 234 465
Less: Allowance for credit losses	(24 972 612)	(12 034 543)
Sub-total: Other debtors	45 855 393	36 448 693
Total trade and other receivables at 31 December	143 216 245	124 638 495

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

Student receivables

Student debtors who have not paid their accounts by the autumn graduation ceremony are considered impaired and are handed over to attorneys for collection. Current students debtors are also not allowed to register for studies unless outstanding balances are settled or repayment contracts have been negotiated.
The increase or decrease in an allowance for credit losses, debts written off, as well as amounts previously written off and recovered during the year, are included in current operating expenditure. Amounts charged to surplus or deficit are generally written off when there is no expectation of recovering additional cash.

As at 31 December 2015, student debtors of R98 495 033 (2014: R64 422 033) were impaired and a bad debt allowance raised. Allowance of R34 073 000 was raised during 2015 (2014: R914 797).

Movement in an allowance for credit losses of student debtors was as follows:

	2015 R	2014 R
Balance at beginning of year	64 422 033	63 507 236
Student debtors written off during current year	(35 436 808)	(36 782 780)
Allowance for credit losses created in current year	69 509 808	37 697 577
Balance at end of year	98 495 033	64 422 033

The ageing of student debtors that are past due is as follows:

	2015 R	2014 R
Student debtors past due and impaired (enrolled in 2015 & before)	98 495 033	64 422 033
Student debtors past due but not impaired (enrolled in 2016 again)	84 204 860	82 492 496
Total balance at end of year	182 699 893	146 914 529

Other trade debtors

Balances on other trade debtors of 90 days and older are considered to be an indicator of impairment and an impairment allowance is raised accordingly. The increase or decrease in the impairment allowance for credit losses, debts written off, as well as amounts previously written off and recovered during the year, are included in current operating expenditure. Amounts charged to the surplus or deficit are generally written off when there is no expectation or recovering any additional cash.

As at 31 December 2015, other debtors of R24 972 612 (2014: R12 034 543) were impaired and a bad debt allowance raised. Allowance in the amount of R12 938 069 was raised during 2015 (2014: R60 024 written back).

Movement in an allowance for credit losses of other debtors was as follows:

	2015 R	2014 R
Balance at beginning of year	12 034 543	12 094 567
Other debtors written off during current year	(5 509 543)	(1 750 281)
Allowance for credit losses created in current year	18 447 612	1 690 257
Balance at end of year	24 972 612	12 034 543

The fair values of trade and other receivables are as follows:

	2015 R	2014 R
Student debtors	84 204 860	82 492 496
Advances and prepayments	13 155 992	5 697 306
Other debtors	45 855 393	36 448 693
Total	143 216 245	124 638 495

The fair value is deemed to approximates the carrying amounts.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

Other trade debtors (continued)

	2015 R	2014 R
The ageing analysis of other trade receivables is as follows:		
Current	46 916 922	15 448 978
30 days	6 828 802	19 654 052
60 days	5 265 661	7 042 969
90 days	24 972 612	12 034 543
Total balance before impairment allowance at end of year	83 983 997	54 180 542

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The University does not hold any collateral as security.

15. CASH AND CASH EQUIVALENTS

	2015 R	2014 R
Short-term bank deposits	50 057 760	52 735 164
Bank balances	132 112 505	118 127 838 *
Petty cash advances	569 724	530 892
	182 739 989	171 393 894

The weighted average effective interest rate on short-term bank deposits was 7,26% (2014: 9,53%).
The cash and cash equivalents and investments are managed on a total basis. The restricted funds are not managed separately. The reserves have been split between restricted funding and non-restricted funding. This is permitted in terms of the funding/grants received.
***** Restated - fixed deposits of R90 581 417 were reclassified as non-current investments (refer to note 9.1).

16. EQUITY

The movement is the result of the normal financial cycle after a fair value adjustment (note 9) in the amount of R28 057 502 decrease (2014: R17 818 192 increase) was made on 31 December 2015.

	2015 R	2014 R
Funds invested in fixed assets (PPE)	1 102 826 534	1 128 232 984
Non-current investments revaluation reserve funds	105 954 766	134 012 268
Restricted funds	295 228 019	227 664 773
Student loan funds	562 968	573 544
Student residences funds	134 429 285	113 895 592
Donations, grants and similar funds	118 956 092	34 274 287
Research and other funds (contracts)	41 279 674	78 921 350
NWU Pension fund and Disability fund - Employee benefits	339 007 000	234 962 000
Unrestricted and designated funds	133 600 358	(1 421 376)
Non-controlling interest	513 869	709 334
	1 977 130 546	1 724 159 983

Transfers between funds include the following:
- If the utilisation of funds results in the creation of an asset, the amount so utilised, is transferred from its appropriate fund to PPE funds. It also includes depreciation;
- Where Council has designated funds for specific purposes, e.g. bursaries;
- Funds allocated for the financing of major capital expenditure projects (to funds for PPE: additions & renewals);
- On completion of certain projects/defined activities, the surplus is transferred to designated funds.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015	2014
17. BORROWINGS - INTEREST-BEARING	**R**	**R**
Carrying amounts		
Nedbank	21 037 753	21 037 753
First National Bank - PUK Sport Village and extension of Excelsior Hostel	23 692 180	29 521 185
First National Bank - New residence	29 095 060	33 161 162
Total borrowings	73 824 993	83 720 100
Less: Current portion	31 180 756	12 367 725
Non-current liabilities	42 644 237	71 352 375

Represented as follows:

Nedbank		
Total - Nedbank loan	21 037 753	21 037 753
Less: Current portion	21 037 753	1 037 753
Non-current liabilities	0	20 000 000

A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 8,85% per annum, which must be paid annually. The capital amount of R20 000 000 must be repaid on 30 May 2016.

First National Bank - PUK Sport Village and extension of Excelsior Hostel		
Total - First National Bank loan	23 692 180	29 521 185
Less: Current portion	5 386 018	6 210 157
Non-current liabilities	18 306 162	23 311 028

A Nedbank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 10,20% per annum. Repayments take place in equal annual instalments in the amount of R7 389 105 (including interest and capital), with a final instalment due on 21 October 2019.

First National Bank - New residence		
Total - First National Bank loan	29 095 060	33 161 162
Less: Current portion	4 756 985	5 119 815
Non-current liabilities	24 338 075	28 041 347

A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 9,20% per annum. Repayments take place in equal annual instalments in the amount of R6 290 145 (including interest and capital), with a final instalment due on 28 July 2021.

Borrowings are carried at armortised cost using the effective rate method.
The fair value approximates the carrying amount.

Maturity of borrowings (capital payments only):

Less than 1 year	31 180 756	12 367 725
Between 1 and 2 years	20 074 064	38 270 825
Between 2 and 5 years	22 570 173	27 321 344
Over 5 years	0	5 760 206
	73 824 993	83 720 100

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015 R	2014 R
18. EMPLOYEE BENEFITS		
ASSET		
Net asset recognised in the statement of financial position		
North-West University Pension Fund (note 18.1.3)	281 079 000	186 092 000
North-West University Disability Reserve Fund (note 18.2.3)	57 928 000	48 870 000
Total employee benefit asset	339 007 000	234 962 000
Net charge included in statement of comprehensive income		
Charge/(credit) included in surplus or deficit		
North-West University Pension Fund (note 18.1.4)	112 504 000	182 754 000
North-West University Disability Reserve Fund (note 18.2.4)	3 524 000	2 992 000
Total charge	116 028 000	185 746 000
Remeasurements recognised in other comprehensive income (OCI)		
North-West University Pension Fund (note 18.1.4)	(192 068 000)	(76 730 000)
North-West University Disability Reserve Fund (note 18.2.4)	(11 693 000)	(1 464 000)
Total credit	(203 761 000)	(78 194 000)
LIABILITIES		
Accrued leave		
Balance at beginning of year	309 452 319	273 158 115
Net movement	44 021 951	36 294 204
Balance at end of year	353 474 270	309 452 319
Presented as follows:		
Non-current liability	333 052 435	289 591 854
Current liability	20 421 835	19 860 465
	353 474 270	309 452 319
Medical benefits (note 18.6)		
Balance at beginning of year	169 813 000	167 486 000
Net movement	10 448 000	2 327 000
Balance at end of year (long-term)	180 261 000	169 813 000
Total employee benefit liabilities		
Non-current liability	513 313 435	459 404 854
Current liability	20 421 835	19 860 465
	533 735 270	479 265 319

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund

18.1.1 The North-West University Pension Fund, which is registered in terms of and governed by the Pension Funds Act (Act 24 of 1956 (as amended)), was implemented on 1 January 1995. The North-West University Pension Fund has two fixed-benefit options, which were only available to members who changed from the Associated Institutions Pension Fund to the North-West University Pension Fund on 1 January 1995 – closed options (2015: 0,88% or 31 members and 2014: 1,10% or 37 members). A fixed-contribution option with a defined-benefit guarantee applied to all new members joining from 1 January 1995 (2015: 11,64% or 408 members and 2014: 17,53% or 590 members). This option closed in December 2003. A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2015: 87,17% or 3 056 members and 2014: 80,98% or 2 726 members). According to the actuarial valuation report of the fund's official actuary, the North-West University Pension Fund was fully funded with regard to expired service and had achieved, subject to note 18.1.3, a sound financial position (refer to note 18.1.2).

18.1.2 The fund is valued actuarially every three years in terms of the Pension Funds Act by the actuary in the service of ABSA Consultants and Actuaries (Pty) Limited. The latest statutory actuarial valuation of the fund took place on 1 January 2014 on the accumulated benefits valuation basis (taking into account the impact of the Second Pension Funds Amendment Act), with the following results:

	R
Valuation results:	
Present value of liabilities	2 415 911 000
Minus: Fair value of plan assets and employer surplus account	2 415 911 000
Surplus	0
Funding level	100,0%
Most important actuarial assumptions:	
Inflation rate	4,5%
Discount rate	8,5%
Expected rate at which salaries will increase	5,5% + merit scale

The Employer Surplus Account is affected by the defined benefit experience. The value will be reassessed at the next statutory valuation which is due in January 2017.

The value of the Employer Surplus Account in the statutory valuation of the fund as at 31 December 2013 was R339 310 000. This together with investment returns to 2015, and taking into account the cost of the benefit enhancement on the funding valuation basis and the cost of the 15% enhancement to members who converted from Defined Benefit to Defined Contribution, gives an Employer Surplus Account of R281 079 000 as at 31 December 2015.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

18.1.3 Valuation calculations in terms of IAS 19 (revised) in reporting on the defined benefit pension fund were done as on 31 December 2015, with the following results:

Valuation results:	2015 R	2014 R	2013 R	2012 R
Present value of liabilities	1 276 547 000	1 682 230 000	1 274 919 000	1 325 663 000
Minus: Fair value of plan assets	1 566 641 000	1 868 322 000	1 789 727 000	1 387 522 000
(Asset)/liability	(290 094 000)	(186 092 000)	(514 808 000)	(61 859 000)
Impact of asset limitation	9 015 000	0	258 751 000	0
(Asset)/liability in the statement of financial position	(281 079 000)	(186 092 000)	(256 057 000)	(61 859 000)
Funding level	122,7%	111,1%	140,4%	104,7%
Experience adjustments on:				
- Plan liabilities	(104 598 000)	143 762 000	(168 579 000)	219 780 000
- Plan assets	(96 485 000)	61 547 000	(294 602 000)	(157 840 000)
- Impact of asset limitation	9 015 000	0	258 751 000	0
Most important actuarial assumptions:				
Inflation rate	8,70%	7,02%	6,80%	6,70%
Discount rate	10,74%	8,79%	9,00%	8,05%
Expected return on plan assets*	12,70%	11,02%	9,00%	8,05%
Expected rate at which salaries will increase	9,70% + merit scale	8,02% + merit scale	7,80% + merit scale	7,70% + merit scale
Expected pension increases	8,20%	6,52%		

* The expected investment return reflects the return anticipated and allowing for the asset mix and investment mandate. The return used in the valuation for the determination of the surplus or deficit charge in the year, is the discount rate.

The pension increases are determined by the extent to which the expected return on plan assets, including allowance for returns in excess of the discount rate above, exceed the threshold rate of 4,5% per annum. The expected return used is based on the long term investment strategy of the Fund, which is to target CPI + 4% (i.e. 12,70%).

Plan assets comprise of:	2015 R	%	2014 R	%
Local equity instruments	802 120 192	51,20%	982 737 372	52,60%
International equity instruments	338 394 456	21,60%	409 162 518	21,90%
Local fixed interest	197 396 766	12,60%	211 120 386	11,30%
International fixed interest	40 732 666	2,60%	46 708 050	2,50%
Local cash	83 031 973	5,30%	99 021 066	5,30%
Local property	104 964 947	6,70%	119 572 608	6,40%
Total plan assets	1 566 641 000	100,00%	1 868 322 000	100,00%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

18.1.3 Valuation calculations in terms of IAS 19 (revised) (continued)

In calculating the above figures, the composition of the total assets of the Pension Fund have been applied to the assets in respect of the defined benefit and pensioner obligations.

Expected contributions to post-employment benefit plans for the year ending 31 December 2016 are equal to the contributions made in respect of the year ending 31 December 2015, adjusted by any increases in pensionable salaries upon which the contributions are based, and any decisions by the employer regarding the contribution rates.

Movement in liabilities and assets for the period are as follows:	**2015** **R**	**2014** **R**
LIABILITIES		
Balance as at beginning of the year (excluding defined contribution members' equitable shares)	1 682 230 000	1 274 919 000
Interest cost	135 029 000	113 985 000
Current service cost	35 541 000	38 895 000
Employee contributions	11 569 000	17 904 000
Benefits paid	(80 042 000)	(74 014 000)
Curtailment * / benefit enhancement	(403 182 000)	166 779 000
Actuarial (gain)/loss on obligation	(104 598 000)	143 762 000
Balance as at the end of the year	1 276 547 000	1 682 230 000
ASSETS		
Fair value as at beginning of the year (excluding defined contribution members' equitable shares)	1 868 322 000	1 789 727 000
Expected return on plan assets	147 967 000	160 193 000
Employer contributions	15 423 000	36 059 000
Employee contributions	11 569 000	17 904 000
Benefits paid	(80 042 000)	(74 014 000)
Curtailment *	(493 083 000)	0
Actuarial gain/(loss) on assets	96 485 000	(61 547 000)
Fair value as at the end of the year	1 566 641 000	1 868 322 000

As at 1 May 2015, members entitled to benefits as per Annexure D of the Rules were given the option to convert to members entitled to benefits as per the Main Rules of the Fund. Members who chose to convert were given a 15% enhancement on their Annexure D benefit entitlement which was funded from the Employer Surplus Account. In total, 224 members converted.

* Curtailment – LIABILITIES – excluding the enhancement of 15%

* Curtailment – ASSETS – including the enhancement of 15%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

18.1.3 Valuation calculations in terms of IAS 19 (revised) (continued)

Based on the above information the actuarial gains/losses were calculated, and under the requirements of IAS19 (revised), recognised in Other Comprehensive Income (OCI):

	2015	2014
Remeasurements:	R	R
Actual loss/(gain) due to experience	9 896 000	(33 293 000)
Actuarial (gain)/loss due to financial assumption changes	(114 494 000)	177 055 000
Actuarial (gain)/loss on defined benefit obligation	(104 598 000)	143 762 000
Actual return on assets	244 452 000	195 006 000
Adjustment to opening balance due to understatement of defined contribution liabilities	0	(96 360 000)
Less: Expected return	(147 967 000)	(160 193 000)
Actuarial gain/(loss) on assets	96 485 000	(61 547 000)
Actuarial (gain)/loss on defined benefit obligations	(104 598 000)	143 762 000
Actuarial (gain)/loss on assets	(96 485 000)	61 547 000
Change in asset limitation	9 015 000	(282 039 000)
Total re-measurement effects recognised in OCI	(192 068 000)	(76 730 000)

The actuary in the service of ABSA Consultants and Actuaries (Pty) Limited is of the opinion that the fund is in a sound financial position, with a surplus of R281 million.

18.1.4 Amounts recognised in the statement of comprehensive income:

	2015	2014
	R	R
Current service costs	35 541 000	38 895 000
Net interest	(12 938 000)	(46 208 000)
Sub-total	22 603 000	(7 313 000)
Benefit enhancement	89 901 000	166 779 000
Return on asset ceiling	0	23 288 000
Included in surplus or deficit (personnel remuneration)	112 504 000	182 754 000
Included in OCI	(192 068 000)	(76 730 000)
Net total included in statement of comprehensive income	(79 564 000)	106 024 000

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

18.1.4 Amounts recognised in the statement of comprehensive income (continued)

Movement in the pension fund asset:	**2015** **R**	**2014** **R**
Net asset at beginning of year	186 092 000	256 057 000
	94 987 000	(69 965 000)
Included in statement of comprehensive income	79 564 000	(106 024 000)
Contributions – paid by the employer	15 423 000	36 059 000
Net asset at the end of the year	281 079 000	186 092 000

18.1.5 MORTALITY

The following tables were used in the valuation:

- Mortality post-retirement: PA (90), rated down 1 year, 1% future mortality improvement
- Mortality pre-retirement: SA (56 – 62), rated down 3 years for female members

18.1.6 SENSITIVITY ANALYSIS

The reported Defined Benefit Obligation (DBO) is set by reference to specific financial and demographic assumptions. Changes in the assumptions will lead to a change in the value of the reported DBO and cost of benefits.

In order to assess the impact of possible changes we provide an overview below of the impact on the DBO for (ex gratia) pensioners and the guaranteed benefit in respect of active members due to changes in the most significant actuarial assumptions.

	Total	Actives	Pensioners	Ex gratia
	R'000	R'000	R'000	R'000
Base scenario (on liabilities)	1 268 196	862 275	404 654	1 267
+ 0.25% discount rate	1 227 361	830 639	395 478	1 244
- 0.25% discount rate	1 310 889	895 394	414 205	1 290
+0.1% inflation	1 283 989	874 198	408 515	1 276
-0.1% inflation	1 247 668	845 561	400 850	1 257
Mortality: +1 year	1 234 960	843 237	390 511	1 212
Mortality: - 1 year	1 299 278	879 075	418 880	1 323

18.2 North-West University Disability Reserve Fund

18.2.1 According to the actuarial valuation report of the fund's official actuary, the North-West University Disability Reserve Fund was fully funded with regard to current disability benefit payments. The purpose of the fund is to provide disability income benefits to current claimants. The benefits are paid up to age 65 and increase annually.

The fund pays benefits to three pensioners who were affected when normal retirement age was changed. These pensioners receive annuities for life.

The fund is managed by the Board of Trustees.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

The fund's liabilities are reduced by the payments received from the reinsurers. The majority of payments from the reinsurers increase by 5% per annum. In previous years, these reinsured amounts were valued on the same basis as the funding valuation which does not allow for any increases and hence understates the value of the reinsured payments (a conservative approach). ABSA Consultants and Actuaries (Pty) Ltd decided that for the purpose of IAS19 to allow for an increase of 5% in future reinsured payments and the change will result in a gain due to change in financial assumptions. During the valuation period, ABSA Consultants and Actuaries (Pty) Ltd were advised that some of the reinsurance payments will cease prior to age 65 and will result in a loss due to a change in experience.

18.2.2 The fund is valued actuarially every three years by the actuary in the service of ABSA Consultants and Actuaries (Pty) Limited. The latest full actuarial valuation of the fund took place on 1 January 2014 with the following results:

	R
Valuation results:	
Present value of liabilities	22 917 000
Minus: Fair value of assets	62 530 000
Surplus	39 613 000
Funding level	182,0%
Most important actuarial assumptions:	
Inflation rate	4,5%
Discount rate	8,5%
Expected return on investment	14,1%

The next actuarial valuation will be carried out no later than 1 January 2017.

18.2.3 Valuation calculations in terms of IAS 19 (revised) on the disability reserve fund was performed on 31 December 2015 with the following results:

	2015 R	2014 R	2013 R	2012 R
Valuation results:				
Present value of liabilities	14 954 000	26 104 000	24 818 000	19 339 000
Fair value of plan assets	72 882 000	74 974 000	69 640 000	58 942 000
(Asset)/liability in the statement of financial position	(57 928 000)	(48 870 000)	(44 822 000)	(39 603 000)
Funding level	487,4%	287,2%	280,6%	304,8%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

18.2.3 Valuation calculations in terms of IAS 19 (revised) (continued)

Most important actuarial assumptions:	**2015**	**2014**	**2013**	**2012**
Inflation rate	8,02%	6,18%	6,42%	5,93%
Discount rate	10,03%	8,06%	8,40%	7,02%
Expected return on investment *	12,02%	10,18%	8,40%	7,02%
Benefit increases	8,02%	6,18%	6,42%	

* The expected investment return reflects the return anticipated and allowing for the asset mix and investment mandate. The return used in the valuation for the determination of the surplus or deficit charge in the year, is the discount rate.

The method used to place a value on the Fund's future obligations (the Projected Unit Credit Method) is consistent with the requirements of IAS19 (revised).

The fund's assets consist of investments in the High Equity Portfolio of Advantage Asset Managers and a money market account managed by the North-West University. These investments were selected with the aim of achieving an optimum return, taking into account associated risks.

	2015		**2014**	
Plan assets comprise of:	**R**	**%**	**R**	**%**
Local equity instruments	41 178 330	56,50%	43 934 764	58,60%
International equity instruments	17 928 972	24,60%	18 593 552	24,80%
Property	8 891 604	12,20%	7 872 270	10,50%
Bonds	2 623 752	3,60%	2 624 090	3,50%
Local cash	2 259 342	3,10%	1 949 324	2,60%
Total plan assets	72 882 000	100,00%	74 974 000	100,00%

Expected contributions for the year ending 31 December 2016 are equal to the contributions made in respect of the year ending 31 December 2015, adjusted by any increases in pensionable salaries upon which the contributions are based, and any decisions by the employer regarding the contribution rates.

	2015	**2014**
Movement in liabilities and assets for the period are as follows:	**R**	**R**
LIABILITIES		
Balance as at beginning of the year	26 104 000	24 818 000
Interest cost	1 988 000	1 956 000
Service cost	642 000	1 196 000
Benefits paid (net of reinsurance recoveries)	(2 829 000)	(4 336 000)
Actuarial (gain)/loss	(10 951 000)	2 470 000
Balance as at the end of the year	14 954 000	26 104 000

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

18.2.3 Valuation calculations in terms of IAS 19 (revised) (continued)

	2015	2014
Movement in liabilities and assets for the period are as follows:	**R**	**R**
ASSETS		
Fair value as at beginning of the year	74 974 000	69 640 000
Expected return	5 625 000	5 674 000
Contributions (net of reinsurance premiums)	(5 630 000)	62 000
Benefits paid (net of reinsurance recoveries)	(2 829 000)	(4 336 000)
Actuarial gain on assets	742 000	3 934 000
Fair value as at the end of the year	72 882 000	74 974 000

Based on the above information the actuarial gains/losses were calculated under the requirements of IAS19 (revised) and recognised in Other Comprehensive Income (OCI):

	2015	2014
Remeasurements:		
Actual (gain)/loss due to experience	(9 714 000)	2 430 000
Actual loss due to demographic assumption changes	1 661 000	0
Actual (gain)/loss due to financial assumption changes	(2 898 000)	40 000
Actuarial (gain)/loss on liabilities	(10 951 000)	2 470 000
Actual return on assets	6 367 000	9 608 000
Less: Expected return	(5 625 000)	(5 674 000)
Actuarial gain on assets	742 000	3 934 000
Actuarial (gain)/loss on defined benefit obligations	(10 951 000)	2 470 000
Return on plan assets (greater)/lower than discount rate	(742 000)	(3 934 000)
Total re-measurement effects recognised in OCI	(11 693 000)	(1 464 000)

The actuary in the service of ABSA Consultants and Actuaries (Pty) Limited is of the opinion that the fund is in a sound financial position, with a surplus of R57,9 million (2014: R48,9 million).

18.2.4 Amounts recognised in the statement of comprehensive income:

	2015	2014
Current service costs	642 000	1 196 000
Net interest	(3 637 000)	(3 718 000)
Reinsurance premiums	6 519 000	5 514 000
Included in surplus or deficit (personnel remuneration)	3 524 000	2 992 000
Included in OCI	(11 693 000)	(1 464 000)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

Movement in the disability reserve fund asset:	**2015** **R**	**2014** **R**
Net asset at beginning of year	48 870 000	44 822 000
	9 058 000	4 048 000
Statement of comprehensive income	8 169 000	(1 528 000)
Contributions – paid by employer	889 000	5 576 000
Net asset at end of year	57 928 000	48 870 000

18.2.5 MORTALITY

The published PA (90) tables for males and females, rated up by 4 years, were used with an additional 3% loading on mortality at each age.

18.2.6 SENSITIVITY ANALYSIS

The reported Defined Benefit Obligation (DBO) is set by reference to specific financial and demographic assumptions. Changes in the assumptions will lead to a change in the value of the reported DBO and cost of benefits.

In order to assess the impact of possible changes we provide an overview below of the impact on the DBO for pensioners and the disability members due to changes in the most significant actuarial assumptions.

	Total	Pensioners	Disabilities (net of reinsurance)
	R'000	R'000	R'000
Base scenario (on liabilities)	14 954	3 925	11 029
+ 0.25% discount rate	14 728	3 855	10 873
- 0.25% discount rate	15 186	3 997	11 189
+0.1% inflation	15 151	3 954	11 197
-0.1% inflation	14 758	3 896	10 862
Mortality: +1 year	14 666	3 758	10 908
Mortality: - 1 year	15 234	4 094	11 140

18.3 Associated Institutions Pension Fund

18.3.1 Of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle Campuses), (2015: 0,31% or 11 staff members and 2014: 0,39% or 13 staff members) exercised the option of remaining members of the Associated Institutions Pension Fund (AIPF), this fund is registered in terms of and governed by the Pension Funds Act (Act 24 of 1956 (as amended)). Upon retirement these staff members receive retirement benefits in terms of a defined-benefit plan. The University has a liability to make an additional contribution to the pension fund if the cash flow of the AIPF is inadequate for the payment of the pensions of pensioners. The latest valuation was done on 31 March 2005 and the results show a funding level of 151,4% and a R3 631 million surplus.

18.3.2 The AIPF is administered by the State.

18.3.3 The amount as recognised in the statement of comprehensive income (note 24 – Personnel remuneration) for 2015 is R1 239 226 (2014: R1 302 232).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.4 NWU provident funds

18.4.1 The NWU provident funds were established on 1 March 1993 and 1 March 1996 respectively. All permanent staff members in the relevant staff categories (Potchefstroom and Vaal Triangle Campuses 2015: 111 staff members and 2014: 120 staff members) contribute to the NWU provident funds. The Registrar of Pensions does not require that a fixed-contribution fund be valued actuarially. The fund is 100% funded because benefits are limited to fixed contributions plus growth. The University has no further obligation towards the funds.

18.4.2 The amount as recognised in the statement of comprehensive income (note 24 – Personnel remuneration) for 2015 is R1 709 560 (2014: R1 702 249).

18.5 Percentage employees who contribute to retirement funds

All active permanent staff members contribute to the North-West University Pension Fund, the AIPF or the NWU provident funds.

18.6 Post-employment medical benefits

18.6.1 In accordance with current staff practice, contributions to the medical aid fund are also made on behalf of retired employees (Potchefstroom and Vaal Triangle Campuses) who had been employed before 1 January 1999.

18.6.2 Valuation calculations in terms of IAS 19 (revised) are done annually and the results of the valuation done as on 31 December 2015 are as follows:

	2015 R	2014 R
Most important actuarial assumptions:		
Inflation rate	8,03%	6,41%
Discount rate	10,08%	8,22%
Expected rate at which salaries will increase	9,03%	7,00%
Expected rate at which medical cost will increase	9,53%	7,41%

There are currently no long-term assets set aside in respect of the NWU's post-employment health care liabilities. Therefore, no assumption specifically relating to assets has been made.

	2015 R	2014 R	2013 R	2012 R
Valuation results: 4 years				
Present value of liabilities	180 261 000	169 813 000	167 486 000	167 103 000
Experience adjustments on plan liabilities	(3 335 000)	6 036 000	8 559 000	(27 895 000)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.6 Post-employment medical benefits (continued)

18.6.3 Present value of unfunded liabilities	2015 R	2014 R
Pensioners	122 811 000	117 194 000
Active employees	57 450 000	52 619 000
Liability as shown in the statement of financial position	180 261 000	169 813 000

Movement in liabilities as reflected in the statement of financial position:

	2015 R	2014 R
Balance at beginning of year	169 813 000	167 486 000
Service cost	2 271 000	2 541 000
Interest cost	13 599 000	13 831 000
Actuarial loss/(gain)	3 335 000	(6 036 000)
Contributions paid	(8 757 000)	(8 009 000)
Balance at end of year	180 261 000	169 813 000

18.6.4 Amounts recognised in the statement of comprehensive income:

	2015 R	2014 R
Current service cost	2 271 000	2 541 000
Interest in obligation	13 599 000	13 831 000
Included in surplus or deficit (personnel remuneration)	15 870 000	16 372 000
Actuarial loss/(gains) recognised during the year	3 335 000	(8 669 506)
Included in other comprehensive income	3 335 000	(8 669 506)

Expected contributions to post-employment benefit plans for the year ending 31 December 2016 are R9 228 000.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.6 Post-employment medical benefits (continued)

18.6.5 Sensitivity

The sensitivity analysis below illustrates how results change under various alternative assumptions.

31 December 2015

Assumption	Variation	% change in past-service contractual liability	% change in service cost plus interest cost (contractual liability)
Salary/Health-care cost inflation	+ 1%	+ 11,6%	+ 12,7%
	- 1%	- 9,9%	- 10,7%
Mortality	+ 1%	- 9,2%	- 9,7%
	- 1%	+ 10,4%	+ 11,0%
Resignation rate	+ 1%	- 1,8%	- 2,3%
	- 1%	+ 2,0%	+ 2,5%

31 December 2014

Assumption	Variation	% change in past-service contractual liability	% change in service cost plus interest cost (contractual liability)
Salary/Health-care cost inflation	+ 1%	+ 12,0%	+ 13,3%
	- 1%	- 10,1%	- 11,1%
Mortality	+ 1%	- 9,2%	- 9,8%
	- 1%	+ 10,4%	+ 11,0%
Resignation rate	+ 1%	- 1,9%	- 2,6%
	- 1%	+ 2,1%	+ 2,9%

Pre-expected retirement age : SA1985-90 light

Post-expected retirement age: PA(90)-2

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015	2014
19. DEFERRED INCOME	**R**	**R**
Deferred income includes state grants.		
Capital projects	47 881 080	102 328 353
Balance at beginning of year	102 328 353	136 751 351
Subsidy received during the year	0	70 457 000
Interest capitalised during the year	2 557 587	5 567 433
	104 885 940	212 775 784
Recognised during the year	(57 004 860)	(110 447 431)
Balance at end of year (short-term)	47 881 080	102 328 353

20. TRADE AND OTHER PAYABLES

	2015	2014
Trade creditors	203 963 407	218 296 972
Student fees - credit accounts	89 049 531	88 987 594
Financial liabilities	293 012 938	307 284 566
VAT	4 265 328	0
	297 278 266	307 284 566

The fair value approximates the carrying amounts.

21. STUDENT DEPOSITS AND PREPAID INCOME

	2015	2014
Includes student-related fees as well as various research and project income received in advance	73 657 353	57 798 368

The fair value approximates the carrying amounts.

22. INCOME

Total income includes the total subsidy, tuition, residence, meal and other student fees, research contract income, interest (including long-term investment income), rental received and consultation income generated by faculties.

Total income also includes Lotto awards, namely:

	2015	2014
Income recognised	304 969	1 239 695
Income deferred	443 484	748 453

23. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS

	2015	2014
Unrestricted or designated		
Operating purposes	1 304 072 000	1 208 901 359
Earmarked grants	59 089 839	42 941 790
	1 363 161 839	1 251 843 149
Deferred capital subsidy recognised	5 487 993	15 426 050
Total	1 368 649 832	1 267 269 199

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R	2015 TOTAL R	2014 TOTAL R
24. PERSONNEL REMUNERATION					
Remuneration and fringe benefits	1 658 467 176	55 824 967	33 544 533	1 747 836 676	1 572 989 530
Retrenchment packages	0	0	0	0	2 921 252
Accrued leave	44 021 951	0	0	44 021 951	36 294 204
NWU Pension fund	21 464 963	710 879	427 158	22 603 000	(7 313 000)
NWU Disability fund	3 346 570	110 832	66 598	3 524 000	2 992 000
AI Pension fund	1 176 833	38 974	23 419	1 239 226	1 302 232
NWU Provident funds	1 623 485	53 767	32 308	1 709 560	1 702 249
Post-employment medical benefits	15 070 962	499 122	299 916	15 870 000	16 372 000
	1 745 171 940	57 238 541	34 393 932	1 836 804 413	1 627 260 467

Annualised Gross Remuneration to Institutional Management (excludes exceptional payments - exceeding in annual aggregate R249 999)

Name	Office held	Basic salary R	Employment benefits R	Other payments / allowances R	Total costs to NWU 2015 R	Total costs to NWU 2014 R
Prof ND Kgwadi	Vice-Chancellor	2 320 749	260 144	717 653	3 298 546	2 837 408
Prof F van Niekerk	Deputy Vice-Chancellor: Research, Innovation and Technology	1 895 508	22 739	496 383	2 414 630	2 275 782
Prof MJ Oosthuizen	Deputy Vice-Chancellor: Teaching-Learning	1 722 883	196 737	439 852	2 359 472	2 274 679
Prof M Davhana-Maselesele *	Campus Rector: Mafikeng	1 632 161	188 536	472 997	2 293 694	2 140 837
Prof MM Verhoef	Institutional Registrar	1 561 539	257 762	458 685	2 277 986	2 139 494
Prof HD van Schalkwyk	Campus Rector: Potchefstroom	1 833 870	207 998	196 646	2 238 514	2 345 754
Prof LA du Plessis ^	Campus Rector: Vaal Triangle	1 510 448	163 170	389 049	2 062 667	0
Me E de Beer	Executive Director: Finances and Facilities	1 420 955	171 661	403 051	1 995 667	0
Prof TJ Mariba ^	Campus Rector: Vaal Triangle	1 301 376	119 937	345 132	1 766 445	2 361 933
Mr VL Mothobi	Executive Director: Human Capital Development	1 188 948	158 623	255 002	1 602 573	1 586 758
Me PP Mmope	Executive Director: Institutional Advancement	1 049 325	126 542	227 373	1 403 240	1 430 588
Dr T Eloff *****	Vice-Chancellor	0	0	0	0	2 816 391
Prof IJ Rost *****	Executive Director: Finances and Facilities	0	0	0	0	2 088 020
Total		17 437 762	1 873 849	4 401 823	23 713 434	24 297 644

^ Management member not in service for full year - 2015. Renumeration annualised.
* Management member not in service for full year - 2014. Renumeration annualised.
These include annual remuneration, levies, bonuses and in the case of the Vice-Chancellor, housing benefits.
There are no outstanding obligations with regard to management remuneration on year-end.
Refer to note 32 - Related party transactions.
Number of senior staff members 2015: 10 (2014: 10).

Other information regarding personnel remuneration	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R	2015 TOTAL R	2014 TOTAL R
Provision: accrued leave - increase (note 18)	44 021 951	0	0	44 021 951	36 294 204
Retirement benefit costs	173 870 659	5 758 269	3 460 073	183 089 001	176 196 883
Members' contributions	64 954 531	2 151 172	1 292 613	68 398 316	64 845 251
Council contributions	108 916 128	3 607 097	2 167 460	114 690 685	111 351 632
Senior management remuneration	21 504 320	0	0	21 504 320	22 083 264
For managerial services	21 504 320	0	0	21 504 320	22 083 264

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2015 R	2014 R
Chair of Council: Honorarium, travel and accommodation expenses	1	178 024	63 975
Chairs of committees: Honorarium, travel and accommodation expenses	7	354 713	226 678
Members of Council: Honorarium, travel and accommodation expenses	33	292 039	388 085
Total		824 776	678 738

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. PERSONNEL REMUNERATION (continued)

Exceptional payments - each exceeding in annual aggregate R249 999 (excludes annualised gross remuneration to Institutional Management where applicable)

Purpose/nature of payment	Name	Office held	2015 R	2014 R
Lumpsum arbitration award	Van Schalkwyk, HD	Rector: PC Campus Rector	4 296 981	0
Mutual seperation agreement	Koen, MP	Temp Associate Professor: MC Nursing Sciences	1 103 802	0
Insentive/Turn over bonus	Jansen Van Rensburg, WJHJ	Money-Market Manager: IM Money Market	702 362	813 283
Leave gratuity	Van Der Merwe, SJ	Associate Professor: PC Faculty of Economic and Management Sciences	605 788	0
Leave gratuity	Steyn, HJ	Professor: PC Comparative Education	594 265	0
Leave gratuity	Lowes, MMJ	Vice-Rector: PC Teaching-Learning	578 937	0
Leave gratuity	Schutte, PJ	Professor: PC School of Communication Studies	571 792	0
Leave gratuity	Lourens, A	Vice-Rector: PC Research and Planning	548 796	0
Leave gratuity	Stoffberg, JY	Director: PC Puksport	446 266	0
Leave gratuity Leave gratuity	Lotter, GA	Professor: PC School of Biblical Counselling and Church Ministry	435 213	0
Leave gratuity	Mariba, TJ	Rector: VTC Campus Rector	416 949	0
Leave gratuity Leave gratuity	Potgieter, HM	Associate Professor: PC Musical Arts in South Africa: Resources and Applications	395 529	0
Leave gratuity	Janse Van Rensburg, JM	Senior Lecturer: PC Early Childhood Development	365 096	0
Leave gratuity	Roux, CD	Professor: PC School of Education Studies	362 936	0
Leave gratuity	Rousseau, PG	Professor: PC School of Mechanical and Nuclear Engineering	346 577	0
Management bonus	Kgwadi, ND	Vice-Chancellor: IM Vice-Chancellor	322 537	0
Leave gratuity	Mothobi, VL	Executive Director: IM Executive Director: Human Capital	320 100	0
Leave gratuity	Marley, IR	Senior Lecturer: PC Graphic Design	311 585	0
Leave gratuity	Monyatsi, GA	Lecturer: MC Sociology and Indigenous Knowledge Studies	309 039	0
Leave gratuity	Schutte, R	Professor: PC Hypertension in Africa Research Team	300 776	0
Leave gratuity	Erasmus, HP	Senior Lecturer: PC School of Accounting Sciences	281 582	0
Leave gratuity	Strydom, R	Senior Lecturer: PC Graphic Design	271 271	0
Settlement agreement	Klink, SL	Manager: MC Residences	257 480	0
Management bonus	Oosthuizen, MJ	Deputy Vice-Chancellor: IM Teaching-Learning	255 169	0
Management bonus	Van Niekerk, F	Deputy Vice-Chancellor: IM Research; Innovation; Technology	255 169	0
Leave gratuity	Mvana, PF	Examinations Officer: MC Examinations	251 070	0
Severance package	Rost, IJ	Executive Director: IM Finance and Facilities	0	2 412 198
Leave gratuity	Eloff, T	Vice-Chancellor: IM	0	1 128 082
Leave gratuity	Prinsloo, PJJ	Consultant: IM Vice-Chancellor	0	1 000 161
Leave gratuity	Rost, IJ	Executive Director: IM Finance and Facilities	0	949 213
Settlement agreement	Makalakalane, TA	Coach: MC Soccer Institute	0	698 275
Leave gratuity	Pienaar, GJ	Professor: PC Law Undergraduate Programmes	0	640 482
Leave gratuity	Kruger, FJ	Director: Legal Services IM Legal Services	0	572 750
Leave gratuity	Kotze, HN	Head: Student Guidance Service PC Student Counselling Services	0	526 326
Leave gratuity and bonus	Swanepoel, CJ	Temp Lecturer: PC School of Computer Statistical and Mathematical Sciences	0	445 580
Leave gratuity and bonus	Van Niekerk, EH	Medical Pensioners Group 1: IM Pensioners and Overheads	0	443 803
Leave gratuity	Richter, BW	Associate Professor :PC School for Natural Science and Technology for Education	0	423 792
Leave gratuity	Juyn, A	Chief Director: IM Information Technology	0	400 569
Leave gratuity and bonus	Paadi, RD	Manager: Facilities MC	0	396 383
Leave gratuity	Schutte, JJ	Senior Human Resources Specialist: IM HC Remuneration and Organisation Design	0	395 249
Leave gratuity and bonus	Kalule-Sabiti, I	Temp Professor: MC Demography; Population and Development Studies	0	382 089
Leave gratuity and bonus	Booyens, JM	Lecturer: PC Communication	0	376 433
Leave gratuity and bonus	Isabirye, D	Temp Professor: MC Chemistry	0	374 442
Leave gratuity	Strydom, H	Professor: PC Social Work	0	374 117
Leave gratuity and bonus	Viljoen, AM	Medical Pensioners Group 1: PC Pensioners and Overheads	0	371 080
Leave gratuity and bonus	Godji, LJK	Temp Lecturer: MC Management	0	368 369
Leave gratuity	Butow, H	Director: PC PUK Arts	0	368 054
Leave gratuity	Schoeman, CB	Professor: PC Town and Regional Planning	0	358 688
Leave gratuity	Moller, PL	Senior Lecturer: VTC School of Basic Sciences	0	332 713
Leave gratuity and bonus	Laubscher, PJ	Medical Pensioners Group 1: PC Pensioners and Overheads	0	324 079
Leave gratuity	Nkonde, MM	Temp Library Assistant: MC Library	0	319 611
Leave gratuity	Kilian, P	Senior Lecturer: PC School of Accounting Sciences	0	315 921
Leave gratuity	Kirstein, CF	Senior Lecturer: PC Curriculum Studies; Philosophy and Research Methodology	0	315 085
Leave gratuity	Engels, AS	Director: PC Protection Services	0	311 592
Leave gratuity	Hlophe, MR	Associate Professor: MC Chemistry	0	292 236
Leave gratuity	Lamprecht, JC	Senior Lecturer: PC Clinical Pharmacy	0	285 035
Total			14 907 068	16 715 689

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

		COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R	2015 TOTAL R	2014 TOTAL R
25.	**OTHER CURRENT OPERATING EXPENSES BY NATURE**					
	Allowance for credit losses: Accounts receivable (note 14)	84 187 591	678 259	3 091 570	87 957 420	39 387 833
	Bad debts recovered	(16 650 464)	0	0	(16 650 464)	(10 730 017)
	Inventory written off (note 13)	1 424 506	0	190 627	1 615 133	1 316 370
	Foodstuffs (Residence and Catering Services)	0	0	190 627	190 627	164 880
	Publications and study materials	1 177 632	0	0	1 177 632	1 106 066
	Other consumables	0	0	0	0	45 424
	Veterinary health	246 874	0	0	246 874	0
	Audit remuneration	3 381 707	36 289	12 190	3 430 186	3 011 647
	Audit fees	2 814 358	36 289	12 190	2 862 837	2 564 497
	Other costs	567 349	0	0	567 349	447 150
	Services outsourced	48 469 954	57 535	21 447 205	69 974 694	62 522 516
	Rent: Buildings	4 855 920	268 300	13 814 571	18 938 791	17 173 506
	Rent: Equipment	12 848 904	101 961	393 200	13 344 065	5 575 852
	Maintenance	126 315 902	2 683 080	22 524 935	151 523 917	167 156 430
	Bursaries	170 094 306	23 472 380	0	193 566 686	189 304 398
	Goods and services - other	472 100 093	123 126 078	157 135 971	752 362 142	797 823 912
		907 028 419	150 423 882	218 610 269	1 276 062 570	1 272 542 447
26.	**INVESTMENT INCOME**					
26.1	Operating income (short-term investment income)	101 872 095	6 435 226	0	108 307 321	105 802 720
	Interest	92 420 110	6 435 226	0	98 855 336	97 149 338
	Rental received (investment properties - note 7)	9 451 985	0	0	9 451 985	8 653 382
	Long-term investment income	13 138 773	0	0	13 138 773	11 401 894
	Interest	6 259 543	0	0	6 259 543	5 839 745
	Dividends (listed investments)	6 879 230	0	0	6 879 230	5 562 149
		115 010 868	6 435 226	0	121 446 094	117 204 614
26.2	Realised profit on disposal of investments	39 540 347	0	0	39 540 347	6 014 798
	Available-for-sale investments	38 997 614	0	0	38 997 614	5 486 197
	Financial instruments at fair value through profit or loss	542 733	0	0	542 733	528 601
		39 540 347	0	0	39 540 347	6 014 798
26.3	Total per statement of cash flows					
	Total interest received	147 671 985	6 435 226	0	154 107 211	117 657 263
	Total dividends received	6 879 230	0	0	6 879 230	5 562 149
		154 551 215	6 435 226	0	160 986 441	123 219 412
27.	**FINANCE CHARGES**					
	Long-term loans (note 17)	5 554 142	0	0	5 554 142	7 552 264
	Bank account	62 660	0	0	62 660	3 889
	Exchange differences	0	0	0	0	(554)
	Other	328 800	(98 930)	5 460 552	5 690 422	5 831 237
		5 945 602	(98 930)	5 460 552	11 307 224	13 386 836

28. CAPITAL EXPENDITURE EXPENSED

Included in capital expenditure that have been expensed are library books and related expenses in the amount of R39 410 381 (2014: R39 962 304).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2015	2014
	R	R
29. RECONCILIATION OF SURPLUS/(DEFICIT) TO CASH GENERATED FROM OPERATIONS		
Surplus/(deficit) for the year	80 964 966	(81 205 771)
Adjusted for:		
Allowance for credit losses: Trade and other receivables (note 14)	87 957 420	39 387 833
Depreciation (note 6 and 7)	164 568 622	128 609 938
Amortisation charges (note 8)	0	1 245 827
Loss/(profit) on disposal/write-off of assets - PPE	191 946	(217 574)
Increase in retirement benefit obligations (note 18)	150 850 951	188 768 204
Decrease in deferred income (note 19)	(54 447 273)	(34 422 998)
Increase in deferred income tax assets (note 34)	(770)	(23 810)
Investment income (note 26)	(160 986 441)	(123 219 412)
Finance charges (note 27)	11 307 224	13 386 836
Loss/(profits) from equity-accounted investees	4 235 016	(34 092)
Adjustments i.t.o. IAS 39	(2 196 081)	(92 767)
Capital market	(2 393 385)	(616 704)
ALSI future contracts	197 304	523 937
Operating surplus before changes in working capital	282 445 581	132 182 214
Changes in working capital	(101 895 351)	2 716 451
(Increase)/decrease in inventories	(971 305)	4 615 361
Increase in trade and other receivables	(106 535 171)	(19 731 540)
Increase in income tax receivable	(241 560)	(164 770)
(Decrease)/increase in trade and other payables	(10 006 300)	10 799 782
Decrease in income tax payable	0	(40 959)
Increase in student deposits and prepaid income	15 858 985	7 238 577
Cash flows from operating activities	180 550 230	134 898 665

30. COMMITMENTS

CAPITAL COMMITMENTS

The following commitments not recognised in the statement of financial position existed on 31 December 2015 with regard to capital expenditure approved but not yet completed or carried out:

	2015	2014
Buildings	25 529 359	146 539 884

This expenditure will be financed with internal and external funds (refer to note 6).

OPERATING LEASES

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015	2014
Payable within 1 year	19 499 959	13 889 486
Payable within 2 to 5 years	43 190 457	25 006 646
	62 690 416	38 896 132

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. CONTINGENT LIABILITIES

Management considered all pending legal matters and is of the opinion that the possibility of any significant outflow in settlement is remote. No further disclosure regarding detail of each case is considered necessary.

32. RELATED-PARTY TRANSACTIONS

Included in unlisted investments – available-for-sale – are entities that do not qualify as an investment in equity-accounted investees which are related parties (refer to note 9.1).

Refer to note 9.3 for disclosure of subsidiaries.

Refer to note 10 for disclosure of equity-accounted investees.

The national Department of Higher Education and Training has a significant influence on the University and is therefore also considered a related party (refer to note 23).

Compensation of Institutional Management is considered related-party transactions. Refer to note 24 for disclosure of remuneration.

All transactions with related parties are transactions at arm's length and have been eliminated on consolidation.

33. EVENTS AFTER THE REPORTING PERIOD

On 17 and 18 February 2016, the gate at the Mafikeng Campus of the NWU was extensively damaged by rioting students. On 24 February 2016, riots broke out under students and the administration building as well a residence caretaker's house were damaged. These incidences are fully covered by the University's SASRIA insurance policy, with no excess payable, and claims were registered at our insurance brokers Marsh. The incidents were also reported to the SAPS.

The following are preliminary estimates of damages:	**R**
1. Preliminary estimate by Quantity Surveyors of the building and caretaker's house	75 000 000
2. Estimated contents lost in the incident	2 610 820
3. Consequential costs of Mafikeng Campus	714 398
4 Clearing and establishment of temporary office	5 187 621
Total estimated damages	83 512 839

SASRIA has given the University the go-ahead to proceed to rebuild the buildings and replace all contents lost in the incident.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. INCOME TAX / DEFERRED TAXATION

The University is exempt from normal SA Income Tax in terms of Section 10(1)(cA) of the Income Tax Act, and consequently also from the provision for any deferred taxation.

Other comprehensive income (OCI) relating to the University is therefore also exempt from taxation.

As a result of the consolidation of Molopo Sun (Pty) Ltd and OpenCollab (Pty) Ltd, which are not exempted from tax, a tax liability is shown with regard to tax currently payable, based on taxable profit for the year.
Tax is calculated at 28% for 2015 (2014: 28%). Deferred tax is applicable to OpenCollab (Pty) Ltd.

	2015	2014
	R	R
Income tax expense		
Current tax	1 102 128	656 292
- current tax	1 102 128	697 941
- prior year tax	0	(41 649)
Deferred tax	(770)	(23 810)
- current tax	(770)	(23 810)
Total income tax expense	1 101 358	632 482
Tax reconciliation		
Profit / (loss) before tax	82 066 324	(80 573 289)
Unrecognised losses		
- loss not recognised	0	4 829 684
- loss utilised	(53 213)	(58 202)
Exempt income	(78 100 935)	78 170 615
Non-deductible expenses	21 243	38 803
Prior year tax	0	(148 746)
Taxable income	3 933 419	2 258 865

Total unrecognised tax losses to the amount of R22 380 430 are carried forward for 2015 (2014: R22 493 135).

	2015	2014
Deferred tax		
Opening balance	71 946	48 136
Movement	770	23 810
Closing balance	72 716	71 946