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NORTH-WEST UNIVERSITY
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CONSOLIDATED FINANCIAL STATEMENTS 2020

Established: 01 January 2004 (MERGED)

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Mafikeng
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NORTH-WEST UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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NORTH-WEST UNIVERSITY

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

The Council is ultimately 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, Science and Innovation in terms of Section 41 of the Higher Education Act, 1997 (Act No. 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 2020 as set out on pages 11 to 67 have been approved by the Council on 17 June 2021 and are signed on behalf of the Council by:

CHAIRPERSON OF COUNCIL

VICE-CHANCELLOR

EXECUTIVE DIRECTOR: FINANCE AND FACILITIES

Independent auditor’s report to the Council and the Minister of Higher Education, Science and Innovation on North-West University

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements[1] of the North-West University set out on pages 11 to 67, which comprise the consolidated statement of financial position at 31 December 2020, the consolidated statement of comprehensive income, the consolidated statement of comprehensive income (as required by Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997, as amended)), the 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, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the North-West University as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act and the Regulations for reporting by Public Higher Education Institutions, 2014, issued in terms of the Higher Education Act of South Africa, 1997.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the University in accordance with the Independent Regulatory Board for Auditors’ Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (Including International Independence Standards).

[1] The examination of controls over the maintenance and integrity of the North-West University's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements or annual report since they were initially presented on the website.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Council for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa,1997 and the Regulations for reporting by Public Higher Education Institutions, 2014, issued in terms of the Higher Education Act of South Africa,1997, 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.

In preparing the consolidated financial statements, the Council is responsible for assessing the North-West University's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the accounting authority either intends to liquidate the University or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected goals presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

Our procedures address the usefulness and reliability of the reported performance information, which must be based on the University's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the University enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected goals presented in the University's annual performance report for the year ended 31 December 2020:

Goals	Pages in the annual performance report
Goal 1: Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions	121
Goal 2: Intensify research and innovation	122

We performed procedures to determine whether the reported performance information was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and 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 usefulness and reliability of the reported performance information for these goals.

Report on the audit of compliance with legislation

Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the University's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

The material findings on compliance with specific matters in key legislation are as follows:

Procurement and Contract Management

Some members of staff or employees did not in writing notify the public higher education institution concerned of any conflict or possible conflict of interest before such public higher education institution procured any goods or services from such member of staff or an organisation within which such member or employee held an interest, in contravention of section 34(4)(b) of the Higher Education Act.

Some employees conducted business directly or indirectly with the university at which he or she is employed that entailed or may have entailed a conflict of interest with the university in contravention of section 34(5)(a)-(c) of the Higher Education Act.

Other information

The Council is responsible for the other information. The other information comprises the information included in the "Integrated Annual Report". The other information does not include the consolidated financial statements, the auditor's report and those selected goals presented in the annual performance report that have been specifically reported in this auditor's report.

Our opinion on the consolidated financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion on it.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected goals presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matter reported below is limited to the significant internal control deficiencies that resulted in the material non-compliance noted above.

Not all employees declared their interests as required by the Higher Education Act and University's General Financial Guidelines in support of the Financial Policy, and as a result the university conducted business with suppliers in which employees have interests that were not declared.

Other reports

We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the University's consolidated financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the consolidated financial statements or our findings on the reported performance information or compliance with legislation.

Audit-related services and special audits (Agreed-upon procedures)

Agreed-upon procedures on certificates were performed for grants, other funding and similar items. Agreed-upon procedures engagements performed or are in the process of being performed in relation to 2020 is listed below;

Engagement	**Period end**	***Party performing engagement***	**Report date**
Student and staff statistics (HEMIS)	31-Dec-2020	PwC	In progress
NRF and THRIP projects (Grant Deposit, all other National Research Foundation (NRF) and South African Square Kilometre Array Project (SKA SA) awards) (Technology and Human Resources for Industry Programme awards)	31-Dec-2020	PwC	09-Mar-2021
Clinical Training Grant	31-Mar-2021	PwC	27-May-2021
Clinical Health Enrolments	31-Mar-2021	PwC	Not started
Water Research Hydrogen Project Grant (per project)	31-Mar-2021	PwC	17-May-2021
NWU Publications and Submission of Articles	31-Dec-2020	PwC	7-June-2021
Foundation Provision Grant	31-Mar-2021	PwC	27-May-2021
Veterinary Science project	31-Mar-2021	PwC	26-May-2021
DHET Excel (Financial Data Submission)	31-Dec-2020	PwC	28-June-2021
nGAP Grant	Not started	PwC	Not started
DAC Language Grant	31-Dec-2020	PwC	15-Mar-2021
UCDP Grant (University Capacity Development Programme Grant)	31-Dec-2020	PwC	26-May-2021
BRICS Grant	28-Feb-2021	PwC	6-Apr-2021
Infrastructure Grant	31-Mar-2021	PwC	26-May-2021

Engagement	**Period end**	***Party performing engagement***	**Report date**
SRC Election	Not started	PwC	Not started
NSFAS Historical Debt Grant	31-Dec-2018 and 2019	PwC	29-Jan-2021
Veterinary Enrolments	Not started	PwC	Not started
SCC Rag	Not started	PwC	Not started
Eskom Power Plant Engineering Institute Funding (EPPEI)	31-Dec-2020	PwC	28-May-2021
Early Childhood Care and Education Project	Not started	PwC	Not started
Covid-19 Responsiveness Grant	31-Mar-2021	PwC	07-Jun-2021

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Andrew Dale

Registered Auditor

Mafikeng

28 June 2021

Annexure – Auditor's responsibility for the audit

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on the reported performance information for selected goals and on the University's compliance with respect to the selected subject matters.

Consolidated Financial statements

In addition to our responsibility for the audit of the consolidated financial statements as described in this auditor's report, we also:

- identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit 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 University's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- conclude on the appropriateness of the Council's use of the going concern basis of accounting in the preparation of the consolidated financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the North-West University to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause the University to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

We communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2020

	NOTE	2020 R'000	2019 R'000
ASSETS		7 834 052	6 370 547
NON-CURRENT ASSETS		5 754 462	4 974 958
PROPERTY, PLANT AND EQUIPMENT (PPE)	6a, 6b	1 644 776	1 628 491
INVESTMENT PROPERTIES	7	17 515	18 002
INTANGIBLE ASSETS	8	1 457	950
INVESTMENTS	9	3 738 144	2 974 008
EQUITY-ACCOUNTED INVESTEES	10	1 100	1 367
DEFERRED TAX ASSET	32	207	149
EMPLOYEE BENEFITS	18	351 263	351 991
CURRENT ASSETS		2 079 590	1 395 589
INVENTORIES	13	23 885	30 238
TRADE AND OTHER RECEIVABLES	14	284 396	227 631
INCOME TAX RECEIVABLE	32	14	26
STRAIGHT LINE LEASE ACCRUAL		0	3 049
CURRENT PORTION OF INVESTMENTS	9	1 485 982	710 119
CASH AND CASH EQUIVALENTS	15	285 313	424 526
EQUITY AND LIABILITIES		7 834 052	6 370 547
EQUITY	16	5 853 743	4 678 796
NON-DISTRIBUTABLE RESERVES		1 670 521	1 552 753
FIXED ASSET RESERVE FUND (PPE)		1 614 101	1 553 133
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		56 420	(380)
RESERVE FUNDS		4 182 393	3 125 207
RESTRICTED USE FUNDS		483 054	363 840
STUDENT LOAN FUNDS		563	563
STUDENT AND STAFF ACCOMMODATION FUNDS		200 622	158 736
DONATIONS AND SIMILAR FUNDS		62 525	59 657
RESEARCH AND OTHER (CONTRACTS) FUNDS		219 344	144 884
NWU PENSION FUND AND DISABILITY FUND		351 263	351 991
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		8 401	8 421
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		25 081	14 012
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		3 314 594	2 386 944
NON-CONTROLLING INTERESTS		829	836
NON-CURRENT LIABILITIES		888 011	775 163
BORROWINGS - INTEREST-BEARING	17	0	5 760
EMPLOYEE BENEFITS	18	481 274	527 031
DEFERRED GRANT INCOME	19	406 737	219 814
LEASE LIABILITIES	6b	0	22 558
CURRENT LIABILITIES		1 092 298	916 588
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	17	5 965	5 682
CURRENT PORTION OF EMPLOYEE BENEFITS	18	142 920	162 158
CURRENT PORTION OF DEFERRED GRANT INCOME	19	149 837	126 759
CURRENT PORTION OF LEASE LIABILITIES	6b	27 315	43 964
TRADE AND OTHER PAYABLES	20	516 026	445 454
INCOME RECEIVED IN ADVANCE	21	243 532	91 607
NET CONTRACT LIABILITIES	22	6 703	40 903
INCOME TAX PAYABLE	32	0	61

The notes on pages 17 to 67 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 R'000	2019 R'000
INCOME		5 145 573	5 242 358
REVENUE		4 772 217	4 767 405
OTHER INCOME (investment income and non-recurrent income)		373 356	474 953
EXPENDITURE		3 993 775	4 273 767
PERSONNEL REMUNERATION	25	2 518 266	2 406 089
OPERATING EXPENSES	26, 6a, 6b, 7	1 452 364	1 721 023
OTHER EXPENSES (capital expenditure expensed and non-recurrent expenditure)		15 758	136 352
FINANCE CHARGES	28	7 387	10 303
NET SURPLUS BEFORE INCOME TAX		1 151 798	968 591
INCOME TAX EXPENSE	32	(58)	187
SURPLUS FOR THE YEAR		1 151 856	968 404
OTHER COMPREHENSIVE INCOME (OCI)		23 092	(69 091)
Items that will not be reclassified to surplus or deficit		23 092	(69 091)
Remeasurements of employee benefit obligations			
PENSION FUND - (DEFICIT)/SURPLUS	18.1	(728)	(82 579)
DISABILITY RESERVE FUND - SURPLUS	18.2	8 850	7 486
HEALTH CARE (MEDICAL) - SURPLUS	18.3	14 970	6 002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 174 948	899 313
Surplus for the year attributable to:			
- North-West University		1 151 864	968 380
- Non-controlling interests		(8)	24
		1 151 856	968 404
Total comprehensive income for the year attributable to:			
- North-West University		1 174 956	899 289
- Non-controlling shareholders		(8)	24
		1 174 948	899 313

The notes on pages 17 to 67 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(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'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000	STUDENT AND STAFF ACCOMMO-DATION: RESTRICTED R'000	2020 TOTAL R'000	2019 TOTAL R'000
RECURRING ITEMS		941 589	104 457	1 046 046	61 647	1 107 693	905 916
INCOME		4 494 732	292 862	4 787 594	301 173	5 088 767	5 049 457
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	23	2 212 570	0	2 212 570	0	2 212 570	2 149 836
TUITION AND OTHER FEES	24	1 764 442	0	1 764 442	0	1 764 442	1 709 273
INCOME FROM CONTRACTS	24	1 991	238 923	240 914	0	240 914	196 046
FOR RESEARCH		576	237 422	237 998	0	237 998	192 093
FOR OTHER ACTIVITIES		1 415	1 501	2 916	0	2 916	3 953
SALES OF GOODS & SERVICES AND OTHER INCOME	24	193 590	28 514	222 104	301 173	523 277	663 797
PRIVATE GIFTS AND GRANTS		15 900	15 114	31 014	0	31 014	48 453
SUB-TOTAL		4 188 493	282 551	4 471 044	301 173	4 772 217	4 767 405
INVESTMENT INCOME	27.1	306 239	10 311	316 550	0	316 550	282 052
EXPENDITURE		3 553 143	188 405	3 741 548	239 526	3 981 074	4 143 541
PERSONNEL REMUNERATION	25	2 405 410	65 070	2 470 480	47 786	2 518 266	2 406 089
ACADEMIC PROFESSIONAL		1 335 953	31 230	1 367 183	0	1 367 183	1 250 564
OTHER PERSONNEL		1 057 289	33 840	1 091 129	47 786	1 138 915	1 170 513
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		12 168	0	12 168	0	12 168	(14 988)
OTHER CURRENT OPERATING EXPENSES	26	990 675	123 436	1 114 111	146 257	1 260 368	1 544 015
CAPITAL EXPENDITURE EXPENSED	31	3 058	0	3 058	0	3 058	6 126
DEPRECIATION	6a, 6b, 7	154 202	0	154 202	37 779	191 981	177 008
AMORTISATION	8	14	0	14	0	14	0
SUB-TOTAL		3 553 359	188 506	3 741 865	231 822	3 973 687	4 133 238
FINANCE CHARGES	28	(216)	(101)	(317)	7 704	7 387	10 303
NON-RECURRING ITEMS		44 099	1	44 100	5	44 105	62 675
INCOME		56 800	1	56 801	5	56 806	192 901
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	1	1	5	6	28 295
PROFIT ON INVESTMENTS	27.2	0	0	0	0	0	164 606
NET FAIR VALUE GAINS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	56 800	0	56 800	0	56 800	0
EXPENDITURE		12 701	0	12 701	0	12 701	130 226
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		1 510	0	1 510	0	1 510	0
LOSS ON INVESTMENTS	27.2	10 821	0	10 821	0	10 821	0
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEES	10	370	0	370	0	370	0
NET FAIR VALUE LOSS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	0	0	0	0	0	130 226
NET SURPLUS BEFORE INCOME TAX		985 688	104 458	1 090 146	61 652	1 151 798	968 591
INCOME TAX EXPENSE	32	(58)	0	(58)	0	(58)	187
SURPLUS FOR THE YEAR		985 746	104 458	1 090 204	61 652	1 151 856	968 404

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020 (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'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2020 TOTAL R'000	2019 TOTAL R'000
SURPLUS FOR THE YEAR		985 746	104 458	1 090 204	61 652	1 151 856	968 404
OTHER COMPREHENSIVE INCOME (OCI)		23 092	0	23 092	0	23 092	(69 091)
Items that will not be reclassified to surplus or deficit		23 092	0	23 092	0	23 092	(69 091)
Remeasurements of employee benefit obligations							
PENSION FUND - DEFICIT	18.1	(728)	0	(728)	0	(728)	(82 579)
DISABILITY RESERVE FUND - SURPLUS	18.2	8 850	0	8 850	0	8 850	7 486
HEALTH CARE (MEDICAL) - SURPLUS	18.3	14 970	0	14 970	0	14 970	6 002
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1 008 838	104 458	1 113 296	61 652	1 174 948	899 313
Surplus for the year attributable to:							
- North-West University		985 754	104 458	1 090 212	61 652	1 151 864	968 380
- Non-controlling interests		(8)	0	(8)	0	(8)	24
		985 746	104 458	1 090 204	61 652	1 151 856	968 404
Total comprehensive income for the year attributable to:							
- North-West University		1 008 846	104 458	1 113 304	61 652	1 174 956	899 289
- Non-controlling shareholders		(8)	0	(8)	0	(8)	24
		1 008 838	104 458	1 113 296	61 652	1 174 948	899 313

The notes on pages 17 to 67 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

DESCRIPTION	UNRESTRICTED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	DESIGNATED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	SUB-TOTAL A R'000	RESTRICTED RESERVE FUNDS: DONATIONS AND SIMILAR FUNDS R'000	RESTRICTED RESERVE FUNDS: RESEARCH AND OTHER (CONTRACTS) R'000	SUB-TOTAL B R'000	RESTRICTED RESERVE FUNDS: STUDENT LOANS R'000	RESTRICTED RESERVE FUNDS: STUDENT AND STAFF ACCOM- MODATION R'000	FIXED ASSET RESERVE FUND (PPE) R'000	HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT R'000	UNREALISED FAIR VALUE ADJUSTMENT RESERVE R'000	NWU PENSION FUND AND DISABILITY FUND R'000	SUB-TOTAL C R'000	TOTAL R'000	NON- CONTROLLING INTEREST R'000	TOTAL EQUITY R'000
BALANCE AT 31 DECEMBER 2017 (note 16)	11 930	786 438	798 368	41 395	115 054	156 449	563	99 072	1 333 147	14 167	154 420	372 983	1 974 352	2 929 169	736	2 929 904
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	739 849	739 849	8 002	59 007	67 009	0	39 969	0	0	(29 562)	32 237	42 644	849 502	76	849 578
SURPLUS/(DEFICIT) FOR THE YEAR	0	725 954	725 954	8 002	59 007	67 009	0	39 969	0	0	(29 562)	27 702	38 109	831 072	76	831 148
OTHER COMPREHENSIVE INCOME	0	13 895	13 895	0	0	0	0	0	0	0	0	4 535	4 535	18 430	0	18 430
TRANSFERS	3 164	(41 551)	(38 387)	(387)	(13 780)	(14 167)	0	(9 869)	58 077	4 347	0	0	52 555	(0)	0	(0)
BALANCE AT 31 DECEMBER 2018 (note 16)	15 094	1 484 736	1 499 830	49 010	160 281	209 291	563	129 172	1 391 224	18 514	124 858	405 220	2 069 551	3 778 671	812	3 779 483
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	1 020 651	1 020 651	7 956	1 681	9 637	0	47 469	0	0	(125 238)	(53 229)	(130 998)	899 289	24	899 313
SURPLUS/(DEFICIT) FOR THE YEAR	0	1 014 649	1 014 649	7 956	1 681	9 637	0	47 469	0	0	(125 238)	21 864	(55 905)	968 380	24	968 404
OTHER COMPREHENSIVE INCOME	0	6 002	6 002	0	0	0	0	0	0	0		(75 093)	(75 093)	(69 091)	0	(69 091)
TRANSFERS	(1 082)	(118 443)	(119 525)	2 691	(17 078)	(14 387)	0	(17 905)	161 909	(10 093)	0	0	133 911	0	0	0
BALANCE AT 31 DECEMBER 2019 (note 16)	14 012	2 386 944	2 400 956	59 657	144 884	204 541	563	158 736	1 553 133	8 421	(380)	351 991	2 072 464	4 677 960	836	4 678 795
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	952 765	952 765	1 727	102 731	104 458	0	61 652	0	0	56 800	(728)	117 724	1 174 948	0	1 174 948
SURPLUS/(DEFICIT) FOR THE YEAR	0	937 795	937 795	1 727	102 731	104 458	0	61 652	0	0	56 800	(8 850)	109 602	1 151 856	0	1 151 856
OTHER COMPREHENSIVE INCOME	0	14 970	14 970	0	0	0	0	0	0	0		8 122	8 122	23 092	0	23 092
TRANSFERS	11 069	(25 115)	(14 046)	1 141	(28 271)	(27 130)	0	(19 766)	60 968	(20)	0	0	41 182	6	(7)	0
BALANCE AT 31 DECEMBER 2020 (note 16)	25 081	3 314 594	3 339 675	62 525	219 344	281 869	563	200 622	1 614 101	8 401	56 420	351 263	2 231 370	5 852 914	829	5 853 743

The notes on pages 17 to 67 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTE	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	29	1 090 432	1 045 649
INVESTMENT INCOME LESS COST OF FINANCE		298 342	436 355
INTEREST RECEIVED	27.3	300 064	437 015
DIVIDENDS RECEIVED	27.3	5 665	9 643
INTEREST PAID	28	(7 387)	(10 303)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1 388 774	1 482 004
CASH FLOWS UTILISED BY INVESTING ACTIVITIES		(1 483 302)	(1 327 452)
DISPOSAL OF OTHER INVESTMENTS		0	0 *
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	6a, 6b	(210 188)	(398 532)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		906	31 235
INCREASE IN DEFERRED GRANT INCOME	19	210 001	29 336
TRANSFER OF INVESTMENT PROPERTY TO PROPERTY, PLANT AND EQUIPMENT	7	0	342
DISPOSAL OF ASSETS HELD FOR SALE		0	10 229
INCREASE IN INTANGIBLE ASSETS (internally generated)		(521)	0
PURCHASES OF INVESTMENTS		(1 483 500)	(1 000 062)
CASH OUTFLOWS FROM FINANCING ACTIVITIES		(44 685)	54 705
REPAYMENTS OF INTEREST-BEARING BORROWINGS	17	(5 477)	(11 818)
INCREASE IN LEASE LIABILITIES		(39 208)	66 523
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(139 213)	209 257
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		424 526	215 269
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	285 313	424 526

* amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

The notes on pages 17 to 67 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 (R) (rounded off to the nearest thousand, unless otherwise indicated), which is the University's functional currency, and are prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are also prepared in accordance with the requirements set by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997 (as amended)). Council approved the consolidated financial statements on 17 June 2021.

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 other comprehensive income and profit or loss; 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.

Since the financial numbers relating to subsidiaries are insignificant in relation to the consolidated financial accounts, only the consolidated financial statements are presented in the annual report.

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 2020 and adopted by the University

- The IASB made amendments **to IAS 1, 'Presentation of Financial Statements'** and **IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'** which use a consistent definition of materiality throughout International Financial Reporting Standards and the *Conceptual Framework for Financial Reporting*, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

  In particular, the amendments clarify:

  - that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and
  - the meaning of 'primary users of general purpose financial statements' to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

- The IASB issued a revised **Conceptual Framework** to be used in standard-setting decisions with immediate effect. Key changes include:

  - increasing the prominence of stewardship in the objective of financial reporting
  - reinstating prudence as a component of neutrality
  - defining a reporting entity, which may be a legal entity, or a portion of an entity
  - revising the definitions of an asset and a liability
  - removing the probability threshold for recognition and adding guidance on de-recognition
  - adding guidance on different measurement bases, and
  - stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

  No changes will be made to any of the current accounting standards. The accounting policies for transactions, events or conditions for the University are dealt with under the relevant and applicable accounting standard. Entities will need to consider whether their accounting policies are still appropriate under the revised Framework where applicable.

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

- **Covid-19-related Rent Concessions – Amendments to IFRS 16**

  As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (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)*

- **Covid-19-related Rent Concessions – Amendments to IFRS 16** (continued)

  In May 2020, the IASB made an amendment to IFRS 16 '*Leases'* which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

  Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

  The University does not yet know what the possible impact of these amendments may be and if the University will apply this standard in the coming financial year.

  There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

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 consolidated from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

(a) Subsidiaries

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.

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 towards 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

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 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 purchase is recognised immediately as a surplus.

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

(b) Associates (equity-accounted investees)

Associates are all entities over which the University has significant influence but does not have 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.

2.3 Property, plant and equipment (PPE)

2.3.1 Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses, except for donations of assets that are initially recorded at fair value less depreciation and impairment. 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 (macro maintenance). The carrying amount of the replaced part is derecognised. All other repairs and maintenance not recognised as macro maintenance are charged to surplus or deficit during the financial period in which they are incurred.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.3.2 Land and buildings comprise mainly lecture halls, laboratories, hostels and administrative buildings. Land and buildings are not depreciated. The useful life of buildings is considered to be indefinite due to building maintenance done according to the ten-year macro maintenance rolling plan. However, the macro maintenance included in the carrying amount of land and buildings is depreciated using the straight line method. Buildings still under construction at year end are included at cost. 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 2.6).

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
Buildings and other improvements	Indefinite	:	The useful life is estimated as indefinite
(macro maintenance)	10,00%	:	The useful life is estimated at 10 years.
Computer equipment	20,0% - 33,3%	:	The useful life is estimated at 3 to 5 years.
Computer equipment less than R5 000	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	4,0% - 20,0%	:	The useful life is estimated at a range between 5 and 25 years.
Furniture	5,0% - 10,0%	:	The useful life is estimated at a range between 10 and 20 years.
Vehicles	50,0%	:	The residual value of the vehicle pool is estimated at 50% after 5 years for passenger vehicles, which is the average replacement term of vehicles and 10 years for commercial 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.
Low value assets	33,3%	:	The useful life is estimated at 3 years.
Right-of-use leased assets	50,0% - 33,3%	:	Depreciated over the lease term

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.3.3 Actual improvements to buildings are capitalised (macro maintenance) 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 is charged to surplus or deficit as incurred.

2.3.4 Costs relating to library books are written off in the year acquired. See note 31.

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 accumulated impairment losses and accumulated 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

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.

Computer software

Computer software is initially recognised at cost and subsequently at cost less accumulated amortisation and accumulated impairment losses. Amortisation is provided to write down the intangible assets, on a straight-line basis, over an average useful life of 10 years. The residual value, amortisation period and amortisation method are reassessed when there is an indication that there is a change from the previous estimates.
Goodwill and computer software are both the result of consolidation of subsidiaries.

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 or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Impairment of non-financial assets (continued)

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

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) (rounded to the nearest thousand, unless otherwise indicated), 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 remeasured. 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.

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 relating 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets

(i) Classification

The University classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value through profit or loss, and
- those to be subsequently measured at amortised cost.

The classification depends on the University's business model for managing its financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in surplus or deficit.

The University reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the University commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the University has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the University measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in surplus or deficit.

Financial assets with embedded derivatives (when applicable) are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the University's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the University classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit and presented in other gains/(losses) together with foreign exchange gains and losses.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in surplus or deficit and presented net within other gains/(losses) in the period in which it arises.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets (continued)

Equity instruments

The University subsequently measures all equity investments at fair value. Where the University's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to surplus or deficit following the derecognition of the investment. Dividends from such investments continue to be recognised in surplus or deficit as other income when the University's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Impairment

The University assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the University applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (see note 2.11 for further details).

Equity-accounted investees

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 reversed if there has been a favourable change in the estimates used to determine the recoverable amount

2.9 Inventories

Inventories are measured at the lower of cost and 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:

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

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

2.9.3 Veterinary health inventory 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.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and investments in money-market instruments with an initial maturity of less than three months. Cash and cash equivalents are short-term highly liquid instruments that are readily convertible to known amounts of cash which are subject to insignificant changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

The University holds trade receivables with the objective of collecting the contractual cash flows and therefore trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowances.

The University applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. Receivables held by the University do not have a significant financing component. The contract assets (which arise from research contracts) relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The University has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates for student debtors are based on the three payment collection profiles and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the cash-paying students to settle their accounts. The University uses a global rating as the probability of default (PD) to calculate the ECL for government funded student debt.

Sundry trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments for a period of more than 90 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the income from sale of goods and services and other income as bad debt recovered.

For other sundry receivables the University uses a global corporate average rating table to indicate the probability of default (PD) for government and similar-to-government debt. Interest rates applicable to unsecured loans are used for credit ratings regarding corporate customers. Outstanding debt of 90 days and older owed by individuals is expected to be impaired in full.

2.12 Equity – reserve funds

The accumulated funds are subdivided on the basis of its employability between restricted and unrestricted funds and comprise mainly the following:

<u>Educational and General – Council-controlled – Unrestricted or designated</u>

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Equity – reserve funds (continued)

Educational and General – Council-controlled – Unrestricted or designated (continued)

It reflects the University's subsidised activities and comprises mainly formula subsidy, tuition fees, sales of goods and services and investment income. (Refer to sub-total A in the statement of changes in equity.)

Educational and General – Specifically funded activities – Restricted

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. (Refer to sub-total B in the statement of changes in equity.)

Included in sub-total C of the statement of changes in equity are the following funds:

Student and staff accommodation – Restricted

The student housing segment relates to the provision of accommodation and accommodation-related services to students (residences). Income from this source (income stream 3) is shown separately in the statement of comprehensive income as per requirements from the DHET.

Fixed asset reserve fund (PPE)

These are funds utilised and invested in property, plant and equipment (PPE).

Held for investment in property, plant and equipment

These funds are reserved for approved and already committed future investment in, or acquisition of, property, plant and equipment (PPE) (refer to note 30).

Unrealised fair value adjustment reserve fund

The University has elected to recognise unrealised changes in the fair value of investments at FVPL in a separate fund as these funds are not readily available for use.

NWU Pension fund and Disability fund

These funds equal the amount invested in employee benefits as reflected in non-current assets.

Other

Funds representing non-controlling interests, as a result of the consolidation of other entities, are shown separately in the last column of the statement of changes in equity.

2.13 Employee benefits

2.13.1 Pension

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

2.13.1 Pension (continued)

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 remuneration.

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.

The University's net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined-benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the University, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined-benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI.

The University determines the net interest expense (income) on the net defined-benefit liability (asset) for the period by applying the discount rate used to measure the defined-benefit obligation at the beginning of the annual period to the then net defined-benefit liability (asset), taking into account any changes in the net defined-benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined-benefit plans are recognised in profit or loss in personnel remuneration costs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The University recognises gains and losses on the settlement of a defined-benefit plan when the settlement occurs.

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 and was ring-fenced on 31 December 2003. A fourth option was introduced on 1 January 2004 for all new members of the fund and is a pure defined-contribution plan. 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

2.13.2 Disability Reserve Fund

The disability benefits are provided in accordance with the rules of the North-West University Disability Reserve Fund, which 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 six 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 years of age.

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 rand (R).

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions, the effects of asset ceilings (if any, excluding interest) and amendments are charged or credited to OCI (other comprehensive income) in the period in which they occur.

2.13.3 Post-employment medical benefits

The University’s net obligation in respect of post-employment medical benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of post-employment medical benefits is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the University, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net post-employment medical benefit liability, which comprises actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The University determines the net interest expense (income) on the net post-employment medical benefit liability (asset) for the period by applying the discount rate used to measure the post-employment medical benefit obligation at the beginning of the annual period to the then net post-employment medical benefit liability (asset), taking into account any changes in the net post-employment medical benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to post-employment medical benefit plans are recognised in profit or loss in personnel remuneration costs.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

2.13.3 Post-employment medical benefits (continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The University recognises gains and losses on the settlement of a post-employment medical benefit plan when the settlement occurs.

2.13.4 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 expected 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. Refer to note 25.

2.13.5 Bonus plans

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

2.13.6 Accumulated annual leave

Employee entitlements to annual leave are recognised at an undiscounted amount 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 and accumulated leave. Leave payments that become payable within 12 months after the reporting date are disclosed as the current portion of employee benefit obligations.

2.14 Income

Income is measured at the fair value of the consideration received or receivable, and represents amounts receivable from the sale of goods and delivery of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax (as applicable), 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 activity 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

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

2.14.1 State apportionment – subsidies and grants are recognised as income over the periods that are required to systematically match the income with the related expenditure for which it is intended. Subsidies for specific purposes, e.g. capital expenditure, are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. However, if the funding is provided in advance of the specified requirement (i.e. the University does not have immediate entitlement to it), the relevant amount is retained as a liability until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

2.14.2 Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the University will comply with all conditions attached.

Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted in calculating the cost of the asset. The grant is carried as a liability in the statement of financial position until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

2.14.3 Tuition fees and residence fees are recognised as the service and products are rendered over a period of time. It is based on the services rendered to date as a percentage of the total services to be performed by the University. Income is considered to be received for the performance of a single obligation based on a fixed transaction price and it is highly probable that there will not be a significant revenue reversal. Delivering these services falls within the financial period of the University.

2.14.4 Research income mainly arises from contracts with customers. Contracts may differ regarding time frames and performance obligations but revenue is recognised based on a fixed transaction price. Payments from customers are received according to contract terms and revenue is recognised when the University satisfies a performance obligation in terms of a research contract. Research contracts do not contain a significant finance component. The University assesses the progress made and confirms the stage of completion on the reporting date based on the percentage of completion method. For contracts with completion dates after year end, assessments may give rise to a contract asset or a contract liability. Contract assets relate to the University's right to consideration for work completed but not billed at reporting date. Contract liabilities relate to the advance consideration received from the customer for which the University is to still satisfy an obligation.

2.14.5 Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as investment income in surplus or deficit when the right to receive payment is established. Where the dividend clearly represents a recovery of part of the cost of an investment, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

2.14.6 Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI, calculated using the effective interest method is recognised in the statement of comprehensive income as part of investment income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

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

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

2.15 Leases

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the University. Assets and liabilities arising from a lease are initially measured on a present value basis. The lease payments are discounted using the interest rate implicit in the lease and are allocated between principal and finance cost. Refer to note 6b for detail.

2.16 Provisions

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provisions for legal claims are recognised when the University has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2.17 Tax

The University is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act. Subsidiary entities are not exempt from tax and are liable for normal South African Income Tax. On consolidation, this may give rise to current income tax and deferred tax.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are measured initially at fair value and subsequently measured at amortised cost using the effective interest method.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income 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.

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, or more often if the need arises.

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 others 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. The University 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.

Previously identified and newly 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 biannually 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 four independent investment management companies are responsible for managing these related risks.

3.1 FINANCIAL RISK FACTORS

Market risk

(i) Price risk

The University's exposure to equity securities price risk arises from investments held by the University and classified in the statement of financial position either as at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVPL).

To manage its price risk arising from investments in equity securities, the University diversifies its portfolio. Diversification of the portfolio is done in accordance with the prescripts set by the Committee for Investments. The majority of the University's equity investments are publicly traded and are included in listed shares that are traded on the Johannesburg Securities Exchange. The risk exists that the value of these financial instruments may fluctuate as a result of changes in the market price.

A 1% movement of the ALSI of the JSE, while all other variables held constant and all the University's equity instruments moved accordingly, would affect the value of the investments to be R5 510 000 higher/lower as at 31 December 2020 (2019: R4 568 000) (refer to note 9.1). Owing to the unpredictability of equity market returns, a general indicative percentage of 1% 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 a fixed interest rate 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 2020 an investment performance measurement was done by the University which indicated an actual yield on the University's cash and cash equivalent portfolio of 6,77% (2019: 8,01%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R20 751 000 higher/lower (2019: R15 626 000).

(iii) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures regarding outstanding receivables.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Market risk (continued)

(iii) Credit risk (continued)

The University's policy is designed to limit exposure to any single financial institution. Council evaluates the financial institutions annually and sets a credit limit for each institution. The University's investments in debt instruments are considered to be low-risk investments. Cash and cash equivalents as well as investments are only placed with reputable financial institutions with high credit ratings.

No credit evaluations are done for trade receivables – other debtors, nor for student debtors.

The University also does not require any collateral as security.
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.

Trade receivables, contract assets, debt investments carried at amortised cost and debt instruments carried at FVOCI are subject to the expected credit loss model. (Refer to note 11b.)

The maximum credit exposure in relation to debt investments that are measured at fair value through profit or loss at the end of the reporting period is the carrying amount of these investments.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash levels and ensuring availability thereof to meet obligations when due. Constant monitoring, cash management and thorough cash planning ensure that the University is able to meet its commitments 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.

	2020	**2019**
Listed investments – shares and bonds	78%	56%
Cash and cash equivalents	22%	44%
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 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.
Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	R'000	R'000	R'000
Liabilities at amortised cost	**Less than 1 year**	**Between 1 and 2 years**	**Between 3 and 5 years**
2020			
Borrowings	6 290	0	0
Lease liabilities	27 315	0	0
Trade and other payables	512 371	0	0
2019			
Borrowings	6 290	6 290	0
Lease liabilities	43 964	29 268	0
Trade and other payables	445 454	0	0

Liquidity ratio	**2020 R'000**	**2019 R'000**
Current assets *		
Inventories	23 885	30 238
Trade and other receivables	284 396	227 631
Income tax receivable	14	26
Straight line lease accrual	0	3 049
Cash and cash equivalents	285 313	424 526
	593 608	685 470
Current liabilities		
Trade and other payables	512 371	445 454
Contract liabilities	6 703	40 903
Income tax payable	3 655	61
Current portion of interest-bearing borrowings	5 965	5 682
Current portion of post-employment benefits	142 920	162 158
Current portion of deferred grant income	149 837	126 759
Current portion of lease liabilities	27 315	43 964
Income received in advance	243 532	91 607
	1 092 298	916 588
Net liquidity of operations	(498 691)	(231 118)
Ratio	0.54	0.75

* 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 these objectives. A sound financial position has been established by limiting exposure to debt and increasing investments and cash balances.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 CAPITAL MANAGEMENT (continued)

	2020 R'000	2019 R'000
Assets		
Investments (current and non-current)	5 224 126	3 684 127
Cash and cash equivalents	285 313	424 526
Total	5 509 439	4 108 653
Liabilities		
Non-current liabilities (excluding deferred income)	481 274	555 349
Current liabilities (excluding deferred income)	942 461	789 829
Capital commitments (infrastructure) (note 30)	741 694	95 845
Total	2 165 429	1 441 023
Net position	3 344 009	2 667 630

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

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 on 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.
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 are not based on observable market data, the instrument is included in Level 3.

The carrying values of the following financial assets and liabilities are deemed to approximate their fair value: cash and cash equivalents, trade and other receivables and trade and other payables. An explanation 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 2020.

Assets	Level 1 R'000	Level 2 R'000	Total R'000
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	510 974		510 974
Bonds	511 030		511 030
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 633	1 633
Total assets	1 022 004	1 633	1 023 637

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (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 2019.

Assets	Level 1 R'000	Level 2 R'000	Total R'000
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	456 806		456 806
Bonds	86 387		86 387
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 543	1 543
Total assets	543 193	1 543	544 736

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the University's accounting policies. Estimates, assumptions and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the University and that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

Estimates and assumptions having a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are addressed below.

(i) Property, plant and equipment

The University annually estimates the useful life and the expected residua l value of items of property, plant and equipment for measurement and 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 number of dependents.
Any changes in these assumptions will have an impact on the charge to surplus or deficit and other comprehensive income 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 increases in salaries and pensions 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) Loss allowance for impairment of trade receivables and contract assets

Measurement of expected credit loss allowance for trade receivables and contract assets. Management need to classify and group receivables according to characteristics and identify key assumptions in determining the loss rate.

(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).

4.2 Significant judgements

(i) Impairment of financial instruments

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.
The University uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the University’s past history, existing market conditions and forward-looking estimates at the end of each reporting period.

5. NUMBER OF EMPLOYEES

The number of permanent employees and fixed-term employees with benefits on 31 December 2020 totalled 3 960 (2019: 3918).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6a. PROPERTY, PLANT AND EQUIPMENT (PPE)

Movements (R'000)	Land	Buildings and other improvements *	Vehicles	Furniture	Laboratory equipment	Specialised equipment	Computer equipment	Servers and Printers	Synthetic hockey field	Low value assets	Computer equipment less than R5 000	Right-of-use assets **	Total
Carrying amount at 31/12/2018	30 371	978 186	38 980	47 335	40 921	154 478	62 486	24 829	2 521	26 220	3 093	0	1 409 422
Cost	30 371	1 164 025	55 430	145 947	106 629	409 791	216 235	82 439	3 059	52 764	5 426	0	2 272 117
Accumulated depreciation	0	(185 839)	(16 450)	(98 612)	(65 708)	(255 313)	(153 749)	(57 610)	(538)	(26 544)	(2 333)	0	(862 695)
Additions during the year	342	92 186	5 517	21 375	11 889	34 710	75 747	33 033	8 642	13 464	2 382	99 244	398 532
Depreciation for the year	0	(7 140)	(2 404)	(11 041)	(11 761)	(27 763)	(42 936)	(15 352)	(1 156)	(17 149)	(2 041)	(37 779)	(176 522)
Cost of disposals/scrappings during the year	0	0	(3 064)	(3 141)	(3 353)	(6 405)	(47 700)	(26 959)	0	(19 425)	(1 172)	0	(111 219)
Accumulated depreciation of disposals	0	0	1 075	2 940	3 259	6 212	47 262	26 935	0	19 423	1 172	0	108 279
Carrying amount at 31/12/2019	30 713	1 063 233	40 105	57 468	40 955	161 233	94 859	42 485	10 006	22 534	3 434	61 465	1 628 491
Cost	30 713	1 256 211	57 883	164 181	115 166	438 097	244 281	88 513	11 701	46 803	6 636	99 244	2 559 430
Accumulated depreciation	0	(192 979)	(17 778)	(106 713)	(74 210)	(276 864)	(149 423)	(46 027)	(1 695)	(24 270)	(3 202)	(37 779)	(930 939)
Additions during the year	0	67 160	2 467	12 416	13 293	37 466	59 461	7 043	0	9 119	1 763	0	210 188
Depreciation for the year	0	(9 611)	(5 771)	(11 143)	(11 738)	(32 089)	(49 615)	(16 119)	(1 323)	(14 160)	(2 147)	(37 779)	(191 495)
Cost of disposals/scrappings during the year	0	(110)	(3 157)	(27 209)	(46 555)	(89 422)	(98 456)	(36 736)	0	(18 193)	(2 081)	0	(321 919)
Accumulated depreciation of disposals	0	4	1 617	27 033	46 523	89 375	97 971	36 729	0	18 178	2 081	0	319 509
Carrying amount at 31/12/2020	30 713	1 120 675	35 261	58 565	42 479	166 563	104 219	33 402	8 683	17 476	3 050	23 686	1 644 776
Cost	30 713	1 323 261	57 193	149 388	81 903	386 141	205 287	58 820	11 701	37 728	6 319	99 244	2 447 701
Accumulated depreciation	0	(202 586)	(21 932)	(90 824)	(39 424)	(219 578)	(101 067)	(25 418)	(3 018)	(20 253)	(3 269)	(75 558)	(802 925)

Buildings and equipment with a cost price of R38 668 000 (2019: R33 875 000), funded with Government grants, were not included above (note 2.14.2).

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.

All assets are unencumbered. All disposals of land and buildings acquired with the financial support of the government require approval from the Minister of Higher Education in terms of the Higher Education Act.

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.

***** Included are buildings still under construction at year end to an amount of R153,9 million for 2020 (2019: R31,6 million).

****** Refer to notes 6b regarding right-of-use assets.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6b. LEASES

This note provides information for leases where the University is a lessee.

(i) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2020 R'000	2019 R'000
Right-of-use assets		
Buildings	23 686	61 465
Lease liabilities		
Non-current (discounted amount)	0	22 558
Current	27 315	43 964
	27 315	66 522

(ii) Amounts recognised in the statement of comprehensive income

The statement of comprehensive income shows the following amounts relating to leases:

Depreciation charge of right-of-use assets (included in depreciation)	37 779	37 779
Interest expense (included in finance cost)	4 756	7 171
Expense relating to short-term leases (included in operating cost)	2 070	1 791

The total cash outflow for leases in 2020 was R44 605 000 (2019: R46 741 000).

(iii) The University's leasing activities and how they are accounted for

The University leases various buildings, mainly to accommodate students, as well as offices where needed. Rental contracts are typically made for fixed periods of 12 months to 3 years, but may have extension options.

Contracts may contain both lease and non-lease components. For leases of real estate for which the University is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis although terms and conditions are of a similar nature. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the University.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), but not lease payments to be made under extension options.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6(b). LEASES (continued)

(iii) The University's leasing activities and how they are accounted for (continued)

The lease payments are discounted using the interest rate implicit in the lease. If the rate cannot be readily determined, which is generally the case for the University, the University's incremental borrowing rate is used, being the rate that the University would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-in-use asset in a similar economic environment with similar terms, security and conditions.

The University as at date of applying IFRS 16 Leases did not have finance lease liabilities and had minimal external borrowings. The 3 month Jibar rate of 7,15% as on 1 January 2019 was used as an indication of the weighted average incremental borrowing rate for the University.

Lease payments are allocated between principal and finance cost. The finance cost is charged to surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:
* the amount of the initial measurement of lease liability
* any lease payments made at or before the commencement date.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in surplus or deficit. Short-term leases are leases with a lease term of 12 months of less.

(iv) Contractual maturities of lease liabilities

The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December	2020 R'000	2019 R'000
Less than 1 year	27 315	43 964
Between 1 and 2 years (discounted amount R22 558 000)	0	29 268
Total contractual cash flows	27 315	73 232

7. INVESTMENT PROPERTIES

	2020	2019
Carrying amount at beginning of year	18 002	18 831
Cost	24 327	24 862
Accumulated depreciation	(6 325)	(6 031)
Transfers to property, plant and equipment / disposals	0	(535)
Accumulated depreciation with transfers / disposals	0	193
Depreciation	(487)	(487)
Carrying amount at end of year	17 515	18 002
Cost	24 327	24 327
Accumulated depreciation	(6 812)	(6 325)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)	2020 R'000	2019 R'000
Income	10 664	10 867
Rental income (short-term investment income - note 27)	10 664	10 867
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	8 153	9 011
Personnel remuneration	490	683
Maintenance - buildings	4 748	5 111
Municipal fees and property tax	896	1 020
Operating costs	33	67
Services outsourced	1 497	1 643
Depreciation	487	487
Net surplus from investment properties	2 511	1 856

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 of investment property are done every 5 years.
Valuations were done in 2017 by Acom Valuers, who have appropriate qualifications and experience in the valuation of the investment property being valued.

Assumptions used for the valuation of Cachet Park include an occupancy rate of 95% and a rental margin of 67,9%. No tax implications were applicable.

Present value of future cash flow projections, based on lease agreements, were used in the calculation of the fair value to the amount of R82 000 000, using a discount rate per annum of 9,50%.
Investment properties - Other: The fair value amounts to R3 650 000. Valuation was done in 2016 by Danie Rothman Accountants. This firm has the appropriate qualifications and experience to perform valuations.
The Nest Complex is now owner-occupied and was transferred to property, plant and equipment during 2019.

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

	Discount rate		
R'000	**8,50%**	**9,50%**	**10,50%**
Rental (5% decrease)	87 065	77 900	70 481
Rental (per valuators' report)	91 647	82 000	74 190
Rental (5% increase)	96 229	86 100	77 900

All assets are unencumbered. All disposals of land and buildings acquired with the financial support of the government require approval from the Minister of Higher Education in terms of the Higher Education Act, 1997 (Act No. 101 of 1997).

Leasing arrangements
The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts may include CPI increases, but there are no other variable lease payments that depend on an index or rate.

Minimum lease payments receivable on leases of investment properties are as follows:	2020 R'000	2019 R'000
Within 1 year	8 151	9 220
Between 1 and 2 years	7 194	8 597
Between 2 and 3 years	6 315	8 323
Between 3 and 4 years	6 365	7 749
Between 4 and 5 years	5 497	7 248
Later than 5 years	2 226	7 987
	35 747	49 123

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INTANGIBLE ASSETS

	Computer software R'000	Goodwill R'000	Total R'000
Opening carrying value - 01/01/2021	0	950	950
Cost	0	950	950
Accumulated amortisation	0	0	0
Additions	521	0	521
Amortisation charges	(14)	0	(14)
Closing carrying value - 31/12/2021	507	950	1 457
Cost	521	950	1 471
Accumulated amortisation	(14)	0	(14)

9. INVESTMENTS

9.1 Total investments

Financial assets at fair value through profit or loss (FVPL) as elected at initial recognition.

Comprise:

* Debt investments that do not qualify for measurement at either amortised cost or FVOCI;
* Equity investments that are held for trading, and
* Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

Refer to note 2.8 and note 12.

Investments at FVPL	2020 R'000	2019 R'000
Unlisted investments		
Unlisted shares that do not qualify as an investment in equity-accounted investees	1 633	1 543
Listed investments		
Shares in public companies	510 974	456 806
Bonds and credit notes	511 030	86 387
	1 023 637	544 736

Financial assets at amortised cost

Comprised of assets that meet both of the following criteria:

* asset is held within a business model whose objective is to collect the contractual cash flows, and
* the contractual terms give rise to cash flows that are solely payments of principal and interest.

Refer to note 2.8.

	2020 R'000	2019 R'000
Committee for investments (cash portfolio)	7 734	(1 435)
Other (money market portfolio)	4 192 755	3 140 826
	4 200 489	3 139 391

Financial assets at FVPL and at amortised cost

Presented as follows:	2020 R'000	2019 R'000
Non-current assets	3 738 144	2 974 008
Current assets	1 485 982	710 119
Total investments	5 224 126	3 684 127

The University reinvests all investments which mature in investments of similar long-term nature.

The carrying values (cost) of investments held at fair value are as follows:
The market value of listed investments represents the closing prices at year-end as fixed on the Johannesburg Securities Exchange. The 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.1 Total investments (continued)

Other information

Realised income on investments is included in investment income (note 27).

The register with full particulars of the above-mentioned investments is available for inspection at the registered address of the University.

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

	2020	2019
Amounts recognised in the statement of comprehensive income	**R'000**	**R'000**
The following amounts were recognised in surplus or deficit:		
Fair value gains/(losses) on debt instruments at FVPL		
Shares in public companies	56 710	(130 442)
Unlisted shares - not investments in equity-accounted investees	90	216
	56 800	(130 226)

9.2 Investment in subsidiaries

The University is the ultimate holding entity of the group.

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

Details as reflected in the respective entities' annual financial statements

PUK Kanselierstrust (100% interest)

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

	2020	2019
Carrying amount of trust funds	1 478	1 452
Attributable profit	25	29

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.

	2020	2019
Carrying amount: Reserves	13 922	13 922
Attributable loss: Non-distributable	0	0
Notable related-party transaction: Amount held in NWU Money Market investments		
Investment is unsecured and payable/due on request from Trust	5 698	5 698

OpenCollab Proprietary Limited (94,90% interest)

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

	2020	2019
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	(151)	480
Notable related-party transactions:		
Operating expenses paid to related party	12 107	14 014
Amount held in NWU Money Market investments on behalf of related party		
Investment bears interest at 6,35% per annum and is available on call	10 611	9 916

Innovation Highway Proprietary Limited (100% interest)

The principal business is acting as holding company as well as an incubator for early venturing in a commercial environment, from which fully-fledged spin-out companies will be formed.

	2020	2019
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(306)	(839)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

Details as reflected in the annual financial statements (continued)	2020 R'000	2019 R'000
Innovation Highway Enterprises Proprietary Limited (100% interest)		
The principal business of the company is technology transfer, innovation and business commercialisation and any other related activities.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(15)	(17)
Hydrogen Core Technologies Proprietary Limited (100% interest)		
The principal business of the company is the commercialisation of HySA technologies (under DST funding).		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(11)	(14)
Medehive Proprietary Limited (previously Hyfra Proprietary Limited) (100% interest)		
The principal business of the company is the commercialisation of HySA technologies (outside DST funding).		
Carrying amount of shares	0 *	0 *
Attributable profit after tax	0	0
North West Fibre Proprietary Limited (100% interest)		
The principal business of the company is the development of fibre technology.		
Carrying amount of shares	0 *	0 *
Attributable profit after tax	0	0
NWU Open Learning Operations Proprietary Limited (100% interest)		
The principal business of the company is to act as a point of reporting and support to all Namibian students who are enrolled at the NWU through distance learning.		
Carrying amount of shares	0 *	0
Attributable loss after tax	(1 889)	0
Total assets and liabilities of consolidated subsidiaries		
Assets	23 445	33 403
Liabilities	(72)	(1 070)

* Amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

The University has no other interest or investments in unconsolidated or structured entities.

Other

PURCO SA is the purchasing consortium of the Higher Educational sector in South Africa. North-West University is a member of the consortium. NWU is entitled to utilise PURCO SA on specific tenders to obtain the best prices. PURCO SA is not a subsidiary, associate, joint venture or unconsolidated special purpose entity.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. EQUITY-ACCOUNTED INVESTEES

	2020 R'000	2019 R'000
Balance at beginning of year	1 367	1 098
(Disposal)/acquisition of holding in investees *	0	(0) *
Movement for the year	(267)	269
Share of (loss)/profit	(370)	0
Loan to Finclude Technologies Proprietary Limited	103	269
Balance at end of year	1 100	1 367

* Amounts less than R1 000 are disclosed as Rnil due to rounding off to the nearest thousand.

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

Name	Assets R'000	Liabilities R'000	Revenue R'000	Profit/(loss) R'000	Interest held
2020					
- Ambixtra Proprietary Limited **#**	n/a	n/a	n/a	n/a	24%
- Finclude Technologies Proprietary Limited *	3 996	6 994	2 246	(1 056)	35%
	3 996	6 994	2 246	(1 056)	
2019					
- Ambixtra Proprietary Limited **#**	36 629	59 492	0	(2 513)	24%
- Finclude Technologies Proprietary Limited *	4 483	5 864	4 517	(1 068)	35%
	41 112	65 356	4 517	(3 581)	

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 those of the University. The associated risk is therefore minimal. No dividends were received.

Ambixtra Proprietary Limited is a start-up operation funded jointly by the Independent Development Corporation (IDC) and founders. The main business of this entity is that of technology development and commercialisation. As the company was expected to only start generating profit in 2019, the loan was impaired in full. Ambixtra Proprietary Limited has however been struggling to stay afloat. The NWU declared a dispute in February of 2020 and also gave contractual notice. Ambixtra was put under final liquidation on 11 March 2021. No financial statements were made available for 2020.

* The main business of Finclude Technologies Proprietary Limited is licensed computer software to third parties and the selling of airtime.

11. FINANCIAL INSTRUMENTS

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11a. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

2020 - Assets	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
Investments and derivatives (note 9)	4 200 489	1 023 637	5 224 126
Trade and other receivables (note 14)			
(excluding prepayments and VAT)	276 102	0	276 102
Contract assets (note x)	0	0	0
Cash and cash equivalents (note 15)	285 313	0	285 313
Total	4 761 903	1 023 637	5 785 540

2020 - Liabilities	Amortised cost R'000	Total R'000
Borrowings (note 17)	5 965	5 965
Trade and other payables (note 20)	512 371	512 371
Total	518 336	518 336

2019 - Assets	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
Investments and derivatives (note 9)	3 139 391	544 736	3 684 127
Trade and other receivables (note 14)			
(excluding prepayments and VAT)	216 987	0	216 987
Cash and cash equivalents (note 15)	424 526	0	424 526
Total	3 780 904	544 736	4 325 640

2019 - Liabilities	Amortised cost R'000	Total R'000
Borrowings (note 17)	11 442	11 442
Trade and other payables (note 20)	445 454	445 454
Total	456 896	456 896

11b. CREDIT QUALITY OF FINANCIAL ASSETS

The University has the following types of financial assets that are subject to the expected credit loss model:

* Debt investments carried at amortised cost
* Trade and other receivables
* Contract assets relating to research contracts

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Financial assets at amortised cost

Financial assets at amortised cost include NCDs, treasury bills and listed corporate bonds, loans to related parties and other receivables.

Instruments are considered to be of low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Trade receivables and contract assets

The University applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables and contract assets.
Refer to note 2.11 for accounting policy and method of grouping of assets.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

Trade receivables and contract assets (continued)

The following information was used to determine the expected loss allowance for both trade receivables and contract assets. Trade receivables were divided between student debtors and other debtors.

STUDENT DEBTORS	Potch campus	Vaal campus	Mafikeng campus
31 December 2020			
Groups as classified for payment collection purposes:			
NSFAS funded students	11 581	8 088	11 012
Amount not covered by NSFAS	100.00%	100.00%	100.00%
Other government funded students	1 013	442	1 788
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	34 409	9 501	30 465
Historical 3 year average	65.00%	65.00%	80.00%
Open distance learning students	46	0	0
Management decision - students responsible for own funding	50.00%	50.00%	50.00%
Open distance learning students - Other government funded	36 185	0	0
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Open distance learning students	7 021	1 089	0
Bursary projects (2013 - 2015) for write-off in 2021	100.00%	100.00%	100.00%
Loss allowance per campus	41 125	15 355	35 390
TOTAL LOSS ALLOWANCE			91 870

STUDENT DEBTORS	Potch campus	Vaal campus	Mafikeng campus
31 December 2019			
Groups as classified for payment collection purposes:			
NSFAS funded students	22 137	30 229	33 179
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Other government funded students	2 187	1 296	747
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	55 054	24 721	70 425
Historical 3 year average	27.28%	27.36%	21.66%
Open distance learning students	36 393	2 957	0
Management decision - students responsible for own funding	50.00%	50.00%	50.00%
	55 054	24 721	70 425
* Calculated percentage added for provision (refer to note below)	4.00%	3.00%	2.00%
Loss allowance per campus	35 502	9 097	16 786
TOTAL LOSS ALLOWANCE			61 385

Note : Calculated % added for provision

* Taking into account the possible impact that the Fees must fall movement may have on the University and the recoverability of the student debt, this percentage is added and relates to forward looking information.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

SUNDRY DEBTORS

31 December 2020	**Rating**	**PD (90+ days)**	**Total R**
Classified groups:			
Government	BB+	0.0036	44
Similar to government and universities	BB	0.0058	80
Municipalities	BB-	0.0105	2
Corporates with balances above R1 million (5 customers)	individually calculated PD		1 021
Corporates with balances under R1 million		0.3082	134
Individuals and other	Full amount 90 days and longer outstanding		5 501
Loss allowance			6 782

31 December 2019	**Rating**	**PD (90+ days)**	**Total R**
Classified groups:			
Government	BB+	0.0036	25
Similar to government and universities	BB	0.0058	186
Municipalities	BB-	0.0105	5
Corporates with balances above R1 million (5 customers)	individually calculated PD		109
Corporates with balances under R1 million		0.2774	27
Individuals and other	Full amount 90 days and longer outstanding		7 513
Loss allowance			7 865

The expected credit loss on contract assets at year end amounts to R55 000 (2019: R17 000) and is considered non-material.

Exposure per category:	**2020**	**2019**
Investments (note 9)	**R'000**	**R'000**
FVPL - listed shares	510 974	456 806
FVPL - unlisted shares	1 633	1 543
FVPL - bonds	511 030	86 387
Amortised cost - money market instruments *	4 200 489	3 139 391
Trade and other receivables (note 14)	284 396	227 631
Cash and cash equivalents	285 313	424 526
Total	5 793 835	4 336 284

* An amount of R4 150 122 000 (2019: R3 125 256 000) is invested in "AA" Bank NCDs and Treasury Bills with guaranteed buy-back. Same day settlement.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL)

Balance at beginning of year	544 736	384 828
(Disposals)/additions - shares in public entities	(41 727)	242 932
Additions - bonds and credit notes	463 828	47 202
Net profit/(loss) transferred to surplus or deficit	56 800	(130 226)
Balance at end of year	1 023 637	544 736

There were no impairment provisions made on financial assets at fair value through profit or loss (FVPL) in 2019 and 2020.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVPL) (continued)

		2020	2019
FVPL financial assets include the following:		R'000	R'000
Listed securities:	Shares in public entities	510 974	456 806
	Bonds and credit notes	511 030	86 387
Unlisted securities:	Investments that do not qualify as an investment in equity-accounted investees	1 633	1 543
		1 023 638	544 736

FVPL 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 2.8).
The maximum exposure to credit risk at the reporting date is the carrying value of the securities.

13. INVENTORIES

	2020	2019
Net realisable value (see note 26)		
Foodstuffs (Residence and Catering Services)	2 333	4 663
Publications and study materials	0	716
Other consumables	18 068	21 895
Veterinary health	3 484	2 964
	23 885	30 238
At cost		
Foodstuffs (Residence and Catering Services)	2 689	4 925
Publications and study materials	363	2 993
Other consumables	17 957	23 051
Veterinary health	3 484	2 964
	24 493	33 933

Obsolete inventory in the amount of R608 000 (2019: R3 695 000) was written off (see note 26).

14. TRADE AND OTHER RECEIVABLES

	2020	2019
Balance at beginning of year	296 881	360 820
Plus: Net movement	146 643	(13 715)
	443 524	347 105
Less: Bad debts written off	(60 476)	(50 224)
Balance at end of year	383 048	296 881
Less: Loss allowance	(98 652)	(69 250)
Balance at beginning of year - calculated under IAS 39	(69 250)	(61 306)
Debtors written off during current year	60 476	50 224
Allowance for credit losses created in current year	(89 878)	(58 168)
Balance at end of year	284 396	227 631
<u>**Details of trade and other receivables**</u>		
Students		
Tuition and residence fees	313 616	207 222
Less: Loss allowance	(91 870)	(61 385)
Sub-total: Students	221 746	145 837
Sub-total: Advances and prepayments	8 294	8 337
Other debtors	61 138	81 322
Projects: Services rendered	51 811	59 317
VAT	0	2 308
Other	9 327	19 697
Less: Loss allowance	(6 782)	(7 865)
Sub-total: Other debtors	54 356	73 457
Total trade and other receivables	284 396	227 631

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 of the following year are considered non-recoverable or doubtful and handed over to attorneys for collection. Current student 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 the loss allowance, debts written off, as well as amounts previously written off and recovered during the year, are included in current operating expenditure.

Refer to note 2.11 for accounting policy and calculation of expected credit loss (ECL).

	2020 R'000	2019 R'000
Movement in the loss allowance for student debtors:		
Balance at beginning of year	61 385	56 321
Student debtors written off during current year as uncollectable	(54 860)	(47 141)
Increase in expected loss allowance during the year	85 345	52 205
Balance at end of year	91 870	61 385
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2020)	91 870	61 385
Student debtors past due but not impaired (enrolled again in 2021)	221 746	145 837
Total balance at end of year	313 616	207 222

Other debtors

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments for a period of 90 days or more.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Refer to note 2.11 for accounting policy and calculation of expected credit loss (ECL).

	2020 R'000	2019 R'000
Movement in the loss allowance for sundry debtors:		
Balance at beginning of year - calculated under IAS 39	7 865	4 984
Other debtors written off during current year as uncollectable	(5 616)	(3 082)
Increase in expected loss allowance during the year	4 533	5 963
Balance at end of year	6 782	7 865

Other debtors (continued)

	2020 R'000	2019 R'000
The fair values of trade and other receivables are as follows:		
Student debtors	221 746	145 837
Other debtors	54 356	71 149
Financial assets	276 102	216 986
Advances and prepayments	8 294	8 337
VAT	0	2 308
Total	284 396	227 631

The fair value is deemed to approximate the carrying amounts.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2020	2019
15. CASH AND CASH EQUIVALENTS	**R'000**	**R'000**
Short-term bank deposits	188 613	210 039
Bank balances	95 623	213 507
Petty cash advances	1 077	980
	285 313	424 526

The weighted average effective interest rate on short-term bank deposits was 6,77% (2019: 8,01%).
The fair value is deemed to approximate the carrying amounts.

The cash and cash equivalents are managed together with investments according to the financial needs of the University. Funds are totalled and restricted funds are not managed separately.

Unspent grant funds of R718 623 000 (2019: R433 279 000) are included in the total funds of the University consisting of cash and cash equivalents and investments. These funds are restricted and may only be used for specific grant requirements.

The reserves have been split between restricted funding and non-restricted funding.

Guarantees of R1 324 000 are currently held by ABSA Bank (2019: R1 324 000).

16. EQUITY

The movement in equity is the result of the normal financial cycle after fair value adjustments had been made.
Refer to note 9 for detail.

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 relevant fund to property, plant and equipment funds. It also includes depreciation;
- Where Council has designated funds for specific purposes, e.g. bursaries;
- Funds allocated for financing of major capital expenditure projects (funds held for investment in property, plant and equipment); and
- On completion of certain projects/defined activities, the surplus is transferred to designated funds.

17. BORROWINGS - INTEREST-BEARING

Carrying amounts		
First National Bank - New residence	5 965	11 442
Less: Current portion	5 965	5 682
Non-current liabilities	0	5 760

A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of of 9,20% per annum. Repayments take place in equal annual instalments in the amount of R6 290 000 (including interest and and capital), with a final instalment due on 28 July 2021.

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

Maturity of borrowings (capital and interest):		
Less than 1 year	6 290	6 290
Between 1 and 2 years	0	6 290
	6 290	12 579

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

		2020	2019
18.	**EMPLOYEE BENEFITS**		
	ASSETS	**R'000**	**R'000**
	Net assets recognised in the statement of financial position		
	North-West University Pension Fund (note 18.1)	351 263	351 991
	Total employee benefit assets	351 263	351 991
	LIABILITIES		
	Accrued leave	475 912	529 255
	Post-employment medical benefits (note 18.3)	148 282	159 934
	Total employee benefit liabilities	624 194	689 189
	Less: Current liability - accrued leave	(142 920)	(162 158)
	Total non-current liability	481 274	527 031

18.1 North-West University Pension Fund

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 (2020: no members and 2019: 0,39% or 14 members). A fixed-contribution option with a defined-benefit guarantee applied to all new members joining from 1 January 1995 (2020: no members and 2019: 6,62% or 238 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 (2020: 99,84% or 3 861 members and 2019: 92,80% or 3 336 members). A statutory actuarial valuation of the North-West University Pension Fund is undertaken every three years. At 1 January 2020, the effective date of the most recent statutory actuarial valuation, the retirement benefit fund was found to have a surplus of R349 037 000.

No formal valuation calculations were done in terms of IAS19 (revised) in reporting on the defined benefit pension fund, as the Fund converted all its defined benefit members to defined contribution members with annuity policies being purchased for all the pensioners in 2019. As at 31 December 2019, the Fund did not have any defined benefit obligations remaining as at that date. The asset reflected in the IAS19 disclosures was the balance in the employer surplus account.

Similarly, for 2020, there are no defined benefit obligations as all obligations are of a defined contribution nature.

Only a build-up of the employer surplus account (reflected as an assets for IAS19 purposes for the 2020 year) was done.

	2020	2019
Current estimated employee benefit obligation:	**R'000**	**R'000**
Fair value of plan assets at year-end	(351 263)	(351 991)
Recognised in profit or loss:		
Net interest (personnel remuneration)	0	(29 350)
Recognised in other comprehensive income:		
Actuarial gain due to experience	0	(1 262)
Actuarial gain due to financial assumption changes	0	(4 966)
Actuarial loss due to the conversion (note 1)	0	65 560
Actuarial loss due to outsource of pensioners (note 2)	0	43 723
Actual return on assets	(1 215)	(42 107)
Expected return	0	50 370
Adjustments made to finalise statutory valuation of the Pension Fund as at 31 December 2019	2 954	0
Refund from Momentum pension purchases	(1 011)	0
Total actuarial loss	728	111 318
Total actuarial loss	728	111 318
Irrecoverable surplus (effect on asset ceiling)	0	(28 739)
	728	82 579

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

Recognised in the statement of financial position:	2020 R'000	2019 R'000
Opening net asset	(351 991)	(405 220)
Expense	0	(29 350)
Remeasurements recognised in other comprehensive income	728	111 318
Irrecoverable surplus (effect on asset ceiling)	0	(28 739)
Asset at year-end	(351 263)	(351 991)
Movement in the liabilities:		
Liability for defined-benefit obligations at 1 January	0	1 103 360
Interest cost	0	21 020
Benefits paid	0	(15 709)
Actuarial gain	0	(6 228)
Settlement 1 (note 1)	0	(674 025)
Settlement 2 (note 2)	0	(428 418)
Liability for defined-benefit obligations at 31 December	0	0
Movement in the plan assets:		
Fair value of plan assets at 1 January	351 991	1 537 319
Expected return on plan assets	0	50 370
Benefits paid	0	(15 709)
Actuarial loss	(728)	(8 263)
Assets in respect of active members converted to defined contribution (note 3)	0	(739 585)
Cost of insurance annuities brought for pensioners	0	(472 141)
Fair value of plan assets at 31 December	351 263	351 991

Note:

1. The Fund converted the defined benefit members to defined contribution with effective date 1 November 2018. As the Financial Sector Conduct Authority (FSCA) only approved the conversion on 12 June 2019, after the finalisation of the previous valuation, the defined benefit obligation was shown for these members in the previous valuation. To allow for the conversion, the obligation in respect of the defined benefit members is deducted from the opening obligation as at 31 December 2018.

2. Insured annuities were purchased from Momentum for all pensioners, in the Fund's name, with effective dates of 1 June 2019 and 1 July 2019. The liability for the pensioners has therefore been calculated as at 31 December 2019 and the asset has been set equal to the value of the liabilities.

3. The Fund converted the defined benefit members to defined contribution with effective date 1 November 2018. As the Financial Sector Conduct Authority (FSCA) only approved the conversion on 12 June 2019, after the finalisation of the previous valuation, the assets in respect of the defined benefit were included in the fair value of assets as at 31 December 2018. To allow for the conversion, the value of the defined contribution value of the converted members is deducted from the opening fair asset value as at 31 December 2018.

Plan assets comprise:	2020 %	2019 %
Local equity securities	40,7	48,8
International equity securities	24,0	22,5
Local fixed interest	11,7	9,7
International fixed interest	1,2	2,1
Local cash	6,8	5,1
Local property	5,6	10,4
Local commodities (other)	7,2	1,4
International commodities (other)	2,8	0,0
	100,0	100,0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

	2020 %	2019 %
Principal actuarial assumptions at 31 May 2019:		
Inflation rate	n/a	5,70
Discount rate	n/a	9,03
Expected return on plan assets**	n/a	9,70
Expected future salary increases	n/a	6,70
	n/a	+ merit increases
Expected pension increases	n/a	5,20
Mortality rates post-retirement	PA (90), rated down 1 year, 1% future mortality improvement	PA (90), rated down 1 year, 1% future mortality improvement

** 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, exceeds 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. 9,70% for 2019).

18.2 North-West University Disability Reserve Fund

The disability benefit is 82,5% of the member's pensionable salary as at the date of disability. In addition the fund pays the the employer contributions to the North-West University Pension Fund. The employee contribution of 7,5% is included in the 82,5% of pensionable salary. A decision was taken for the purposes of this valuation to include the employer contributions in the benefits payable. This additional liability was taken into account. A statutory actuarial valuation of the North-West Disability Reserve Fund is undertaken every three years. At 1 January 2020, the effective date of the recent statutory actuarial valuation, the disability reserve fund was found to have a surplus of R15 897 000.

Valuation calculations in terms of IAS19 (revised) on the disability reserve fund were performed, with the following results:

	2020 R'000	2019 R'000
Current estimated employee benefit obligation:		
Present value of obligation	0	17 918
Fair value of plan assets	(7 728)	(42 173)
Impact of asset ceiling	7 728	24 255
Asset at year-end	0	0
Recognised in profit or loss:		
Current service costs	843	971
Net interest	(1 725)	(2 253)
Reinsurance premiums	9 732	8 768
Total included in personnel remuneration	8 850	7 486
Recognised in other comprehensive income:		
Actuarial (gain)/loss due to experience	(170)	3 371
Actuarial loss/(gain) due to financial assumption changes	3 995	(3 282)
Actuarial gain due to outsourcing of pensioners (note 1)	(1 952)	0
Actual return on assets	3 307	(5 246)
Expected return	2 497	3 788
Impact of asset ceiling limitation	(16 527)	(6 117)
	(8 850)	(7 486)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

Valuation calculations in terms of IAS19 (revised) (continued)

	2020 R'000	2019 R'000
Recognised in the statement of financial position:		
Opening net asset	0	0
Expense	8 850	7 486
Remeasurement recognised in other comprehensive income	(8 850)	(7 486)
Asset at year-end	0	0
Movement in the liabilities:		
Liability for defined-benefit obligations at 1 January	17 918	18 567
Interest cost	771	1 535
Service cost	843	971
Benefits paid (net of reinsurance recoveries)	(3 205)	(3 244)
Actuarial loss on obligation	3 825	89
Settlement (note 2)	(20 152)	0
Liability for defined-benefit obligations at 31 December	0	17 918
Movement in the plan assets:		
Fair value of plan assets at 1 January	42 173	48 939
Expected return on plan assets	2 496	3 788
Contribution (net of reinsurance premiums)	(9 732)	(8 768)
Benefits paid (net of reinsurance recoveries)	(3 205)	(3 244)
Actuarial (loss)/gain on assets	(5 804)	1 458
Cost of outsourcing (note 1)	(18 200)	0
Fair value of plan assets at 31 December	7 728	42 173

Plan assets comprise:	2020 %	2019 %
Local equity securities	0,0	50,5
International equity securities	0,0	30,1
Property	0,0	13,6
Bonds	0,0	3,8
Local cash	100,0	2,0
	100,0	100,0

Principal actuarial assumptions at the reporting date:	30 September *	31 December
Inflation rate	3,62	4,41
Discount rate	7,27	8,20
Expected return on investment **	7,62	8,41
Benefit increases	3,62	4,41
Increases in payments from reinsurers	5,00	5,00

* Different assumptions were used for the different outsourcing dates as on 31 July 2020, 31 August 2020 and 30 September 2020. Assumptions used for the last outsourcing date were used for disclosure purposes.

** The expected investment return reflects the return anticipated and allows 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

Valuation calculations in terms of IAS19 (revised) (continued)

Principal actuarial assumptions (continued)	2020	2019
Mortality rates	PA (90) tables for males and females, rated up by 4 year, 3% additional loading on mortality at each age	

Note 1: Plan amendments, curtailments and settlements

The disability benefits being paid by the Fund have been outsourced to various reinsurers who were paying insured benefits to the Fund in respect of the members. Thus, there are no defined benefit obligations remaining in the Fund, with disability benefits being fully insured. The Fund has been paying the insurance premiums in respect of the disability benefit (0,76% of payroll), and still pays the premiums for the active members of the North-West University Pension Fund. These premiums are only payable whilst there is surplus under the Fund. Is should be noted that the available asset will not cover the premiums for a year.

Note 2:

Liability in respect of the disability members who have been outsourced with effective dates of 1 August 2020, 1 September 2020 and 1 October 2020.

18.3 Post-employment medical benefits

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.

Valuation calculations in terms of IAS19 (revised) are done annually and the results of the 2020 valuation are as follows:

	2020 R'000	2019 R'000
Current estimated employee benefit obligation:		
Present value of obligation	148 282	159 934
Recognised in profit or loss:		
Current service costs	1 213	2 079
Net interest	14 190	14 746
Total included in personnel remuneration	15 403	16 825
Recognised in the statement of comprehensive income:		
Actuarial gain recognised in other comprehensive income (OCI)	(14 970)	(6 002)
Recognised in the statement of financial position:		
Pensioners	120 423	128 093
Active employees	27 859	31 841
Present value of unfunded liability	148 282	159 934
Movement in the liabilities:		
Liability at 1 January	159 934	159 060
Interest cost	14 190	14 746
Service cost	1 213	2 079
Contribution	(12 085)	(9 949)
Actuarial gain	(14 970)	(6 002)
Liability at 31 December	148 282	159 934

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.3 Post-employment medical benefits (continued)

Valuation calculations in terms of IAS19 (revised) (continued)

Principal actuarial assumptions at the reporting date:	2020 %	2019 %
Inflation rate	4,89	5,32
Discount rate	9,26	9,22
Expected future salary increases	5,39	6,00
Expected future medical cost increases	6,89	6,82

Mortality rates

Pre-expected retirement age: SA1985-90 light
Post-expected retirement age: PA(90)-2

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

Assumption	Variation	% change in past-service contractual liability	% change in service cost plus interest (contractual liability)
2020			
Salary/Health-care cost inflation	+1%	-7,3%	+1,4%
	-1%	+8,5%	-1,7%
Mortality	+1%	-3,3%	- 3,4%
	-1%	+3,3%	+3,4%
2019			
Salary/Health-care cost inflation	+1%	+9,2%	+10,0%
	-1%	-8,0%	-8,7%
Mortality	+1%	-7,5%	- 8,0%
	-1%	+8,4%	+9,0%

Expected contributions to post-employment benefit plans for the year ending 31 December 2021 are R12 031 000.

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.

18.4 Associated Institutions Pension Fund

Some of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle campuses), (2020: 0,16% or 6 staff members and 2019: 0,19% or 7 staff members) exercised the option of remaining members of the Associated Institutions Pension Fund (AIPF), which fund is registered in terms of and governed by the Pension Funds Act (Act No. 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 insufficient 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 631 000 surplus. The AIPF is administered by the State.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2020 is R792 000 (2019: R973 000).

18.5 NWU Provident Funds

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 2020: 74 staff members and 2019: 83 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.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2020 is R1 637 000 (2019: R1 736 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2020	2019
19. DEFERRED GRANT INCOME	**R'000**	**R'000**
Deferred income mainly comprises state infrastructure grants.		
These grants are capital by nature.		
Capital projects	556 574	346 573
Balance at beginning of year	346 573	317 237
Subsidy received during the year	281 408	127 991
Interest capitalised during the year	19 558	19 756
	647 539	464 984
Recognised during the year	(90 965)	(118 411)
Balance at end of year	556 574	346 573
Presented as follows:		
Non-current liability: Long-term portion	406 737	219 814
Current liability: Short-term portion	149 837	126 759
	556 574	346 573

20. TRADE AND OTHER PAYABLES

	2020	2019
Trade creditors	352 383	256 859
Student fees - credit accounts	159 988	188 595
Financial liabilities	512 371	445 454
VAT	3 655	0
	516 026	445 454

The fair value approximates the carrying amount.

21. INCOME RECEIVED IN ADVANCE

	2020	2019
Student-related fees and deposits (including tuition fees)	81 432	4 573
Deferred earmarked grants (operational by nature - granted annually)	162 049	86 706
Other (research and projects)	51	328
	243 532	91 607

The fair value approximates the carrying amount.

22. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS

All contract assets and contract liabilities relate to research contracts.

	2020	2019
Contract assets		
Opening balance	14 033	26 486
Consideration received during the period	58 810	12 427
Performance obligations completed	(28 134)	(24 880)
Total contract assets - Closing balance	44 709	14 033
Contract liabilities		
Opening balance	54 936	60 801
Performance obligations met during the period	(47 216)	(47 261)
Performance obligations not satisfied	43 692	41 396
Total contract liabilities - Closing balance	51 412	54 936
Net contract liabilities	6 703	40 903

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS (continued)

Performance obligations not satisfied

Unsatisfied performance obligations amounting to R51 412 000 (2019: R54 936 000) relate to research contracts and revenue will be recognised as the performance obligations are met during future accounting periods. Management expects that 60% of the transactions price allocated to unsatisfied performance obligations as on 31 December 2020 will be recognised as revenue during the next reporting period (R30 847 000). The remaining 40% (R20 565 000) will be recognised in the 2022 financial year.

23. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	**2020 R'000**	**2019 R'000**
Unrestricted or designated		
Operating purposes	2 084 065	1 988 756
Earmarked grants	128 505	161 080
Total: State appropriations - subsidies and grants	2 212 570	2 149 836

There are no unfulfilled conditions or other contingencies at year end.

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is derived from the transfer of goods and services over time and at a point in time in the following major categories:

Timing of revenue	**2020 R'000** Tuition and other fees	**2020 R'000** Income from contracts	**2020 R'000** Sales of goods & services and other income *
Revenue recognised at a point in time	0	0	251 463
Revenue recognised over time	1 764 442	240 914	271 814
Total revenue from external customers	1 764 442	240 914	523 277

Timing of revenue	**2019 R'000** Tuition and other fees	**2019 R'000** Income from contracts	**2019 R'000** Sales of goods & services and other income *
Revenue recognised at a point in time	0	0	402 071
Revenue recognised over time	1 709 273	196 046	261 726
Total revenue from external customers	1 709 273	196 046	663 797

* Included in this category is the following other income:	**2020 R'000**	**2019 R'000**
Bad debt recovered	14 985	18 346
Insurance claims	1 263	2 870
Miscellaneous income	1 729	14 114
Rental income - various sources (continuous)	6 172	4 018
Recovered costs, discounts and rebates received	2 955	3 840
Staff-related income (housing, parking, development, etc.)	10 628	8 757

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2020 TOTAL R'000	2019 TOTAL R'000
25. PERSONNEL REMUNERATION					
Remuneration and fringe benefits	2 431 282	64 782	47 574	2 543 638	2 373 839
Arbitration awards	1 288	0	0	1 288	1 231
Accrued leave	(53 342)	0	0	(53 342)	33 349
NWU Pension Fund	0	0	0	0	(29 350)
NWU Disability Reserve Fund	8 458	226	166	8 850	7 486
AI Pension Fund	757	20	15	792	973
NWU Provident Fund	1 564	42	31	1 637	1 736
Post-employment medical benefits	15 403	0	0	15 403	16 825
	2 405 410	65 070	47 786	2 518 266	2 406 089

Annualised Gross Remuneration to University Management (excludes exceptional payments - exceeding an annual aggregate of R249 999)

Name	Office held	Basic salary R'000	Employment benefits R'000	Other payments / allowances R'000	Total costs to NWU 2020 R'000	Total costs to NWU 2019 R'000
Prof ND Kgwadi	Vice-Chancellor	3 230	356	335	3 920	3 965
Prof F Waanders ^	Deputy Vice-Chancellor: Research and Innovation	3 600	41	21	3 662	0
Prof ME Phaswana-Mafuya ^	Deputy Vice-Chancellor: Research and Innovation	3 077	316	39	3 432	2 442
Prof LA du Plessis	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Vaal Triangle)	1 944	274	955	3 173	2 953
Prof RJ Balfour	Deputy Vice-Chancellor: Teaching and Learning	1 840	241	715	2 796	2 544
Ms E de Beer	Executive Director: Finances and Facilities	2 085	243	412	2 740	2 708
Prof MM Verhoef	Registrar	2 092	272	371	2 734	2 801
Prof BMP Setlalentoa	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	1 805	204	432	2 441	2 393
Prof DMD Balia	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Potchefstroom)	1 853	207	373	2 433	2 265
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1 612	190	592	2 394	2 188
Dr V Singh	Executive Director: People and Culture	1 868	200	280	2 348	2 113
Dr S Chalufu #	Executive Director: Student Life	1 558	169	113	1 840	1 777
Prof I Mwanawina #	Acting Executive Director: Student Life	0	0	0	0	1 046
Total		26 562	2 713	4 639	33 913	29 195

^ Management member not in service for full year - 2020. Remuneration annualised.

Management member not in service for full year - 2019. Remuneration annualised.

These include annual remuneration, levies, bonuses and in the case of the Vice-Chancellor, housing benefits.

Refer to note 36 - Related-party transactions.

Number of senior staff members 2020: 11 (2019: 11).

Other information regarding personnel remuneration	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2020 TOTAL R'000	2019 TOTAL R'000
Accrued leave - increase (note 18)	(53 342)	0	0	(53 342)	33 349
Retirement benefit costs	255 417	6 831	5 016	267 264	253 462
Members' contributions	91 774	2 455	1 802	96 031	91 510
Council contributions	163 643	4 376	3 214	171 233	161 952
Senior management remuneration	33 728	0	0	33 728	27 723
For managerial services	33 728	0	0	33 728	27 723

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2020 R'000	2019 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	164	212
Chairs of committees: Honorarium, travel and accommodation expenses	10	359	596
Members of Council: Honorarium, travel and accommodation expenses	33	285	376
Total		808	1 184

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS **(continued)**

25. PERSONNEL REMUNERATION **(continued)**

Exceptional payments - each exceeding an annual aggregate of R249 999(excludes annualised gross remuneration to University Management where applicable)

Purpose/nature of payment	Name	Office held	2020 R'000	2019 R'000
Arbitration award and leave	Phaswana-Mafuya, MN	Deputy Vice-Chancellor: NW Research and Innovation	1 634	0
Leave gratuity	Joubert, PJ	Chief Director: NW Facilities	874	0
Leave gratuity	Grobler, AF	Professor: PC Preclinical Drug Development Platform (PCDDP)	792	0
Leave gratuity	Kettles, RL	Chief Strategy Officer: NW Vice-Chancellor	744	0
Leave gratuity	Burger, RA	Professor: PC Physics	743	0
Leave encashment and bonus	Kgwadi, ND	Vice-Chancellor and Principal: NW	717	0
Leave gratuity	Schutte, PJW	Associate Professor: PC School of Law Undergraduate Studies	706	0
Leave gratuity	Jordaan, DB	Professor: VC School of Computer Sciences and Information Systems	660	0
Leave gratuity	Du Pisani, JA	Professor: PC History and Ancient Culture	656	0
Leave gratuity	Van Zyl, JM	Director: NW Unit for Open Distance Learning	656	0
Leave gratuity	Saayman, M	Professor: PC Tourism Research In Economic Environs and Society	639	0
Leave gratuity	Khalique, CM	Professor: MC Mathematics and Applied Mathematics	627	0
Leave gratuity	Malan, L	Professor: PC Physiology	610	0
Leave gratuity	Van Rooy, AJ	Professor: VC Understanding and Processing Language in Complex Settings	603	0
Leave gratuity	Van Dijk, AA	Professor: PC Biochemistry	598	0
Leave gratuity	Oliver, DW	Professor: PC Pharmacology	596	0
Leave gratuity	Lucouw, P	Professor: VC School of Accounting Sciences	589	0
Leave gratuity	Loate, IM	Senior Lecturer: MC Life Orientation	567	0
Leave gratuity	Manyedi, ME	Associate Professor: MC Nursing Postgraduate	558	0
Leave gratuity	Van Lill, JB	Extraordinary Professor: MC School of Industrial Psychology and Human Resource Management	519	0
Leave gratuity	Van Der Merwe, EK	Senior Lecturer: VC Psychology	500	0
Leave gratuity	Kibet, MK	Associate Professor: MC Population Studies and Demography	492	0
Leave gratuity	Schutte, AE	Professor: PC Hypertension In Africa Research Team (HART)	474	0
Leave gratuity	Pooe, EE	Senior Lecturer: MC Setswana	459	0
Leave gratuity	Mokoena, MA	Director: NW CTL Faculty Teaching and Learning Support	448	0
Leave gratuity	Gilliland, S	Senior Lecturer: VC School of Computer Sciences and Information Systems	441	0
Leave gratuity	Uys, AHC	Senior Lecturer: PC English for Education	424	0
Leave gratuity	Ellis, SM	Associate Professor: PC Statistics	417	0
Leave gratuity	Rakhudu, MA	Associate Professor: MC Nursing Undergraduate	412	0
Leave gratuity	Eloff, FC	Associate Professor: PC Physiology	401	0
Leave gratuity	Moller, HM	Lecturer: VC Natural Sciences Education	398	0
Leave gratuity	Modisane, KS	Lecturer: MC Geography and Environmental Education	386	0
Leave encashment	Verhoef, MM	Registrar: NW	380	0
Leave gratuity	Modisakeng, PS	Lecturer: PC History for Education	373	0
Leave gratuity	Wichers, JH	Associate Professor: PC School of Mechanical Engineering	365	0
Leave encashment	De Beer, E	Executive Director: NW Finance and Facilities	358	0
Leave gratuity	Coletto, R	Temporary Research Fellow: PC School of Philosophy	355	0
Leave gratuity	Pretorius, JB	Head Nurse: PC Occupational Health and Safety; Health Care Centre	353	0
Leave gratuity	Vos, SL	Senior Psychologist: VC Student Counseling and Development	346	0
Leave gratuity	Sithole, PM	Senior Lecturer: MC Nursing Undergraduate	346	0
Leave gratuity	Stavast, HA	Temporary Researcher: PC Student Counseling and Development	329	0
Leave gratuity	Schouwstra, AW	Manager: NW Unit for Open Distance Learning	323	0
Leave gratuity	Jordaan, GJC	Temporary Computational Linguist: PC School of Christian Ministry	311	0
Leave gratuity	Tshenye, MM	Senior Manager: NW Library and Information Services (LIS)	308	0
Leave gratuity	Cilliers, EJ	Professor: PC Town and Regional Planning	297	0
Leave gratuity	Maroja, NE	Lecturer: MC Setswana and African Languages for Education	288	0
Leave gratuity	Nkomo, VD	Artisan Electrical: MC Engineering Compliance	285	0
Leave encashment	De La Harpe, SPLR	Executive Dean: NW Faculty of Law	282	0
Leave encashment	Setlalentoa, BMP	Deputy Vice-Chancellor: Campus Operations: Mafikeng	280	0
Leave gratuity	Beukes Liebenberg, AC	Section Head: NW Interpreting Services	277	0
Leave gratuity	Mefane, M	Senior Lecturer: MC Centre for Animal Health Studies	273	0
Incentive bonus	Barnard, RJJ	Senior Lecturer: PC School of Accounting Sciences	273	0
Leave encashment	Janse Van Rensburg, JJ	Extraordinary Researcher: PC Ancient Texts: Text, Context and Reception	268	0
Incentive bonus	Schutte, DP	Professor: PC School of Accounting Sciences	265	0
Leave gratuity	Gertenbach, JD	Senior Lecturer: PC Mathematics and Applied Mathematics	265	0
Leave gratuity	Malan, MM	Senior Lecturer: PC Pharmaceutics	265	0
Leave gratuity	Mhlongo, GJ	Lecturer: VC Academic Literacy (AGLE)	264	0
Incentive bonus	De Villiers, RR	Associate Professor: PC School of Accounting Sciences	259	0
Leave gratuity	Fick, SP	Senior Artisan Plumber: PC Maintenance and Facilities Services	252	0
Incentive bonus	Fourie, NP	Senior Lecturer: PC School of Accounting Sciences	251	0
Total			27 832	0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. PERSONNEL REMUNERATION (continued)

Exceptional payments - each exceeding an annual aggregate of R249 999 (excludes annualised gross remuneration to University Management where applicable)

Purpose/nature of payment	Name	Office held	2020 R'000	2019 R'000
Leave gratuity	Spamer, EJ	Chief Director: NW Unit for Open Distance Learning	0	1 296
Leave gratuity	Mbao, ML	Researcher: PC Law - Justice and Sustainability	0	934
Leave gratuity	Fick, PH	Director: PC Student Life	0	714
Leave gratuity	Winde, F	Professor: VC School of Geo-Spatial Sciences	0	686
Arbitration award	Khamfula, YA	Professor: MC Economics	0	674
Ad hoc - Advised	Saayman, A	Professor: PC School for Economic Sciences	0	639
Leave gratuity	Terblanche, JE	Professor: PC English	0	619
Leave gratuity	Oosthuizen, GJJ	Associate Professor: PC History and Ancient Culture	0	598
Leave gratuity	Nel, ME	Director: NW UCE Operations	0	593
Leave gratuity	Stander, AL	Professor: PC School of Law Undergraduate Studies	0	590
Leave gratuity	Garside, DJ	Senior Lecturer: MC Communication Studies	0	565
Leave gratuity	Selepe, TJ	Associate Professor: VC Sesotho	0	561
Leave gratuity	Mokgele, KRF	Senior Lecturer: MC School of Industrial Psychology and Human Resource	0	552
Leave gratuity	Morake, MN	Senior Lecturer: MC Curriculum Studies	0	506
Leave gratuity	Buscop, J	Associate Professor: MC School for Tourism	0	500
Ad hoc - Functional allowance	Kruger, P	Associate Professor: PC Institute of Psychology and Wellbeing	0	500
Leave gratuity	Weyers, ML	Lecturer: PC Social Work	0	491
Leave gratuity	Greeff, M	Professor: PC Health Sciences Ethics Office	0	475
Leave gratuity	Redelinghuys, J	Manager: NW Unit for Open Distance Learning	0	468
Leave gratuity	Cloete, TT	Director: Marketing and Student Recruitment	0	460
Leave gratuity	Hanna, JL	Senior Lecturer: MC School of Accounting Sciences	0	460
Leave gratuity	Petersen, AB	Senior Lecturer: PC School of Music	0	437
Leave gratuity	Sithebe, PN	Associate Professor: MC Microbiology	0	396
Arbitration award	Ngoma, L	Senior Lecturer: MC Center for Animal Health Studies	0	390
Leave gratuity	Ruhiiga, TM	Professor: MC Geography and Environmental Studies	0	380
Leave gratuity	Meihuizen, NCT	Professor: PC School of Languages	0	375
Leave gratuity	Barkhuizen, EN	Extraordinary Professor: MC Global Initiative Forefront Talent (GIFT)	0	374
Incentive bonus	Fouché, JP	Professor: PC School of Accouning Sciences	372	365
Ad hoc - Functional allowance	Van Dyk, TJ	Professor: PC Academic Literacy (AGLE)	0	360
Leave gratuity	Lembede, PF	Senior Lecturer: MC Economics	0	353
Leave gratuity	Ryke, PAJ	Section Head: PC Campus Arts	0	348
Severance Benefit	Naidoo, N	Carpenter: MC Maintenance and Facilities Services	0	348
Leave gratuity	Bantwini, BD	Professor: PC School of Natural Sciences in Education	0	348
Leave gratuity	Blaauw, JWH	Director: NW Language Directorate	0	342
Incentive bonus	Janse Van Vuuren, HH	Associate Professor: VC School of Accouning Sciences	346	340
Leave gratuity	Tsambo, TL	Lecturer: MC Communication Studies	0	338
Leave gratuity	Heyns, MF	Associate Professor: PC School of Philosophy	0	322
Leave gratuity	Monaheng, T	Associate Professor: MC Development Studies	0	321
Incentive bonus	Van Der Merwe, N	Associate Professor: PC School of Accouning Sciences	311	304
Incentive bonus	Nel, JG	Director: PC Centre for Environmental Management	0	303
Leave gratuity	Kabanda, TA	Associate Professor: MC Geography and Environmental Studies	0	297
Leave gratuity	Mienie, LJ	Associate Professor: PC Biochemistry	0	291
Leave gratuity	Schutte, NE	Extraordinary Professor: MC Global Initiative Forefront Talent (GIFT)	0	289
Leave gratuity	Muatjetjeja, B	Associate Professor: MC Mathematics and Applied Mathematics	0	286
Leave gratuity	Fourie, AA	Human Resources Practitioner : NW People and Culture Client Services	0	285
Leave gratuity	Mwanawina, I	Associate Professor: VC School of Law Undergraduate Studies	0	281
Leave gratuity	Riekert, M	Lecturer: PC Life Orientation	0	272
Incentive bonus	Mostert, A	Senior Lecturer: VC School of Accouning Sciences	267	262
Leave gratuity	Nel, I	Associate Professor: PC School of Business and Governance	0	261
Incentive bonus	Meyer, TC	Chief Subject Specialist: PC Centre for Environmental Management	0	260
Incentive bonus	Coetzee, K	Professor: PC School of Accouning Sciences	261	255
Incentive bonus	Viviers, HA	Associate Professor: PC School of Accouning Sciences	258	253
Incentive bonus	Mcintyre, J	Senior Lecturer: PC School of Accouning Sciences	274	251
Incentive bonus	Delport, M	Associate Professor: VC School of Accouning Sciences	0	250
Total			2 088	23 419

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

		COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2020 TOTAL R'000	2019 TOTAL R'000
26.	**OTHER CURRENT OPERATING EXPENSES BY NATURE**					
	Allowance for credit losses: Accounts receivable (note 14)	85 422	117	4 338	89 878	58 168
	Inventory written off (note 13)	266	0	342	608	3 695
	Foodstuffs (Residence and Catering Services)	14	0	342	356	262
	Publications and study materials	363	0	0	363	2 277
	Other consumables	(111)	0	0	(111)	1 156
	Auditor's remuneration	3 656	244	15	3 916	5 671
	Audit fees	2 532	244	15	2 792	4 445
	Other costs	1 124	0	0	1 124	1 226
	Services outsourced	79 124	204	23 659	102 987	103 065
	Rent: Buildings	6 342	603	3 000	9 945	13 895
	Rent: Equipment	14 094	284	105	14 483	18 912
	Maintenance	112 154	7 351	25 711	145 216	232 346
	Bursaries *	21 748	33 423	0	55 171	56 168
	Goods and services - other	667 869	81 211	89 085	838 164	1 052 095
		990 675	123 436	146 257	1 260 368	1 544 015
	*** Bursaries**					
	Bursaries paid from NWU funds - set off against tuition fees	170 296	0	0	170 296	168 524
	Bursaries paid from external and other funds	21 748	33 423	0	55 171	56 168
	Total bursaries paid	192 045	33 423	0	225 468	224 692
27.	**INVESTMENT INCOME**					
27.1	Operating income (short-term investment income)	293 001	10 311	0	303 312	264 392
	Interest	282 337	10 311	0	292 648	253 525
	Rental received (investment properties - note 7)	10 664	0	0	10 664	10 867
	Long-term investment income	13 238	0	0	13 238	17 660
	Interest	7 573	0	0	7 573	8 017
	Dividends (listed investments)	5 665	0	0	5 665	9 643
		306 239	10 311	0	316 550	282 052
27.2	Realised (loss)/profit on disposal of investments	(10 821)	0	0	(10 821)	164 606
	Available-for-sale investments	0	0	0	0	0
	Financial instruments at fair value through profit or loss	(10 821)	0	0	(10 821)	164 606
		(10 821)	0	0	(10 821)	164 606
27.3	Total per statement of cash flows					
	Total interest received	289 753	10 311	0	300 064	437 015
	Total dividends received	5 665	0	0	5 665	9 643
		295 418	10 311	0	305 729	446 658
28.	**FINANCE CHARGES**					
	Long-term loans (note 17)	813	0	0	813	1 848
	Bank account	0	0	0	0	2
	Exchange differences	4	0	0	4	8
	Other	(1 033)	(101)	2 948	1 814	1 274
	Interest paid for lease liabilities	0	0	4 756	4 756	7 171
		(216)	(101)	7 704	7 387	10 303

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. CASH FLOWS FROM OPERATING ACTIVITIES

	2020 R'000	2019 R'000
Surplus for the year	1 151 856	968 404
Adjusted for:		
Fair value (profit)/loss on financial assets at fair value through profit or loss	(56 800)	130 226
Loss allowance: Trade and other receivables (note 14)	89 878	58 168
Other impairments	300	0
Depreciation (note 6a and 7)	191 981	177 008
Amortisation charges (note 8)	14	0
Loss/(profit) on disposal/write-off of assets - property, plant and equipment	1 504	(28 295)
Increase in retirement benefit obligations (note 18)	(41 174)	18 360
Increase in deferred income tax assets (note 33)	(58)	(19)
Investment income (note 27)	(305 729)	(446 658)
Finance charges (note 28)	7 387	10 303
Loss/(profit) from equity-accounted investees (note 9)	267	(269)
Adjustments i.t.o. IAS 39 - Capital market	0	(1 631)
Operating surplus before changes in working capital	1 039 425	885 598
Changes in working capital	51 007	160 051
Decrease in inventories	6 353	21 846
(Increase)/decrease in trade and other receivables, excluding allowance for credit losses	(146 643)	13 715
Decrease/(increase) in straight line lease accrual	3 049	(3 049)
Decrease in income tax receivable	12	11
Increase in trade and other payables	70 572	86 222
(Decrease)/increase in contract liabilities	(34 200)	6 589
Decrease in income tax payable	(61)	(281)
Increase in income received in advance	151 925	34 997
Cash flows from operating activities	1 090 432	1 045 649

30. COMMITMENTS

CAPITAL COMMITMENTS

The following commitments not recognised in the statement of financial position existed at year-end with regard to capital expenditure approved but not yet incurred:

	2020 R'000	2019 R'000
Buildings	741 694	95 845

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

31. CAPITAL EXPENDITURE EXPENSED

	2020 R'000	2019 R'000
Capital expenditure expensed consists of library books	3 058	6 126

32. INCOME TAX AND DEFERRED TAX ASSET

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX AND DEFERRED TAX ASSET (continued)

As a result of the consolidation of OpenCollab Proprietary Limited, Innovation Highway Proprietary Limited, Innovation Highway Enterprises Proprietary Limited, North West Fibre Proprietary Limited, Medehive Proprietary Limited, Hydrogen Core Technologies Proprietary Limited and NWU Open Learning Operations Proprietary Limited, which are not exempted from tax, a tax liability is shown with regard to tax currently payable, based on taxable income for the year.

Tax is calculated at 28% (2019: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	2020	2019
Income tax expense	**R'000**	**R'000**
Current tax	0	207
Deferred tax	(58)	(20)
Total income tax expense	(58)	187
Tax reconciliation		
Surplus before tax	1 151 798	968 591
Unrecognised losses	8 812	(1 026)
Exempt income	(1 160 840)	(966 926)
Non-deductible expenses (SARS interest and penalties)	23	28
Taxable income	(207)	667

Total unrecognised tax losses of R3 916 000 are carried forward for 2020 (2019: R887 000).

	2020	2019
Deferred tax asset (accrual for leave pay)		
Opening balance	149	130
Movement	58	19
Closing balance	207	149
Income tax payable		
Opening balance	61	342
Movement	(61)	(281)
Closing balance	0	61
Income tax receivable		
Opening balance	26	37
Movement	(12)	(11)
Closing balance	14	26

33. 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 the details of each case is considered necessary.

34. RELATED-PARTY TRANSACTIONS

Included in unlisted investments 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 9.2 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 the University Management is considered related-party transactions. Refer to note 25 for disclosure of remuneration.

All transactions with related parties are transactions at arm's length and all transactions with related parties, with the exception of compensation of the University Management, have been eliminated on consolidation.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. EVENTS AFTER THE REPORTING PERIOD

Events after the reporting period are those events that occur between the reporting date and the date on which the financial statements are authorised to be issued. Adjusting events are those events that provide evidence of conditions that existed at the end of the reporting period and non-adjusting events are those events that are indicative of conditions that arose after the reporting period.

The current Corona virus, with its rapidly changing impact on circumstances and the creation of uncertainties, is a definite challenge and will likely have a significant financial effect on the University in the foreseeable future most notably on tuition fees, recoverability of student debts, the sale of goods and services as well as contract revenue. The University expects government funding, in the form of block and earmarked grants, as well as funding of NSFAS students, to remain mainly unchanged.

The University has appointed a Covid-19 task team, and they are making use of a Financial Impact Model (FIM) to do financial planning and closely monitor the potential impact of Covid-19 going forward. This flexible model is based on different scenarios, assumptions and factors and these are constantly updated with new information and indicators as they become available. A Mitigation Plan was also implemented to address the medium term (2021 to 2024) financial needs of the NWU and to assist with cash flow.

Covid-19 level restrictions resulted in savings and/or expenditure being postponed e.g. travel cost. Cost saving measures put in place include re-evaluating of planned projects (IT, strategic, maintenance and capital).

However, the University has also incurred additional expenditure, inter alia the purchase and distribution of laptops and data to needy students in order to ensure access to online teaching and learning programmes, which will assist students in completing the academic year. Unforeseen health and safety expenditure was incurred to comply with compulsory Covid-19 protocols.

The University has adequate available reserve funds at its disposal to help sustain the NWU in and through this critical time.

The University does not intend to liquidate or cease trading, nor does Management think the current events will influence or cast significant doubt upon the University's ability to continue as a going concern. The NWU Management is absolutely committed and completed the 2020 academic year successfully on 15 January 2021 with the support of the DHET and the Minister of Higher Education, Science and Technology.

No adjustments affecting the financial position have been made between the reporting date and the date of approval of this report.