

INTEGRATED ANNUAL REPORT
2021

GREATER THAN



CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2021

23 June 2022



Established: 1 January 2004 (by merger)

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NORTH-WEST UNIVERSITY**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021****CONTENTS**

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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 auditor is 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 2021 as set out on pages 9 to 64 have been approved by the Council on 23 June 2022 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 the North-West University

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the North-West University and its subsidiaries (the Group) set out on pages 9 to 64, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of comprehensive income (as required by Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997, as amended)), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, as well as 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 Group as at 31 December 2021, and their 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 Group 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). 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 Group'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 council either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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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 2021:

Goals	Pages in the annual performance report
Goal 1: Promote excellent learning and teaching and reposition the NWU to attain size and shape required by the market direction decisions	122-123
Goal 2: Intensify research and innovation with a strategic focus on impactful globalisation	123

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:

- Goal 1: Promote excellent learning and teaching and reposition the NWU to attain size and shape required by the market direction decisions
- Goal 2: Strengthen research and innovation with a strategic focus on impactful globalisation.

Other matter

We draw attention to the matter below.

Achievement of planned targets

Refer to the annual performance report on pages 122 to 124 for information on the achievement of planned targets for the year.

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.

We did not identify any material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PAA.

Other information

The Council is responsible for the other information. The other information comprises the information included in the NWU Integrated Annual Report - 2021. 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. We did not identify any significant deficiencies in internal control.

Other reports

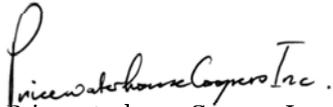
We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the University's consolidated financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports 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 engagements performed or are in the process of being performed in relation to 2021 is listed below:

Engagement Description	Period	Party performing the engagement	Purpose of the engagement	Report date
Student and staff statistics (Hemis)	01/01/2021 - 31/12/2021	PwC	Perform agreed upon procedures on the employees and students data of the NWU.	In progress
NRF and THRIP projects	01/01/2021 - 31/12/2021	PwC	Agreeing of expenditure supporting documentation.	10/03/2022
Clinical Training Grant	01/04/2021 - 31/03/2022	PwC	Agreeing of expenditure supporting documentation.	25/05/2022
Water Research Hydrogen	01/04/2021 - 31/03/2022	PwC	Agreeing of expenditure supporting documentation.	27/05/2022
NWU Publications and Submission of Articles	01/01/2021 - 31/12/2021	PwC	Agreeing of research outputs of published articles to supporting documentation and personnel records.	13/05/2022
Foundation Provision Grant	31/03/2022	PwC	Agreeing of expenditure supporting documentation.	25/05/2022
Veterinary Science project	01/04/2021 - 31/03/2022	PwC	Agreeing of expenditure supporting documentation.	25/05/2022
DHET Excel	01/01/2021 - 31/12/2021	PwC	Agreeing of financial data to the consolidated financial statements.	30/06/2022

Engagement Description	Period	Party performing the engagement	Purpose of the engagement	Report date
DAC Language Grant	01/01/2021 - 31/12/2021	PwC	Agreeing the grant received and student data to supporting documents.	15/03/2022
UCDP Grant	01/01/2021 - 31/12/2021	PwC	Agreeing of expenditure supporting documentation.	09/05/2022
Brics Grant	01/03/2021 - 28/02/2022	PwC	Agreeing of expenditure supporting documentation.	29/03/2022
Infrastructure Grant	01/04/2021 - 31/03/2022	PwC	Agreeing of expenditure supporting documentation.	19/05/2022
EPPEI	01/01/2021 - 31/12/2021	PwC	Agreeing of amount in schedule to the applicable general ledger accounts of NWU	20/04/2022
University Staff Doctoral Programme	31/12/2020 and 31/12/2021	PwC	Agreeing of expenditure supporting documentation	31/05/2022


PricewaterhouseCoopers Inc.

Director: F Bootha

Registered Auditor

Mafikeng, South Africa

30 June 2022

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 and its subsidiaries 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 council 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 AS AT 31 DECEMBER 2021

	NOTES	2021 R'000	2020 R'000
ASSETS		8,997,441	7,834,052
NON-CURRENT ASSETS		6,659,479	5,754,462
PROPERTY, PLANT AND EQUIPMENT (PPE)	<u>6a, 6b</u>	1,809,052	1,644,776
INVESTMENT PROPERTIES	<u>7</u>	17,029	17,515
INTANGIBLE ASSETS	<u>8</u>	4,509	1,457
INVESTMENTS	<u>9</u>	4,399,238	3,738,144
EQUITY-ACCOUNTED INVESTEEES	<u>10</u>	0	1,100
DEFERRED TAX ASSET	<u>32</u>	192	207
EMPLOYEE BENEFITS	<u>18</u>	429,459	351,263
CURRENT ASSETS		2,337,962	2,079,590
INVENTORIES	<u>13</u>	32,566	23,885
TRADE AND OTHER RECEIVABLES	<u>14</u>	259,016	284,396
INCOME TAX RECEIVABLE	<u>32</u>	16	14
CURRENT PORTION OF INVESTMENTS	<u>9</u>	1,904,918	1,485,982
CASH AND CASH EQUIVALENTS	<u>15</u>	141,446	285,313
EQUITY AND LIABILITIES		8,997,441	7,834,052
EQUITY	<u>16</u>	7,363,782	5,853,743
NON-DISTRIBUTABLE RESERVES		1,879,996	1,670,521
FIXED ASSET RESERVE FUND (PPE)		1,697,190	1,614,101
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		182,806	56,420
RESERVE FUNDS		5,482,957	4,182,393
RESTRICTED USE FUNDS		526,822	483,054
STUDENT LOAN FUNDS		563	563
STUDENT AND STAFF ACCOMMODATION FUNDS		246,681	200,622
DONATIONS AND SIMILAR FUNDS		72,286	62,525
RESEARCH AND OTHER (CONTRACTS) FUNDS		207,292	219,344
NWU PENSION FUND AND DISABILITY FUND		429,459	351,263
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		41,525	8,401
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		32,496	25,081
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		4,452,655	3,314,594
NON-CONTROLLING INTERESTS		829	829
NON-CURRENT LIABILITIES		556,394	888,011
BORROWINGS - INTEREST-BEARING	<u>17</u>	111,862	0
EMPLOYEE BENEFITS	<u>18</u>	275,458	481,274
DEFERRED GRANT INCOME	<u>19</u>	169,074	406,737
CURRENT LIABILITIES		1,077,265	1,092,298
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	<u>17</u>	0	5,965
CURRENT PORTION OF EMPLOYEE BENEFITS	<u>18</u>	243,238	142,920
CURRENT PORTION OF DEFERRED GRANT INCOME	<u>19</u>	156,125	149,837
CURRENT PORTION OF LEASE LIABILITIES	<u>6b</u>	0	27,315
TRADE AND OTHER PAYABLES	<u>20</u>	505,731	516,026
INCOME RECEIVED IN ADVANCE	<u>21</u>	125,305	243,532
NET CONTRACT LIABILITIES	<u>22</u>	46,866	6,703
INCOME TAX PAYABLE	<u>32</u>	0	0

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

The notes on pages 15 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTES	2021 R'000	2020 R'000
INCOME		5,375,321	5,145,573
REVENUE		4,900,609	4,772,217
OTHER INCOME (investment income and non-recurring income)		474,712	373,356
EXPENDITURE		3,952,715	3,993,775
PERSONNEL REMUNERATION	25	2,534,233	2,518,266
OPERATING EXPENSES	26, 6a, 6b, 7	1,413,516	1,452,364
OTHER EXPENSES (capital expenditure expensed and non-recurring expenditure)		2,229	15,759
FINANCE CHARGES	28	2,737	7,387
NET SURPLUS BEFORE INCOME TAX		1,422,606	1,151,798
INCOME TAX EXPENSE	32	15	-58
SURPLUS FOR THE YEAR		1,422,591	1,151,856
OTHER COMPREHENSIVE INCOME (OCI)		87,449	23,092
Items that will not be reclassified to surplus or deficit		87,449	23,092
Remeasurements of employee benefit obligations			
PENSION FUND - SURPLUS/(DEFICIT)	18.1	78,196	-728
DISABILITY RESERVE FUND - SURPLUS	18.2	6,467	8,850
HEALTH CARE (MEDICAL) - SURPLUS	18.3	2,786	14,970
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,510,040	1,174,948
Surplus for the year attributable to:			
- North-West University		1,422,591	1,151,864
- Non-controlling interests		0	-8
		1,422,591	1,151,856
Total comprehensive income for the year attributable to:			
- North-West University		1,510,040	1,174,956
- Non-controlling shareholders		0	-8
		1,510,040	1,174,948

The notes on pages 15 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

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

	NOTES	EDUCATIONAL & GENERAL			STUDENT AND STAFF ACCOMMODATION: RESTRICTED R'000	2021 TOTAL R'000	2020 TOTAL R'000
		COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
RECURRING ITEMS		1,198,057	42,521	1,240,578	41,638	1,282,216	1,107,693
INCOME		4,669,264	238,632	4,907,896	327,035	5,234,931	5,088,767
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	23	2,292,550	0	2,292,550	0	2,292,550	2,212,570
TUITION AND OTHER FEES	24	1,856,975	0	1,856,975	0	1,856,975	1,764,442
INCOME FROM CONTRACTS	24	1,822	167,297	169,119	0	169,119	240,914
FOR RESEARCH		280	166,064	166,344	0	166,344	237,998
FOR OTHER ACTIVITIES		1,542	1,233	2,775	0	2,775	2,916
SALES OF GOODS & SERVICES AND OTHER INCOME	24	183,397	39,535	222,932	327,035	549,967	523,277
PRIVATE GIFTS AND GRANTS		12,212	19,786	31,998	0	31,998	31,014
SUB-TOTAL		4,346,956	226,618	4,573,574	327,035	4,900,609	4,772,217
INVESTMENT INCOME	27.1	322,308	12,014	334,322	0	334,322	316,550
EXPENDITURE		3,471,207	196,111	3,667,318	285,397	3,952,715	3,981,074
PERSONNEL REMUNERATION	25	2,415,585	69,475	2,485,060	49,173	2,534,233	2,518,266
ACADEMIC PROFESSIONAL		1,355,677	29,063	1,384,740	0	1,384,740	1,367,183
OTHER PERSONNEL		1,051,271	40,412	1,091,683	49,173	1,140,856	1,138,915
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		8,637	0	8,637	0	8,637	12,168
OTHER CURRENT OPERATING EXPENSES	26	905,118	126,686	1,031,804	210,561	1,242,365	1,260,368
CAPITAL EXPENDITURE EXPENSED	31	2,229	0	2,229	0	2,229	3,058
DEPRECIATION	6a, 6b, 7	147,270	0	147,270	23,686	170,956	191,981
AMORTISATION	8	195	0	195	0	195	14
SUB-TOTAL		3,470,397	196,161	3,666,558	283,420	3,949,978	3,973,687
FINANCE CHARGES	28	810	-50	760	1,977	2,737	7,387
NON-RECURRING ITEMS		139,777	534	140,311	79	140,390	44,105
INCOME		139,777	534	140,311	79	140,390	56,806
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		721	534	1,255	79	1,334	6
PROFIT ON INVESTMENTS	27.2	12,300	0	12,300	0	12,300	0
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEEES	10	370	0	370	0	370	0
NET FAIR VALUE GAINS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	126,386	0	126,386	0	126,386	56,800
EXPENDITURE		0	0	0	0	0	12,701
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	0	0	0	0	1,510
LOSS ON INVESTMENTS	27.2	0	0	0	0	0	10,821
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEEES	10	0	0	0	0	0	370
NET SURPLUS BEFORE INCOME TAX		1,337,834	43,055	1,380,889	41,717	1,422,606	1,151,798
INCOME TAX EXPENSE	32	15	0	15	0	15	-58
SURPLUS FOR THE YEAR		1,337,819	43,055	1,380,874	41,717	1,422,591	1,151,856

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTES	EDUCATIONAL & GENERAL			STUDENT & STAFF ACCOMMODATION: RESTRICTED R'000	2021 TOTAL R'000	2020 TOTAL R'000
		COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
SURPLUS FOR THE YEAR		1,337,819	43,055	1,380,874	41,717	1,422,591	1,151,856
OTHER COMPREHENSIVE INCOME (OCI)		87,449	0	87,449	0	87,449	23,092
Items that will not be reclassified to surplus or deficit		87,449	0	87,449	0	87,449	23,092
Remeasurements of employee benefit obligations	18.1	78,196	0	78,196	0	78,196	-728
PENSION FUND - SURPLUS/(DEFICIT)	18.2	6,467	0	6,467	0	6,467	8,850
DISABILITY RESERVE FUND - SURPLUS	18.3	2,786	0	2,786	0	2,786	14,970
HEALTH CARE (MEDICAL) - SURPLUS							
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,425,268</u>	<u>43,055</u>	<u>1,468,323</u>	<u>41,717</u>	<u>1,510,040</u>	<u>1,174,948</u>
Surplus for the year attributable to:							
- North-West University		1,337,819	43,055	1,380,874	41,717	1,422,591	1,151,864
- Non-controlling interests		0	0	0	0	0	-8
		<u>1,337,819</u>	<u>43,055</u>	<u>1,380,874</u>	<u>41,717</u>	<u>1,422,591</u>	<u>1,151,856</u>
Total comprehensive income for the year attributable to:							
- North-West University		1,425,268	43,055	1,468,323	41,717	1,510,040	1,174,956
- Non-controlling shareholders		0	0	0	0	0	-8
		<u>1,425,268</u>	<u>43,055</u>	<u>1,468,323</u>	<u>41,717</u>	<u>1,510,040</u>	<u>1,174,948</u>

The notes on pages 15 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

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 ACCOMMODATION 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 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	124,856	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	47,466	0	0	-125,236	-53,225	-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	47,466	0	0	-125,236	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	-75,093	-69,091	0	-69,091
TRANSFERS	-1,082	-118,443	-119,525	2,691	-17,078	-14,387	0	-17,905	161,905	-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	4,678,796
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	952,765	952,765	1,727	102,731	104,458	0	61,652	0	0	56,800	-726	117,724	1,174,944	0	1,174,944
SURPLUS/(DEFICIT) FOR THE YEAR	0	937,795	937,795	1,727	102,731	104,458	0	61,652	0	0	56,800	-8,855	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	8,122	23,092	0	23,092
TRANSFERS	11,069	-25,115	-14,046	1,141	-28,271	-27,130	0	-19,766	60,966	-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
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	1,220,686	1,220,686	2,790	40,265	43,055	0	41,717	0	0	126,386	78,196	246,296	1,510,040	0	1,510,040
SURPLUS/(DEFICIT) FOR THE YEAR	0	1,217,900	1,217,900	2,790	40,265	43,055	0	41,717	0	0	126,386	-6,467	161,636	1,422,591	0	1,422,591
OTHER COMPREHENSIVE INCOME	0	2,786	2,786	0	0	0	0	0	0	0	84,663	84,663	84,663	87,449	0	87,449
TRANSFERS	7,416	-82,625	-75,209	6,971	-52,317	-45,346	0	4,342	83,089	33,124	0	0	120,555	0	-0	0
BALANCE AT 31 DECEMBER 2021 (note 16)	32,496	4,452,655	4,485,152	72,286	207,292	279,578	563	246,681	1,697,190	41,525	182,806	429,459	2,598,224	7,362,954	829	7,363,783

The notes on pages 15 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	NOTE	2021 R'000	2020 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	<u>29</u>	968,734	1,090,432
INVESTMENT INCOME LESS COST OF FINANCE		331,585	309,163
INTEREST RECEIVED	27	324,402	310,885
DIVIDENDS RECEIVED	27	9,920	5,665
INTEREST PAID	28	-2,737	-7,387
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,300,319	1,399,595
CASH FLOWS UTILISED BY INVESTING ACTIVITIES		-1,522,768	-1,494,123
DISPOSAL OF OTHER INVESTMENTS		1	0
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	<u>6a</u>	-353,362	-210,188
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		6,758	907
(DECREASE)/INCREASE IN DEFERRED GRANT INCOME	<u>19</u>	-231,375	210,001
INCREASE IN INTANGIBLE ASSETS (internally generated)	8	-3,246	-521
REALISED PROFIT/(LOSS) ON INVESTMENTS		12,300	-10,821
WITHDRAWALS FROM INVESTMENTS		2,950,000	400,000
PURCHASES OF INVESTMENTS		-3,903,844	-1,883,500
CASH OUTFLOWS FROM FINANCING ACTIVITIES		78,582	-44,685
PROCEEDS FROM INTEREST-BEARING BORROWINGS	17	111,862	0
PAYMENTS OF INTEREST-BEARING BORROWINGS	17	-5,965	-5,477
DECREASE IN LEASE LIABILITIES	<u>6b</u>	-27,315	-39,208
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		-143,867	-139,213
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		285,313	424,526
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	141,446	285,313

The notes on pages 15 to 64 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

STRUCTURE OF THE UNIVERSITY

1.1 Legal persona and country of registration

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

1.2 Nature of business, operations and main activities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements are presented in rand (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, Science and Innovation 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 23 June 2022.

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

- electing to carry financial assets at fair value through profit or loss;
- 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 amounts 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 2021 and adopted 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. 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 opted not to apply the practical expedients regarding rent concessions by its lessors therefore the amendment to IFRS 16 was not applied by the University in the 2021 financial year.

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

- **Definition of Accounting Estimates – Amendments to IAS 8**

The amendment to **IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors'**, clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as to the current period.

- **Disclosure of Accounting Policies– Amendments to IAS 1**

The IASB amended **IAS 1, 'Presentation of Financial Statements'**, to require entities to disclose their *material* rather than their *significant* accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2, 'Making Materiality Judgements', to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Both of the above-mentioned standards are effective 1 January 2023.

The University does not expect the application of these amendments to have a significant impact but will do a comprehensive evaluation 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.

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**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 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, as well as 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.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(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 other comprehensive income (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, which 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.

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.

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)

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	10,0% - 20,0%	: 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

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.

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**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 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.

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 cost 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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'.

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.

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.

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)

(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 fair value through other comprehensive income (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.

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.

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)

(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.

2.11 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables (continued)

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 expected credit loss (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 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

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

Educational and General – Council-controlled – Unrestricted or designated

Unrestricted and designated funds relate to funds over which the Council of the University has absolute legal control and discretion. Designated funds are unrestricted income which the Council has designated for purposes that it deems fit. Decisions in this regard can always be changed at the discretion of Council. The Council-controlled segment predominantly represents the teaching component of the University.

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Equity (continued)

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 of the Department of Higher Education and Training (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 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.

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.

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)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 experienced adjustments, changes in actuarial assumptions, the effects of asset ceilings (if any, excluding interest) and amendments are charged or credited to OCI 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 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. These fees are 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. Delivery of 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). 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, 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.

2.20 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

Previously identified and newly identified risks 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.

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 five 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 FVOCI or at 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 R6 567 000 higher/lower as at 31 December 2021 (2020: R5 110 000) (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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

At 31 December 2021 an investment performance measurement was done by the University, which indicated an actual yield on the University's cash and cash equivalent portfolio of 6,15% (2020: 6,77%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R20 998 000 higher/lower (2020: R20 751 000).

(iii) Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost and at FVPL, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures regarding outstanding receivables.

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.

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**3. FINANCIAL RISK MANAGEMENT** (continued)

3.1 FINANCIAL RISK FACTORS (continued)

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 (arising from borrowings and other liabilities) 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.

	2021	2020
Listed investments – shares and bonds	94%	78%
Cash and cash equivalents	6%	22%
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.

	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
	Less than	Between	Between	Over
	1 year	1 and 2 years	3 and 5 years	5 years
Liabilities at amortised cost				
2021				
Borrowings	12,687	20,468	71,031	343,317
Trade and other payables	505,743	0	0	0
	<u>518,430</u>	<u>20,468</u>	<u>71,031</u>	<u>343,317</u>
2020				
Borrowings	6,290	0	0	0
Lease liabilities	27,315	0	0	0
Trade and other payables	512,371	0	0	0
	<u>518,666</u>	<u>0</u>	<u>0</u>	<u>0</u>
			2021	2020
			R'000	R'000
Liquidity ratio				
Current assets*				
Inventories			32,566	23,885
Trade and other receivables			259,016	284,396
Income tax receivable			16	14
Cash and cash equivalents			141,446	285,313
			<u>433,044</u>	<u>593,608</u>
Current liabilities				
Trade and other payables			505,743	512,371
Contract liabilities			46,866	6,703
Income tax payable			-12	3,655
Current portion of interest-bearing borrowings			0	5,965
Current portion of post-employment benefits			243,238	142,920
Current portion of deferred grant income			156,125	149,837
Current portion of lease liabilities			0	27,315
Income received in advance			125,305	243,532
			<u>1,077,265</u>	<u>1,092,298</u>
Net liquidity of operations			<u>(644,221)</u>	<u>(498,690)</u>
Ratio			<u>0.40</u>	<u>0.54</u>

* 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)

	2021	2020
	R'000	R'000
Assets		
Investments (current and non-current)	6,304,156	5,224,126
Cash and cash equivalents	141,446	285,313
Total	<u>6,445,602</u>	<u>5,509,439</u>
Liabilities		
Non-current liabilities (excluding deferred income)	387,320	481,274
Current liabilities (excluding deferred income)	921,140	942,461
Capital commitments (infrastructure) (note 30)	845,390	741,694
Total	<u>2,153,850</u>	<u>2,165,429</u>
Net position	<u>4,291,752</u>	<u>3,344,010</u>

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 2021.

	Level 1	Level 2	Total
	R'000	R'000	R'000
Assets			
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	656,707		656,707
Bonds	1,395,012		1,395,012
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1,179	1,179
Total assets	<u>2,051,719</u>	<u>1,179</u>	<u>2,052,898</u>

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 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

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. Based on knowledge of the estimate and judgement, we do not expect there to be material adjustments to the carrying amount of the assets or liabilities within the next year.

(i) Property, plant and equipment

The University annually estimates the useful life and the expected residual value of items of property, plant and equipment for measurement and ensures that changing circumstances are taken into account. Refer to note 2.3.

(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. Refer to note 2.11.

(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 2021 totalled 3 983 (2020: 3960).

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	Assets less than R15 000	Computer equipment less than R5 000	Right-of-use assets **	Total
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
Additions during the year	0	184,390	6,131	17,868	20,415	57,569	38,005	12,505	0	14,380	2,099	0	353,362
Depreciation for the year	0	-10,728	-2,175	-11,467	-12,136	-34,297	-47,682	-12,451	-1,323	-12,447	-2,079	-23,686	-170,471
Impairment loss	0	0	0	0	0	0	-13,191	0	0	0	0	0	-13,191
Cost of disposals/scrappings during the year	0	0	-2,424	-9,716	-455	-38,434	-44,278	-8,776	0	-14,987	-2,173	0	-121,243
Accumulated depreciation of disposals	0	0	1,151	9,551	377	36,372	43,205	8,014	0	14,976	2,173	0	115,819
Carrying amount at 31/12/2021	30,713	1,294,337	37,944	64,800	50,680	187,773	80,279	32,694	7,360	19,397	3,070	0	1,809,052
Cost	30,713	1,507,651	60,900	157,540	101,863	405,276	199,014	62,549	11,701	37,121	6,245	99,244	2,679,820
Accumulated depreciation	0	-213,314	-22,956	-92,740	-51,183	-217,503	-118,735	-29,855	-4,341	-17,724	-3,175	-99,244	-870,768

Buildings and equipment with a cost price of R289 961 000 (2020: R38 668 000), 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 requires approval from the Minister of Higher Education, Science and Innovation in terms of the Higher Education Act.

The relevant impairment losses as indicated are accounted for as operating expenses. These amounts arose from physical damage and ageing.

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 R437 379 000 for 2021 (2020: R153 947 000) as well as borrowing costs capitalised to an amount of R1 616 000 (2020: nil) - refer to note 17.

** 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:

	2021	2020
	R'000	R'000
Right-of-use assets		
Buildings	<u>0</u>	<u>23,686</u>
Lease liabilities		
Current	<u>0</u>	<u>27,315</u>
	<u>0</u>	<u>27,315</u>

(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)	23,686	37,779
Interest expense (included in finance cost)	1,953	4,756
Expense relating to short-term leases (included in operating cost)	17,187	2,070

The total cash outflow for leases in 2021 was R42 827 000 (2020: R44 605 000).

(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 because the difference is negligible.

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 operating 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 or 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	2021 R'000	2020 R'000
Less than 1 year	0	27,315
Total contractual cash flows	<u>0</u>	<u>27,315</u>

7. INVESTMENT PROPERTIES

Carrying amount at beginning of year	17,515	18,002
Cost	24,327	24,327
Accumulated depreciation	-6,812	-6,325
Depreciation	(487)	(487)
Carrying amount at end of year	17,029	17,515
Cost	24,327	24,327
Accumulated depreciation	<u>-7,298</u>	<u>-6,812</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)	2021 R'000	2020 R'000
Income	8,529	10,664
Rental income (short-term investment income - note 27)	8,529	10,664
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	6,236	8,153
Bad debt written off	303	0
Personnel remuneration	480	490
Maintenance - buildings	985	4,749
Municipal fees and property tax	2,285	896
Operating costs	98	33
Services outsourced	1,598	1,498
Depreciation	487	487
Net surplus from investment properties	2,293	2,511

The fair value measurement for investment properties has been categorised as a Level 3 under IFRS 13. Investment properties consist of 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%.

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

R'000

Rental (5% decrease)
Rental (per valuator's report)
Rental (5% increase)

Discount rate		
8,50%	9,50%	10,50%
87,065	77,900	70,481
91,647	82,000	74,190
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, Science and Innovation 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:

	2021 R'000	2020 R'000
Within 1 year	6,613	8,151
Between 1 and 2 years	5,974	7,194
Between 2 and 3 years	5,868	6,315
Between 3 and 4 years	5,497	6,365
Between 4 and 5 years	2,227	5,497
Later than 5 years	0	2,225
	26,179	35,747

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 - 01/01/2020	0	950	950
Cost	0	950	950
Accumulated amortisation	0	0	0
Additions (externally with consolidation)	521	0	521
Amortisation charges	-14	0	-14
Closing carrying value - 31/12/2020	507	950	1,457
Cost	521	950	1,471
Accumulated amortisation	-14	0	-14
Additions (externally with consolidation)	3,247	0	3,247
Amortisation charges	-195	0	-195
Closing carrying value - 31/12/2021	3,559	950	4,509
Cost	3,768	950	4,718
Accumulated amortisation	-209	0	-209

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	2021 R'000	2020 R'000
<u>Unlisted investments</u>		
Unlisted shares that do not qualify as an investment in equity-accounted investees	1,179	1,633
<u>Listed investments</u>		
Shares in public companies	656,707	510,974
Bonds and credit notes	1,395,012	511,030
	<u>2,052,898</u>	<u>1,023,637</u>

Financial assets at amortised cost

Comprise 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.

Committee for investments (cash portfolio)	5,183	7,734
Other (money market portfolio)	4,246,075	4,192,755
	<u>4,251,258</u>	<u>4,200,489</u>
<u>Presented as follows:</u>		
Non-current assets	4,399,238	3,738,144
Current assets	1,904,918	1,485,982
Total investments	<u>6,304,156</u>	<u>5,224,126</u>

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.1 Total investments (continued)

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.

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.

	2021	2020
	R'000	R'000
Amounts recognised in the statement of comprehensive income		
The following amounts were recognised in surplus or deficit:		
Fair value gains/(losses) on debt instruments at FVPL		
Shares in public companies	126,748	56,710
Unlisted shares - not investments in equity-accounted investees	-362	90
	<u>126,386</u>	<u>56,800</u>

9.2 Investment in subsidiaries

The University is the ultimate holding entity of the group.

All the subsidiary entities, with the exception of NWU Open Learning Operations Proprietary Limited, are incorporated in South Africa and their principal place of business is situated in South Africa. The principal place of business for NWU Open Learning Operations Proprietary Limited is situated in Windhoek, Namibia.

Details as reflected in the respective entities' annual financial statementsPUK Kanselierstrust (100% interest)

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

Carrying amount of trust funds	1,501	1,478
Attributable profit	<u>24</u>	<u>25</u>

NWU Property Development NPC (Incorporated association not for gain) (100% interest)

(previously known as PUK Ontwikkelingstrust (Incorporated association not for gain))

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

Carrying amount: Reserves	13,922	13,922
Attributable profit/(loss): Non-distributable	<u>0</u>	<u>0</u>

Notable related-party transaction: Amount held in NWU Money Market investments

Investment is unsecured and payable/due on request from Trust	<u>5,698</u>	<u>5,698</u>
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OpenCollab Proprietary Limited (94,90% interest)

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

Carrying amount of shares	0 *	0 *
Attributable loss after tax	<u>-2</u>	<u>-151</u>

Notable related-party transactions:

Operating expenses paid to related party	<u>10,329</u>	<u>12,107</u>
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Amount held in NWU Money Market investments on behalf of related party

Investment bears interest at 6,15% (2020: 6,35%) and is available on call.	<u>8,862</u>	<u>10,611</u>
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NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

<u>Details as reflected in the annual financial statements</u> (continued)	2021 R'000	2020 R'000
<u>Innovation Highway Proprietary Limited (100% interest)</u>		
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.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	-212	-306
<u>Innovation Highway Enterprises Proprietary Limited (100% interest)</u>		
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	-95	-15
This company was dissolved with a final deregistration date of 3 January 2022 at the Companies and Intellectual Property Commission (CIPC).		
<u>Hydrogen Core Technologies Proprietary Limited (100% interest)</u>		
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	-13	-11
<u>Medehive Proprietary Limited (previously Hyfra Proprietary Limited) (100% interest)</u>		
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	17	0
<u>North West Fibre Proprietary Limited (100% interest)</u>		
The principal business of the company is the development of fibre technology.		
Carrying amount of shares	0 *	0 *
Attributable profit/(loss) after tax	0	0
<u>NWU Open Learning Operations Proprietary Limited (100% interest)</u>		
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 profit/(loss) after tax	1,502	-1,889
Total assets and liabilities of consolidated subsidiaries		
Assets	25,972	23,445
Liabilities	(555)	(72)

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

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.

10. EQUITY-ACCOUNTED INVESTEEES

	2021 R'000	2020 R'000
Balance at beginning of year	1,100	1,367
Disposal of holding in investees	-1	0
Movement for the year	-1,099	-267
Share of (loss)/profit	370	-370
Loan to Finclude Technologies Proprietary Limited	-1,469	103
Balance at end of year	0	1,100

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
2021:					
- Ambixtra Proprietary Limited #	n/a	n/a	n/a	n/a	0%
- Finclude Technologies Proprietary Limited *	0	0	0	0	0%
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
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%
	<u>3,996</u>	<u>6,994</u>	<u>2,246</u>	<u>(1,056)</u>	

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 or for 2021.
- * The main business of Finclude Technologies Proprietary Limited is licensed computer software to third parties and the selling of airtime. The NWU sold back its 35% shareholding to Finclude Technologies Proprietary Limited during 2021.

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)

	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
2021 - Assets			
Investments and derivatives (note 9)	4,251,258	2,052,898	6,304,156
Trade and other receivables (note 14) (excluding prepayments and VAT)	245,550	0	245,550
Cash and cash equivalents (note 15)	141,446	0	141,446
Total	<u>4,638,254</u>	<u>2,052,898</u>	<u>6,691,152</u>
		Amortised cost R'000	Total R'000
2021 - Liabilities			
Borrowings (note 17)		111,862	111,862
Trade and other payables (note 20)		505,743	505,743
Total		<u>617,605</u>	<u>617,605</u>
	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
2020 - Assets			
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
Cash and cash equivalents (note 15)	285,313	0	285,313
Total	<u>4,761,904</u>	<u>1,023,637</u>	<u>5,785,541</u>
		Amortised cost R'000	Total R'000
2020 - Liabilities			
Borrowings (note 17)		5,965	5,965
Trade and other payables (note 20)		512,371	512,371
Total		<u>518,336</u>	<u>518,336</u>

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.

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

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.

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.

<u>STUDENT DEBTORS</u>	<u>Potch campus</u>	<u>Vaal campus</u>	<u>Mafikeng campus</u>
31 December 2021			
Groups as classified for payment collection purposes:			
NSFAS funded students	4,614	15,651	32,200
PD based on a BB- government rating	0.96%	0.96%	0.96%
Other government funded students	1,462	747	639
PD based on a BB- government rating	0.96%	0.96%	0.96%
Cash paying students	47,741	13,573	49,525
Historical 3 year average of actual bad debt + Unemployment %	36.36%	41.50%	49.71%
Other bursaries	6,064	4,185	1,512
Historical 3 year average of actual bad debt + Unemployment %	36.36%	41.50%	49.71%
Open distance learning students - Self paying	6,384	0	0
Historical 3 year average of actual bad debt + Unemployment %	36.36%	41.50%	49.71%
Open distance learning students - Other government funded	39,961	0	0
PD based on a BB- government rating	0.96%	0.96%	0.96%
Open distance learning students	8,010	850	0
Bursary projects (2013 - 2015) for write-off in 2022	100.00%	100.00%	100.00%
Loss allowance per campus	<u>29,130</u>	<u>8,378</u>	<u>25,686</u>
TOTAL LOSS ALLOWANCE			<u><u>63,194</u></u>
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	<u>41,125</u>	<u>15,355</u>	<u>35,390</u>
TOTAL LOSS ALLOWANCE			<u><u>91,870</u></u>

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 2021	Rating	PD (90+ days)	Total R'000
Classified groups:			
Government	BB-	0.0096	68
Similar to government and universities	BB-	0.0096	130
Municipalities	BB-	0.0096	1
Corporates with balances above R1 million (7 customers)	individually calculated PD		127
Corporates with balances under R1 million		0.3082	17
Individuals and other	Full amount 90 days and longer outstanding		5,922
Loss allowance			<u>6,265</u>
31 December 2020			
31 December 2020	Rating	PD (90+ days)	Total R'000
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			<u>6,782</u>

The expected credit loss on contract assets at year end amounts to R49 000 (2020: R55 000) and is considered non-material.

Exposure per category:

	2021 R'000	2020 R'000
Investments (note 9)		
FVPL - listed shares	656,707	510,974
FVPL - unlisted shares	1,179	1,633
FVPL - bonds	1,395,012	511,030
Amortised cost - money market instruments*	4,251,258	4,200,489
Trade and other receivables (note 14)	259,016	284,396
Cash and cash equivalents	141,446	285,313
Total	<u>6,704,618</u>	<u>5,793,835</u>

* An amount of R4 199 535 000 (2020: R4 150 122 000) 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	1,023,637	544,736
Additions/(disposals) - shares in public entities	58,078	-41,727
Additions - bonds and credit notes	844,797	463,828
Net profit transferred to surplus or deficit	126,386	56,800
Balance at end of year	<u>2,052,898</u>	<u>1,023,637</u>

There were no impairment provisions made on financial assets at fair value through profit or loss (FVPL) in 2020 and 2021.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

	2021 R'000	2020 R'000
FVPL financial assets include the following:		
Listed securities: Shares in public entities	656,707	510,974
Bonds and credit notes	1,395,012	511,030
Unlisted securities: Investments that do not qualify as an investment in equity-accounted investees	1,179	1,633
	<u>2,052,898</u>	<u>1,023,637</u>

13. INVENTORIES

Net realisable value (see note 26)		
Foodstuffs (Residence and Catering Services)	1,417	2,333
Publications and study materials	0	0
Other consumables	28,736	18,068
Veterinary health	2,413	3,484
	<u>32,566</u>	<u>23,885</u>
At cost		
Foodstuffs (Residence and Catering Services)	1,683	2,689
Publications and study materials	0	363
Other consumables	28,827	17,957
Veterinary health	2,413	3,484
	<u>32,923</u>	<u>24,493</u>

Obsolete inventory in the amount of R357 000 (2020: R608 000) was written off (see note 26).

14. TRADE AND OTHER RECEIVABLES

Balance at beginning of year	383,048	296,881
Plus: Net movement	1,005	146,643
	<u>384,053</u>	<u>443,524</u>
Less: Bad debts written off	-55,578	-60,476
Balance at end of year	328,475	383,048
Less: Loss allowance	-69,459	-98,652
Balance at beginning of year	-98,652	-69,250
Debtors written off during current year	55,578	60,476
Allowance for credit losses created in current year	-26,385	-89,878
Balance at end of year	<u>259,016</u>	<u>284,396</u>

Details of trade and other receivables

Students		
Tuition and residence fees	265,446	313,616
Less: Loss allowance	-63,194	-91,870
Sub-total: Students	<u>202,252</u>	<u>221,746</u>
Sub-total: Advances and prepayments	<u>7,405</u>	<u>8,294</u>
Other debtors	55,624	61,138
Projects: Services rendered	40,793	51,811
VAT	6,061	0
Other	8,770	9,327
Less: Loss allowance	-6,265	-6,782
Sub-total: Other debtors	<u>49,359</u>	<u>54,356</u>
Total trade and other receivables	<u>259,016</u>	<u>284,396</u>

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).

	2021	2020
	R'000	R'000
Movement in the loss allowance for student debtors:		
Balance at beginning of year	91,870	61,385
Student debtors written off during current year as uncollectable	-50,886	-54,860
Increase in expected loss allowance during the year	22,210	85,345
Balance at end of year	<u>63,194</u>	<u>91,870</u>
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2021)	63,194	91,870
Student debtors past due but not impaired (enrolled again in 2022)	202,252	221,746
Total balance at end of year	<u>265,446</u>	<u>313,616</u>

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).

Movement in the loss allowance for sundry debtors:		
Balance at beginning of year	6,782	7,865
Other debtors written off during current year as uncollectable	-4,692	-5,616
Increase in expected loss allowance during the year	4,175	4,533
Balance at end of year	<u>6,265</u>	<u>6,782</u>

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

Student debtors	202,252	221,746
Other debtors	43,298	54,356
Financial assets	245,550	276,102
Advances and prepayments	7,405	8,294
VAT	6,061	0
Total	<u>259,016</u>	<u>284,396</u>

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)****15. CASH AND CASH EQUIVALENTS**

	2021	2020
	R'000	R'000
Short-term bank deposits	77,306	188,613
Bank balances	63,150	95,623
Petty cash advances	990	1,077
	<u>141,446</u>	<u>285,313</u>

The weighted average effective interest rate on short-term bank deposits was 6,15% (2020: 6,77%).

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 R446 889 000 (2020: R718 623 000) are included in the total funds of the University consisting of cash and cash equivalents and investments. These funds are restricted and it 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 (2020: 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

	2021	2020
	R'000	R'000
Carrying amounts		
First National Bank - New residence	0	5,965
Development Bank of Southern Africa	111,862	0
Total borrowings	111,862	5,965
Less: Current portion	0	5,965
Non-current liabilities	<u>111,862</u>	<u>0</u>
Represented as follows:		
<u>First National Bank - New residence</u>		
Total - First National Bank loan	0	5,965
Less: Current portion	0	5,965
Non-current liabilities	<u>0</u>	<u>0</u>

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

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****17. BORROWINGS - INTEREST-BEARING (continued)**

	2021	2020
	R'000	R'000
Represented as follows:		
<u>Development Bank of Southern Africa - Student housing</u>		
Total - Development Bank of Southern Africa loan	111,862	0
Less: Current portion	0	0
Non-current liabilities	<u>111,862</u>	<u>0</u>

Facility amount as per agreement is R235 000 000 with a term of twenty (20) years.

An ABSA Fixed Deposit of R28 654 000 serves as a debt service reserve required balance for the loan.

This loan bears interest at a base rate plus margin, the base rate being variable 1-month Jibar and margin 232 basis points.

Calculated fixed interest rate for the duration of the loan is 7,85%.

A grace period for capital payment of twenty four (24) months after first disbursement applies, with two hundred and sixteen (216) monthly instalments commencing after the grace period.

No grace period for interest payments. Two hundred and forty (240) monthly instalments commencing on the interest payment date following the first disbursement.

First disbursement was received on 29 September 2021.

Monthly repayment instalments of R1 973 085 will be made after the 24 months capital grace period.

Last payment to be made during September 2041.

Borrowings are carried at amortised cost using the effective rate method.

The fair value approximates the carrying amount.

	2021	2020
	R'000	R'000
Maturity of borrowings (capital and interest):		
Less than 1 year	12,687	6,290
Between 1 and 2 years	20,468	0
Between 3 and 5 years	71,031	0
Over 5 years	343,317	0
	<u>447,503</u>	<u>6,290</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS

	2021	2020
	R'000	R'000
ASSETS		
Net assets recognised in the statement of financial position		
North-West University Pension Fund (note 18.1)	429,459	351,263
Total employee benefit assets	429,459	351,263
LIABILITIES		
Accrued leave	371,030	475,912
Post-employment medical benefits (note 18.3)	147,666	148,282
Total employee benefit liabilities	518,696	624,194
Less: Current liability - accrued leave	-243,238	-142,920
Total non-current liability	275,458	481,274

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 had 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.

A fixed-contribution option with a defined-benefit guarantee applied to all new members joining from 1 January 1995.

This option closed in December 2003. Both of these options are now phased out with no members for 2020 and 2021.

A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2021: 99,87% or 3 889 members and 2020: 99,84% or 3 861 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 2020, 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 2021, 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) was prepared for 2020 and 2021.

	2021	2020
	R'000	R'000
Current estimated employee benefit obligation:		
Fair value of plan assets at year-end	-429,459	-351,263
Recognised in other comprehensive income:		
Actual return on assets	-77,745	-1,215
Adjustments made to finalise statutory valuation of the Pension Fund as at 31 December	-451	2,954
Refund from Momentum pension purchases	0	-1,011
Total actuarial loss	-78,196	728
Recognised in the statement of financial position:		
Opening net asset	-351,263	-351,991
Remeasurements recognised in other comprehensive income	-78,196	728
Asset at year-end	-429,459	-351,263

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

	2021	2020
	R'000	R'000
Movement in the plan assets:		
Fair value of plan assets at 1 January	351,263	351,991
Actuarial gain/(loss)	78,196	-728
Fair value of plan assets at 31 December	<u>429,459</u>	<u>351,263</u>
	2021	2020
	%	%
Plan assets comprise:		
Local equity securities	48,4	40,7
Global equity securities	23,8	24,0
Local fixed interest	0,0	11,7
Global fixed interest	0,0	1,2
Local bonds	15,0	0,0
Global bonds	1,2	0,0
Local cash	0,8	6,8
Global cash	0,1	0,0
Local property	5,9	5,6
Global property	1,4	0,0
Local commodities (other)	3,4	7,2
Global commodities (other)	0,0	2,8
	<u>100,0</u>	<u>100,0</u>

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 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 University 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 for 2020 with the results as disclosed.

As disabled pensioners were outsourced in 2020, the Fund did not have any defined obligations remaining as at 31 December 2021. Disclosure for 2021 is limited to only a build-up of the net asset value (or surplus) at year end. The surplus was reduced due to a contribution holiday taken on member disability premiums.

	2021	2020
	R'000	R'000
Current estimated employee benefit obligation:		
Present value of obligation	0	0
Fair value of plan assets	-1,261	-7,728
Impact of asset ceiling	1,261	7,728
Asset at year-end	<u>0</u>	<u>0</u>
Recognised in profit or loss:		
Current service costs	397	843
Net interest	-175	-1,725
Reinsurance premiums	6,245	9,732
Total included in personnel remuneration	<u>6,467</u>	<u>8,850</u>

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)

	2021 R'000	2020 R'000
Recognised in other comprehensive income:		
Actuarial gain due to experience	0	-170
Actuarial loss due to financial assumption changes	0	3,995
Actuarial gain due to outsourcing of pensioners (note 1)	0	-1,952
Actual return on assets	0	3,307
Expected return	0	2,497
Impact of asset ceiling limitation	-6,467	-16,527
	<u>-6,467</u>	<u>-8,850</u>
Recognised in the statement of financial position:		
Opening net asset	0	0
Expense	6,467	8,850
Remeasurement recognised in other comprehensive income	-6,467	-8,850
Asset at year-end	<u>0</u>	<u>0</u>
Movement in the liabilities:		
Liability for defined-benefit obligations at 1 January	0	17,918
Interest cost	0	771
Service cost	0	843
Benefits paid (net of reinsurance recoveries)	0	-3,205
Actuarial loss on obligation	0	3,825
Settlement (note 2)	0	-20,152
Liability for defined-benefit obligations at 31 December	<u>0</u>	<u>0</u>
Movement in the plan assets:		
Fair value of plan assets at 1 January	7,728	42,173
Expected return on plan assets	175	2,496
Contribution (net of reinsurance premiums)	-6,245	-9,732
Benefits paid (net of reinsurance recoveries)	0	-3,205
Actuarial loss on assets	0	-5,804
Cost of outsourcing (note 1)	-397	-18,200
Fair value of plan assets at 31 December	<u>1,261</u>	<u>7,728</u>
Plan assets comprise:		
	<u>%</u>	<u>%</u>
Local cash	<u>100,0</u>	<u>100,0</u>

Principal actuarial assumptions at the reporting date*:

	30 September 2020
Inflation rate	3,62
Discount rate	7,27
Expected return on investment**	7,62
Benefit increases	3,62
Increases in payments from reinsurers	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)

Mortality rates

2020

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. It 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 valuation are as follows:

	2021 R'000	2020 R'000
Current estimated employee benefit obligation:		
Present value of obligation	147,666	148,282
Recognised in profit or loss:		
Current service costs	1,026	1,213
Net interest	13,175	14,190
Total included in personnel remuneration	14,201	15,403
Recognised in the statement of comprehensive income:		
Actuarial gain recognised in other comprehensive income (OCI)	-2,786	-14,970
Recognised in the statement of financial position:		
Pensioners	121,246	120,423
Active employees	26,420	27,859
Present value of unfunded liability	147,666	148,282
Movement in the liabilities:		
Liability at 1 January	148,282	159,934
Interest cost	13,175	14,190
Service cost	1,026	1,213
Contribution	-12,031	-12,085
Actuarial gain	-2,786	-14,970
Liability at 31 December	147,666	148,282

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)

	2021	2020
Principal actuarial assumptions at the reporting date:	%	%
Inflation rate	6,18	4,89
Discount rate	10,05	9,26
Expected future salary increases	6,18	5,39
Expected future medical cost increases	7,68	6,89
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)
2021			
Salary/Health-care cost inflation	+1%	-7,1%	+0,9%
	-1%	+8,3%	-1,2%
Mortality	+1%	-3,3%	-3,4%
	-1%	+3,4%	+3,4%
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%

Expected contributions to post-employment benefit plans for the year ending 31 December 2022 are R12 248 000.

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), (2021: 0,13% or 5 staff members and 2020: 0.16% or 6 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 2021 is R678 500 (2020: R792 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 2021: 66 staff members and 2020: 74 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 2021 is R1 532 000 (2020: R1 637 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

19. DEFERRED GRANT INCOME

	2021 R'000	2020 R'000
Deferred income mainly comprises state infrastructure grants. These grants are capital by nature.		
Capital projects	325,199	556,574
Balance at beginning of year	556,574	346,573
Subsidy received during the year	0	281,408
Interest capitalised during the year	14,014	19,558
	570,588	647,539
Recognised during the year	-245,389	-90,965
Balance at end of year	325,199	556,574
<u>Presented as follows:</u>		
Non-current liability: Long-term portion	169,074	406,737
Current liability: Short-term portion	156,125	149,837
	325,199	556,574

20. TRADE AND OTHER PAYABLES

Trade creditors	313,164	352,383
Student fees - credit accounts	192,579	159,988
Financial liabilities	505,743	512,371
VAT	-12	3,655
	505,731	516,026

The fair value approximates the carrying amount.

21. INCOME RECEIVED IN ADVANCE

Student-related fees and deposits (including tuition fees)	2,896	81,432
Deferred earmarked grants (operational by nature - granted annually)	121,691	162,049
Other (research and projects)	718	51
	125,305	243,532

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.

Contract assets

Opening balance	44,709	14,033
Consideration received during the period	17,448	58,810
Performance obligations completed	-28,767	-28,134
Total contract assets - Closing balance	33,390	44,709

Contract liabilities

Opening balance	51,412	54,936
Performance obligations met during the period	-169,283	-47,216
Performance obligations not satisfied	198,127	43,692
Total contract liabilities - Closing balance	80,256	51,412

Net contract liabilities

	46,866	6,703
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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 R80 256 000 (2020: R51 412 000) relate to research contracts and revenue will be recognised as the performance obligations are met during future accounting periods.

23. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	2021	2020
	R'000	R'000
<u>Unrestricted or designated</u>		
Operating purposes	2,189,357	2,084,065
Earmarked grants	103,193	128,505
Total: State appropriations - subsidies and grants	<u>2,292,550</u>	<u>2,212,570</u>

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:

	2021	2021	2021
	R'000	R'000	R'000
	Tuition and	Income from	Sales of goods
	other fees	contracts	& services
<u>Timing of revenue</u>			and other income *
Revenue recognised at a point in time	0	0	291,294
Revenue recognised over time	1,856,975	169,119	258,673
Total revenue from external customers	<u>1,856,975</u>	<u>169,119</u>	<u>549,967</u>
	2020	2020	2020
	R'000	R'000	R'000
	Tuition and	Income from	Sales of goods
	other fees	contracts	& services
<u>Timing of revenue</u>			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	<u>1,764,442</u>	<u>240,914</u>	<u>523,277</u>

	2021	2020
	R'000	R'000
* Included in this category is the following other income:		
Bad debt recovered	17,979	14,985
Insurance claims	2,012	1,263
Miscellaneous income	6,061	1,729
Rental income - various sources (continuous)	4,649	6,172
Recovered costs, discounts and rebates received	4,355	2,955
Staff-related income (housing, parking, development, etc.)	10,463	10,628

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2021 TOTAL	2020 TOTAL
	R'000	R'000	R'000	R'000	R'000
	25. PERSONNEL REMUNERATION				
Remuneration and fringe benefits	2,497,939	69,235	49,004	2,616,178	2,543,638
Arbitration awards	59	0	0	59	1,288
Accrued leave	-104,883	0	0	-104,883	-53,342
NWU Disability Reserve Fund	6,162	179	126	6,467	8,850
AI Pension Fund	647	19	13	679	792
NWU Provident Fund	1,460	42	30	1,532	1,637
Post-employment medical benefits	14,201	0	0	14,201	15,403
	<u>2,415,585</u>	<u>69,475</u>	<u>49,173</u>	<u>2,534,233</u>	<u>2,518,266</u>

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

Name	Office held	Basic salary	Employment benefits	Other payments / allowances	Total costs to NWU 2021	Total costs to NWU 2020
		R'000	R'000	R'000	R'000	R'000
Prof ND Kgwadi	Vice-Chancellor	3,839	366	239	4,444	3,920
Prof LA du Plessis	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Vaal Triangle)	2,176	264	825	3,265	3,173
Prof MM Verhoef	Registrar	2,404	263	27	2,694	2,734
Prof RJ Balfour	Deputy Vice-Chancellor: Teaching and Learning	2,153	231	293	2,677	2,796
Ms E de Beer	Executive Director: Finances and Facilities	2,397	253	26	2,676	2,740
Prof DMD Balia	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Potchefstroom)	1,928	200	445	2,573	2,433
Dr V Singh	Executive Director: People and Culture	2,030	194	242	2,466	2,348
Prof MJ Mphahlele *	Deputy Vice-Chancellor: Research and Innovation	2,183	214	48	2,445	0
Prof BMP Setlalentoa *	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	2,100	217	13	2,330	0
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1,879	182	228	2,289	2,394
Prof S Swanepoel *	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	1,140	270	707	2,117	0
Dr S Chalufu	Executive Director: Student Life	1,771	168	130	2,069	1,840
Prof F Waanders * ^	Deputy Vice-Chancellor: Research and Innovation	1,500	19	133	1,652	3,662
Prof ME Phaswana-Mafuya ^	Deputy Vice-Chancellor: Research and Innovation	0	0	0	0	3,432
Total		27,499	2,841	3,356	33,696	33,913

* Management member not in service for full year - 2021. Remuneration annualised.

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

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

Refer to note 34 - Related-party transactions.

Number of senior staff members 2021: 11 (2020: 11).

Other information regarding personnel remuneration	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2021 TOTAL	2020 TOTAL
	R'000	R'000	R'000	R'000	R'000
	Accrued leave - increase (note 18)	-104,883	0	0	-104,883
Retirement benefit costs	266,300	7,715	5,460	279,475	267,264
Members' contributions	95,323	2,762	1,954	100,039	96,031
Council contributions	170,977	4,953	3,506	179,436	171,233
Senior management remuneration	33,757	0	0	33,757	33,728
For managerial services	33,757	0	0	33,757	33,728

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2021 R'000	2020 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	341	164
Chairs of committees: Honorarium, travel and accommodation expenses	9	764	359
Members of Council: Honorarium, travel and accommodation expenses	30	225	285
Total		1,330	808

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	2021 TOTAL R'000	2020 TOTAL R'000
26. OTHER CURRENT OPERATING EXPENSES BY NATURE					
Allowance for credit losses: Accounts receivable (note 14)	15,742	18	10,625	26,385	89,878
Inventory written off (note 13)	89	0	267	356	608
Foodstuffs (Residence and Catering Services)	-1	0	267	266	356
Publications and study materials	0	0	0	0	363
Other consumables	90	0	0	90	-111
Auditor's remuneration	4,110	232	8	4,350	3,916
Audit fees	2,793	232	8	3,033	2,792
Other costs	1,317	0	0	1,317	1,124
Services outsourced	86,557	167	30,612	117,336	102,987
Rent: Buildings	4,912	1,704	15,674	22,290	9,945
Rent: Equipment	14,985	217	171	15,373	14,483
Maintenance	78,471	5,424	34,885	118,780	145,216
Bursaries*	16,680	30,279	0	46,959	55,171
Goods and services - other	683,572	88,645	118,319	890,535	838,164
	<u>905,118</u>	<u>126,686</u>	<u>210,561</u>	<u>1,242,364</u>	<u>1,260,368</u>
* Bursaries					
Bursaries paid from NWU funds - set off against tuition fees	205,369	0	0	205,369	170,296
Bursaries paid from external and other funds	16,680	30,279	0	46,959	55,171
Total bursaries paid	<u>222,049</u>	<u>30,279</u>	<u>0</u>	<u>252,328</u>	<u>225,467</u>
27. INVESTMENT INCOME					
27.1 Operating income (short-term investment income)	304,380	12,014	0	316,394	303,312
Interest	295,851	12,014	0	307,865	292,648
Rental received (investment properties - note 7)	8,529	0	0	8,529	10,664
Long-term investment income	17,928	0	0	17,928	13,238
Interest	8,008	0	0	8,008	7,573
Dividends (listed investments)	9,920	0	0	9,920	5,665
	<u>322,308</u>	<u>12,014</u>	<u>0</u>	<u>334,322</u>	<u>316,550</u>
27.2 Realised (loss)/profit on disposal of investments	12,300	0	0	12,300	-10,821
Financial instruments at fair value through profit or loss	12,300	0	0	12,300	-10,821
	<u>12,300</u>	<u>0</u>	<u>0</u>	<u>12,300</u>	<u>-10,821</u>
28. FINANCE CHARGES					
Long-term loans (note 17)	325	0	0	325	813
Bank account	0	0	0	0	0
Exchange differences	-218	44	0	-174	4
Other	703	-94	24	633	1,814
Interest paid for lease liabilities	0	0	1,953	1,953	4,756
	<u>810</u>	<u>-50</u>	<u>1,977</u>	<u>2,737</u>	<u>7,387</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. CASH FLOWS FROM OPERATING ACTIVITIES

	2021 R'000	2020 R'000
Surplus for the year	1,422,591	1,151,856
Adjusted for:		
Fair value profit on financial assets at fair value through profit or loss	-126,386	-56,800
Loss allowance: Trade and other receivables (note 14)	26,385	89,878
Other impairments	200	300
Depreciation (note 6a and 7)	170,956	191,981
Amortisation charges (note 8)	195	14
Impairment losses: Assets (note 6)	13,191	0
Loss/(profit) on disposal/write-off of assets - property, plant and equipment	-1,334	1,504
Decrease in leave provision (note 18)	-104,883	-53,343
Increase in retirement benefit obligations (note 18)	8,636	12,169
Increase in deferred income tax assets (note 32)	15	-58
Investment income (note 27)	-346,622	-305,729
Finance charges (note 28)	2,737	7,387
Loss/(profit) from equity-accounted investees (note 10)	1,099	267
Operating surplus before changes in working capital	1,066,781	1,039,425
Changes in working capital	-98,047	51,007
(Increase)/decrease in inventories	-8,682	6,353
Increase in trade and other receivables, excluding allowance for credit losses	-1,005	-146,643
Decrease in straight line lease accrual	0	3,049
Decrease in income tax receivable	-2	12
(Decrease)/increase in trade and other payables	-10,294	70,572
Increase/(decrease) in contract liabilities	40,163	-34,200
Decrease in income tax payable	0	-61
(Decrease)/increase in income received in advance	-118,227	151,925
Cash flows from operating activities	<u>968,734</u>	<u>1,090,432</u>

30. 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:

Buildings	<u>845,390</u>	<u>741,694</u>
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This expenditure will be financed with internal and external funds (note 6).

31. CAPITAL EXPENDITURE EXPENSED

Capital expenditure expensed consists of library books	<u>2,229</u>	<u>3,058</u>
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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.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. INCOME TAX AND DEFERRED TAX ASSET (continued)

Tax is calculated at 28% (2020: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	2021	2020
	R'000	R'000
Income tax expense		
Current tax	0	0
Deferred tax	15	-58
Total income tax expense	<u>15</u>	<u>-58</u>
Tax reconciliation		
Surplus before tax	1,422,606	1,151,798
Unrecognised (surplus)/loss	-1,083	8,812
Exempt income	-1,421,510	-1,160,840
Non-deductible expenses (SARS interest and penalties)	42	23
Taxable income	<u>55</u>	<u>-207</u>
Total unrecognised tax losses of R1 881 000 are carried forward for 2021 (2020: R3 916 000).		
Deferred tax asset (accrual for leave pay)		
Opening balance	207	149
Movement	-15	58
Closing balance	<u>192</u>	<u>207</u>
Income tax payable		
Opening balance	0	61
Movement	0	-61
Closing balance	<u>0</u> *	<u>0</u> *
Income tax receivable		
Opening balance	14	26
Movement	2	-12
Closing balance	<u>16</u>	<u>14</u>

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

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 ongoing Corona virus pandemic, with its rapidly changing impact on circumstances and the creation of uncertainties, is a definite challenge and will likely have a 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 restrictions resulted in pattern changes regarding 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). Additional expenditure, e.g. health and safety expenditure, was incurred to comply with compulsory COVID-19 protocols. Purchases of data for students also increased.

According to economists, the current invasion of the Ukraine by Russia may affect general markets by impacting on product prices and may cause investment values to fluctuate. The risk strategy of the University is that its investments are of a long term nature, and will therefore minimise the aforementioned risk exposure. Management is confident that any possible decrease in investment value will recover over time. Management is also of the opinion that the University will find innovative ways to contain the impact of rising product costs of affected items.

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 perceive that 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 2021 academic year successfully with the support of the DHET and the Minister of Higher Education, Science and Innovation.

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