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Integrated Report
2022

DISCOVER THE NWU

CONSOLIDATED FINANCIAL STATEMENTS

NWU®

CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31 December 2022

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

22 JUNE 2023

AUTHORISED FOR ISSUE
30 JUNE 2023

NWU®

Established: 1 January 2004 (by merger)

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NORTH-WEST UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

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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 2022 as set out on pages 9 to 60 have been approved and authorised by the Council on 22 June 2023 and are signed on behalf of the Council by:

CHAIRPERSON OF COUNCIL

EXECUTIVE DIRECTOR:
FINANCE AND FACILITIES

VICE-CHANCELLOR

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 60, which comprise the consolidated statement of financial position as at 31 December 2022, the 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 2022, 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 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.

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 2022:

Goals	Pages in the annual performance report
Goal 1: Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions	147 – 148
Goal 2: Strengthen research and innovation with a strategic focus on impactful globalisation	148

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 the 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 147 to 149 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.

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

Procurement and contract management

Some of the members of staff did not notify the University of a conflict or possible conflict of interest before the University procured goods or services from such member of staff or an organisation within which such employee held an interest, in contravention of section 34(4)(b) of the Higher Education Act.

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the "*NWU Integrated Annual Report - 2022*". The other information does not include the consolidated financial statements, the auditor's report and those selected goals presented in the annual performance report that have been specifically reported in this auditor's report.

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

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

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

Internal control deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.

The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

Not all employees logged their declarations of interest, despite University processes in place. There was no monitoring control implemented to enable the University to evaluate the completeness and accuracy of the declarations submitted by employees.

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.

Agreed-upon procedures engagements that were concluded or that are still in progress are listed below:

Engagement	Period end	Party performing the engagement	Purpose of the engagement	Report date
Foundation Provision Grant	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	24/05/2023
Veterinary Science project	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	24/05/2023
Department of Higher Education and Training Excel	31/12/2022	PwC	Agreeing of financial data to the consolidated financial statements.	In progress
New Generations of Academics Grant	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	25/05/2023
Department of Arts and Culture Language Grant	31/12/2022	PwC	Agreeing the grant received and student data to supporting documentation.	10/03/2023
University Capacity Development Programme Grant	31/12/2022	PwC	Agreeing of expenditure to supporting documentation.	16/05/2023

Brics Grant	28/02/2023	PwC	Agreeing of expenditure to supporting documentation.	30/03/2023
Department of Higher Education and Training - Infrastructure Grant	31/12/2022	PwC	Agreeing of expenditure to supporting documentation.	10/03/2023
Student Representative Council (SRC) Election	29/08/2022	PwC	Agreeing SRC results to the voting data.	07/09/2022
Veterinary Enrolments	31/12/2022	PwC	Agreeing enrolments, graduate and employee information to the Hemis data.	31/05/2023
Nurturing Emerging Scholars Programme grant	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	25/05/2023
University Staff Doctoral Programme	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	25/05/2023
Publications and Submission of Articles	31/12/2022	PwC	Agreeing of research outputs of published articles to supporting documentation and personnel records.	22/05/2023
Water Research Hydrogen	31/03/2023	PwC	Agreeing of expenditure to supporting documentation.	31/05/2023
Clinical Training Grant	31/03/2022	PwC	Agreeing of expenditure to supporting documentation.	24/05/2023
National Research Fund Projects	31/12/2022	PwC	Agreeing of expenditure to supporting documentation.	14/03/2023
Clinical Health Enrolments	31/12/2022	PwC	Agreeing enrolments to Hemis data.	In progress
Higher Education Management Information System (HEMIS)	31/01/2022	PwC	Perform agreed-upon procedures on the employees and students' data of the NWU.	In progress

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: F Bootha
Registered Auditor
Mafikeng, South Africa
30 June 2023

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

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 2022

	NOTES	2022 R'000	2021 R'000
ASSETS		10,122,930	8,997,441
NON-CURRENT ASSETS		8,951,754	6,659,479
PROPERTY, PLANT AND EQUIPMENT (PPE)	6a, 6b	2,147,430	1,809,052
INVESTMENT PROPERTIES	7	16,543	17,029
INTANGIBLE ASSETS	8	6,320	4,509
INVESTMENTS	9	6,343,809	4,399,238
EQUITY-ACCOUNTED INVESTEES	10	0	0
DEFERRED TAX ASSET	31	133	192
EMPLOYEE BENEFITS	17	437,519	429,459
CURRENT ASSETS		1,171,176	2,337,962
INVENTORIES	12	36,839	32,566
TRADE AND OTHER RECEIVABLES	13	257,828	259,016
INCOME TAX RECEIVABLE	31	0 *	16
CURRENT PORTION OF INVESTMENTS	9	705,895	1,904,918
CASH AND CASH EQUIVALENTS	14	170,614	141,446
EQUITY AND LIABILITIES		10,122,931	8,997,441
EQUITY	15	8,601,351	7,363,782
NON-DISTRIBUTABLE RESERVES		1,979,594	1,879,996
FIXED ASSET RESERVE FUND (PPE)		1,850,399	1,697,190
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		129,195	182,806
RESERVE FUNDS		6,620,930	5,482,957
RESTRICTED USE FUNDS		535,850	526,822
STUDENT LOAN FUNDS		0	563
STUDENT AND STAFF ACCOMMODATION FUNDS		262,616	246,681
DONATIONS AND SIMILAR FUNDS		59,552	72,286
RESEARCH AND OTHER (CONTRACTS) FUNDS		213,682	207,292
NWU PENSION FUND AND DISABILITY FUND		437,519	429,459
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		38,708	41,525
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		36,648	32,496
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		5,572,205	4,452,655
NON-CONTROLLING INTERESTS		827	829
NON-CURRENT LIABILITIES		406,575	556,394
BORROWINGS - INTEREST-BEARING	16	210,743	111,862
EMPLOYEE BENEFITS	17	141,658	275,458
DEFERRED STATE GRANT	18	17,344	169,074
LEASE LIABILITIES	6b	36,830	0
CURRENT LIABILITIES		1,115,004	1,077,265
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	16	3,273	0
CURRENT PORTION OF EMPLOYEE BENEFITS	17	259,172	243,238
CURRENT PORTION OF DEFERRED STATE GRANT	18	226,936	156,125
CURRENT PORTION OF LEASE LIABILITIES	6b	51,632	0
TRADE AND OTHER PAYABLES	19	463,354	505,731
INCOME RECEIVED IN ADVANCE	20	99,818	125,305
NET CONTRACT LIABILITIES	21	10,814	46,866
INCOME TAX PAYABLE	31	5	0 *

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

The notes on pages 14 to 60 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

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

	NOTES	EDUCATIONAL & GENERAL: COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	EDUCATIONAL & GENERAL: SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	EDUCATIONAL & GENERAL: SUB-TOTAL R'000	STUDENT AND STAFF ACCOMMO-DATION: RESTRICTED R'000	2022 TOTAL R'000	2021 TOTAL R'000
RECURRING ITEMS		1,183,662	34,531	1,218,193	54,067	1,272,260	1,282,216
INCOME		5,076,290	255,316	5,331,606	412,379	5,743,985	5,234,931
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	22	2,471,598	0	2,471,598	0	2,471,598	2,292,550
TUITION AND OTHER FEES	23	1,910,488	0	1,910,488	0	1,910,488	1,856,975
INCOME FROM CONTRACTS	23	7,513	185,115	192,628	0	192,628	169,119
FOR RESEARCH		5,182	184,864	190,046	0	190,046	166,344
FOR OTHER ACTIVITIES		2,331	251	2,582	0	2,582	2,775
SALES OF GOODS & SERVICES AND OTHER INCOME	23	242,335	36,621	278,956	412,379	691,335	549,967
PRIVATE GIFTS AND GRANTS		15,033	22,699	37,732	0	37,732	31,998
SUB-TOTAL		4,646,967	244,435	4,891,402	412,379	5,303,781	4,900,609
INVESTMENT INCOME	26.1	429,323	10,881	440,204	0	440,204	334,322
EXPENDITURE		3,892,628	220,785	4,113,413	358,312	4,471,725	3,952,715
PERSONNEL REMUNERATION	24	2,596,132	69,129	2,665,261	51,806	2,717,067	2,534,233
ACADEMIC PROFESSIONAL		1,468,319	27,042	1,495,361	0	1,495,361	1,384,740
OTHER PERSONNEL		1,124,884	42,087	1,166,971	51,806	1,218,777	1,140,856
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		2,929	0	2,929	0	2,929	8,637
OTHER CURRENT OPERATING EXPENSES	25	1,114,848	140,468	1,255,316	236,408	1,491,724	1,215,980
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	13	31,936	11,129	43,065	1,792	44,857	26,385
CAPITAL EXPENDITURE EXPENSED	30	3,846	0	3,846	0	3,846	2,229
DEPRECIATION	6a, 6b, 7	159,292	231	159,523	45,448	204,971	170,956
AMORTISATION	8	483	0	483	0	483	195
SUB-TOTAL		3,906,537	220,957	4,127,494	335,454	4,462,948	3,949,978
FINANCE CHARGES	27	(13,909)	(172)	(14,081)	22,858	8,777	2,737
NON-RECURRING ITEMS		(51,748)	1	(51,747)	117	(51,630)	140,390
INCOME		2,148	1	2,149	117	2,266	140,390
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	1	1	117	118	1,334
PROFIT ON INVESTMENTS	26.2	2,148	0	2,148	0	2,148	12,300
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES	10	0	0	0	0	0	370
NET FAIR VALUE GAIN ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	0	0	0	0	0	126,386
EXPENDITURE		53,896	0	53,896	0	53,896	0
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		285	0	285	0	285	0
NET FAIR VALUE LOSS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	53,611	0	53,611	0	53,611	0
NET SURPLUS BEFORE INCOME TAX		1,131,914	34,532	1,166,446	54,184	1,220,630	1,422,606
INCOME TAX EXPENSE	31	58	0	58	0	58	15
SURPLUS FOR THE YEAR		1,131,856	34,532	1,166,388	54,184	1,220,572	1,422,591

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (continued)

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

		EDUCATIONAL & GENERAL					
	NOTES	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2022 TOTAL R'000	2021 TOTAL R'000
SURPLUS FOR THE YEAR		1,131,856	34,532	1,166,388	54,184	1,220,572	1,422,591
OTHER COMPREHENSIVE INCOME (OCI)		16,997	0	16,997	0	16,997	87,449
Items that will not be reclassified to surplus or deficit		16,997	0	16,997	0	16,997	87,449
Remeasurements of employee benefit obligations							
PENSION FUND - SURPLUS	17.1	8,060	0	8,060	0	8,060	78,196
DISABILITY RESERVE FUND - (DEFICIT)/SURPLUS	17.2	(14)	0	(14)	0	(14)	6,467
HEALTH CARE (MEDICAL) - SURPLUS	17.3	8,951	0	8,951	0	8,951	2,786
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,148,853	34,532	1,183,385	54,184	1,237,569	1,510,040
Surplus for the year attributable to:							
- North-West University		1,131,858	34,532	1,166,390	54,184	1,220,574	1,422,591
- Non-controlling interests		(2)	0	(2)	0	(2)	0
		1,131,856	34,532	1,166,388	54,184	1,220,572	1,422,591
Total comprehensive income for the year attributable to:							
- North-West University		1,148,855	34,532	1,183,387	54,184	1,237,571	1,510,040
- Non-controlling shareholders		(2)	0	(2)	0	(2)	0
		1,148,853	34,532	1,183,385	54,184	1,237,569	1,510,040

The notes on pages 14 to 60 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2022

DESCRIPTION	UNRESTRICTED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	DESIGNATED RESERVE FUNDS: EDUCATIONAL AND GENERAL R'000	SUB-TOTAL A R'000	RESTRICTED RESERVE FUNDS: DONATIONS AND SIMILAR FUNDS R'000	RESTRICTED RESERVE FUNDS: RESEARCH AND OTHER (CONTRACTS) R'000	SUB-TOTAL B R'000	RESTRICTED RESERVE FUNDS: STUDENT LOANS R'000	RESTRICTED RESERVE FUNDS: STUDENT AND STAFF ACCOM-MODATION R'000	FIXED ASSET RESERVE FUND (PPE) R'000	HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT R'000	UNREALISED FAIR VALUE ADJUSTMENT RESERVE R'000	NWU PENSION FUND AND DISABILITY FUND R'000	SUB-TOTAL C R'000	TOTAL R'000	NON-CONTROLLING INTEREST R'000	TOTAL EQUITY R'000
BALANCE AT 31 DECEMBER 2020 (note 15)	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	246,299	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	0	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 15)	32,496	4,452,655	4,485,151	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	7,363,782
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	1,194,404	1,194,404	(7,269)	41,801	34,532	0	54,184	0	0	(53,611)	8,060	8,633	1,237,569	0	1,237,569
SURPLUS/(DEFICIT) FOR THE YEAR	0	1,185,453	1,185,453	(7,269)	41,801	34,532	0	54,184	0	0	(53,611)	14	587	1,220,572	0	1,220,572
OTHER COMPREHENSIVE INCOME	0	8,951	8,951	0	0	0	0	0	0	0	0	8,046	8,046	16,997	0	16,997
TRANSFERS	4,152	(74,854)	(70,702)	(5,465)	(35,411)	(40,876)	(563)	(38,249)	153,209	(2,817)	0	0	111,580	2	(2)	(0)
BALANCE AT 31 DECEMBER 2022 (note 15)	36,648	5,572,205	5,608,853	59,552	213,682	273,234	0	262,616	1,850,399	38,708	129,195	437,519	2,718,437	8,600,524	827	8,601,351

The notes on pages 14 to 60 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

	NOTE	2022 R'000	2021 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	28	830,948	968,734
INVESTMENT INCOME LESS COST OF FINANCE		431,427	331,585
INTEREST RECEIVED	26	427,789	324,402
DIVIDENDS RECEIVED	26	12,415	9,920
INTEREST PAID	27	(8,777)	(2,737)
NET CASH GENERATED FROM OPERATING ACTIVITIES		1,262,375	1,300,320
CASH FLOWS UTILISED BY INVESTING ACTIVITIES		(1,294,945)	(1,522,768)
DISPOSAL OF OTHER INVESTMENTS		0	1
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	6a	(416,034)	(353,362)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		1,882	6,758
RECEIVED DEFERRED STATE GRANT		29,754	14,014
UTILISED DEFERRED STATE GRANT	18	(110,673)	(245,389)
INCREASE IN INTANGABLE ASSETS (internally generated)	8	(2,294)	(3,246)
PROCEEDS ON INVESTMENTS		2,148	12,300
WITHDRAWALS FROM INVESTMENTS		5,676,600	2,950,000
PURCHASES OF INVESTMENTS		(6,476,328)	(3,903,844)
CASH FLOWS FROM FINANCING ACTIVITIES		61,738	78,582
PROCEEDS FROM INTEREST-BEARING BORROWINGS	16	102,154	111,862
PAYMENTS OF INTEREST-BEARING BORROWINGS	16	0	(5,965)
PRINCIPAL ELEMENTS OF LEASE PAYMENTS	6b	(40,416)	(27,315)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		29,168	(143,867)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		141,446	285,314
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	14	170,614	141,446

The notes on pages 14 to 60 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 22 June 2023.

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 2022 and adopted by the University

There were no changes to the financial reporting requirements this year that effected the disclosures in the NWU financial statements.

(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 and apply where applicable from the effective date.

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

2.2 Basis of consolidation

All the different components, including the institutes, bureaux, companies and educational units of the University, as well as the results, assets and liabilities of the 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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.

(b) Associates (equity-accounted investees)

Associates are all entities over which the University has significant influence but over which it 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(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 30.

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.

Computer software is 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.

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 derecognition

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 29).

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 a defined-contribution plan. 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.

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-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 had a fixed-contribution plan with a defined-benefit guarantee for all new enrolments since 1 January 1995 but this option was ring-fenced on 31 December 2003. A new 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.

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 to 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 other comprehensive income (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.

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)

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.

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 24.

2.13.5 Bonus plans

The University recognises a liability and an expense for bonuses. The University recognises an accrual where contractually obliged to do so 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. Tuition fees do not contain a significant finance component and full payment is required by end of July of each year. Delivery of these services falls within the financial period of the University.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

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 over time 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

2.16 Provisions (continued)

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.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT

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

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

Council delegated the responsibility of the process of risk management to the Audit, Risk and Compliance Committee. This Committee reports key risks to Council twice a year, or more often if the need arises.

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

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

Previously identified and newly identified 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

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 195 000 higher/lower as at 31 December 2022 (2021: R6 567 000) (refer to note 9.1). Owing to the unpredictability of equity market returns, a general indicative percentage of 1% is used to highlight the changes in market value of equity investments.

(ii) Cash flow and fair value interest rate risk

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

Interest rate risk and therefore cash flow risk arises mainly from cash and cash equivalents.

At 31 December 2022 an investment performance measurement was done by the University, which indicated an actual yield on the University's cash and cash equivalent portfolio of 6,89% (2021: 6,15%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R19 117 000 higher/lower (2021: R20 998 000).

(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.

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

(iv) Credit risk (continued)

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 13 for detailed disclosure.)

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

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

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

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

Liquidity risk

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

	2022	2021
Listed investments – shares and bonds	95%	94%
Cash and cash equivalents	5%	6%
Total	100%	100%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

The table below analyses the University's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	R'000	R'000	R'000	R'000
	Less than	**Between**	**Between**	**Over**
Liabilities at amortised cost	**1 year**	**1 and 2 years**	**3 and 5 years**	**5 years**
2022				
Borrowings	23,617	32,466	89,640	259,725
Lease liabilities	51,632	43,782	0	0
Trade and other payables	462,467	0	0	0
2021				
Borrowings	12,687	20,468	71,031	343,317
Lease liabilities	0	0	0	0
Trade and other payables	505,743	0	0	0

	2022	2021
Liquidity ratio	**R'000**	**R'000**
Current assets*		
Inventories	36,839	32,566
Trade and other receivables	257,828	259,016
Income tax receivable	0	16
Cash and cash equivalents	170,614	141,446
	465,281	433,044
Current liabilities		
Trade and other payables	462,466	505,743
Contract liabilities	10,814	46,866
Income tax payable	893	(12)
Current portion of interest-bearing borrowings	3,273	0
Current portion of post-employment benefits	259,172	243,238
Current portion of deferred grant income	226,936	156,125
Current portion of lease liabilities	51,632	0
Income received in advance	99,818	125,305
	1,115,004	1,077,265
Net liquidity of operations	(649,723)	(644,221)
Ratio	0.42	0.40

* 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)

	2022 R'000	2021 R'000
Assets		
Investments (current and non-current)	7,049,704	6,304,156
Cash and cash equivalents	170,614	141,446
Total	7,220,318	6,445,602
Liabilities		
Non-current liabilities (excluding deferred income)	389,231	387,320
Current liabilities (excluding deferred income)	888,069	921,140
Capital commitments (infrastructure) (note 29)	1,054,585	845,390
Total	2,331,885	2,153,850
Net position	4,888,433	4,291,752

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 transaction 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 16 with regard to borrowings.

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2022.

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	619,473		619,473
Bonds, credit linked notes and unit trusts	3,403,068		3,403,068
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1,694	1,694
Total assets	4,022,541	1,694	4,024,235

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 2021.

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	656,707		656,707
Bonds, credit linked notes and unit trusts	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	2,051,719	1,179	2,052,898

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 estimates 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 dependants. 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 17.

(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 totalled 3 975 at the end of 2022 (2021: 3983).

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 31/12/2020	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)
Additions during the year	0	171,173	14,915	12,657	18,329	67,834	86,900	20,226	0	20,847	3,154	128,878	544,912
Depreciation for the year	0	(17,895)	(2,360)	(11,579)	(13,383)	(35,677)	(46,985)	(13,842)	(1,323)	(13,497)	(2,220)	(45,726)	(204,485)
Impairment loss	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of reclassifications during the year	0	260	0	(472)	0	0	212	0	0	0	0	0	0
Accumulated depreciation of reclassifications	0	(152)	0	194	0	0	(42)	0	0	0	0	0	0
Cost of disposals/scrappings during the year	0	0	(2,331)	(20,339)	(18,284)	(53,620)	(65,088)	(6,661)	0	(13,858)	(2,432)	0	(182,612)
Accumulated depreciation of disposals	0	0	1,150	20,231	18,265	53,593	64,382	6,658	0	13,851	2,432	0	180,563
Carrying amount at 31/12/2022	30,713	1,447,724	49,318	65,492	55,607	219,903	119,658	39,075	6,037	26,740	4,004	83,152	2,147,430
Cost	30,713	1,679,084	73,484	149,386	101,908	419,490	221,038	76,114	11,701	44,110	6,967	228,122	3,042,120
Accumulated depreciation	0	(231,361)	(24,166)	(83,894)	(46,301)	(199,587)	(101,380)	(37,039)	(5,664)	(17,370)	(2,963)	(144,970)	(894,690)

Buildings and equipment with a cost price of R151 248 000 (2021: R289 961 000), 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 29 regarding capital commitments.

* Included are buildings still under construction at year end to an amount of R1 054 585 000 for 2022 (2021: R437 379 000) as well as borrowing costs capitalised to an amount of R13 039 000 (2021: R1 616 000) - refer to note 16.

** Refer to note 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:

	2022 R'000	2021 R'000
Right-of-use assets		
Buildings	83,152	0
Lease liabilities		
Non-current (discounted amount)	36,830	0
Current portion of lease liabilities	51,632	0
	88,462	0

(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)	45,726	23,686
Interest expense (included in finance cost)	7,763	1,953
Expense relating to short-term leases (included in operating cost)	1,572	17,187

The total cash outflow for leases in 2022 was R55 061 000 (2021: R42 826 000).

(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 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.

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 borrowed funds from the Development Bank of Southern Africa during September 2021 at a rate of 7,85%. This rate 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; and
* any lease payments made at or before the commencement date.

Right-of-use assets are depreciated over the shorter of the lease term or underlying assets useful life on a straight-line basis, and in the case of the NWU the lease term is shortest.

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 of less.

(iv) Contractual maturities of lease liabilities
The amounts disclosed are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

As at 31 December	2022 R'000	2021 R'000
Less than 1 year	51,632	0
Between 1 and 2 years (discounted amount R36 830 000)	43,782	0
Total contractual cash flows	95,414	0

7. INVESTMENT PROPERTIES

	2022	2021
Carrying amount at beginning of year	17,029	17,515
Cost	24,327	24,327
Accumulated depreciation	(7,298)	(6,812)
Depreciation	(486)	(487)
Carrying amount at end of year	16,543	17,029
Cost	24,327	24,327
Accumulated depreciation	(7,784)	(7,298)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. INVESTMENT PROPERTIES (continued)

	2022 R'000	2021 R'000
Income	9,813	8,529
Rental income (short-term investment income - note 26)	9,776	8,529
Other	37	0
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	4,985	6,236
Bad debt written off	1,113	303
Personnel remuneration	770	480
Maintenance - buildings	705	985
Municipal fees and property tax	(85)	2,285
Operating costs	284	98
Services outsourced	1,712	1,598
Depreciation	486	487
Net surplus from investment properties	4,828	2,293

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.

Valuation processes
Valuation of investment property is done every 5 years.
The previous valuation in 2017 was done by Acom Valuers. The same valuers did the valuation for the year ending 2022. Valuer has appropriate qualifications and experience in the valuation field to professionally value the investment property.

Assumptions used for the valuation of Cachet Park include an occupancy rate of 95% (2017: 95%) and a rental margin of 68,6% (2017: 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 in the amount of R80 000 000 (2017: R82 000 000), using a discount rate per annum of 9,50% (2017: 9,50%).

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

	Discount rate		
R'000	**8,50%**	**9,50%**	**10,50%**
Rental (5% decrease)	84,941	76,000	68,762
Rental (per valuators' report)	89,412	80,000	72,381
Rental (5% increase)	93,882	84,000	76,000

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.

	2022 R'000	2021 R'000
Minimum lease payments receivable on leases of investment properties are as follows:		
Within 1 year	8,778	6,613
Between 1 and 2 years	7,767	5,974
Between 2 and 3 years	7,127	5,868
Between 3 and 4 years	3,918	5,497
Between 4 and 5 years	696	2,227
	28,286	26,179

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INTANGIBLE ASSETS

	Computer software R'000	Goodwill * R'000	Total R'000
Opening carrying value - 01/01/2021	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)
Additions (externally with consolidation)	2,294	0	2,294
Amortisation charges	(483)	0	(483)
Closing carrying value - 31/12/2022	5,370	950	6,320
Cost	6,062	950	7,012
Accumulated amortisation	(692)	0	(692)

* Goodwill from business combination

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.

Investments at FVPL	2022 R'000	2021 R'000
Unlisted investments		
Unlisted shares that do not qualify as an investment in equity-accounted investees	1,694	1,179
Listed investments		
Shares in public companies	619,473	656,707
Bonds and credit linked notes	2,570,667	1,395,012
Unit trusts	832,401	0
	4,024,235	2,052,898

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.

	2022 R'000	2021 R'000
Cash portfolio (Committee for Investments)	(4,628)	5,183
Negotiable Certificates of Deposits (NCD's) (Money Market portfolio)	2,995,156	4,199,535
Other	34,941	46,540
	3,025,469	4,251,258
Presented as follows:		
Non-current assets	6,343,809	4,399,238
Current assets	705,895	1,904,918
Total investments	7,049,704	6,304,156

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)

Financial assets at fair value through profit of loss (FVPL)	**2022 R'000**	**2021 R'000**
Balance at beginning of year	2,052,898	1,023,637
Additions - shares in public entities	16,892	58,078
Additions - bonds and credit linked notes	1,175,655	844,797
Additions - unit trusts	832,401	0
Net profit transferred to surplus or deficit	(53,611)	126,386
Balance at end of year	4,024,235	2,052,898

There were no impairment provisions made on financial assets at fair value through profit or loss (FVPL) in 2021 and 2022.

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.

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.

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		
Listed investments	(54,126)	126,748
Unlisted investments	515	(362)
	(53,611)	126,386

Other information
Realised income on investments is included in investment income (note 26).
The register with full particulars of the above-mentioned investments is available for inspection at the registered address of the University.
Refer to notes 3 and 11 for additional disclosure on financial instruments.

PURCO SA is the purchasing consortium of the Higher Educational sector in South Africa. North-West University is a member of the consortium. The 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.

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

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 statements

PUK Kanselierstrust (100% interest)
The principal business of the trust is to promote higher education at the University.

	2022	2021
Carrying amount of trust funds	1,527	1,501
Attributable profit	26	24

WTX Invorderaars Proprietary Limited (100% interest)
The company is dormant and not actively trading.

	2022	2021
Carrying amount of shares	0 *	0 *
Attributable profit/(loss) after tax	0	0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

Details as reflected in the annual financial statements (continued)	2022 R'000	2021 R'000
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	16,208	13,922
Attributable profit/(loss): Non-distributable	0	0
Notable related-party transaction: Amount held in NWU Money Market investments		
Investment is unsecured and payable/due on request from Trust	5,698	5,698
OpenCollab Proprietary Limited (94,90% interest)		
The principal business of the company is to provide software development, maintenance, support and consulting services.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(38)	(2)
Notable related-party transactions:		
Operating expenses paid to related party	9,955	10,329
Amount held in NWU Money Market investments on behalf of related party		
Investment bears interest at 6,89% (2021: 6,15%) and is available on call.	6,784	8,862
Innovation Highway Proprietary Limited (100% interest)		
The principal business is acting as holding company as well as an incubator for early venturing in a commercial environment, from which fully-fledged spin-out companies will be formed.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(11)	(212)
Innovation Highway Enterprises Proprietary Limited (100% interest)		
The principal business of the company is technology transfer, innovation and business commercialisation and any other related activities.		
Carrying amount of shares	0	0
Attributable loss after tax	0	(95)
This company was dissolved with a final deregistration date of 3 January 2022 at the Companies and Intellectual Property Commission (CIPC).		
Hydrogen Core Technologies Proprietary Limited (100% interest)		
The principal business of the company is the commercialisation of HySA technologies (under DST funding).		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	(14)	(13)
Medehive Proprietary Limited (previously Hyfra Proprietary Limited) (100% interest)		
The principal business of the company is the commercialisation of HySA technologies (outside DST funding).		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	(4)	17

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

Details as reflected in the annual financial statements (continued)	2022 R'000	2021 R'000
North West Fibre Proprietary Limited (100% interest)		
The principal business of the company is the development of fibre technology.		
Carrying amount of shares	0 *	0 *
Attributable profit/(loss) after tax	0	0
NWU Open Learning Operations Proprietary Limited (100% interest)		
The principal business of the company is to act as a point of reporting and support to all Namibian students who are enrolled at the NWU through distance learning.		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	(925)	1,502
Total assets and liabilities of consolidated subsidiaries		
Assets	34,099	25,972
Liabilities	(24)	(555)

*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.

10. EQUITY-ACCOUNTED INVESTEES

	2022	2021
Balance at beginning of year	0	1,100
Disposal of holding in investees	0	(1)
Movement for the year	0	(1,099)
Share of profit/(loss)	0	370
Loan to Finclude Technologies Proprietary Limited	0	(1,469)
Balance at end of year	0	0

The University sold share holdings in equity-accounted investees during 2021 and has no interests at the end of 2022.

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.

11a. FINANCIAL INSTRUMENTS BY CATEGORY

31 December 2022	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
Assets			
Investments (note 9)	3,025,469	4,024,235	7,049,704
Trade and other receivables (note 13) (excluding prepayments and VAT)	233,333	0	233,333
Cash and cash equivalents (note 14)	170,614	0	170,614
Total	3,429,416	4,024,235	7,453,651

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11a. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

31 December 2022 (continued) **Liabilities**	**Amortised cost R'000**	**Total R'000**
Borrowings (note 16)	214,016	214,016
Trade and other payables (note 19)	462,467	462,467
Total	676,483	676,483

31 December 2021 **Assets**	**Amortised cost R'000**	**Fair value through profit or loss R'000**	**Total R'000**
Investments (note 8)	4,251,258	2,052,898	6,304,156
Trade and other receivables (note 13) (excluding prepayments and VAT)	245,550	0	245,550
Cash and cash equivalents (note 14)	141,446	0	141,446
Total	4,638,254	2,052,898	6,691,152

Liabilities	**Amortised cost R'000**	**Total R'000**
Borrowings (note 16)	111,862	111,862
Trade and other payables (note 19)	505,743	505,743
Total	617,605	617,605

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; and
* Trade and other receivables;
* Contract assets relating to research contracts.

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

Financial assets at amortised cost

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

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

Trade receivables and contract assets

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

Refer to note 2.11 for accounting policy and method of grouping of assets.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

Trade receivables and contract assets (continued)

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

STUDENT DEBTORS	Potch campus	Vaal campus	Mafikeng campus
31 December 2022			
Groups as classified for payment collection purposes:			
NSFAS funded students	17	45	102
PD based on a BB- government rating	0.92%	0.92%	0.92%
Other government funded students	0 *	0 *	0 *
PD based on a BB- government rating	0.92%	0.92%	0.92%
Cash paying students	10,296	3,358	14,563
Historical 3 year average of actual bad debt + Unemployment %	32.90%	32.90%	32.90%
Other bursaries	139	198	27
Historical 3 year average of actual bad debt + Unemployment %	32.90%	32.90%	32.90%
Open distance learning students - Self paying	1,287	0	0
Historical 3 year average of actual bad debt + Unemployment %	32.90%	32.90%	32.90%
Open distance learning students - Other government funded	71	0	0
PD based on a BB- government rating	0.92%	0.92%	0.92%
Open distance learning students	0	0	0
Bursary projects (2013 - 2015) - written off in 2022	100.00%	100.00%	100.00%
Loss allowance per campus	11,811	3,601	14,692
TOTAL LOSS ALLOWANCE			30,104

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

	Potch campus	Vaal campus	Mafikeng campus
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	29,130	8,378	25,686
TOTAL LOSS ALLOWANCE			63,194

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 2022	**Rating**	**PD (90+ days)**	**Total R'000**
Classified groups:			
Government	BB-	0.0092	126
Similar to government and universities	BB-	0.0092	131
Municipalities	BB-	0.0092	1
Corporates with balances above R1 million (3 customers)	individually calculated PD		88
Corporates with balances under R1 million		0.3082	17
Individuals and other	Full amount 90 days and longer outstanding		3,883
Loss allowance			4,246

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			6,265

The expected credit loss on contract assets at year end amounts to R56 000 (2021: R49 000) and is considered non-material.

Exposure per category:	**2022**	**2021**
Investments (note 9)	**R'000**	**R'000**
FVPL - listed shares	619,473	656,707
FVPL - unlisted shares	1,694	1,179
FVPL - bonds, credit linked notes and unit trusts	3,403,068	1,395,012
Amortised cost - money market instruments*	3,025,469	4,251,258
Trade and other receivables (note 13)	257,828	259,016
Cash and cash equivalents	170,614	141,446
Total	7,478,146	6,704,618

* An amount of R3 823 497 000 (2021: R4 199 535 000) is invested in "AA" Bank NCDs and Treasury Bills with guaranteed buy-back. Same day settlement.

12. INVENTORIES

	2022	2021
Net realisable value (see note 25)		
Foodstuffs (Residence and Catering Services)	1,497	1,417
Other consumables	32,863	28,736
Veterinary health	2,479	2,413
	36,839	32,566
At cost		
Foodstuffs (Residence and Catering Services)	1,754	1,683
Other consumables	33,021	28,827
Veterinary health	2,479	2,413
	37,254	32,923

Obsolete inventory in the amount of R415 000 (2021: R357 000) was written off (see note 25).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER RECEIVABLES	2022 R'000	2021 R'000
Balance at beginning of year	328,475	383,048
Plus: Net movement	43,669	1,005
	372,144	384,053
Less: Bad debts written off	(79,966)	(55,578)
Balance at end of year	292,178	328,475
Less: Loss allowance	(34,350)	(69,459)
Balance at beginning of year	(69,459)	(98,652)
Debtors written off during current year	79,966	55,578
Allowance for credit losses created in current year	(44,857)	(26,385)
Balance at end of year	257,828	259,016
Details of trade and other receivables		
Students		
Tuition and residence fees	205,842	265,446
Less: Loss allowance	(30,104)	(63,194)
Sub-total: Students	175,738	202,252
Sub-total: Advances and prepayments	24,495	7,405
Other debtors	61,841	55,624
Projects: Services rendered	42,488	40,793
VAT	0	6,061
Other	19,353	8,770
Less: Loss allowance	(4,246)	(6,265)
Sub-total: Other debtors	57,595	49,359
Total trade and other receivables	257,828	259,016

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).

	2022 R'000	2021 R'000
Movement in the loss allowance for student debtors:		
Balance at beginning of year	63,194	91,870
Student debtors written off during current year as uncollectable	(59,181)	(50,886)
Increase in expected loss allowance during the year	26,091	22,210
Balance at end of year	30,104	63,194
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2022)	30,104	63,194
Student debtors past due but not impaired (enrolled again in 2023)	175,738	202,252
Total balance at end of year	205,842	265,446

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. TRADE AND OTHER RECEIVABLES (continued)

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).

	2022 R'000	2021 R'000
Movement in the loss allowance for sundry debtors:		
Balance at beginning of year	6,265	6,782
Other debtors written off during current year as uncollectable	(20,785)	(4,692)
Increase in expected loss allowance during the year	18,766	4,175
Balance at end of year	4,246	6,265
The fair values of trade and other receivables are as follows:		
Student debtors	175,738	202,252
Other debtors	57,595	43,298
Financial assets	233,333	245,550
Advances and prepayments	24,495	7,405
VAT	0	6,061
Total	257,828	259,016

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.

14. CASH AND CASH EQUIVALENTS

	2022 R'000	2021 R'000
Short-term bank deposits	126,240	77,306
Bank balances	43,374	63,150
Petty cash advances	1,000	990
	170,614	141,446

The weighted average effective interest rate on short-term bank deposits was 6,89% (2021: 6,15%).
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 R341 767 000 (2021: R446 889 000) are included in the total funds of the University consisting of cash and cash equivalents and investments. These funds are restricted and may only be used for specific grant requirements.

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

Guarantees of R30 000 are currently held by ABSA Bank (2021: R1 324 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. 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.

16. BORROWINGS - INTEREST-BEARING

Carrying amounts	2022 R'000	2021 R'000
Development Bank of Southern Africa - Student housing		
Total - Development Bank of Southern Africa loan	214,016	111,862
Less: Current portion	3,273	0
Non-current liabilities	210,743	111,862

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.

Capitalised borrowing costs

This loan bears interest at a base rate plus margin, the base rate being variable 1-month Jibar and margin 232 basis points.
Interest is calculated on the facility outstanding from time to time on the basis of the actual number of days elapsed and a 365 day year, nominally compounded.

Capital repayment commences 24 months after the first disbursement, with 216 monthly instalments.

240 monthly interest instalments starting on the interest payment date following the first disbursement.

The first disbursement (based on first claim for expenditure expensed) 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.

Maturity of borrowings (capital and interest):

	2022 R'000	2021 R'000
Less than 1 year	23,617	12,687
Between 1 and 2 years	32,466	20,468
Between 3 and 5 years	89,640	71,031
Over 5 years	259,725	343,317
	405,448	447,503

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. EMPLOYEE BENEFITS

	2022	2021
ASSETS	**R'000**	**R'000**
Net assets recognised in the statement of financial position		
North-West University Pension Fund (note 17.1)	437,519	429,459
Total employee benefit assets	437,519	429,459
LIABILITIES		
Accrued leave	259,172	371,030
Post-employment medical benefits (note 17.3)	141,658	147,666
Total employee benefit liabilities	400,830	518,696
Less: Current liability - accrued leave	(259,172)	(243,238)
Total non-current liability	141,658	275,458

17.1 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 as at the end of 2020. A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2022: 99,87% or 3 882 members and 2021: 99,87% or 3 889 members). A statutory actuarial valuation of the North-West University Pension Fund is undertaken every three years. On 31 December 2022, the effective date of the most recent statutory actuarial valuation, the retirement benefit fund was found to have a surplus of R437 744 000.

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 and 2022, 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) is being prepared since 2020.

	2022	2021
Current estimated employee benefit obligation:	**R'000**	**R'000**
Fair value of plan assets at year-end	(437,519)	(429,459)
Recognised in other comprehensive income:		
Actual return on assets	(8,060)	(77,745)
Adjustments made to finalise statutory valuation of the Pension Fund as at 31 December	0	(451)
Total actuarial gain	(8,060)	(78,196)
Recognised in the statement of financial position:		
Opening net asset	(429,459)	(351,263)
Remeasurements recognised in other comprehensive income	(8,060)	(78,196)
Asset at year-end	(437,519)	(429,459)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. EMPLOYEE BENEFITS (continued)

17.1 North-West University Pension Fund (continued)

	2022 R'000	2021 R'000
Movement in the plan assets:		
Fair value of plan assets at 1 January	429,459	351,263
Actuarial gain/(loss)	8,060	78,196
Fair value of plan assets at 31 December	437,519	429,459

Plan assets comprise:	2022 %	2021 %
Local equity securities	46,3	48,4
Global equity securities	23,3	23,8
Local bonds	15,7	15,0
Global bonds	2,7	1,2
Local cash	3,5	0,8
Global cash	-0,6	0,1
Local property	5,5	5,9
Global property	1,8	1,4
Local commodities (other)	1,8	3,4
	100,0	100,0

17.2 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. On 31 Decmber 2022, the effective date of the recent statutory actuarial valuation, the disability reserve fund was found to have a surplus of R1 275 000.

Disabled pensioners were outsourced in 2020 and the Fund did not have any defined obligations remaining as at 31 December 2021. Disclosure 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.

Current estimated employee benefit obligation:	2022 R'000	2021 R'000
Fair value of plan assets	(1,275)	(1,261)
Impact of asset ceiling	1,275	1,261
Asset at year-end	0	0
Recognised in profit or loss:		
Current service costs	69	397
Net interest	(83)	(175)
Reinsurance premiums	0	6,245
Total included in personnel remuneration	(14)	6,467
Recognised in other comprehensive income:		
Impact of asset ceiling limitation	14	(6,467)
	14	(6,467)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. EMPLOYEE BENEFITS (continued)

17.2 North-West University Disability Reserve Fund (continued)

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

	2022 R'000	2021 R'000
Recognised in the statement of financial position:		
Opening net asset	0	0
Expense	(14)	6,467
Remeasurement recognised in other comprehensive income	14	(6,467)
Asset at year-end	0	0
Movement in the plan assets:		
Fair value of plan assets at 1 January	1,261	7,728
Expected return on plan assets	83	175
Contribution (net of reinsurance premiums)	0	(6,245)
Cost of outsourcing	(69)	(397)
Fair value of plan assets at 31 December	1,275	1,261
Plan assets comprise:	%	%
Local cash	100,0	100,0

17.3 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:

Current estimated employee benefit obligation:	2022 R'000	2021 R'000
Present value of obligation	141,658	147,666
Recognised in profit or loss:		
Current service costs	966	1,026
Net interest	14,225	13,175
Total included in personnel remuneration	15,191	14,201
Recognised in the statement of comprehensive income:		
Actuarial gain recognised in other comprehensive income (OCI)	(8,951)	(2,786)
Recognised in the statement of financial position:		
Pensioners	117,362	121,246
Active employees	24,296	26,420
Present value of unfunded liability	141,658	147,666
Movement in the liabilities:		
Liability at 1 January	147,666	148,282
Interest cost	14,225	13,175
Service cost	966	1,026
Contribution	(12,248)	(12,031)
Actuarial gain	(8,951)	(2,786)
Liability at 31 December	141,658	147,666

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. EMPLOYEE BENEFITS (continued)

17.3 Post-employment medical benefits (continued)

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

Principal actuarial assumptions at the reporting date:	2022 %	2021 %
Inflation rate	6,44	6,18
Discount rate	11,07	10,05
Expected future salary increases	6,44	6,18
Expected future medical cost increases	8,44	7,68
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)
2022			
Salary/Health-care cost inflation	+1%	-6,7%	+0,8%
	-1%	+7,6%	-1,0%
Mortality	+1%	-3,3%	- 3,3%
	-1%	+3,3%	+3,3%
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%

Expected contributions to post-employment benefit plans for the year ending 31 December 2023 are R12 641 000.

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.

17.4 Associated Institutions Pension Fund

Some of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle campuses), (2022: 0,13% or 5 staff members and 2021: 0,13% or 5 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 24 – Personnel remuneration) for 2022 is R726 900 (2021: R678 500).

17.5 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 2022: 60 staff members and 2021: 66 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 24 – Personnel remuneration) for 2022 is R1 520 000 (2021: R1 532 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2022	2021
18. DEFERRED STATE GRANT	**R'000**	**R'000**
Deferred income mainly comprises state infrastructure grants.		
These grants are capital by nature.		
Capital projects	244,280	325,199
Balance at beginning of year	325,199	556,574
Subsidy received during the year	16,290	0
Interest capitalised during the year	13,464	14,014
	354,953	570,588
Recognised during the year	(110,673)	(245,389)
Balance at end of year	244,280	325,199
Presented as follows:		
Non-current liability: Long-term portion	17,344	169,074
Current liability: Short-term portion	226,936	156,125
	244,280	325,199

19. TRADE AND OTHER PAYABLES

Trade creditors	328,367	313,164
Student fees - credit accounts	134,099	192,579
Financial liabilities	462,466	505,743
VAT	888	(12)
	463,354	505,731

The fair value approximates the carrying amount.

20. INCOME RECEIVED IN ADVANCE

Student-related fees and deposits (including tuition fees)	2,864	2,896
Deferred earmarked grants (operational by nature - granted annually)	96,954	121,691
Other (research and projects)	0	718
	99,818	125,305

The fair value approximates the carrying amount.

21. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS

All contract assets and contract liabilities relate to research contracts.

Contract assets		
Opening balance	33,390	44,709
Consideration received during the period	15,883	17,448
Performance obligations completed	(4,145)	(28,767)
Total contract assets - Closing balance	45,128	33,390
Contract liabilities		
Opening balance	80,256	51,412
Performance obligations met during the period	(86,030)	(169,283)
Performance obligations not satisfied	61,716	198,127
Total contract liabilities - Closing balance	55,942	80,256
Net contract liabilities	10,814	46,866

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Performance obligations not satisfied

Unsatisfied performance obligations amounting to R55 942 000 (2021: R80 256 000) relate to research contracts and revenue will be recognised as the performance obligations are met during future accounting periods.

22. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS

	2022 R'000	2021 R'000
Unrestricted or designated		
Operating purposes	2,399,147	2,189,357
Earmarked grants	72,451	103,193
Total: State appropriations - subsidies and grants	2,471,598	2,292,550

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

23. REVENUE

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

Timing of revenue	2022 R'000 Tuition and other fees	2022 R'000 Income from contracts	2022 R'000 Sales of goods & services and other income *
Revenue recognised at a point in time	0	0	345,947
Revenue recognised over time	1,910,488	192,628	345,388
Total revenue from external customers	1,910,488	192,628	691,335
Total revenue from contracts with customers			2,794,451

Timing of revenue	2021 R'000 Tuition and other fees	2021 R'000 Income from contracts	2021 R'000 Sales of goods & services 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	1,856,975	169,119	549,967
Total revenue from contracts with customers			2,576,060

* Included in this category is the following other income:	2022 R'000	2021 R'000
Bad debt recovered	17,343	17,979
Insurance claims	11,376	2,012
Miscellaneous income	10,212	6,061
Rental income - various sources (continuous)	4,181	4,649
Recovered costs, discounts and rebates received	1,352	4,355
Staff-related income (housing, parking, development, etc.)	11,477	10,463

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. PERSONNEL REMUNERATION	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2022 TOTAL R'000	2021 TOTAL R'000
Remuneration and fringe benefits	446,050	69,070	51,762	566,883	2,616,178
Arbitration awards	68	0	0	68	59
Accrued leave	(111,858)	0	0	(111,858)	(104,883)
NWU Disability Reserve Fund	(14)	0	0	(13)	6,467
AI Pension Fund	726,904	19	14	726,937	679
NWU Provident Fund	1,519,791	39	29	1,519,859	1,532
Post-employment medical benefits	15,191	0	0	15,191	14,201
	2,596,132	69,129	51,806	2,717,067	2,534,233

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

Name	Office held	Basic salary R'000	Employment benefits R'000	Other payments / allowances R'000	Total costs to NWU 2022 R'000	Total costs to NWU 2021 R'000
Prof ND Kgwadi #	Vice-Chancellor	5,180	409	40	5,629	4,444
Prof MB Tyobeka #	Vice-Chancellor	3,326	338	91	3,755	0
Prof LA du Plessis	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Vaal Triangle)	2,328	283	1,053	3,664	3,265
Prof MM Verhoef	Registrar	2,567	282	15	2,864	2,694
Prof RJ Balfour	Deputy Vice-Chancellor: Teaching and Learning	2,301	246	308	2,855	2,677
Ms E de Beer	Executive Director: Finances and Facilities	2,565	275	3	2,843	2,676
Prof S Swanepoel *	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	2,014	327	482	2,823	2,117
Prof MJ Mphahlele *	Deputy Vice-Chancellor: Research and Innovation	2,366	224	166	2,756	2,445
Prof DMD Balia	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Potchefstroom)	2,242	213	252	2,707	2,573
Dr V Singh	Executive Director: People and Culture	2,166	206	233	2,605	2,466
Prof BMP Setlalentoa *	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	0	0	0	0	2,330
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	2,037	193	197	2,427	2,289
Dr S Chalufu	Executive Director: Student Life	1,890	180	149	2,219	2,069
Prof F Waanders *	Deputy Vice-Chancellor: Research and Innovation	0	0	0	0	1,652
Total		30,982	3,176	2,989	37,147	33,696

Management member not in service for full year - 2022. Remuneration annualised.
***** Management member not in service for full year - 2021. Remuneration annualised.
These include annual remuneration, levies, bonuses and in the case of the Vice-Chancellor, housing benefits.
Refer to note 33 - Related-party transactions.
Number of senior staff members 2022: 11 (2021: 11).

Other information regarding personnel remuneration	COUNCIL-CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO-DATION: RESTRICTED R'000	2022 TOTAL R'000	2021 TOTAL R'000
Accrued leave - decrease (note 17)	(111,858)	0	0	(111,858)	(104,883)
Retirement benefit costs	312,439	8,378	6,278	327,095	279,475
Members' contributions	111,544	2,991	2,241	116,776	100,039
Council contributions	200,895	5,387	4,037	210,319	179,436
Senior management remuneration	35,953	0	0	35,953	33,757
For managerial services	35,953	0	0	35,953	33,757

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2022 R'000	2021 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	401	341
Chairs of committees: Honorarium, travel and accommodation expenses	8	866	764
Members of Council: Honorarium, travel and accommodation expenses	42	852	225
Total		2,119	1,330

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	2022 TOTAL R'000	2021 TOTAL R'000
25. OTHER CURRENT OPERATING EXPENSES BY NATURE					
Inventory written off (note 12)	144	0	271	415	356
Foodstuffs (Residence and Catering Services)	(14)	0	271	257	266
Other consumables	158	0	0	158	90
Auditor's remuneration	3,802	320	0	4,122	4,350
Audit fees	2,342	320	0	2,662	3,033
Other costs	1,460	0	0	1,460	1,317
Bursaries*	13,270	28,996	0	42,266	46,959
Electronic databases and project services	72,907	56	0	72,963	61,137
Licences	96,149	615	617	97,382	66,722
Maintenance	147,801	4,711	48,329	200,841	118,780
Professional fees	118,780	29,717	34	148,531	143,987
Rent: Buildings	2,996	464	(109)	3,351	22,290
Rent: Equipment	18,818	687	302	19,807	15,373
Services outsourced	91,847	191	44,161	136,199	117,336
Travel (local and international)	108,347	33,016	60	141,424	36,367
Utilities	112,308	240	78,339	190,887	158,798
Goods and services - other	327,678	41,455	64,403	433,536	423,525
	1,114,848	140,468	236,408	1,491,724	1,215,980
*** Bursaries**					
Bursaries paid from NWU funds - set off against tuition fees	205,618	0	0	205,618	205,369
Bursaries paid from external and other funds	13,270	28,996	0	42,266	46,959
Total bursaries paid	218,888	28,996	0	247,884	252,328
26. INVESTMENT INCOME					
26.1 Operating income (short-term investment income)	407,922	10,881	0	418,803	316,394
Interest	398,146	10,881	0	409,027	307,865
Rental received (investment properties - note 7)	9,776	0	0	9,776	8,529
Long-term investment income	21,401	0	0	21,401	17,928
Interest	8,986	0	0	8,986	8,008
Dividends (listed investments)	12,415	0	0	12,415	9,920
	429,323	10,881	0	440,204	334,322
26.2 Realised (loss)/profit on disposal of investments	2,148	0	0	2,148	12,300
Financial instruments at fair value through profit or loss	2,148	0	0	2,148	12,300
	2,148	0	0	2,148	12,300
27. FINANCE CHARGES					
Long-term loans (note 16)	(14,655)	0	15,117	462	325
Bank account	3	1	0	4	0
Exchange differences	10	(88)	0	(78)	(174)
Other	728	(107)	5	626	633
Interest paid for lease liabilities	5	22	7,736	7,763	1,953
	(13,909)	(172)	22,858	8,777	2,737

NORTH-WEST UNIVERSITY

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

	2022	2021
	R'000	R'000
28. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	1,220,572	1,422,591
Adjusted for:		
Fair value profit on financial assets at fair value through profit or loss	53,611	(126,386)
Loss allowance: Trade and other receivables (note 13)	44,857	26,385
Other impairments	569	200
Depreciation (note 6a and 7)	204,971	170,956
Amortisation charges (note 8)	483	195
Impairment losses: Assets (note 6)	0	13,191
Loss/(profit) on disposal/write-off of assets - property, plant and equipment	167	(1,334)
Decrease in leave provision (note 17)	(111,857)	(104,883)
Increase in retirement benefit obligations (note 17)	2,929	8,636
Decrease in deferred income tax assets (note 31)	59	15
Investment income (note 26)	(442,352)	(346,622)
Finance charges (note 27)	8,777	2,737
Proceeds from equity-accounted investees (note 10)	0	1,099
Operating surplus before changes in working capital	982,786	1,066,781
Changes in working capital	(151,838)	(98,047)
Increase in inventories	(4,273)	(8,682)
Increase in trade and other receivables, excluding allowance for credit losses	(43,669)	(1,005)
Decrease/(increase) in income tax receivable	15	(2)
Decrease in trade and other payables	(42,377)	(10,294)
(Decrease)/increase in contract liabilities	(36,052)	40,163
Increase/(decrease) in income tax payable	5	0
Decrease in income received in advance	(25,487)	(118,227)
Cash flows from operating activities	830,948	968,734

29. CAPITAL COMMITMENTS

	2022	2021
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	1,054,585	845,390

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

30. CAPITAL EXPENDITURE EXPENSED

	2022	2021
Capital expenditure expensed consists of library books	3,846	2,229

31. 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)

31. INCOME TAX AND DEFERRED TAX ASSET (continued)

Tax is calculated at 28% (2021: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	2022 R'000		2021 R'000	
Income tax expense				
Current tax	0	*	0	
Deferred tax	58		15	
Total income tax expense	58		15	
Tax reconciliation				
Surplus before tax	1,220,630		1,422,606	
Unrecognised loss/(surplus)	954		(1,083)	
Exempt income	(1,221,598)		(1,421,510)	
Non-deductible expenses (SARS interest and penalties)	3		42	
Prior year tax	219		0	
Taxable income	208		55	

Total unrecognised tax losses of R4 300 000 are carried forward for 2022 (2021: R1 881 000).

	2022 R'000		2021 R'000	
Deferred tax asset (accrual for leave pay)				
Opening balance	192		207	
Movement	(58)		(15)	
Closing balance	134		192	
Income tax payable				
Opening balance	0	*	0	*
Movement	5		0	
Closing balance	5		0	*
Income tax receivable				
Opening balance	16		14	
Movement	(16)		2	
Closing balance	0	*	16	

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

32. 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.

33. 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 22).

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

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

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 University has appointed a COVID-19 task team during 2020 following the rapid changing circumstances and financial uncertainties as a result of the Corona virus pandemic. The task team is making use of a Financial Impact Model (FIM) to do financial planning and closely monitor the possibly still ongoing impact of COVID-19. This flexible model is based on different scenarios, assumptions and factors and these are constantly updated with new information and indicators. 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.

Operations are slowly settling again and adapting to a new norm brought about by COVID-19. Patterns have definitely changed and the University adapted successfully.

The risk strategy of the University is that its investments are of a long-term nature and therefore the University has adequate available reserve funds at its disposal to help sustain financially stability while facing possible challenges.

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 2022 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.