

GREATNESS WITHOUT **BOUNDARIES**

Consolidated Financial Statements
31 December 2023



**CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended
31 December 2023**

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

13 JUNE 2024

**AUTHORISED FOR ISSUE
28 JUNE 2024**



Established: 1 January 2004 (by merger)

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NORTH-WEST UNIVERSITY**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****CONTENTS**

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NORTH-WEST UNIVERSITY**COUNCIL'S STATEMENT OF RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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

The consolidated financial statements comply with International Financial Reporting Standards (IFRS), including full and responsible disclosure in accordance with the University's accounting policies and in the manner required by the Minister of Higher Education, Science and Innovation in terms of Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997 (as amended)). The consolidated financial statements are prepared on the going concern basis and all indications are that the University will continue in existence for the foreseeable future. The accounting policies have been applied consistently and are supported by reasonable and prudent judgements and estimates.

The consolidated financial statements for the year ended 31 December 2023 as set out on pages 12 to 60 have been approved and authorised by the Council on 13 June 2024 and are signed on behalf of the Council by:

**CHAIRPERSON OF COUNCIL****VICE-CHANCELLOR****EXECUTIVE DIRECTOR: FINANCE AND FACILITIES**

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

Report on the audit of the consolidated financial statements

Opinion

1. We have audited the consolidated financial statements of the North-West University and its subsidiaries (the group) set out on pages 12 to 60 which comprise the consolidated statement of financial position as at 31 December 2023, consolidated statement of comprehensive income, 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.
2. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the North-West University and its subsidiaries (the group) as of 31 December 2023 and their financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Higher Education Act of South Africa, Act no 101 of 1997.

Basis for opinion

3. 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.
4. We are independent of the group in accordance with the *Code of professional conduct for auditors* of the Independent Regulatory Board for Auditors (IRBA) 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)*.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

6. We draw attention to the matter below. Our opinion is not modified in respect of this matter.

Material Impairments – Trade and other receivables

7. As disclosed in note 12 to the financial statements, a material impairment to the amount of R81 681 000 (2022: R34 350 000) was incurred.

Responsibilities of Council for the consolidated financial statements

8. The council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Higher Education Act of South Africa, Act no. 101 of 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.
9. 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 accounting authority either intends to liquidate the group or to cease operations or has no realistic alternative but to do so.

Responsibilities of the auditor for the audit of the consolidated financial statements

10. 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.
11. 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

12. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for selected objectives presented in the annual performance report. The council is responsible for the preparation of the annual performance report.
13. We selected the following objectives presented in the annual performance report for the year ended 31 December 2023 for auditing. We selected objectives that measures the University's performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.	141	Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions
Intensify research and innovation.	142	Strengthen research and innovation with a strategic focus on impactful globalisation

Objective	Page numbers	Purpose
Develop a clearly differentiated student value proposition.	142	Develop a clearly differentiated student value proposition with a focus on creating an inclusive environment aimed at developing students holistically through structured and unstructured co-curricular programmes which are relevant, desirable and meet students' needs
Develop and retain excellent staff and create an equitable staff and student profile	143	Attract, develop and retain excellent staff and create an equitable staff profile

14. We evaluated the reported performance information for the selected objectives against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the University's planning and delivery on its mandate and objectives.

15. We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the University's mandate and the achievement of its planned objectives
- the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

16. We performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion.

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

Other matter

18. We draw attention to the matter below.

Achievement of planned targets

19. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- and underachievement. This information should be considered in the context of the material findings on the reported performance information.

Report on compliance with legislation

20. In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The council is responsible for the University's compliance with legislation.
21. We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.
22. Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the University, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
23. We did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

24. The council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.
25. Our opinion on the financial statements and our findings on the reported performance information and the report on 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.
26. 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 objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.
27. If based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Internal control deficiencies

28. We considered internal control relevant to our audit of the consolidated financial statements, annual performance report and compliance with applicable legislation; however, our objective was not to express any form of assurance on it.
29. We did not identify any significant deficiencies in internal control.

Other reports

30. We draw attention to the following engagements conducted by various parties. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

Audit-related services

31. We issued the following agreed-upon procedures engagement reports on the funding received by the University:

Completed:

Engagement Name	Description of engagement	Period covered Reporting	Reporting Date
Department of Higher Education and Training - Infrastructure Grant	The objective of the audit is to assist the University in the submission of the progress reports to the Department of Higher Education and Training, by agreeing expenditure to supporting documentation	1 January 2023 – 31 December for 2023	29 February 2024
Department of Art and Culture - Language grant	The objective of the audit is to assist the University in the submission of bursary report on bursaries paid in relation to the Department of Sports, Arts and Culture.	1 January 2023 – 31 December for 2023	11 March 2024
National Research Fund Projects	The objective of the audit is to assist the University in the submission of the expenditure report to the National Research Fund and scholarship grant allocations.	1 January 2023 – 31 December 2023	16 April 2024
University Capacity Development Programme Grant – BRICS Grant	The objective of the audit is to assist the University in the submission of the qualitative report to the Department of Higher Education and Training.	1 January 2023 – 31 December 2023	21 March 2024
University Capacity Development Programme Grant	The objective of the audit is to assist the University in the submission of the progress reports to the Department of Higher Education and Training.	1 January 2023 – 31 December 2023	20 May 2024
University Staff Doctoral Programme	The objective of the audit is to assist the University in the submission of the progress reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	24 May 2024
University Capacity Development Programme Grant – University Led Collaborative projects	The objective of the audit is to assist the University in the submission of the progress reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	19 April 2024
University Capacity Development Programme Grant - Nationally Led: Future Professors Programme	The objective of the audit is to assist the University in the submission of the progress reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	19 April 2024
Publications and Submission of Articles	Agreement of the 2023 Research Articles Submission to supporting journals and publications.	1 January 2023 – 31 December 2023	15 May 2024
Department of Science and Innovation - Water Research HySA	The objective of the audit is to assist the University in the submission of the financial income and expenditure statements to the Department of Science and Innovation.	1 April 2023 – 31 March 2024	31 May 2024

Engagement Name	Description of engagement	Period covered Reporting	Reporting Date
Department of Higher Education and Training - Clinical Training grant	The objective of the audit is to assist the University in the submission of the expenditure reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	24 May 2024
Veterinary Science Grant	The objective of the audit is to assist the University in the submission of the expenditure reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	31 May 2024
Department of Higher Education and Training Foundation Programmes Grant	The objective of the audit is to assist the University in the submission of the expenditure reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	24 May 2024
Department of Education and Training – nGap Grant	The objective of the audit is to assist the University in the submission of the expenditure reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	24 May 2024
Department of Education and Training - NESP	The objective of the audit is to assist the University in the submission of the expenditure reports to the Department of Higher Education and Training.	1 April 2023 – 31 March 2024	24 May 2024
Department of Education and Training - Clinical enrolments	The objective of the audit is to assist the University in the submission of the enrolments data to the Department of Higher Education and Training.	1 January 2023 – 31 December 2023	22 June 2024
Department of Education and Training Veterinary Science enrolments	The objective of the audit is to assist the University in the submission of the enrolments data to the Department of Higher Education and Training.	1 January 2023 – 31 December 2023	22 June 2024
DHET Excel (Fin. Data)	The objective of the audit is to perform procedures to ensure compliance with the reporting requirements regarding the financial data returns of North West University for the period of 31 December 2023.	1 January 2023 – 31 December 2023	28 June 2024

In progress:

Engagement Name	Description of engagement	Period covered Reporting	Reporting Due Date
HEMIS Data	The objective of the audit is to assist the University in evaluating the accuracy and validity of the student, staff and academic program data the submission of the expenditure reports to the Department of Higher Education and Training.	1 January 2023 - 31 December 2023	31/07/2024

Auditor tenure

32. In terms of the IRBA rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of North-West University for 1 year.

Nexia SAB&T

Nexia SAB&T

Gerrit Janse van Vuuren CA (SA)

Director

Registered Auditor

28 June 2024

Rustenburg

Annexure to the auditor's report

The annexure includes the following:

- the auditor's responsibility for the audit
- the selected legislative requirements for compliance testing.

Auditor's responsibility for the audit

Professional judgement and professional scepticism

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 reported performance information for selected objectives and on the University's compliance with selected requirements in key legislation.

Financial statements

In addition to our responsibility for the audit of the consolidated financial statements as described in this auditor's report, we are 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.
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the 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 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 a University to cease operating as a going concern
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

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

We also provide the accounting authority with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

1. The selected legislative requirements are as follows:

Legislation	Sections or regulations
Higher Education Act of South Africa, Act no 101 of 1997	Section 34(4)(a) Section 34(4)(b) Section 34(5) Section 34(6) Section 27(7)(c) Section 27(7)(e) & s27(7)(A)-(C) Section 20(5) Section 40(3)(a)(i) Section 40(3)(a)(ii) Section 40(3)(a)(iii)
Regulations for Reporting by Higher Education Institutions	Section 7(4)(b)(xii) Section 4(1)-(2) Section 5(1) Section 5(2)(a)(d)(g)(m) Section 6(2) Section 6(2)(d) Section 6(2)(3)
Prevention and Combating of Corrupt Activities Act	Section 34(1)

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	NOTES	2023 R'000	2022 R'000
ASSETS		11,226,945	10,122,930
NON-CURRENT ASSETS		9,337,521	8,951,754
PROPERTY, PLANT AND EQUIPMENT (PPE)	6a, 6b	2,433,747	2,147,430
INVESTMENT PROPERTIES	7	16,056	16,543
INTANGIBLE ASSETS	8	7,921	6,320
INVESTMENTS	9	6,388,373	6,343,809
DEFERRED TAX ASSET	30	386	133
EMPLOYEE BENEFITS	16	491,038	437,519
CURRENT ASSETS		1,889,424	1,171,176
INVENTORIES	11	66,567	36,839
TRADE AND OTHER RECEIVABLES	12	570,256	257,828
INCOME TAX RECEIVABLE	30	2	0
CURRENT PORTION OF INVESTMENTS	9	1,092,116	705,895
CASH AND CASH EQUIVALENTS	13	160,483	170,614
EQUITY AND LIABILITIES		11,226,945	10,122,931
EQUITY	14	9,723,406	8,601,351
NON-DISTRIBUTABLE RESERVES		2,419,468	1,979,594
FIXED ASSET RESERVE FUND (PPE)		2,186,043	1,850,399
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		233,425	129,195
RESERVE FUNDS		7,303,150	6,620,930
RESTRICTED USE FUNDS		558,119	535,850
STUDENT AND STAFF ACCOMMODATION FUNDS		293,785	262,616
DONATIONS AND SIMILAR FUNDS		68,147	59,552
RESEARCH AND OTHER (CONTRACTS) FUNDS		196,187	213,682
NWU PENSION FUND AND DISABILITY FUND		491,038	437,519
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		436,002	38,708
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		38,195	36,648
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		5,779,796	5,572,205
NON-CONTROLLING INTERESTS		788	827
NON-CURRENT LIABILITIES		420,531	406,575
BORROWINGS - INTEREST-BEARING	15	198,201	210,743
EMPLOYEE BENEFITS	16	140,082	141,658
DEFERRED STATE GRANT	17	82,248	17,344
LEASE LIABILITIES	6b	0	36,830
CURRENT LIABILITIES		1,083,008	1,115,004
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	15	12,542	3,273
CURRENT PORTION OF EMPLOYEE BENEFITS	16	309,933	259,172
CURRENT PORTION OF DEFERRED STATE GRANT	17	162,622	226,936
CURRENT PORTION OF LEASE LIABILITIES	6b	42,130	51,632
TRADE AND OTHER PAYABLES	18	382,362	463,354
INCOME RECEIVED IN ADVANCE	19	119,639	99,818
NET CONTRACT LIABILITIES	20	53,775	10,814
INCOME TAX PAYABLE	30	5	5

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

The notes on pages 17 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 2023**

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

	NOTES	EDUCATIONAL & GENERAL			STUDENT AND STAFF ACCOMMO- DATION: RESTRICTED R'000	2023 TOTAL R'000	2022 TOTAL R'000
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
RECURRING ITEMS		894,362	34,711	929,073	45,534	974,607	1,272,260
INCOME		5,463,120	289,009	5,752,129	492,178	6,244,307	5,743,985
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	21	2,450,818	0	2,450,818	0	2,450,818	2,471,598
TUITION AND OTHER FEES	22	2,060,957	0	2,060,957	413,448	2,474,405	2,255,876
INCOME FROM CONTRACTS	22	3,283	177,128	180,411	0	180,411	192,628
FOR RESEARCH		4,058	174,390	178,448	0	178,448	190,046
FOR OTHER ACTIVITIES		(775)	2,738	1,963	0	1,963	2,582
SALES OF GOODS & SERVICES	22	208,013	74,002	282,015	66,987	349,002	280,683
TOTAL REVENUE		4,723,071	251,130	4,974,201	480,435	5,454,637	5,200,785
OTHER INCOME		51,047	539	51,586	11,743	63,329	65,264
PRIVATE GIFTS AND GRANTS		20,043	14,242	34,285	0	34,285	37,732
INVESTMENT INCOME	25.1	668,959	23,098	692,057	0	692,057	440,204
EXPENDITURE		4,568,758	254,298	4,823,056	446,644	5,269,700	4,471,725
PERSONNEL REMUNERATION	23	2,973,840	75,697	3,049,537	58,438	3,107,975	2,717,067
ACADEMIC PROFESSIONAL		1,678,351	26,080	1,704,431	0	1,704,431	1,495,361
OTHER PERSONNEL		1,291,003	49,617	1,340,620	58,438	1,399,058	1,218,777
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		4,486	0	4,486	0	4,486	2,929
OTHER CURRENT OPERATING EXPENSES	24	1,301,397	171,690	1,473,087	319,106	1,792,193	1,491,724
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	12	89,544	6,322	95,866	(1)	95,865	44,857
CAPITAL EXPENDITURE EXPENSED	29	4,168	0	4,168	0	4,168	3,846
DEPRECIATION	6a, 6b, 7	194,926	554	195,480	45,448	240,928	204,971
AMORTISATION	8	689	0	689	0	689	483
SUB-TOTAL		4,564,564	254,263	4,818,827	422,991	5,241,818	4,462,948
FINANCE CHARGES	26	4,194	35	4,229	23,653	27,882	8,777
NON-RECURRING ITEMS		86,424	1,067	87,491	124	87,615	(51,630)
INCOME		104,230	1,067	105,297	124	105,421	2,266
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	1,067	1,067	124	1,191	118
PROFIT ON INVESTMENTS	25.2	0	0	0	0	0	2,148
NET FAIR VALUE GAIN ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	104,230	0	104,230	0	104,230	0
EXPENDITURE		17,806	0	17,806	0	17,806	53,896
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		2,319	0	2,319	0	2,319	285
LOSS ON INVESTMENTS	25.2	15,487	0	15,487	0	15,487	0
NET FAIR VALUE LOSS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	0	0	0	0	0	53,611
NET SURPLUS BEFORE INCOME TAX		980,786	35,778	1,016,564	45,658	1,062,222	1,220,630
INCOME TAX EXPENSE	30	(252)	0	(252)	0	(252)	58
SURPLUS FOR THE YEAR		981,038	35,778	1,016,816	45,658	1,062,474	1,220,572

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023 (continued)
(as required by Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997, as amended))

	NOTES	EDUCATIONAL & GENERAL			STUDENT & STAFF ACCOMMO- DATION: RESTRICTED R'000	2023 TOTAL R'000	2022 TOTAL R'000
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000			
SURPLUS FOR THE YEAR		981,038	35,778	1,016,816	45,658	1,062,474	1,220,572
OTHER COMPREHENSIVE INCOME (OCI)		59,581	0	59,581	0	59,581	16,997
Items that will not be reclassified to surplus or deficit		59,581	0	59,581	0	59,581	16,997
Remeasurements of employee benefit obligations							
PENSION FUND - SURPLUS	16.1	53,519	0	53,519	0	53,519	8,060
DISABILITY RESERVE FUND - SURPLUS/(DEFICIT)	16.2	1,275	0	1,275	0	1,275	(14)
HEALTH CARE (MEDICAL) - SURPLUS	16.3	4,787	0	4,787	0	4,787	8,951
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>1,040,619</u>	<u>35,778</u>	<u>1,076,397</u>	<u>45,658</u>	<u>1,122,055</u>	<u>1,237,569</u>
Surplus for the year attributable to:							
- North-West University		981,077	35,778	1,016,855	45,658	1,062,513	1,220,574
- Non-controlling interests		(39)	0	(39)	0	(39)	(2)
		<u>981,038</u>	<u>35,778</u>	<u>1,016,816</u>	<u>45,658</u>	<u>1,062,474</u>	<u>1,220,572</u>
Total comprehensive income for the year attributable to:							
- North-West University		1,040,658	35,778	1,076,436	45,658	1,122,094	1,237,571
- Non-controlling shareholders		(39)	0	(39)	0	(39)	(2)
		<u>1,040,619</u>	<u>35,778</u>	<u>1,076,397</u>	<u>45,658</u>	<u>1,122,055</u>	<u>1,237,569</u>

The notes on pages 17 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 2023

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 AND STAFF ACCOMMODATION R'000	FIXED ASSET RESERVE FUND (PPE) R'000	HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT R'000	UNREALISED FAIR VALUE ADJUSTMENT RESERVE R'000	NWU PENSION FUND AND DISABILITY FUND R'000	SUB-TOTAL C R'000	TOTAL R'000	NON-CONTROLLING INTEREST R'000	TOTAL EQUITY R'000
BALANCE AT 31 DECEMBER 2021 (note 14)	32,496	4,452,655	4,485,151	72,286	207,292	279,578	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	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	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	8,046	8,046	16,997	0	16,997
TRANSFERS	4,152	(74,854)	(70,702)	(5,465)	(35,411)	(40,876)	(38,249)	153,209	(2,817)	0	0	111,580	2	(2)	(0)
BALANCE AT 31 DECEMBER 2022 (note 14)	36,648	5,572,205	5,608,853	59,552	213,682	273,234	262,616	1,850,399	38,708	129,195	437,519	2,718,437	8,600,524	827	8,601,351
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	882,870	882,870	5,574	30,204	35,778	45,658	0	0	104,230	53,519	203,407	1,122,055	0	1,122,055
SURPLUS/(DEFICIT) FOR THE YEAR	0	878,083	878,083	5,574	30,204	35,778	45,658	0	0	104,230	(1,275)	148,613	1,062,474	0	1,062,474
OTHER COMPREHENSIVE INCOME	0	4,787	4,787	0	0	0	0	0	0	0	54,794	54,794	59,581	0	59,581
TRANSFERS	1,547	(675,279)	(673,732)	3,021	(47,699)	(44,678)	(14,489)	335,643	397,294	0	0	718,449	39	(39)	0
BALANCE AT 31 DECEMBER 2023 (note 14)	38,195	5,779,796	5,817,991	68,147	196,187	264,334	293,785	2,186,043	436,002	233,425	491,038	3,640,293	9,722,618	788	9,723,406

The notes on pages 17 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 2023

	NOTE	2023 R'000	2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	<u>27</u>	155,398	720,275
INVESTMENT INCOME LESS COST OF FINANCE		664,175	431,427
INTEREST RECEIVED	25	679,847	427,789
DIVIDENDS RECEIVED	25	12,210	12,415
INTEREST PAID	26	(27,882)	(8,777)
NET CASH GENERATED FROM OPERATING ACTIVITIES		819,573	1,151,702
CASH FLOWS UTILISED BY INVESTING ACTIVITIES		(780,099)	(1,184,272)
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	<u>6a</u>	(530,903)	(416,034)
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		3,018	1,882
RECEIVED DEFERRED STATE GRANT		92,119	29,754
INCREASE IN INTANGIBLE ASSETS (internally generated)	8	(2,290)	(2,294)
PROCEEDS ON INVESTMENTS		(15,487)	2,148
WITHDRAWALS FROM INVESTMENTS		5,082,673	5,676,600
PURCHASES OF INVESTMENTS		(5,409,229)	(6,476,328)
CASH FLOWS FROM FINANCING ACTIVITIES		(49,605)	61,738
PROCEEDS FROM INTEREST-BEARING BORROWINGS	15	0	102,154
PAYMENTS OF INTEREST-BEARING BORROWINGS	15	(3,273)	0
PRINCIPAL ELEMENTS OF LEASE PAYMENTS	<u>6b</u>	(46,332)	(40,416)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(10,131)	29,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		170,614	141,446
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	13	160,483	170,614

The notes on pages 17 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 13 June 2024.

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 2023 and adopted 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.

These amendments did not have a significant impact on the University during the current reporting period.

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 Mahikeng, Potchefstroom and Vanderbijlpark Campuses, are included in the consolidated financial statements.

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

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries

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) 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

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

2.3.2 Land and buildings comprise mainly lecture halls, laboratories, hostels and administrative buildings. Land and buildings are not depreciated. The useful life of buildings is considered to be indefinite due to building maintenance done according to the ten-year macro maintenance rolling plan. However, the macro maintenance included in the carrying amount of land and buildings is depreciated using the straight line method. Buildings still under construction at year end are included at cost. Depreciation on other assets is calculated using the straight-line method to depreciate the depreciable amount, which is the difference between their cost and their residual values, over their estimated useful lives, as referred to below.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6).

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

CATEGORY	PERCENTAGE PER ANNUM	USEFUL LIFE
Buildings and other improvements	Indefinite	: The useful life is estimated as indefinite.
(macro maintenance)	10,00%	: The useful life is estimated at 10 years.
Computer equipment	20,0%–33,3%%	: The useful life is estimated at 3 to 5 years.
Computer equipment less than R5 000	33,3%	: The useful life is estimated at 3 years.
Servers and printers	20,0%	: The useful life is estimated at 5 years.
Laboratory equipment	15,0%	: The useful life is estimated at 6,67 years.
Specialised equipment	4,0%–20,0%	: The useful life is estimated at a range between 5 and 25 years.
Furniture	5,0%–10,0%	: The useful life is estimated at a range between 10 and 20 years.
Vehicles	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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

2.3.4 Costs relating to library books are written off in the year acquired. See note 29.

2.4 Investment properties

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

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

2.5 Intangible assets

Goodwill

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

For the purpose of impairment testing, goodwill acquired is allocated to each of the cash-generating units (CGU's) 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 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.

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

2.7 Foreign currency translationFunctional 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').

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'.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets

(i) Classification

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

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

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

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

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

(ii) Recognition and 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets (continued)

Equity instruments

The University subsequently measures all equity investments at fair value.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of comprehensive income as applicable.

(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.

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.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables (continued)

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.)

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.)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Equity (continued)

Included in sub-total C column 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.

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.

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.

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.13 Employee benefits** (continued)**2.13.2 Disability Reserve Fund**

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

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

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

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.13 Employee benefits** (continued)2.13.3 Post-employment medical benefits (continued)

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

2.13.4 Termination benefits

Termination benefits are payable when employment is terminated by the University before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The University recognises termination benefits when it is demonstrably committed to a termination when the University has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting date are discounted to their present value and are treated as other long-term employee benefits. Termination benefits settled within 12 months are treated as short-term employee benefits. Refer to note 23.

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.

2.14 Income

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

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

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

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

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

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

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

2.14.4 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.

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)**2.14 Income** (continued)

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

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

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

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

2.15 Leases

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

2.16 Provisions

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

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

2.17 Tax

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

2.18 Trade payables

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

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowings

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

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

2.20 Borrowing costs

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

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

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

3. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

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

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

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

3.1 FINANCIAL RISK FACTORS

Market risk

(i) Price risk

The University's exposure to equity securities price risk arises from investments held by the University and classified in the statement of financial position either as at FVOCI or at FVPL.

To manage its price risk arising from investments in equity securities, the University diversifies its portfolio. Diversification of the portfolio is done in accordance with the prescripts set by the Committee for Investments.

The majority of the University's equity investments are publicly traded and are included in listed shares that are traded on the Johannesburg Securities Exchange. The risk exists that the value of these financial instruments may fluctuate as a result of changes in the market price.

A 1% movement of the All Share Index (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 R7 337 000 higher/lower as at 31 December 2023 (2022: R6 195 000) (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 2023 an investment performance measurement was done by the University, which indicated an actual yield on the University's cash and cash equivalent portfolio of 9,48% (2022: 6,89%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R13 342 000 higher/lower (2022: R19 117 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Market risk (continued)

(iii) Credit risk

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

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

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

The University also does not require any collateral as security.

This credit risk exposure is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration. Students with an outstanding balance from the previous year are only permitted to renew their registration after settling the outstanding amount as well as paying the current year's initial requirements. (Refer to note 12 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 and debt investments carried at amortised cost are subject to the expected credit loss model. (Refer to note 10b.)

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.

	2023	2022
Listed investments – shares and bonds	97%	96%
Cash and cash equivalents	3%	4%
Total	100%	100%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

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

	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>	<u>R'000</u>
	Less than	Between	Between	Over
	1 year	1 and 2 years	3 and 5 years	5 years
Liabilities at amortised cost				
2023				
Borrowings	34,476	32,961	90,856	243,576
Lease liabilities	42,130	0	0	0
Trade and other payables	<u>382,362</u>	<u>0</u>	<u>0</u>	<u>0</u>
2022				
Borrowings	23,617	32,466	89,640	259,725
Lease liabilities	51,632	43,782	0	0
Trade and other payables	<u>462,467</u>	<u>0</u>	<u>0</u>	<u>0</u>
Liquidity ratio			2023	2022
			R'000	R'000
Current assets*				
Inventories			66,567	36,839
Trade and other receivables			570,256	257,828
Income tax receivable			2	0
Cash and cash equivalents			<u>160,483</u>	<u>170,614</u>
			<u>797,308</u>	<u>465,281</u>
Current liabilities				
Trade and other payables			382,362	462,466
Contract liabilities			53,775	10,814
Income tax payable			5	893
Current portion of interest-bearing borrowings			12,542	3,273
Current portion of post-employment benefits			309,933	259,172
Current portion of deferred grant income			162,622	226,936
Current portion of lease liabilities			42,130	51,632
Income received in advance			<u>119,639</u>	<u>99,818</u>
			<u>1,083,008</u>	<u>1,115,004</u>
Net liquidity of operations			<u>(285,700)</u>	<u>(649,723)</u>
Ratio			<u>0.74</u>	<u>0.42</u>

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

3.2 CAPITAL MANAGEMENT

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 CAPITAL MANAGEMENT (continued)

	2023	2022
	R'000	R'000
Assets		
Investments (current and non-current)	7,480,489	7,049,704
Cash and cash equivalents	160,483	170,614
Total	<u>7,640,972</u>	<u>7,220,318</u>
Liabilities		
Non-current liabilities (excluding deferred income)	338,283	389,231
Current liabilities (excluding deferred income)	920,386	888,069
Capital commitments (infrastructure) (note 28)	<u>1,376,743</u>	<u>1,054,585</u>
Total	<u>2,635,413</u>	<u>2,331,885</u>
Net position	<u>5,005,560</u>	<u>4,888,433</u>

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

3.3 FAIR VALUE ESTIMATION

The fair value of financial and non-financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market 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.

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 15 with regard to borrowings.

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2023.

	Level 1	Level 2	Total
	R'000	R'000	R'000
Assets			
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	733,795		733,795
Bonds, credit linked notes and unit trusts	4,025,204		4,025,204
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		2,334	2,334
Total assets	<u>4,758,999</u>	<u>2,334</u>	<u>4,761,333</u>

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

Assets			
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	<u>4,022,541</u>	<u>1,694</u>	<u>4,024,235</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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 (OCI) 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 16.

(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 3 993 at the end of 2023 (2022: 3 975).

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	Total	NWU owned assets SUB-TOTAL	NWU leased Right-of-use assets ** SUB-TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
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	1,809,052	1,809,052	0
Cost	30,713	1,606,895	60,900	157,540	101,863	405,276	199,014	62,549	11,701	37,121	6,245	2,679,820	2,580,576	99,244
Accumulated depreciation	0	(312,558)	(22,956)	(92,740)	(51,183)	(217,503)	(118,735)	(29,855)	(4,341)	(17,724)	(3,175)	(870,768)	(771,524)	(99,244)
Additions during the year	0	300,051	14,915	12,657	18,329	67,834	86,900	20,226	0	20,847	3,154	544,912	416,034	128,878
Depreciation for the year	0	(63,621)	(2,360)	(11,579)	(13,383)	(35,677)	(46,985)	(13,842)	(1,323)	(13,497)	(2,220)	(204,485)	(158,759)	(45,726)
Cost of reclassifications during the year	0	260	0	(472)	0	0	212	0	0	0	0	0	0	0
Accumulated depreciation of reclassifications	0	(152)	0	194	0	0	(42)	0	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)	(182,612)	(182,612)	0
Accumulated depreciation of disposals	0	0	1,150	20,231	18,265	53,593	64,382	6,658	0	13,851	2,432	180,563	180,563	0
Carrying amount at 31/12/2022	30,713	1,530,876	49,318	65,492	55,607	219,903	119,658	39,075	6,037	26,740	4,004	2,147,430	2,064,278	83,152
Cost	30,713	1,907,207	73,484	149,386	101,908	419,490	221,038	76,114	11,701	44,110	6,967	3,042,120	2,813,998	228,122
Accumulated depreciation	0	(376,331)	(24,166)	(83,894)	(46,301)	(199,587)	(101,380)	(37,039)	(5,664)	(17,370)	(2,963)	(894,690)	(749,720)	(144,970)
Additions during the year	0	235,905	13,275	34,507	20,824	95,152	56,356	54,885	0	18,301	1,697	530,903	530,903	0
Depreciation for the year	0	(78,066)	(2,906)	(11,649)	(14,673)	(38,033)	(57,112)	(18,302)	(1,323)	(15,919)	(2,460)	(240,441)	(194,250)	(46,191)
Cost of disposals/scrappings during the year	0	(718)	(4,103)	(1,878)	(4,998)	(42,309)	(33,653)	(2,931)	0	(8,755)	(1,714)	(101,056)	(101,056)	0
Accumulated depreciation of disposals	0	136	1,661	1,551	4,936	42,281	32,986	2,906	0	8,742	1,714	96,911	96,911	0
Carrying amount at 31/12/2023	30,713	1,688,132	57,246	88,025	61,698	276,996	118,237	75,634	4,714	29,111	3,241	2,433,747	2,396,786	36,961
Cost	30,713	2,142,394	82,657	182,016	117,735	472,334	243,742	128,069	11,701	53,657	6,950	3,471,967	3,243,845	228,122
Accumulated depreciation	0	(454,261)	(25,411)	(93,991)	(56,037)	(195,338)	(125,505)	(52,435)	(6,987)	(24,546)	(3,709)	(1,038,220)	(847,059)	(191,161)

Buildings and equipment with a cost price of R114 388 000 (2022: R151 248 000), 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 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.

There were no changes in the estimates in the current year.

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

Refer to note 28 regarding capital commitments.

Right-of-use assets are included in Buildings and other improvements and had a balance of R36 961 000 at year-end (2022: R83 152 000).

* Included are buildings still under construction at year end in the amount of R144 910 000 for 2023 (2022: R1 054 585 000) as well as borrowing costs capitalised in the amount of R3 405 000 (2022: R13 039 000) - refer to note 15.

** Right-of-use assets consist only of buildings. 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:

	2023	2022
	R'000	R'000
Right-of-use assets		
Buildings	<u>36,961</u>	<u>83,152</u>
Lease liabilities		
Non-current (discounted amount)	0	36,830
Current portion of lease liabilities	<u>42,130</u>	<u>51,632</u>
	<u>42,130</u>	<u>88,462</u>

(ii) Amounts recognised in the statement of comprehensive income

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

Depreciation charge of right-of-use assets (included in depreciation)	46,191	45,726
Interest expense (included in finance cost)	5,299	7,763
Expense relating to short-term leases (included in operating cost)	2,433	1,572

The total cash outflow for leases in 2023 was R53 923 000 (2022: R55 061 000).

(iii) Reconciliation of cash flows:

Opening balance	88,462	0
Additions	0	128,878
Interest recognised as an operating expense	5,299	7,763
Payments:		
- Capital (included in financing activities)	(46,332)	(40,416)
- Interest (included in operating activities)	<u>(5,299)</u>	<u>(7,763)</u>
Closing balance	<u>42,130</u>	<u>88,462</u>

(iv) 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. Buildings leased to students are deemed to be student accommodation and is therefore a service rendered to a customer.

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)

(iv) 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 in 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 the shorter.

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

(v) 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	2023 R'000	2022 R'000
Less than 1 year	42,130	51,632
Between 1 and 2 years (discounted amount 2022: R36 830 000)	0	43,782
Total contractual cash flows	<u>42,130</u>	<u>95,414</u>

7. INVESTMENT PROPERTIES

Carrying amount at beginning of year	16,543	17,029
Cost	24,327	24,327
Accumulated depreciation	(7,784)	(7,298)
Depreciation	(487)	(486)
Carrying amount at end of year	16,056	16,543
Cost	24,327	24,327
Accumulated depreciation	(8,271)	(7,784)

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2023	2022
	R'000	R'000
7. INVESTMENT PROPERTIES (continued)		
Income	10,783	9,813
Rental income (short-term investment income - note 25)	10,699	9,776
Other	84	37
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	7,387	4,985
Bad debt written off	309	1,113
Personnel remuneration	808	770
Maintenance - buildings	3,828	705
Municipal fees and property tax	(320)	(85)
Operating costs	187	284
Services outsourced	2,088	1,712
Depreciation	487	486
Net surplus from investment properties	<u>3,396</u>	<u>4,828</u>

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.

R'000	Discount rate		
	8,50%	9,50%	10,50%
Rental (5% decrease)	84,941	76,000	68,762
Rental (per valuers' 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.

	2023	2022
	R'000	R'000
Minimum lease payments receivable on leases of investment properties are as follows:		
Within 1 year	9,097	8,778
Between 1 and 2 years	8,359	7,767
Between 2 and 3 years	7,182	7,127
Between 3 and 4 years	7,161	3,918
Between 4 and 5 years	0	696
	<u>31,799</u>	<u>28,286</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. INTANGIBLE ASSETS	Computer software * R'000	Goodwill R'000	Total R'000
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)
Additions (externally with consolidation)	2,290	0	2,290
Amortisation charges	(689)	0	(689)
Closing carrying value - 31/12/2023	6,971	950	7,921
Cost	8,352	950	9,302
Accumulated amortisation	(1,381)	0	(1,381)

* Computer software is internally generated by OpenCollab (Pty) Ltd (subsidiary) and intangible assets are included in the University's statements during the consolidation of subsidiary's results.

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	2023 R'000	2022 R'000
<u>Unlisted investments</u>		
Unlisted shares that do not qualify as an investment in equity-accounted investees	2,334	1,694
<u>Listed investments</u>		
Shares in public companies	733,795	619,473
Bonds and credit linked notes	3,434,730	2,570,667
Unit trusts	590,474	832,401
	<u>4,761,333</u>	<u>4,024,235</u>

Financial assets at amortised cost

Comprise assets that meet both of the following criteria:

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

Refer to note 2.8.

Cash portfolio (Committee for Investments)	15,764	(4,628)
Negotiable Certificates of Deposits (NCDs) (Money Market portfolio)	2,668,491	2,995,156
Other	34,901	34,941
	<u>2,719,156</u>	<u>3,025,469</u>
<u>Presented as follows:</u>		
Non-current assets	6,388,373	6,343,809
Current assets	1,092,116	705,895
Total investments	<u>7,480,489</u>	<u>7,049,704</u>

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.1 Total investments (continued)	2023	2022
<u>Financial assets at fair value through profit of loss (FVPL)</u>	<u>R'000</u>	<u>R'000</u>
Balance at beginning of year	4,024,235	2,052,898
Additions - shares in public entities	10,732	16,892
Additions - bonds and credit linked notes	864,063	1,175,655
(Disposals)/additions - unit trusts	(241,927)	832,401
Net profit/(loss) transferred to surplus or deficit	104,230	(53,611)
Balance at end of year	<u>4,761,333</u>	<u>4,024,235</u>

FVPL financial assets are denominated in rand.

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	103,591	(54,126)
Unlisted investments	639	515
	<u>104,230</u>	<u>(53,611)</u>

Other information

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 10 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.

Carrying amount of trust funds	1,565	1,527
Attributable profit	<u>37</u>	<u>26</u>

WTX Invorderaars Proprietary Limited (100% interest)

The company is dormant and not actively trading.

Carrying amount of shares	0 *	0 *
Attributable profit/(loss) after tax	<u>0</u>	<u>0</u>

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

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

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

Carrying amount: Reserves	16,208	16,208
Attributable profit/(loss): Non-distributable	<u>0</u>	<u>0</u>

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

Investment is unsecured and payable/due on request from Trust	<u>5,698</u>	<u>5,698</u>
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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)	2023 R'000	2022 R'000
<u>OpenCollab Proprietary Limited (94,90% interest)</u>		
The principal business of the company is to provide software development, maintenance, support and consulting services.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	<u>(757)</u>	<u>(38)</u>
Notable related-party transactions:		
Operating expenses paid to related party	<u>9,862</u>	<u>9,955</u>
Amount held in NWU Money Market investments on behalf of related party Investment bears interest at 9,48% (2022: 6,89%) and is available on call.	<u>5,545</u>	<u>6,784</u>
<u>Innovation Highway Proprietary Limited (100% interest)</u>		
The principal business is acting as holding company as well as an incubator for early venturing in a commercial environment, from which fully-fledged spin-out companies will be formed.		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	<u>(8)</u>	<u>(11)</u>
<u>Hydrogen Core Technologies Proprietary Limited (100% interest)</u>		
The principal business of the company is the commercialisation of HySA technologies (under DST funding).		
Carrying amount of shares	0 *	0 *
Attributable loss after tax	<u>(17)</u>	<u>(14)</u>
<u>Medehive Proprietary Limited (previously Hyfra Proprietary Limited) (100% interest)</u>		
The principal business of the company is the commercialisation of HySA technologies (outside DST funding).		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	<u>0 *</u>	<u>(4)</u>
<u>North West Fibre Proprietary Limited (100% interest)</u>		
The principal business of the company is the development of fibre technology.		
Carrying amount of shares	0 *	0 *
Attributable profit/(loss) after tax	<u>0</u>	<u>0</u>
<u>NWU Open Learning Operations Proprietary Limited (100% interest)</u>		
The principal business of the company is to act as a point of reporting and support to all Namibian students who are enrolled at the NWU through distance learning.		
Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	<u>(97)</u>	<u>(925)</u>
Total assets and liabilities of consolidated subsidiaries		
Assets	<u>34,535</u>	<u>34,099</u>
Liabilities	<u>1,117</u>	<u>(24)</u>

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. 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.

10a. FINANCIAL INSTRUMENTS BY CATEGORY

	Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
31 December 2023			
Assets			
Investments (note 9)	2,719,156	4,761,333	7,480,489
Trade and other receivables (excluding prepayments and VAT) (note 12)	528,158	0	528,158
Cash and cash equivalents (note 13)	160,483	0	160,483
Total	<u>3,407,798</u>	<u>4,761,333</u>	<u>8,169,132</u>
Amortised			
cost			
R'000			
Total			
R'000			
Liabilities			
Borrowings (note 15)		210,743	210,743
Trade and other payables (note 18)		382,362	382,362
Total		<u>593,105</u>	<u>593,105</u>
Amortised			
cost			
R'000			
Total			
R'000			
31 December 2022			
Assets			
Investments (note 9)	3,025,469	4,024,235	7,049,704
Trade and other receivables (excluding prepayments and VAT) (note 12)	233,333	0	233,333
Cash and cash equivalents (note 13)	170,614	0	170,614
Total	<u>3,429,416</u>	<u>4,024,235</u>	<u>7,453,651</u>
Amortised			
cost			
R'000			
Total			
R'000			
Liabilities			
Borrowings (note 15)		214,016	214,016
Trade and other payables (note 18)		462,467	462,467
Total		<u>676,483</u>	<u>676,483</u>

10b. 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. The identified impairment loss was immaterial.

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)

10. FINANCIAL INSTRUMENTS (continued)

10b. 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.

<u>STUDENT DEBTORS</u>	<u>Potch campus</u>	<u>Vaal campus</u>	<u>Mafikeng campus</u>
31 December 2023			
Groups as classified for payment collection purposes:			
NSFAS funded students	1,274	680	1,337
PD based on a BB- government rating	0.91%	0.91%	0.91%
Other government funded students	6	14	2
PD based on a BB- government rating	0.91%	0.91%	0.91%
Cash paying students	17,220	5,012	20,342
Historical 4 year average + 50% of Unemployment rate (31,90%)	33.25%	34.69%	38.99%
Other bursaries	2,369	791	835
Historical 4 year average + 50% of Unemployment rate (31,90%)	33.25%	34.69%	38.99%
Open distance learning students - Self-paying	2,779	0	0
Historical 4 year average + 50% of Unemployment rate (31,90%)	33.25%	n/a	n/a
Open distance learning students - Other government funded	88	0	0
PD based on a BB- government rating	0.91%	0.91%	0.91%
Open distance learning students	23,411	0	0
Bursary projects (2016 - 2018) - to be written off	100.00%	n/a	n/a
Loss allowance per campus	<u>47,147</u>	<u>6,497</u>	<u>22,516</u>
TOTAL LOSS ALLOWANCE			<u><u>76,160</u></u>
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	<u>11,811</u>	<u>3,601</u>	<u>14,692</u>
TOTAL LOSS ALLOWANCE			<u><u>30,104</u></u>

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. FINANCIAL INSTRUMENTS (continued)

10b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

SUNDRY DEBTORS

31 December 2023	Rating	PD (90+ days)	Total R'000
Classified groups:			
Government	BB-	0.0091	22
Similar to government and universities	BB-	0.0091	167
Municipalities	BB-	0.0091	3
Corporates with balances above R1 million (4 customers)		individually calculated PD	42
Corporates with balances under R1 million		0.3082	19
Individuals and other		Full amount 90 days and longer outstanding	5,268
Loss allowance			5,521
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

The expected credit loss on contract assets at year end amounts to R30 000 (2022: R56 000) and is considered non-material.

Credit risk exposure per category:

	2023 R'000	2022 R'000
Investments (note 9)		
FVPL - listed shares	733,795	619,473
FVPL - unlisted shares	2,334	1,694
FVPL - bonds, credit linked notes and unit trusts	4,025,204	3,403,068
Amortised cost - money market instruments*	2,719,156	3,025,469
Trade and other receivables (note 12)	570,256	257,828
Cash and cash equivalents	160,483	170,614
Total	8,211,228	7,478,146

* An amount of R2 668 492 000 (2022: R3 823 497 000) is invested in "AA" Bank NCDs and Treasury Bills with guaranteed buy-back. Same day settlement.

11. INVENTORIES

Net realisable value (see note 24)

Foodstuffs (Residence and Catering Services)	1,784	1,497
Other consumables	60,030	32,863
Veterinary health	4,753	2,479
	66,567	36,839
At cost		
Foodstuffs (Residence and Catering Services)	2,026	1,754
Other consumables	60,030	33,021
Veterinary health	4,753	2,479
	66,809	37,254

Inventories recognised as an expense and included in operating expenses during the period 56,217 47,103

Obsolete inventory in the amount of R242 000 (2022: R415 000) was written off (see note 24).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2023	2022
	R'000	R'000
12. TRADE AND OTHER RECEIVABLES		
Balance at beginning of year	292,178	328,475
Plus: Net movement	408,293	43,669
	700,471	372,144
Less: Bad debts written off	(48,534)	(79,966)
Balance at end of year	651,937	292,178
Less: Loss allowance	(81,681)	(34,350)
Balance at beginning of year	(34,350)	(69,459)
Debtors written off during current year	48,534	79,966
Allowance for credit losses created in current year	(95,865)	(44,857)
Balance at end of year	<u>570,256</u>	<u>257,828</u>
<u>Details of trade and other receivables</u>		
Students		
Tuition and residence fees	526,811	205,842
Less: Loss allowance	(76,160)	(30,104)
Sub-total: Students	<u>450,651</u>	<u>175,738</u>
Sub-total: Advances and prepayments	<u>38,982</u>	<u>24,495</u>
Other debtors	86,144	61,841
Projects: Services rendered	42,233	42,488
VAT	3,116	0
Other	40,795	19,353
Less: Loss allowance	(5,521)	(4,246)
Sub-total: Other debtors	<u>80,623</u>	<u>57,595</u>
Total trade and other receivables	<u>570,256</u>	<u>257,828</u>

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).

	2023	2022
	R'000	R'000
Movement in the loss allowance for student debtors:		
Balance at beginning of year	30,104	63,194
Student debtors written off during current year as uncollectable	(38,902)	(59,181)
Increase in expected loss allowance during the year	84,958	26,091
Balance at end of year	<u>76,160</u>	<u>30,104</u>
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2023)	76,160	30,104
Student debtors past due but not impaired (enrolled again in 2024)	450,651	175,738
Total balance at end of year	<u>526,811</u>	<u>205,842</u>

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****12. 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).

	2023	2022
	R'000	R'000
Movement in the loss allowance for sundry debtors:		
Balance at beginning of year	4,246	6,265
Other debtors written off during current year as uncollectable	(9,633)	(20,785)
Increase in expected loss allowance during the year	10,908	18,766
Balance at end of year	<u>5,521</u>	<u>4,246</u>
The fair values of trade and other receivables are as follows:		
Student debtors	450,651	175,738
Other debtors	<u>77,507</u>	<u>57,595</u>
Financial assets	528,157	233,333
Advances and prepayments	38,982	24,495
VAT	<u>3,116</u>	<u>0</u>
Total	<u>570,255</u>	<u>257,828</u>

The fair value is deemed to approximate the carrying amounts.

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

13. CASH AND CASH EQUIVALENTS

Short-term bank deposits	119,024	126,240
Bank balances	40,416	43,374
Petty cash advances	1,043	1,000
	<u>160,483</u>	<u>170,614</u>

The weighted average effective interest rate on short-term bank deposits was 9,48% (2022: 6,89%).

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 R361 946 000 (2022: R341 767 000) 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 (2022: R30 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. 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.

15. BORROWINGS - INTEREST-BEARING

Carrying amounts	2023	2022
	R'000	R'000
<u>Development Bank of Southern Africa - Student housing</u>		
Total - Development Bank of Southern Africa loan	210,743	214,016
Less: Current portion	<u>12,542</u>	<u>3,273</u>
Non-current liabilities	<u><u>198,201</u></u>	<u><u>210,743</u></u>

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

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

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):

Less than 1 year	34,476	23,617
Between 1 and 2 years	32,961	32,466
Between 3 and 5 years	90,856	89,640
Over 5 years	<u>243,576</u>	<u>259,725</u>
	<u><u>401,869</u></u>	<u><u>405,448</u></u>

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****16. EMPLOYEE BENEFITS**

	2023	2022
	R'000	R'000
ASSETS		
Net assets recognised in the statement of financial position		
North-West University Pension Fund (note 16.1)	491,038	437,519
Total employee benefit assets	<u>491,038</u>	<u>437,519</u>
LIABILITIES		
Accrued leave	309,933	259,172
Post-employment medical benefits (note 16.3)	140,082	141,658
Total employee benefit liabilities	450,015	400,830
Less: Current liability - accrued leave	<u>(309,933)</u>	<u>(259,172)</u>
Total non-current liability	<u>140,082</u>	<u>141,658</u>

16.1 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.

A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2023: 99,87% or 3 917 members and 2022: 99,87% or 3 882 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, 2022 and 2023, 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.

	2023	2022
	R'000	R'000
Current estimated employee benefit obligation:		
Fair value of plan assets at year-end	<u>(491,038)</u>	<u>(437,519)</u>
Recognised in other comprehensive income:		
Actual return on assets	(53,519)	(8,060)
Total actuarial gain	<u>(53,519)</u>	<u>(8,060)</u>
Recognised in the statement of financial position:		
Opening net asset	(437,519)	(429,459)
Remeasurements recognised in other comprehensive income	(53,519)	(8,060)
Asset at year-end	<u>(491,038)</u>	<u>(437,519)</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. EMPLOYEE BENEFITS (continued)

	2023	2022
	R'000	R'000
16.1 North-West University Pension Fund (continued)		
Movement in the plan assets:		
Fair value of plan assets at 1 January	437,519	429,459
Actuarial gain/(loss)	53,519	8,060
Fair value of plan assets at 31 December	<u>491,038</u>	<u>437,519</u>
	2023	2022
	%	%
Plan assets comprise:		
Local equity securities	40,9	46,3
Global equity securities	29,2	23,3
Local bonds	14,0	15,7
Global bonds	3,3	2,7
Local cash	1,6	3,5
Global cash	1,2	-0,6
Local property	3,8	5,5
Global property	3,8	1,8
Local commodities (other)	1,1	1,8
Local ILB	1,1	-
	<u>100,0</u>	<u>100,0</u>

16.2 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 December 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 for 2022 and 2023 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.

Investments were realised into the Fund's bank account on 22 May 2023 and Sanlam Corporate confirmed that the final disbursements from the bank account was made on 5 December 2023. The bank account has been closed and the North-West University Disability Reserve Fund ceased to exist with no assets remaining.

	2023	2022
	R'000	R'000
Current estimated employee benefit obligation:		
Fair value of plan assets	0	(1,275)
Impact of asset ceiling	0	1,275
Asset at year-end	<u>0</u>	<u>0</u>
Recognised in profit or loss:		
Current service costs	438	69
Net interest	(51)	(83)
Reversal of provisions and funding of disability income premium	888	0
Total included in personnel remuneration	<u>1,275</u>	<u>(14)</u>
Recognised in other comprehensive income:		
Impact of asset ceiling limitation	<u>(1,275)</u>	<u>14</u>
	<u>(1,275)</u>	<u>14</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. EMPLOYEE BENEFITS (continued)

16.2 North-West University Disability Reserve Fund (continued)

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

	2023	2022
	R'000	R'000
Recognised in the statement of financial position:		
Opening net asset	0	0
Expense	1,275	(14)
Remeasurement recognised in other comprehensive income	(1,275)	14
Asset at year-end	<u>0</u>	<u>0</u>
Movement in the plan assets:		
Fair value of plan assets at 1 January	1,275	1,261
Expected return on plan assets	51	83
Reversal of provisions and funding of disability income premium	(888)	
Cost of outsourcing	(438)	(69)
Fair value of plan assets at 31 December	<u>0</u>	<u>1,275</u>
Plan assets comprise:		
Local cash		<u>100,0</u>
		<u>%</u>

16.3 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:

	2023	2022
	R'000	R'000
Current estimated employee benefit obligation:		
Present value of obligation	<u>140,082</u>	<u>141,658</u>
Recognised in profit or loss:		
Current service costs	869	966
Net interest	14,983	14,225
Total included in personnel remuneration	<u>15,852</u>	<u>15,191</u>
Recognised in the statement of comprehensive income:		
Actuarial gain recognised in other comprehensive income (OCI)	<u>(4,787)</u>	<u>(8,951)</u>
Recognised in the statement of financial position:		
Pensioners	118,698	117,362
Active employees	21,384	24,296
Present value of unfunded liability	<u>140,082</u>	<u>141,658</u>
Movement in the liabilities:		
Liability at 1 January	141,658	147,666
Interest cost	14,983	14,225
Service cost	869	966
Contribution	(12,641)	(12,248)
Actuarial gain	(4,787)	(8,951)
Liability at 31 December	<u>140,082</u>	<u>141,658</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. EMPLOYEE BENEFITS (continued)

16.3 Post-employment medical benefits (continued)

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

Other actuarial assumptions at the reporting date:	2023	2022
	%	%
Inflation rate	6,13	6,44
Discount rate	10,98	11,07
Principal actuarial assumptions at the reporting date:		
Expected future salary increases	6,13	6,44
Expected future medical cost increases	8,13	8,44
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)
2023			
Salary/Health-care cost inflation	+1%	-6,4%	+1,2%
	-1%	+7,3%	-1,4%
Mortality	+1%	-3,3%	-3,4%
	-1%	+3,3%	+3,4%
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%

Expected contributions to post-employment benefit plans for the year ending 31 December 2024 are R13 177 000.

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.

16.4 Associated Institutions Pension Fund

Some of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle campuses), (2023: 0,13% or 5 staff members and 2022: 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 23 – Personnel remuneration) for 2023 is R787 200 (2022: R726 900).

16.5 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 2023: 60 staff members and 2022: 60 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 23 – Personnel remuneration) for 2023 is R1 324 000 (2022: R1 520 000).

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)

	2023	2022
	R'000	R'000
17. DEFERRED STATE GRANT		
Deferred income mainly comprises state infrastructure grants. These grants are capital by nature.		
Capital projects	244,870	244,280
Balance at beginning of year	244,280	325,199
Subsidy received during the year	78,655	16,290
Interest capitalised during the year	13,464	13,464
	336,399	354,953
Recognised during the year	(91,529)	(110,673)
Balance at end of year	244,870	244,280
<u>Presented as follows:</u>		
Non-current liability: Long-term portion	82,248	17,344
Current liability: Short-term portion	162,622	226,936
	244,870	244,280
18. TRADE AND OTHER PAYABLES		
Trade creditors	239,389	328,367
Student fees - credit accounts	142,973	134,099
Financial liabilities	382,362	462,466
VAT	0	888
	382,362	463,354
The fair value approximates the carrying amount.		
19. INCOME RECEIVED IN ADVANCE		
Student-related fees and deposits (including tuition fees)	2,563	2,864
Deferred earmarked grants (operational by nature - granted annually)	117,076	96,954
	119,639	99,818
The fair value approximates the carrying amount.		
20. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS		
All contract assets and contract liabilities relate to research contracts.		
Contract assets		
Opening balance	45,128	33,390
Consideration received during the period	36,290	15,883
Performance obligations completed	(57,082)	(4,145)
Total contract assets - Closing balance	24,336	45,128
Contract liabilities		
Opening balance	55,942	80,256
Performance obligations met during the period	(110,001)	(86,030)
Performance obligations not satisfied	132,170	61,716
Total contract liabilities - Closing balance	78,111	55,942
Net contract liabilities	53,775	10,814

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****20. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS (continued)***Performance obligations not satisfied*

Unsatisfied performance obligations amounting to R78 111 000 (2022: R55 942 000) relate to research contracts and revenue will be recognised as the performance obligations are met during future accounting periods.

	2023	2022
	R'000	R'000
21. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS		
<u>Unrestricted or designated</u>		
Operating purposes	2,381,912	2,399,147
Earmarked grants	68,906	72,451
Total: State appropriations - subsidies and grants	<u>2,450,818</u>	<u>2,471,598</u>

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

22. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2023	2023	2023
	R'000	R'000	R'000
<u>Timing of revenue</u>			
	Tuition and other fees	Income from contracts	Sales of goods & services
Revenue recognised at a point in time	0	0	349,002
Revenue recognised over time	2,474,405	180,411	0
Total revenue from external customers	<u>2,474,405</u>	<u>180,411</u>	<u>349,002</u>
Total revenue from contracts with customers			3,003,819
	2022	2022	2022
	R'000	R'000	R'000
<u>Timing of revenue</u>			
	Tuition and other fees	Income from contracts	Sales of goods & services
Revenue recognised at a point in time	0	0	280,683
Revenue recognised over time	2,255,876	192,628	0 *
Total revenue from external customers	<u>2,255,876</u>	<u>192,628</u>	<u>280,683</u>
Total revenue from contracts with customers			<u>2,729,187</u>

* A prior year amount of R345 388 000, regarding residence fees, has been reclassified and adjusted to be included as part of tuition and other fees. This resulted in a decrease in sales of goods and services, amounting to R345 388 000 and an increase in tuition and other fees in the amount of R345 388 000.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. PERSONNEL REMUNERATION	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2023 TOTAL	2022 TOTAL
	R'000	R'000	R'000	R'000	R'000
Remuneration and fringe benefits	2,903,644	75,614	58,374	3,037,632	2,811,432
Arbitration awards	343	0	0	343	68
Accrued leave	50,761	0	0	50,761	(111,858)
NWU Disability Reserve Fund	1,220	31	24	1,275	(13)
AI Pension Fund	753	19	15	787	727
NWU Provident Fund	1,266	33	25	1,324	1,520
Post-employment medical benefits	15,852	0	0	15,852	15,191
	2,973,840	75,697	58,438	3,107,975	2,717,067

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

Name	Office held	Basic salary	Post-employment benefits	Other short-term benefits	Total costs to NWU 2023	Total costs to NWU 2022
		R'000	R'000	R'000	R'000	R'000
Prof MB Tyobeka #	Vice-Chancellor	3,672	350	367	4,389	3,755
Prof LA du Plessis	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Vaal Triangle)	2,594	312	731	3,637	3,664
Prof MM Verhoef	Registrar	2,663	460	344	3,467	2,864
Ms E de Beer	Executive Director: Finances and Facilities	2,829	292	243	3,364	2,843
Prof RJ Balfour	Deputy Vice-Chancellor: Teaching and Learning	2,565	274	320	3,159	2,855
Prof MJ Mphahlele	Deputy Vice-Chancellor: Research and Innovation	2,560	243	266	3,069	2,756
Prof DMD Balia	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Potchefstroom)	2,484	237	332	3,053	2,707
Prof S Swanepoel	Deputy Vice-Chancellor: Assigned Functions and Campus Operations (Mafikeng)	2,190	354	383	2,927	2,823
Dr V Singh	Executive Director: People and Culture	2,389	212	270	2,871	2,605
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	2,242	213	288	2,743	2,427
Dr S Chalufu	Executive Director: Student Life	2,075	197	168	2,440	2,219
Prof ND Kgwadi #	Vice-Chancellor	0	0	0	0	5,629
Total		28,263	3,144	3,712	35,119	37,147

- All members of management was in service for the full year - 2023. No annualising of remuneration..

Management member not in service for full year - 2022. Remuneration annualised.

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

Refer to note 32 - Related-party transactions.

Number of senior staff members 2023: 11 (2022: 11).

Other information regarding personnel remuneration	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED	2023 TOTAL	2022 TOTAL
	R'000	R'000	R'000	R'000	R'000
Accrued leave - increase/(decrease) (note 16)	50,761	0	0	50,761	(111,858)
Retirement benefit costs	343,580	8,804	6,797	359,181	327,095
Members' contributions	122,332	3,135	2,420	127,887	116,776
Council contributions	221,248	5,669	4,377	231,294	210,319
Senior management remuneration	35,119	0	0	35,119	35,953
For managerial services	35,119	0	0	35,119	35,953

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2023 R'000	2022 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	386	401
Chairs of committees: Honorarium, travel and accommodation expenses	8	643	866
Members of Council: Honorarium, travel and accommodation expenses	50	1,194	852
Total		2,224	2,119

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	2023 TOTAL R'000	2022 TOTAL R'000
24. OTHER CURRENT OPERATING EXPENSES BY NATURE					
Inventory written off (note 11)	5	0	238	242	415
Foodstuffs (Residence and Catering Services)	5	0	238	242	257
Other consumables	0	0	0	0	158
Auditor's remuneration	4,318	244	0	4,562	4,122
Audit fees	3,178	244	0	3,422	2,662
Other costs	1,140	0	0	1,140	1,460
Bursaries*	22,177	34,540	0	56,717	42,266
Electronic databases and project services	60,233	25	0	60,258	72,963
Licences	96,553	442	780	97,775	97,382
Maintenance	179,030	6,179	56,521	241,730	200,841
Professional fees	121,790	31,910	306	154,006	148,531
Rent: Buildings	3,785	854	1,068	5,707	3,351
Rent: Equipment	21,798	587	270	22,655	19,807
Services outsourced	106,279	229	51,891	158,399	136,199
Travel (local and international)	143,880	37,484	292	181,656	141,424
Utilities	80,415	182	136,257	216,854	190,887
Goods and services - other	461,134	59,015	71,483	591,633	433,536
	<u>1,301,397</u>	<u>171,690</u>	<u>319,106</u>	<u>1,792,193</u>	<u>1,491,724</u>
* Bursaries					
Bursaries paid from NWU funds - set off against tuition fees	216,270	0	0	216,270	205,618
Bursaries paid from external and other funds	22,177	34,540	0	56,717	42,266
Total bursaries paid	<u>238,447</u>	<u>34,540</u>	<u>0</u>	<u>272,987</u>	<u>247,884</u>
25. INVESTMENT INCOME					
25.1 Operating income (short-term investment income)	644,885	23,098	0	667,983	418,803
Interest	634,186	23,098	0	657,284	409,027
Rental received (investment properties - note 7)	10,699	0	0	10,699	9,776
Long-term investment income	24,074	0	0	24,074	21,401
Interest	11,864	0	0	11,864	8,986
Dividends (listed investments)	11,832	0	0	11,832	12,415
Dividends (other investments)	378	0	0	378	0
	<u>668,959</u>	<u>23,098</u>	<u>0</u>	<u>692,057</u>	<u>440,204</u>
25.2 Realised (loss)/profit on disposal of investments	(15,487)	0	0	(15,487)	2,148
Financial instruments at fair value through profit or loss	(15,487)	0	0	(15,487)	2,148
	<u>(15,487)</u>	<u>0</u>	<u>0</u>	<u>(15,487)</u>	<u>2,148</u>
26. FINANCE CHARGES					
Long-term loans (note 15)	0	0	18,388	18,388	462
Bank account	3	0	0	3	4
Exchange differences	3,153	165	0	3,318	(78)
Other	1,018	(152)	7	873	626
Interest paid for lease liabilities	20	22	5,258	5,300	7,763
	<u>4,194</u>	<u>35</u>	<u>23,653</u>	<u>27,882</u>	<u>8,777</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2023	2022
	R'000	R'000
27. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	1,062,474	1,220,572
Adjusted for:		
Fair value (profit)/loss on financial assets at fair value through profit or loss	(104,230)	53,611
Loss allowance: Trade and other receivables (note 12)	95,865	44,857
Other impairments	0	569
Depreciation (note 6a and 7)	240,928	204,971
Amortisation charges (note 8)	689	483
Loss on disposal/write-off of assets - property, plant and equipment	1,128	167
Increase/(decrease) in leave provision (note 16)	50,761	(111,857)
Increase in retirement benefit obligations (note 16)	4,486	2,929
Utilised deferred state grant (note 17)	(91,529)	(110,673) *
(Increase)/decrease in deferred income tax assets (note 30)	(252)	59
Investment income (note 25)	(676,570)	(442,352)
Finance charges (note 26)	27,882	8,777
Operating surplus before changes in working capital	611,632	872,113
Changes in working capital	(456,234)	(151,838)
Increase in inventories	(29,727)	(4,273)
Increase in trade and other receivables, excluding allowance for credit losses	(408,293)	(43,669)
(Increase)/decrease in income tax receivable	(2)	15
Decrease in trade and other payables	(80,993)	(42,377)
Increase/(decrease) in contract liabilities	42,961	(36,052)
Increase/(decrease) in income tax payable	0	5
Increase/(decrease) in income received in advance	19,820	(25,487)
Cash flows from operating activities	<u>155,398</u>	<u>720,275</u>

* Utilised deferred state grant funding represents the amount as recognised in the statement of comprehensive income and can therefore not be disclosed as part of investing activities in the statement of cash flow.

For this reason, a prior year amount of R110 673 000, was reclassified to cash flows from operating activities.

This resulted in a decrease in the cash flow from operating activities, amounting to R110 673 000 and an increase in cash flows utilised by investing activities in the amount of R110 673 000.

28. CAPITAL COMMITMENTS

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

Buildings	<u>1,376,743</u>	<u>1,054,585</u>
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This expenditure will be financed with internal and external funds (note 6).

29. CAPITAL EXPENDITURE EXPENSED

Capital expenditure expensed consists of library books	<u>4,168</u>	<u>3,846</u>
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30. 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, 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)

30. INCOME TAX AND DEFERRED TAX ASSET (continued)

Tax is calculated at 27% (2022: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	2023	2022
	R'000	R'000
Income tax expense		
Current tax	0	0 *
Deferred tax	(252)	58
Total income tax expense	<u>(252)</u>	<u>58</u>
Tax reconciliation		
Surplus before tax	1,062,222	1,220,630
Unrecognised loss/(surplus)	122	954
Exempt income	(1,063,379)	(1,221,598)
Non-deductible expenses (SARS interest and penalties)	82	3
Prior year tax	0	219
Change in rate	18	0
Taxable income	<u>(935)</u>	<u>208</u>
Total unrecognised tax losses of R4 361 000 are carried forward for 2023 (2022: R4 300 000).		
Deferred tax asset (accrual for leave pay)		
Opening balance	134	192
Movement	252	(58)
Closing balance	<u>386</u>	<u>134</u>
Income tax payable		
Opening balance	5	0 *
Movement	0	5
Closing balance	<u>5</u>	<u>5</u>
Income tax receivable		
Opening balance	0 *	16
Movement	2	(16)
Closing balance	<u>2</u>	<u>0 *</u>

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

31. CONTINGENT LIABILITIES

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

32. 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.

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 21).

Compensation of the University Management is considered related-party transactions. Refer to note 23 for disclosure of remuneration.

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

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**33. 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 appointed a COVID-19 task team during 2020 following the rapidly changing circumstances and financial uncertainties as a result of the Corona virus pandemic. The task team is continuing to make use of a Financial Impact Model (FIM) to do financial planning and closely monitor the possibly 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 have been gradually settling and adapting to the new norm brought about by COVID-19. Patterns have changed, and the University has been adapting 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 financial stability while facing possible new 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 2023 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.