



NWU®

NORTH-WEST UNIVERSITY
NOORDWES-UNIVERSITEIT
YUNIBESITI YA BOKONE-BOPHIRIMA



WE
EMPOWER
PEOPLE
TO SOAR



INTEGRATED REPORT | 2018

It all starts here[®]

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Integrated Report 2018

Over the past two years, we have adopted a new strategy and organisational structure. These changes have made us a stronger, more united university, committed to superior academic excellence and social justice.

Now that our strategy and organisational structure have been finalised, we use these as a foundation to create value by empowering people to soar – to go higher and further in pursuit of their goals.

How do we do it?

We share our knowledge and hone people's skills, thereby creating the energy for momentum and the ability to soar into the unexplored; to see what has never been seen, and to create the future.

We empower people to soar

We create value for ourselves and our stakeholders.

We know our risks and use our opportunities.

We have the strategy and the organisational structure.

This is the NWU's integrated annual report, which the NWU Council approved at their meeting of 20 June 2019 and was submitted to the Department of Higher Education and Training (DHET) at the end of June.

It is available on the NWU website at <http://www.nwu.ac.za/content/nwu-annual-reports>.

We welcome feedback on our reporting approach – you are welcome to send your comments or suggestions to our registrar, Prof Marlene Verhoef, at marlene.verhoef@nwu.ac.za

1 About this report

1.1 Our story

These are the facts and figures that make up our value creation story. Through this integrated report we tell you, our stakeholders, how we are implementing our strategy to create value for ourselves and our stakeholders over the short, medium and long term.

Throughout our story, you will see how we use and affect our resources and relationships, known as our “capitals”, to create value. There are six capitals: intellectual, human, social and relationship, manufactured, natural and financial. (You can read more about our capitals on page 54.)

1.2 To you, our audience

Our value creation story is all about you, our valued stakeholders and other interested parties.

We see our stakeholders as those groups or individuals whom we affect through our activities and services, and whose actions can also affect our ability to successfully implement our strategy and achieve our goals.

Our value creation story mainly addresses our primary stakeholders. They are our students, alumni, Council, staff, the Department of Higher Education and Training, our peers, our collaboration partners and our business communities (as future employers of our students). However, we believe that the other stakeholders we engage with at the NWU (as seen on page 32) will also find the information in this report valuable.

1.3 How our story unfolds

Our value creation story starts with an overview of the NWU (page 6) and of how our external environment influences our ability to create value (page 7). Then we tell you how our business model works, referring to our input, activities, output and outcomes, which are all part of our value chain (page 11).

We also explain how our stakeholders' expectations and concerns (page 32), and the risks and opportunities we face (page 39), impact our value creation process.

The guiding stars throughout our journey are our strategy and goals. On page 50 you will see what our strategy is all about and how we put it into practice, using and impacting our six capitals (page 54).

Finally, we tell you how our governance practices support and protect the whole value creation process (page 81).

1.4 Navigating our story

We use different icons to show the connectivity between the various sections in our integrated report.

Our capitals



Intellectual – including processes, procedures, policies, strategies and knowledge-based intangibles emanating from our teaching and learning and our research and innovation activities.



Human – our staff and students (internal stakeholders)



Social and relationship – our relationships with our external stakeholders



Manufactured/manufacturing – our tangible infrastructure and assets

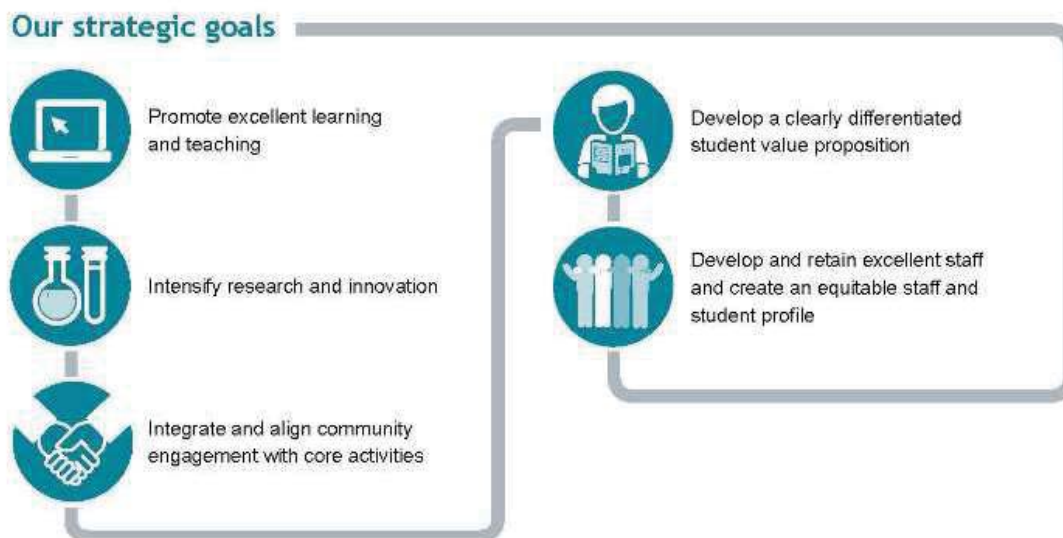


Natural – our environmental/natural resources



Financial – funds that we obtain and spend according to a budget

Our strategic goals



1.5 Materiality of the report content

We based our decisions on what information to include in this report on the concept of “materiality”.

We agree with the definition of materiality as set out in the International Integrated Reporting Council's (IIRC) Integrated Reporting Framework. Consequently, we describe material matters as:

- issues that substantively affect the university's ability to create value over the short, medium and long term; and
- issues that are important to any stakeholder who would wish to make an informed assessment of the NWU's ability to generate value.

In determining which matters are material, the integrated reporting task team, led by the NWU's registrar and including the deputy vice-chancellor for planning and the chief strategy officer in the office of the vice-chancellor, took the following into account:

- The strategy of the NWU and the goals and enablers set out in the NWU's Annual Performance Plan (APP), which puts the strategic plan into action;

- The common strategic assumptions that underpin the strategy;
- The risk register, which documents critical risks that we have identified;
- The IIRC's Integrated Reporting Framework; and
- The DHET's reporting requirements.

Materiality was also informed by the issues our stakeholders raise, as described in the section on How we engage at the NWU on page 32 (in the table under the subheading: Issues raised).

No material matters have been omitted from the report due to confidentiality, legal or information reliability constraints.

1.6 Reporting boundary and scope, period and suite of reports

Reporting boundary

Our integrated report reflects the performance of the NWU as it operated across its three campuses for the period 1 January to 31 December 2018. Although the financial information (pages 70 and 140) serves as a point of reference for the other information in this report, the report extends beyond financial reporting.

It also includes non-financial performance, risks and opportunities and the internal and external factors that substantially influence our business. Where material, we discuss the real and potential impact of these matters on our ability to create value.

Reporting cycle

Annually in December

Contact point for questions

marlene.verhoef@nwu.ac.za

Suite of reports

Our reporting suite further includes:

- Annual financial statements for the year ending 31 December 2018, which can be found on the NWU website at: <http://www.nwu.ac.za/content/nwu-annual-reports>
- Our website containing documents for various stakeholders, which can be accessed at <http://www.nwu.ac.za/content/nwu-our-publications>
- Green initiatives: <http://www.nwu.ac.za/content/nwu-says-go-green-or-go-home>.

1.7 Our reporting framework

This integrated report has been prepared in accordance with the IIRC's International Integrated Reporting Framework and the DHET's Regulations for Annual Reporting by Higher Education Institutions (published in June 2014 and incorporating principles from the King III Report). Our financial reporting boundary is determined in accordance with the International Financial Reporting Standards (IFRS).

1.8 Assurance

We obtain assurance about the effectiveness of our internal controls from internal and external assurance providers. Their input has been incorporated into this report.

We also follow specific procedures to ensure the accuracy of our reporting. After compiling the integrated report, we submitted it to the University Management Committee. The committee looked at the completeness and accuracy of the content and provided feedback where necessary, which was then incorporated into the integrated report. Only after that, did we submit the report to Council for its approval.

The student and staff data provided in this report was obtained from our Institutional Planning and Strategic Intelligence Department, which is also responsible for submitting our data to HEMIS.

The summarised, audited consolidated financial statements contained in this report were extracted from the audited consolidated financial statements, prepared in accordance with the IFRS, and independently audited by our external auditors, PricewaterhouseCoopers. The annual financial statements, including the auditors' report, can be obtained from the NWU website at:

<http://www.nwu.ac.za/content/nwu-annual-reports>.

PricewaterhouseCoopers also independently audited the information on our performance against our strategy and goals in the section about how we added value through our performance (refer to page 121).

More information about combined assurance can be found in the section on our material risks and opportunities in this report (page 44).

1.9 Council approval

Council and its subcommittees acknowledge their responsibility for overseeing the integrity and completeness of this integrated report. Council confirms that it has reviewed the contents of the report and applied its collective mind to the preparation and presentation of this report. Furthermore, Council believes that it has appropriately considered the accuracy and completeness of the material matters, as well as the reliability of the information presented in this report.

Council believes it has sufficiently considered and materially presented these matters in accordance with the Integrated Reporting Framework of the IIRC.

Council approved the 2018 integrated report on 20 June 2019.



DR MB TYOBEKA
CHAIRPERSON OF COUNCIL



MR A REDELINGHUIS
CHAIRPERSON OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

2 Overview of the NWU

2.1 Performance highlights

In 2018 we made significant strides in moving to a unitary university model, both in terms of our structure and strategy. On page 54 you will see how we performed against our strategy and created value by using and impacting our capitals.

The following key trends are noteworthy:

15 350 qualifications awarded in 2018 (2017: 16004)	215 postdoctoral fellows in 2018 (2017: 215)
83,2% undergraduate success rate in 2018 (2017:85,4%)	1300,04 units total research output in 2017
232 total NRF-rated researchers (2017: 229)	248 PhDs awarded in 2018 (2017: 235)
11 research chairs (2017: 9)	7 hosted research chairs (2017:6)
R1 564,9 million financial aid administered by the offices on the three campuses	4 out of 5 stars overall ranked by Quacquarelli Symonds international evaluation system (2012: 3 stars)
Over R210,54 million spent on infrastructure and facilities	17 794 distance students enrolled (second highest in South Africa)
	More than 1 400 academic programmes offered at the NWU

2.2 Who we are

The North-West University is one of the 26 public higher education institutions in South Africa. We have three campuses: two in the North-West province and another in Gauteng.

We have a single set of policies, systems and standards, and are driven by a set of constitutionally based values, in particular human dignity, equality and freedom.

All of the above are aimed at promoting unity in diversity. We wish to foster tolerance and respect for different perspectives and belief systems to ensure a suitable environment in which we can reach our purpose and realise our dream.

Our purpose

To excel in innovative learning and teaching and cutting-edge research, thereby benefiting society through knowledge.

Our dream

To be an internationally recognised university in Africa, distinguished for engaged scholarship, social responsiveness and an ethic of care.

The above form the basis for how our strategy (refer to page 50) ultimately delivers value to all our stakeholders and how it aligns us with the South African Government's National Development Plan 2030.

Our strategy

To transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice.

2.3 What we do

Our core business is teaching-learning and research, with community engagement and innovation intertwined in these activities.

Ultimately though, our role is about creating value, which refers to our output and outcomes, as well as our obligation to promote social justice in our communities.

2.4 Where we operate

We operate mainly in South Africa, but collaborate extensively with institutions and people all over the world. In 2018, the NWU had slightly more than 1 600 active agreements and memoranda of understanding, of which 250 were signed during 2018.

2.5 What sets us apart

- No academic time lost in the past few years
- Second largest number of distance students in South Africa
- Rural setting and safety of our campuses

2.6 The external environment

Various factors in our external environment affect our capitals and consequently our ability to create value for ourselves and our stakeholders.

In the text below, we will discuss the material factors in our external environment that affect us directly or indirectly. We will also indicate how these are linked to our strategic goals and risks, how these impact our value creation ability, and what our response is.

Announcement of fee-free higher education

The announcement of fee-free higher education for households whose income is below a minimum threshold, had put substantive pressure on the all relevant internal business processes to cope with the evolving National Student Financial Aid (NSFAS) administrative system.

Strategic matter affected: teaching and learning (goal no 1), enabler 4 - refer to page 52

Capitals affected: financial, human, intellectual

Risks involved: 1, 3, 5 and 8 – refer to page 39.

Effect on value creation

We are aware of possible disruption of our systems from the changed financing model. The implementation of fee-free higher education, as well as the belated announcements from NSFAS, not only changed the normal enrolment patterns and resulted in a more complex process for managing enrolment targets, but also had an impact on the administration of registrations.

Our strategic response

Effective communication among staff and students ensured an uninterrupted academic year.

Fee regulation by the DHET

The Department of Higher Education and Training has requested a CPI-related tuition fee increase of 5,3% for 2019.

<p>Strategic matter affected: financial sustainability (enabler no 5) – refer to page 52</p> <p>Capitals affected: financial, intellectual, human</p> <p>Risks involved: 1 – refer to page 39</p>
<p>Effect on value creation</p> <p>It may erode our autonomy and put our financial stability at risk. This may ultimately affect the quality of the services we provide.</p>
<p>Our strategic response</p> <p>We are identifying opportunities to increase our income and are managing our budget process carefully. We are also diversifying our income streams and improving operating costs efficiency. In addition we intend to participate in the modelling of the future funding design, influencing the process in a positive way.</p>

<p><u>National call for curriculum change and transformation</u></p> <p>The impact that the overarching Fallist Movement and its various themes have had on teaching-learning since 2016, has led to national calls for curriculum change and transformation.</p>
<p>Strategic matter affected: teaching and learning (goal no 1) – refer to page 52</p> <p>Capitals affected: intellectual, human, social and relationship, manufactured, financial</p> <p>Risks involved: 2 and 3 – refer to page 39</p>
<p>Effect on value creation</p> <p>Possible disruption of academic activities, in particular contact sessions</p>
<p>Our strategic response</p> <p>We continue to decolonise the curriculum and address matters such as equity at the NWU. (More information is available in our report on transformation on page 36.)</p> <p>Various NWU policies reflect this, such as the Policy for Continuing Education, the Language Policy, the Declaration on the Decolonisation of University Education, and the Declaration on the Development and Use of Open Education Resources.</p> <p>To further mitigate the risk of potential disruptions, we developed the capacity to offer our learning programmes off-campus and through technology such as electronic (e-learning) platforms.</p>

<p><u>National call for greater access to universities</u></p> <p>In response to the call for greater access, the NWU aims to make our services available to as many qualifying students as possible. (Read more about this on pages 15 and 16.)</p>
<p>Strategic matter affected: teaching and learning (goal no 1) – refer to page 52</p> <p>Capitals affected: intellectual, human, social and relationship, financial</p> <p>Risks involved: 2, 3 and 5 – refer to page 39</p>
<p>Effect on value creation</p> <p>We acknowledge that, by ensuring increased access to the NWU, we can – in the long term – change persons' lives, helping them to pursue their dreams. However, we also now realise that we have to be able to provide opportunities and experiences that will foster students' success.</p> <p>Further expanding our academic and counselling support services and programmes for students is an opportunity to create even more value and increase our intellectual and human capital.</p>

Our strategic response

The NWU offers a wide range of programmes to support our students academically. (Refer to pages 16 and 54.)

For instance, we expanded our foundation and extended academic programmes and secured new funding from the DHET for the Faculty of Law and ongoing funding for the faculties of Economic and Management Sciences and Natural and Agricultural Sciences to enable students to access these programmes. This is in alignment with our overall strategy of increasing enrolments in science, engineering and technology-related fields.

Shortage of academic staff

We realise that the pool of academic staff in South Africa, especially from designated groups at levels such as the professoriate, is limited.

Strategic matter affected: teaching and learning (goal no 1) – refer to page 52

Capitals affected: intellectual, human, social and relationship, financial

Risks involved: 2 and 3 – refer to page 39

Effect on value creation

We strive to employ the best-suited academic staff to ensure the best value possible for our students (through excellent teaching and learning) and the community (through ground-breaking research and sustainable community engagement).

If we fail to do this, it may negatively affect our core business capacity and create an overreliance on temporary staff. Not attracting enough black South African academics may also compromise our ability to achieve our equity targets and result in an overdependence on foreign nationals.

A lack of diversity may also hamper service delivery in our core business, especially with regard to language capacity and our commitment to functional multilingualism.

Our strategic response

Through our talent management strategy, we enable staff to build successful and satisfying career paths at the NWU. By offering incentives and professional development we attract and retain key talent, especially in scarce skills areas. We also use the individual remuneration review process to achieve fair pay and have a strategy to attract and retain black academics in particular.

Decline in state funding

The decrease in state subsidies limits the creation of new positions, especially in those areas that link to our strategic priorities, for instance the implementation of the newly adopted Language Policy.

Strategic matter affected: staff profile (goal no 5) – refer to page 52

Capitals affected: human, financial, intellectual

Risks involved: 1, 3 and 8 – refer to page 39

Effect on value creation

We will not be able to adequately fill key positions due to budget constraints.

Our strategic response

We will have to prioritise wisely when filling key positions.

Reduction in external research funding

The National Research Foundation (NRF) is phasing out their incentive funding for NRF-rated researchers. There was also a reduction in postgraduate funding due to NSFAS cuts.

Strategic matter affected: research and innovation (goal no 2) – refer to page 52

Capitals affected: financial, intellectual, human, social and relationship

Risks involved: 3 and 7 – refer to page 39

Effect on value creation

This may lower our research productivity and negatively affect the status of the university in national and international benchmarks.

Our strategic response

We made available R2 million from our strategic funds to all NRF-rated researchers across the eight faculties.

Economic conditions inhibit commercialisation

Economic conditions reduce the availability of early-stage-, seed- and venture capital funding for start-ups and blunt private sector appetite for licensing our intellectual property (IP) and technology.

Strategic matter affected: research and innovation (goal no 2) – refer to page 52

Capitals affected: financial, intellectual, human, social and relationship.

Risks involved: 3 – refer to page 39

Effect on value creation

In the event that our IP and technologies are not transferred to the marketplace, it would result in a loss of potential income and reduced licensing and spin-off activity.

Our strategic response

We continue to develop and maintain relationships with funders and engage with industry to understand their needs and challenges.

Challenges in recruiting international students

Stricter visa requirements and the opening of new universities (for instance in Botswana) make it more difficult to enrol international students. Another possibly inhibiting factor is that the DHET requires us to prioritise South African students for postgraduate studies because of the need in our country.

Strategic matter affected: research and innovation (goal no 2) – refer to page 52

Capitals affected: financial, human, social and relationships

Risks involved: 3 – refer to page 39

Effect on value creation

We have experienced a drop in the number of international students (from 5.9% in 2016 to 5.2% in 2017 and 4,2% in 2018), which may lead to lower global rankings.

Our strategic response

We will have to make a greater effort to recruit more international students.

Rapidly changing societal roles/views/perceptions

Society's perception of race, gender, culture, sexuality, religion, industry trends, technology and accessibility is constantly evolving.

Strategic matter affected: development of a clearly differentiated student-value proposition (goal no 4) – refer to page 52

Capitals affected: human, social and relationship, financial

Risks involved: 2 and 5 – refer to page 39

Effect on value creation

An inability to recognise and adapt to changing societal norms and standards creates the risk of delivering a student experience that might not be appealing to current and prospective students.

Our strategic response

We constantly refine our student governance model and consultation processes to ensure that our plans and priorities remain relevant to the student body.

<p><u>Pockets of political intolerance within the country</u></p> <p>Violence and unrest at other South African universities have an influence on our students and may result in messages and decisions within the university being received with scepticism and unwarranted resistance.</p>
<p>Strategic matter affected: development of a clearly differentiated student-value proposition (goal no 4) – refer to page 52</p> <p>Capitals affected: human, social and relationship, financial</p> <p>Risks involved: 2 and 5 – refer to page 39</p>
<p>Effect on value creation</p> <p>This challenge may increase possible resistance among our stakeholders to NWU messages and could cause delays in the implementation of decisions.</p>
<p>Our strategic response</p> <p>We constantly enhance our communication and improve our consultation processes.</p>

3 Report of Senate to Council

3.1 Our business model and value chain

The functions of the NWU Senate are mainly related to our core business, which in turn comprises important aspects of our value chain. That is why we present the Senate report in the format of our business-model diagram, followed by a discussion of our value chain.

In this section, you can read how we use and transform our capitals to create value for ourselves and our stakeholders through the input, activities, outputs and outcomes in our value chain – all regulated by Senate.

For more information about Senate's composition and specific functions, turn to Annexure 4 on page 134.



3.2 Our business model

INPUT		INPUT		INPUT	ACTIVITIES	OUTPUT
1 142	Schools targeted by our recruiters through direct marketing campaigns and activities. (social and relationship capital)	Academic and support staff (human capital)		R182,99 million	Presenting over 1400 academic programmes (intellectual capital). Student support activities: academic support, health care, financial aid and sport activities. (See page 28)	Total number of graduates per qualification type (human capital)
12 127	First-time entering undergraduate students (human capital)	Personal category	Permanent / temporary	Spent on infrastructure (intellectual capital)	Staff development activities (intellectual capital) (See page 16)	Undergraduate diplomas or certificates
		Crafts/trades	Permanent	29	29	Undergraduate Degrees
			Temporary	0	0	Advanced Diplomas
		Executive/ administration/ management professional	Permanent	79	84	Post-graduate to Master's level diplomas and degrees
			Temporary	7	8	Master's degree
		Instructional/ Research professional	Permanent	1510	1547	Doctoral degree
			Temporary	611	417	Total
		Non-professional administration	Permanent	1251	1280	
			Temporary	3203	3531	
		Service	Permanent	346	329	
			Temporary	21	37	
		Specialised/su port professional	Permanent	454	488	
			Temporary	217	258	
		Technical	Permanent	238	238	
			Temporary	31	59	
		Grand total		7997	8305	
Total number of students per qualification type (human capital)						
Undergraduate diplomas or certificates	13421					
Undergraduate Degrees	35400					
Advanced Diplomas	868					
Post-graduate to Master's level diplomas and degrees	6543					
Master's degree	3072					
Doctoral degree	1625					
Occasional student/Not instructional, research	283					
Total	61212					

INPUT	INPUT	INPUT	ACTIVITIES	OUTPUT																
	<div>INCOME</div> <table><tr><td>Subsidy</td><td>R2 009,7m</td></tr><tr><td>Tuition and related fees</td><td>R1 724,1m</td></tr><tr><td>Investment income</td><td>R223,9m</td></tr><tr><td>Other income</td><td>R943,7m</td></tr></table> <div>EXPENSE RATIOS</div> <table><tr><td>Staff cost</td><td>55,2%</td></tr><tr><td>Operating cost</td><td>35,4%</td></tr><tr><td>NWU funded bursaries</td><td>5,3%</td></tr><tr><td>Other</td><td>4,1%</td></tr></table>	Subsidy	R2 009,7m	Tuition and related fees	R1 724,1m	Investment income	R223,9m	Other income	R943,7m	Staff cost	55,2%	Operating cost	35,4%	NWU funded bursaries	5,3%	Other	4,1%			<div>R831,1 million</div> <div>Net surplus for 2018 as reflected in the consolidated statement of comprehensive income.</div>
Subsidy	R2 009,7m																			
Tuition and related fees	R1 724,1m																			
Investment income	R223,9m																			
Other income	R943,7m																			
Staff cost	55,2%																			
Operating cost	35,4%																			
NWU funded bursaries	5,3%																			
Other	4,1%																			
OUTCOME	According to the Quacquarelli Symonds (QS) global university ranking system, the NWU was ranked in the 801+ position. We received four out of five stars overall, and five out of five stars for teaching/learning, employability, facilities and innovation.																			

The external environment (see page 7) sets the context in which we use our business model to create value.

NWU value chain: empowering people to soar

Our value-creation story is about empowering people to discover their strengths and develop their skills. In other words: we give them the tools to prepare for take-off (our input), we strengthen their wings (our activities), and enable them to take flight (our output) so that they can eventually soar (our outcomes).

Throughout our value chain, we access, use and transform our capitals. For instance, as part of our **input**, we use our sources of income (financial capital), our skilled staff members (human capital), buildings and equipment (manufactured capital) and our academic programmes (intellectual capital) to create value for our students (human capital).

During our daily **activities**, for example our community engagement initiatives, we reach out to communities, thereby strengthening our social and relationship capital. Our research results (intellectual capital) are part of our **output**. We apply these results to find solutions to problems in society and in our country, thereby changing lives and creating a better future for people, which is part of our **outcomes**. As a result, we build good relationships with the outside world, thereby increasing our social and relationship capital.

Our value chain also depends on the responsible use of our natural capital. In fact, all our capitals are based on the availability of natural resources. We need water, for instance, to sustain the lives of our staff and students (human capital) and land to build on (manufactured capital.)

In the following discussion of our value chain, you will see how we draw on our various capitals as inputs and, through our activities, convert them to outputs and outcomes.

3.3 * Input: preparing for take-off

3.3.1 Composition and size of the student body

African (%)	65%
Coloured (%)	5%
Indian (%)	1%
White (%)	29%
Female (%)	65%
Male	35%

In the following table you can see how our student enrolment figures compare with those of other higher education institutions in South Africa (based on **2017** audited Higher Education Information Management System [HEMIS] data).

Institution	Total
University of South Africa	334 015 (only distance students)
Tshwane University of Technology	63 032
North-West University	62 558
University of Pretoria	50 695
University of Johannesburg	50 447

3.3.2 Student recruitment

One of our strategic goals is to reach our annual enrolment targets and so we see student recruitment as an important input into our value chain.

Our recruiters targeted 1 142 schools through direct marketing campaigns and activities. Of these, 47% are schools in quintiles one to three, and 53% in quintiles four and five. Our nine undergraduate marketers reached a potential pool of 69 354 bachelor's degree candidates through their efforts.

3.3.3 Widening access to studies at the NWU

The NWU wants to make our academic programmes accessible to as many qualifying candidates as possible. (This is subject to enrolment targets, budget allocations, institutional capacity and admission requirements.)

To achieve this goal, we offer a wide range of extended academic programmes within the faculties of Economic and Management Sciences, and Natural and Agricultural Sciences (57 academic programmes in total). These programmes enable students to complete their studies over an extended period of time.

Our University Preparatory Programme (UnivPrep) allows participants who do not meet the formal admission requirements for specific programmes to complete a one-year preparatory programme before applying for admission into a formal academic programme.

More information on these initiatives is available from page 54 to 56 in the section on how we performed against our strategy, thereby increasing our intellectual and human capital.

3.3.4 Access to financial aid

The Financial Aid offices on the three campuses of the NWU administered R1 565 million in 2018.

Government funding, including Funza Lushaka administered by the National Student Financial Aid Scheme (NSFAS), amounted to R1 082 million or 69% of the total amount for bursaries. R105 million was outstanding from NSFAS at year end, which will increase government's contribution to 76% of the total amount for bursaries.

We contributed R217,3 million from our own resources, which is 14% of the total funds allocated for financial aid. This confirms our commitment to creating value for our students, thereby increasing the value of our human capital. By supporting needy students, we also support our strategy (committing ourselves to social justice) and we pursue our NWU dream (having an ethic of care).

One of the challenges that remains in our external environment (see page 7), is NSFAS's newly centralised application and funding process.

This model caused significant administrative challenges during the registration period in January and February 2018. Information on first-time entrants was only received after registration had started and NSFAS students with unresolved historical debt had to sign a DHET acknowledgement of debt document before registering. At an administrative level, this prevented students from registering online as they had to report to our inquiry counters to sign the documentation.

However, additional NSFAS funding for first-time entrants allowed for additional enrolments, resulting in higher tuition fee income than planned, which strengthened our financial capital and contributed towards the university's future sustainability.

We remain dependent on NSFAS funding to assist needy students. In fact, the number of students who received NSFAS funding increased significantly from 5 500 in 2016 to 14 400 in 2018. This impacted the funding analysis of our students: 67% of students were covered by bursaries in 2018, compared to 59% in 2017 (excluding the outstanding amounts mentioned earlier).

3.3.5 Registration and orientation

First-year students often struggle with the transition between the secondary and tertiary education environments. Helping them to overcome this challenge, we offer a registration and orientation programme at the beginning of each year.

During this programme, we introduce all first-time entering students to empowering services such as faculty practices, library services, IT systems, campus facilities and extracurricular activities.

This structured approach is a valuable input into our value chain, as it allows students to familiarise themselves with the university environment. In this way we add value for our students (increasing our human capital) and empower them for academic success. In short: we help them to unfold their wings, so that they can eventually soar.

3.3.6 Student development and support

Developing and supporting our students inside and outside the classroom is an essential input into our value chain.

In fact, it is so important that it forms what we would like to call a “hidden curriculum”.

Inside the classroom, we want our students to achieve academic excellence and therefore, as part of our hidden curriculum, we offer several ongoing support and development programmes. (More information about these empowerment activities is available on page 54.)

However, academic success is not our only goal – we want to create well-rounded students with high employability prospects. Through various extra-curricular programmes, we equip our students to develop social and leadership skills, making the eventual transition from the tertiary education environment to the world of work easier for them.

The services offered by our support departments include health care, student counselling and development, as well as arts and sports. We use a hands-on approach that provides numerous opportunities that our students can access easily. (You will find more information about these services on page 28.)

Touching the whole student life cycle, our Student Life department also contributes, playing a bridging role between the students’ needs and various departments that address these needs. These departments include Student Academic Life Cycle Administration, Student Bursaries and Loans, Residence and Catering Services, and Admissions.

3.3.7 NWU staff

In 2018 we had a total of 3 995 permanent staff members, compared to 3 907 in 2017.

The following table shows how our staff numbers compare with those of other South African higher education institutions (based on 2017 audited HEMIS data):

Institution	Total
University of Cape Town	4 841
University of the Witwatersrand	4 620
University of Johannesburg	4 510
University of Pretoria	4 059
University of KwaZulu-Natal	4 013
North-West University	3 907

3.3.8 Staff development and support

Our 3 995 permanent staff members, of whom 2448 are support staff, are a vital input in our value chain, alongside academic staff. Support staff are regarded an important stakeholder group and form part of our human capital. Taking this into account, we fully acknowledge the need to build the capacity of our academic and support staff.

In the text that follows, we elaborate a little more on how we empower and care for our staff. You can also turn to page 19, and to page 63 and 64 in the section on how we perform against our strategy to learn more about how we care for our staff.

3.3.9 Academic promotions and awards programmes

Our annual academic promotions process takes the form of a recognition programme and is one of the tools we use to create an environment in which our academics can realise their potential.

Through this programme we build academics for the future, thereby contributing to the National Development Plan and the Pan-African ideal. This means that we are active in creating value for ourselves, our academics, the country and the continent.

A total of 133 academic promotions were approved in 2018, which is a slight increase on the 130 approved in 2017. There was an increase of 15% in the number of black academics promoted from 2017 to 2018, with the significant increase being in promotions from lecturer to senior lecturer. This outcome helps us to increase the number of black academics in the professoriate at the NWU.

3.3.10 Culture survey

The strategy statement of the NWU has a deliberate focus on diversity, social justice, equity and an ethic of care, among other key principles and values.

In 2018, we embarked on diversity training. This was part of the climate survey improvement plan drawn up in response to the climate survey we conducted in 2017 to identify any barriers that impact on organisational diversity and to identify any enablers to diversity in the workplace.

The initial survey workshops or dialogues were conducted with the university management first, followed by sessions with line managers and project champions. The initial phase targeted 246 leaders.

We also identified the need to create a shared culture among staff and students, aligned to our NWU strategy. A staff and student culture review project commenced with the appointment of a service provider (Laetoli) in September 2018 to assist and guide us in creating this shared culture.

Continuing into 2019, the project has four phases: to assess the NWU existing culture, to craft the new NWU culture (known as the NWU Way), to design the NWU change journey and lastly to institutionalise the NWU Way across the three campuses.

3.3.11 Caring for our staff

We recognise that engaged staff are a competitive advantage, and that South African universities compete for talent, especially for academic staff. An important way for us to compete effectively is to ensure we keep our employees engaged by creating an environment that is underpinned by an ethic of care.

NWU Wellness implements various initiatives that nurture the mental, physical and social wellbeing of our employees. Such initiatives are especially important in a world where change is the norm, and employees are expected to be agile and empowered to interact with complex and volatile conditions and settings.

We use organisational wellness interventions and occupational health assessments to promote optimal employee health. For team cohesion, we implement team assessments and interventions; we also empower line managers to promote employee wellness as part of their management responsibilities.

3.3.12 Research funding

We received the following funds to strengthen our financial capital and to enable us in financing the value creation for research and innovation:

NRF-related grants and support (excluding THRIP)	
Freestanding bursaries	R19 923 891.00
Block grant bursaries	R 4 225 000.00
NRF postdoctoral awards	R3 756 550.05
Chairs	R15 538 554.99
Research grants	R28 459 692.17
Total received from the NRF	R71 903 688.21
Other funding (for technology transfer and innovation)	R24,9 million (see discussion below)

3.3.13 Funding for technology transfer and innovation

The Technology Transfer and Innovation Support Office (incorporating Fundraising) tapped into a wide range of local and international funding opportunities for teaching and learning, research and commercialisation.

A total amount of R24,9 million in grants and project funding was received through general fund-raising efforts in 2018. This amount includes funding in the form of SETA bursaries (R9,3 million) and funds for initiatives ranging from engineering projects (R3,3 million) to our Meal-a-Day project for needy students.

International funding

The table below shows the international funding that each faculty received during 2018.

(minus amounts indicate an income amount)

International funding for research	
Faculty of Economic and Management Sciences	305 585.52
Faculty of Education	-674 388.23
Faculty of Engineering	-6 545 127.68
Faculty of Health Sciences	-17 273 277.20
Faculty of Humanities	67 543.58
Faculty of Law	-116 628.97
Faculty of Natural and Agricultural Sciences	-6 034 744.41
Faculty of Theology	
Grand total	-30 271 037.39

3.4 * Activities: strengthening their wings

Our core business is teaching and learning, research and community engagement; while acknowledging that ultimately all activities at the NWU are aimed at creating value in these fields.

3.4.1 Teaching and learning activities

We are committed to improve continuously the scope and relevance of our academic offering and the quality of our teaching and learning activities. This is important for further improving student access, retention and success. During 2018, we continued working diligently to address issues relevant to these environments.

The strong focus on the alignment of our academic programmes also continued, the aim being to ensure external compliance and provide programmes of comparable quality across all our campuses. For more information, refer to page 55 in the section on how we performed against our strategy, thereby increasing our intellectual capital.

3.4.2 Increasing student access, retention, attainment and success and support of at risk students

Our Centre for Teaching and Learning (CTL) offers a variety of interventions to enable student retention and success.

We used the Student Academic Readiness Survey (STARS), to measure the academic readiness of first-year students and guide student development and psychosocial support.

Supplemental Instruction (SI), which supports undergraduate students towards academic success through regularly scheduled voluntary small-group sessions, was facilitated by trained SI facilitators.

Through our peer-mentoring programme, high-performing senior students assisted first-year students in making a successful transition to university life.

Although the SI programme is still the primary means of providing academic support to small groups of students, we also implemented a tutor programme, where carefully selected senior students offer one-on-one support to undergraduate students, to provide additional support.

To see how these activities create value for ourselves and our stakeholders, refer to the section about how we performed against our strategy, thereby increasing our intellectual and human capital. (See page 54.)

3.4.3 Promoting continuing education

Our Unit for Continuing Education is helping to build a skilled workforce for South Africa, thereby increasing our financial, intellectual and social and relationship capitals.

Focusing on improved growth and profitability, we offer a diversified portfolio of short courses and have developed new products. During 2018, 6 972 candidates participated in 230 short-course events.

In extending our reach to disadvantaged communities, people with disabilities, women and rural communities, we identified six high-demand short courses for a distance learning delivery pilot project that we will implement in 2019.

3.4.4 Establishing an international presence

The NWU is an active partner in collaborations within the Brazil, Russia, India, China and South Africa (BRICS) countries and has knowledge and skills-sharing agreements with several BRICS universities.

An exciting new development in 2018 was the BRICS Youth Talent Development programme, which encourages participants to address problems such as poverty and access to further education and training.

3.4.5 Improving graduate employability

Part of our value creation story is to improve the employability of NWU work-seeking graduates – in other words, to get them ready and sufficiently skilled to enter the world of work as part of South Africa's work force.

We take various steps to produce graduates suited to the market and who, within six months of graduating, are either self-employed or in formal employment. More information about these activities are available in the section on how we performed against our strategy, thereby strengthening our intellectual and human capital, on page 63.

3.4.6 Focusing on academic professional development

In empowering our academics to be excellent teachers who can soar as professionals, we use various initiatives for their professional development.

These include workshops, seminars and webinars, the induction programme for new academics, the Teaching and Learning Excellence Awards, events and activities focused on the scholarship of teaching and learning, and the annual Teaching and Learning Conference. All these initiatives help to develop our human capital, meaning staff and, through them, our students.

SEE THEM SOAR

International teaching mobility project

This collaborative teaching initiative has a technological focus, with NWU lecturers visiting the Georgia State University in the US, attending online training sessions and working with their partners on a virtual teaching project. Lecturers also teach and engage in a virtual environment.

Some of the participating NWU lecturers are planning new modules and act as subject expert mentors to the faculties at Georgia. The 2018 group will complete their first virtual teaching project by March 2019 and the plan is to expand the project to European universities in 2019 and 2020.

3.4.7 Research activities

Our research activities revolve around our research entities, which include seven national entities linked with national and international imperatives, 11 research chairs, and 40 NWU research entities (compared to 39 in 2017).

For a new NWU entity to be approved, there must be a clear fit with the university's strategic plan and the national research plan. Our 40 research entities consist of five Centres of Excellence, 10 research units, 13 research focus areas and 12 research niche areas.

As it is important that our research activities create maximum value for our stakeholders, we evaluated 10 of our NWU entities during 2018.

3.4.8 NWU research entities

NWU research entities	Faculty
Research centres of excellence	
Centre of Excellence for Nutrition (CEN)	Health Sciences
Centre of Excellence for Pharmaceutical Sciences (PharMaCen)	Health Sciences
Centre for Space Research	Natural and Agricultural Sciences
Centre of Excellence in Carbon-based Fuels	Engineering
Hypertension in Africa Research Team (HART)	Health Sciences

Research units	
Unit for Business Mathematics and Informatics (BMI)	Natural and Agricultural Sciences
Research Unit for Law, Justice and Sustainability	Law
Education and Human Rights in Diversity (Edu-HRights)	Education
Unit for Energy and Technology Systems	Engineering
Unit for Environmental Sciences and Management (UESM)	Natural and Agricultural Sciences
Unit for Language and Literature in the South African Context	Humanities
Unit for Reformational Theology and the Development of the South African Society	Theology
Tourism Research in Economic Environs and Society (TREES)	Economic and Management Sciences
Africa Unit for Trans-disciplinary Health Research (AUTHeR)	Health Sciences
Workwell: Research Unit for Economic and Management Sciences	Economic and Management Sciences

Research focus areas	
Ancient Texts: Text, Context and Reception	Theology
Chemical Resource Beneficiation (CRB)	Natural and Agricultural Sciences
Community Psychosocial Research (Compres)	Health Sciences
Enabling Optimal Expression of Individual, Social and Institutional Potential (OPTENTIA)	Humanities
Human Metabolomics	Natural and Agricultural Sciences
Material Science, Innovation and Modelling (MaSIM)	Natural and Agricultural Sciences
Physical Activity, Sport and Recreation (PhASRec)	Health Sciences
Population and Health	Humanities

Quality in Nursing and Midwifery (NuMiQ)	Health Sciences
Self-directed Learning (SDL)	Education
Social Transformation	Humanities
Trade and Development (TRADE)	Economic and Management Sciences
Understanding and Processing Language in Complex Settings (UPSET)	Humanities

Research niche areas	
Community-based Educational Research (COMBER)	Education
Edu-Lead	Education
Food Security and Safety	Natural and Agricultural Sciences
Global Innovative Focussed Talent (GIFT)	Economic and Management Sciences
Indigenous Language Media in Africa (ILMA)	Humanities
Lifestyle Diseases	Health Sciences
Medicine Usage in South Africa (MUSA)	Health Sciences
Multilingual Speech Technologies (MuST)	Engineering
Musical Arts in South Africa: Resources and Applications (MASARA)	Humanities
Occupational Hygiene and Health Research Initiative (OHHRI)	Health Sciences
Technology-enhanced Learning and Innovative Education and Training, South Africa (TELIT-SA)	Economic and Management Sciences
Visual Narratives and Creative Outputs through Interdisciplinary and Practice-led Research (VINCO)	Humanities

National hosted entities

Hosted entities (centres, platforms and institutes)	Faculty
DST HySA Infrastructure Centre of Competence in hydrogen production, storage, reticulation and safety codes and standards	Engineering
DST/NWU Pre-clinical Drug Development Platform (PCDDP)	Health Sciences
dti Centre for Advanced Manufacturing	Engineering
DST Centre of Excellence in Indigenous Knowledge Systems (IKS)	Natural and Agricultural Sciences
Centre for Human Metabolomics	Natural and Agricultural Sciences
MRC Extra Mural Unit for Hypertension and Cardiovascular Disease	Health Sciences
South African Centre for Digital Language Resources (SADiLar)	Humanities

Commercial research entities	Faculty
Centre for Pharmaceutical and Biomedical Services	Health Sciences

3.4.9 Research chairs

Among our 11 research chairs are two new and four renewed SARCHI chairs, and one new UNESCO chair, which was the first one of its kind to be allocated to the NWU.

Research chairs	Faculty
DST/NRF Research Chair in Astrophysics and Space Research (SARCHI)	Natural and Agricultural Sciences
DST/NRF Research Chair in Coal Research (SARCHI)	Engineering
DST/NRF Research Chair in Biofuels and Other Clean Alternative Fuels (SARCHI)	Engineering
DST/NRF Research Chair in Nuclear Energy (SARCHI)	Engineering
DST/NRF SA-NAM Bilateral Research Chair in Astronomy and Astrophysics	Natural and Agricultural Sciences
DST/NRF Research chair in Cities, Law and Environmental Sustainability	Law
DST/NRF Research Chair in Early Detection and Prevention of Cardiovascular Disease in Africa (SARCHI)	Health Sciences
EDTP SETA Research Chair in Early Childhood Education	Education
ESKOM EPPEI Specialisation Chair in Emission Control	Engineering
World Trade Organization Chair	Economic and Management Sciences

3.4.10 International partnerships

For information on how our research and innovation performance is creating an international presence, refer to page 60 in the section on how we create value against our strategy and capitals.

3.5 * Outputs: see their wings unfold

3.5.1 Levels of academic progress in different disciplines

Our general academic rules and faculty-specific rules regulate academic performance and progression requirements. A sufficient percentage of the credit load of the programme for which the student is registered must be completed annually within the maximum duration allowed for the study.

In order to ensure this, the rules require the following:

- A contact student must obtain at least 66% of the total credits required for the programme up to the historic year level for which the student is registered.
- A distance student must obtain at least 50% of the total credits that are required for the curriculum up to the historic year level for which the student is registered.

3.5.2 Teaching and learning output

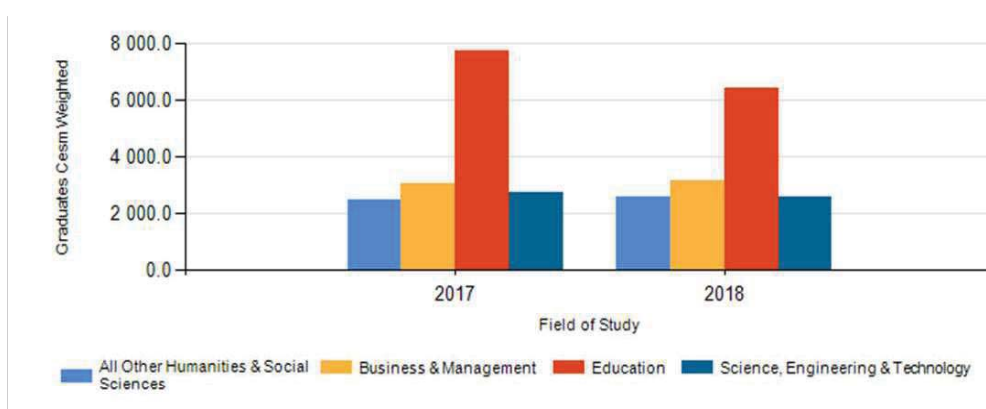
We had a contact success rate of 84,6% (85% in 2017) and a contact undergraduate graduation duration factor of 1,13 in 2018, compared 1,15 in 2017. This increase indicates that more students completed their degrees in the minimum time.

Our student-to-academic staff full-time equivalent (FTE) ratio is 32,44: 1, meaning that one academic staff member is available for every 32 full-time equivalent students.

Our first-time entrant dropout rate for contact degrees decreased from 11,11% in 2017 to 9% in 2018. This shows that our investment in academic support is yielding substantial value.

The following table shows the number of graduates per qualification type for 2017 and 2018.

Field of study	2017		2018	
	Graduates CESM weighted	% of Total	Graduates CESM weighted	% of total
All other humanities and social sciences	2 489,8	1,6 %	2730.667	17.8 %
Business and management	3 072,2	19,2 %	3330.917	21.7 %
Education	7 707,3	48,2 %	6496.167	42.3 %
Science, engineering and technology	2 734,8	17,1 %	2792.25	18.2 %
Total	16 004,0	100,0 %	15350.0	100,0 %



The following table shows how our number of graduates compare with those of other South African higher education institutions (based on 2017 audited HEMIS data):

Institution	Total
University of South Africa	44 842
North-West University	16 004
Tshwane University of Technology	14 754
University of Pretoria	13 273
University of Johannesburg	13 004

3.5.3 Teaching and learning awards

The annual Teaching and Learning Excellence Awards (TEAs) acknowledge and celebrate the exceptional output of our academic staff in teaching practices and innovation, while providing excellent role models for students and other academics.

In 2018, we paid tribute to 36 outstanding lecturers, 10 of whom received Emerging Teaching and Learning Excellence Awards, 21 Teaching Excellence Awards and five Distinguished Teaching Excellence Awards.

3.5.4 Research output

Improving our research and innovation output means considering the quantity and quality of research.

Both aspects show an upward trajectory. Pockets of excellence within the university are expanding, various entities are internationalising their research and our critical mass of expertise is growing.

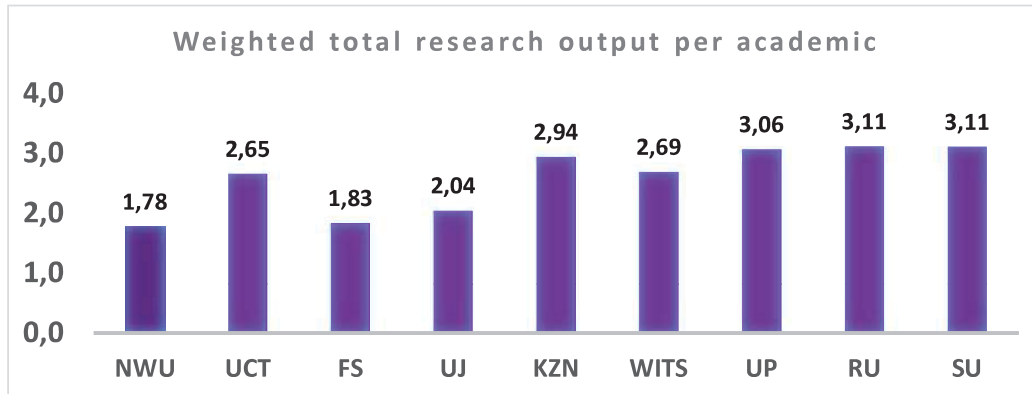
The following table confirms this:

Research output	2017
Journal Articles	1107,64
Conference proceedings	82,37
Books	110,03
Total article equivalents published	1300,04
Master's degrees conferred	813
Research master's	600,467
Research master's weighted	600,467
Doctoral degrees conferred	235
Doctoral degrees weighted	705
Total weighted research output	2605,507
Publication units per permanent academic staff member	0,86

Read more about our research output on page 59 in the section on how we create value against our strategy, thereby strengthening our intellectual capital.

3.5.5 Weighted total research output per academic

Using 2016 audited HEMIS data, the graph below shows our position in the higher education sector with regard to the research output per academic. When comparing ourselves with these eight universities, we are ninth in the sector.



3.5.6 Research and innovation excellence awards

We celebrate our researchers' hard work and exceptional output through our annual research and innovation excellence awards. In 2018 there were eight Technology Transfer and Innovation Excellence Awards, eight Research Excellence Awards, 10 National Research Excellence Awards and four International Research Excellence Awards.

Prof Marius Nel, Faculty of Theology, was announced the Most Productive Researcher, while Dr Josh Chukwuere, Faculty of Economic and Management, was the Most Productive Junior Researcher. The

Unit for Reformational Theology and the Development of the South African Society was the Most Productive Research Entity.

3.6 * Outcomes: See them soar

In the previous sections we discussed the first two parts of our value chain, namely our inputs and activities. Now we are going to show you how these have been realised in the next stage of the chain – outcomes that create value over a longer term.

During all four stages of our value chain, we take care that we source, use and transform our capitals in such a way that we will still have sufficient capitals available to use for future value creation. In other words: sustainability is part of our outcomes.

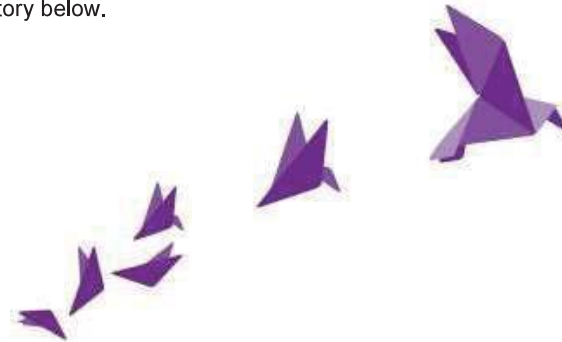
Let's look at an example. By creating financial stability as an outcome for ourselves, we make sure that there will be an NWU in the future to create more outcomes for our stakeholders. One of these outcomes may be enhancing the knowledge economy of the country by delivering skilled graduates to the labour market. (Delivering graduates is an output that increases our human capital and eventually the human and financial capital of South Africa).

Another example is our research output (an outcome), which strengthens our reputation (an outcome) to such an extent that we attract more students. This can be seen as an outcome and a future input that builds our human capital and ensures our future sustainability.

Using our research and innovation results to solve real-life problems in our communities, the country and the world, is another example of an outcome. The third leg of our core business, namely community engagement, also creates outcomes for people by empowering them to improve their lives in a sustainable way, as can be seen in the story below.



PROF DAN KGWADI
CHAIRPERSON OF SENATE



SEE THEM SOAR

Green water treatment will benefit communities

For her master's research, an NWU PhD chemistry candidate, Tshepiso Moremedi, assisted communities in the rural villages of Seweding and Stadt to understand the health effects of nitrate in drinking water. Her work included the mechanisms for treating drinking water by using *Moringa Oleifera* (*M. oleifera*), a non-toxic tropical plant found throughout India, Asia and Sub-Saharan Africa.

4 Report of the vice-chancellor

4.1 Introduction: Looking at 2018

When reflecting on the theme of this integrated report, “We make people soar”, I can state with confidence that we have indeed empowered our stakeholders – and ourselves – to reach greater heights in 2018.

One of the highlights I would like to share with you is that we were able to embed satisfactorily our new unitary structure. The result has been a more unitary student life, not least in the way our NWU sporting teams have represented us proudly in new purple gear.

Our students also sustained their focus on their studies during the year: consequently, we did not lose a single academic day due to protests. At our graduation ceremonies, some 10 000 students received first degrees or diplomas and 248 received doctorates.

A further significant achievement was to maintain financial stability, despite economic challenges, both nationally and globally. We accomplished this by keeping a sharp eye on the balance sheet and increasing our reserve funds. As a result, we were able to remain one of the most affordable universities in the country.

We also developed a new language policy, which has at its core, multilingualism. This policy will enhance our graduates’ ability to function more effectively in more than one language. In this way we aim to contribute to social cohesion and inclusion.

You will find more detail about our performance against the targets in our 2018 Annual Performance Plan, in the section on how we create value through performance, from pages 54 to 79, and also in Annexure 1 on page 121 of this report.

However, there were a few major developments during the year that are worth mentioning here.

4.2 Our managerial and administrative activities

As already mentioned in this integrated report, all our activities are geared towards value creation for ourselves and our stakeholders, by deploying our six capitals in support of our strategy.

The appointment of new senior executives and administrative staff members strengthened our human capital and our various managerial and administrative activities contributed to our organisational learning and our intellectual capital.

4.3 New senior executive and administrative appointments

For more information about senior appointments, please refer to the section on governance supporting value on p 93.

4.4 Managerial and administrative aspects of our operations

These aspects of our operations are discussed throughout our report.

You can read more about the managerial and administrative aspects relating to teaching-learning and research in the section about our business model and value chain (pages 11 to 25).

The sections detailing our strategy (pages 50 to 53) and our performance (pages 54 to 79) contain information about other support departments and operations.

4.5 The adequacy of staff levels, particularly in critical areas

Integral to our success is the quality of our people. If we want to fulfil our dream of being an internationally recognised university, we need talented, energised, committed and passionate staff with high level of skills and an innovation mind-set.

A challenge during 2018 was the competition for talent in the higher education sector. We addressed this challenge through strategic workforce planning, talent attraction and management, recruitment, optimal management of remuneration, training and development and performance management.

We also developed a scarce and critical skills programme to attract and retain the talent required to assist in realising our strategy of promoting academic excellence. The programme started in the academic environment, and we will roll it out in the support environment during 2019.

There was a significant increase in total staff headcount (from 7 997 in 2017 to 8 305 in 2018). As can be seen from the following table, this growth is mainly in the support environment, while the academic pool remained stable. In 2019, we will prioritise growth in academic posts.

Total staff headcount – 2017 vs 2018						
Classification	Permanent		Temporary		Total	
	2017	2018	2017	2018	2017	2018
Academic	1 510	1 547	611	417	2 121	1 964
Support	2 397	2 448	3 479	3 893	5 876	6 341
Grand total	3907	3995	4 090	4 310	7 997	8 305

We can report that the workforce was stable in 2018, with a staff turnover of 4% among academics and 5% among support staff. This is well within our targeted attrition rate of under 10%.

4.6 The extent to which the equity targets in the workplace have been realised

Our progress towards achieving our employment equity targets are regularly monitored by various oversight governance committees. These include two Council committees, namely the People and Culture and Employment Equity Committee and the Transformation Oversight Committee.

In 2018 we revised and aligned our employment equity targets with our new operating model.

Our current employment equity plan runs from January 2016 to December 2020. The targets and outcomes for 2018, cascaded from the plan approved by Council on 28 September 2018, are shown in the following table.

2018 NWU employee profile based on HEMIS											
Occupational level	Male				Female				Male	Female	Grand total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Foreign national		
Permanent staff total, fourth quarter	737	106	25	838	679	143	28	1 391	37	11	3 995
% Total NWU workforce)	18.45%	2.65%	0.63%	20.98%	17.00%	3.58%	0.70%	34.82%	0.93%	0.28%	100.00%
2018 EE target	645	95	19	829	627	142	30	1 332	59	12	3 790
2018 EE target %	17.02%	2.51%	0.50%	21.87%	16.54%	3.75%	0.79%	35.15%	1.56%	0.32%	100.00%
Target variance	92	11	6	9	52	1	-2	59	-22	-1	205
Target variance %	1.43%	0.14%	0.13%	-0.89%	0.46%	-0.17%	-0.09%	-0.33%	-0.63%	-0.04%	0.00%

As you can see, we achieved our 2018 targets in most categories, surpassing the targets by 1,43% for African males, 0,14% for Coloured males, 0,13% for Indian males, and 0,46% for African females.

4.7 The quality of information available to management

We need high-quality, trustworthy information to make decisions that are crucial for our daily operations and the future sustainability of our university.

Our Institutional Planning and Strategic Intelligence unit collects, integrates and stores data from different sources across the university to assist us with integrated planning and intelligent decision-making.

The unit provides timely management information (often by responding to ad hoc queries), reports regularly to different business units and develops customised dashboards.

A challenge is that most of the indicators universities use are only available at the end of the academic year. As a result, we need to identify data sources that can assist us with proactive decision-making and early identification of at-risk students.

Addressing this challenge, the unit and the Centre for Teaching and Learning have started to develop learner analytics.

The unit is also responsible for the HEMIS submission of staff, student and research data to the Department of Higher Education, and for putting processes in place to improve the overall data integrity at the NWU.

4.8 Student services and extracurricular activities

We want the NWU to be a home away from home for all our students. In line with our dream to promote an ethic of care, we offer various support services and extracurricular activities to create well-rounded students.

You can read more about our academic support activities for students in the section on how we create value through our performance on pages 54 to 63.

In addition to their academic pursuits, extracurricular activities are a valuable part of our students' overall university experience. Through our Student Support Services Centre, we encourage our students to become involved in more than 40 sporting, social and cultural student organisations that we offer at the university.

Through their involvement in these activities, our students develop leadership skills, a capacity for teamwork and a sense of judgement, they learn how to build meaningful relationships, to be responsible and to persevere.

Another priority is the mental and physical health of our students. Besides organising awareness campaigns about matters such as HIV and AIDS and gender-based violence, we offer our students various counselling and social welfare services.

In addition, our campus clinics offer affordable and, when needed, free medical care to all students.

4.9 Changing patterns in the provision of academic courses

In 2018 we had 61212 students enrolled at our three campuses. Female enrolments dropped slightly from 41 219 to 39963, while male enrolments 21249 were much the same as in 2017.

We experienced over-enrolments in the faculties of Natural and Agricultural Sciences, Humanities and Health Sciences, but were largely on target in the faculties of Law, Theology, Education, Economic and Management Sciences and Engineering.

We remain committed to our strategy of enrolling more students in the fields of science, engineering, technology and commerce, and are making steady progress in this regard.

During 2018, Senate approved several new qualifications, the extension of qualifications and programmes to other campuses, and the addition of new programmes under existing qualifications.

Most approvals were in the fields of education and social sciences. Several programmes were also introduced at campuses where they were not previously offered. Development Studies was for instance introduced at the Mafikeng Campus, and Population Studies at the Potchefstroom and Mafikeng campuses.

2018 saw an emphasis on new and unique qualifications, for instance the approval of the diploma and BEd in Early Childhood Care and Education, which were identified as national priorities.

No new distance applications were made for 2018, as we are already offering a substantial number of programmes via distance learning.

4.10 Self-assessment of the achievement of the vice-chancellor

We have made significant progress in our core activities of teaching and learning, research and innovation, and community engagement. The details are set out elsewhere in this report, for instance in the highlights on page 6 and in our business model on page 11.

As you can see from these accomplishments, we kept our eye on the ball and, at the same time, embedded our new unitary structure.

Virtually the whole of the senior management team is now in place and we can concentrate on realising our unitary strategy, our dream and purpose.

In conclusion, we are glad to report that we have succeeded in achieving the majority of the goals in our Annual Performance Plan. (Refer to page 121.)

4.11 Looking at the future

We will build on the firm foundation of what we have accomplished. This does not mean resting on our laurels. An ongoing project will be to optimise our structure and operating model in order to support and realise our strategy.

We will continue to align our institutional culture with the demands of our strategy. What this means, is that we have to maintain an internal environment where all feel welcome, integrated and included.

To accomplish this, we will implement various culture change projects for staff and students in 2019. These projects will focus on diversity, social inclusion and cohesion as our organisational attributes.

In short: our behaviour and activities must continue to be driven by our values, an ethic of care and a commitment to social justice. Only within such an environment will we be able to tackle the challenges facing us.

One of the ongoing challenges in our environment is the sustainability of the funding model for public higher education in South Africa.

We must make sure that we are able to improve our financial sustainability in future, within the constraints of the funding framework. This may well entail a more innovative approach to funding diversification than we currently employ.

Despite challenges, we face the future with confidence, as we know that the ongoing support that we receive from you, our stakeholders, will enable us to continue to enable our people to soar.








Quote:

"It requires excellence and dedication to make people soar to where they can achieve their goals and realise their dreams.

The NWU community does not disappoint. By taking hands and soaring to greater heights themselves, they play the major part in our value creation story. May our joint efforts continue to make our stakeholders soar."

- Prof Dan Kgwadi, Vice-Chancellor

4.12 Meet our management members

<p>Prof ND Kgwadi</p>  <p>Vice-Chancellor</p>	<p>Prof JJ Janse van Rensburg</p>  <p>Vice-Principal and Deputy Vice-Chancellor: Assigned Function and Potchefstroom Operations</p>
<p>Prof M Verhoef</p>  <p>Registrar</p>	<p>Prof L du Plessis</p>  <p>Deputy Vice-Chancellor: Strategic Planning and Vaal Triangle Operations</p>
<p>Prof RJ Balfour</p>  <p>Deputy Vice-Chancellor: Teaching-Learning</p>	<p>Prof RN Phaswana-Mafuya</p>  <p>Deputy Vice-Chancellor: Research and Innovation</p>
<p>Prof BMP Setlaletoa</p>  <p>Deputy Vice-Chancellor: Mafikeng Campus Operations</p>	<p>Prof L Lalendle</p>  <p>Executive Director: Student Life</p>

Dr M Singh



Executive Director:
People and Culture

Mr C Manoko

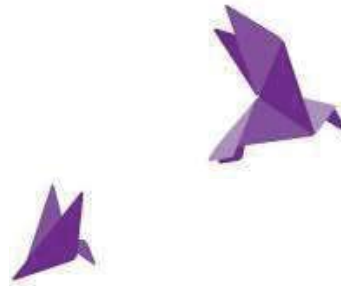


Executive Director:
Corporate Relations
and Marketing

Ms E de Beer



Executive Director:
Finance and Facilities



**PROF DAN KGWADI
VICE-CHANCELLOR**

5 How we engage with our stakeholders

We are very proud of what we have achieved since the implementation of the new strategy, especially regarding research and innovation, teaching-learning and community engagement. We believe this is the result of our solid, high-quality relationships and constructive engagements with our stakeholders.

5.1 Creating value for ourselves and our stakeholders

Our engagement approach of responding effectively to our stakeholders' interests and expectations creates value for them and, at the same time, builds capacity and creates opportunities for our long-term growth and sustainability.

Striving to create even more value for our stakeholders, we asked the firm business DNA to conduct an internal communication audit among staff and students in 2018.

In surveys such as this one, a score of 65% communication effectiveness is globally regarded as an indication of success. In comparison, our staff communication effectiveness index was 57,4%, which indicated that communication with staff was regarded as reasonable. However, the communication with students – with an effectiveness index of 47,8% – was regarded as unsatisfactory.

Looking at the results, we plan to take various steps to improve communication with these two groups. Two of the interventions are to review and optimise our internal communication channels for staff and to empower direct seniors to communicate more often and effectively with their staff members.

When it comes to students, we will provide them with information that is most important to them, utilising the media they prefer. For instance, we intend to create an app allowing them to choose what they want to hear about, and where they can opt in and out of information sources. We are also going to optimise SMS messages and emails.

5.2 How we react to our stakeholders' interests and expectations

When we engage with our stakeholders, they often raise matters that are of particular importance to them.

The following tables show their key interests and expectations of how we react to that.

Stakeholder groups	Key interests and expectations	Our response
Students	Equity of student life experience	Student life experience is one of the key pillars of our student-value proposition. Working with the relevant student structures, we have introduced activities that are aimed at enhancing student-life experience across our three campuses in line with our unitary model. (An example is frequent intercampus sport days).
Students, parents, families (of registered students), schools (grade 11 and 12 learners), donors, sponsors and patrons	Range of academic offerings, and ongoing excellence, especially in our core business Academic excellence on all campuses	We make sure our stakeholders are aware of the wide range of academic programmes we offer. We also share information about our output, results and achievements, for instance via our integrated annual report. The implementation of our new structure began on 1 July 2017. This resulted in the alignment of our faculty programmes and academic support activities across our three campuses. For example, an executive dean of a faculty is responsible for all academic programmes and activities in that faculty across the three campuses. This ensures that the faculty expertise and
Employers, business, industry		

Stakeholder groups	Key interests and expectations	Our response
	Research excellence	<p>knowledge are shared to achieve academic excellence.</p> <p>Equitable resources – including academic and research support programmes for staff and students across our three campuses – is also invaluable for academic success and excellence.</p> <p>Our well-established system of research entities, (see page 20) also contributes to our research excellence. (See our research output on page 24 and page 59.)</p>
Students, staff, parents, families (of registered students), schools (grade 11 and 12 learners)	Safety and security	<p>We recognise that safety and security is perceived as a challenge in areas surrounding our campuses and are working on solutions to partner with local authorities and the South African Police Services to improve off-campus safety.</p> <p>For instance, the university has partnered with the JB Marks Municipality to establish the Cachet Park City Improvement District Non-Profit Company (CID NPC).</p> <p>The CID NPC will work in collaboration with SAPS and other community-based organisations to address the safety problems around the Potchefstroom campus.</p> <p>Similar initiatives will be rolled out to the other campuses as a matter of priority.</p>
Students Employers, business, industry	Quality and employability of our graduates and the relevance of our qualifications to industry needs	<p>Our Career Centre plays an integral part in facilitating linkages between our students and potential employers through various initiatives such as career fairs and exhibitions.</p> <p>The centre also conducts an annual survey together with Universum, a global employer branding company.</p> <p>According to the survey results, almost 80% of our participating graduates were employed within three months after graduating. The majority of our participants found employment after applying for up to five jobs and were appointed in permanent positions.</p> <p>The purpose of the survey among our graduates is to establish appropriate benchmarks and liaise with employers to make sure our academic programmes remain relevant.</p> <p>In fact, we invest significant resources to ensure that we offer relevant and quality academic programmes.</p> <p>Our efforts have been acknowledged by the Quacquarelli Symonds ranking, which awarded us</p>

Stakeholder groups	Key interests and expectations	Our response
		<p>five out of five stars for the employability of our graduates.</p> <p>In addition, we host events with industry role players to obtain feedback about their experience with our graduates and ask them for their input and advice so that we can continually improve our academic programmes.</p>
Students, staff	Cyber security and access to ICT services	<p>We have rolled out improved ICT services across our three campuses to facilitate students' learning experience. All our campuses are equipped with WiFi and computer laboratories, as equity of provision is an important driver of our unitary and inclusion strategy.</p> <p>We manage cyber security carefully and ensure business continuity and sufficient access for staff to state-of-the-art technology, including teaching and learning technology and connection to national research networks.</p> <p>According to MyBroadband's Q1 2018 speed test results, we have the second highest peak broadband speed among South African universities.</p> <p>In a survey we conducted in 2018, staff and students scored the software and eFundi (the e-learning platform) as the two best services rendered. We will implement the survey results to increase our value creation.</p>
Students, staff, parents, families (of registered students), alumni	Language policy	<p>A language policy and plan revision kicked off in 2017 to address challenges with the implementation of our functional multilingualism policy and we continually updated our stakeholders about our progress.</p> <p>Council approved the language policy in November 2018. The relevant structures (including faculties) have begun to develop language plans that will address specific needs and expectations in their respective areas.</p> <p>We have assured our stakeholders that the language policy will be implemented in the spirit of inclusion and supporting academic access and success for our students.</p>
Staff	Academic freedom, good working conditions and job satisfaction	<p>Our staff have the freedom to research and express their views and opinions that support their fields of research and expertise.</p> <p>Good progress was made during 2018 in ensuring that issues resulting from the alignment process were addressed. The university is continually engaging with staff to address challenges they are experiencing in their working conditions. This includes office space management, a perceived</p>

Stakeholder groups	Key interests and expectations	Our response
Department of Higher Education and Training (DHET), Council on Higher Education, South African Qualifications Authority, Education Quality Committee, Universities South Africa	Compliance with regulations and the Higher Education Act	Management, and in particular the office of the registrar, is responsible for the day-to-day adherence to these regulations. The NWU Council plays an oversight role, driving and monitoring compliance. We report to the DHET during the year and submit an integrated report at the end of June each year.

QUOTE:

“We believe that the success of the NWU is closely linked to maintaining solid, high-quality relationships and constructive engagements with our stakeholders.”

6 Our transformation journey – Transformation report

It is said that change is the only constant. In response to our internal and external environment, our transformation journey is ongoing, with academic excellence, social justice and an ethic of care as our guiding stars.

A clear reflection of our commitment to transformation is our strategy (“to transform and position the NWU as a unitary institution of superior academic excellence, with a commitment to social justice”).

6.1 Academic transformation

When it comes to transformation, social justice is the lens through which we look at all our educational and related activities.

This brought into focus a number of prominent transformation issues that our academic community engaged with during 2018. These include gender awareness and inequality, decolonisation of the curriculum and the implementation of our revised language policy.

- Gender awareness

We held our first NWU Gender Awareness Week in 2018, which will now become an annual event.

- Inequality

We responded to the impact of inequality – whether social or economic – by introducing new academic disciplines such as critical accountancy, environmental education and race and gender studies. Recognising that differences between students in terms of class, gender, language and socio-economic background affect access and success, the university through its peer mentoring, supplemental instruction and extended programmes strives to attend to the access and success of all our students.

- Decolonisation of the curriculum

We concluded a declaration on decolonisation during 2018. This requires all faculties to embrace decolonisation practices in an equitable way. This will foster greater inclusivity, which will ultimately enhance student success and contribute to social justice.

- Language Policy

Our revised multilingual language policy makes provision for translanguaging (using multiple languages), interpreting and translation services and parallel instruction, while noting the need for the university to respond to the market and selected professions which have articulated explicit preferences for particular languages for certain settings.

6.2 Pursuing equity

There was a time in our history when our campuses were either predominantly white or black. This is why staff and student equity is still high on our transformation agenda.

Guided by our enrolment plan, we have set ourselves equity targets and are committed to reaching these. (For more information about our equity targets, turn to pages 65 and 123.)

6.3 Enabling equity

When looking at diversity, specifically of the first-year intake, our Student Recruitment and Strategy Plan articulates that we should manage residence placement in a way that will help us reach our equity targets.

Because we do not have a direct feeder area and students must travel to attend the NWU, accommodation plays an important role in recruiting students. In order to reach the equity targets, the residence places on each campus must be reserved in line with the targets.

6.4 Monitoring transformation

A transformation journey implies moving forward and making progress. In 2018, we discussed ways in which we can build a transformation dashboard as a progress monitoring and reporting tool that is fit for purpose in our university.

Relying on both qualitative and quantitative data, this tool will cover aspects such as culture, equity and redress, research and scholarship, teaching and learning and community engagement. We will continue to develop this dashboard during 2019.

6.5 Overseeing transformation

Although transformation is the responsibility of every member of the NWU community, we also have subcommittees of the NWU Council specifically tasked with overseeing transformation.

In addition to the main transformation oversight structure, the Transformation Oversight Committee, others such as the Student Oversight Committee and the Institutional Forum also play a role. Their diverse blend of staff, management and students enable them to make sure that the university complies with the national transformation goals in higher education.

6.6 Adding value

We want all our students to enjoy the same high-quality academic and student life.

In order to achieve this, we strive for equity of resources, making sure that high-quality academic, sporting and extramural facilities are available to all students. We also keep our eyes on our guiding stars – social justice and an ethic of care – when seeking to make life easier for individuals from disadvantaged backgrounds, needy students and people with disabilities.

At the heart of all these endeavours lies the commitment to add equal value for all our stakeholders.

In the process, we increase our human capital (for example, our students and staff having equal resources), our manufactured capital (by ensuring equal, high-standard facilities) and our social and relationship capital (heeding the public's call for fairness and redress through transformation).

6.7 Looking ahead

Although we have made significant progress, we have not yet arrived.

What makes it even more important to continue this journey is that it is a way of mitigating a very prominent risk, namely the external and internal demand for organisational change and ongoing transformation (see page 8).

Another factor that we have to keep in mind is that the state subsidy and research funding (for instance from the National Research Foundation) is becoming increasingly equity-driven. This may adversely impact us if we do not make significant progress in attaining our transformation goals.

However, our prime motivation for continuing and accelerating our transformation journey, is that it's the right thing to do and accords with our values.

We stay committed to further building our unitary institution, establishing an institutional culture and a unique NWU way of life that supports our strategy and speaks of care, equality and fairness for all. That is why transformation will stay high on our future agenda.



PROF DAN KGWADI
VICE-CHANCELLOR



DR BISMARK TYOBEKA
CHAIRPERSON OF COUNCIL

7 Material risks and opportunities impacting value

7.1 An overview of the risk governance and management process

The demands and uncertainties in the external environment (see page 7) continued to shape our strategic approach to risk management.

In response we identified the risks that could affect our ability to implement our strategy. We also adopted initiatives that mitigate these risks and enable us to harness the mitigated opportunities to create sustainable value for ourselves and our stakeholders.

Our risk management processes are also aligned to the King IV guiding principles, ensuring streamlined processes and procedures in accordance with the prescripts of the code.

Due to the dynamic environment we find ourselves in, we have to conduct ongoing materiality determination processes. Engagements with business process owners and other internal stakeholders, as well as external stakeholders, are reflected in our integrated risk register, which the business process owners update twice a year.

Until November 2018, we had a comprehensive risk register as mentioned above, and a more concise material risk register that focuses on the risks and opportunities that specifically affect the university's ability to create value. Since December 2018 an Enterprise Risk Management approach was adopted in order to streamline the risk-management project.

For the past few years, we have been using a risk-cluster categorisation approach to identify the material risk clusters that are important for the university's strategy, governance and management, performance and future planning. These clusters, listed in the following table, make up the core content of the risk management process.

Table 1 - Risk clusters

Risk ranking	Risks
1	Uncertainties in the higher education sector, largely related to uncertainties about financial matters and the funding model for universities
2	The demand for organisational change and ongoing transformation
3	Risks related to academic matters (teaching and learning, research and innovation and academic administration)
4	Ensuring compliance
5	Risks related to student life, both in the academic and non-academic environments
6	IT risks (including cyber security) and university systems
7	Commercialisation
8	Operational risks

7.2 Using our opportunities

As part of the risk-cluster approach we continually identify opportunities to adapt to our changing environment.

The opportunities we consider vital are to:

- Continually safeguard the financial sustainability of the university
- Implement our new strategy and resultant new structure and operating model
- Work towards excellence in teaching and learning and research and innovation
- Establish a clearly differentiated student value proposition
- Develop and retain excellent staff and create an equitable staff and student profile
- Deploy best-in-class information technology to support the core business
- Provide an effective financial model, policies and structure for continuing education offerings and increased commercialisation opportunities

The following table provides more detailed information on the risk clusters. It also shows the potential impact of the risks and the effect of the mitigating measures that we took.

1. Uncertainties in the higher education environment	
Material matter: <i>Ensure financial sustainability.</i> (Annual Performance Plan (APP), Enabler 4)	
Risk(s) and the impact on value creation	Mitigating actions
The uncertainty about the funding model for higher education could put our financial sustainability under pressure (affecting our financial capital).	Refer to our strategic response under the headings Announcement of fee-free higher education and Fee regulation by the DHET in the section on our external environment on page 7.
2. Demand for organisational change and ongoing transformation	
Related material matter: <i>Govern, lead and manage in a sustainable and transformed way with an effective operating model.</i> (APP, Enabler 1)	
Risk(s) and the impact on value creation	Mitigating actions
The national drive for the transformation of the curriculum and the internal pressure for ongoing organisational change may create the perception of the NWU as opposing transformation which can negatively affect our reputation (affecting our social and relationship capital).	Refer to our strategic response under the heading National call for curriculum change and transformation in the section on our external environment on page 8.
The implementation of the new organisational model may challenge the day to day activities at the university (affecting our intellectual capital).	The full-scale implementation of the new structure with its clearly defined roles and reporting lines, together with the reviewed systems and policies, ensured a smooth transition.
3. Academic matters	
Related material matter: <i>Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.</i> (APP, Goal 1)	
Risk(s) and the impact on value creation	Mitigating actions
The following matters may negatively affect the internal and external opinion of the NWU as a reputable institution of higher learning:	.
- Low staff morale and challenges in recruiting and retaining staff (affecting our human and intellectual capital).	Refer to our strategic response under the heading Shortage of academic staff in the section on our external environment on page 9. Staff development is also discussed in the section on our business model on page 16 and in the section on how we perform against our strategy and capitals on page 63.
- The fact that school leavers are increasingly unprepared for university studies (affecting our intellectual and our social and relationship capital).	We offer a wide range of programmes to assist students academically, especially our first years. Read more about these initiatives under the heading Increase student access and success in the section on how we performed against our strategy and capitals on page 54.
- A skills mismatch when our students enter the labour market (affecting our intellectual and our social and relationship capital).	We adopted innovative teaching and learning designs in all our programmes, and used teaching and learning technology effectively. Our academic programmes address national skills priorities and development needs.

	To see what we do to meet the expectations of employers for highly employable graduates, refer to our response on the expectations of employers in the section on how we engage with our stakeholders on page 63.
- The relevance and quality of academic programmes and teaching technologies (affecting our intellectual and manufactured capital).	Our aim is to establish the NWU as a leader in multimodal education in the SA higher education sector.

Related material matter: Intensify research and innovation (APP, Goal 2)

<p>With regard to research, various factors may harm our reputation and ability to create value for ourselves and our stakeholders. (It also affects our intellectual and our social and relationship capital.)</p> <p>These factors include perceptions related to “publish or perish”, a drop in NRF ratings, difficulties in sustaining a positive research trajectory owing to university restructuring, unsatisfactory research productivity and difficulties in attracting international staff and students.</p>	<p>We took various steps to promote research excellence. These included developing our research management model (see page 19), empowering our researchers (see page 63) and finding research funding (see page 17).</p> <p>We also invested in top-of-the-range research equipment and maintained a sustainable management model for patenting and commercialisation.</p> <p>With regard to international students and staff, refer to our strategic response under the heading Challenges in recruiting international students in the section on our external environment on page 10.</p> <p>More information about our research initiatives is available in the section on how we performed against our strategy and capitals on page 59.</p>
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4. COMPLIANCE

Related material matter: Govern, lead and manage in a sustainable and transformed way with an effective operating model. (APP, Enabler 1)

Risk(s) and the impact on value creation	Mitigating actions
<p>A lack of compliance and the absence of adequate control mechanisms may negatively impact the effectiveness and efficiency of the management and governance of our university (eventually decreasing all our capitals).</p> <p>It may also lead to more instances of degree certification and bursary fund fraud, plagiarism, examination irregularities and the inadequate understanding of the legal and regulatory implications of contracts.</p>	<p>We take various steps to ensure that non-compliance does not decrease our capacity to create value. Here are a few examples:</p> <p>We strengthened our internal audit function and developed an anti-fraud strategy, implemented security measures for the printing and re-issuing of degree certificates and reviewed our plagiarism policy, focusing on the enhancement of academic integrity.</p> <p>We also streamlined the investigation process for instances of alleged plagiarism and aligned several processes across our campuses. These include student academic life cycle administration, the development of quality manuals and the admission of international students.</p> <p>We are also establishing an electronic work-flow environment for contract management.</p>

5. STUDENT EXPERIENCE

Related material matter: *Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.* (APP, Goal 1)

Risk(s) and the impact on value creation	Mitigating actions
<p>The lack of proper student academic support and an inability to create an enriched and aligned student life experience with equity of provision across the NWU may result in disengaged and disgruntled students (decreasing our intellectual and human capital).</p> <p>Specific challenges relate to academic unpreparedness, access to technology and the blended mode of delivery, and the possibility of violence and unrest spurred by internal and external issues.</p>	<p>With regard to the many ways in which we supported our students academically, refer to the heading Increase student access and success in the section on how we performed against our strategy and capitals on page 54. (Information about the use of technology in the classroom and the blended mode of delivery is also available here.)</p> <p>More information on the alignment of student life across the campuses is available in the section on our business model on page 37.</p>

6. INFORMATION TECHNOLOGY AND THE PROVISION OF UNIVERSITY SYSTEMS

Related material matter: *Develop best-in-class information and communications technology to support the core business.* (APP, Enabler 2)

Related material matter: *Govern, lead and manage in a sustainable and transformed way.* (APP, Enabler 1)

Risk(s) and the impact on value creation	Mitigating actions
<p>Cyber-attacks can lead to the loss of important and sensitive information, and vulnerabilities in the IT environment can lead to the halting of all university processes (decreasing all our capitals).</p> <p>An outdated student information system can have a negative effect on the effectiveness and efficiencies of student academic life cycle administration (decreasing our intellectual and human capital).</p> <p>Specific challenges include IT capacity matters (internal and external), South African National Research Network (SANReN) capacity, IT staff capacity and an ageing study material production system.</p>	<p>We carefully monitored cyber-security management, for instance through audits done by Internal Audit.</p> <p>We also developed business continuity plans within the IT environment, addressed staff capacity by means of strategic funding and launched a project for the renewal and optimisation of the student information system.</p> <p>In addition, we are finalising a cyber-security strategy and an information governance framework and consider the development of a new student information system a priority.</p>

7. COMMERCIALISATION

Related material matter: *Promote excellent learning and teaching, and reposition the NWU to attain the size and shape required by market direction decisions.* (APP, Goal 1)

Risk(s) and the impact on value creation	Mitigating actions
<p>The lack of systematic information on continuing education courses, as well as the lack of clear information on revenue generated from continuing education, leaves the university vulnerable, both financially and in compliance matters.</p>	<p>We focused on the provisioning of an effective financial and operating model and a management structure for continuing education.</p> <p>We also made a concerted effort to increase commercialisation opportunities and worked towards establishing a Unit for Continuing Education and finalising the policy on continuing education.</p>

8. OPERATIONAL MATTERS	
Related material matters: <i>Govern, lead and manage in a sustainable and transformed way. (APP, Enabler 1)</i> <i>Ensuring the financial sustainability of the NWU. (APP, Enabler 4)</i>	
Risk(s) and the impact on value creation	Mitigating actions
<p>The inability to provide the necessary facilities and secure people's safety within buildings compromises the core business (affecting our intellectual, human, financial, manufactured and natural capital).</p> <p>Specific risks in terms of facilities include inadequate library, lecturing, practical and office space, laboratory and simulation facilities and equipment, water pressure challenges, Wi-Fi coverage and protection against fire.</p>	<p>We launched a project to optimise space management and applied to the DHET for infrastructure funding.</p> <p>We are also further strengthening our integrated planning for academic infrastructure and completing a space management project.</p>

7.3 Steps taken in 2018

As a result of the data-gathering process that we conducted towards the end of 2018, we cleaned up the risk register. In particular, we removed the duplications that occurred when the risk register was still compiled under the campus-model dispensation, and made sure that it is clear who the risk owners are, according to the new business model.

As a result of the discussions with the relevant risk owners, we updated the risk register and drew a risk heat map.

The following graph indicates the pre-treatment phase for the period 2014 to 2017 of the NWU Strategic and Operational Risk Register, as well as the treated state, as it became evident during the mid- 2018 consultation phase.

		UNTREATED (2014 TO 2017)				
Consequence	5				9	12
	4		1	11	28	1
	3		1	5	3	
	2		1	2		
	1					
		1	2	3	4	5
Likelihood						

		TREATED (END OF FIRST SEMESTER 2018)				
Consequence	5				4	
	4		4	10	11	1
	3		1	8	14	
	2		9	1	4	
	1	4	2			
		1	2	3	4	5
Likelihood						

LEGEND:

Risk consequence (impact and control effectiveness) is indicated on the y-axis and risk likelihood on the x-axis. Risks are categorised according to the mentioned criteria on a scale of 1 to 5 (with 1 being low and 5 being high), for every criterion, and placed on the risk heat map accordingly. The numbers in the blocks indicate the number of risks at score.

We clearly distinguished between the NWU Strategic and Operational Risk Register and the Faculty Risk Registers and establish an improved risk management process within the faculties. This entailed serving risk management reports at Faculty Boards and cleaning up faculty risk registers.

We also adopted a combined assurance model for the NWU, complying with King IV, which states that a combined assurance model should incorporate and optimise all assurance services and functions.

The basics of the combined assurance model are:

- Defining the risk universe – as indicated earlier in this section, the NWU has identified eight primary risk clusters.
- An integrated risk table is used to account at high level for the associated controls, for each of the risk clusters; the detailed risk register does the same for each identified risk.
- Terms of reference and agendas are defined for Combined Assurance Forum (CAF) meetings in order to account for and ensure consistency in the risk assessment approach followed by the NWU.
- Risk reporting to structures must focus on dashboard-type reporting to management/oversight structures.
- An internal control framework is used for ongoing risk-management purposes. The University Management Committee adopted the following framework in October 2017:

Relevant topic	Our control mechanisms
Creation of an optimal control environment	Our set of values, ethical principles, codes of conduct, policies and acceptable business practices guide our operations.
	To ensure staff competency, we have job descriptions, performance agreements and personal development plans.
	Our management model and our operating style are aimed at ensuring integrity, competence, responsibility and accountability. This is strengthened by good governance and an organisational structure with clearly defined roles, responsibilities and levels of reporting.
	There is a distinct assignment of authority, delegation of responsibilities and individual accountability.
Risk management	Our organisational goals and objectives are cascaded to all levels of management, and we monitor the execution of these.
	Regular risk identification and risk management take place at the business process level and are integrated with opportunity management.
	Risk management is aimed at continually adding value to the strategic positioning of our university.
	Our internal audit activities focus on risk-based auditing.
Control activities	The governance environment ensures compliance with legislation and the existence and regular review of policies and regulations.
	Policies and regulations are given practical application in quality manuals and business process procedures that form the basis for continuous quality enhancement.
	The University Management Committee continually reviews the control effectiveness (including financial performance) of business units. This is underpinned by performance indicators for all relevant operational areas, information integrity, asset management and record-keeping principles.
Information, IT and communication	An information governance framework accounts for business continuity and disaster recovery and a policy ensures effective and efficient information governance.
	We have clear guidelines for the management of access to information and the protection of private information.
	IT controls are in place to sustain and enhance the university's intellectual capital. Controls ensure the continuous monitoring of the security of information and the appropriate backing up and off-site storage of key data.
	We balance the expectations of our material stakeholders in the best interest of the university and maintain effective stakeholder relationships. Communication channels are well defined and accessible and the integrity of our external communication is guaranteed.
Monitoring and oversight	The University Management Committee supervises the effectiveness of key control activities, policy implementation, system development, implementation and maintenance, and budget controls.
	Management responds to control effectiveness, for instance when policy and procedures have been violated, and follows up on all findings of internal and external audit reports.
	In addition, management reports regularly to the relevant governance structures on the implications of legislation on business processes, as well as external factors that might affect internal control effectiveness.
	We continually monitor the risk management process and assess the effectiveness of the control environment.

7.4 Actions taken and planned to improve the effectiveness of risk management

The agreement on the establishment of a combined assurance model provides the basis for greater responsibility and accountability with regard to the oversight of risk management.

A highlight for 2018 was the drafting of a Risk Management Policy, which is to be finalised and submitted to Council for approval early in 2019.

7.5 Report on risk exposure and risk management

Effective assessment of risk exposure and risk management is essential to us, especially on the operational, managerial and governance levels where risks are controlled.

Our comprehensive risk management model provides ongoing assurance by several assurance providers. Their roles and responsibilities are the following:

- The University Management Committee (UMC), which is primarily responsible for risk management, sees to the establishment of sound internal controls while safeguarding public and other funds.
- Academic and support managers are responsible for the implementation of risk management strategies in their areas of responsibility, and for seeing to active mitigation of risks by means of the ongoing improvement of internal controls.
- The registrar administers the process of identifying, interpreting and assessing risks, as well as intervention measures. In addition, the registrar drives the process at university management level, and maintains the NWU risk register.
- A designated risk and compliance officer, reporting to Corporate and Information Governance Services, liaises with managers across the university to coordinate risk identification and consolidation of the inputs into our risk register.
- The Audit, Risk and Compliance Committee (ARCC) advises Council on the effectiveness of the university's risk management process. It also oversees the role of management in creating and maintaining proper risk management and ensuring an effective control environment. The ARCC regularly reports to Council on key significant risks facing the university.
- Two other structures that are involved in risk management are the Compliance Committee and the Combined Assurance Forum (CAF).
 - The Compliance Committee monitors and reports on the compliance risks concerning all relevant legislation with which we need to comply.
 - The committee's internal members are from Legal Services, Internal Audit, Corporate and Information Governance Services, Finance and Occupational Health and Safety, with the registrar as chairperson. It also involves managers and other members from different business processes. Two meetings are scheduled annually and minutes are kept for all these meetings.
 - For more information on compliance management, see page 110 of the Governance report.
 - The CAF assists the ARCC to fulfil its responsibility of giving assurance to Council that the university's operations with regard to risk management, control and governance processes are adequately addressed.
 - The CAF also assists in optimising the assurance coverage obtained from management, as well as internal and external assurance providers, on all risks affecting the university.
 - The CAF gathers information from all relevant business process owners, assesses risks and reports all high-level risks to the ARCC. It also gives assurance on risk mitigation actions, procedures and controls.
 - As King IV prescribes, the forum comprises identified internal operational line managers/staff, the registrar (representing the University Management Committee and chairing the CAF), organisational specialist functions, internal and external audit, external assurance providers (representatives from external audit) and representatives from other committee structures (Senate, Institutional Forum, Audit, ARCC and the Compliance Committee).
 - Two meetings are scheduled every year and minutes are kept for all meetings

* Internal Audit plays a substantial role in establishing a university environment conducive to risk management.

7.6 Identification and continuous assessment of risk

As mentioned above, we have a framework for risk management to ensure that the regulatory requirements for corporate governance are sufficiently covered.

This framework seeks to increase the value-add of risk management as a strategic tool, and to improve our compliance with the principles of King IV.

Regular reporting of risks takes place at the appropriate governance level of the particular risk category, and all oversight structures receive biannual updates on the status of risk management in the risk categories.

Risk profiles are controlled within the normal internal control structures and procedures. Notwithstanding these structures and procedures, the potential exists that adverse events may occur and affect operations throughout the institution.

Therefore, we view risk management as identifying potential risk events that might emerge, assessing the likelihood that these will occur and their potential impact.

Our assessment scale includes ratings for impact, probability, control effectiveness and residual risk. This scale assists us in determining the priority of the identified risks and managing these risks accordingly.

Furthermore, we link responsible business process owners to each risk. They then provide feedback on the progress of managing the particular risk event, and ensure that the risk register is updated regularly.

7.7 Management and control of consequences of risk (intervention and physical/financial control)

From the above, our stakeholders may rest assured that we continued to identify and evaluate potential risk consequences in a responsible way in 2018.

While the University Management Committee is responsible for overall management and control of risk, it remains the responsibility of each risk owner to ensure that appropriate abatement strategies are established to allow for risk management.

Thus, operational managers are at the heart of the university's risk management project, taking responsibility and accountability for this enterprise.



PROF MARLENE VERHOEF
REGISTRAR DESIGNATED WITH RISK RESPONSIBILITY



MR ANTON REDELINGHUIS
CHAIRPERSON AUDIT, RISK AND COMPLIANCE COMMITTEE

7.8 Report on internal/administrative structures and controls

The North-West University maintains a system of internal control in order to provide reasonable assurance for the achievement of effectiveness and efficiency of operations, the reliability of financial reporting and overall compliance with relevant laws and regulations, the prevention of loss of resources and assets, and also to reduce legal liability.

Particular attention is given to financial reporting and the safeguarding of assets against the unauthorised acquisition, use or disposal of such assets. The internal control system is designed with an aim to provide reasonable assurance regarding an operational environment that promotes the safeguarding of the university's assets and the preparation and communication of reliable financial and other kinds of relevant information. This assurance is provided to the university as well as the university council.

Internal control objectives are pursued to ensure the fostering and enhancement of a strong ethical climate.

The control objectives include measures to ensure completeness, accuracy and proper authorisation in relation to documented organisational structures, setting out the division of responsibilities, as well as established policies and procedures, including a code of ethics, as well as a communication programme to make these known throughout the university.

Internal control practices are maintained in as far as policies and procedures are documented, implemented and monitored by the university management committee, the university council as well as the internal audit department. The updates of policies are coordinated by the Corporate Information and Governance Services Department in accordance with a regular schedule that includes consultation with all relevant structures. After the reviewed document is approved by Council, it is communicated to and available on the internet for all employees of the university, as well as stakeholders.

In addition, a performance management system, with adequate job descriptions in line with key performance indicators, is utilised at the NWU to ensure individual accountability and proper assignment of responsibilities.

In regard to information systems, modern information technology is utilised at the university that, amongst others, entail the development and implementation of core systems in accordance to defined and documented standards with a view to ensuring efficiency, effectiveness, reliability and security.

For the protection of privacy and ensuring control over data, accepted standards are applied – including disaster recovery and backup procedures. Password controls are strictly maintained, with users required to change passwords on a regular basis, except where otherwise approved.

Regular reviews are done to ensure that there are no clashes in user-access rights and to ensure that the basic internal control concept of division of duties is maintained. Where, for capacity reasons, an occasional clash does occur, sufficient manual controls are in place to ensure that these clashes are mitigated. Systems are designed to promote ease of access for all users.

In addition, the systems are integrated to minimise duplication of effort and to ensure minimum manual intervention and reconciliation procedures. The development, maintenance and operation of all systems are under the control of competently trained staff.

Based on the outcomes of a cyber-maturity assessment that was done in 2016, the NWU was recommended to improve its cyber-security maturity by implementing adequate information security awareness, training, business continuity and risk management plans. The recommendations included advice on how the university should prepare budgetary and resource plans for regulatory incidents aimed at reducing legal- and compliance-related risks, the classification of information, as well as the compilation of an information-asset list management program, the regular updates of its cyber-threat profile and its cyber-strategy performance targets. The suggestion was made that the NWU should prepare budgeting and resource plans for its overall cyber-security defence programme that is aligned to business objectives and risk profiles. The assessment also made evident that not all of the IT systems at the university were centralised, with the consequence that differing levels of control and compensating measures existed at the various management levels, including that of the respective faculties.

Against the background of the preceding, it is evident that the university is aware of the fact that there are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal

control system can only provide reasonable assurance with respect to financial statement preparation and the safeguarding of assets.

The Audit, Risk and Compliance Committee (ARCC), that exercises the primary oversight role on behalf of the university council on the effectiveness of internal controls, is of the opinion that the university's internal control system for the year under review (and as included in the finance policy, the procurement policy, the policy on delegations, as well as general financial guidelines in support of the finance policy and the guidelines for records management of financial records, as well as various other financially-related guidelines, procedures and guidelines available to employees), has met the criteria for effective internal control over financial reporting.

The compliance with all relevant policies, guidelines and procedures related to financial reporting is monitored continuously by both the internal and external audit functions as well as the relevant financial divisions and employees assigned with the responsibility. The monitoring takes place on a daily and regular basis while transactions are being processed, and during the execution on internal and external audits.

The university management committee and operational managers on different levels identify, report, review and manage all related risks on a regular basis. The risk register is updated and maintained on regular intervals with feedback requested from executive managers, the members of the Combined Assurance Forum and various operational managers.

Assurance is provided by the internal audit function and includes audits in accordance with the risk-based internal audit plan as approved by the Audit, Risk and Compliance Committee and includes the examination of relevant systems, procedures and controls in those areas considered as high risk. The internal audit function has the responsibility to identify major control deficiencies and to report these to the relevant responsible managers, the university management committee, as well as the Audit, Risk and Compliance Committee. Furthermore, internal audit needs to execute follow-up reviews conducted within a year in order to report the progress with the implementation and improvement of controls to the Audit, Risk and Compliance Committee.

In light of the above, the Audit, Risk and Compliance Committee is confident that, for the year under review, the NWU systems of internal control over its operational environment, information reporting and safeguarding of assets against the unauthorised acquisition, use or disposal of assets met the criteria for effective control for purposes of financial reporting. The committee is also confident that internal control measures assisted the NWU to achieve its goals in effective and efficient ways.

The Audit, Risk and Compliance Committee of the University Council reviewed this report on internal administrative/operational structures and controls for the 2018 financial year under review at its meeting of 5 June 2019 (which was quorate) and confirms that the documentation for approval by the Committee was circulated by means of the meeting agenda that reached members in advance and with due notice.



Mr A REDELINGHUIS
CHAIRPERSON: AUDIT, RISK AND COMPLIANCE COMMITTEE



MS M VAN DER MERWE
DIRECTOR: INTERNAL AUDIT

8 The NWU strategy

In this section of our value creation story, we tell you where we want to go and how we are going to get there.

On this journey, we use our 2015-2025 strategy as the guiding star to show us our destination, and our Annual Performance Plan as the map to help us reach it.

8.1 Explaining our strategy

In the following image, you can see how the strategy is connected to different elements, all assisting us to realise our strategy. These elements include our dream, purpose and brand promise that all expand on our strategy, as well as our Annual Performance Plan, which gives effect to it.

Alignment between the Strategic Plan, Annual Performance Plan, Integrated Report, budget and Mid-Year Performance report:

QUOTE:

“The NWU strategy will necessitate ongoing emphasis on access, student success and transformation – integrated and robust plans, objectives and monitoring systems will be required.”



8.2 Goals to realise our strategy

Where we want to go (our goal)	How we get there
We want to promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.	<p>We enhance the quality of our teaching and learning through curriculum design and development support. We are also committed to the professional development of our academic staff, and the academic development and support of our students.</p> <p>Other steps that we take to achieve our goal are to advance student access, retention and success, and ensure curriculum transformation and renewal.</p> <p>It is also very important to establish, develop and maintain an enabling and aligned teaching and learning environment.</p> <p>Through our continuing education programmes, we provide professional services to the community while creating third stream income for the university.</p>
It is our goal to intensify research and innovation.	<p>We make sure that our strategy for research, innovation and technology is aligned across the NWU and promotes academic excellence, with a commitment to social justice.</p> <p>By participating in international rankings and ratings and through international collaboration, we expand our global presence. In addition, we continuously work towards increasing our research output, the number of NRF-rated researchers and postdoctoral fellows, research entities, new invention disclosures and funding sources,</p>
We want our community engagement to be integrated and aligned with our teaching and learning and research, and want to promote sustainability principles.	<p>We are committed to expanding work-integrated learning and service learning, which are part of our Teaching and Learning Strategy.</p> <p>Through our discipline-based outreach, we encourage staff and students to volunteer in communities, thereby enhancing their social awareness.</p> <p>Realising that we have a responsibility towards the environment (our natural capital), we use environmental impact studies to establish baselines for measuring and reporting the impact of our activities on the environment.</p>
It is important to develop a clearly differentiated student value proposition.	<p>We focus on promoting a diverse and integrated student life on all campuses,</p> <p>Giving our students access to cutting-edge resources and services enhances their academic performance and eventually their employability. Our functional multilingualism approach addresses their diverse language needs, and our commitment to improving the student administration system enhances service delivery.</p>
We want to develop and retain excellent staff and create an equitable staff and student profile.	<p>By improving staff and student equity we promote diversity on all campuses</p> <p>We are set to increase the number of academic and support staff (nationally and internationally) who are open minded, think critically, respect the right to freedom of expression and are committed to and have respect for the full scope of diversity.</p> <p>We have various measures in place, such as our policies and strategies, to enable a positive organisational culture among our staff.</p> <p>Through our academic development interventions, we create high-performing individuals who think critically, embrace the full scope of diversity and enhance academic productivity.</p>

8.3 Enablers to help us realise our strategy

Where we want to go (our enabler)	How we get there
Govern, lead and manage in a sustainable and transformed way with an effective operating model.	<p>For the sake of effective management, we implement the 2017 Statute, make certain that support services function in an integrated way across campuses and use an integrated risk management model to mitigate risks.</p> <p>We also ensured a smooth transition of distance students to an NWU operating model after the termination of the contract between the Open Learning Group and the NWU.</p>
Develop best-in-class information and communications technology to support the core business.	<p>We align our IT goals to our core business objectives, thereby ensuring optimal value and support for research, teaching and learning, while sustaining and improving our administrative systems and shared services.</p>

	We offer appropriate technology solutions to help managers and units to reach their performance targets. In short: we strive towards continuous improvement and service excellence in IT service delivery to ensure user satisfaction.
Communicate, engage and develop core business capabilities to increase brand equity, leadership efficacy and community solidarity.	Continuously enhancing and promoting the NWU profile among stakeholders and the public remains a priority. We do this by repositioning the NWU through the implementation of the revised NWU look and feel, by increasing media coverage and by increasing the usage of our online or digital media platforms. Two multi-media marketing campaigns support student recruitment, while stakeholder engagement initiatives promote collaborations and acts of giving to the NWU.
Ensure the financial sustainability of the NWU.	By evaluating the current tuition fee model, we optimise and align tuition fees, taking into account the NWU's new structure. We also optimise and expand our continuing education income by developing and implementing a financial model as part of the Continuing Education Strategic Project.

8.4 How the Annual Performance Plan drives the implementation of our strategy

We identified a number of key-performance indicators to measure progress towards the implementation of our strategy. These indicators give us insight into the value creation process and enable management to steer resources towards achieving the targets.

8.5 How the Annual Performance Plan was revised in 2018

An integrated planning approach was followed in setting targets for 2018. The enrolment targets, student-to-staff ratios across disciplines and equity of provision were important steering mechanisms in approving targets and development priorities, as well as aligning the budget with the priorities.

8.6 Future outlook

Integrated planning remains a priority in our quest to realise our strategy.

For instance, the integration of infrastructure development with strategic planning and new initiatives still needs to be further developed in 2019. Another pressing matter is the implementation of cost-efficient student recruitment initiatives to achieve our enrolment targets.

As part of our integrated planning, we need to optimise support functions to reduce transaction cost per student. A task team consisting of key staff members from various portfolios will steer the process for the next two to five years.



9 Our performance against our strategy: how we create value through our capitals

Creating value: how we performed against our capitals

This part of the annual report is about the value-creation processes at the NWU.

Here, we would like to show you how we respond to our stakeholders' needs through our business activities, and how these activities lead to outputs and outcomes, thereby transforming the value of our six capitals. These capitals represent the value we create for ourselves and our stakeholders; our performance against them shows how we are faring in achieving our strategic goals.

9.1 Our intellectual capital

Our intellectual capital is all about our knowledge-based intangibles that result from our core business activities.

This refers to the way we use our knowledge resources to create more knowledge, as well as the activities, policies, strategies and procedures in place to support our business activities, to the benefit of stakeholders.

Stakeholders who will benefit from our intellectual capital	If we increase our intellectual capital, all our stakeholders who are interested in the knowledge that we create through our research or our teaching and community engagement activities will benefit. They include our staff, current and prospective students and their parents, the Department of Higher Education and Training (DHET), communities, donors, alumni, employers, business and industry, and professional bodies.
Material matters (goals or enablers) involved	Teaching and learning, research, community development, ability to govern, lead and manage, information and communication technology.
Risks involved	The risks include the demand for organisational change and ongoing transformation (for instance concerning the decolonising of the curriculum), risks related to academic matters (teaching-learning, research and innovation and academic administration), the risk of non-compliance (for instance with the standards and regulations of professional bodies), risks related to IT, university systems and commercialisation of our innovation and research results. For the mitigation of these risks, turn to page 39.

9.1.1 How we created value

This section is about how we created value for ourselves and our stakeholders through our teaching and learning, research and community engagement activities.

We will also show you how we created value through our support activities. This is for instance how we govern and manage the university through our structures, policies, processes and systems, and how we support our core business by maintaining and further developing our information and communication technology.

9.1.2 Material matter: teaching and learning

When it comes to teaching and learning, we are committed to academic excellence and student support to foster academic success.

Through our teaching and learning activities, we add value by delivering well-rounded graduates (our output) and ultimately contributing to the knowledge economy of our country (our outcome).

We do this by taking various steps to increase student access and success and by aligning our academic programmes across the university and having them evaluated regularly. We also use multimedia material to expand the reach of our distance learning offerings.

9.1.3 Increase student access and success

While it is important to broaden access to more students and promote the equity of our student body, we place equal value on providing opportunities that will foster our students' success. In other words: access and success strategies go hand in hand.

Therefore, we offer a wide range of programmes to support students academically. In the text below, we discuss the value that was created with these programmes. For background information about the programmes, refer to pages 16 and 18 in the section about our business model and value chain.

9.1.4 Extended programmes

The overall success rate for students in extended programmes is approximately 80%, which demonstrates how much value these programmes add. In 2018, we had 853 first-time entering students on extended programmes and a total enrolment of 4050 students. Of these, 20% had graduated by the end of 2018.

9.1.5 University Preparatory Programme (UnivPrep)

Of the 3 036 candidates who participated in UnivPrep in 2018, 1 456 candidates passed their respective programmes.

Between 2016 and 2018, the overall success rate improved from 32% to 48%. Since the commencement of UnivPrep in 2012, almost 40% of the participants who passed continued with formal degree studies at the NWU.

9.1.6 Ensure proactive interventions

A total of 68% students took part in a Student Academic Readiness Survey. The results showed us what first-year students need and issues we should proactively address.

9.1.7 Academic literacy tests and modules

All first-year students do academic literacy tests. Depending on the results, they take additional academic literacy modules to enhance their academic writing, reading, computer literacy and study skills.

In 2018, a total of 10 675 students were registered for academic literacy modules tailored to their academic disciplines, and 81,2% passed.

We also developed a downloadable writing, information literacy and reading development (WIReD) tool that augments the academic literacy modules.

9.1.8 Supplemental Instruction

As mentioned in the section on our value-chain activities, Supplemental Instruction (SI) is implemented in high-risk modules. During 2018, SI was offered in 449 modules, of which 123 were at-risk modules. We trained 1 199 SI leaders and a total of 47 116 students attended the 20 292 sessions.

9.1.9 Peer mentoring

All faculties participate in the peer mentoring programme. In 2018, there were 56 peer mentors who supported students with matters affecting their academic and social life.

9.1.10 Tutor programme

Sixty tutors were appointed on the Mafikeng Campus, 42 on the Potchefstroom Campus and 20 on the Vaal Triangle Campus. Tutors were employed in 67 modules to give individual additional academic support to our students.

9.1.11 Align academic programmes

We want to provide comparable high-quality academic programmes across all our campuses. In other words, all students must experience a similar quality of academic life, have access to comparable resources and in the end demonstrate the same graduate attributes.

One of the ways in which we accomplish this, is to encourage academics across campuses to strengthen module offerings through team-teaching. Faculties have also developed faculty-integrated teaching and learning plans that promote integrated planning for teaching and learning over the next five years.

9.1.12 Ensure high-quality academic programmes

We are committed to offering academic programmes of the highest quality, which is why we have regular external and internal evaluations. In the past 15 years, we have had 80 programmes evaluated externally by professional-, accreditation- or statutory bodies.

9.1.13 Use multimedia material

We develop multimedia material to enhance student learning, especially in high-risk modules where learning gaps tend to affect student throughput.

Multimedia material focuses on digital and paper-based learning and includes graphics, animations, simulations, video, audio and voice-overs, among others.

During 2018, we created or updated 40 multimedia productions for use in 18 modules, across seven faculties and one support service.

A total of 3 439 individual users accessed the cloud-hosted repository where the digital materials are stored.

9.1.14 Expand distance learning

Expanding our academic offering via distance learning is of strategic importance, as it gives working individuals the opportunity for lifelong learning.

The technologies and social media tools used for distance learning can also be useful in times when contact students' access to campus is restricted, such as in the event of unrest. This has been included in the contingency plans the faculties have developed to ensure that teaching and learning is not disrupted.

QUOTE:

There is an increased demand for distance and technology-enabled tuition; we are continually investigating the design of electronic learning materials and the creation of a blended learning environment with seamless technology.

9.1.15 Challenges in teaching and learning

We are still not done with issues such as the decolonisation of our curricula while ensuring national comparability and international relevance, and creating the appropriate spaces for the student voice to be heard.

Another challenge is finding the optimal blend between face-to-face and technology-mediated learning, and listening to industry, alumni and other external stakeholders to enhance the work-readiness of our graduates.

9.1.16 Future outlook

The decolonisation of the curriculum is an ongoing process and in 2019 our faculties will continue to move forward with this initiative, taking their unique contexts into account.

Council approved our Language Policy in 2018, opening the way for our faculties to develop language plans that express their commitment to implementing multilingualism to the benefit of NWU students and other stakeholders.

We will also continue the investigation into the development of higher certificates as entry level qualifications to further extend student access. We will conclude the investigation in 2019 after conducting situation analyses and sustainability studies.

We are currently preparing for a national PhD review in 2020, ensuring the highest academic quality. In addition, our faculties are committing themselves to offering 25% of their academic programmes via distance learning within the next five years in order to expand our distance learning capacity.

SEE THEM SOAR

Aiming for the stars

The excellent international rankings and other accolades that we received in 2018 give credibility to our claim that we empower people – especially our staff and students – to soar.

In 2018 we received an impressive five out of five stars in the Quacquarelli Symonds (QS) ranking system for teaching-learning, and for the employability of our students.

In addition, we participated in the Shanghai Ranking Consultancy's global Academic Ranking of World Universities (ARWU) of 1 600 universities in 83 countries. The findings place our mining and mineral engineering subject area in the top 100 in the world, hospitality and tourism in the top 200, atmospheric sciences in the top 300, politics and education among the top 400 and our geography, psychology and environmental sciences and mathematics among the top 500 in the world.

Closer to home, our graphic design subject group was ranked as South Africa's number one graphic design school.

Our School of Accounting Sciences is still among the top three schools in South Africa in terms of SAICA Board examinations. The school graduated a record number of black chartered accountants in 2018 and received an excellence award for the best master's degree study nationally.

Headcount enrolments

We did not meet our target in the enrolment plan; we enrolled 85.86% of the expected target. Our enrolment targets are set for a three-year cycle and we experienced a drop in our distance numbers due to the Advanced Certificate in Education phasing out more quickly than anticipated and the approval of our new distance offering taking longer than expected.

How much value we created, compared to our targets

Headcount enrolments	2015	2016	2017	2018
Overall	64 070	63 395	62 558	61 212
Contact	37 943	39 552	41 765	43 418
Distance	26 127	23 843	20 793	17 794
First-time entering enrolments	9 407	11 281	11 824	12 127

Enrolments	Target	Definition	Actual
Headcount enrolments	71 292	Based on Higher Education Management Information System (HEMIS) data and refers to the number of active students in the reporting year.	61 212
First-time entering enrolments	14 298	Based on HEMIS data. Number of active first-time entering students in the reporting year.	12 127

We are 4.13% over-enrolled on our contact first-time entering students. However, we only reached 49.8% of our enrolment target for distance first-time entering undergraduates.

Presentation method	2018	
	Planned first-time entrants	Actual first-time entrants
Contact	9 214	9 595
Distance	5 084	2 532
Total	14 298	12 127

Student success rate

We maintain a good success rate of 85%. According to the 2017 HEMIS data, the sectoral average was 77.6%. Our contact undergraduate, graduation duration factor has improved from 1.15 in 2017 to 1.13 in 2018. This can be attributed to enhanced strategies for student support, early identification of at-risk students and NSFAS funding with provision for books and accommodation.

How much value we created, compared to previous years

Academic performance	2013	2014	2015	2016	2017	2018
Contact student success rate	86%	86%	85%	86%	86%	85%
Contact undergraduate, graduation duration factor	1,25	1,98	1,88	1,21	1,15	1.13
Graduation rate	25,36%	24,16%	24,34%	27,62%	25,6%	25.1%

How much value we created, compared to our target

Academic performance	Target	Definition	Actual
Contact student success rate	85%	Based on HEMIS data. Completed FTE's divided by enrolled FTE's on a module level.	85%
Contact undergraduate, graduation duration factor	1.2	Based on HEMIS data. The time (in years) it takes a student to graduate divided by the minimum time of the qualification.	1.13

Enrolment of international students

Our international student number dropped from 5.15% in 2017, to 4.27% in 2018. This is a national trend that can be attributed to two factors:

The opening of the University of Botswana has resulted in a drop in the number of Botswana students, specifically at our Mafikeng Campus.

Stricter visa requirements are hampering international enrolments.

How much value we created, compared to previous years

International students	2013	2014	2015	2016	2017	2018
Enrolment	6,2%	5,9%	5,9%	5,9%	5,2%	4,27%

How much value we created, compared to our target

International students	Target	Definition	Actual
Enrolment	5,86%	Based on HEMIS data; any non-RSA student.	4,27%

Graduates

The number of graduates is much lower than planned due to the drop in distance enrolments and thus graduates. Our graduation rate is 24.53% for contact students and 26.41% for distance students.

How much value we created, compared to previous years

Graduates	2013	2014	2015	2016	2017	2018
Overall	15 464	15 254	15 597	17 510	16 004	15350
Contact	9 214	9 295	9 410	9813	9 931	10650
Distance	6 250	5 959	6 187	7 697	6 073	4700
Graduation rate	25,4%	24,2%	24,3%	27,6%	25,6%	25,1%

How much value we created, compared to our target

Output	Target	Definition	Actual
Graduates	16235	Based on HEMIS data; number of graduates in reporting year	15350
Graduation rate	22,8%	Based on HEMIS data and refers to the number of graduates in the reporting year divided by the number of active students in the reporting year.	25,1%

Below are our graduates for contact and distance students per CESM category:

Field of study	Contact			Distance		
	2016	2017	2018	2016	2017	2018
All other humanities and social sciences	2 379	2 370	2 650.667	74	120	80
Business and management	2 971	3 072	3 330.917	None	None	None
Education	1 685	1 754	1 876.167	7 614	5 953	4 620
Science, engineering and technology	2 778	2 735	2 792.250	9	0	0
Total	9 813	9 931	10 650.000	7 697	6 073	4 700

This is how our success and graduation rates compare to other South African higher education institutions:

NWU undergraduate pass rate for contact students in 2017: 86,6%

(The national average for 2017 was 82,1%)

NWU undergraduate pass rate for distance students in 2017: 80,3%

(The national average for 2017 was 66,8%.)

This is how our graduation rates (for undergraduate students) compare to other South African higher education institutions:

NWU graduation rate for undergraduate students in 2017: 25,1%

(The national average for 2017 was 20%.)

9.1.17 **Material matter: research**

Our purpose is to excel in cutting-edge research that leads to the solution of real-life problems, thereby creating value for ourselves and our stakeholders and benefiting society.

We achieve this purpose through the research and innovation activities carried out in our research entities and faculties, through which we also increase our intellectual capital.

9.1.18 **Research output**

Our NRF-rated researchers increased from 195 in 2016 to 229 in 2017. The numbers of researchers in the different rating categories are set out in the following table.

NRF	2016	2017	2018
A	2	2	2
B	20	24	25
C	137	155	150
P	2	2	1
Y	34	46	54
TOTAL	195	229	232

Publications

How much value we created, compared to previous years

Research	2014	2015	2016	2017	2018
Publications per academic staff member	0,91	0,84	0,86	0,92	0,86
Weighted research output	2 179,3	2 146,4	2 437,1	2 609,64	2 605,507

The percentage of publications in internationally accredited journals decrease from 56% in 2016 to 50% in 2017.

9.1.19 Increase our global standing and visibility

Our research and innovation performance is creating an international presence, with the NWU signing 90 formal international collaborations in 2018. Of these, 38 were with top 500 institutions as rated by Quacquarelli Symonds.

Our research collaboration endeavours span the globe: from the Universidade Federal do Rio Grande do Sul in Brazil, to the University of Ghana on the African continent, and the University of Hong Kong on the Asian continent.

These collaborations include agreements for joint degrees, co-chairs, collaborative research and innovation programmes, skills development and international student recruitment and exchange.

Further confirming our international footprint, we have achieved a score of five out of a possible five stars for innovation in the global QS rating.

In addition, we secured second place at the Innovation and Entrepreneurship Competition for Overseas High-Level Talents 2018 in Hangzhou, China, where we represented a South African consortium. The project relates to the 3D printing of pure platinum powder, which opens many new industrial applications for the precious metal.

We are also actively involved in the BRICS initiative, as we have mentioned in the section about our value chain on page 19. In 2018, Prof Anil Sooklal, the Deputy Director-General of the Department of International Relations and Cooperation, declared the NWU the most active South African university in regard to research-related activities that involve the BRICS initiative.

Our research-related contributions include NWU delegations visiting Chinese universities, and hosting public lectures by Prof Sooklal and the Russian ambassador to South Africa.

9.1.20 Create value through innovation and technology

At the NWU, our commercialisation entities drive the commercialisation of our intellectual property and expertise. In 2018, we reviewed our entire portfolio of spin-off companies to enhance their effectiveness and make sure their goals are aligned to the university's overall strategy.

QUOTE:

We foresee that there will be an increasing focus on innovation. To accommodate this trend, we will progressively steer our research outcomes towards innovation and commercialisation.

SEE THEM SOAR

Creating future entrepreneurs

We stimulate entrepreneurial and innovation activities at the NWU, including student entrepreneurship.

In 2018 we received 94 entries for our student innovation competition called Leopards Lair, which was more than double the previous year's number.

After the semi-finalists were further trained at our hive Enterprise Development Centre incubator, 15 finalists pitched their ideas to the leopards (our judges) in the final round.

In the end, Boitshepo Gopane, a master's student in microbiology, walked away with the spoils. The main aim of her winning project – WeClean Recycling – is to recycle dry waste such as paper, plastic, glass and metals. This is then sorted, repackaged and sold to recycling companies.

Boitshepo will invest her prize money of R50 000 in the development of her project.

We achieved 21 new disclosures, 12 patents, three commercial agreements and two commercialisation successes. Consequently, three new provisional patent applications were filed.

When our technologies are available for further development and commercialisation, we market these on the In-Part Platform. We also showcase selected technologies at various national and international events.

Our total income from royalties was R869 220 and invention-based product sales amounted to R16 591 861. The royalties are distributed to the inventors, research groups, faculties and the university's Incubation Fund for reinvestment into further research and commercialisation.

9.1.21 Challenges with research output

Despite our research successes, we also face a few challenges.

One is that only 20% of our academics deliver 80% of our research output. As a result of this limited input, our per capita output decreased from 0,92 in 2017 to 0,86 in 2018.

We realise that one of the reasons behind this challenge is that many of our academics do not have sufficient time for research as they are often kept too busy with teaching activities. Another reason is that some of our active researchers retire or leave to take up positions elsewhere.

The lack of sufficient incentives for our productive researchers is another challenge, as they get very little of the DHET subsidy that the institution receives for research output.

9.1.22 Future outlook

All academics are expected to contribute to our research output. With this in mind, our faculties have developed research output targets in consultation with the relevant academics.

However, we still need additional strategies to manage academics who do not deliver research output, and to retain those who are active researchers. A task team will look into adequate incentivisation of productive researchers.

To address the time constraint challenge, faculties are developing workload management models. These will include allocation of research leave, relief from teaching at selected times, dedicated research time for each academic, and integrating research into teaching and learning activities.

9.1.23 **Material matter: govern, lead and manage**

Our governance structures and approach to ethics, as well as our strategy, values, success model and Annual Performance Plan, guide us to create optimal value through good governance and management.

These, together with the systems, processes, procedures and policies that support governance and management, are part of our intellectual capital.

For more information about how our management activities increase our intellectual capital, refer to the report of the vice-chancellor on page 26 and for information about governance, turn to page 81 in the section on governance supporting and protecting value.

9.1.24 **Material matter: information and communication technology**

When it comes to information and communication technology (IT), the intangibles are part of our intellectual capital, while the tangibles are part of our manufactured capital.

The systems (for instance the e-learning platform eFundi), software programmes and support services are the intangibles and therefore intellectual capital. On the other hand, the physical structures and equipment are tangibles and constitute manufactured capital. (You can read more about the latter on page 76.)

IT has a very comprehensive product portfolio, enabling most of the university's capabilities.

In some cases, there are several products supporting a single capability. There are, for instance, 67 unique products (software solutions) delivering value to the core business capability of curriculum delivery and assessment.

The size of the product portfolio is one dimension, but the actual adoption (usage) of products gives more of an indication of value created. In most cases, usage of IT products grows exponentially.

- In 2018 there were 12 300 maximum simultaneous users in eFundi, compared to 2 100 in 2010.
- 7 000 sites (usually modules) were created in eFundi in 2018 – showing a substantial increase from the 1 300 in 2010.

This upward trend applies to most of the IT products in our comprehensive portfolio.

9.2 **Our human capital**

Our human capital consists of two of our major stakeholder groups: our staff and our students.

Both groups feature very prominently in our value chain. Our first-year students are for instance part of our input, while they become part of our output after graduation.

We create value for both groups through our activities, outputs and outcomes, but in turn they also create value for the university and strengthen our other capitals through their activities and outputs.

Here are some examples: Through their teaching and research activities, our staff increase the value of our intellectual capital. By paying tuition fees, our students increase our financial capital and by eventually becoming skilled, responsible graduates who in turn contribute towards society, they increase our social and relationship capital.

In this section we will show you how we use our resources to empower our staff and students to strengthen their wings and soar to greater heights.

Stakeholders who will benefit from human capital activities	Our staff and students are our main stakeholders comprising our human capital, but their families are also indirectly affected by our activities.
Material matters/goals involved	Our staff and students are affected by almost all our material matters. They are teaching and learning, research, community engagement, student value proposition, staff and student profile, ability to govern, lead and manage, information and communication technology, and financial sustainability.
Risks involved	Almost all our main risks apply to our staff and students. These are uncertainties in the higher education sector, the demand for organisational change, risks related to academic matters, compliance matters, risks relating to student life, IT risks and operational risks.

9.2.1 How we created value

In this section we show you how we created value for our staff and students. We did this mainly by developing their skills, and also by promoting their overall wellness through the implementation of social justice and an ethic of care.

Once again, we will demonstrate how we created value for them through core business and support activities.

9.2.2 Material matters: teaching and learning, research and community engagement

Caring for our students

Through our teaching-learning, research and community engagement activities, we add to our students' knowledge and skills. This empowers them to enter the labour market as highly qualified graduates (part of our outputs) who are able to contribute to the economy of South Africa (part of our outcomes).

But we do not only focus on their skills. We also help them develop into well-rounded people by offering a host of cultural and sport activities and looking after their financial, physical and psychological health and well-being. More information is available in the vice-chancellor's report on page 28.

Academic support

Extensive information on how we help our students to gain access to the university and complete their studies successfully can be found in the section on our value chain on pages 18, and in the section on our intellectual capital on page 54.

Career-related support

Our Career Centre presents work readiness seminars to equip our students for the transition from university to work life. The number of students whom the centre assisted (for instance by training them to write CVs and prepare for interviews) grew from 5 171 students in 2016 to 6 596 in 2018.

In 2018, our centre also facilitated 170 job postings through Facebook, eFundi and the online career service application called Career Zone, thereby connecting students and employers. There were 1 437 student profiles and 134 listed companies on the Career Zone app.

Regular career fairs on our campuses also bring students into contact with potential employers. The number of companies attending these fairs increased from 153 in 2017 to 161 in 2018.

Through regular engagement with professional bodies, business and industry, we make sure that our academic programmes stay relevant to promote our students' employability.

Work-integrated learning and service learning are also very important enabling tools in enhancing our students' work-readiness. Through their involvement in our research projects and community engagement projects, our students gain valuable practical experience.

9.2.3 Caring for our staff

Building staff capacity

By building our staff capacity, we increase our human capital and create value for this highly appreciated stakeholder group.

We do this through training interventions that are part of our Work Skills Plan. In 2018 we spent R6, 5 million on the training of 1 277 employees. Of these, 259 employees were externally trained through outside service providers.

More information about the capacity-building programmes for our academics is available on page 19 in the section on our value chain. Information about our various incentivising initiatives, such as the annual awards for teaching excellence, is on page 23 in the section on our value chain.

Empowering our researchers

We hone our researchers' skills and motivate them through various initiatives and events, such as public lectures. Twelve high-level public lectures were held during 2018, with speakers from organisations such as the Department of International Relations and Cooperation, the National Research Foundation and the Human Sciences Research Council.

Almost 500 researchers and more than 50 speakers from various research institutions, NWU faculties and government organisations attended our first biennial Research and Innovation Conference.

Focusing on the development of our young researchers, we secured 23 internships for 2019 from the Department of Science and Technology and the National Research Foundation.

We made R4,4 million available through our University Capacity Development Programme (UCDP) to help emerging researchers further their studies. Counting this initiative together with funds for various other development opportunities, the UCDP provided a total of R9,6 million for staff development.

In 2018, almost 500 researchers attended 20 research capacity-building workshops. Our sixth Annual Postdoctoral Conference was also well attended, enabling 90 postdoctoral researchers to explore opportunities for multi- or transdisciplinary research.

Another way of inspiring our researchers is through our annual Research and innovation excellence awards. You can read more about these on page 24 in the section on our value chain.

9.2.4 **Material matter:** student value proposition

Our students are our main clients and we realise that our campuses are their “home away from home”. We go out of our way to make sure every student feels safe and experiences a sense of belonging.

In addition to the academic and career support we give them, they have access to various wellness support services.

Our campus clinics, together with counselling and social welfare services, support our students’ overall physical, mental and social wellbeing. The campus disability offices make sure that the needs of students living with disabilities are met, while projects such as Meal-a-Day support needy students.

More information about how we promote our students’ overall wellness through other support services and extracurricular activities is available in the report of the vice-chancellor on page 28.

We also support our students financially and see this as an input into our value chain – more information about this topic can be found on page 15 in the section on our value chain.

Dropout rates

Our student to staff ratio increased from 31,51 to 32,22 in 2018. Our first-time entrant dropout rate has decreased from 11,11% in 2017 to 9% in 2018. This positive decrease correlates with the increase in the undergraduate graduation duration factor.

How much value we created, compared to previous years

Dropout rate	2015	2016	2017	2018
First-time entrant dropout rate for contact degrees	15,3%	12,2%	11,11%	9%

How much value we created, compared to our target

	Target	Definition	Actual
Academic staff full-time equivalent ratio : students	26.4	Based on HEMIS data and refers to the enrolled student full-time equivalent divided by the permanent instruction/research professionals full-time equivalent.	32.22
First-time entrant dropout rate for contact degrees	Below 15%	First-time entering students in contact degree qualifications who register in the reporting year but do not return in the next	9%

QUOTE:

We are totally committed to ensuring a diverse and integrated student life across our university. We want all students to experience a sense of belonging while developing into responsible, caring citizens.

9.2.5 **Material matter:** Develop and retain excellent staff and create an equitable staff and student profile

We want to attract and retain high-calibre staff – which is not easy as we compete with other South African higher education institutions for a limited pool of highly qualified academics. (Read more about this on page 9 in the section on our external environment.)

In the section on our intellectual capital (see page 63), we discuss the academic development of our staff and, in the section on incentivising for achievement (page 116), you can read about how we use remuneration as an incentive.

In addition to professional development and remuneration, we create a caring and safe environment conducive to attracting and retaining excellent staff.

Caring for our staff

Our Wellness Office offers various services to support the all-round wellness of our staff, including their physical, psychological and social wellbeing.

A comprehensive employee wellness assistance programme known as Wellness4U, provides a free, 24-hour confidential service connecting NWU employees and their immediate families with experienced counselling professionals for help with personal, family and work-related problems.

Other services that contribute towards making the NWU an employer of choice include health services through our campus clinics, support for staff living with disabilities through our campus disabilities offices (we also have a disability policy for employees), an HIV and Aids workplace programme, and a toll-free emergency number that operates 24 hours a day, seven days a week.

In addition, we create a safe environment for our staff through our campus protection services and our Occupational Health and Safety office and policy.

We provide financial aid through study discount benefits so that our staff and their dependants can study at the NWU. In 2018, we spent over R23,8 million on these benefits, which reached 964 people. Of these, 427 were staff members and 537 dependants. 415 were historically disadvantaged South Africans and 562 were female.

Pursue equity to create value

Creating an equitable staff and student profile is not merely a compliance issue. It is also part of our commitment to excellence in that a diverse community can stimulate greater creativity and innovation than a homogeneous one can.

Living and studying in a multicultural environment also prepares our students for the diverse South African world of work.

Staff

	2015	2016	2017	2018
African (%)	32,5%	33,5%	34,5%	35,9%
Coloured (%)	5,6%	5,7%	5,7%	6,3%
Indian (%)	1,2%	1,2%	1,3%	1,3%
White (%)	60,7%	59,6%	58,5%	56,5%
Female (%)	57,1%	56,9%	56,9%	56,8%
Male (%)	42,9%	43,1%	43,1%	43,2%

Staff

	2018 Target	2018
African (%)	33,6%	35,9%
Coloured (%)	6,3%	6,3%
Indian (%)	1,3%	1,3%
White (%)	57,0%	56,5%
Female (%)	56,5%	56,8%
Male (%)	43,5%	43,2%

Students

	2015	2016	2017	2018
African	68%	67%	66%	65%
Coloured	5%	4%	4%	5%
Indian/Asian	1%	1%	1%	1%
White	27%	28%	28%	29%
Female	67%	67%	66%	65%
Male	33%	33%	34%	35%

Students

	2018 Target	2018
African	62%	65%
Coloured	6%	5%
Indian/Asian	1%	1%
White	30%	29%
Female	69%	65%
Male	31%	35%

9.2.6 **Material matters: govern, lead and manage, information and communication technology, and financial sustainability**

Good governance is an important way of supporting and protecting our human capital. This is part of the responsibilities of the Institutional Forum and various Council committees, such as the Remuneration Committee, the People and Culture and Employment Equity Committee and the Student Oversight Committee.

We also have several policies that provide guidelines for the fair and just management of the university, thereby protecting and increasing our human capital.

These include policies on governance oversight and management control, human rights, remuneration, performance management, staff learning and development, employment equity and disabilities, to name just a few.

Another matter closely linked to our commitment to increase our human capital is equity of resources. All staff and students should have access to the same quality of resources to enable them to perform optimally. One of the important resources is communication and information technology.

As a key enabler at the university, our IT department supports our staff and students in numerous ways, ranging from supplying the necessary hardware and software, to maintaining systems and help desk services for daily support.

By adopting a centralised approach for system delivery and a decentralised approach for service delivery, we have ensured equal access to IT resources and services across all campuses.

Lastly, it is our responsibility to make sure that our university stays financially sustainable. This ensures that our current staff and students, as well as future generations, will have a financially stable institution to work and study at. More information about how we do this is in the section on our financial capital on page 70.

9.3 Our social and relationship capital

Social and relationship capital can be described as the relationships we have with our external stakeholders. This is about their loyalty, skills, knowledge, experience and motivation that add value to the NWU and our other capitals. It is also about reciprocal trust and benefit.

As a university we realise that a big part of our value creation success depends on the relationships we have with individuals, groups and communities outside the NWU – nationally and internationally.

We also acknowledge that we have to engage effectively with these external stakeholders to increase the value of our social and relationship capital.

Stakeholders who will benefit from effective engagement with the NWU	All our external stakeholders benefit from our engagement with them. They include the parents of our current and prospective students, communities surrounding our campuses, donors, alumni, employers, business and industry, professional bodies and the Department of Higher Education and Training (DHET).
Material matters (goals or enablers) involved	All our goals are directly or indirectly linked to our relationships with external stakeholders. Our teaching and learning, research and especially our community engagement, however, are particularly closely and directly connected to this capital. In addition, our communication, marketing and stakeholder engagement activities also play an important role in increasing the value of our social and relationship capital.
Risks involved	Parents of students may be affected by the uncertainties in the higher education sector, the demand for organisational change and risks relating to student life. (Matters that may concern them include state funding, tuition fees and the safety of our campuses in the event of unrest.) Other risks that affect our external stakeholders include risks related to academic matters, compliance and commercialisation of intellectual property.

9.3.1 How we created value

This section is about how we created value for our external stakeholders by integrating our community engagement with our core activities of teaching and learning and research.

It also touches on activities related to some of our other goals and enablers, illustrating how we strengthened our relationships with individuals and groups with whom we interact.

Although some of these activities generate third-stream income, most of our community engagement activities are not for profit and can be linked to our commitment to social justice, which forms part of our strategy.

With the aim of increasing the impact of our community engagement, we made a concerted effort to move towards discipline-based outreach rather than conventional outreach.

9.3.2 Material matter: teaching and learning, research and community engagement

Teaching and learning

Many of our teaching and learning activities are intertwined with community engagement, especially where there are opportunities for work-integrated learning and service learning.

In 2018, we integrated these two types of learning into our teaching and learning strategy. We also planned to develop a service-learning module that will be ready for offering in 2020.

We continue to provide community service through the Law Clinics and Psychosocial service centres. These platforms enable students to integrate theory and practice while communities benefit as well.

In addition, we continued to forge strategic relationships with business, industry and professional bodies to ensure that the content of our academic programmes remains relevant and that our students are fully employable.

Challenges and future outlook

Through technology development and broader access to online education, the NWU and its activities will become more and more accessible to communities.

This creates opportunities for greater legitimacy as an institution for the public good, but will also require increasing community responsiveness and infrastructure capacity.

- Research

Engaged research is very important if we are to increase our social and relationship capital. These activities are interactive: they involve research about, with and in communities.

We also conduct research to solve real-life problems in communities, thereby empowering people and improving their quality of life. An example is the green water treatment that benefits communities, as mentioned on page 25.

In addition, our researchers share their expertise when they participate in expert panels, serve on research structures and collaborate in research programmes, both nationally and internationally.

9.3.3 Material matter: Communication, marketing and stakeholder engagement

For more information on our stakeholder activities, refer to the section on stakeholder engagement on page 32.

9.3.4 Material matter: Develop a clearly differentiated student value proposition; develop and retain excellent staff

Our strategy propagates social justice and our dream, social responsiveness and an ethic of care. To bring these aspects to life, we encourage our staff and students to contribute to society through volunteerism.

In 2018, the Rag Committee on the Potchefstroom Campus donated about R1,448 million to deserving projects from money raised in the previous year by the Student RAG Community Service and RAG.

Among the students' community engagement activities were voluntary community service at local primary and secondary schools, children's homes, shelters for the homeless, old age homes and the Society for the Prevention of Cruelty to Animals, and offering extra maths classes in schools to assist teachers.

The purpose of students volunteering in the communities is to encourage them to become responsible citizens whose actions are guided by an ethic of care.

9.3.5 Challenges and future outlook

It is clear that in interacting with the NWU, regional and local communities will increasingly expect mutually beneficial relationships that include addressing socio-economic issues through relevant research and the implementation of expertise.

Addressing these expectations means that we will have to focus even more on programmes that build capacity, alleviate poverty and that increase employability.

We also want to extend our community development nationally, focusing on pressing and relevant socio-economic issues and mutually beneficial applied research with sustainable impact and income generation potential. This initiative is in response to the National Development Plan.

When it comes to the global arena, we would like to continue increasing the number of agreements and collaborations with international universities and relevant industries.

It is of particular importance to increase the number of postgraduate joint-degree programmes with the top 500 universities as rated by Quacquarelli Symonds (QS). Our ultimate goal is to have forged partnerships with at least 50 of these top 500 universities by 2025.

Other priorities are to continue focusing on international funding sources, smart partnerships, and the achievement of the international Sustainable Development Goals, aimed at ending poverty and protecting our planet and people.

SEE THEM SOAR

NWU's Ikateleng project celebrates 30 years of impact

In 2018 we celebrated the 30th anniversary of our Ikateleng project.

For the past three decades, this project has impacted the lives of thousands of learners across central South Africa by means of supplementary teaching.

The ongoing project provides supplementary tuition to Grades 10, 11 and 12 learners, not only improving their overall examination results, but also imparting vital life skills to them.

There are seven centres from which we coordinate the project. There are three main centres (one at each of the campuses) and four additional sites of delivery in Kimberley, Mankwe, Mamelodi and Lichtenburg.

In 2017 the project boasted an overall pass rate of 89,3%, with 251 distinctions recorded during the 2017 National Senior Certificate Examination.

QUOTE:

As community engagement and partnerships will remain critically important in the South African context, we will focus on programmes that build capacity, alleviate socio-economic conditions and increase employability.

9.4 Our natural capital

We consider our natural capital to be the renewable and non-renewable environmental resources upon which all our other capitals are based. We use these natural resources or environmental assets to add value to our other capitals.

Here are a few examples of this close relationship between our natural and other capitals.

We need water to sustain our staff and students, who constitute our human capital. Without that sustenance, our academic staff cannot do research and consequently cannot increase our intellectual capital.

Without land and resources such as soil and water, we cannot construct buildings to strengthen our manufactured capital. However, by building on the land and using natural resources and creating waste during the construction process, we decrease the value of our natural capital.

Stakeholders who will benefit from strong natural capital	All our stakeholders need natural capital to exist and flourish.
Material matters (goals or enablers) involved	We will not be able to realise any of our goals or implement our enablers without natural resources as input. The material matter "to promote sustainability" (part of goal three in our Annual Performance Plan) that is particularly relevant here.
Risks involved	Risks include those related to academic and operational matters, student life, compliance (for instance with environmental regulations) and IT (infrastructure needs an energy source).

9.4.1 How we created value

When it comes to our natural capital, we acknowledge two important facts. Firstly, we realise that material matters of an environmental nature are invaluable as an input for overall value creation at the NWU.

Secondly, we know that natural resources are scarce and should be managed sustainably so that they will still be available to us and the next generations in the future.

That is why we are committed to reduce the environmental footprint our activities create. We intend to do this by using natural sources responsibly, by decreasing our energy use and by complying with environmental regulations.

9.4.2 Material matter: To promote sustainability

Although sustainability refers to much more than only environmental sustainability, our focus in this section is on environmental affairs.

(For information about general sustainability at the NWU, see the Council statement on sustainability on page 107.)

Environmental audit

As part of our commitment to responsible citizenship and environmental responsibility, the NWU's Centre for Environmental Management (CEM) conducted an audit in 2014. The findings included a long list of non-compliance issues.

Internal Audit followed up in 2017 by conducting an Environmental Compliance Audit, which revealed that only some of the required legal compliance audit rectifications had been resolved.

While CEM continues to monitor these rectifications, we have stepped up our response by initiating change management and awareness activities and appointing a green campus coordinator and committee for each campus.

Challenges

Unfortunately, these coordinators had limited success in bringing about the required changes, for a variety of reasons. These included a lack of specialised expertise and the absence of a policy for environmental responsibility.

In 2018, we designated a coordinator and accountable manager for the finalisation of the outstanding compliance issues across the university. A follow-up investigation was then launched in October, followed by a status quo report.

This report showed that although some progress has been achieved within various responsible and accountable units, there are still outstanding compliance issues.

Future outlook

We intend to establish a working committee in 2019 to oversee all infrastructure operations, and to appoint a policy owner to compile a sustainability and green campus policy with definite timelines.

Another priority is to focus on who is responsible for finalising outstanding compliance issues. Where applicable, responsibility for achieving these targets will be included in task agreements.

In addition, we plan to join the Higher Education Environmental Sustainability Community of Practice in 2019, as this will allow benchmarking with other South African universities.

9.4.3 Material matters: teaching and learning, and research and community engagement

Several of our academic programmes focus on environmental aspects, for instance our biological and agricultural sciences, while various NWU research entities conduct research on topics related to the environment.

Our Unit for Environmental Sciences and Management in particular generates research that safeguards nature and supports the optimal utilisation of natural resources within the limitations of ecosystem resilience.

Their research programmes range from climate change and air quality and impacts to biodiversity and conservation ecology.

SEE THEM SOAR

Raising awareness on the need to safeguard natural resources

The Unit for Environmental Sciences and Management launched various awareness projects in 2018.

During Water Week in March, the unit ran a water-saving awareness programme on the campus in Potchefstroom. During this campaign they shared information on the importance of water and why this scarce resource should be managed sustainably.

Then, on 18 July, Mandela Day, they visited Madibeng Primary School in Potchefstroom to emphasise the value of education and the importance of a clean environment.

9.4.4 Material matter: student value proposition

By involving our students in various Green Campus initiatives, we encourage them to become responsible citizens who are aware of the importance of environmental sustainability.

These initiatives include an energy-saving competition for student residences, art exhibitions (with students using recycled material) and opportunities for students to implement innovative green ideas.

9.4.5 Future outlook

We plan to initiate an awareness campaign in 2019 called “Flip the Switch”. It will be launched on the three campuses during March 2019 to create awareness of energy consumption and the impact it has on the environment.

Creating this awareness will not only motivate the NWU community to save energy; it will also afford everyone the opportunity to start making a sustainable difference in their communities and surrounding areas. We believe that the establishment of an energy-conscious NWU will ultimately conserve the environment for future generations.

9.5 Our financial capital

Our financial capital is about the funds available to us for creating value for the NWU and our stakeholders through the provision of services.

Financial capital is obtained through financing, such as state funding, debt and grants, as well as revenue generated through our operations and investments.

In other words, it is about our income and budget (our input) and how we use that during our activities to produce outputs and outcomes, while maintaining a healthy and stable financial environment.

Current financial stability and future sustainability are of the utmost importance in ensuring that the university achieves its strategic objectives as a unitary institution of superior academic excellence that empowers people to excel – to soar, as we put it throughout this report.

Excellent financial discipline in planning, managing and investing our financial capital is a prerequisite for ensuring that adequate funding is available for operational requirements and that capital expenditure needs can be met while maintaining a healthy balance sheet.

9.5.1 Trade-off with other capitals

Our financial capital is a medium of exchange that releases its value through conversion into other forms of capital. (See page 70)

This table lists the impact of our financial capital on stakeholders and our own risk profile.

Stakeholders who will benefit	All our stakeholders benefit when the NWU's financial capital is strong. Here are a few examples. Having a financially stable university will enable us to keep our tuition fees within reach of our current and future students and their families. It will also enable us to afford fair remuneration for our staff and reassure our donors and the DHET that we spend their donations and funding wisely and serve the national priorities for higher education.
Material matters (goals or enablers) involved	All our goals and enablers are involved, as we need money to achieve and implement them. They are teaching and learning, research, community development, our student value proposition, staff and student profile, ability to govern, lead and manage, information and communication technology, communication, marketing and stakeholder engagement and financial sustainability.
Risks involved	The main risks are uncertainties in the higher education sector (for instance the downward curve of state funding), demand for organisational change (for instance free education), risks related to academic matters, compliance (for instance to financial laws and regulations), risks relating to student life, IT risks, commercialisation and operational risks.

9.5.2 How we created value

In this section of our value creation story, we tell you how we managed our finances to maintain our sound financial position, despite numerous challenges in our external environment. (More about our sound financial position on page 140.)

9.5.3 Material matter: ensure the sustainability of the NWU

To ensure long-term financial sustainability, we have to distribute our resources in a way that supports our core business strategies.

As in the previous year, our budget task team compiled a high-level break-even budget on a cash flow basis. The budget was shaped by the realistic prediction of income, translating to expenses that we can “afford”. This meant we paid close attention to the calculation of the key sources of revenue, taking into account all the latest, most relevant information available.

We used pre-determined ratios (expenses measured as a percentage of core business income) as a financial sustainability guideline to steer the NWU towards the ideal combination of income and expenses. The 2017 budgeted expense ratios were used as the basis for the 2018 expense budget. The result of the income calculation gave an indication of the adjustment needed in terms of the 2018 expense budget. We then did a three-year forecast, based on the same principles and certain assumptions.

We used the following ratios to guide us:

- Staff cost as a percentage of income
- Operating cost as a percentage of income
- Capital cost as a percentage of income

On the following pages we will illustrate how we financed our strategic initiatives and how we allocated our funds to achieve our goals and implement our enablers in 2018.

9.5.4 How we plan to finance our strategic initiatives

Using our strategic fund to allocate funds for identified strategic projects, we strengthen our efforts to align our activities and resource allocation with our overall strategy and success model.

During the budget process, managers submitted their strategic requests, together with the project charter for every strategic project, to the University Management Committee for approval.

9.5.5 Strategic projects per goal/enabler

Teaching and Learning

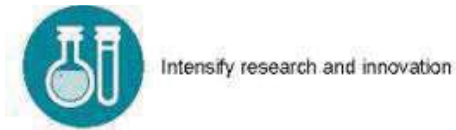
Goal 1: Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions.



- IT for teaching and learning (ITTL) on all campuses
- Open distance learning: design and develop an honours degree for distance mode of delivery
- Produce and upload videos for teaching and learning to e-Fundi
- Teaching and learning technology for classrooms
- Purchase teaching and learning equipment
- Integrate technology into the classroom
- Team-teaching training and workshops
- Develop focused support for law students
- NWU Medical School project: extension and continuation
- Development: study material production (SMP) (TRACS) system
- Unit for Continuing Education implementation
- Computer lab for Consumer Sciences

Research and innovation

Goal 2: Intensify research and innovation.



- Recruiting postdoctoral fellows
- Funding for Isotope project
- Upgrade: Dynamic Retinal Vessel Analyser (DVA) apparatus
- International Conference: BRICS Council of Exercise and Sports Science
- Strategic South African National Antarctic Programme (SANAP) funding
- Maintenance of the neutron monitor network
- Shortfall: telescope, Mafikeng Campus
- Collaborative research initiative to facilitate multi-level research capacity building
- Incentive programme: NRF-rated researchers
- Intensify innovation activities on the Mafikeng Campus

Community engagement and sustainability

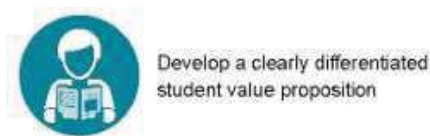
Goal 3: Integrate and align community engagement with core business activities and promote sustainability principles.



- Bhive Enterprise Development Centre
- Work-integrated learning camp for two BEd first years

Student value proposition

Goal 4: Develop a clearly differentiated student value proposition.



- Cross-campus student seminars
- Develop interactive electronic referencing guide in collaboration with the Centre for Academic and Professional Language Practice
- NWU culture review and development project
- Student life culture and climate improvement project

Staff and students

Goal 5: Develop and retain excellent staff and create an equitable staff and student profile.



Develop and retain excellent staff
and create an equitable staff and
student profile

- Buy mobile units and equipped them with computers and WiFi to assist in online applications for admission to the NWU and for NSFAS funding.

Lead and manage

Enabler 1: Govern, lead and manage in a sustainable and transformed way with an effective operating model.

- Finalise policies and rules for the transition to the new 2017 NWU Statute.

Communication

Enabler 3: Communicate, engage and develop core business capabilities to increase brand equity, leadership efficacy and community solidarity.

- New NWU brand roll-out
- Purchase public artworks (additional R1 000 000 already allocated from previous year's fund)

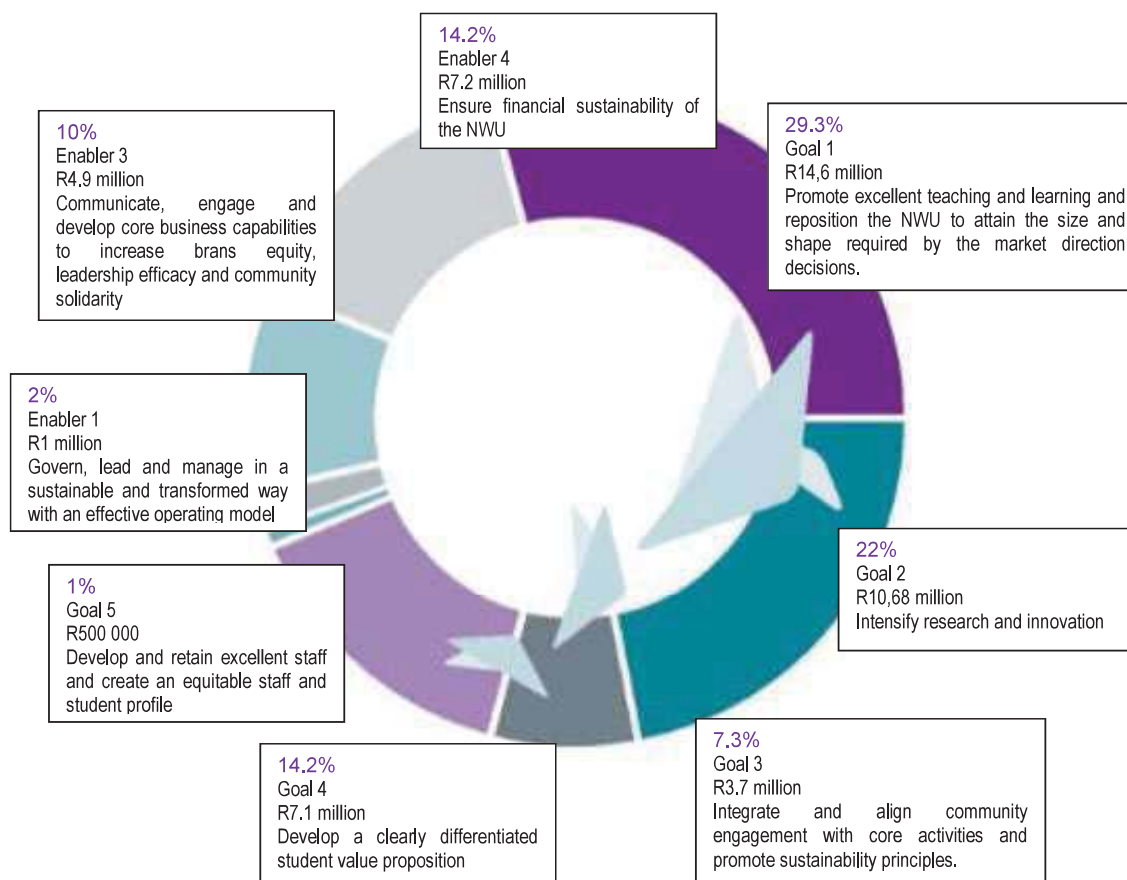
Financial sustainability

Enabler 4: Ensure the financial sustainability of the NWU.

- NWU Integrated Energy and Energy Efficiency project



9.5.6 Funds allocated per goal/enabler



9.5.7 In the near future – opportunities and challenges in executing our strategy

For the 2019 academic year, the Department of Higher Education and Training (DHET) has asked for an across-the-board tuition fee increase of 5,3% (based on the consumer price index or CPI).

The challenge is that the CPI rate is not representative of the increase in cost required to operate a university.

Universities must cope with a historical subsidy increase deficit as the pace of subsidy increases has been below Higher Education Inflation for a few years, and did not allow for planned growth.

The DHET announced a block grant increase that includes the fee adjustment grant (GAP grant) that will be discontinued from 2019, with R2,76 billion being distributed to the sector's block grant subsidy component from 2019 to partially address the block grant increase that does not cover the Higher Education Price Index (HEPI) and system volume growth. This development will put additional pressure on the financial stability of universities.

The block grant increase will only make up for the difference between the suggested 5,3% tuition fee increase and the HEPI-related increases in the short to medium term.

9.5.8 Future outlook – how to maintain financial sustainability

A considerable risk for the future sustainability of universities is the combination of the tuition fee increase being capped at 5,3%, the phasing out of the GAP grant and fees in essence being transferred to subsidy that increases at a lower rate than HEPI and growth.

All of these factors mean that we will have to make tough decisions to maintain our healthy financial position, and that the focus for 2019 will be to diversify our income streams and improve operating cost efficiency and effectiveness.

In the long term, the financial sustainability of public higher educations may be jeopardised to such an extent that some may lose their competitive edge in the market and the ability to contribute to the skills and knowledge economy of South Africa.

To prevent this from happening, we intend to participate actively in the modelling of the future funding design. We remain committed to working with the DHET to ensure not only a well-functioning and sustainable NWU, but also the stability and sustainability of the South African higher education sector.

QUOTE:

We are committed to maintaining financial stability, and therefore it will become increasingly important to generate our own income, review activities that are not financially viable and focus on disciplined cost.

Primary statement: borrowings

The NWU did not enter into any new long-term borrowing agreements in 2018

To see how much value we created, turn to the financial review on page 140.

9.6 Our manufactured capital

Our manufactured capital can be described as our tangible infrastructure that supports our core business activities and helps us to provide services to our stakeholders, thereby creating value for them and our other capitals.

For example, our lecture halls and laboratories, together with the technology and equipment that our staff use, enable us to teach our students (increasing our intellectual and human capital) and do research (finding solutions for society's problems and increasing our social and relationship capital).

9.6.1 Assets to support our core business

Except for our building and infrastructure programmes, we also regularly buy, develop and maintain our IT systems and infrastructure, our teaching and learning technology and our research equipment. In other words, our manufactured capital is about all the physical resources and assets needed for executing our core business and bringing our strategy to life.

9.6.2 Transforming our other capitals

Our manufactured capital also demonstrates the interrelationships with our other capitals.

Undertaking construction projects requires us to raise capital, which can increase our debt exposure while at the same time adding to the value of our asset base.

Similarly, new construction projects and ongoing maintenance of buildings and facilities can enhance human, intellectual and social and relationship capitals by improving our ability to attract skilled staff and high-quality students, but can also negatively affect the environment.

These and many other variables, some competing and some complementary, have to be taken into account when managing our manufactured capital for optimal results.

Stakeholders who will benefit from our manufactured capital	Our staff and students are the main stakeholders who benefit from our manufactured capital. However, through our building and maintenance projects we also create business and jobs for people outside the university community. Our donors and the DHET also have stakes in our manufactured capital, as they fund many of our projects.
Material matters (goals or enablers) involved	Teaching and learning, research, student value proposition, our ability to govern, lead and manage, information and communication technology, communication, marketing and stakeholder engagement, financial sustainability.
Risks involved	Uncertainties in the higher education sector (for instance state funding), demand for organisational change (equity of resources), risks related to academic matters, compliance (for instance with building regulations), IT and operational risks.

9.6.3 How we created value

In this section we show you how we created value for our stakeholders and increased our manufactured capital through our various building and maintenance programmes and IT infrastructure.

9.6.4 Material matters: teaching and learning and research and student value proposition

The majority of our infrastructure projects are aimed at promoting teaching and learning, research and our student value proposition.

9.6.5 Infrastructure development

The following table shows how we spent a total of R210,54 million from DHET and our own funding in 2018 across the university on capital works, macro maintenance and minor works.

		Potchefstroom Campus	Mafikeng Campus	Vaal Triangle Campus	Projects across campuses	Total
		Rmillion	Rmillion	Rmillion	Rmillion	Rmillion
DHET	Surplus funds 2012-2015	R5,16	R9,47	-	-	R14,63
	Funding 2015-2016	R7,28	R12,06	R29,09	-	R48,43
	Funding 2016-2017	R 12,30	R1,63	-	R8,15	R22,08
	Funding 2017-2018	R9,75	-	R1,81	R1,77	R13,33
Capital works	New	R15,65	R8,87	R0,83	-	R25,35
	Upgrade	R35,14	R11,44	R3,78	R8,81	R59,17
Macro maintenance		R17,98	R2,75	R3,11	R2,35	R26,19
Minor works		R1,06	R0,10	R0,10	R0, 0	R1,36
Total		R104,32	R46,32	R38,72	R21,18	R210,54

9.6.6 Accommodation for our students

Student housing on the campuses consists of 45 university-owned residences for 10 763 students, whose wellbeing is the responsibility of 101 residence officers and house parents.

By making sure our students have safe accommodation on or around our campuses, we strengthen our student-value proposition and consequently our human capital. (For more information about student housing, turn to page 150.)

9.6.7 Complying with norms and standards

For the past three years, the focus of residence management at the NWU has been on the alignment of facilities across the university. This included the alignment of residences and residence fees.

With alignment largely achieved, management attention is turning to the task of ensuring that all residences comply with the national policy on norms and standards for public universities in South Africa. These norms and standards deal with residence staffing levels, location, health and safety, governance, professional development of residence staff, policies and procedures and student discipline.

Management is finalising a plan for the phasing in of minimum standards where these do not currently comply. The intention is to submit the plan to Council in 2019.

The university is also in the process of developing its strategy to increase the percentage of residence places available for new first-year students to at least 30% of the total residence capacity.

Please refer to Annexure 13 on page 150 for a detailed report on student housing at the NWU.

9.6.8 Construction and refurbishment

During 2018 we refurbished several student residences and started constructing an additional residence on the Vaal Triangle Campus, for completion in 2019.

Through a joint initiative by the NWU and the DHET, we are going to build additional residences on the Mafikeng Campus to accommodate up to 1 400 more students. This will be part of possible public-private infrastructure and related partnerships. Planning in this regard will continue during 2019.

9.6.9 Large projects completed during 2018

The biggest project completed on the Mafikeng Campus was the refurbishment of spaces in Building A1 (NWU capital funding of R8 million was made available). The two largest projects finalised on the Potchefstroom Campus were for the conversion of a church into lecture rooms, and facilities for Occupational Hygiene. This entailed NWU capital funding of R9,8 million for each.

Construction work relating to eleven other projects with a project value above R5 million each were completed in 2018.

9.6.10 Macro maintenance projects completed during 2018

Addressing deferred maintenance remained a priority during 2018. Major refurbishment work at a total cost of R113 million was completed on the Mafikeng and Potchefstroom campuses.

These projects included the upgrading of the Kayelitsha residence on the Mafikeng Campus and Kom en Gaan and Oppirif residences on the Potchefstroom Campus. Other projects included academic buildings, laboratories and the Ferdinand Postma Library.

A total of R14,6 million was spent on roads on all three campuses. In addition, 16 small to medium-sized macro maintenance projects were completed across the university, worth R9,5 million.

Committed to social justice and an ethic of care – as set out in our NWU strategy and dream – we spent R4 million to upgrade various buildings on our campuses to accommodate people with disabilities.

9.6.11 Unscheduled projects completed during 2018

We had to execute 10 small, unscheduled projects (ad hoc requests) in various faculties and departments across the university, mainly financed from our reserves. These projects placed considerable pressure on the resources of the Facilities Department and affected the scheduling of the new DHET projects for 2018 to 2021.

The largest unscheduled project was to refurbish space as offices for the Faculty of Education in Building B5 on the Potchefstroom Campus.

9.6.12 Projects carried over to 2019

Seven projects on the Mafikeng Campus, 15 on the Potchefstroom Campus and three on the Vaal Triangle Campus were carried over from 2018 and are scheduled for completion in 2019. The new student housing complex on the Vaal Triangle Campus was carried over from 2017.

9.6.13 IT infrastructure and developments

We supply valuable information and technology infrastructure to enable optimal, cutting-edge IT support across the university.

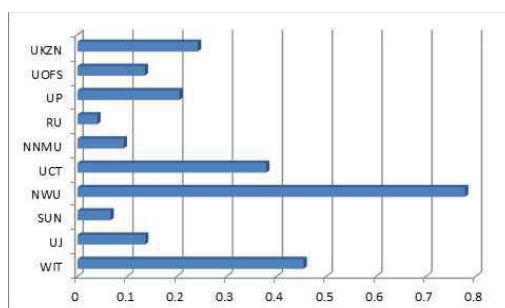
For instance, this infrastructure plays a valuable role in the value chains of teaching and learning, and research and also in the student life cycle from student access through to continuous professional development. In this way, the IT infrastructure strengthens our intellectual and human capital.

An IT infrastructure grant of R97 million from the Department of Higher Education and Training helped us achieve our goals.

Here are some of the 2018 highlights: our IT department did several technology and hardware upgrades, equipped 22 new video conference venues, implemented an internal cloud storage solution and expanded the WiFi coverage to enable 14 000 devices to connect every day.

We offer uncapped, unshaped internet services to staff and students at a speed not matched by most universities in South Africa – the NWU is also the biggest consumer of bandwidth among these institutions.

The following graph illustrates the NWU's monthly consumption of the total international bandwidth, compared to other big South African universities.



When it comes to national bandwidth consumption on the South African National Research Network (SANREN), the result is much the same.

With regard to distance learning, IT was the key role player in motivating a R12 million grant from the Rural Campus Connectivity Project to equip 26 remote delivery sites with acceptable internet connections. This project will be handed over early in 2019.

9.6.14 Plans for the future

Looking to the future, we will remain focused on addressing deferred maintenance on academic buildings and services infrastructure as part of our 10 Year Macro Maintenance plan.

We will also embark on several major capital projects on all three campuses during 2019 and 2020. These include the construction of a new administration building and lecture room complex on the Vaal Triangle Campus, as well as moving the main entrance gate to a new position as instructed by the Emfuleni Municipality.

On the Potchefstroom Campus, we will start planning new laboratory spaces for the Faculty of Education and on the Mafikeng Campus, planning is under way for a new building for Psychosocial Health.

QUOTE:

Our investment in IT infrastructure, support and teaching and learning solutions will determine the NWU market share in the teaching and learning value chain, as well as in the student life experience.

9.6.15 Material matters: govern, lead and manage, communication, marketing and stakeholder engagement, financial sustainability

The performance around our manufactured capital also relates to material issues that are not necessarily part of our core business, but support it.

It demonstrates for example how we supply the necessary infrastructure to enable governance (for instance by making sure that Council and its committees have suitable infrastructure for their meetings) and management (by supplying the infrastructure and systems equipment management requires to effectively lead the university).

All infrastructure (buildings as well as technology and systems) forms the basis for the support that departments such as Corporate Relations and Marketing provide to support our core business.

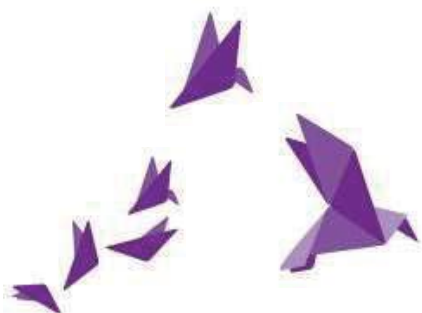
In addition, our value creation story highlights how our infrastructure programmes, in particular our 10 Year Macro Maintenance Plan, focus on maintaining future financial stability. Through regular maintenance of our current assets, we are ensuring that future generations will not be burdened by the unaffordable expense of repairing dilapidated infrastructure.



DR BISMARK TYOBKA
CHAIRPERSON OF COUNCIL



PROF DAN KGWADI
VICE-CHANCELLOR



10 Governance supporting and preserving value

10.1 Council statement on governance

The NWU is committed to the principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in King IV.

Accordingly, Council endorses and, during the period under review, has applied the Code of Practices and Conduct and the Code of Ethical Behaviour and Practice as set out in the King IV Report. In supporting these codes, Council recognises the need to conduct the business of NWU with integrity and in accordance with generally accepted practices.

The monitoring of the NWU's compliance with these codes forms part of the mandate of the Audit, Risk and Compliance Committee.

A distinct difference exists in the roles and responsibilities of the chairperson of Council and that of the vice-chancellor.

Statement approval obtained from the NWU Council on 20 June 2019.

10.1.1 Value creation through accountability and efficiency: The role and function of Council and its committees

The NWU Council is the overall custodian of good corporate governance, which is a prerequisite for the creation of value.

As Council we take our oversight and guidance role seriously in setting strategy, ensuring proper governance, driving compliance and risk management and monitoring the material activities of the university.

Our role is also to establish an ethical culture at the university, provide strategic leadership, monitor the performance of the management team and ensure the establishment of effective controls, in order to ensure long-term growth and sustainability.

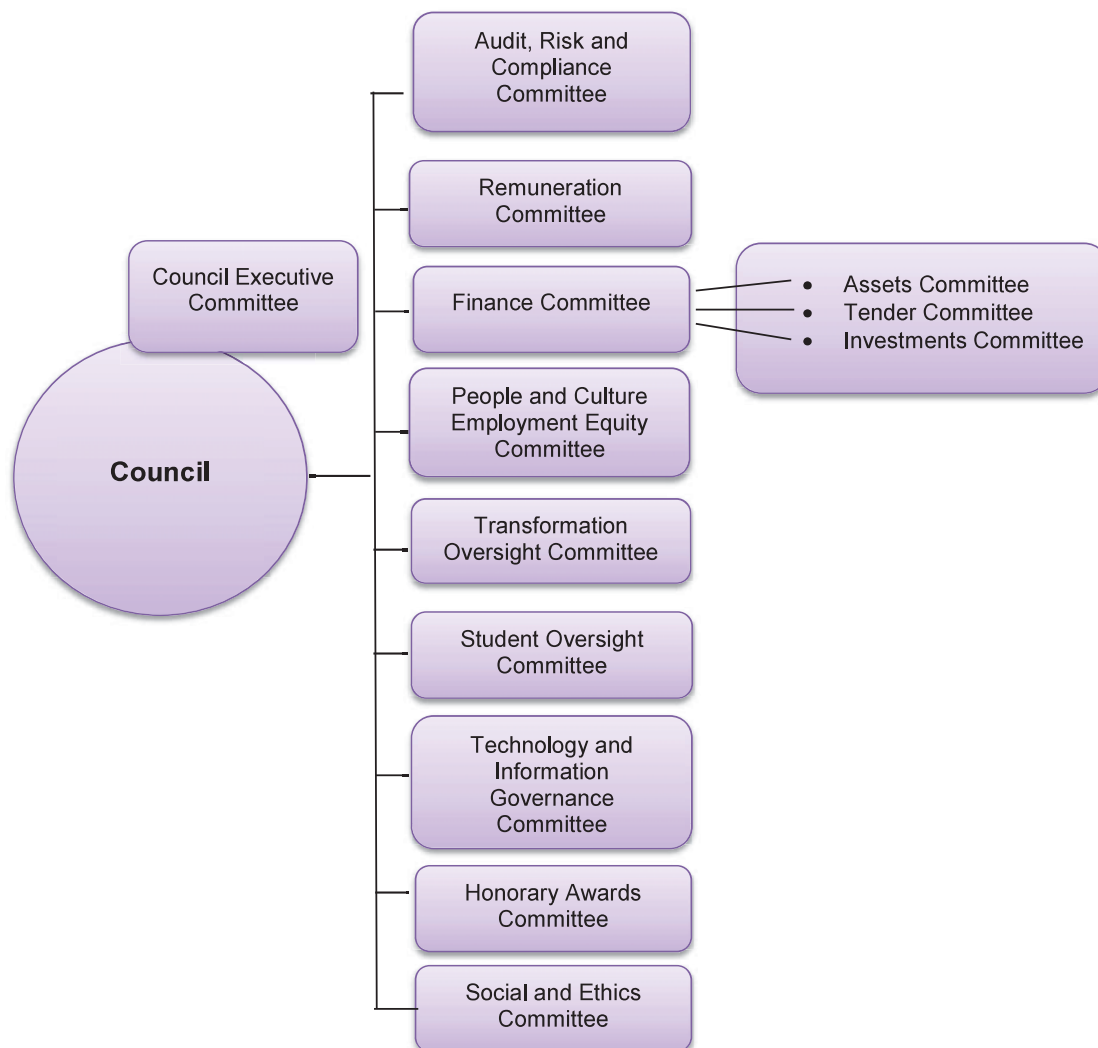
We do this in strict accordance with the stipulations of the Higher Education Act and the NWU Statute that was promulgated on 24 March 2017.

In 2018, the NWU continued to adhere to high governance standards, while creating a value-driven governance landscape. A key milestone was the effective implementation of the new NWU Statute, paving the way for the implementation of governance in line with the new university strategy.

The composition of our Council is in accordance with the guidelines provided by the Higher Education Act and the university's Statute. Of the 30 Council members, 60% are external and 40% internal, ensuring independence in the governance environment:

Council members externally elected or designated		Council members internally elected or designated	
Ministerial appointees	5	Management: vice-chancellor and vice-principal	2
Donors	3	Senate	3
Convocation	4	Academic staff	2
Community leaders	3	Support staff	2
Specific expertise	3	Student Representative Council	3
	18		12

Council has a number of committees to advise it on important governance matters and to provide the necessary oversight and guidance in order to enhance its accountability.



The majority of the committees (except the Executive Committee of Council, Audit, Risk and Compliance Committee and the Remuneration Committee) meet twice a year and report to Council twice a year.

The Executive Committee of Council, the Audit, Risk and Compliance Committee, Tender Committee and the Remuneration Committee meet four times a year. During 2018, it was also resolved that the Transformation Oversight Committee would meet four times a year as from January 2019.

See the information under the heading: Council decisions taken in 2018 that impact on value creation (page 101) for a summary of each committee's terms of reference and key focus areas for 2018.

The following new members joined the Council during the year under review:

- Prof HH Janse van Vuuren – elected by Senate
- Prof D Balia – elected by Senate
- Prof W du Plessis – elected by academic staff members
- Prof JD van Romburgh – elected by academic staff members
- Mr L Nene – designated by the SRC
- Ms D D'Assonville – designated by the SRC
- Mr L Maphosa – designated by the SRC
- Ms T Semane – appointed by the Minister
- Mr C Mabe – appointed by the Minister
- Mr C Mulder – elected by the Convocation

10.1.2 Council training

All new members of Council joining in a particular year must attend an induction workshop. At the induction programme on 28 March 2018 we covered the following topics:

What is expected of Council and Council members
Introducing the NWU, in particular its strategy
Overview of important pieces of legislation and other regulations, including the Higher Education Act and the university's Statute
House rules, including honoraria payable to external members, travel claims and contact people

In addition, all Council members had to attend a training session on 27 March on the topic “Governance of ethics”, a workshop on 28 March 2018 on the NWU climate and culture survey, and another one on 20 June 2018 that dealt with language within the teaching-learning space at the NWU.

Resulting from the 27 March training session, Council approved the terms of reference for a Social and Ethics Committee on 27 September 2018 and appointed committee members on 22 November 2018.

Council also noted a report from management on the management of ethics on 22 November 2018.

10.1.3 Code of Conduct and declarations of interest

All our Council members are required to adhere to a Council Code of Conduct and, after a revised code was approved by Council in March 2018, all Council members signed it.

Council members must also make a full declaration of other directorships and all interests to ensure that they do not use their positions on Council to benefit themselves or any third party.

The register of all these declarations is kept by the registrar and is considered on a regular basis by our Council Executive Committee (Council Exco).

At each ordinary meeting of the Council Exco, its members review the declarations of interest and engage on these. Council Exco, in its capacity as Council Membership Committee, also scrutinises the transactions between the NWU and companies in which Council members declared (or did not declare) a direct or indirect interest.

Exco noted on 23 August 2018 that the NWU made a payment in 2018 to an entity in which a Council member had previously indicated an interest. It turned out that the Council member had not renewed this interest declaration, and the oversight was consequently corrected.

In another case a Council member previously declared several interests during his first term of office, but not in his second term. The Council member indicated that this was an oversight, and it was corrected.

In October 2018, the registrar followed up four outstanding declarations of interest from Council members. By December 2018, all Council members had made the necessary declarations.

10.1.4 Meet our Council members (Council membership as at 31 December 2018):

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
1	Prof ND Kgwadi (50) BScEd (University of North West), MSc (physics) (Ball State University, USA), MPhil (environmental law and management) (North West University), PhD (physics education) (Potchefstroom University for Christian Higher Education – PU for CHE), PhD (management – honoris causa) (Hanseo University, South Korea); appointed for a six-year term from 2014 to 2020 Vice-Chancellor	All Council committees (except Audit, Risk and Compliance Committee) Four years into term	55 69%	None
2	Prof JJ Janse van Rensburg (66) BA (majors: Greek, Latin, philosophy), HonsBA (Greek), MA (Greek), ThB, four-year ministry candidate certificate TSP, ThM, ThD (New Testament hermeneutics) (all from the PU for CHE); appointed for a one-year term from January to December 2018 Vice-Principal	Council Exco One year, six months into term	34 85%	Christelike Uitgewersmaatskappy Pro Reformando Trust
3	Prof HH Janse van Vuuren (55) MCom (accountancy), BComHons – CTA, BComHons (cost and management accounting) BCom (accounting), (all from the NWU); appointed for a three-year term from 2018 to 2021 Elected by Senate	<ul style="list-style-type: none"> Student Oversight Committee Honorary Awards Committee Social and Ethics Committee Nine months into first term	11 91%	None
4	Prof D Balia (58) DLitt et Phil (public administration) (University of South Africa), senior executive programme (Harvard Business School), Certificate of Advanced Professional Studies (Pacific School of Religion, Berkeley) Master of Theology (ethics) (Princeton Theological Seminary), doctoral research and German language (University of Hamburg, Germany), BTh, MTh, DTh (University of Durban-Westville); appointed for a three-year term from 2018 to 2021 Elected by Senate	<ul style="list-style-type: none"> Honorary Awards Committee People and Culture and Employment Equity Committee Nine months into first term	11 100%	None
5	Prof HJ van der Merwe (56) BSc, BScHons (University of Pretoria), MEd (Rand Afrikaans University), PhD (Unisa), higher education diploma	<ul style="list-style-type: none"> Honorary Awards Committee 	10	International Association for Mobile Learning (IAMLearn)

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	(University of Pretoria); elected for a three-year term from 2015 to 2018 Elected by the Senate	<ul style="list-style-type: none"> Technology and Information Governance Committee <p>Two years and one month into first term</p>	90%	<p>Innovation Highway Enterprises</p> <p>IntSys (speech technology)</p> <p>CUTE (Centre for the Utilisation of Technology in Education)</p>
6	<p>Prof JD van Romburgh (41)</p> <p>Chartered Accountant (South Africa) (CA(SA)), MCom (management accounting) (NWU); appointed for a three-year term from 2018 to 2021</p> <p>Elected by academic staff members</p>	<ul style="list-style-type: none"> Transformation Oversight Committee Social and Ethics Committee <p>Nine months into first term</p>	<p>9</p> <p>100%</p>	<p>RomLab Consultants CC</p> <p>Adams and Adams Forensic Investigation Services Pty Ltd</p> <p>Moerlandsan Boerdery Pty Ltd</p> <p>Limestone Fountain Pty Ltd</p> <p>Isebe The Branch Pty Ltd</p> <p>Van Romburgh Familietrust</p>
7	<p>Prof W du Plessis (60)</p> <p>BJur, LLB, MA (environmental management), LLD (NWU), appointed for a three-year term from 2018 to 2021</p> <p>Elected by academic staff members</p>	<ul style="list-style-type: none"> Student Oversight Committee <p>Five months into first term</p>	<p>2</p> <p>50%</p>	None
9	<p>Mr AF Ayob (54)</p> <p>BA (criminology and sociology) (University of Durban Westville), advanced diploma: labour, Hons in business management (Southern Business School); appointed for a three-year term from 2016 to 2019</p> <p>Elected by support staff members</p>	<ul style="list-style-type: none"> Transformation Oversight Committee <p>Two years and three months into first term</p>	<p>9</p> <p>100%</p>	None
10	<p>Mr DJC Stoop (55)</p> <p>BEng (electrical and electronic), MEng (electronics) (PU for CHE); appointed for a three-year term from 2016 to 2019</p> <p>Elected by support staff members</p>	<ul style="list-style-type: none"> People and Culture and Employment Equity Committee <p>Two years and nine months into first term</p>	<p>9</p> <p>100%</p>	Sole member, Dantron CC
11	<p>Ms D D'Assonville (24)</p> <p>LLB (NWU), Dipl Management with Business Administration (NWU)</p> <p>Student Representative Council</p>	<ul style="list-style-type: none"> Student Oversight Committee <p>Three months into one-year term</p>	<p>4</p> <p>100%</p>	None
12	<p>Mr L Maphosa (22)</p> <p>LLB (NWU)</p> <p>Student Representative Council</p>	<ul style="list-style-type: none"> Student Oversight Committee 	6	None

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
		Three months into one-year term	50%	
13	Mr L Nene (22) BA in Law Studies (NWU), Hons Political Studies (NWU) Student Representative Council	<ul style="list-style-type: none"> Student Oversight Committee Three months into one-year term	5 80%	None
14	Mr OE Mongale (47) Studying towards a master's of Philosophy (in conflict transformation) (Nelson Mandela Metropolitan University, postgraduate diploma in management (NWU), master's in industrial psychology (NWU), honours in industrial psychology (UniBo), bachelor's in administration (UniBo); appointed for a three-year term from 2017 to 2020 Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> Tender Committee Finance Committee One year and three months into first term	13 62%	Hub Farming Sego Programme The Hub People Monohwa Investment
15	Ms T Semane (42) Postgraduate diploma in business administration (GIBS), BCom (accounting), studying towards a master's degree in industrial psychology; appointed for a three-year term from 2018 to 2021 Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> Technology and Information Governance Committee Social and Ethics Committee Finance Committee Five months into first term	4 50%	Linea Pty Ltd
15	Mr C Mabe (40) BCom (University of North West), Dip AIBM (finances), Diploma in Financial Management (Business Management College of Southern Africa), Certificate in Managing the Employment Process (Unisa), MBA (NWU), appointed for a three-year term from 2018 to 2021 Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> Finance Committee Remuneration Committee Five months into first term	5 100%	NH 2606 Pty Ltd CM 2510 Pty Ltd Jepa Resources Dilemo Business Planning House Jepo 321 Pty Ltd CBus Consulting Tapologo HIV AND AIDS Programme
16	Mr TC Kgomo (51) BCom (University of North West); appointed for a three-year term from 2017 to 2020	<ul style="list-style-type: none"> People and Culture and Employment Equity Committee Executive Committee of NWU Council Transformation Oversight Committee 	13	Hentjen Petroleum Tshepi Investments RR Travel Tlhabanelo Trading

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> • Honorary Awards Committee • Innovation Highway Advisory Board • Senate • Senex <p>One year and three months into second term</p>	100%	
17	Mr MSJ Thabethe (44) National diploma in information technology (TWR), BTech in information technology (TWR), MCom in information systems (University of the Witwatersrand), appointed for a three-year term from 2017 to 2020 Appointed by the Minister of Higher Education and Training	<ul style="list-style-type: none"> • Technology and Information Governance Committee • Audit, Risk and Compliance Committee • Social and Ethics Committee <p>One year and three months into first term</p>	14 100%	Sihlasi Technologies CC
18	Mr S de Bruyn (66) BCom (accounting science), BLuris, LLB (PU for CHE); appointed for a three-year term from 2018 to 2021 Elected by the Board of Donors of the university	<ul style="list-style-type: none"> • Audit, Risk and Compliance Committee • Tender Committee • Senate <p>Six months into second term</p>	11 100%	None
19	Mr A van Rooy (50) BSc (chemistry, biochemistry) (NWU), BProc (Unisa), Patent Examination Board, qualified as a patent attorney, admitted as an attorney Elected by the Board of Donors	<ul style="list-style-type: none"> • Innovation Highway Enterprises Advisory Board <p>One month into first term</p>	No meetings during 2018 as he was only appointed in November 2018.	DM Kisch Inc Kisch Africa Inc Sederkrans Familie Boerdery
20	VACANT Elected by the Board of Donors			
21	Mr A Sorgdrager (59) B.Luris and LLB (PU for CHE, international executive programme (INSEAD Business School); appointed for a three-year term from 2017 to 2020 Designated by the Convocation	<ul style="list-style-type: none"> • Remuneration Committee • Executive Committee of Council • Audit, Risk and Compliance Committee • Investments Committee • Student Oversight Committee • Institutional Forum <p>One year and six months into first term</p>	29 72%	Yellowstone Trust Vaalrivier Steiltes Pegasus Alumni Trust Erf 549 (Edms) Bpk
22	Prof AL Combrink (73) BA, BAHons in English, MA in English, DLitt in English (PU for CHE) and higher	<ul style="list-style-type: none"> • Student Oversight Committee 	8	

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	education diploma (Unisa); appointed for a three-year term from 2018 to 2021 Designated by the Convocation	Two months into second term	75%	
23	Mr W Human (32) BA LLB and MPhil (NWU); appointed for a three-year term from 2017 to 2020 Designated by the Convocation	<ul style="list-style-type: none"> • Technology and Information Governance Committee • Assets Committee • Innovation Highway Advisory Board One year and six months into first term	11 91%	Skole Ondersteuning
24	Mr C Mulder (33) BA Communication Studies (NWU) BSc IT (NWU)) Member designated by the Convocation	<ul style="list-style-type: none"> • Transformation Oversight Committee • Student Oversight Committee Six months into first term	4 100%	None
25	Mr LN Zibi (38) Matric, marketing management (incomplete), marketing certificate (IMM), brand strategy training (LMVH Brand Training); appointed for a three-year term from 2017 to 2021 Designated from the ranks of the university's community leaders	<ul style="list-style-type: none"> • Transformation Oversight Committee • Senate • Assets Committee • Student Oversight Committee • Social and Ethics Committee • Independent Student Electoral Committee • Senate One year and six months into first term	22 95%	Amahlubi Chairman's Foundation Khayakhulu Holdings Indlela Training Indlela Distribution Indlela Renewables
26	Rev Canon DP Dinkebogile (64) Diploma in Theology (St Peters College), Master's in Christian education (MACE) (USA-Virginia Theological Seminary); appointed for a three-year term from 2016 to 2019 Designated from the ranks of the university's community leaders	<ul style="list-style-type: none"> • People and Culture and Employment Equity Committee • Institutional Forum Two years and six months into first term	17 94%	None
27	Mr I Klynsmith (68) Blur et Comm and LLB (PU for CHE), diploma in human rights (University of Johannesburg); appointed for a three-year term from 2016 to 2019	<ul style="list-style-type: none"> • Executive Committee of Council • Finance Committee • Assets Committee 	20 95%	None

	Name, age and qualifications	Council committee and total years of service	Number of committee meetings and average attendance	Directorships
	Designated from the ranks of the university's community leaders	Two years and one month into second term		
28	Dr MB Tyobeka (44) BScEd and MSc (Applied Radiation Science and Technology) (University of North West), MSc and PhD (Nuclear Engineering) (Penn State University, USA), MSc (Management) (Colorado Technical University, USA); appointed for a three-year term from 2017 to 2020 Appointed by Council for specific expertise	<ul style="list-style-type: none"> • Executive Committee of Council • Finance Committee • Remuneration Committee • Honorary Awards Committee One year and one month into second term	25 88%	None
29	Mr A Redelinghuis (69) MCom (PU for CHE), CA (SA); appointed for a three-year term from 2016 to 2019 Appointed by Council for specific expertise	<ul style="list-style-type: none"> • Audit, Risk and Compliance Committee • People and Employment Equity Committee • Remuneration Committee Two years and six months into first term	18 94%	ATKV Sake (Edms) Bpk
30	VACANT Appointed by Council for specific expertise			

Our council members boast various skills and experience.
Their fields of expertise are depicted below:



Education

Higher education management
Higher education specialist and strategist
Technology enhanced teaching and learning
Student matters



General management

Leadership and decision-making
Strategic and executive leadership
Strategic planning
Problem-solving
Local politics



Science and innovation

Innovation management and commercialisation
Systems engineering
Reactor physics
Research management



Technology

Mobile technology
Serious games
Managing electronic facilities in the tertiary education sector



Communication

Applied linguistics and literature
Language practice
Public speaking



Business

Entrepreneurship
Technopreneurship
Risk management
Financial auditing
Corporate governance
Commercial agricultural sector



Legal expertise

Insolvency law
Cross-border insolvency
Property law
Safety and security sector



Psychology

Clinical psychology
Developmental psychology
Medical expertise

Exco established a Skill Set Task Team at their meeting of 22 October 2018 to. The purpose is to indicate to membership groupings the skills set and demographics that should be taken into consideration when nominations to Council are made.

During November 2018, Council resolved that the following was the required skills set to be represented by NWU Council (the coloured blocks represent skills to be emphasised):

1	General legal expertise
2	Environment, land and indigenous law
3	Global engagement expertise
4	Statistics expertise
5	Audit and accounting expertise
6	Investment expertise
7	Fundraising expertise
8	Finances and business (medium to macro enterprise) expertise
9	Business administration and/or strategy
10	Governance and ethics expertise
11	Corporate communication expertise
12	Information technology
13	Technology transfer expertise
14	High positive public profile – science
15	High positive public profile – community engagement
16	Arts/people management

10.2 Council decisions taken in 2018 that impact on value creation

The following table gives an overview of the key decisions that Council took in 2018 in creating value, and also indicates how these decisions might have an effect on future value to be created.

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
<p>Steering and overseeing the process of implementing the new NWU strategy 2015 to 2025 and the resultant structure in the following way:</p> <ul style="list-style-type: none"> In June 2018, Council requested a report on all costs related to the restructuring process undertaken during 2017. In September, Council noted that costing could only be shown in Rand and Cents, but not in benefits to the institution. The total cost of the restructuring was R40 193 436,61. 	<p><i>The approval of a new strategy for the NWU, as well as the establishment of a new structure for the university's business model, were important milestones that will shape the short, medium and long-term operations and effectiveness and efficiency of the university.</i></p> <p><i>Council is confident that the active implementation of the strategy by means of renewed structural arrangements and brand will contribute to the realisation of the strategic agenda leading to the transformation and positioning of the NWU as a unitary institution of superior academic excellence, with a commitment to social justice. The revised Statute will provide an enabling environment.</i></p>
<p>Adoption of the following policies and rules in order to ensure compliance with national directives and to mitigate possible risks facing the university:</p> <p>A Policy Refinement Committee was established to finalise the drafting of policies and rules for Council's approval as a result of the new Statute that was published on 24 March 2017. Work on the revision of policies continued</p>	<p><i>The university's success model, indicating its commitment to employing strategies and transformational practices and processes that will be responsible and risk embracing in design and in nature. In line with this undertaking, and in adhering to the prescripts of the Statute, the continuous</i></p>

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
<p>in 2018 and the following policies (either revised or new) were approved by Council:</p> <ul style="list-style-type: none"> ○ Rules for the Institutional Forum ○ Constitution of the NWU Convocation ○ Library and Information Services Policy ○ Promotion of Academic Staff ○ Brand Policy ○ Communication Policy (new) ○ General Academic Rules – A-Rule 5.11.1.1 approved in 2018 ○ Code of Conduct for Council members ○ Rules for the Appointment of Office Bearers (revision) ○ Policy on Academic Integrity ○ Admissions Policy ○ Research Ethics Policy ○ Language Policy ○ Policy on Staff Assessments ○ Recruitment and Selection Policy ○ Policy on Staff Learning and Development ○ Organisational Development Policy ○ Policy on Continuing Education (new) ○ Financial Rules of Student Finances and Financial Related Systems 	<p><i>drafting and revision of policies and rules take place.</i></p>
<p>Financial matters:</p> <p>Highlights of key decisions taken by Council include the following;</p> <ul style="list-style-type: none"> • Council approved the Audited Financial Statements for 2017 and the Financial Overview 2017, taking particular note of the income mix, expenses, surplus and growth, solvency, available reserves and bad debt. For more information on these matters, refer to page 140. • Council approved the NWU's Infrastructure and Efficiency Funding application that the DHET had called for (for the funding cycle 2018 – 2021). • In respect of the de-risking of the NWU Pension Fund, Council approved, in line with the recommendation by the Finance Committee, the following in-principle decision: <ul style="list-style-type: none"> ○ The conversion assets be hedged against a decline in real yields; and ○ the Employer Surplus Account be used to achieve the conversion results • Council approved the budget for 2019. One of the material matters that Council noted was that there was a significant risk following the indication by the Department of Higher Education and Training (DHET) that the 2019/2020 budget funding would not include gap funding. This subsidy would be part of the block grant, which would result in a permanent loss of income for some universities due to the differentiated fee bases and increases. A submission to DHET had been made to retain the gap funding for two to three years to assist the university. 	<p><i>Council is confident that the right decisions were taken in the short term to enable the university to realise the goals in the Annual Performance Plan and to continue pursuing its strategic agenda.</i></p> <p><i>However, Council is on record that it expressed concerns on the medium to long-term effects of the national uncertainties – particularly in respect of the funding of public higher education – on the sustainability of South African higher education.</i></p>
<p>Approval of tenders</p>	<p><i>Council has an obligation to ensure that the university procures services by means of a process that is fair, equitable, transparent and cost-</i></p>

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
<ul style="list-style-type: none"> • Council approved the tender awarded to Amorispan for 576 beds at a cost of R54,636,762.55 including escalation. • The contract with Ciaratouch for phase 1 for 360 beds was extended at a total cost of R29 451 239.87 including escalation, subject to further price negotiations. • A tender was approved for Tsebo Solutions Group (Pty) Ltd for one year (renewable for a further two years) at a total cost of R42,491,179.72 including VAT, but excluding escalation. • Council approved that project “MAIN04 17/18 – Upgrade internal services, laboratory workspaces, internal finished at building G16 on Potchefstroom Campus” be funded by an additional R6 million. • The ageing Student Information System needed to be replaced. Council subsequently approved the 2019 budget for development and maintenance of the administrative ecosystem (OpenCollab) of R 14,4 million. 	<p><i>effective, while also ensuring the realisation of transformation objectives.</i></p> <p><i>Council is confident that the tenders awarded during the course of 2019 adhered to the principles laid down in relevant legislation.</i></p>
<p>Appointment of office bearers</p> <p>Council steered the process of appointing senior office bearers:</p> <ul style="list-style-type: none"> • The term of Prof JJ Janse van Rensburg as vice-principal was extended from 1 July 2018 to 31 December 2018. • A mediation process between the NWU and the executive director for people and culture was concluded and a settlement agreement signed by the parties on 11 July 2018. • Council approved the timeline for the nomination and election of a chancellor for the NWU, as the term of the current Chancellor comes to an end in September 2019. • The appointment of Prof DM Balia as deputy vice-chancellor for assigned functions and campus operations, Potchefstroom Campus, for a period of five years (extendable) commencing 1 January 2019. • The appointment of Dr M Singh as executive director for people and culture for a period of four years, commencing 1 January 2019. • The appointment of Prof Linda du Plessis as vice-principal for the period 1 January 2019 to 31 August 2020. • The establishment and nominations for a selection panel for the appointment of executive director for student life, as the current executive director resigned at the end of December 2018. 	<p><i>The appointment of these office bearers was informed by the newly approved NWU Strategy 2015 to 2025 and the approved Statute.</i></p>
<p>Governance matters</p> <ul style="list-style-type: none"> • On 21 September 2018, Council approved the process for the refinement of the nomination and election process of Council members in accordance with paragraph 4.2 of the Statute. • Council approved the reviewed terms of references of the following Council committees: <ul style="list-style-type: none"> ○ Finance Committee ○ Investment Committee ○ Technology and Information Governance Committee ○ Remuneration Committee ○ People and Culture and Employment Equity Committee ○ Student Oversight Committee ○ Transformation Oversight Committee ○ Audit, Risk and Compliance Committee ○ Tender Committee ○ Social and Ethics Committee 	

Key governance decisions taken by Council during 2018	How these governance decisions affect future value creation
<ul style="list-style-type: none"> ○ Honorary Awards Committee • Appointment of PricewaterhouseCoopers (PWC) as external auditors for the North-West University, renewable annually for a maximum period of five years. • Mr TC Kgomo was elected as deputy chairperson of Council on 21 September 2018. • Council agreed to the recommendation by Exco regarding decision-making by Council. The Exco interpreted the rule of "general consensus" as disallowing the recording of minority dissension. If recording of minority dissension were to be required, the chairperson would put the matter to the vote by means of open voting (show of hands). 	

10.3 Remuneration of externally elected Council members

In 2009, we (as Council) resolved to pay an honorarium to external members of Council, Council committees, and other statutory bodies. The honorarium is considered a token of the NWU's gratitude for the member's time and efforts.

The honorarium fee is paid twice a year, in August and December. The fee is linked to the university's annual cost-of-living adjustment (COLA) process, which the Remuneration Committee approves before implementation.

The following table shows the honoraria paid for each meeting attended.

External Council member	R3 090
Council-appointed external expert in a structure, but not a Council member	R3 890
Chairperson of a Council committee	R3 890
Deputy chairperson of Council	R3 890
Council chairperson	R5 700
Council chairperson or deputy chairperson as an ordinary member of the structure	R3 090

10.4 Value creation through governance

10.4.1 Council statement on conflict management

"During 2018, the NWU successfully dealt with conflict, thereby mitigating potential risks that could have harmed the institution's reputation. Our approach included dealing with potential conflict situations at the lowest possible organisational level and striving for win-win situations. The university collectively bargains and consults employees through the University Bargaining Forum."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.2 Council statement on worker and student participation

"The NWU and a recognised union address employee issues of mutual interest through a forum established for this purpose. We also have ongoing consultative forums for all employees and a non-recognised union. These structures build labour peace and a healthy employee/employer environment, and play a critical role in the ongoing improvement of employer/employee relations. Key decisions about matters that affect employees are communicated to the university community via the vice-chancellor's office."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.3 Council statement on going concern

"We can confirm that the NWU is considered a going concern now, and in the foreseeable future."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.4 Council statement on financial controls outside 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."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.5 Statement on financial health and viability

With regard to the University as a tertiary institution with the core business of teaching-learning, research and implementation of expertise (including community service), the NWU again added material value to the economy, and was able to achieve its financial goals. In this regard the following can be highlighted:

//NWU still provides affordable higher education.

//15 350 students received degrees and diplomas during 2019.

//The University stays committed to support and enhance academic performance and awarded bursaries in the amount of R206,5 million from own funds to students.

//The cash flow investment in property, plant and equipment amounts to R179,5 million (2017: R321,0 million and 2016: R164,9 million), which is mainly attributable to DHET infrastructure and efficiency funding. (Not all projects have been completed, resulting in macro-maintenance to be carried forward to 2019). Total assets increased by 23,8% (2017: 28,7% and 2016: 9,1%).

//The increase in the available reserves to 39,7% of total equity from a very low base at the end of 2015 (although some spending against this reserve is to be expected as explained above).

//Maintaining a sound solvency position and optimal liquidity levels during the 2018 financial year to ensure that the NWU remains a going concern. "Council and management are jointly committed to managing the NWU in such a way that the sound financial position will be sustained in 2019."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.6 Statement on borrowings

"The NWU did not enter into any new long-term borrowing agreements in 2018."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.7 Statement on tenders

"The NWU requests tenders from the market for all purchases of goods and services with a total contract value exceeding R100 000.

Tenders are evaluated and approved strictly in line with tender policies and procedures and within approved authorisation mandates, including the Broad-Based Black Economic Empowerment Act No 53 of 2003, with a focus on fairness and transparency.

The tender document forms the basis of the envisaged supply agreement and the standard template was therefore checked and approved by the Legal Services Department of the NWU.

The evaluation criteria as specified in the tender document is:

- For tenders with a total contract value of less than R1 million, 80% is awarded for price, 16% for the level of BBBEE and 4% for supplier location within the NWU operational areas.*
- For tenders with a total contract value exceeding R1 million, 90% is awarded for price, 8% for the level of BBBEE and 2% for supplier location within the NWU operational areas.*

Council has mandated the Tender Committee to evaluate and approve tenders with a total contract value of between R10 million and R30 million. For tenders with a total contract value exceeding R30 million, the Tender Committee will evaluate the tenders received and make a recommendation to Council for approval."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.8 Council statement on IT

"The Council affirms, as the final decision-making body of the university, that it is endowed with the responsibility and accountability for the effectiveness and efficiency of information technology processes, including governance framework, alignment with NWU objectives, significant IT investment, risk management, assets, policies and strategies, and compliance with statutory requirements. Council is continually apprised of developments, by means of management and audit reports to the IT Governance Committee, and received sufficient assurance over the past year from all relevant assurance providers."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.9 Statement on transformation

Read the transformation report on page 36 for more information.

"The NWU believes that value-adding transformation should be deeply embedded in all our activities, from the transformation of the curriculum to transformation of the institutional culture. All leaders, managers and supervisors are required to further the transformation objectives of the university and to be change champions of transformation initiatives.

We are committed to making meaningful changes that will impact positively on the lives of our staff and students."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.10 Statement on contract management, SLAs and monitoring of suppliers' performance

"The NWU has a centralised procurement management structure that provides control and coordination without inhibiting evaluation, recommendation and authorisation powers in respect of procurement needs on a decentralised divisional level.

This authority is regulated by the Policy on Delegations and the Schedule of Authorisation as approved by Council.

We continually strive to obtain the best value for money on each procurement transaction while not compromising the requirements of fair and transparent trade ethics.

We also strive to adhere to the standards as required by the Public Procurement Act, and our tender processes are strictly controlled and monitored by the internal and external audit functions.

We place a high value on obtaining the university's requirements from BBBEE-qualified suppliers with a qualified BBBEE contribution exceeding 70%.

Contract management and service level agreements are decentralised to a divisional level, while problems with contracts and service delivery are escalated to the centralised procurement department for action."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.11 Statement on penalties, sanctions, fines

"The NWU has no material or immaterial regulatory penalties, sanctions or fines for contraventions or non-compliance with statutory obligations to disclose."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.12 Statement on additional investments in infrastructure

"There were no additional investments in infrastructure at the NWU during 2018."

Statement approval obtained from the NWU Council on 20 June 2019

10.4.13 Statement on risk management

"The Council affirms, as the final decision-making body of the university, that it is endowed with the responsibility and accountability for the effectiveness and efficiency of the risk-management process. It is continually apprised of developments by means of management and audit reports on the management and risk-coverage processes; and had been provided sufficient assurance over the past year from all relevant assurance providers."

Statement approval obtained from the NWU Council on 20 June 2019

10.5 King IV as guiding framework for value creation through governance

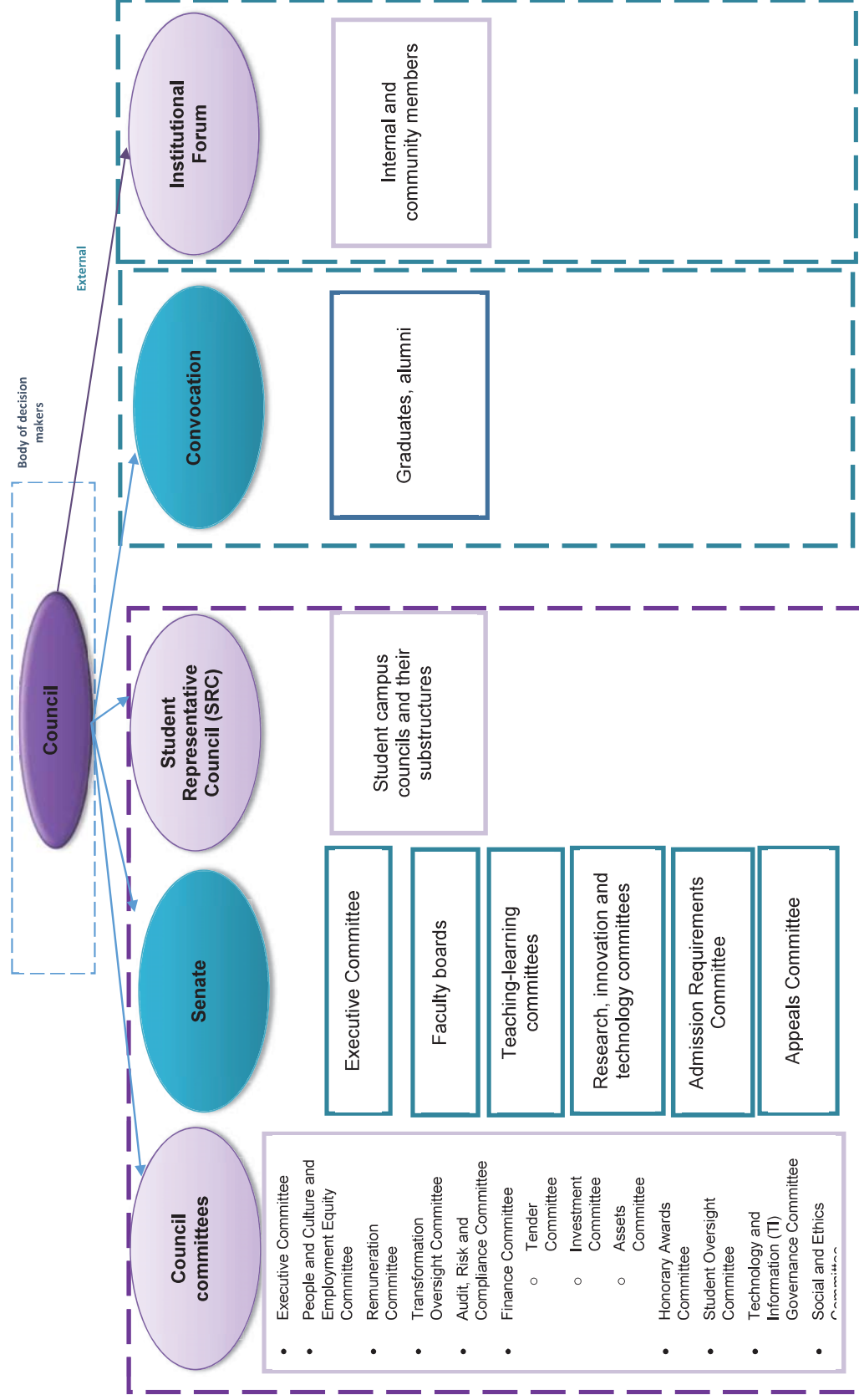
King IV came into effect on 1 April 2017 and resulted in an internal process of alignment with the necessary requirements to ensure compliance, as indicated below:

KING IV requirement	<IR> content element	Relevant governance structure
Leadership and ethics	Stakeholder engagement and relationships; governance	Council Social and Ethics Committee
Performance and reporting	Strategy and resource allocation; performance; outlook	Executive Committee Finance Committee Senate Council
Governance structure and delegation	Governance and remuneration	Council Executive Committee Remuneration Committee
Risks and opportunities	Stakeholder engagement and relationships; risk and opportunity	Audit, Risk and Compliance Committee Senate Council
Technology and information	Governance, risk and opportunity; strategy and resource allocation	TI Governance Committee Audit, Risk and Compliance Committee Executive Committee Council
Compliance	Governance	Audit, Risk and Compliance Committee Council
Remuneration	Stakeholder engagement and relationships; remuneration	Remuneration Committee Honorary Awards Committee Council

Assurance	Governance; basis of preparation and presentation	Audit, Risk and Compliance Committee Finance Committee Senate Council
Stakeholder relationships	Stakeholder engagement and relationships	People and Culture and Employment Equity Committee Transformation Oversight Committee Student Oversight Committee Institutional Forum Student Representative Council Convocation Board of Donors Council Social and Ethics Committee



10.6 Governance structures of the NWU



The **Council** governs the NWU through the adoption of purpose and value statements, strategic plans and policies, as well as the Statute, the rules, processes and delegations of authority. Furthermore, Council monitors the operational performance of management and establishes committees and, together with Senate, joint committees, to ensure that the NWU achieves its purpose and values.

The **Executive Committee** deals with important governance matters between meetings of the NWU Council and also acts as a Council membership committee.

The **Audit, Risk and Compliance Committee** advises Council on the safeguarding of the NWU's assets, the maintenance of adequate accounting records, the development and maintenance of an effective system of internal control, overseeing management's role in creating and maintaining a proper risk management process, and authorising the annual audit fee of the external auditors. It also provides a channel of communication between Council, management, the internal audit function and the external auditors.

The **People and Culture and Employment Equity Committee (P&CEE)** advises Council on all matters relating to people and culture (human resources) and employment equity.

The **Remuneration Committee** assists Council in carrying out its responsibilities regarding a fair and responsible remuneration philosophy and its implementation.

The **Finance Committee** advises Council on financial and investment matters and on long-term infrastructure development at the NWU (also through obtaining specialist advice from the Assets, Tender and Investment subcommittees).

The **Student Oversight Committee** advises Council on all relevant student matters.

The **Transformation Oversight Committee** advises Council on the implementation of the transformational aspects of the Annual Performance Plan.

The **Technology and Information Governance Committee** assists Council with the governance of all information technology aspects at the NWU.

The **Social and Ethics Committee** provides oversight and guidance in assisting Council to develop an understanding of management and oversight with regard to the positioning of the NWU as an integral part of the society in which it functions.

The **Senate** is responsible for regulating all teaching-learning, research and academic support functions, as well as for determining academic policies and rules.

The **Student Representative Council** is the duly elected body within Student Life that oversees the management of organised student life and represents students on various governance structures.

The **Convocation** is the body of alumni that is constituted with the aim of creating a link between the university and its corps of alumni. It also designates four members to serve on Council.

The **Institutional Forum** advises Council on the implementation of the Higher Education Act and national higher education policies, as well as on the fostering of a university culture that promotes tolerance, respect for human rights and an environment conducive to learning, teaching and research.

10.7 Value creation through Council-committee work

As indicated earlier, Council has established committees to assist with the performance of its functions. The most prominent of these committees are the Audit, Risk and Compliance Committee, the Finance Committee and the Remuneration Committee. Council also established other committees to advise Council on matters relevant for the governing of the university.

All these committees are chaired by external independent members, with needed expertise and skills.

Visit the NWU web at <http://www.nwu.ac.za/governance-and-management/council-committees> for the membership and a summary of the terms of reference of the other Council committees.

The following paragraphs provide an overview of how the activities of the mentioned committees added value to the governance and oversight of the university:

10.7.1 Audit, Risk and Compliance Committee (ARCC)

The overall purpose of the ARCC is to provide independent oversight in assisting Council in fulfilling its oversight responsibilities in determining the effectiveness of the university's assurance functions and services.

There is a particular focus on combined assurance arrangements (including external assurance service providers, Internal Audit and the finance function). Other key focuses are the integrity of the annual financial statements, the financial reporting process, the system of internal control, the risk management process, the internal and external audit processes, as well as the university's process of monitoring compliance with laws and regulations and codes of conduct.

Annexure 3 includes the composition and meeting attendances information. For a full report on compliance with the Regulations for Reporting by Public Higher Education Institutions (9 June 2014, GG 37726), please see Annexure 2 on page 124.

Reports to Council

For the period under review, the ARCC continued to report to Council on its statutory duties, on activities performed and on major findings of the internal audit functions and the external auditors.

The committee also continued to report on its communication and engagement with the external auditors, the risks that Council had to be made aware of and the importance of certain compliance matters.

The ARCC streamlined its activities to allow for reporting on specific topics at each meeting throughout the year. The meeting in May, for instance, focuses on the integrated annual report, the university's financial statements and an update on general internal audit matters.

Key decisions taken

- **External auditors**

In March, the ARCC discussed the appointment of KPMG as external auditors of the NWU. ARCC noted that the original tender was for five years and that, if it were to interpret the IRBA report as a suggestion that the NWU should terminate services, the matter would only be consulted on by the end of the third quarter of 2018.

The ARCC agreed that, should the matter go out on tender, KPMG would not be eligible to tender as external auditors for a second term, as the Auditor General does not allow any company to continue performing audits after the end of a first contract period.

The tender period would, at minimum, require six months to finalise. Accordingly, the ARCC agreed that it would keep the status quo unless the IRBA report forced a change of auditors. It was agreed that, from the perspective of the ARCC, no compelling reason existed to discontinue KPMG's service.

The ARCC received and reviewed a number of presentations by various external audit firms during its August meeting. The ARCC recommended the appointment of PricewaterhouseCoopers (PwC) as the NWU's external auditors from 2018, renewable annually for a maximum period of five years.

- **Annual financial statements**

- For the period under review, the ARCC continued to confirm, based on the report provided to it by management, that the annual financial statements had been prepared on the going-concern basis.
- The committee further:
 - examined the annual financial statements and other financial information made public, prior to Council approving the statements
 - assessed the reliability of reported performance information to determine whether it was valid, accurate and complete
 - considered accounting treatments, significant or unusual transactions and accounting judgments
 - considered the appropriateness of accounting policies and any changes made
 - reviewed the representation letter relating to the annual financial statements signed by management
 - considered the matters that might have raised concerns, as well as matters related to legal and tax issues that could materially affect the financial statements.

- **Student Campus Council elections audit report**

The Student Campus Council election process was concluded successfully. A few challenges were experienced but this was expected as this was the first time elections had been held electronically. The largest challenge encountered was building student trust in the electronic system.

The process was not expensive in comparison to other university election processes. By making use of the Sakai system, the entire election process cost the NWU approximately R600 000, including external auditing fees.

- **Governance of risk and compliance and reports from the Combined Assurance Forum (CAF) and the Compliance Committee (CC)**

The ARCC continued to receive management reports on the extent to which risks and opportunities within the environment were managed and the ARCC also received reports on the management of compliance.

After each CAF and CC meeting, their respective reports were tabled at the ARCC for noting, over and above comprehensive reports on both risk and compliance.

- **Reports by Internal Audit**

The ARCC received and reviewed reports from Internal Audit detailing the activities and assignments planned for 2018.

In October 2018, the ARCC approved the Internal Audit Charter and the Internal Audit plan for 2019/2021.

The ARCC also approved the IT audit tender, the intended purpose of which is to include within the auditing scope an additional audit process for IT general control measures. PwC assured the ARCC of the accountability and accuracy of the audit.

Outlook for 2019

The ARCC plans to focus on the monitoring of the effectiveness and efficiency of control measures in regard to the strategic risk register, and the implementation of the Risk and Compliance Policy.

10.7.2 Finance Committee

The purpose of the Finance Committee and its subcommittees (Assets Committee, Tender Committee and Investment Committee) is in general to advise Council on financial and investment matters and on long-term development of university infrastructure.

It reinforces the governance function of the Council with regard to sound, responsible and effective financial planning, financial administration, financial governance and financial reporting.

Annexure 3 includes the composition and meeting attendance information.

Reports to Council

The Finance Committee continued to report to Council on its statutory duties, the budget process and activities performed.

Key decisions taken in 2018:

- Approved and recommended the 2017 financial overview to Council.
- Approved the 2019 budget process and timeline.
- Noted that total student debtors at the end of April was approximately R1,5 billion. In total, R241 million was received from NSFAS, but without any allocations being provided. Accordingly, the funded students within the R241 million could not be determined. NSFAS owed the university approximately R46 million.
- Approved the financial performance of the six months ending 30 June 2018 and accordingly recommended the matter to Council as part of the mid-year report to be submitted to DHET.
- Approved the financial rules for student fees and accordingly recommended the matter to Council.
- Approved the investment limits and recommended them to Council for approval.
- Approved and recommended the provisioning of a R10 million banking overdraft facility to the university for the period 1 January 2019 to 31 December 2019 to the Council.
- Recommended the financial information for 2019-2021 to the NWU Council as part of the Annual Performance Plan report for the DHET.
- Approved that the NWU should not continue to secure ownership of the “Kollege Oord” facility and should formally inform the owner that the NWU will no longer use the facility.
- The Assets Committee is a subcommittee of the Finance Committee with the following mandate:
 - Evaluate the infrastructure maintenance policies and annual maintenance budgets of the campuses.
 - Evaluate and ensure that the long-term macro planning of infrastructure and capacity per campus is in accordance with the macro institutional plan as approved by Council and submitted to the DHET.
 - Evaluate the annual priority planning for capital projects and equitable budget allocations per campus, as well as progress reports.
 - Evaluate any offer for fixed property (acquisition or selling), subject to general limitations and conditions periodically imposed by Council and the Minister of Higher Education and Training.
- Where appropriate, the Assets Committee made recommendations on these and other infrastructure and maintenance matters to the Finance Committee for Council's approval.
- For information on infrastructure development, see page 77.
- The **Tender Committee** is a subcommittee of the Finance Committee with a mandate to:
 - Approve tender procedures and recommend tender policies to the Finance Committee for approval by Council.
 - Ensure that the tender procedures in terms of the Broad-Based Black Economic Empowerment Act 2003 (Act No. 53 of 2003) are adhered to.
 - Confirm that tender policies are adhered to.
 - Evaluate and approve tenders received, for specific contracts within their mandates.
- During 2018, the Tender Committee considered various tenders in regard of which the relevant particulars are available in the approved minutes of the meetings.
- The **Investment Committee** is a subcommittee of the Finance Committee with a mandate to:
 - Recommend the Investment Strategy to the Finance Committee for approval and oversee the implementation and monitoring of the strategy.
 - Recommend the investment Guidelines to the Finance Committee.
 - Recommend the appointment and/or termination of the asset consultants and fund managers.
 - Evaluate the investment performance of the fund managers and the portfolio as a whole and report to the Finance Committee.
 - Recommend the investment limits within which the money market manager can operate.
 - Recommend the appointment and/or termination of the money market managers to the Finance Committee for approval.
 - Evaluate and report on the performance of the money market managers.

- Evaluate and report on the performance of the asset consultants.
- In 2018, the Investment Committee also recommended that:
 - The NWU follow a specialist rather than a balanced approach in terms of fund manager asset allocation.
 - The NWU Investment Portfolio be managed as follows: Aluwani Asset Managers be appointed for South African bonds and Investec for international equity. Mergence and Coronation would both also be appointed for domestic equity.

Outlook for 2019

It is foreseen that the main focus of 2019 will be on the creation of an optimal financial policy and rules environment.

10.7.3 Remuneration Committee

The mandate of the Remuneration Committee is to assist Council in carrying out its responsibilities towards the conceptualisation and implementation of a fair and responsible remuneration philosophy that is evident in remuneration policies and strategies.

Reports to Council

For the period under review, the committee continued to report to Council on its statutory duties.

Key decisions taken in 2018

During the course of the year, the committee took the following key decisions:

- Executive management bonuses would not be paid in December 2018, but only in June 2019 after the finalisation of the financial statements.
- Recommend to Council that the COLA increase for the executive management be approved at 6,6% without the payment of a once-off non-pensionable cash component of 0,2%.
- Approve the revision of the remuneration of the internal auditor.
- Benchmark external involvement of staff members and incorporate the principles in the remuneration philosophy.
- Develop a supportive document for the remuneration philosophy.
- Approve the inclusion of deputy deans, faculty administrators and deputy directors in the management bonus scheme.
- Approve the composition of the Bonus Moderation Committee, which the vice-chancellor chairs. The mandate of the committee includes ensuring that bonus payments are aligned with the budget provision and organisational and unit performance.
- Exclude the executive deans from payment of bonuses until after the approval of the audited financial statements (as with executive management) and to approve the payment of bonuses to executive deans in December 2018.

The Remuneration Committee also considers the following standard reports at each meeting:

- Performance management of the University Management Committee members and the vice-chancellor
- Executive remuneration and the remuneration of the internal auditor
- Honorariums paid to Council members
- Any material payments to be considered *ex gratia* in nature.

In respect of *ex gratia* payments, the Remuneration Committee noted the following payments:

Noted during the Remuneration Committee of October 2018:

Amount paid	End date	Reason
R2 999 424.54	31 August 2018	Mutual separation
R814 341.66	31 May 18	Mutual separation

Outlook for 2019

As with all governance structures at the NWU, it is foreseen that the focus for 2019 will be on the creation of an optimal policy and rules environment for staff and remuneration matters so as to ensure a smooth transition to the requirements of the new NWU Statute and implementation of the matters decided on in 2018.

10.7.4 Technology and Information (TI) Governance Committee

The TI Governance Committee is responsible for information technology governance and ensuring that Council fulfils its role as the overall governing body for information technology. Its mandate is to:

- Oversee the implementation of an TI governance framework that sets the direction for technology and information at the NWU.
- Recommend policy to Council that articulates and gives effect to the direction set.
- Hold university management accountable for the implementation and execution of effective technology and information management.
- Exercise ongoing oversight of technology and information management, including IT risk management, prevention of cyber-attacks and ensuring legal compliance.

Reports to Council

For the period under review, the committee continued to report to Council on its statutory duties.

Key decisions taken in 2018

The committee took the following key decisions:

- Change its name to Technology and Information Governance Committee.
- Appoint an external independent expert on information as a member.
- Recommend to Council that an internal expert be appointed.
- Investigate possible solutions for the creation of a cyber-security position.
- Recommend to Council that the TI Governance Committee meet quarterly.
- Revisit the Information Technology Policy.

Outlook for 2019

For 2019, the committee will continue to scrutinise reports and interrogate risks identified in the IT and Information governance environments.

10.7.5 Council Membership Committee

The NWU Council resolved in 2015 to add to the mandate of the Council Executive Committee that of Council Membership Committee.

In this regard Exco considers nominations for vacancies related to Council and its committees, oversees the nomination and election processes, deals with all other membership matters, and delegates authority to subcommittees when necessary. Exco also oversees the attendance of Council members and the self-evaluation of Council.

During 2018 Exco, at each ordinary meeting, noted and considered the vacancies on Council and the processes for filling and scrutinising these vacancies.

Exco also received a list of all vacancies in Council committees, and made recommendations for the filling of these vacancies to Council for approval.

A list of Council and subcommittee meetings that were held in 2018 is attached in Annexure 3.

All of these committees are formally constituted, have terms of reference and consist of a majority of Council members who are neither employees nor students of a public higher education institution.

All these committees are chaired by an external person.

For the terms of reference, please refer to the following web page:

<http://www.nwu.ac.za/governance-and-management/Council-committees>

10.8 Sustainability as value add

10.8.1 Council statement on sustainability

"At the NWU we define sustainability as the ability of NWU to create value in the short, medium and long term by promoting a stakeholder-inclusive approach to developing a strategic response to the risks and opportunities faced by the university. We consider material matters, whether these be financial or non-financial in nature. Refer to page 1 for our materiality determination process."

Statement approval obtained from NWU Council on 20 June 2019

Material matters of a social and environmental nature are as important as financial and economic issues in determining the overall value created by the NWU.

The five-year strategic plan and the business plan for implementing the strategy are integral to the value creation process and to ensuring our sustainability. The five long-term goals and the four enablers of the NWU Strategy 2015 to 2025 (as referred to on page 52) substantiate the commitment of the university in this regard.

Although not material to the strategic objectives of NWU, we do have several green initiatives. Read more about this at <http://www.nwu.ac.za/content/nwu-says-go-green-or-go-home>

10.9 Ethics in action at NWU

10.9.1 Statement on ethics and values

"The NWU Code of Ethics commits the university to the highest standards of integrity, behaviour and ethics in dealing with all its stakeholders and society at large.

We expect Council members and staff to observe the NWU's ethical obligations in order to conduct its business through the use of fair commercial competitive practices.

The values statement in the NWU Strategy 2015 to 2025 determines that the NWU will foster engaged and caring staff and students and will embed the following foundational values that are based on the constitutional values of human dignity, equality and freedom:

- *Ethics in all endeavours*
- *Academic integrity*
- *Academic freedom and freedom of scientific research*
- *Responsibility, accountability, fairness and transparency*
- *Embracing diversity."*

Statement approval obtained from NWU Council on 20 June 2019

10.9.2 NWU in action – Ethical leadership and corporate citizenship

In line with the NWU values statement, the university's leadership at all levels of governance and management is based on integrity.

While we remain fairly confident that all governance and management structures at the NWU continue to strive for sustainable economic, social and environmental performance, we are also aware that negative consequences might arise from decisions taken at the university.

In order to create an environment conducive to countering any possible negative outputs on financial, societal and environmental practices, the necessary policies and rules have been approved and are implemented in order to assist us in managing such challenges.

The effect of these policies on matters of ethical governance and management is briefly described in the following table:

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
Conflict of Interest Policy	<p>We have the following processes:</p> <ul style="list-style-type: none"> • A documented electronic process for the declaration of interests and a conflict of interest web application as part of the web-based DIY services available to employees • A reporting process to inform relevant management and governance structures • A process to ensure adherence to NWU procurement policies and processes, linking the data from the Conflict of Interest Register to the procurement procedure • A process for the management of so-called S34(5) instances. 	<p>A coordinated process has been followed since 2015 to ensure compliance with sections 27 and 34 of the Higher Education Act.</p> <p>A full-fledged electronic platform for the declaration of interest was implemented in 2017. The restructuring process and the change in the university systems environment caused some hiccups in terms of the associated workflow process. In particular, the restructuring process and the changes in the supervisor hierarchy structure caused pertinent delays in the approval process by line managers in 2018.</p> <p>The Policy on Conflict of Interest was under review in 2018, concluding both the consultation process as the refinement of the policy. The policy would be tabled early in 2019 for Council approval</p>
Policy on delegations and schedule of authorisation levels	<p>This policy and schedule is the vehicle used by Council to approve and allocate authority to the various levels of management to represent the university in financial transactions and contracts.</p> <p>For practical considerations, deviations from this policy might become necessary from time to time. All these deviations are authorised and controlled centrally.</p>	<p>The implementation of the Quali Financial System in 2015 made it possible to systematically control most approval levels.</p> <p>This systematic control had been extended and refined over time, but it is accepted that a portion of the adherence to this policy will always be manual in nature.</p> <p>The drafting process of a Policy for Delegations was concluded in 2018. The policy would be tabled for Council approval in 2019.</p>
Policy on the reporting of maladministration and irregularities, and the protection of disclosure	<p>This policy is designed to enable employees and students of the university and members of the public to raise concerns internally and at a high level when they discover information which they believe shows evidence of serious maladministration or wrongdoing within the institution.</p> <p>Internal Audit made reporting boxes available at four locations. Irregularities can also be reported either by email or directly to the director of Internal Audit.</p> <p>All reported cases are included in a central register and feedback on the progress with the matter is reported to the Audit, Risk and Compliance Committee.</p>	<p>This policy was approved in September 2009 and reviewed as part of the policy review process of the university.</p> <p>Various matters were reported to Internal Audit and handled by a dedicated audit manager and staff member assigned with the responsibility for handling these investigations in close cooperation with the director of Internal Audit.</p> <p>A register was kept of all the reported cases and feedback on the progress of these matters was reported to the Audit, Risk and Compliance Committee on a regular basis. During the 2018 period, 6 matters (2017 - 6 matters) were reported via the reporting boxes and in 2018, 23 files (2017 - 30 files) in total were opened for investigations.</p>
Student Disciplinary Rules	<p>These rules explain the roles and functions of disciplinary bodies within the student disciplinary environment, as well as the processes to follow to ensure a fair and transparent environment for the implementation of the rules.</p>	<p>For the year under review, 165 student disciplinary cases, categorised as general misconduct on the one hand and academic dishonesty on the other hand, were reported and investigated across the NWU.</p> <p>The set of rules is currently under review and would upon the conclusion of the consultative process be tabled to Senate and Council in 2019 for approval.</p>
Policy on Academic Integrity	<p>The purpose of this policy is to create an environment inculcating integrity and academic honesty within the academic project.</p> <p>The policy also lays down measures to report and investigate instances of academic</p>	<p>After a report in 2017 by the Council on Higher Education on an anonymous report of alleged plagiarism by NWU staff members, a full-scale investigation commenced and, although still underway, Council had been apprised continuously during the course of 2018 of the status of the ongoing investigation</p>

Relevant directive	Processes in place	Overview of the implementation of the process for the year under review
	dishonesty, and provides guidance on punitive measures.	<i>In the student community, the majority of disciplinary cases investigated during 2018, had been related to academic dishonesty (53,3%). The NWU Policy on Academic Integrity was approved by Council on 27 September 2018.</i>
Human Rights Policy	The policy guides the NWU Human Rights Committee in dealing effectively with allegations of human rights infringement.	<i>The NWU Human Rights Committee dealt with five reported cases which related to three possible instances of racism, one of cyber-bullying and one of sexual harassment.</i>
Behavioural Manual for staff.	<p>The NWU is committed to harmonious workplace relations, fair labour practices, mutual respect, fairness and effective operations.</p> <p>To give effect to this, the NWU has a Behavioural Manual which is governed by the Behavioural Policy.</p> <p>The manual contains procedures for disciplinary action, abscondment, suspension, intoxication, personal searches of employees, reporting acts of dishonesty to the SAPS, managing incapacity, employee grievance and harassment.</p>	<p><i>Disciplinary action was taken against 48 employees across the NWU. 34 cases were of such a serious nature that a university hearing was held where dismissals could be the appropriate sanction. Only 5 employee's services were summarily terminated while mutual separation agreements were reached with 3 employees who resigned.</i></p> <p><i>Another 3 employees were found not guilty. In the rest of the cases finalised, written warnings were imposed.</i></p> <p><i>Fifteen CCMA cases were dealt with successfully.</i></p> <p><i>3 Cases of Sexual harassment were reported and disciplinary action was taken against the employees. One employee was dismissed and two were found not guilty.</i></p>
<p>Ombud offices for:</p> <ul style="list-style-type: none"> Alleged instances of language rights violations Sexual harassment 	<p>The approach of the Language Directorate is to resolve language matters directly or as close as possible to where they originate and not to allow them to escalate.</p> <p>Reporting can be done to the Ombudsman in Language Directorate via any of the NWU reporting channels or directly via e-mail to the Ombud. Reported matters are investigated, resolved and reported on.</p> <p>The NWU is committed to creating a safe working environment free from the fear of sexual harassment. Sexual harassment has been dealt with under the NWU's Behavioural Manual, but a draft policy and procedure on sexual harassment will be finalised in 2019.</p>	<p>There were no matters that were escalated to official language Ombud complaints, although a number of queries were resolved, mostly by informing the party(ies) concerned of the objectives and implementation of the NWU's functionally multilingual language plan.</p> <p>Most notable of these was an enquiry from the National Public Prosecutor regarding aspects of the NWU language policy, which were responded to.</p> <p><i>No sexual harassment matters were referred to the ombudsperson during the course of 2018.</i></p>
Establishment of Social and Ethics Council Committee	The purpose of this council committee is to oversee the university's performance against the ethical and social responsibilities as contained in the King IV Code. (For the mandate of the committee, refer to page 101.)	<i>The committee would meet for the first time in May 2019</i>

10.9.3 Matters reported by employees or the public by way of reporting boxes

In line with the Policy on the Reporting of Maladministration and Irregularities and the Protection of Disclosure, a number of reports were received via the reporting boxes.

For six of these reports, an official case was opened in each instance for further investigation by Internal Audit. This compares to six cases opened in 2017 after reports of alleged irregularities. The others were received via internal requests and/or referrals.

Ongoing investigations

Internal Audit plays an important role in the ongoing investigation of suspected irregularities. The following table summarises the status of investigations over the past two years.

Period when reported	Current status	Number
2017	Completed	8
	In progress	22
2018	Completed	5
	In progress	23

Fraud

The following table provides a brief overview of the status of investigations that Internal Audit handed over to prosecuting authorities after verification of facts in 2017 and 2018.

Handed over to SAPS	Description/type	Amount / estimate
2017	Personal expenditure / misrepresentation of invoices	R43 218
2018	Misappropriation of funds	R655 959
2018	Personal expenditure / misrepresentation of invoices	R498 833

Fraud awareness

In line with the Anti-Fraud Strategy of the University, various anti-fraud awareness sessions were held in 2018 on all three campuses. Participants included management, support staff and academics.

In addition, a fraud awareness session was held in October 2018 in support of Fraud Awareness Week. A new email channel for reporting fraud, report-fraud@nwu.ac.za, has been implemented.

10.9.4 Compliance with laws and regulations

10.9.4.1 The work of the Compliance Committee

Compliance with legislation and the university's own policies and rules creates an environment conducive to protecting the rights and responsibilities of all stakeholders, and assigns accountability necessary for proper governance and management.

Although Council has charged the Audit, Risk and Compliance Committee to oversee general compliance with laws and regulations, all Council committees have an obligation to exercise governance oversight over the laws and regulations.

Council committees are continuously apprised of the outcomes of a self-assessment process that the university conducts to assess perceived compliance with applicable legislation.

The Compliance Committee (a subcommittee of the University Management Committee) coordinates and reports on all compliance activities. The University Management Committee then submits reports to the Audit, Risk and Compliance Committee whose duty it is to report accordingly to Council.

The Annual Performance Plan supports the goal of effective compliance.

The NWU has further refined compliance monitoring. The streamlining process started in 2014 with a compliance audit and advice obtained on the desirability of making formal provision for a staff member assigned to monitor compliance at an ongoing basis.

During 2017, a compliance assessment was conducted. This included determining compliance with selected legislation, and submitting a report on the findings to the Compliance Committee and the Audit, Risk and Compliance Committee. Compliance to the following pieces of legislation was self-assessed:

- National Student Financial Aid Scheme Act
- Employment Equity Act
- Intellectual Property Rights from Publicly Financed Research and Development Act
- Broad-Based Black Economic Empowerment Act
- Higher Education Act
- National Health Act
- Electronic Communications and Transactions Act

Exclaim Compliance software was purchased and is being used for compliance assessment and monitoring. A compliance policy for the NWU was drafted and tabled at the Compliance Committee for input.

The Compliance Committee further dealt with:

- Conflict of interest declarations
- Refinement of the NWU regulatory universe
- Contract management
- Copyright compliance
- Policy review process
- Monitoring of ex officio Commissioners of Oaths
- Promotion of Access to Information (PAIA) reporting
- Compliance self-assessments and monitoring planning for 2019

10.9.4.2 Promotion of Access to Information Act requests

The NWU subscribes fully to the Promotion of Access to Information Act (PAIA).

The information manual was updated for the 14th time in January 2018 and copies were sent to the South African Human Rights Commission (SAHRC).

As per the Act, the manual is available in three languages (English, Afrikaans and Setswana) and published on an NWU web page dedicated to providing information about the promotion of access to information and the protection of personal Information (<http://www.nwu.ac.za/access-to-information-act>).

The compulsory section 32 report was also delivered to the SAHRC.

The report covered the period April 2017 to April 2018, during which 96 requests were received and 82 granted in full. Nine requests were refused in full, and in all nine instances of refusal, this decision was based on section 63, concerning mandatory protection of a third party that it is a natural person.

10.9.5 Integrated assurance

A Combined Assurance Forum (CAF) has existed at the university since 2012 and has aligned its functioning with King IV.

It does so by providing an adequate and effective control environment and ensuring the integrity of reports for better decision-making, while also establishing an assurance model that ensures the combination, coordination and alignment of assurance activities across the lines of assurance. The CAF provides assurance along the following five lines of assurance:

First line	The particular line function that owns and manages the risk
Second line	Specialist functions that oversee and facilitate risk and opportunity arrangements (such as risk and compliance departments)
Third line	Internal assurance providers that provide objective assurance (Internal Audit)
Fourth line	External assurance providers (external audit, statutory bodies, etc.)
Fifth line	ARCC, Council

In line with the above, a combined assurance model is implemented, with reporting from the various assurance providers. The intention is to manage and limit the risk exposure of the university, and to provide assurance.

CAF assists the Audit, Risk and Compliance Committee to fulfil its responsibility in giving assurance to the Council. Specifically, it provides assurance that the university's risk management, risk control and governance processes are adequately addressed.

CAF also contributes to optimising the risk assurance coverage obtained from the various assurance providers, namely management and specialised functions within the university, as well as Internal Audit and external assurance providers (such as external audit function and statutory bodies).

Quote

It is of the utmost importance to appoint individuals in governance bodies who are properly equipped and that ethical values and good corporate governance principles remain core aspects of how these bodies conduct their business.

11 Report of the Institutional Forum

Together with Council, the Institutional Forum serves as custodian of good governance and by advising and assisting Council, we help to safeguard stakeholder-value creation.

For instance, we advise Council on the implementation of the Higher Education Act and national higher education policy, and assist this structure in developing an institutional culture of tolerance and respect for human rights. We also help promote an environment where effective teaching-learning and research can flourish.

Specific matters on which we usually advise Council are senior management appointments, policies on race and gender equity, codes of conduct, management of cultural diversity and policy on mediation and dispute resolution procedures.

During 2018 the following matters received our attention.

11.1 National legislation and policy

The Institutional Forum discussed and gave input on the draft Higher Education Gender-based Violence Policy and Strategy Framework of the Department of Higher Education and Training (DHET).

We resolved that the NWU should have a policy on gender-based violence and that the executive director for student life should initiate the policy development process by requesting the University Management Committee (UMC) to launch a joint project between Student Life and People and Culture. Experts will be co-opted for input in this process.

We also noted that the DHET requires biannual reports on transformation from higher education institutions in the country.

Such a report was drafted by the executive director for student life, together with the UMC, and served at the Transformation Oversight Committee. After Council had approved the report, the registrar submitted it to the Minister of Higher Education and Training.

11.2 Advice on senior appointments

The Institutional Forum (as a whole or represented by some of our individual members) advised on the appointment of three institutional management members.

They are Prof L du Plessis (vice-principal for 2019), Dr Mala Singh (executive director for people and culture) and Prof D Balia (deputy vice-chancellor assigned functions and campus operations for the Potchefstroom Campus).

We also advised the selection panels constituted to consider the appointment of executive deans and deputy executive deans of seven NWU faculties, whose appointment was a key step in the implementation of our strategy.

The following appointments were then made:

Faculty of Education

- Executive Dean: Prof L Conley
- Deputy Dean: Research and Innovation: Prof W Dudu
- Deputy Dean: Teaching and Learning: Prof H Van Vuuren

Faculty of Humanities

- Executive Dean: Prof MC Mashige (resigned) appointed: Prof P Maseko
- Deputy Dean: Teaching and Learning: Prof M Chaka
- Deputy Dean: Community Engagement and Stakeholder Relations: Dr NA Tshidzumba

Faculty of Health Sciences

- Deputy Dean: Strategy and Business Development: Dr AKL Robinson
- Deputy Dean: Teaching and Learning: Prof M Temane
- Deputy Dean: Research and Innovation: Prof J du Plessis

Faculty of Law

- Executive Dean: Prof SPLR De la Harpe
- Deputy Dean: Quality Assurance and Stakeholder Relations: Dr NL Morei

Faculty of Natural and Agricultural Sciences

- Deputy Dean: Community Engagement: Prof TR Medupe
- Deputy Dean: Research and Innovation: Prof D Modise
- Deputy Dean: Teaching and Learning: Prof H Drummond

Faculty of Economic and Management Sciences

- Executive Dean: Prof S Swanepoel
- Deputy Dean: Research and Innovation: Prof N Moroke

Faculty of Engineering

- Executive Dean: Prof L van Dyk

11.3 Institutional culture and transformation

Given the importance of ongoing transformation in higher education, this matter was high on our agenda and we contributed in various ways towards successfully implementing it at the NWU.

Reviewing policies on transformation

We received a list of reviewed policies about transformation that had to be finalised by November 2018, and we gave input on those relevant to our mandate.

We took note that Council approved the new Code of Conduct for Council and Council committee members on 28 March 2018, and that the review of the Code of Ethics was still under way.

Human rights matters

The NWU Human Rights Committee dealt with five reported cases: three possible instances of racism, one of cyber-bullying and one of sexual harassment.

We discussed human rights activities and the establishment of an ombud function, and proposed involving Corporate Communication in this project. Human rights awareness projects will form part of the 2019 Registration and Orientation Programme.

The forum noted various human rights programmes established during 2018 in collaboration with external stakeholders. We suggested that the same concept be included in the induction programme for new staff members.

Registration and orientation was successful

The registrar and the executive director for student life coordinated the Registration and Orientation Programme.

The 2018 first-year orientation programme was successfully implemented, followed by a feedback workshop that reflected on issues raised.

After serving at the UMC on 10 October 2018, a progress report on the 2019 Registration and Orientation Programme was distributed to our members for input and awareness via a round robin process.

Transformation and equity

We took note of a report from the August 2017 meeting of the Universities South Africa (USAF) Transformation Managers Forum (TMF), concerning transformation campaigns.

We proposed that one campaign should be selected and that our standing committee for transformation should drive it.

In September 2018, some of our members attended the USAF colloquium with the theme: “Social Cohesion & Transformation in SA HEIs: Collective Reflections”. They took particular note of the general sentiment that higher education institutions had to be strict in the implementation of human rights and specifically gender-based matters.

The forum considered the option of establishing a transformation office at the NWU, but agreed with the sentiments of the UMC that this is not the way to manage transformation at the university.

Instead, transformation would be monitored by the UMC, the vice-chancellor and the Council. It was stated that there should be consequences for managers who did not meet transformation targets and that we should advise the university on how to reach national transformation targets.

We noted that that discussion on employment equity matters was in process and feedback would be provided.

The impact of the new BBBEE verification codes on the higher education sector was also still under discussion.

After the BBBEE Certificate had been presented at the forum’s workshop in August, we informed Council and the UMC about our concerns with the progress made and with our advisory involvement. Furthermore, we asked for a plan of action for the way forward and requested that the various stakeholders be included in the discussion and process.

11.4 Climate and culture – staff and students

R5 million was allocated from strategic funds for projects emanating from the results of the NWU culture and climate survey. We discussed the improvement plan on student life culture and climate, which Council approved on 21 June 2018.

We received a presentation from People and Culture on the staff climate improvement plan and noted that the implementation of the Employment Equity Plan had caused anxiety and uncertainty among some staff. We suggested a remedial process to improve on aspects such as leadership, atmosphere and diversity. People and Culture will liaise with the Business School to develop leadership programmes and improve change management processes.

Another matter that we took note of was that the DHET provided 80% of the funds needed for the recruitment of new-generation academics, but the university had to guarantee the remainder.

11.5 Composition of the Institutional Forum

In accordance with the NWU Statute (par 24(2)), an Executive Committee was elected at our first meeting, consisting of: Dr AA le Roux (chairperson), Mr F Nkoana (deputy chairperson) and Ms J Pires-Putter (secretary).

The Institutional Forum may have up to 25 members representing a broad range of stakeholder constituencies. The following table lists these constituencies, together with their representatives as at December 2018 and earlier in 2018.

Constituency	Members: December 2018	Subconstituency	Earlier in 2018
Council	Father PD Dinkebogile	NWU	
University Management Committee	Mr Clement Manoko	NWU	
Senate	Dr V Montshiwa	Mafikeng Campus	Vacant
	Dr R Hobyane	Potchefstroom Campus	Vacant
	Vacant	Vaal Triangle Campus	Prof WCJ Grobler
Academic staff	Dr MA Molefi	Mafikeng Campus	
	Mr BCO Manyapeelo	Potchefstroom Campus	
	Prof JP Fouche	Vaal Triangle Campus	Vacant
Recognised union	Ms J Pires-Putter	SAPTU	
	Ms O Murray	SAPTU	
	Vacant	Awaiting recognition of an additional union	
	Vacant	Awaiting recognition of an additional union	
Support staff	Mr B Schouwstra	NWU	Mr L Kruger

	Mr F Nkoana	NWU	
	Dr AA le Roux	NWU	
Campus student Representative Councils – CSRCs	Mr Leo Maphosa	Mafikeng CSRC	Mr B Mahlangu
	Mr T Seepamore	Mafikeng CSRC	Vacant
	Ms C Joubert	Potchefstroom CSRC	Mr D Craffert
	Mr H Schoeman-Struwig	Potchefstroom CSRC	Mr PH White
	Mr L Nene	Vaal Triangle CSRC	Mr T Hadebe
	Ms D Zondi	Vaal Triangle CSRC	Ms L Mpharoane
NWU Convocation	Adv M Kruger	NWU	Vacant
	Mr A Sorgdrager	NWU	
Special expertise	Prof L Lalendle	Executive Director: Student Life: NWU	Vacant
	Prof E du Plessis	NWU	Mr A Scheppel

11.6 Meeting dates in 2018

In 2018 the Institutional Forum convened on 23 February, 7 May, 17 August, and 8 October.

After hosting a workshop on 16 August 2018, we decided to present the workshop annually, coinciding with the third meeting of each year.



DR BERTUS LE ROUX

CHAIRPERSON OF THE INSTITUTIONAL FORUM



12 Incentivising for achievement

We regard our human capital – and specifically our staff – as one of our greatest assets. Without motivated, high-performing employees, we cannot realise our strategy and create value for ourselves and our stakeholders.

One way of motivating our staff to perform is to offer them attractive incentives and in that way create value for them too. Through fair and sustainable incentivisation, we create a compelling employee value proposition for attracting and retaining high-calibre talent.

We create an environment that motivates and reinforces superior performance and use an integrated performance management approach in acknowledging superior organisational, team and individual performance.

12.1 Remuneration mix

We follow a holistic employee-value proposition approach to maintain competitiveness in the higher education environment. To attract and retain scarce and critical skills, we use an appropriate remuneration mix (variable and fixed elements) which includes monetary and non-monetary rewards. We also align all the components of remuneration to our strategy, business-specific value drivers and the NWU values.

When it comes to guaranteed pay, we have an annual benchmarking process to ensure continued competitiveness. An employee contribution of 7,5%, along with their choice of employer contribution, makes up the total contribution to the pension fund. (Employees may choose between an employer contribution of 12%, 15%, 17, 5% or 20%.)

We use variable pay to monitor and encourage performance, employing instruments such as performance bonuses and individual remuneration reviews and various other value-adding allowances.

12.2 Remuneration governance and management

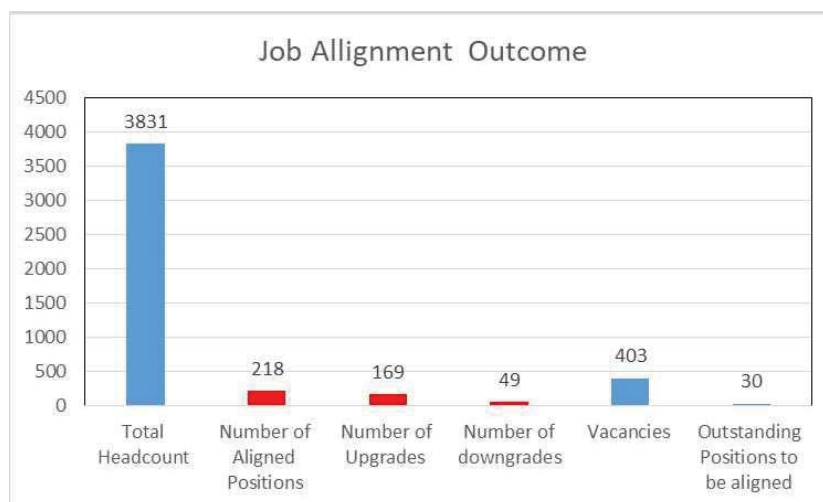
The NWU Council executes its oversight function for remuneration through the Remuneration Committee. This committee remains aware of how the income differentials affect fair and responsible remuneration, and that it is a priority in positioning our university as a value-adding institution for employees, as well as other stakeholders.

On the remuneration management side, we developed principles to implement the outcome of the job alignment process that was concluded in 2017.

In addition, we are constantly moving towards parity to achieve equal pay for equal value. In 2018 we made sure that all identified positions were aligned across the university.

The following table depicts the outcome of the job alignment emanating from the restructuring.

12.3 Job alignment outcome



We also revised the principles for individual remuneration reviews, prioritising scarce and critical skills. In an effort to sustain value and ensure a high-performing organisation, we optimised the performance bonus process.

Management approved an across-the-board increase of 6,6% in the annual cost of living (COLA), with an additional 0,2% once-off cash component.

The Remuneration Committee of Council approved a draft Remuneration Philosophy, which will further guide our incentivising initiatives and make it clear how we should position ourselves to attract key talent.

12.4 Executive contracts

In line with our Statute, Council drives a process to appoint our senior office bearers, namely the vice-chancellor, deputy vice-chancellors, the registrar, executive directors and deputy vice-chancellors for assignable functions and campus operations.

The following appointments were made in 2018:

Position	Appointment date	Incumbent	Reason for vacancy
Executive Director: People and Culture	1 October 2018	Dr Mala Singh	Previous incumbent resigned
Deputy Vice-Chancellor Assigned Functions and Potchefstroom Campus Operations	1 January 2019	Prof Daryl Balia	Previous incumbent retired

12.5 Current year incentives: University Management Committee

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

Name	Office held	Basic salary R'000	Employment benefits R'000	Other payments / allowances R'000	Total costs to NWU 2018 R'000	Total costs to NWU 2017 R'000
Prof ND Kgwadi	Vice-Chancellor and Principal	2 792	306	433	3 532	3 562
Prof JJ Janse van Rensburg	Vice-Principal and Deputy Vice-Chancellor: Campus Operations (Potchefstroom)	2 232	26	206	2 463	2 670
Prof MM Verhoef	Registrar	1 885	305	251	2 421	2 443
Ms E de Beer	Executive Director: Finances and Facilities	1 916	238	230	2 384	2 419
Prof LA du Plessis	Deputy Vice-Chancellor: Planning and Campus Operations (Vaal Triangle)	1 846	254	202	2 302	2 237
Mr KJ Oagile *	Executive Director: People and Culture	1 604	295	323	2 223	2 079
Prof RJ Balfour #	Deputy Vice-Chancellor: Teaching and Learning	1 611	316	282	2 208	2 274
Prof ME Phaswana-Mafuya #	Deputy Vice-Chancellor: Research and Innovation	1 816	182	105	2 113	1 913
Prof BMP Setlentoa	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	1 657	184	252	2 094	0
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1 477	173	285	1 935	1 850
Dr V Singh *	Executive Director: People and Culture	1 532	275	86	1 893	0
Prof LL Lalendle #	Executive Director: Student Life	1 364	159	349	1 871	1 959
Prof F van Niekerk #	Deputy Vice-Chancellor: Research and Innovation	0	0	0	0	2 515
Prof MJ Oosthuizen #	Deputy Vice-Chancellor: Teaching and Learning	0	0	0	0	2 348
Prof M Davhana-Maselesele #	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	0	0	0	0	2 329
Total		21 712	2 723	3 004	27 439	30 598

* Management member not in service for full year - 2018. Remuneration annualised.

Management member not in service for full year - 2017. Remuneration annualised.

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

12.6 External members' fees

External members of Council, Council committees and other statutory bodies receive an honorarium as a token of our gratitude for their time and efforts. The honorarium, paid in August and December, is linked to our annual cost of living adjustment (COLA) process and approved by Council's Executive Committee.

Members received the following honoraria for each meeting they attended:

Council member	R3 090
Council committee chairpersons	R3 890
Council chairperson	R5 700

12.7 Honoraria payments (gross remuneration to Council members) in 2018

Title	August 2018	December 2018
Prof AL Combrink	R15 450	R 6 180
Mr S de Bruyn	R15 450	R18 540
Rev DP Dinkebogile	R24 720	R24 720
Mr DA Foster	R 7 780	R -
Mr XV Hadebe	R7 540	R -
Mr W Human	R18 540	R12 360
Mr TC Kgomo	R15 450	R30 210
Mr I Klynsmith	R28 610	R31 700
Mr AM Mashilo	R19 340	R -
Mr S Mohapi	R19 210	R7 780
Mr OE Mongale	R15 450	R10 870
Mr A Redelinghuis	R32 500	R24 030
Mr LE Seliane	R19 210	R7 780
Mr MSJ Thabethe	R27 810	R22 430
Dr JG Tshifularo	R54 130	R -
Dr BM Tyobeka	R62 700	R91 200
Dr K van der Walt	R7 780	R3 890
Mr LN Zibi	R47 260	R41 770
Mr CS Mabe	R -	R17 850
Mr C Mulder	R -	R12 360
Ms T Semane	R -	R6 180
Mr A Sorgdrager*	R -	R -
Mr F Strydom*	R -	R -

* Mr Sorgdrager and Mr Strydom did not claim honoraria.

QUOTE:

Competition for talent will intensify and therefore a comprehensive talent-management strategy will be critical. This should include an employee-value proposition that increases engagement and belonging, competitive compensation and a programme for the recruitment and retention of special scarce skills.

Organisational culture

Organisational culture is a key strategic imperative for the NWU and a vital enabler in supporting its strategy to transform and position the university as a unitary institution of superior academic excellence, with a commitment to social justice.

An organisational culture survey commenced in 2018 to gain insights into the extent to which staff and students are aligned with the NWU's vision of a welcoming, inclusive and enabling culture, as well as to identify areas for enhancement and serve as a tool to promote the "NWU Way".

It is envisaged that through this process, which will continue in 2019, the behaviour of staff and students will be congruent with our commitment to social justice and an ethic of care.

12.8 Council statement on conflict management

"The NWU believes in a culture that fosters healthy and productive relations and a spirit of collegiality among individuals in the workplace.

We also extend this relationship to the recognised bargaining union, SAPTU. Continuous bilateral engagements and consultative meetings are held to encourage open communication and create a platform where conflict can be addressed. We schedule regular meetings with NEHAWU to ensure that the voice of their constituency is heard.

Staff are encouraged to follow the dispute resolution mechanism of the university as set out in the behavioural manual, or to raise their issues directly at the Employee Relations and Wellness Directorate."

Statement approval obtained from NWU Council on 20 June 2019.

12.9 Council statement on worker and student participation

"The NWU and a recognised union address employee issues of mutual interest through a forum established for this purpose.

We also have ongoing consultative forums for all employees and a non-recognised union which has a reasonable presence. These structures build labour peace and a healthy employee/employer environment, and play a critical role in ongoing improvement of employer/employee relations. Key decisions about matters that affect employees are communicated to the university community via the vice-chancellor's office."

Statement approval obtained from NWU Council on 20 June 2019.



13 Annexures to the report

13.1 Annexure 1 – Performance Assessment

2018 PERFORMANCE ASSESMENT REPORT

Performance vs Targets

The following performance indicators link to the relevant goals in the Annual Performance Plan.

Goal 1: Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions			
	Relevant performance indicator	Actual 2017	Target 2018 Actual 2018
1	Contact student success rate	86%	85% ¹ 85%
We maintain an excellent pass rate and reached our target. Our future commitment in the enrolment plan is to maintain this pass rate.			
2	Contact undergraduate, graduation duration factor	1.15	1.2 ² 1.13
The target (upper limit) for the Qualification Duration Factor is 1.2 and any number below that indicates that the graduates completed their qualifications in a shorter time period, which is better than expected. Exceeding our performance in this target can be attributed to enhanced strategies for student support, early identification of at-risk students and improved NSFAS funding with provision for books and accommodation.			
3	International student enrolment	5.15%	5.86% ³ 4.27%
The drastic drop in distance enrolments, which includes our largest component of Foreign students, had a detrimental impact on the percentage of foreign students. This drop in distance students can be attributed to the phasing out of distance programmes in Education.			
4	Headcount Enrolments	62558	71292 61212
Our enrolment targets are set for a three-year cycle and we experienced a drop in our distance numbers due to the Advanced Certificate in Education, the NPDE and the B. Ed. Honours phasing out faster than anticipated and the approval of our new distance offering taking longer than expected.			
5	First-Time Entering Enrolments	11824	14298 12127
There was an over-enrolment in contact first-time entering students. At the same time there was a drop in the first-time distance enrolments. The lack of approval of new distance offerings greatly hampered growth in distance first-time entrants and thus total first-time entrants. This did not affect the university negatively since our funding is based in FTE's not headcount enrolments.			
6	Graduates	16004	16235 15350

¹ A deviation of 2% is allowed on either side of target for achievement of the KPI

² A deviation of 0.05 is allowed on either side of target for achievement of the KPI

³ A deviation of 1% is allowed on either side of target for achievement of the KPI

We have not reached our graduates target due to a lower number of distance enrolments and graduates.			
7	Graduation Rate	25.6%	22.8%
We have exceeded our target in terms of the graduation rate. This is mainly due to a lower total enrolment count while maintaining a high contact graduate count.			

Goal 2: Intensify research and innovation

	Relevant performance indicator	Actual 2016	Target 2017	Actual 2017 ⁴
8	Publications per permanent academic staff member	0.92	1.16 ²	0.86
The restructuring process took additional commitment for academic staff, whilst affording us the opportunity to strategically reposition the academic environment to reach our strategy. Our focus has also moved from purely quantity to quality and high impact journals.				
9	Weighted research output	2609.64	2682 ¹	2605.507
We delivered a record number of 235 Doctorates in 2017 resulting in a good weighted research output. Unfortunately low article equivalents caused the NWU to not reach the target.				

Goal 4: Develop a clearly differentiated student value proposition

	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018
10	Student: Academic Staff FTE ratio	31.51 : 1	26.4 : 1 ⁵	32.22 : 1
The over enrolment in contact students which led to a marked increase in enrolled FTE's caused an increase in this ratio. Our ratio is also influenced by the fact that contact and distance students are included in the calculation of the ratio.				
	Relevant performance indicator	Actual 2017	Target 2018	Actual 2018
11	First time entrant dropout rate for contact degrees (as on 24 May 2019)	11.11%	Below 15%	9%
This sharp improvement is due to the availability of funding for returning students, therefore they are not dropping out due to financial reasons.				

⁴ 2017 final approved research publication units are reported as the approved 2018 publications are only received from the DHET later in this year

⁵ A deviation of 3 is allowed on either side of target for achievement of the KPI

Goal 5: Develop and retain excellent staff and create an equitable staff and student profile

	Relevant performance indicator	Actual 2017					Target 2018					Actual 2018				
12	Student mix: NWU Contact & Distance; All Campuses	African (%)	66.3%				African (%)	62%				African (%)	65%			
		Coloured (%)	4.5%				Coloured (%)	6%				Coloured (%)	5%			
		Indian (%)	1%				Indian (%)	1%				Indian (%)	1%			
		White (%)	28.3%				White (%)	32%				White (%)	29%			
		Female (%)	65.9%				Female (%)	69%				Female (%)	65%			
		Male	34.1%				Male	31%				Male	35%			
Due to the increase in NSFAS funding as well as better funding for private accommodation and the accreditation of private accommodation, our student profile deviates from the original submitted and approved enrolment plan.																
	Relevant performance indicator	Actual 2017					Target 2018					Actual 2018				
13	Staff mix	African (%)	39.6%				African (%)	33.6%				African (%)	35.9%			
		Coloured (%)	4%				Coloured (%)	6.3%				Coloured (%)	6.3%			
		Indian (%)	1.2%				Indian (%)	1.3%				Indian (%)	1.3%			
		White (%)	55.2%				White (%)	57%				White (%)	56.5%			
		Female (%)	57.9%				Female (%)	56.5%				Female (%)	56.8%			
		Male	42.1%				Male	43.5%				Male	43.2%			
Our recruitment strategy paid off and we made positive progress in attracting professional and academic staff from designated groups																
14	Permanent academic staff with PhDs	52.38%					58% ¹					52.04%				
A stretch target was set for staff members with PhD and we have not achieved the target as yet. The challenge of the university is twofold: to support staff members to improve their qualifications and then to retain those staff members in a very competitive environment.																

13.2 Annexure 2 – DHET information

CHECK LIST – NWU ANNUAL REPORTS COMPARED TO THE STIPULATIONS OF THE REPORTING REGULATIONS (REGULATION GAZETTE, NO 10209, 9 JUNE 2014)

Requirements of the RR in regard of the format and content of the Annual Report		Substantiation in 2018 AR/notes
Alignment should be apparent between the institution's strategic plan, APP, AR, budget and mid-term performance report		Section 8 and 9
The APP to be the basis of the AR		Section 8
Annual Report to reflect the following:		RR Impl Manual 7(a) to be signed by council chair and VC See section 9 (signatures on p 59 of current draft) RR Impl Manual 7(a) to be signed by council chair and VC Yes – section 9
1	Info on performance of institution for preceding year to be signed by council chair and VC	See chair of council report in section 11 RR Impl Manual 7(b) Council chair Section 11 RR4 RR Impl Manual 7(b) Council chair Yes – 11.9.2 RR Impl Manual 7(b) Council chair YES – 11.4.8 RR Impl Manual 7(b) –Council chair Yes - 11.9.4 RR Impl Manual 7(b) Council chair Yes – 13.4 RR Impl Manual 7(b) Council chair Yes – 11.8.1 RR Impl Manual 7(b) Council chair
1	Must have a performance report in which the work of the univ as reflected in APP and the extent to which APP had been realised, are contained; as well as the extent to which the institution believes it has met objectives and goals contained in the strategic plan	
2	Must include in the chairperson of council report the following:	
2	CC Council chair report assessing the performance and degree of progress iro objectives that were pursued by strat plan for the year under review, done in a way that gives due account to economic, social and environmental aspects. Also not confining itself to past issues	
2	CC Effective ethical leadership and corporate citizenship	
2	CC Statement of council on IT in the report of the IT Governance Committee	
2	CC Compliance with laws, codes, standards	
2	CC Remuneration of externally elected council members	
2	CC Statement of council on sustainability	
2	CC Statement on going concern	
Integrated report 2018		124

2	CC	Statement on financial controls outside financial statements	Yes – 11.4.3 RR Impl Manual 7(b) Council chair YES – 11.4.4
2	CC	Financial control inadequacies considered material (individually or in combination with others) that resulted in actual financial loss, incl fraud and material losses	RR Impl Manual 7(b) Council chair Yes – 11.9.3
2	CC	Statement of financial health and viability	RR Impl Manual 7(b) Council chair Yes – 11.4.5
2	CC	Campus development; infrastructure development, facilities, major capital works events, student support, ODL, working with industry	RR Impl Manual 7(b) Council chair Infrastructure development /development, major capital works – Yes 9.5 Student support – Yes in VC report (4.8); in 'value chain' 3.3.6 and 3.4.2-3.4.6; in 'our human capital' 9.2.2; 'Transformation' 6.6. ODL – 'Value chain – 3.4.3; Intellectual capital – 9.1.14 Working with industry – Stakeholders' interest – 5.2 (p19+20)
2	CC	Statement on risk management (how council has dealt with the matter, council taking responsibility for RM and making a statement on the effectiveness of the process; also how it came to making the statement in an objective and independent way. Disclosing that a reporting system is in place to monitor changes in the risk profile of the university and gaining assurance that RM is effective)	RR Impl Manual 7(b) Council chair Yes – 11.4.13
2	CC	In respect of all council committees, that these are chaired by external independent members, with needed expertise and skills. Also reference to important matters dealt with by the relevant committees that affected the institution – also possible unresolved matters. Summaries of attendance of members to these committee meetings to be included.	RR Impl Manual 7(b) Council chair Yes – 11.7 (see text box) and 11.7.1-11.7.4
2	CC	Statement on borrowings	RR Impl Manual 7(b) Council chair Yes – 9.5.8
2	CC	Statement on tenders	RR Impl Manual 7(b) Council chair Yes – 11.4.7
2		(Statement) Report of council on transformation	RR Impl Manual 7(b) Council chair Yes – section 6 – report YES – 11.4.9- statement
2	CC	Statement on contracts management, SLAs, monitoring of suppliers' performance	RR Impl Manual 7(b) Council chair Yes – 11.4.10

2	CC	Statement of workplace ethics	RR Impl Manual 7(b) Council chair Yes – 11.9.4
2	CC	Report of council on governance of risk ⁶	RR Impl Manual 7(b) Council chair RR Impl Manual 7(i) Yes – section 7 Report on risk and opportunity management in <u>Report to be signed by officer/committee with designated risk responsibility and the chair of that committee</u> RR Impl Manual 7(b) Yes – 11.9.4.2
2	CC	PAIA requests	RR Impl Manual 7(b) Council chair Yes – 11.4.11
2	CC	Statement on penalties, sanctions, fines	RR Impl Manual 7(b) Council chair Yes – 11.1.2
2	CC	Events	RR Impl Manual 7(b) Council chair Yes – 11.2
2	CC	Significant changes that took place	RR Impl Manual 7(b) Council chair Yes – 11.2

3	Governance statement	Statement of council on governance	RR Impl Manual 7(c) to be approved by council Yes – 11.1
3	Governance statement	Council and council committees (incl statement that role of chairperson is distinct from that of VC; length of tenure of council chairperson); appraisal Also council attendance register	RR Impl Manual 7(c)(i) to be approved by council Yes – 11.4-11.4 RR Impl Manual 7(4)(c)(ii) Yes council attendance register – Appendix
3	Governance statement	Remuneration committee to explain remuneration philosophy and how implemented; reference to any ex gratia payments/disclosure of performance evaluation, and bonuses paid; and a note to the finance report that reflects disclosure of executive remuneration	RR Impl Manual 7(c)(i) to be approved by council Yes 11.7.3 and section 13
3	Governance statement	Finance committee	RR Impl Manual 7(c)(i) to be approved by council Yes – 11.7.2
3	Governance statement	Planning and resources committee – NWU has assets committee	RR Impl Manual 7(C)(i) to be approved by council Yes – part of 11.7.2

⁶ Check compliance to these requirements and make sure that all elements are included

3	Governance statement	Council membership committee – Exco is the Council membership committee	<u>RR Impl Manual 7(c)(i) to be approved by council</u> Yes – 11.7.5
3	Governance statement	Audit committee and Risk committee - NWU has ARCC	<u>RR Impl Manual 7(c)(i) to be approved by council</u> Yes – 11.7.1
3	Governance statement	IT Governance committee	<u>RR Impl Manual 7(c)(i)</u> YES – 11.7.4
3	Governance statement	Statement on conflict management	<u>RR Impl Manual 7(c)(ii) -to be approved by council</u> Yes – 11.4.1
3	Governance statement	Statement on worker and student participation	<u>RR Impl Manual 7(c)(iii) to be approved by council</u> Yes – 11.4.2
3	Governance statement	Statement on workplace ethics	<u>RR Impl Manual 7(d)(iv) to be approved by council</u> Yes – 11.9.1
4	Sustainability statement	Statement on sustainability	<u>RR Impl Manual 7(d)</u> Yes – 11.8.1
5	Senate report	Report of Senate to Council	<u>RR Impl Manual 7(e) – to be signed by VC</u> Yes = section 3
5.	Senate report	Changes in academic structures	<u>RR Impl Manual 7(e) – to be signed by VC</u> YES – 3
5.	Senate report	Composition of senate	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – Appendix
5.	Senate report	Significant developments and achievements iro TL & R	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – 3.4.1
5.	Senate report	Composition and size of student body	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – 3.3.1
5.	Senate report	TL - Outputs– limitations on access to certain courses; levels of academic progress in different disciplines and levels of study; awards and achievements; outputs produced	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – 3.5.2
5.	Senate report	Research outputs – summaries of various programmes; awards; funding; outputs produced	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – 3.5.4
5.	Senate report	Access to financial aid – (for students and researchers)	<u>RR Impl Manual 7(e) senate report to be signed by VC</u> Yes – 3.3.4
6	IF report	Report of IF to council (activities as per statute; all instances of advice sought from IF; composition of IF; number of meetings)	<u>RR Impl Manual 7(f) – IF report to be signed by IF chair</u> Yes –Section 12

7	VC report on M/A	Report of VC on management and administration	RR Impl Manual 7(g)- <u>to be signed by VC</u> Yes - section 44
7	VC report on M/A	Principal achievements measured in relation to plans, goals, objectives	RR Impl Manual 7(g)- <u>to be signed by VC</u> Yes – 4.1
7	VC report on M/A	Managerial and administrative aspects of the operations of the university, incl new appointments at senior level	RR Impl Manual 7(g)- <u>to be signed by VC</u> Yes – 4.3
7	VC report on M/A	Achievement of admin structures and resources – re personnel and systems – to be assessed its realistic expectations (Including diversity management; HR matters; adequacy of staffing, quality of information.	RR Impl Manual 7(g)- <u>to be signed by VC</u> Yes – 4.4 and onwards
7	VC report on M/A	Extra-curricular activities; changing patterns in the provision for academic courses	RR7(g)- <u>to be signed by VC</u> Section 4.9
7	VC report on M/A	Statement on self-assessment of the achievement of the VC in attaining the objectives for the period under review, with detailed summary of realised achievements (or self-evaluation) to be included.	RR Impl Manual 7(g)- <u>to be signed by VC</u> YES – 4.10
8	Report on internal admin/operat structures and controls	Internal audit report (Statement to be signed: <i>The ARCC reviewed the report on internal administrative/operational structures and controls in the year under review at its meeting held _____, which meeting quorated, and the documentation for approval by the committee was circulated with the meeting agenda in advance with due notice</i>)	RR Impl Manual 7(h)- <u>to be signed by ARCC chair and IA director</u> Yes – 7.8
9	Report on risk exposure assessment and the management thereof	Report of council on risk (exposure) assessment and management of risk, incl statement of risk management, reporting system in relation to risks, that univ risk management measures are effective.	RR Impl Manual 7(b) RR7(i) Yes – 7.5 <u>Report to be signed by officer/committee with designated risk responsibility and the chair of that committee</u>
10	Annual financial review	Report by Chair of finance committee and CFO	RR Impl Manual 7(j) – <u>report to be signed by chair if Fin Comm and CFO</u> Yes – section 10
10	Annual financial review	To provide an overview of budget process and how resource allocation was done; how strat goals were supported and how operational sustainability is to be ensured	RR Impl Manual 7(j) – <u>report to be signed by chair if Fin Comm and CFO</u> Yes – 10.1 and brief mention in 11.7.1.2

10	Annual financial review	Indicate inclusivity of stakeholders – also attending to budgetary control mechanisms in maintaining financial discipline	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u>
10	Annual financial review	Address salient features in statements re financial condition of institution and how primary strategic drivers were attended to. Intelligent comments needed. Statement needed distinguishing between financial consequences of the use of assets representing restricted and unrestricted funds.	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u> Yes – 10.3
10	Annual financial review	Report to focus on operational finance – thus excluding non-current items or dramatic movements in investments (although latter matters could be mentioned, the focus should be on operations)	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u> Yes – 10
10	Annual financial review	To be viewed as a thorough financial analysis of the institution, using all data in financial statements, and any other financial records	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u> Yes – 10
10	Annual financial review	Indicate access to financial aid and the provision thereof; incl financial aid by external bodies	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u> Yes – 3.3.4
10	Annual financial review	Indicate changes in tuition fees	<u>RR Impl Manual 7(j) – report to be signed by chair if Fin Comm and CFO</u> Yes – 10.3
11	Audit Comm report	Report of the Audit Committee	<u>RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair</u> Yes -11.7.1
11	Audit Comm report	Report indicative that the ARCC has satisfied itself with the expertise, resources, experience of the inst. finance function. Results of the review to be disclosed	<u>RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair</u> 11.7.1
11	Audit Comm report	ARCC to report internally to Council re its statutory duties, and duties assigned to it by Council	<u>RR7(k)- to be signed by chair of ARCC and council chair</u> Yes -11.7.1
11	Audit Comm report	ARCC to report on its statutory duties: how it was carried out; whether ARCC is satisfied with independence of external auditor; committee's view on financial statements and the accounting practices; whether internal controls are effective; and on the internal audit function	<u>RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair</u> 11.7.1
11	Audit Comm report	ARCC to provide a summary of its role and details of its composition, number of meetings and activities	<u>RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair</u> Yes -11.7.1. 15.1.2 and 15.1.5
11	Audit Comm report	ARCC to recommend the integrated report to Council for approval	<u>RR Impl Manual 7(k)- to be signed by chair of ARCC and council chair</u>








		No - wait for ARCC meeting, 5 June 2019
12	Transformation report	RR Impl Manual 7(i) – <u>report to be signed by VC and council chair</u> Yes – section 6 various paragraphs
12	Transformation report	RR Impl Manual 7(i) – <u>report to be signed by VC and council chair</u> Yes – various sub-paragraphs in 6
12	Transformation report	RR Impl Manual 7(i) – <u>report to be signed by VC and council chair</u> YES – 6.1
13	Report of the independent auditor	Still to be made room for in index
14	Other info and supplementary financial data (verified by indep auditor); copies of approved minutes of each council meeting with agendas and attendance registers	To be added separately in CD to DHET
15	Dept may arrange for a visit to institution to discuss AR, if necessary	
16	Three hard copies to be submitted by 30 June as well as electronic copy	







Summary of stipulations of RR in regard to core capabilities of structures/functionaries

Responsibilities of Council reflected as follows in the council report	
To provide effective leadership based on ethics	
To ensure that this HEI is a responsible corporate citizen	
To ensure that this HEI's ethics are managed effectively	
To act as the focal point for and custodian of governance	
To understand that strategy, risk, performance and sustainability are inseparable	
To ensure that the ARCC is effective and independent	
To be responsible for risk governance and to ensure an effective risk-based internal audit function; to report on the institution's system of internal controls	
To be responsible for IT governance	
To comply and to ensure compliance with the laws	
To appreciate that stakeholders' perceptions affect the reputation of the HEI	

To ensure the integrity of the HEI's integrated report	
To act in the best interest of the HEI	
Responsibilities of the Vice-Chancellor, through the executive team reflected as follows in management report	
To see to adequate measures that would ensure economy, efficiency, effectiveness and ethical behaviour in accordance with relevant legislation	
Amongst others, for planning, budgeting, authorisation, controls, evaluation of procurement and utilisation of resources	
Important to see to best practices for general and management purposes.	
Financial planning needs to be flexible and reporting to be flexible so that budgeting, allocation and employment of financial resources are to the best advantage of the institution.	
Simultaneously seeing to high quality iro primary activities of TL and R	
Council to ensure that these primary operations and management & administration functions are fully functional	
Council remains responsible for governance and the exec management for effective management and administration	
The annual report needs to show how and the extent to which these functions were executed.	
Financial reporting in the AR needs to comply with IFRS, though the form and presentation of the AR may be adapted to acknowledge the different purposes for which funds are held and used at the HEI.	

13.3 Annexure 3 – List of committee meetings

Committee	List of meetings	% attendance 2015	% attendance 2016	% attendance 2017	% attendance 2018	Self-evaluation undertaken
Council	28 March 2018 (ordinary meeting) 21 June 2018 (ordinary meeting) 27 September 2018 (ordinary meeting) 22 November 2018 (ordinary meeting)	91%	80%	80%	88%	
Council Executive Committee (Exco)	8 February 2018 (ordinary meeting) 10 May 2018 (ordinary meeting) 20 June 2018 (extraordinary meeting) 27 July 2018 (extraordinary meeting) 23 August 2018 (ordinary meeting) 27 September 2018 (extraordinary meeting) 22 October 2018 (ordinary meeting) 22 November 2018 (extraordinary meeting)	96%	91,8%	85%	92%	
Finance Committee	10 May 2018 (ordinary meeting) 5 November 2018 (ordinary meeting)	100%	55%	80%	64%	
Transformation Oversight Committee	15 May 2018 (ordinary meeting) 31 October 2018 (ordinary meeting)	71%	91,7%	67%	73%	
Student Oversight Committee	28 May 2018 (ordinary meeting) 17 October 2018 (ordinary meeting) 25 October 2018 (extraordinary meeting)	79%	86,7%	64%	70%	
People and Culture and Employment Equity Committee	16 May 2018 (ordinary meeting) 30 October 2018 (ordinary meeting)	82%	83,3%	67%	92%	
Tender Committee	3 May 2018 14 June 2018 14 August 2018 9 October 2018	63%	62,5%	71%	64%	

Committee	List of meetings	% attendance 2015	% attendance 2016	% attendance 2017	% attendance 2018	Self-evaluation undertaken
Honorary Awards Committee	17 October 2018 (ordinary meeting)	100%	60%	100%	100%	
Audit, Risk and Compliance Committee	6 March 2018 (ordinary meeting) 5 June 2018 (ordinary meeting) 2 August 2018 (ordinary meeting) 22 October 2018 (ordinary meeting)	80%	81,3%	75%	91%	
Remuneration Committee	26 March 2018 (ordinary meeting) 5 June 2018 (ordinary meeting) 2 August 2018 (extraordinary meeting) 22 October 2017 (ordinary meeting) 21 November 2017 (ordinary meeting)	80%	81,8%	88%	89%	
Assets Committee	11 May 2018 (ordinary meeting) 16 October 2018 (ordinary meeting)	83%	100%	83%	88%	
Investments Committee	1 March 2018 (ordinary meeting) 8 May 2018 (ordinary meeting) 25 May 2018 (extraordinary meeting) 1 June 2018 (extraordinary meeting) 17 August 2018 (ordinary meeting) 7 September 2018 (extraordinary meeting)	69%	80%	67%	68%	
TI Governance Committee	5 May 2018 (ordinary meeting) 1 November 2018 (ordinary meeting)	Not applicable	Not applicable	83%	62%	
Social and Ethics Committee	Newly established – to meet in 2019					

13.4 Annexure 4 – Composition of Senate

As at the October meeting of the committee:

Name	Reference to Statute and designation
Vice-Chancellor	(a)
1 Kgwadi, ND, Prof (<i>Chairperson</i>)	
Vice-Principal	(b)
2 Janse van Rensburg, JJ, Prof	
Deputy Vice-Chancellors	(c)
3 Balfour, RJ, Prof	Teaching-Learning
4 Du Plessis, L, Prof	Vaal Triangle Campus
5 Phaswana-Mafuya, RN, Prof	Research and Innovation
6 Setlaleto, BM, Prof	Mafikeng Campus
Registrar	(d)
7 Verhoef, M, Prof	Registrar
Executive Directors	(e)
8 De Beer, E, Ms	Executive Director: Finance and Facilities
9 Manoko, C, Mr	Executive Director: Corporate Relations and Marketing
10 Singh, M, Dr	Executive Director: People and Culture
11 Lalendle, L, Prof	Executive Director: Student Life
Executive Deans	(f)
12 De la Harpe, S, Prof	Faculty of Law
13 Ebenso, E, Prof	Faculty of Natural and Agricultural Sciences
14 Van Dyk, L, Prof	Faculty of Engineering
15 Kotzé, AF, Prof	Faculty of Health Sciences
16 Balia, D, Prof	Faculty of Theology
17 Conley, L, Prof	Faculty of Education
18 De Lange, AM, Prof	Faculty of Humanities
19 Swanepoel, S, Prof	Faculty of Economic and Management Sciences
Deputy Deans	(g)
20 Chaka, M, Prof	Faculty of Humanities: Teaching and Learning
21 Coetzee-van Rooy, S, Prof	Faculty of Humanities: Research and Innovation
22 Drummond, H, Prof	Faculty of Natural and Agricultural Sciences: Teaching and Learning
23 Du Plessis, J, Prof	Faculty of Health Sciences: Research and Innovation
24 Dudu, W, Prof	Faculty of Education: Research and Innovation
25 Lombard, K, Prof (acting)	Faculty of Education: Community Engagement
26 Medupe, TR, Prof	Faculty of Natural and Agricultural Sciences Community Engagement
27 Modise, DM, Prof	Faculty of Natural and Agricultural Sciences: Research and Innovation
28 Morei, N, Dr	Faculty of Law: Quality Assurance and Stakeholder Relations
29 Moroke, N Prof	Faculty of Economic and Management Sciences: Community Engagement and Stakeholder Relations
30 Robinson, AKL, Prof	Faculty of Health Sciences: Strategy and Business Development
31 Surujlal, B, Prof	Faculty of Economic and Management Sciences: Research and Innovation
32 Tshidzumba, NA, Dr	Faculty of Humanities: Community Engagement and Stakeholder Relations
33 Van der Merwe, HJ, Prof	Faculty of Economic and Management Sciences: Teaching and Learning
34 Van Vuuren, H, Prof	Faculty of Education: Teaching and Learning
35 Temane, QM, Prof	Faculty of Health Sciences: Teaching and Learning
Academic staff elected by academic staff in the faculties	(h)
36 Krugell, W, Prof	Professor
37 Janse van Vuuren, H, Prof	Associate Professor
38 Montshiwa, VT, Dr	Senior Lecturer
39 Viviers, W, Prof	NRF-rated researcher

Name		Reference to Statute and designation
40	Mentz, PJ, Prof	Professor
41	Van der Westhuizen, CP, Prof	Associate Professor
42	Nkhoma, P, Dr	Senior Lecturer
43	Mentz, E, Prof	NRF-rated researcher
44	Campbell, QP, Prof	Professor
45	Serfontein, DE, Prof	Associate Professor
46	Grobler, MJ, Dr	Senior Lecturer
47	Fosso-Kankeu, E, Prof	NRF-rated researcher
48	De Ridder, JH, Prof	Professor
49	Fouché, A, Prof	Associate Professor
50	Walker-Williams, H, Dr	Senior Lecturer
51	Legoabe, L, Prof	NRF-rated researcher
52	Van Eeden, E, Prof	Professor
53	Verhoef, AH, Prof	Associate Professor
54	Kotzé H, Dr	Senior Lecturer
55	Van Rooy, AJ, Prof	NRF-rated researcher
56	Carnelley, M, Prof	Professor
57	Mwanawina, I, Prof	Associate Professor
58	Rossouw, G, Mr	Senior Lecturer
59	Agbor, A, Prof	NRF-rated researcher
60	Viljoen, FP, Prof	Professor
61	Kruger, FP, Prof	Associate Professor
62	Yates, H, Dr	Senior Lecturer
63	Hobyane, RS, Dr	NRF-rated researcher
64	Wepener, V, Prof	Professor
65	Motadi, LR, Prof	Associate Professor
66	Lebopa, C, Dr	Senior Lecturer
67	Mawire, A, Prof	NRF-rated researcher
Two employees elected by the support employees		(i)
68	Le Roux, AA, Dr	Higher Degrees Admin and Ceremonies
69	Kunene, S, Dr	UCE: Business Development
Students designated by the SRC		(j)
70	Maphosa, L, Mr	SRC president
71	Thebe, G, Mr	SCC Mafikeng
72	d' Assonville, D, Ms	SCC Potchefstroom
73	Siziba, T, Mr	SCC Vaal Triangle
Chairperson of Council or delegate and one other council member elected by council		(k)
74	Zibi, LN, Mr	Designated member: Council
	<i>Vacant</i>	<i>Designated member: Council</i>
Academic staff members co-opted by the Senate upon the advice of the Senate Standing Committees		(l)
75	Erasmus, M, Ms	Faculty of Health Sciences
76	Lodewyk, R, Ms	Faculty of Economic and Management Sciences
77	Lembethe, N, Ms	Faculty of Humanities
78	Moshidi, E, Mr	Engineering
79	Petersen, N, Dr	Faculty of Education
80	Schoeman, M, Ms	Faculty of Law
81	Van Rooyen, ME, Ms	Faculty of Theology
	<i>Vacant</i>	<i>Faculty of Natural and Agricultural Sciences</i>

Persons responsible for research, teaching-learning support, library services, quality enhancement, global engagement and IT services		13(2)
82	Jacobsz, J, Dr	Director: Quality Enhancement
83	Moyo, M, Dr	Chief Director: Library and Information Services
84	Pretorius, CE, Mr	Chief Director: Information Technology
85	Soobramoney, S, Dr	Director: Global Engagement
86	Meintjes, MPE, Ms (acting)	Director: Research Support
87	Van Vollenhoven, W, Prof	Chief Director: Academic Support

13.5 Annexure 5: Composition of the Finance Committee

As at the October meeting of the Finance Committee:

Name	Designation
Chairperson	
Mr C Mabe	External member of Council
Standing members	
Mr I Klynsmith	External member of Council
Dr BM Tyobeka	External member of Council and chairperson of Council
Ms T Semane	External member of Council
Mr OE Mongale	External member of Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In attendance	
Ms E de Beer	Executive Director: Finance and Facilities

13.6 Annexure 6: Composition of the Audit, Risk and Compliance Committee

As at the October meeting of the ARCC:

Name	Designation
Chairperson	
Mr A Redelinghuis	External member of Council
Standing members	
Mr S de Bruyn	External member of Council
Mr A Sorgdrager	External member of Council
Mr MJS Thabethe	External member of Council
Dr K van der Walt	Independent audit specialist
Prof M Verhoef (ex officio)	Registrar
In attendance	
Prof ND Kgwadi	Vice-Chancellor
Ms E de Beer	Executive Director: Finance and Facilities
Ms M van der Merwe	Director: Internal Audit
Mr A Dale, Mss F Bootha, Ms S Bootha	External Auditors: PwC
Ms A Venter	Representative: Auditor General

13.7 Annexure 7: Composition of the Remuneration Committee

As at the November meeting of the Remuneration Committee:

Name	Designation
Chairperson	
Mr C Mabe	External member and chairperson of the Finance Committee
Standing members	
Dr MB Tyobeka	External member and chairperson of Council
Fr D Dinkebogile	External member and chairperson of P&CEE
Mr A Redelinghuis	External member and chairperson of ARCC
Mr A Sorgdrager	External member of Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex-officio secretary)
In attendance	
Dr M Singh	Executive Director: People and Culture
Ms E de Beer	Executive Director: Finance and Facilities

13.8 Annexure 8: Composition of the Tender Committee

Note: The Reporting Regulations for Public Higher Education Institutions stipulates that the Tender Committee adjudicated on significant tenders during the year under review, details of the Tender Committee's terms of reference, activities and membership must be disclosed.

As at the October meeting of the Tender Committee:

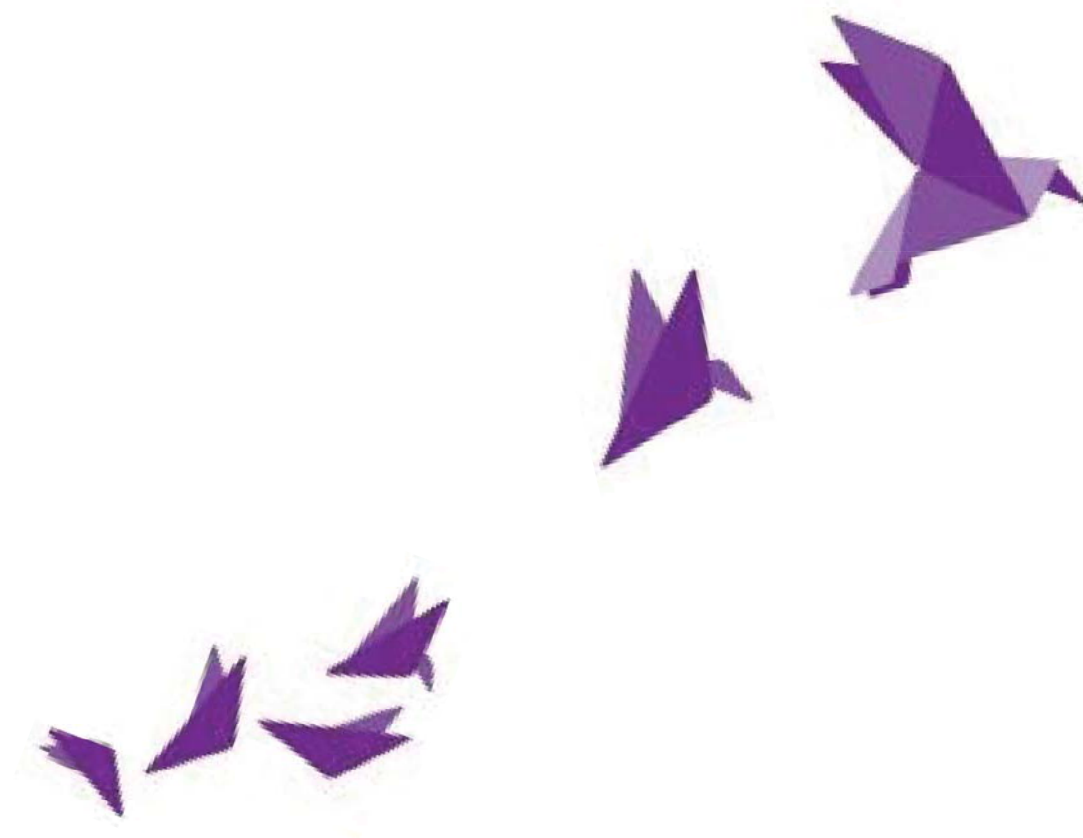
Name	Designation
Chairperson	
Mr OE Mongale	External member: Auditor's firm
Standing members	
Mr S de Bruyn	External member: Council
VACANT	External member: Council
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In Attendance	
Ms E de Beer	Executive Director: Finance and Facilities

13.9 Annexure 9: Composition of the TI Governance Committee

As at the October meeting of the TI Governance Committee:

Name	Designation
Chairperson	
Mr MJS Thabethe	External Council member
Standing members	
Mr W Human	External Council member
Ms T Semane	External Council member

Name	Designation
Prof HJ van der Merwe	Internal Council member
Mr XV Hadebe	Independent external IT expert
VACANT	Independent external information expert
Prof ND Kgwadi	Vice-Chancellor
Prof M Verhoef	Registrar (ex officio secretary)
In attendance	
Prof R Phaswana-Mafuya	Deputy Vice-Chancellor: Research and Innovation
Mr CE Pretorius	Chief Director: Information Technology



13.10 Annexure 10: Financial overview

ANNUAL FINANCIAL REVIEW 2018

REPORT OF THE CHAIRPERSON OF THE FINANCE COMMITTEE AND THE EXECUTIVE DIRECTOR: FINANCE AND FACILITIES

The purpose of this report is to present a summary of the financial results of the University for 2018 and to provide information regarding the following:

- Budgeting and budgetary control processes
- Overview of financial achievements

REVISED BUDGETING AND BUDGETARY CONTROL PROCESSES IN 2018

In the past, the NWU budget process was an interactive process where all levels of management took ownership and participated actively in compiling the budget for the next year, taking into account the trends of the past, risks and concerns, benchmarking, and future goals/plans. During 2016, management teams participated actively in the *NWU structure and operating model implementation project* and as a result thereof a revised process was approved for the compilation of the 2017 budget. The 2017 budget was compiled on a high strategic level, using the information in the APP and the 2016 budget as a basis.

Each year the interactive budget process begins in June and ends in November when Council approves the budget. As all the managers were not yet appointed in the new structure, an interactive process for 2018 would have been very challenging, taking into account that the newly appointed managers were still busy settling into their environments. Taking the above into account, a budget process similar to the previous year's process was proposed and approved by the Finance Committee, **namely to compile the 2018 budget on a high strategic level, taking into account the approved Annual Performance Plan and financial information of 2016 and 2017.**

To build on the benefits of an interactive budget process, a process to revise the 2017 and 2018 budgets was also approved. The aim of the process was to give the new management teams the opportunity to engage with their high-level budgets and to list potential risks/problems and additional budget needs in respect of growth and the restructuring process. This had the added benefit that a holistic view of the 2017 and 2018 budgets was possible, and also saved valuable time of the managers by having a parallel process.

Budget overview

A high-level budget approach was followed for the 2018 budget compilation. As the budget was shaped by the realistic prediction of income, translated to expenses that could be "afforded", the calculation of the key sources of revenue received intensive attention, taking into account all of the latest relevant information available. The 2017 budgeted expense ratios were used as the basis for the 2018 expense budget. The result of the income calculation gave an indication of the adjustment needed for the 2018 expense budget.

The budget control process did not change.

Budget control process

As performance agreements of all staff are linked to the Annual Performance Plan (APP), all the different levels of management remained involved in the management of the budget. In the course of any given year all staff members who deal with finances remain closely involved through the monthly variance reporting structures. Variance reports were monitored up to University Management level on a quarterly basis via the Management Statements that served at the University Management Committee (UMC), and also reported biannually to the Finance Committee of Council. For source of funds (SOF) 2, 3 and 5, only income actually received is allowed to be spent.

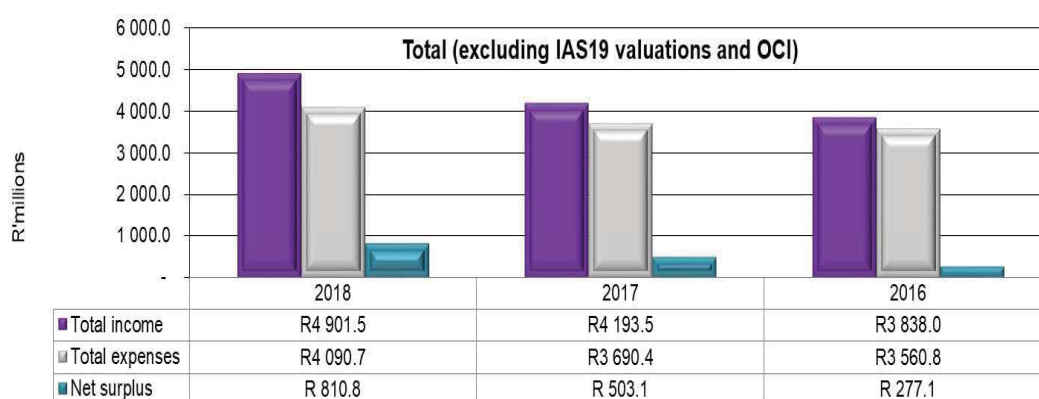
OVERVIEW OF FINANCIAL ACHIEVEMENTS

The financial review for the year ended 31 December 2018 is presented under the following headings:

• Surplus and growth

The total income of the University increased by 16,9% during 2018 to R4 901,5 million (2017: R4 193,5 million) and increased by 27,7% compared with 2016 (R3 838,0 million). Total expenditure of R4 090,7 million (excluding the effect of IAS19 valuations) increased by 10,9% for the 2018 financial year (2017: R3 690,4 million) and by 14,9% since 2016 (R3 560,8 million). The University's total surplus from operations (recurrent and non-recurrent) is therefore R810,8 million for 2018 (2017: R503,1 million and 2016: R277,1 million).

The impact of IAS19 valuations on expenses is a decrease of R20,3 million for 2018 (2017: R1,8 million increase), compared to the decrease of R3,9 million for 2016. The net surplus for 2018 as reflected in the consolidated statement of comprehensive income is R831,1 million (2017: R501,2 million and 2016: R281,0 million) and represents 17,0% of total income, compared to 12,0% for 2017 and only 7,3% for 2016, an increase of 9,7% during two financial years.

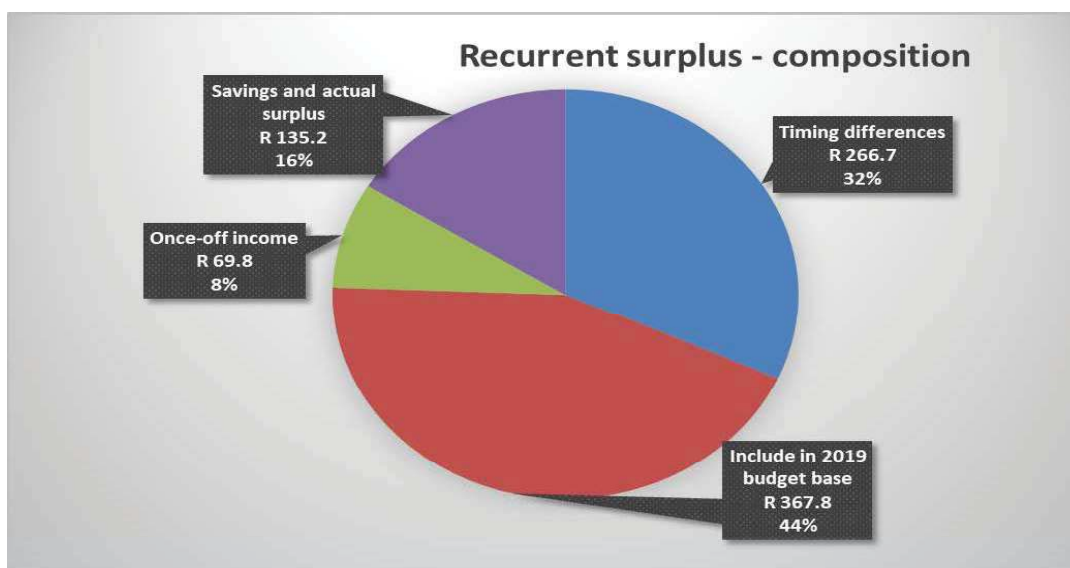


The total income of the University from recurrent activities increased by 16,9% to a total income of R4 900,3 million, while the total expenses from recurrent activities (excluding the effect of IAS19 valuations) increased by 10,0% to a total expenditure of R4 060,8 million for 2018. The surplus for the 2018 financial year from recurrent activities represents 17,1% (2017: 12,0% and 2016: 5,9%) of the total recurrent income.

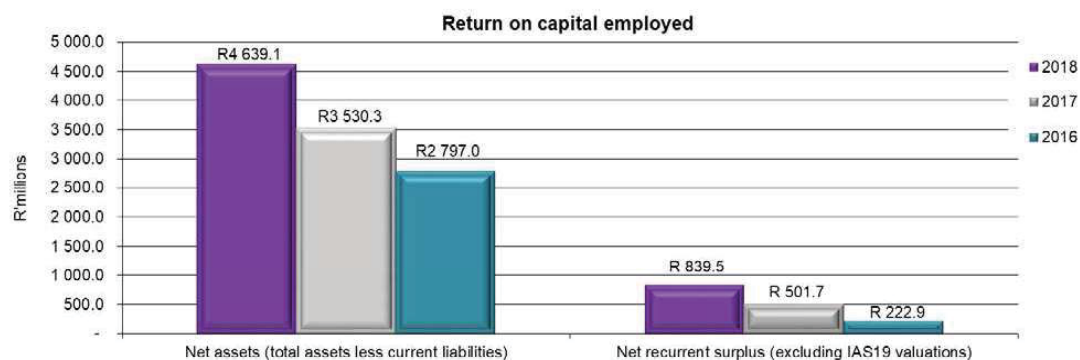
The increase in the surplus from recurrent activities can be attributed to a number of factors i.a.

- timing differences due to capital and macro-maintenance projects not completed during the year, which had to be postponed and carried over to 2019;
- strategic projects not fully executed due to the priority given to finalising the implementation of the NWU structure and operating model project;
- additional funding after the DHET revised block grant allocations in April 2018;
- additional NSFAS allocations which resulted in a higher number of enrolments;
- mandatory implementation of IFRS 9 – 'Financial Instruments', on 1 January 2018 which resulted in a change in accounting policy with a total impact of a decrease of about R40,0 million in the previous provision for doubtful debt (student and sundry debtors), which was replaced with a now expected credit loss (ECL) calculation;
- personnel remuneration savings on vacant positions, etc.

The recurrent surplus can be further analysed, taking future expectations and action into account. Surplus due to timing differences that was carried forward to 2019 amounted to R266,7 million. Items included in the 2018 surplus that were not budgeted for amounted to R367,8 million, giving rise to a once-off deviation. These items have been included in the base for the 2019 budget process. The impact of implementing the new IFRS standards together with other once-off income totalled R69,8 million and is not expected to recur in the next financial reporting period. Savings against allocated budget contributed R135,2 million towards the surplus for 2018.



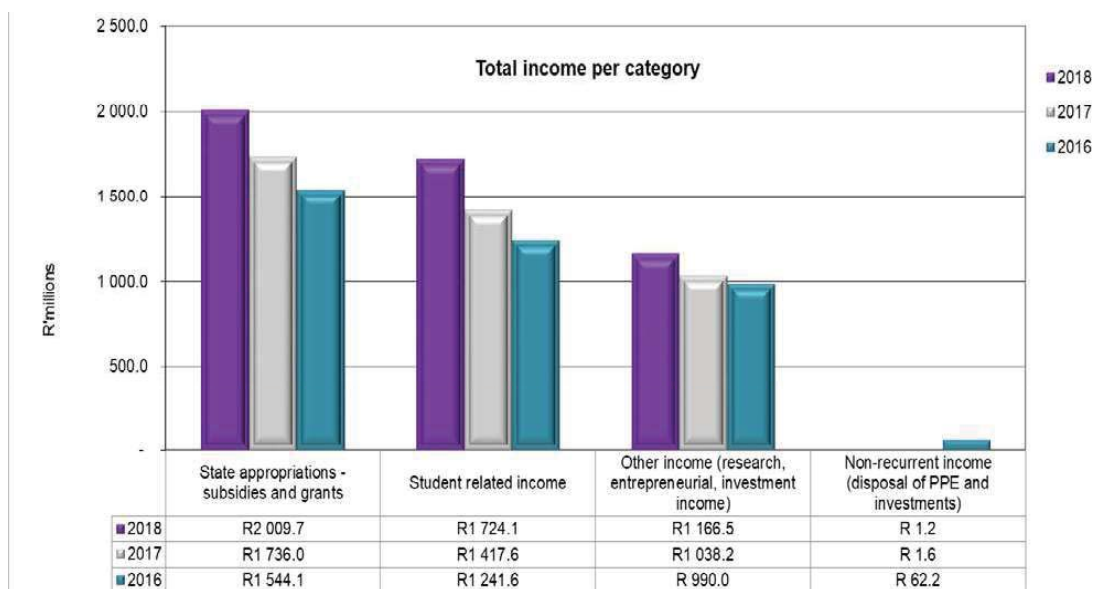
The University's return from recurrent operating activities (excluding the effect of IAS19 valuations) on capital employed (total assets less current liabilities) increased to 18,1% (2017: 14,2%) and compares favourably to the 8,0% in 2016. This is mainly due to an increase in the recurrent surplus despite an increase of 31,4% in net assets.



Income from state appropriations (subsidies and grants) represents 41,0% of total income (2017: 41,4% and 2016: 40,1%), an increase of 15,8% from 2017 to 2018 – compared to the 12,4% increase received from 2016 to 2017. A significant portion of the increase can be attributed to the additional subsidy of R110,6 million received as per the revised Medium Term Expenditure Framework (MTEF) baseline allocations during April 2018. A no fee increase grant of R13,2 million was received and is also included. Total state subsidies comprise 38,1% block grant, 0,3% no fee increase grants relating to tuition fees and residence fees, 2,3% earmarked grants and 0,3% capital related subsidy. Earmarked grants in the amount of R50,1 million were deferred (2017: R35,3 million and 2016: R31,9 million).

Tuition fees increased by 8,0% for both 2017 and 2018, and by 0,0% as per the announcement by the Minister on 23 October 2015 for 2016. Student-related income was 21,6% higher than in 2017, mainly due to additional NSFAS funding that enabled a higher number of enrolments (2017: 14,1% and 2016: 6,0%). Additional gap funding of R87,6 million was received from the DHET to bridge the 8,0% fee increase for students qualifying to receive this funding. The total student-related income represents 35,1% of the total income (2017: 33,8% and 2016: 32,4%).

Other income represents 23,8% of total income (2017: 24,8% and 2016: 27,4%). This ratio includes non-current income, which may affect comparability depending on events and related amounts per year.



Total expenditure (excluding IAS19 total adjustments) increased by 10,8% (2017: 3,6% and 2016: 6,6%).

Personnel remuneration (excluding IAS19 total adjustments) increased by 9,9% compared to 5,4% for 2017 (2016: 7,3%). The increase reflects a combination of the 6,6% COLA adjustment in April of 2018 and a once-off non-pensionable cash allowance of 0,2% that was paid at the end of August 2018. A number of vacancies were filled after the finalisation of the restructuring process. The total cost of personnel expenditure for 2018 decreased to 46,2% of total income (2017: 49,1% and 2016: 50,9%), mainly due to the increase in income and the impact of the IAS19 valuations.

The total effect of IAS19 valuations amounted to a R20,3 million decrease in staff expenses (recurrent and non-recurrent) for 2018 (2017: R1,8 million increase and 2016: R3,9 million decrease). IAS19 requires an entity to recognise an expense when it consumes the economic benefits arising from services provided by an employee in exchange for employee benefits. The expenses recognised during the year are not necessarily the amount of contribution due for the period and settlement may be years after the employees render the related service. As the University, in essence, underwrites the actuarial and investment risks associated with the employee benefit plans, accounting is complex. Considering all the actuarial assumptions that are used in the valuation, other influential factors and the sensitivity of the valuation to any change in these, the effect of IAS19 total adjustments is therefore excluded from the review. The amounts may vary significantly and the impact is not considered to be part of the University's normal operating activities.

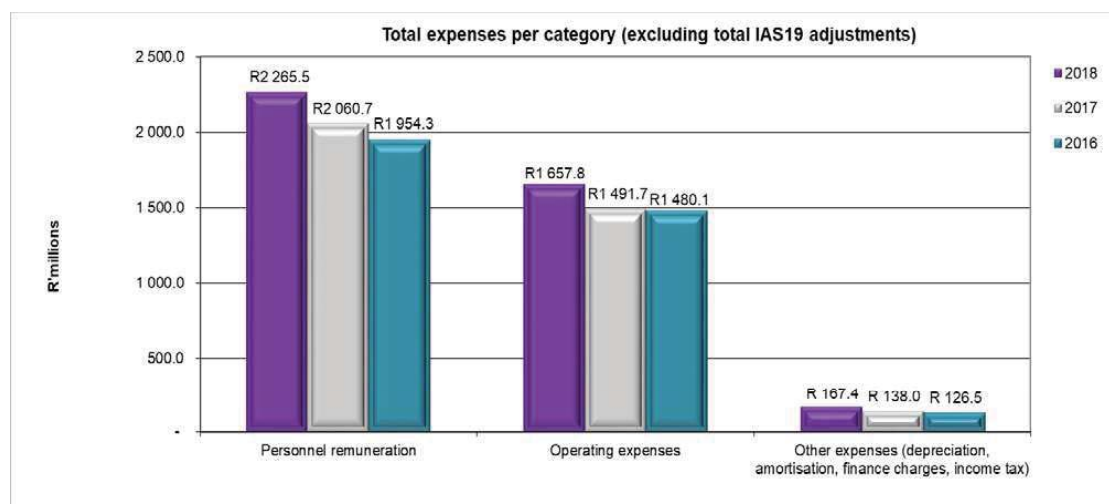
Operating expenditure increased by 11,1% compared to 2017. During 2017 operating expenses increased by a mere 0,8% compared to 2016 (2016: 10,6%). Operating costs represent 33,8% of total income (2017: 35,6% and 2016: 38,6%), which is mainly due to the increase in income and therefore below the target set of 42%.

Expenses include an amount of R47,6 million (2017: R52,4 million and 2016: R37,8 million) written off as irrecoverable and doubtful student debt. IFRS 9 – 'Financial Instruments' introduced a new impairment model to calculate an expected credit loss (ECL) on financial assets. Applying this model to student debtors resulted in a decrease of R16,7 million in expected impairment compared to the previous impairment allowance for bad debt (2017: R51,1 million decrease and 2016: R23,4 million increase). The impact on sundry debtors was a decrease of R23,3 million in expected impairment. Student debtors-related expenditure therefore amounts to R30,9 million for the current year, compared to the R1,3 million for 2017 and R61,2 million for 2016. Student debt ratio (before impairment) is set to be less than 20,0% for the sector. The NWU has a ratio of 15,8% for 2018 (2017: 17,1% and 2016: 18,2%).

Other expenditure relating to depreciation and finance charges, also including non-recurrent expenditure, increased by 21,3% (2017: 9,1% increase and 2016: 30,3% decrease). Evaluating the new measurement

categories of IFRS 9 – ‘Financial Instruments’, the University has elected that equity instruments that were classified as available for sale (listed shares in public companies and unlisted shares that do not qualify as an investment in equity-accounted investees) and instruments that were classified as held-to-maturity (bonds) will be measured as debt instruments under IFRS 9 and will be accounted for as financial assets at fair value through profit or loss (FVPL). This change in accounting policy resulted in the adjustment in fair value of these instruments to be included in non-recurring items for 2018, thus having the effect of a total decrease of R26,6 million for 2018. This adjustment was previously done under other comprehensive income (OCI) in the statement of comprehensive income.

Owing to the impact of no increase in tuition fees for 2016, strict monitoring of income and expenses was implemented and tight budgetary controls resulted in a heightened awareness regarding savings. This awareness and behaviour carried through, resulting in positive contributions towards the University’s available reserves. As mentioned above, a portion of the savings can be attributed to timing differences and will result in a spending against reserves in 2019.

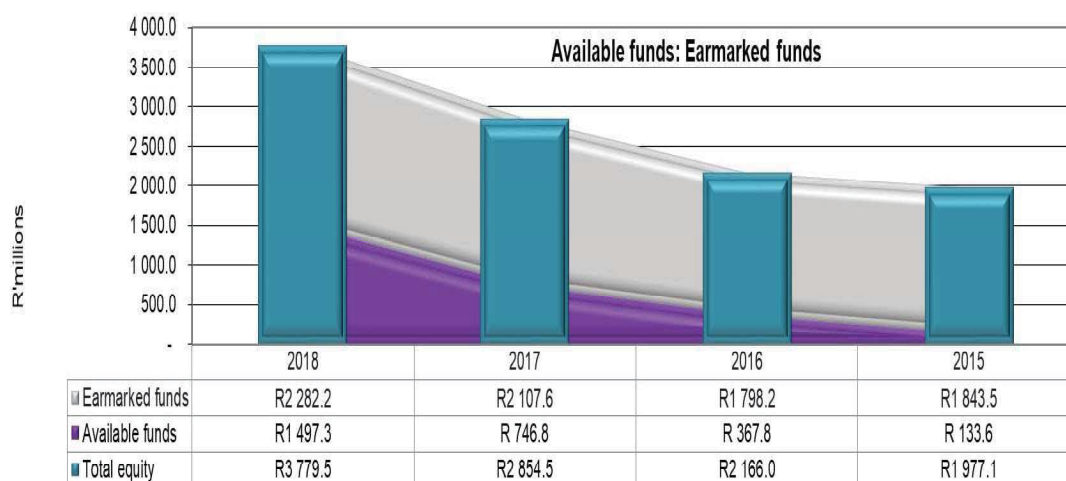


- Equity

The University’s equity increased by 32,4% in the 2018 financial year (2017: 31,8% and 2016: 9,5%), mainly due to the higher than targeted surplus, and an increase of R32,2 million in the net asset value of employee benefits (pension fund and disability reserve fund) at 31 December 2018 – as per external actuarial valuation in terms of IAS19 (2017: R140,8 million increase and 2016: R106,8 million decrease). The unrealised fair value adjustment reserve decreased though by 19,1% during 2018, compared to the increase of 37,1% for 2017. Investment in property, plant and equipment also contributed R58,1 million to the higher percentage.

The available funds increased to 39,6% of total equity (2017: 26,2% and 2016: 17,0%), mainly due to the surplus of 17,0%, which is above the target of 3% to 6% on recurrent activities. The University retroactively adopted and applied the new rules of IFRS 9 - ‘Financial Instruments’ and IFRS 15 – ‘Revenue from contracts with customers’ from 1 January 2018, with the practical expedients permitted under these standards. Comparatives for 2017 have therefore not been restated. The cumulative impact was recognised directly in retained earnings and resulted in an increase of R75,4 million in available equity. Some infrastructure and other projects commenced late in 2018 and will only be completed in 2019 – thus spending against carried-forward 2018 available reserves will take place during 2019.

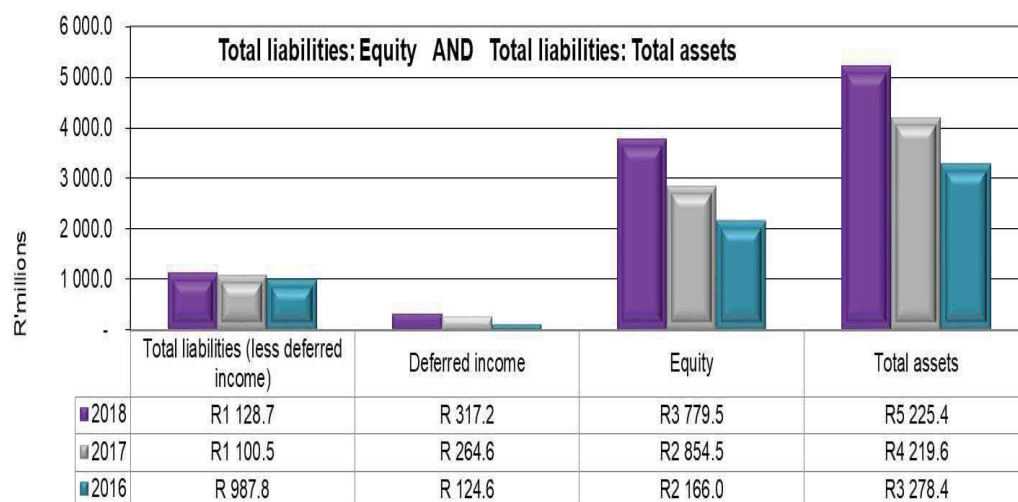
The sustainability ratio of equity over total expenditure for the year is 0,92 for 2018 (2017: 0,77 and 2016: 0,61). The trend, as well as the vast improvement in council-controlled reserves (which increased from R133,6 million in 2015 to R1 500,4 million in 2018), is indicative of the commitment of the NWU to achieving the DHET norm of 1,0.



• Solvability

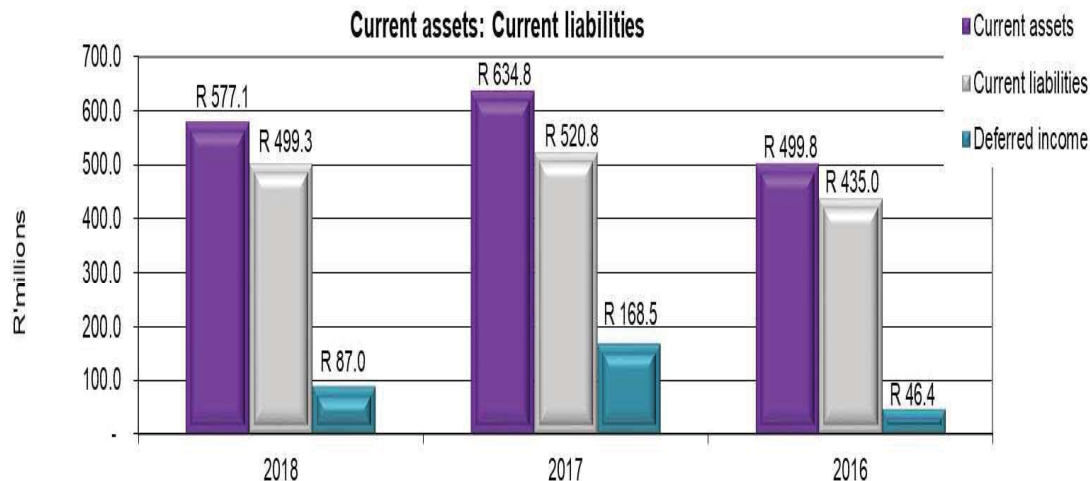
The total liabilities (R1 445,9 million) at year end for 2018 expressed over total equity (R3 779,5 million) means the University's ratio of debt to equity is 0,38 (2017: 0,48 and 2016: 0,51). This is the result of an increase of 32,4% in equity (2017: 31,8% and 2016: 9,5%) for the reasons explained above, and an increase of 5,9% in total liabilities (2017: 22,7% increase and 2016: 8,3% decrease). The amount of R317,2 million (including accumulated interest) relating to the previous as well as the new cycle infrastructure grants, is included in total liabilities under deferred income.

The total liabilities expressed over total assets indicate an improved ratio of 0,28 for the year (2017: 0,32 and 2016: 0,34). Thus total liabilities are covered 3,61 times by total assets (2017: 3,09 and 2016: 2,95 times). Solvency ratios continue to indicate clearly that the University is solvent and able to meet both its long-term and its short-term obligations.



• Liquidity

The working capital ratio indicates that the current liabilities are covered 0,98 times by the current assets (2017: 0,92 times and 2016: 1,04 times). If the analysis is expressed in rand value, the current assets (excluding current portion of investments) decreased by R57,7 million for the 2018 financial year, whilst current liabilities for the same period decreased by R102,9 million. Current assets decreased mainly due to transfers to long-term investments whereby cash and cash equivalents decreased by R148,1 million. The working capital ratio increased compared to 2017 mainly due to the decrease of R81,5 million in the current portion of deferred income (R87,0 million or 14,8% of total current liabilities) relating to infrastructure grants. For 2017 this portion of deferred income represented 24,4% (R168,5 million) of total current liabilities.



The net value of working capital, investments and total liabilities for 2018 improved to R1 944,9 million (2017: R1 100,3 million and 2016: R732,5million), representing an increase of 165,5% from 2016 to 2018.

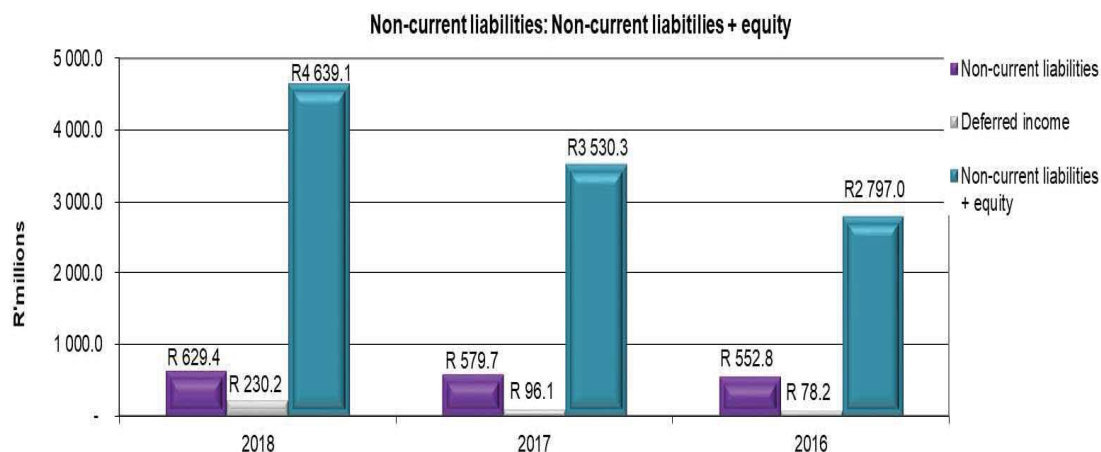
	2018 Rmillion	2017 Rmillion	2016 Rmillion
Investments	2 813,8	1 830,6	1 345,1
Current assets	577,1	634,8	499,8
Total liabilities	(1 446,0)	(1 365,1)	(1 112,4)
Net investments, current assets and total liabilities	1 944,9	1 100,3	732,5
Capital commitments (infrastructure)	(128,2)	(65,8)	(67,1)
Net cash after capital commitments	1 816,7	1 034,5	665,4

The cash-flow situation is monitored closely in order to achieve an optimal balance between long-term and short-term investments to optimise investment income without compromising flow of business.

• Gearing ratios

Gearing ratios analyse the extent to which long-term finance is used as a source of financing. It is a longer-term indication of liquidity.

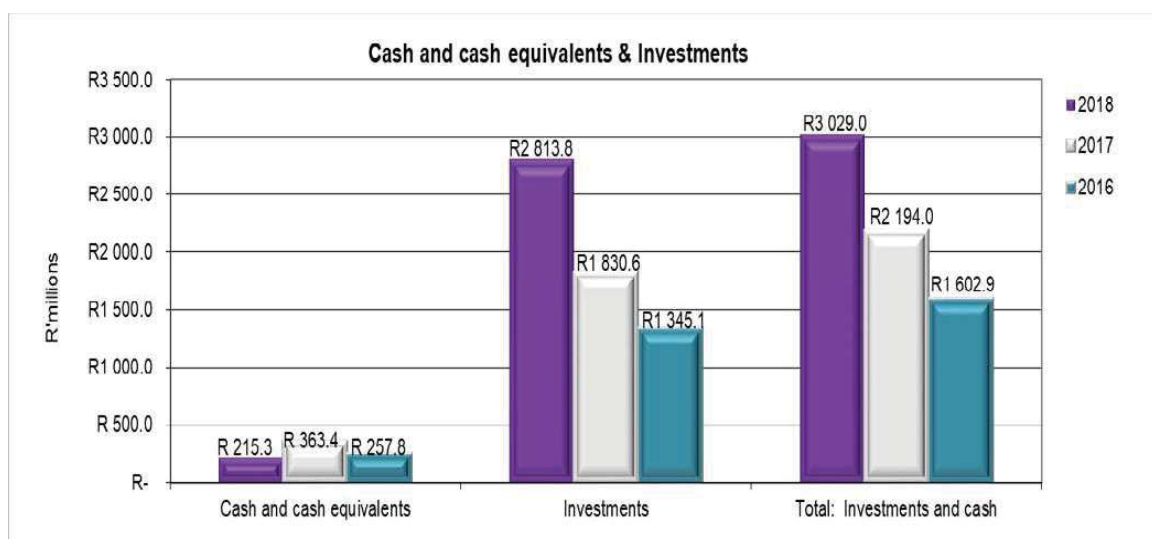
Non-current liabilities represent 18,5% of total funds employed (2017: 19,1% and 2016: 22,6%). This ratio decreased, as equity increased by a large margin, borrowing commitments decreased and infrastructure grant amounts expected to be utilised in 2019 are transferred to current liabilities.



• Cash flow

The University generated a surplus of R810,8 million for the 2018 financial year (2017: R503,1 million and 2016: R277,1 million), excluding total IAS19 adjustments, and the net cash flow amount generated from operating activities was R782,2 million (2017: R582,6 million and 2016: R271,2 million). The total net cash flow decreased by R148,2 million in 2018, taking into account i.a. R217,5 million net investment income, transfers of cash and cash equivalents to longer term investments (R1 011,5 million), investment in property, plant and equipment (R179,5 million) and a R52,6 million increase in deferred grant income. For the 2017 financial year the net cash flow increased by R105,6 million and for 2016 by R75,0 million.

The University manages and plans cash flow needs with great caution, and effective decision-making resulted in the University currently being in a viable cash-flow situation, with reference to total cash and cash equivalents and investments. Although 81,5% of the money market's investment portfolio has maturity dates during 2019 and is shown as part of current assets, the nature and purpose of these investments are long-term, focusing on investments with a period 12 months and longer to optimise returns. Funds are reinvested as they become available on maturity, taking cash flow needs into consideration.



• Conclusion

With regard to the University as a tertiary institution with the core business of teaching-learning, research and implementation of expertise (including community service), the NWU again added material value to the economy, and was able to achieve its financial goals. In this regard the following can be highlighted:

- NWU still provides affordable higher education.
- 15 350 students received degrees and diplomas during 2019.
- The University stays committed to support and enhance academic performance and awarded bursaries in the amount of R206,5 million from own funds to students.
- The cash flow investment in property, plant and equipment amounts to R179,5 million (2017: R321,0 million and 2016: R164,9 million), which is mainly attributable to DHET infrastructure and efficiency funding. (Not all projects have been completed, resulting in macro-maintenance to be carried forward to 2019). Total assets increased by 23,8% (2017: 28,7% and 2016: 9,1%).
- The increase in the available reserves to 39,7% of total equity from a very low base at the end of 2015 (although some spending against this reserve is to be expected as explained above).
- Maintaining a sound solvency position and optimal liquidity levels during the 2018 financial year to ensure that the NWU remains a going concern.

Council and Management are jointly committed to managing the NWU in such a way that the sound financial position will be sustained in 2019. It needs to be pointed out that our two largest sources of income, namely state subsidy and tuition fee-related income totalling 76,1% of turnover (2017: 75,2% and 2016: 72,5%), increased during 2018 – emphasising our dependence on these income stream one funds. Income stream three revenue decreases year on year as a percentage of total income, putting pressure on the viability of the University. The University is further pressured by the wide-spread difficult and weak South African economy and conditions.

The biggest challenge for NWU and the Higher Education Sector as a whole remains the accommodation of students referred to as the “missing middle”, who cannot afford their studies but who are also not eligible for study loans, without compromising the quality of our education.



MR CS MABE

Chairperson: Finance Committee



MS E DE BEER

Executive Director: Finance and Facilities



**CONSOLIDATED
FINANCIAL STATEMENTS
for the year ended
31 December 2018**

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

20 JUNE 2019



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Auditors

PricewaterhouseCoopers Inc.
Mafikeng
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NORTH-WEST UNIVERSITY

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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NORTH-WEST UNIVERSITY

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

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

The consolidated financial statements comply with International Financial Reporting Standards (IFRS), including full and responsible disclosure in accordance with the University's accounting policies and in the manner required by the Minister of Higher Education and Training 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 2018 as set out on pages 11 to 73 have been approved by the Council on 20 June 2019 and are signed on behalf of the Council by:



CHAIRPERSON OF COUNCIL



VICE-CHANCELLOR



EXECUTIVE DIRECTOR: FINANCE AND FACILITIES



INDEPENDENT AUDITORS REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE NORTH WEST UNIVERSITY

Report on the audit of the consolidated and separate annual financial statements

Opinion

We have audited the consolidated and separate annual financial statements of the North West University and its subsidiaries (the group) set out on pages 11 to 73, which comprise the consolidated statement of financial position as at 31 December 2018, the 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 the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the group as at 31 December 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997).

Basis for opinion

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

We are independent of the group in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' *Code of professional conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

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

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Chief Executive Officer: T D Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682.



Responsibilities of Council for the consolidated and separate annual financial statements

The Council is responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards 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 and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual 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 and separate annual financial statements.

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

Report on the audit of the annual performance report

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators/ measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance



strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the University for the year ended 31 December 2018:

Objectives	Pages in the annual performance report
Promote excellent learning and teaching and reposition the NWU to attain the size and shape required by the market direction decisions (Goal 1)	56-57
Intensify Research and Innovation (Goal 2)	59
Develop a clearly differentiated student value proposition (Goal 4)	63
Develop and retain excellent staff and create an equitable staff and student profile (Goal 5)	64,65,122

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not identify any material findings on the usefulness and reliability of the reported performance information for these objectives.

Achievement of planned targets

Refer to the annual performance report on pages 53 to 78 and pages 120 to 122 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.



Report on the audit of compliance with legislation

Introduction and scope

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

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the document titled "Integrated Report 2018", which includes 1) About this report, 2) Overview of the NWU, 3) Report of Senate to Council, 4) Report of the Vice Chancellor, 5) How we engage with our stakeholders, 6) Our transformation journey - Transformation report, 7) Material risks and opportunities impacting value, 8) The NWU Strategy, 9) Our performance against our strategy: How we create value through our capitals, 10) Governance supporting and preserving value including the Council statement on governance, 11) Report of the Institutional Forum, 12) Incentivising for achievement, and Annexures 1-11 and Annexure 13. The other information does not include the consolidated and separate annual financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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 and separate annual 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.

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

Internal control deficiencies

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

Other reports

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

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

Agreed-upon procedures on certificates were performed for grants, other funding and similar items. Below is a list of Agreed-upon procedure engagements performed or in the process of being performed in relation to 2018:

Engagement name and description	Period end	Party performing the engagement	Date
Student and staff statistics (HEMIS) - Procedures performed over HEMIS data submission	31/12/2018	PwC	In progress
NRF and THRIP Projects - Procedures performed on various funding awards	31/12/2018	PwC	07/03/2019
Clinical Training Grant - Procedures performed on grant income and expenditure	31/03/2019	PwC	23/05/2019
Clinical Enrolments - Procedures performed on the clinical enrolment submission	31/03/2019	PwC	In progress
Water Research Hydrogen Project Grant (per project) - Procedures performed on expenditure for approved DST projects	31/03/2019	PwC	26/04/2019
NWU Publication and Submission of Articles - Performed procedures on journal research outputs claimed	31/12/2018	PwC	15/05/2019
Foundation Provision Grant - Procedures performed on grant income and expenditure	31/03/2019	PwC	23/05/2019



Engagement name and description	Period end	Party performing the engagement	Report date
Veterinary Science Project - Procedures performed on grant income and expenditure	31/03/2019	PwC	23/05/2019
DHET Excel - Procedures performed on the financial data submission	31/12/2018	PwC	26/06/2019
nGAP Grant - Procedures performed on grant income and expenditure	31/03/2019	PwC	23/05/2019
DAC Language Grant - Procedures performed on grant income and expenditure	28/02/2019	PwC	11/03/2019
UCDP Grant - Procedures performed on grant income and expenditure	31/12/2018	PwC	26/02/2019
BRICS Grant - Procedures performed on grant income and expenditure	31/12/2018	PwC	28/03/2019
Infrastructure Grant - Procedures performed on grant income and expenditure	31/03/2019	PwC	17/05/2019
NSFAS Historical Debt Fees - Procedures performed on the data submitted on the NSFAS historical debt and qualifying requirements	31/08/2019	PwC	Not started
2018 Fee Adjustment Grant - Procedures performed on enrolments and qualifying requirements	31/07/2019	PwC	Not started
SCC Election: RAG – Procedures performed on the SCC RAG election	31/03/2019	PwC	06/05/2019
Eskom Power Plant Engineering Institute Funding (EPPEI) - Procedures performed on the EPPEI Specialisation Centre	31/12/2018	PwC	28/02/2019
SCC Election 2019 - Procedures performed on the SCC election	31/07/2018	PwC	22/08/2018
Veterinary Enrolments - Procedures performed on the veterinary enrolment submission	31/03/2019	PwC	In progress

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
 Director: A.J.C. Dale
 Registered Auditor
 26 June 2019
 Mafikeng



Annexure – Auditor’s responsibility for the audit

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

Consolidated and separate annual financial statements

2. In addition to our responsibility for the audit of the consolidated and separate annual financial statements as described in this auditor’s report, we also:
 - Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
 - Conclude on the appropriateness of the Council’s use of the going concern basis of accounting in the preparation of the consolidated and separate annual financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and its ability 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 and separate annual financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated and separate annual financial statements. Our conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a University to cease continuing as a going concern.
 - Evaluate the overall presentation, structure and content of the consolidated and separate annual financial statements, including the disclosures, and whether the consolidated and separate annual 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 and separate



annual 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

3. We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also confirm to the Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and, where applicable, related safeguards.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2018

	NOTE	2018 R'000	2017 R'000
ASSETS		5 225 443	4 219 578
NON-CURRENT ASSETS		2 694 231	2 922 667
PROPERTY, PLANT AND EQUIPMENT (PPE)	6	1 409 422	1 360 752
INVESTMENT PROPERTIES	7	18 831	19 328
INTANGIBLE ASSETS	8	950	950
INVESTMENTS	9	858 580	1 168 428
EQUITY-ACCOUNTED INVESTEEES	10	1 098	107
DEFERRED TAX ASSET	33	130	119
EMPLOYEE BENEFITS	18	405 220	372 983
CURRENT ASSETS		2 531 212	1 296 911
INVENTORIES	13	52 084	24 907
TRADE AND OTHER RECEIVABLES	14	299 514	236 277
INCOME TAX RECEIVABLE	33	37	0
CURRENT PORTION OF INVESTMENTS	9	1 954 079	662 071
CASH AND CASH EQUIVALENTS	15	215 269	363 427
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE	32	2 520 984	1 286 682
		10 229	10 229
EQUITY AND LIABILITIES		5 225 443	4 219 578
EQUITY		3 779 482	2 854 461
NON-DISTRIBUTABLE RESERVES		1 516 082	1 487 567
FIXED ASSET RESERVE FUND (PPE)	16	1 391 224	1 333 147
UNREALISED FAIR VALUE ADJUSTMENT RESERVE		124 858	154 420
RESERVE FUNDS		2 260 053	1 363 623
RESTRICTED USE FUNDS		339 026	229 626
STUDENT LOAN FUNDS		563	563
STUDENT AND STAFF ACCOMMODATION FUNDS		129 172	99 072
DONATIONS AND SIMILAR FUNDS		49 010	41 395
RESEARCH AND OTHER (CONTRACTS) FUNDS		160 281	88 596
NWU PENSION FUND AND DISABILITY FUND		405 220	372 983
HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT		18 514	14 167
UNRESTRICTED RESERVE FUNDS - EDUCATION AND GENERAL		15 094	11 930
DESIGNATED RESERVE FUNDS - EDUCATION AND GENERAL		1 482 199	734 917
EQUITY RELATING TO NON-CURRENT ASSETS HELD FOR SALE		2 535	2 535
NON-CONTROLLING INTERESTS		812	736
NON-CURRENT LIABILITIES		859 599	675 849
BORROWINGS - INTEREST-BEARING	17	11 033	22 570
EMPLOYEE BENEFITS	18	618 365	557 143
DEFERRED GRANT INCOME	19	230 201	96 136
CURRENT LIABILITIES		586 362	689 268
CURRENT PORTION OF BORROWINGS - INTEREST-BEARING	17	12 227	11 471
CURRENT PORTION OF EMPLOYEE BENEFITS	18	36 601	37 050
CURRENT PORTION OF DEFERRED GRANT INCOME	19	87 036	168 499
TRADE AND OTHER PAYABLES	20	359 232	295 595
INCOME RECEIVED IN ADVANCE	21	56 610	176 295
CONTRACT LIABILITIES	22	34 314	0
INCOME TAX PAYABLE	33	342	358

The notes on pages 17 to 73 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 R'000	2017 R'000
INCOME			
REVENUE		4 901 483	4 193 467
OTHER INCOME (investment income and non-recurrent income)		4 676 442	4 027 311
		225 041	166 156
EXPENDITURE			
PERSONNEL REMUNERATION	25	4 069 743	3 691 680
OPERATING EXPENSES	26, 6, 7	2 245 178	2 062 505
OTHER EXPENSES (capital expenditure expensed and non-recurrent expenditure)		1 783 034	1 615 996
FINANCE CHARGES	28	34 459	4 662
		7 072	8 517
NET SURPLUS BEFORE INCOME TAX		831 740	501 787
INCOME TAX EXPENSE	33	592	531
SURPLUS FOR THE YEAR		831 148	501 256
OTHER COMPREHENSIVE INCOME (OCI)		18 430	187 155
Items that will not be reclassified to surplus or deficit			
Remeasurements of employee benefit obligations		18 430	145 299
PENSION FUND - (DEFICIT)/SURPLUS	18	(869)	129 679
DISABILITY RESERVE FUND - SURPLUS	18	5 404	4 755
HEALTH CARE (MEDICAL) - SURPLUS	18	13 895	10 865
Items that may subsequently be reclassified to surplus or deficit			
NET FAIR VALUE GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	9	0	41 856
		0	41 856
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		849 578	688 411
Surplus for the year attributable to:			
- North-West University		831 072	501 152
- Non-controlling interests		76	104
		831 148	501 256
Total comprehensive income for the year attributable to:			
- North-West University		849 502	688 307
- Non-controlling shareholders		76	104
		849 578	688 411

The notes on pages 17 to 73 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTE	EDUCATIONAL & GENERAL					
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000	STUDENT AND STAFF ACCOMMO- DATION: RESTRICTED R'000	2018 TOTAL R'000	2017 TOTAL R'000
RECURRING ITEMS		753 482	66 988	820 469	39 939	860 409	500 363
INCOME		4 261 085	285 120	4 546 205	354 125	4 900 330	4 191 819
STATE APPROPRIATIONS - SUBSIDIES AND GRANTS	23	2 004 014	0	2 004 014	5 684	2 009 698	1 736 018
TUITION AND OTHER FEES	24	1 724 152	0	1 724 152	0	1 724 152	1 417 592
INCOME FROM CONTRACTS	24	1 659	231 550	233 209	0	233 209	214 449
FOR RESEARCH		1 635	230 516	232 151	0	232 151	212 306
FOR OTHER ACTIVITIES		24	1 034	1 058	0	1 058	2 143
SALES OF GOODS & SERVICES AND OTHER INCOME	24	293 469	19 982	313 451	348 441	661 892	596 381
PRIVATE GIFTS AND GRANTS		27 834	19 657	47 491	0	47 491	62 871
SUB-TOTAL		4 051 128	271 189	4 322 317	354 125	4 676 442	4 027 311
INVESTMENT INCOME	27.1	209 957	13 931	223 888	0	223 888	164 508
EXPENDITURE		3 507 603	218 132	3 725 735	314 186	4 039 921	3 691 456
PERSONNEL REMUNERATION	25	2 140 275	62 308	2 202 583	42 595	2 245 178	2 062 505
ACADEMIC PROFESSIONAL		1 090 577	21 865	1 112 442	0	1 112 442	1 087 321
OTHER PERSONNEL		1 070 025	40 443	1 110 468	42 595	1 153 063	973 346
IAS19 - ADJUSTMENTS (EMPLOYEE BENEFITS)		(20 327)	0	(20 327)	0	(20 327)	1 838
OTHER CURRENT OPERATING EXPENSES	26	1 228 840	156 040	1 384 880	268 246	1 653 126	1 487 274
CAPITAL EXPENDITURE EXPENSED	31	4 637	0	4 637	0	4 637	4 438
DEPRECIATION	6 & 7	129 908	0	129 908	0	129 908	128 722
SUB-TOTAL		3 503 660	218 348	3 722 008	310 841	4 032 849	3 682 939
FINANCE CHARGES	28	3 943	(216)	3 727	3 345	7 072	8 517
NON-RECURRING ITEMS		(28 720)	21	(28 699)	30	(28 669)	1 424
INCOME		1 102	21	1 123	30	1 153	1 649
PROFIT ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		0	21	21	30	51	1
PROFIT ON INVESTMENTS	27.2	697	0	697	0	697	1 058
SHARE OF PROFIT OF EQUITY-ACCOUNTED INVESTEES	10	0	0	0	0	0	87
OTHER NON-RECURRENT INCOME		405	0	405	0	405	503
EXPENDITURE		29 822	0	29 822	0	29 822	225
LOSS ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT		154	0	154	0	154	225
SHARE OF LOSS OF EQUITY-ACCOUNTED INVESTEES	10	106	0	106	0	106	0
NET FAIR VALUE LOSS ON FINANCIAL ASSETS THROUGH PROFIT OR LOSS	9.1	29 562	0	29 562	0	29 562	0
NET SURPLUS BEFORE INCOME TAX		724 762	67 009	791 770	39 969	831 740	501 787
INCOME TAX EXPENSE	33	592	0	592	0	592	531
SURPLUS FOR THE YEAR		724 170	67 009	791 178	39 969	831 148	501 256

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018 (continued)
(as required by Section 41 of the Higher Education Act (Act No. 101 of 1997, as amended))

	NOTE	EDUCATIONAL & GENERAL					2018 TOTAL R'000	2017 TOTAL R'000
		COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	SUB-TOTAL R'000	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED R'000			
SURPLUS FOR THE YEAR		724 170	67 009	791 179	39 969		831 148	501 256
OTHER COMPREHENSIVE INCOME (OCI)		18 430	0	18 430	0		18 430	187 155
Items that will not be reclassified to surplus or deficit		18 430	0	18 430	0		18 430	145 299
Remeasurements of employee benefit obligations	18	(869)	0	(869)	0		(869)	129 679
PENSION FUND - (DEFICIT)/SURPLUS	18	5 404	0	5 404	0		5 404	4 755
DISABILITY RESERVE FUND - SURPLUS	18	13 895	0	13 895	0		13 895	10 865
HEALTH CARE (MEDICAL) - SURPLUS								
Items that may subsequently be reclassified to surplus or deficit		0	0	0	0		0	41 856
NET FAIR VALUE GAIN ON AVAILABLE-FOR-SALE	9	0	0	0	0		0	41 856
FINANCIAL ASSETS								
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		742 600	67 009	809 609	39 969		849 578	688 411
Surplus for the year attributable to:								
- North-West University		724 094	67 009	791 103	39 969		831 072	501 152
- Non-controlling interests		76	0	76	0		76	104
		724 170	67 009	791 179	39 969		831 148	501 256
Total comprehensive income for the year attributable to:								
- North-West University		742 524	67 009	809 533	39 969		849 502	688 307
- Non-controlling shareholders		76	0	76	0		76	104
		742 600	67 009	809 609	39 969		849 578	688 411

The notes on pages 17 to 73 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

DESCRIPTION	UNRESTRICTED EDUCATIONAL FUNDS AND GENERAL R'000	DESIGNATED RESERVE FUNDS: EDUCATIONAL AND GENERAL * R'000	SUB-TOTAL A R'000	RESTRICTED RESERVE FUNDS: DONATIONS AND SIMILAR FUNDS R'000	RESTRICTED RESERVE FUNDS: RESEARCH AND OTHER (CONTRACTS) R'000	SUB-TOTAL B R'000	RESTRICTED RESERVE FUNDS: STUDENT LOANS R'000	RESTRICTED RESERVE FUNDS: STUDENT AND STAFF ACCOM- MODATION R'000	FIXED ASSET RESERVE FUND (PPE) R'000	HELD FOR INVESTMENT IN PROPERTY, PLANT AND EQUIPMENT R'000	UNREALISED FAIR VALUE ADJUSTMENT RESERVE R'000	NWU PENSION FUND AND DISABILITY FUND R'000	SUB-TOTAL C R'000	TOTAL R'000	NON- CONTROLLING INTEREST R'000	TOTAL EQUITY R'000
BALANCE AT 31 DECEMBER 2016 (note 16)	41 457	92 143	133 600	41 279	118 956	160 235	563	134 430	1 077 892	24 935	105 954	339 007	1 682 782	1 976 617	514	1 977 131
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	256 947	256 947	779	16 568	17 347	0	14 707	0	0	6 610	(106 809)	(85 492)	188 801	118	188 919
SURPLUS/(DEFICIT) FOR THE YEAR	0	233 705	233 705	779	16 568	17 347	0	14 707	0	0	0	15 145	29 852	280 903	118	281 021
OTHER COMPREHENSIVE INCOME	0	23 242	23 242	0	0	0	0	0	0	0	6 610	(121 954)	(115 344)	(92 102)	0	(92 102)
TRANSFERS	(654)	(22 085)	(22 739)	553	(36 455)	(35 902)	0	(51 896)	66 413	44 124	0	0	58 640	0	0	0
BALANCE AT 31 DECEMBER 2016 (note 16)	40 803	327 005	367 808	42 611	99 069	141 680	563	97 241	1 144 305	69 059	112 564	232 198	1 655 930	2 165 418	632	2 166 050
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	472 837	472 837	(200)	30 211	30 011	0	2 818	0	0	41 856	140 785	185 459	688 307	104	688 411
SURPLUS/(DEFICIT) FOR THE YEAR	0	461 972	461 972	(200)	30 211	30 011	0	2 818	0	0	0	6 351	9 169	501 152	104	501 256
OTHER COMPREHENSIVE INCOME	0	10 865	10 865	0	0	0	0	0	0	0	41 856	134 434	176 290	187 155	0	187 155
TRANSFERS	(28 873)	(62 390)	(91 263)	(1 016)	(40 694)	(41 700)	0	(987)	188 842	(54 892)	0	0	132 963	0	0	0
BALANCE AT 31 DECEMBER 2017 (note 16)	11 930	737 452	749 382	41 395	88 596	129 991	563	99 072	1 333 147	14 167	154 420	372 983	1 974 352	2 853 725	736	2 854 461
CHANGE IN ACCOUNTING POLICY (IFRS 9 AND IFRS 15)	0	48 985	48 985	0	26 458	26 458	0	0	0	0	0	0	0	75 443	0	75 443
RESTATED BALANCE AT 1 JANUARY 2018	11 930	786 438	798 368	41 395	115 054	156 449	563	99 072	1 333 147	14 167	154 420	372 983	1 974 352	2 929 169	736	2 929 904
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	0	739 849	739 849	8 002	59 007	67 009	0	39 969	0	0	(29 562)	32 237	42 544	849 502	76	849 578
SURPLUS/(DEFICIT) FOR THE YEAR	0	725 954	725 954	8 002	59 007	67 009	0	39 969	0	0	(29 562)	27 702	38 109	831 072	76	831 148
OTHER COMPREHENSIVE INCOME	0	13 895	13 895	0	0	0	0	0	0	0	0	4 535	4 535	18 430	0	18 430
TRANSFERS	3 164	(41 551)	(38 387)	(387)	(13 780)	(14 167)	0	(9 869)	58 077	4 347	0	0	52 555	0	0	0
BALANCE AT 31 DECEMBER 2018 (note 16)	15 094	1 484 736	1 499 830	49 010	160 281	209 291	563	129 172	1 391 224	18 514	124 858	405 220	2 069 551	3 778 671	812	3 779 482

* R2 535 000 included in total relating to non-current assets held for sale.

The notes on pages 17 to 73 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTE	2018 R'000	2017 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
INVESTMENT INCOME LESS COST OF FINANCE	29	782 240	582 641
INTEREST RECEIVED	27.3	217 513	157 049
DIVIDENDS RECEIVED	27.3	214 975	158 396
INTEREST PAID	28	9 610	7 170
		(7 072)	(8 517)
NET CASH GENERATED FROM OPERATING ACTIVITIES		999 753	739 690
CASH FLOWS UTILISED BY INVESTING ACTIVITIES			
DISPOSAL OF OTHER INVESTMENTS		(1 137 130)	(624 234)
PURCHASES OF PROPERTY, PLANT AND EQUIPMENT	6	0	0
PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT		(179 519)	(321 022)
INCREASE IN DEFERRED GRANT INCOME	19	1 336	2 069
PURCHASES OF INVESTMENTS		52 602	140 001
		(1 011 549)	(445 282)
CASH OUTFLOWS FROM FINANCING ACTIVITIES			
REPAYMENTS OF INTEREST-BEARING BORROWINGS	17	(10 781)	(9 818)
		(10 781)	(9 818)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(148 158)	105 638
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		363 427	257 789
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	15	215 269	363 427

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

The notes on pages 17 to 73 are an integral part of these consolidated financial statements.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

STRUCTURE OF THE UNIVERSITY

1.1 Legal persona and country of registration

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

1.2 Nature of business, operations and main activities

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

These consolidated financial statements are presented in rand (R) (rounded off to the nearest thousand, unless otherwise indicated), which is the University's functional currency, and are prepared in accordance with International Financial Reporting Standards ('IFRS'). The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated financial statements are also prepared in accordance with the requirements set by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997 (as amended)). They were approved by Council on 20 June 2019.

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

- electing to carry financial assets at fair value through other comprehensive income and profit or loss; and
- valuing post-employment and disability benefit obligations by using the projected unit credit method.

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

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(a) Standards, amendments and interpretations effective in 2018 and adopted by the University

- **IFRS 9, 'Financial instruments'**, addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39.

For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

The University has reviewed its financial assets and liabilities with the following impact from the adoption of the new standard on 1 January 2018:

The University has elected that equity instruments that were classified as available for sale (listed shares in public companies and unlisted shares that do not qualify as an investment in equity-accounted investees) and instruments that were classified as held-to-maturity (bonds) will be measured as debt instruments under IFRS 9 and will be accounted for as financial assets at fair value through profit or loss (FVPL).

The majority of the University's debt instruments that were classified as receivables consist of investments in money market instruments (equity investments that are not held for trading). These instruments were evaluated and they satisfy the conditions for classification at amortised cost under IFRS 9. The objective of the NWU business model is to hold these financial assets for the collection of the contractual cash flows, and the contractual cash flows under the instrument solely represent payments of principal and interest.

There is no impact on the University's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the University does not have any such liabilities.

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 2018 and adopted by the University (continued)

- **IFRS 9, 'Financial instruments'** (continued)

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts (where applicable).

The University has a robust process to collect student fees in that it requires students to pay an initial instalment in respect of tuition and accommodation fees at registration. Tuition and residence fees are invoiced in January and February. In addition, students with an outstanding balance from the previous year are only permitted to renew their registration after settling the outstanding amount and paying the current year's initial registration fees. Both the extensive collection procedures and the assessment of collection patterns after year-end are taken into account when considering the allowance for doubtful debt. According to the new expected credit loss (ECL) model as prescribed by IFRS 9, student debt was classified into categories according to credit quality and collectability, namely: NSFAS debt, other government funded debt and cash-paying students (remainder of outstanding student accounts – including open distance learning students). The University applied the effective interest rate model for NSFAS and other government funded student debt and applied actual historical default rates along with forward-looking information to estimate payments for cash-paying students. The day-1 impact as on 1 January 2018 on the allowance for trade receivables relating to tuition and residence fees was a decrease of R23 099 000.

Other debtors as on 31 December 2018 made up 25% of the total trade and other receivables before taking into account any allowance for possible impairment losses. The new expected credit loss (ECL) as calculated in terms of IFRS 9's new impairment model resulted in a decrease of R25 778 000 in the doubtful debt allowance on 1 January 2018, attributable to the incorporation of forward-looking information into the allowance. The simplified approach was applied as financial assets do not have a significant financing component.

Please refer to the relevant notes for expanded disclosure as introduced and required by the new standard.

IFRS 9 must be applied for financial years commencing on or after 1 January 2018. The University applied the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 have not been restated.

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 2018 and adopted by the University (continued)

- **IFRS 15, 'Revenue from contracts with customers'**. The IASB has issued this new standard for the recognition of revenue. This replaces IAS 18, which covered contracts for goods and services, and IAS 11, which covered construction contracts. The new standard contains a single model that applies to contracts with customers and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The main sources of revenue for the University are state appropriations, which are accounted for as a government grant and tuition and other fees earned annually. Together these revenue streams make up approximately 76% of the income of the University with limited or no impact from the adoption of IFRS 15. The NWU assessed the effects of applying the new standard to the University's financial statements and has identified research contract income (approximately 5% of the University's income) that will be recognised when the related performance obligations are satisfied.

The application of IFRS 15 resulted in the identification of separate performance obligations in relation to these research contracts which affected the timing of the recognition of revenue going forward.

IFRS 15 is mandatory for financial years commencing on or after 1 January 2018. The University adopted the standard using the modified retrospective approach, which means that the cumulative impact of the adoption was recognised in retained earnings as on 1 January 2018 and that comparatives were not restated. Reserves were adjusted with an increase of R26 565 000 due to the impact of applying IFRS 15.

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

- **IFRS 16, 'Leases'**, was published in January 2016 and will result in almost all leases of lessees being recognised in the statement of financial position, as the distinction between finance and operating leases has been removed. Under the new standard, a lessee will recognise an asset representing the right to use the leased item, and a financial liability to pay rentals. The only exceptions are for short-term (less than 12 months) and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the University's operating leases. As at the reporting date, the University has non-cancellable operating lease commitments of R119 604 000 – see note 28.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

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

- **IFRS 16, 'Leases'** (continued)

A number of the property leases ran out in 2018 and new leases have been entered into, effective from 2019. These leases will result in the recognition of a lease liability and a corresponding right-of-use asset. It is anticipated that, while the surplus before depreciation, interest and income tax will improve, depreciation and finance charges will increase as a result of the adoption of IFRS 16.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The University did not adopt the standard before its effective date. The University will most likely apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

The University will adopt the new IFRS 16 Leases standard on 1 January 2019.

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

2.2 Basis of consolidation

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

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

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

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

(a) Subsidiaries

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

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities assumed towards the former owners of the acquiree and the equity interests issued. The consideration does not include amounts related to the settlement of pre-existing relationships. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation (continued)

(a) Subsidiaries (continued)

Subsequent changes in the fair value of the contingent consideration are recognised in surplus or deficit. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The University recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

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

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

(b) Associates (equity-accounted investees)

Associates are all entities over which the University has significant influence but does not have control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost (which includes transaction costs), and the carrying amount is increased or decreased to recognise the University's share of the profit or loss and OCI of the equity-accounted investee after the date of acquisition. The University's share of post-acquisition profit or loss is recognised in surplus or deficit.

(c) Transactions eliminated on consolidation

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

2.3 Property, plant and equipment (PPE)

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

2.3.2 Land and buildings comprise mainly lecture halls, laboratories, hostels and administrative buildings. Land and buildings are not depreciated. The useful life of buildings is considered to be indefinite due to building maintenance done according to the ten-year macro maintenance rolling plan. 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 (macro maintenance)	Indefinite 10,00%	: The useful life is estimated as indefinite : 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	10,0%	: The useful life is estimated at 10 years.
Vehicles	33,3%	: The residual value of the vehicle pool is estimated at 65% after three years, which is the average replacement term of vehicles.
Synthetic hockey field (carpet)	12,5%	: The useful life is estimated at 8 years.
Synthetic hockey field (base)	2,0%	: The useful life is estimated at 50 years.
Low value assets	33,3%	: The useful life is estimated at 3 years.

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

2.3.4 Costs relating to library books are written off in the year acquired. See note 30.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Investment properties

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

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

2.5 Intangible assets

Goodwill

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

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

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

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 costs of disposal and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units).

Impairment losses are recognised in surplus or deficit in the period in which the impairment loss occurs. Prior periods' impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the University's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in South African rand (R) (rounded to the nearest thousand, unless otherwise indicated), which is the University's presentation currency.

Transactions and balances

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

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

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

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

2.8 Investments and other financial assets

(i) Classification

From 1 January 2018, the University has been classifying its financial assets in the following measurement categories:

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

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

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets (continued)

(ii) Recognition and de-recognition

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

(iii) Measurement

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

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in surplus or deficit and presented in other gains/(losses) together with foreign exchange gains and losses.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in surplus or deficit and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investments and other financial assets (continued)

(iv) Impairment

From 1 January 2018, the University assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

(v) Accounting policies applied until 31 December 2017

The University has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the University's previous accounting policy.

Classification

Until 31 December 2017, the University classified its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- receivables;
- held-to-maturity investments; and
- available-for-sale financial assets.

The classification depended on the purpose for which the investments were acquired and Management determined the classification of its investments at initial recognition.

Subsequent measurement

The measurement at initial recognition did not change on adoption of IFRS 9.

Subsequent to the initial recognition, receivables and held-to-maturity investments were carried at amortised cost using the effective interest method.

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value were recognised as follows:

- for financial assets at FVPL – in surplus or deficit within other gains/(losses)
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences relating to changes in the amortised cost of the security were recognised in surplus or deficit and other changes in the carrying amount were recognised in other comprehensive income (OCI)
- for other monetary and non-monetary securities classified as available-for-sale – recognised in other comprehensive income (OCI).

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)

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to surplus or deficit as gains and losses from investment securities.

Impairment

The University assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired.

Objective evidence that financial assets are impaired included:

- default or delinquency by a debtor;
- restructuring of an amount due to the University on terms that the University would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payment status of borrowers or issuers;
- the disappearance of an active market for a security because of financial difficulties; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a group of financial assets

In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

Assets carried at amortised cost

For receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in surplus or deficit.

For a held-to-maturity investment, if it had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the University measured impairment as the difference between the instrument's fair value using an observable market price and the asset's carrying amount. Losses were recognised in surplus or deficit.

Impairment testing of trade receivables is described in note 2.11.

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)

Assets classified as available-for-sale

If there was objective evidence of impairment of available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in surplus or deficit – was removed from equity (accumulated in the available-for-sale/revaluation reserve) and recognised in surplus or deficit.

Impairment losses on equity instruments that were recognised in the statement of comprehensive income were not reversed through the statement of comprehensive income in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

Financial instruments are classified as current assets or liabilities if they are expected to be settled or redeemed within 12 months; otherwise, they are classified as non-current assets or liabilities

Equity-accounted investees

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

2.9 Inventories

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

Cost of inventory is determined by the following methods:

- 2.9.1 Central warehouse, trade, cafeteria and residence inventories are stated at the weighted average cost.
- 2.9.2 Printed publications are stated at the weighted average purchase price.
- 2.9.3 Veterinary health inventory is stated at the weighted average purchase price.

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

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and investments in money-market instruments with an initial maturity of less than 3 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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables

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

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

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

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

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

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and other receivables (continued)

Previous accounting policy for impairment of trade receivables

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

2.12 Equity – reserve funds

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

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.)

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

Student and staff accommodation – Restricted

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Equity – reserve funds (continued)

Fixed asset reserve fund (PPE)

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

Held for investment in property, plant and equipment

These funds are reserved for approved and already committed future investment in, or acquisition of, property, plant and equipment (PPE) (refer to note 29).

Unrealised fair value adjustment reserve fund

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

Available-for-sale revaluation reserves – until 31 December 2017

Changes in the fair value of investments that were classified as available-for-sale financial assets (e.g. equities) were recognised in other comprehensive income and accumulated in a separate reserve within equity. Amounts were reclassified to surplus or deficit when the associated assets were sold or impaired (see accounting policy note 2.8 for details).

NWU Pension fund and Disability fund

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

Other

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

2.13 Employee benefits

2.13.1 Pension

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

Defined-benefit plans

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

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

Defined-benefit plans (continued)

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

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

The University determines the net interest expense (income) on the net defined-benefit liability (asset) for the period by applying the discount rate used to measure the defined-benefit obligation at the beginning of the annual period to the then net defined-benefit liability (asset), taking into account any changes in the net defined-benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses relating to defined-benefit plans are recognised in profit or loss in personnel remuneration costs.

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

Defined-contribution plan

Retirement-benefit costs are provided in terms of a defined-contribution plan (North-West University Pension Fund). The North-West University Pension Fund has a fixed-contribution plan with a defined-benefit guarantee for all new enrolments since 1 January 1995 and was ring-fenced on 31 December 2003. A fourth option was introduced on 1 January 2004 for all new members of the fund and is a pure defined-contribution plan. The contributions to the defined-contribution plan are recognised as expenditure in the relevant period in which the liability arises, and the liability is thus matched with the benefit received by the employee during his/her working life.

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

2.13.2 Disability Reserve Fund (continued)

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

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

2.13.3 Post-employment medical benefits

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

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

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

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits (continued)

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.

2.13.5 Bonus plans

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

2.13.6 Accumulated annual leave

Employee entitlements to annual leave are recognised at an undiscounted amount in accordance with the conditions of service of the employees, with leave accruing to them as a result of services rendered. These include annual leave and accumulated leave. Leave payments that become payable within 12 months after the reporting date is 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 provision of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax (as applicable), rebates and discounts and after eliminating sales within the group.

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

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

- 2.14.1 State apportionment – subsidies and grants are recognised as income over the periods that are required to systematically match the income with the related expenditure for which it is intended. Subsidies for specific purposes, e.g. capital expenditure, are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. However, if the funding is provided in advance of the specified requirement (i.e. the University does not have immediate entitlement to it), the relevant amount is retained as a liability until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.
- 2.14.2 Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the University will comply with all attached conditions.
- Government grants relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.
- Government grants relating to property, plant and equipment are deducted in calculating the cost of the asset. The grant is carried as a liability in the statement of financial position until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.
- 2.14.3 Tuition fees and residence fees are recognised as the service and products are rendered over a period of time. It is based on the services rendered to date as a percentage of the total services to be performed by the University. Income is considered to be received for the performance of a single obligation based on a fixed transaction price and it is highly probable that there will not be a significant revenue reversal. Delivering these services falls within the financial period of the University.
- 2.14.4 Research income mainly arises from contracts with customers. Contracts may differ regarding time frames and performance obligations but revenue is recognised based on a fixed transaction price. Payments from customers are received accordingly to contract terms and revenue is recognised when the University satisfies a performance obligation in terms of a research contract. Research contracts do not contain a significant finance component. The University assesses the progress made and confirms the stage of completion on the reporting date based on the percentage of completion method. For contracts with completion dates after year end, assessments may give rise to a contract asset or a contract liability. Contract assets relate to the University's right to consideration for work completed but not billed at reporting date. Contract liabilities relate to the advance consideration received from the customer for which the University is to still satisfy an obligation.

Previous recognition – until 31 December 2017

- Research income was recognised when received. Funds not used until some specified future period or occurrence were deferred to deferred income and released as the criteria were met and the University became entitled to the funds; and
- expenses were accounted for when incurred and were not deferred over the term of the specific research.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Income (continued)

2.14.5 Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI) (2017 – from financial assets at FVPL and available-for-sale financial assets). Dividends are recognised as investment income in surplus or deficit when the right to receive payment is established. Where the dividend clearly represents a recovery of part of the cost of an investment, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

2.14.6 Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at FVOCI (2017 – available-for-sale securities, held-to-maturity investments and receivables) 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 in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to surplus or deficit on a straight-line basis over the period of the lease.

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.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Trade payables

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

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

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

2.19 Borrowings

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

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

3. FINANCIAL RISK MANAGEMENT

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

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

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

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

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

Previously identified and newly identified as well as new events and actions that are potential risks are included in the risk register of the University. The list is maintained, reviewed and updated at least bi-annually 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 three independent investment management companies are responsible for managing these related risks.

3.1 FINANCIAL RISK FACTORS

Market risk

(i) Price risk

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

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

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

A 1% movement of the ALSI of the JSE while all other variables held constant and all the University's equity instruments moved accordingly, would affect the value of the investments to be R3 443 000 higher/lower as at 31 December 2018 (2017: R3 761 000) (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 2018 an investment performance measurement was done by the University which indicated an actual yield on the University's cash and cash equivalent portfolio of 7,93% (2017: 8,21%). Had the interest rate been 0,5% higher/lower (50 basis points), the surplus would have been R11 984 000 higher/lower (2017: R6 987 000).

NORTH-WEST UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**3. FINANCIAL RISK MANAGEMENT** (continued)**3.1 FINANCIAL RISK FACTORS** (continued)

(iii) Credit risk

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

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

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

The University also does not require any collateral as security.

This credit risk exposure is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration. Students with an outstanding balance from the previous year are only permitted to renew their registration after settling the outstanding amount as well as paying the current year's initial requirements. (Refer to note 14 for detailed disclosure)

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

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

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

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

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash levels and ensuring availability thereof to meet obligations when due. Constant monitoring, cash management and thorough cash planning ensure that the University is able to meet its commitments at all times, under both normal and stressed conditions. The University has minimised the risk of liquidity, as is reflected in its substantial cash and cash equivalents.

	2018	2017
Listed investments – shares	62%	51%
Cash and cash equivalents	38%	49%
Total	100%	100%

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 FINANCIAL RISK FACTORS (continued)

Liquidity risk (continued)

The table below analyses the University's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

The amounts disclosed are the undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	R'000	R'000	R'000
	Less than	Between	Between
	1 year	1 and 2 years	3 and 5 years
Liabilities at amortised cost			
2018			
Borrowings	13 679	12 581	0
Trade and other payables	359 232	0	0
2017			
Borrowings	13 680	19 969	6 290
Trade and other payables	295 595	0	0
Liquidity ratio		2018	2017
		R'000	R'000
Current assets *			
Inventories		52 084	24 907
Trade and other receivables		299 514	236 277
Income tax receivable		37	0
Non-current assets classified as held for sale		10 229	10 229
Cash and cash equivalents		215 269	363 427
		577 133	634 840
Current liabilities			
Trade and other payables		359 232	295 595
Contract liabilities		34 314	0
Income tax payable		342	358
Current portion of interest-bearing borrowings		12 227	11 471
Current portion of post-employment benefits		36 601	37 050
Current portion of deferred grant income		87 036	168 499
Student deposits and other prepaid income		56 610	176 295
		586 362	689 268
Net liquidity of operations		(9 229)	(54 428)
Ratio		0.98	0.92

* 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.

Assets

Investments (current and non-current)	2 812 659	1 830 499
Cash and cash equivalents	215 269	363 427
Total	3 027 928	2 193 926

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. FINANCIAL RISK MANAGEMENT (continued)

3.2 CAPITAL MANAGEMENT (continued)

	2018	2017
Liabilities	R'000	R'000
Non-current liabilities (excluding deferred income)	629 398	579 713
Current liabilities (excluding deferred income)	499 325	520 769
Capital commitments (infrastructure) (note 30)	128 221	65 800
Contractual obligations - operating leases (note 30)	119 604	43 210
Total	1 376 548	1 209 492
Net position	1 651 380	984 434

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

3.3 FAIR VALUE ESTIMATION

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

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

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

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

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

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2018.

	Level 1	Level 2	Total
Assets	R'000	R'000	R'000
Debt investments at fair value through profit and loss (FVPL)			
Equity securities - Listed shares in public companies	344 316		344 316
Bonds (previously classified as held-to-maturity)	39 185		39 185
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 327	1 327
Total assets	383 501	1 327	384 828

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2017.

	Level 1	Level 2	Total
Assets	R'000	R'000	R'000
Available-for-sale financial assets			
Equity securities - Listed shares in public companies	376 128		376 128
Investments - Unlisted shares that do not qualify as an investment in equity-accounted investees		1 054	1 054
Total assets	1 721 202	1 054	377 182

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.

(i) Property, plant and equipment

The University is required to annually estimate the useful life and the expected residual value of items of property, plant and equipment for measurement and ensure that changing circumstances are taken into account.

(ii) Employee benefits

The present value of the employee-benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/(income) for benefits include the discount rate, the expected salary and pension increase rates, mortality rates, contribution rates and number of dependents. Any changes in these assumptions will have an impact on the charge to surplus or deficit and other comprehensive income and may affect planned funding of the employee benefits.

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

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

(iii) Loss allowance for impairment of trade receivables and contract assets

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

(iv) Impairment of goodwill

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

4.2 Significant judgements

(i) Impairment of financial instruments

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates.

The University uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the University's past history, existing market conditions and forward-looking estimates at the end of each reporting period.

5. NUMBER OF EMPLOYEES

The number of permanent employees and fixed term employees with benefits on 31 December 2018 totalled 3 804 (2017: 3 719).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. PROPERTY, PLANT AND EQUIPMENT (PPE)

	Land	Buildings and other improvements *	Vehicles	Furniture	Laboratory equipment	Specialised equipment	Computer equipment	Servers and Printers	Synthetic hockey field	Low value assets	Computer equipment less than R5 000	Total
Movements (R'000)												
Carrying amount at 31/12/16	31 288	777 223	31 399	86 144	47 925	116 928	38 184	37 699	849	12 839	0	1 180 478
Cost	31 288	964 014	46 093	192 046	128 020	334 984	191 158	96 247	2 666	27 509	0	2 014 025
Accumulated depreciation	0	(186 791)	(14 694)	(105 902)	(80 095)	(218 056)	(152 974)	(58 548)	(1 817)	(14 670)	0	(833 547)
Additions during the year	0	145 427	6 527	8 606	14 023	65 548	56 309	4 622	0	17 915	2 045	321 022
Depreciation for the year	0	0	(1 899)	(14 649)	(12 368)	(24 852)	(27 886)	(13 181)	(27)	(32 361)	(1 001)	(128 224)
Cost of disposals/scrapings during the year	0	(9)	(3 361)	(6 792)	(5 750)	(6 649)	(5 186)	(1 084)	0	(52 473)	(1 031)	(82 335)
Accumulated depreciation of disposals	0	0	1 407	6 740	5 728	6 649	4 997	1 047	0	52 447	1 027	80 042
Cost of reclassification	0	0	(206)	(47 953)	(11 136)	0	(1 651)	(1 551)	0	59 295	3 202	0
Accumulated depreciation of reclassification	0	0	71	21 614	5 130	0	947	800	0	(26 813)	(1 749)	0
Cost of assets held for sale	(900)	(11 338)	0	(324)	0	0	(357)	(71)	0	(4)	0	(12 994)
Accumulated depreciation of assets held for sale	0	2 060	0	291	0	0	346	65	0	1	0	2 763
Carrying amount at 31/12/17	30 388	913 363	33 938	53 677	43 552	157 624	65 703	28 346	822	30 846	2 493	1 360 752
Cost	30 388	1 098 094	49 053	145 583	125 157	393 883	240 273	98 163	2 666	52 242	4 216	2 239 718
Accumulated depreciation	0	(184 731)	(15 115)	(91 906)	(81 605)	(236 259)	(174 570)	(69 817)	(1 844)	(21 396)	(1 723)	(878 966)
Additions during the year	0	65 931	8 524	6 393	9 665	25 632	35 839	8 355	1 726	15 241	2 213	179 519
Depreciation for the year	0	(1 108)	(2 107)	(12 658)	(12 281)	(28 778)	(38 907)	(11 865)	(27)	(20 018)	(1 663)	(129 411)
Cost of disposals/scrapings during the year	(17)	0	(2 147)	(6 029)	(28 193)	(9 724)	(59 877)	(24 079)	(1 333)	(14 719)	(1 003)	(147 120)
Accumulated depreciation of disposals	0	0	772	5 952	28 178	9 724	59 728	24 072	1 333	14 870	1 053	145 681
Carrying amount at 31/12/18	30 371	978 186	38 980	47 335	40 921	154 478	62 486	24 829	2 521	26 220	3 093	1 409 422
Cost	30 371	1 164 025	55 430	145 947	106 629	409 791	216 235	82 439	3 059	52 764	5 426	2 272 117
Accumulated depreciation	0	(185 839)	(16 450)	(98 612)	(65 708)	(255 313)	(153 749)	(57 610)	(538)	(26 544)	(2 333)	(862 695)

Buildings and equipment with a cost price of R26 712 000 (2017: R2 868 000), funded with Government grants, were not included above (note 2.14.2).

Government grants are recognised as deferred income (current liability) and then applied against the cost of the relevant asset as the asset is obtained / developed, in accordance with IAS 20.

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

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

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

Refer to note 30 regarding capital commitments.

Refer to note 32 regarding classification of non-current assets held for sale.

* Included are buildings still under construction at year end to an amount of R3,0 million for 2018 (2017: R86,9 million).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
7. INVESTMENT PROPERTIES		
Carrying amount at beginning of year	19 328	19 826
Cost	24 862	24 862
Accumulated depreciation	(5 534)	(5 036)
Depreciation	(497)	(498)
Carrying amount at end of year	18 831	19 328
Cost	24 862	24 862
Accumulated depreciation	(6 031)	(5 534)
Income	11 557	10 891
Rental income (short-term investment income - note 27)	11 125	10 762
Interest received	116	72
Other	316	57
Less: Expenditure (direct operating expenses arising from investment properties that generate rental income)	2 544	3 358
Personnel remuneration	490	421
Maintenance - buildings	189	779
Municipal fees and property tax	0	270
Operating costs	128	566
Services outsourced	1 240	824
Depreciation	497	498
Net surplus from investment properties	9 013	7 533

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

Investment properties consist of various business buildings that are leased.

Valuations of investment property are done every 5 years.

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

Assumptions used for the valuation of Cachet Park include an occupancy rate of 95% and a rental margin of 67,9%.

No tax implications were applicable.

Present value of future cash flow projections, based on current lease agreements, were used in the calculation of the fair value to the amount of R82 000 000, using a discount rate per annum of 9,50%.

Investment properties - Other: The fair value amounts to R3 650 000. Valuation was done in 2016 by Danie Rothman Accountants. This firm has the appropriate qualifications and experience to perform valuations.

The 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)	87 065	77 900	70 481
Rental (per valuers' report)	91 647	82 000	74 190
Rental (5% increase)	96 229	86 100	77 900

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018	2017
	R'000	R'000
8. INTANGIBLE ASSETS		
Goodwill (with acquisition of OpenCollab Proprietary Limited)	950	950

Impairment tests for goodwill

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

9. INVESTMENTS**9.1 Total investments****Financial assets at fair value through profit or loss (FVPL) as elected at initial recognition.**

Comprise:

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

Refer to note 2.8 and note 12.

	2018	2017
	R'000	R'000
<i>Investments at FVPL</i>		
<u>Unlisted investments</u>		
Unlisted shares that do not qualify as an investment in equity-accounted investees	1 327	0
<u>Listed investments</u>		
Shares in public companies	344 316	0
Bonds (previously classified as held-to-maturity)	39 185	0
	<u>384 828</u>	<u>0</u>
<i>Investments previously classified as available-for-sale financial assets</i>		
<u>Unlisted investments</u>		
Unlisted shares that do not qualify as an investment in equity-accounted investees	0	1 054
<u>Listed investments</u>		
Shares in public companies	0	376 128
	<u>0</u>	<u>377 182</u>

Financial assets at amortised cost

Comprised of assets that meet both of the following criteria:

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

Refer to note 2.8.

Committee for investments (cash portfolio)	107 287	93 782
Other (money market portfolio)	2 320 544	1 328 268
Bonds	0	31 267
	<u>2 427 831</u>	<u>1 453 317</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.1 Total investments (continued)

	2018 R'000	2017 R'000
Financial assets at FVPL and at amortised cost		
<u>Presented as follows:</u>		
Non-current assets	858 580	1 168 428
Current assets	1 954 079	662 071
Total investments	2 812 659	1 830 499

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

The carrying values (cost) of investments held at fair value are as follows:

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

Other information

Realised profits or losses on the disposal of investments are included in investment income (note 27).

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

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

	2018 R'000	2017 R'000
Amounts recognised in the statement of comprehensive income		
During the year (2018), the following were recognised in surplus or deficit:		
Fair value gains/(losses) on debt instruments at FVPL		
Shares in public companies	(29 836)	0
Unlisted shares - not investments in equity-accounted investees	274	0
	(29 562)	0

The fair value adjustment on available-for-sale investments for the previous year (2017) was shown in OCI.

Shares in public companies	0	41 653
Unlisted shares - not investments in equity-accounted investees	0	203
	0	41 856

Note 2.8 explains the change of accounting policy and the reclassification of certain equity investments from available-for-sale to at fair value through profit or loss.

9.2 Investment in subsidiaries

The University is the ultimate holding entity of the group.

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

Details as reflected in the respective entities' annual financial statements**Molopo Sun Proprietary Limited (100% interest)**

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

Carrying amount of shares	3	3
Attributable (loss)/profit after tax	(6)	53

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)PUK Kanselierstrust (100% interest)

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

	2018 R'000	2017 R'000
Carrying amount of trust funds	1 422	1 394
Attributable profit	29	29

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

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

Carrying amount: Reserves	13 922	13 938
Attributable loss: Non-distributable	(17)	0

OpenCollab Proprietary Limited (94,90% interest)

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

Carrying amount of shares	0 *	0 *
Attributable profit after tax	1 483	2 045

Intsyst Labs Proprietary Limited (100% interest)

The principal business of the company is research into and development of intelligent systems.

Carrying amount of shares	0 *	0 *
Attributable loss after tax	(28)	(19)

Innovation Highway Proprietary Limited (100% interest)

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

Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	(24)	17

Innovation Highway Enterprises Proprietary Limited (100% interest)

The principal business of the company is technology transfer, innovation and business commercialisation and any other related activities.

Carrying amount of shares	0 *	0 *
Attributable (loss)/profit after tax	(17)	144

Hydrogen Core Technologies Proprietary Limited (100% interest)

The principal business of the company is the commercialisation of HySA technologies (under DST funding)

Carrying amount of shares	0 *	0 *
Attributable loss after tax	(5)	0

Hyfra Proprietary Limited (100% interest)

The principal business of the company is the commercialisation of HySA technologies (outside DST funding)

Carrying amount of shares	0 *	0 *
Attributable profit after tax	0	0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

9.2 Investment in subsidiaries (continued)

Detail as reflected in entities' financials (continued)

Platform Proprietary Limited (100% interest)

The principal business of the company is the development of additive manufacturing technology.

	2018 R'000	2017 R'000
Carrying amount of shares	0 *	0 *
Attributable profit after tax	0	0

North West Fibre Proprietary Limited (100% interest) (2016: 50% interest)

The principal business of the company is the development of fibre technology.

	2018 R'000	2017 R'000
Carrying amount of shares	0 *	0 *
Attributable profit after tax	0	0

Total assets and liabilities of consolidated subsidiaries

Assets	30 277	28 697
Liabilities	(48)	(211)

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

Mortgages

Loan account to Molopo Sun Proprietary Limited: The University has subordinated its claim with respect to this loan to claims of other creditors.

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

Other

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

10. EQUITY-ACCOUNTED INVESTEEES

Balance at beginning of year	107	20
Acquisition/(disposal) of holding in investees *	0	(0) *
Movement for the year	991	87
Share of (loss)/profit	(106)	87
Loan to Finclude Technologies Proprietary Limited	1 097	0
Balance at end of year	1 098	107

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

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

Name	Assets R'000	Liabilities R'000	Revenue R'000	Profit/(loss) R'000	Interest held
2018					
- Ambixtra Proprietary Limited	34 611	52 675	18	(2 992)	22%
- Finclude Technologies Proprietary Limited	3 476	3 993	6 473	(581)	35%
	38 087	56 668	6 491	(3 573)	

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. EQUITY-ACCOUNTED INVESTEEES (continued)

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

Name	Assets R'000	Liabilities R'000	Revenue R'000	Profit/(loss) R'000	Interest held
2017					
- Ambixtra Proprietary Limited	34 775	49 848	38	(2 624)	26%
- Finclude Technologies Proprietary Limited	2 313	2 051	8 931	212	35%
	<u>37 088</u>	<u>51 899</u>	<u>8 969</u>	<u>(2 412)</u>	

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

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

Ambixtra Proprietary Limited is a start-up operation funded jointly by the Independent Development Corporation (IDC) and founders.

The company will only start generating profit in 2019 and therefore the loan is impaired in full.

11. FINANCIAL INSTRUMENTS

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

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

11a. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL INSTRUMENTS BY CATEGORY				Amortised cost R'000	Fair value through profit or loss R'000	Total R'000
2018						
Assets						
Investments and derivatives (note 9)				2 427 831	384 828	2 812 659
Trade and other receivables (note 14) (excluding prepayments and VAT)				284 695	0	284 695
Cash and cash equivalents (note 15)				215 269	0	215 269
Total				2 927 795	384 828	3 312 623
				Amortised cost R'000		Total R'000
Liabilities						
Borrowings (note 17)					23 260	23 260
Trade and other payables (note 20)					359 232	359 232
Total					382 493	382 493
		Receivables R'000	Held to maturity R'000	Available-for- sale R'000	Fair value through profit or loss R'000	Total R'000
2017						
Assets						
Investments and derivatives (note 9)		1 422 050	31 267	377 182	0	1 830 499
Trade and other receivables (note 14) (excluding prepayments and VAT)		225 489	0	0	0	225 489
Cash and cash equivalents (note 15)		363 427	0	0	0	363 427
Total		2 010 966	31 267	377 182	0	2 419 415
				Amortised cost R'000		Total R'000
Liabilities						
Borrowings (note 17)					34 041	34 041
Trade and other payables (note 20)					295 595	295 595
Total					329 636	329 636

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. FINANCIAL INSTRUMENTS (continued)

11b. CREDIT QUALITY OF FINANCIAL ASSETS

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

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

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

Financial assets at amortised cost

Financial assets at amortised cost include NCDs, treasury bills and listed corporate bonds (previously held-to-maturity), loans to related parties and other receivables.

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

Trade receivables and contract assets

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

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

The expected loss allowance as at 31 December 2018 and 1 January 2018 (on adoption of IFRS 9) was determined as follows for both trade receivables and contract assets. Trade receivables were divided between student debtors and other debtors.

	Potch campus	Vaal campus	Mafikeng campus
31 December 2018			
STUDENT DEBTORS			
Groups as classified for payment collection purposes:			
NSFAS funded students	28 154	31 820	45 409
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Other government funded students	2 881	473	1 417
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	55 312	26 618	73 638
Historical 3 year average	28.59%	26.13%	20.95%
Open distance learning students	26 492	0	0
Management decision - students responsible for own funding	50.00%	50.00%	50.00%
	55 312	26 618	73 638
* Calculated percentage added for provision (refer to note below)	4.00%	3.00%	2.00%
Loss allowance (R'000) per campus	31 381	7 869	17 071
TOTAL LOSS ALLOWANCE (R'000)			56 321

Note: Calculated % added for provision

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

	Potch campus	Vaal campus	Mafikeng campus
1 January 2018			
STUDENT DEBTORS			
Groups as classified for payment collection purposes:			
NSFAS funded students	10 238	13 633	27 977
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Other government funded students	0	0	0
PD based on a BB+ government rating	0.36%	0.36%	0.36%
Cash paying students	41 745	39 827	86 263
Historical 3 year average	29.75%	27.43%	21.99%
	41 745	39 827	86 263
* Calculated percentage added for provision	3.50%	3.00%	3.00%
Loss allowance (R'000) per campus	13 915	12 168	21 660
TOTAL LOSS ALLOWANCE (R'000)			47 743

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11b. CREDIT QUALITY OF FINANCIAL ASSETS (continued)

31 December 2018

SUNDRY DEBTORS

	Rating	PD (90+ days)	Total R'000
Classified groups:			
Government	BB+	0.0036	27
Similar to government and universities	BB	0.0058	149
Municipalities	BB-	0.0105	3
Corporates with balances above R1 million (6 customers)	individually calculated PD		82
Corporates with balances under R1 million		0.3082	21
Individuals and other	Full amount 90 days and longer outstanding		4 702
Loss allowance			4 984

1 January 2018

SUNDRY DEBTORS

	Rating	PD (90+ days)	Total R'000
Classified groups:			
Government	BB+	0.0036	30
Similar to government and universities	BB	0.0058	211
Municipalities	BB-	0.0105	6
Corporates with balances above R1 million (6 customers)	individually calculated PD		25
Corporates with balances under R1 million		0.3082	24
Individuals and other	Full amount 90 days and longer outstanding		2 194
Loss allowance			2 490

The expected credit loss on contract assets at year end amounts to R32 800 and is considered non-material.

Exposure per category:	2018 R'000	2017 R'000
Investments (note 9)		
FVPL - listed shares	344 316	376 128
FVPL - bonds	39 185	0
Amortised cost - money market instruments *	2 429 158	1 454 371
Trade and other receivables (note 14)	299 514	236 277
Cash and cash equivalents	215 269	363 427
Total	3 327 442	2 430 203

* An amount of R2 154 679 000 is invested in "AA" Bank NCDs with guaranteed buy back. Same day settlement.

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

Financial assets previously classified as available-for-sale were reclassified as financial assets at fair value through profit or loss with effect from 1 January 2018.

Balance at beginning of year	377 182	320 204
Additions - shares in public entities	(1 977)	15 122
Reclassification - bonds (previously classified as held-to-maturity)	39 185	0
Net gain transferred to OCI (other comprehensive income)	0	41 856
Net loss transferred to surplus or deficit	(29 562)	0
Balance at end of year	384 828	377 182

There were no impairment provisions made in 2018 and 2017.

FVPL financial assets include the following:

Listed securities:		
Shares in public entities	344 316	376 128
Bonds	39 185	0
Unlisted securities:		
Investments that do not qualify as an investment in equity-accounted investees	1 327	1 054
	384 828	377 182

FVPL financial assets are denominated in rand and none of the assets are impaired.

The fair value of unlisted securities is based on cash flows and other valuation techniques (note 2.9).

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

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
13. INVENTORIES		
Net realisable value (see note 26)		
Foodstuffs (Residence and Catering Services)	2 418	3 392
Publications and study materials	30 354	1 193
Other consumables	17 947	18 806
Veterinary health	1 365	1 516
	<u>52 084</u>	<u>24 907</u>
At cost		
Foodstuffs (Residence and Catering Services)	2 650	3 642
Publications and study materials	31 312	2 628
Other consumables	17 950	19 260
Veterinary health	1 365	1 516
	<u>53 277</u>	<u>27 046</u>
Obsolete inventory in the amount of R1 193 000 (2017: R2 140 000) was written off (see note 26).		
14. TRADE AND OTHER RECEIVABLES		
Balance at beginning of year	335 388	358 554
Plus: Net movement	<u>74 516</u>	<u>30 669</u>
	409 904	389 223
Less: Bad debts written off	<u>(49 084)</u>	<u>(53 835)</u>
Balance at end of year	360 820	335 388
Less: Loss allowance	<u>(61 306)</u>	<u>(99 111)</u>
Balance at beginning of year - calculated under IAS 39	(99 111)	(141 940)
Amounts restated through opening retained earnings	48 878	0
Debtors written off during current year	49 084	53 835
Allowance for credit losses created in current year	<u>(60 157)</u>	<u>(11 006)</u>
Balance at end of year	<u>299 514</u>	<u>236 277</u>
<u>Details of trade and other receivables</u>		
Students		
Tuition and residence fees	271 656	241 918
Less: Loss allowance	<u>(56 321)</u>	<u>(70 842)</u>
Sub-total: Students	<u>215 335</u>	<u>171 076</u>
Sub-total: Advances and prepayments	<u>12 967</u>	<u>8 841</u>
Other debtors	76 196	84 628
Projects: Services rendered	<u>58 478</u>	<u>57 347</u>
VAT	1 851	1 947
Other	<u>15 867</u>	<u>25 334</u>
Less: Loss allowance	<u>(4 984)</u>	<u>(28 268)</u>
Sub-total: Other debtors	<u>71 212</u>	<u>56 360</u>
Total trade and other receivables	<u>299 514</u>	<u>236 277</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. TRADE AND OTHER RECEIVABLES (continued)

Student receivables

Student debtors who have not paid their accounts by the autumn graduation ceremony of the following year are considered non-recoverable or doubtful and handed over to attorneys for collection. Current student debtors are also not allowed to register for studies unless outstanding balances are settled or repayment contracts have been negotiated. The increase or decrease in the loss allowance, debts written off, as well as amounts previously written off and recovered during the year, are included in current operating expenditure. Refer to note 2.11 for accounting policy and calculation of expected credit loss (ECL).

	2018 R'000	2017 R'000
Movement in the loss allowance for student debtors:		
Balance at beginning of year - calculated under IAS 39	70 842	121 903
Amounts restated through opening retained earnings	(23 099)	0
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	47 743	121 903
Student debtors written off during current year as uncollectable	(47 573)	(52 378)
Increase in expected loss allowance during the year	56 151	1 317
Balance at end of year	56 321	70 842
The ageing of student debtors that are past due is as follows:		
Student debtors past due and impaired (enrolled up to 2018)	56 321	70 842
Student debtors past due but not impaired (enrolled again in 2019)	215 335	171 076
Total balance at end of year	271 656	241 918

Other debtors

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

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

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

Movement in the loss allowance for sundry debtors:		
Balance at beginning of year - calculated under IAS 39	28 268	20 036
Amounts restated through opening retained earnings	(25 778)	0
Opening loss allowance as at 1 January 2018 – calculated under IFRS 9	2 490	20 036
Other debtors written off during current year as uncollectable	(1 511)	(1 457)
Increase in expected loss allowance during the year	4 006	9 689
Balance at end of year	4 984	28 268

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
14. TRADE AND OTHER RECEIVABLES (continued)		
The fair values of trade and other receivables are as follows:		
Student debtors	215 335	171 076
Other debtors	69 361	54 413
Financial assets	284 696	225 489
Advances and prepayments	12 967	8 841
VAT	1 851	1 947
Total	299 514	236 277

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.

15. CASH AND CASH EQUIVALENTS

Short-term bank deposits	147 146	184 305
Bank balances	67 221	178 307
Petty cash advances	902	815
	215 269	363 427

The weighted average effective interest rate on short-term bank deposits was 7,93% (2017: 8,21%).

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 earmarked grant funds of R367 290 000 (2017: R292 132 000) are included in the total funds of the University consisting of cash and cash equivalents and investments. These funds are restricted it may only be used for specific grant requirements.

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

Guarantees of R1 324 000 are currently held by ABSA Bank (2017: R2 063 000).

16. EQUITY

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

Transfers between funds include the following:

- If the utilisation of funds results in the creation of an asset, the amount so utilised is transferred from its relevant fund to property, plant and equipment funds. It also includes depreciation;
- Where Council has designated funds for specific purposes, e.g. bursaries;
- Funds allocated for financing of major capital expenditure projects (funds held for investment in property, plant and equipment); and
- on completion of certain projects/defined activities, the surplus is transferred to designated funds.

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
17. BORROWINGS - INTEREST-BEARING		
Carrying amounts		
First National Bank - PUK Sport Village and extension of Excelsior Hostel	6 802	12 992
First National Bank - New residence	16 458	21 049
Total borrowings	23 260	34 041
Less: Current portion	12 227	11 471
Non-current liabilities	11 033	22 570
Represented as follows:		
First National Bank - PUK Sport Village and extension of Excelsior Hostel		
Total - First National Bank loan	6 802	12 992
Less: Current portion	6 802	6 285
Non-current liabilities	0	6 707
A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 10,20% per annum. Repayments take place in equal annual instalments in the amount of R7 389 000 (including interest and capital), with a final instalment due on 21 October 2019.		
First National Bank - New residence		
Total - First National Bank loan	16 458	21 049
Less: Current portion	5 425	5 186
Non-current liabilities	11 033	15 863
A FirstRand Bank Negotiable Certificate of Deposit serves as security for the loan. This loan bears interest at a fixed rate of 9,20% per annum. Repayments take place in equal annual instalments in the amount of R6 290 000 (including interest and capital), with a final instalment due on 28 July 2021.		
Borrowings are carried at amortised cost using the effective rate method.		
The fair value approximates the carrying amount.		
Maturity of borrowings (capital and interest):		
Less than 1 year	13 679	13 680
Between 1 and 2 years	12 581	19 969
Between 3 and 5 years	0	6 290
	26 260	39 939

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS

	2018 R'000	2017 R'000
ASSETS		
Net assets recognised in the statement of financial position		
North-West University Pension Fund (note 18.1)	405 220	372 983
Total employee benefit assets	<u>405 220</u>	<u>372 983</u>
LIABILITIES		
Accrued leave	495 906	428 613
Post-employment medical benefits (note 18.3)	159 060	165 580
Total employee benefit liabilities	654 966	594 193
Less: Current liability - accrued leave	(36 601)	(37 050)
Total non-current liability	<u>618 365</u>	<u>557 143</u>

18.1 North-West University Pension Fund

The North-West University Pension Fund, which is registered in terms of and governed by the Pension Funds Act (Act 24 of 1956 (as amended)), was implemented on 1 January 1995. The North-West University Pension Fund has two fixed-benefit options, which were only available to members who changed from the Associated Institutions Pension Fund to the North-West University Pension Fund on 1 January 1995 – closed options (2018: 0,47% or 17 members and 2017: 0,56% or 20 members). A fixed-contribution option with a defined-benefit guarantee applied to all new members joining from 1 January 1995 (2018: 7,30% or 265 members and 2017: 8,01% or 286 members). This option closed in December 2003. A fourth option was introduced on 1 January 2004 for all new members of the Fund, namely a fixed-contribution option (2018: 91,98% or 3 341 members and 2017: 91,18% or 3 257 members). A statutory actuarial valuation of the North-West University Pension Fund is undertaken every three years. At 1 January 2017, the effective date of the most recent statutory actuarial valuation, the retirement benefit fund was found to have a surplus of R431 539 000.

Valuation calculations were done in terms of IAS19 (revised) in reporting on the defined benefit pension fund, with the following results:

	2018 R'000	2017 R'000
Current estimated employee benefit obligation:		
Present value of obligation	1 103 360	1 217 424
Fair value of plan assets	(1 537 319)	(1 648 221)
Impact of asset ceiling limitation (note 1)	28 739	57 814
Asset at year-end	<u>(405 220)</u>	<u>(372 983)</u>
Recognised in profit or loss:		
Current service costs (personnel remuneration)	29 424	31 732
Net interest (personnel remuneration)	(41 387)	(22 235)
	<u>(11 963)</u>	<u>9 497</u>
Recognised in other comprehensive income:		
Actuarial gain due to experience	(80 598)	(14 078)
Actuarial gain due to demographic assumption changes (note 2)	0	(26 601)
Actuarial gain due to financial assumption changes	(86 876)	(95 825)
Actual return on assets	40 888	(195 929)
Expected return	156 530	144 940
Change in asset ceiling limitation	28 739	57 814
	<u>58 683</u>	<u>(129 679)</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

	2018	2017
	R'000	R'000
Recognised in the statement of financial position:		
Opening net asset	(372 983)	(232 198)
Expense	(11 963)	9 497
Contribution	(21 143)	(20 603)
Remeasurements recognised in other comprehensive income	58 683	(129 679)
Irrecoverable surplus (effect on asset ceiling)	(57 814)	0
Asset at year-end	<u>(405 220)</u>	<u>(372 983)</u>
Movement in the liabilities:		
Liability for defined-benefit obligations at 1 January	1 217 424	1 270 650
Interest cost	115 143	122 705
Service cost	29 424	31 732
Contribution	10 503	10 235
Benefits paid	(101 660)	(81 394)
Actuarial gain	<u>(167 474)</u>	<u>(136 504)</u>
Liability for defined-benefit obligations at 31 December	<u>1 103 360</u>	<u>1 217 424</u>
Movement in the plan assets:		
Fair value of plan assets at 1 January	1 648 221	1 502 848
Expected return on plan assets	156 530	144 940
Contribution	31 646	30 838
Benefits paid	(101 660)	(81 394)
Actuarial (loss)/gain	<u>(197 418)</u>	<u>50 989</u>
Fair value of plan assets at 31 December	<u>1 537 319</u>	<u>1 648 221</u>

Note:

- The trustees have not allocated the surplus in terms of Practice Notice 2 of 2016, thus the surplus is limited until approved by the trustees.
 - Since 2008, pensioners were valued with an assumption that the spouse's pension will continue at 75%. This assumption was reduced as spouses are only entitled to a 50% continuation on death. The result of the aforementioned change in assumption has been shown as a gain due to a change in demographic assumptions for 2016.
- * The NWU Pension Fund is currently busy with a de-risk exercise. Firstly, as part of this exercise, the pensioners are to be outsourced to an insurer. Next, and finally, as part of this exercise, members with defined benefits are to be converted to defined-contribution. This de-risking exercise is awaiting approval from the Financial Sector Conduct Authority (FSCA). The aforementioned and any enhancements as part of the de-risking exercise have not been considered for the purposes of the IAS19 valuation.

Plan assets comprise:

	%	%
Local equity securities	49,6	53,5
International equity securities	25,1	23,7
Local fixed interest	12,3	5,1
International fixed interest	1,7	6,7
Local cash	2,7	3,6
Local commodities	2,0	0,0
Local property	6,6	7,4
	<u>100,0</u>	<u>100,0</u>

Principal actuarial assumptions at the reporting date:

Inflation rate	6,40	6,94
Discount rate	9,89	9,70
Expected return on plan assets**	10,40	10,94
Expected future salary increases	7,40	7,94
	+ merit increases	+ merit increases
Expected pension increases	<u>5,90</u>	<u>6,44</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.1 North-West University Pension Fund (continued)

Principal actuarial assumptions at the reporting date (continued):	2018 %	2017 %
Mortality rates pre-retirement	SA (56 - 62), rated down 3 years for female members	SA (56 - 62), rated down 3 years for female members
Mortality rates post-retirement	PA (90), rated down 1 year, 1% future mortality improvement	PA (90), rated down 1 year, 1% future mortality improvement

** The expected investment return reflects the return anticipated and allowing for the asset mix and investment mandate. The return used in the valuation for the determination of the surplus or deficit charge in the year is the discount rate. The pension increases are determined by the extent to which the expected return on plan assets, including allowance for returns in excess of the discount rate above, exceeds the threshold rate of 4,5% per annum. The expected return used is based on the long term investment strategy of the Fund, which is to target CPI + 4% (i.e. 10,40%).

Included below is a sensitivity analysis in respect of the obligation, showing the effects of changes in the different key assumptions:

	Increase R'000	Decrease R'000
Discount rate - change by 0,25%	(26 279)	28 018
Inflation rate - change by 0,10%	10 901	(10 621)
Mortality rate - change by 1 year	(22 003)	21 788

18.2 North-West University Disability Reserve Fund

The disability benefit is 82,5% of the member's pensionable salary as at the date of disability. In addition the fund pays the the employer contributions to the North-West University Pension Fund. The employee contribution of 7,5% is included in the 82,5% of pensionable salary. A decision was taken for the purposes of this valuation to include the employer contributions in the benefits payable. This additional liability was taken into account. A statutory actuarial valuation of the North-West Disability Reserve Fund is undertaken every three years. At 1 January 2017, the effective date of the recent statutory actuarial valuation, the disability reserve fund was found to have a surplus of R37 622 000.

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

	2018 R'000	2017 R'000
Current estimated employee benefit obligation:		
Present value of obligation	18 567	19 271
Fair value of plan assets	(48 939)	(63 443)
Impact of asset ceiling	30 372	44 172
Asset at year-end	0	0
Recognised in profit or loss:		
Current service costs	793	862
Net interest	(3 365)	(3 452)
Reinsurance premiums	7 976	7 345
Total included in personnel remuneration	5 404	4 755

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

	2018 R'000	2017 R'000
Recognised in other comprehensive income:		
Actuarial loss due to experience	1 188	90
Actuarial gain due to financial assumption changes	(1 866)	(1 885)
Actuarial loss due to demographic assumption changes (mortality of 3 pensioners)	725	0
Actual return on assets	3 453	(8 931)
Expected return	4 896	5 236
Impact of asset ceiling limitation	(13 800)	735
	<u>(5 404)</u>	<u>(4 755)</u>
Recognised in the statement of financial position:		
Opening net asset	0	0
Expense	5 404	4 755
Remeasurement recognised in other comprehensive income	<u>(5 404)</u>	<u>(4 755)</u>
Asset at year-end	<u>0</u>	<u>0</u>
Movement in the liabilities:		
Liability for defined-benefit obligations at 1 January	19 271	21 431
Interest cost	1 531	1 784
Service cost	793	862
Benefits paid (net of reinsurance recoveries)	(3 075)	(3 011)
Actuarial loss/(gain)	47	(1 795)
Liability for defined-benefit obligations at 31 December	<u>18 567</u>	<u>19 271</u>
Movement in the plan assets:		
Fair value of plan assets at 1 January	63 443	64 868
Expected return on plan assets	4 896	5 236
Contribution (net of reinsurance premiums)	(7 976)	(7 345)
Benefits paid (net of reinsurance recoveries)	(3 075)	(3 011)
Actuarial (loss)/gain on assets	<u>(8 349)</u>	<u>3 695</u>
Fair value of plan assets at 31 December	<u>48 939</u>	<u>63 443</u>
Plan assets comprise:		
	2018 %	2017 %
Local equity securities	54,2	61,4
International equity securities	28,2	22,1
Property	10,3	9,9
Bonds	5,2	3,2
Local cash	2,1	3,4
	<u>100,0</u>	<u>100,0</u>
Principal actuarial assumptions at the reporting date:		
Inflation rate	5,47	5,83
Discount rate	8,80	8,44
Expected return on investment***	9,47	9,83
Benefit increases	5,47	5,83
Increases in payments from reinsurers	5,00	5,00

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.2 North-West University Disability Reserve Fund (continued)

	2018	2017
Mortality rates	PA (90) tables for males and females, rated up by 4 year, 3% additional loading on mortality at each age	

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

Included below is a sensitivity analysis in respect of the obligation showing the effects of changes in the different key assumptions:

	Increase R'000	Decrease R'000
Discount rate - change by 0,25%	(281)	289
Inflation rate - change by 0,10%	386	(383)
Mortality rate - change by 1 year	(298)	289

18.3 Post-employment medical benefits

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

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

	2018 R'000	2017 R'000
Current estimated employee benefit obligation:		
Present value of obligation	159 060	165 580
Recognised in profit or loss:		
Current service costs	2 169	2 287
Net interest	14 839	15 168
Total included in personnel remuneration	17 008	17 455
Recognised in the statement of comprehensive income:		
Actuarial gain recognised in other comprehensive income (OCI)	(13 895)	(10 865)
Recognised in the statement of financial position:		
Pensioners	103 517	108 987
Active employees	55 543	56 593
Present value of unfunded liability	159 060	165 580
Movement in the liabilities:		
Liability at 1 January	165 580	168 256
Interest cost	14 839	15 168
Service cost	2 169	2 287
Contribution	(9 633)	(9 266)
Actuarial gain	(13 895)	(10 865)
Liability at 31 December	159 060	165 580

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. EMPLOYEE BENEFITS (continued)

18.3 Post-employment medical benefits (continued)

	2018	2017
Principal actuarial assumptions at the reporting date:	%	%
Inflation rate	6,11	6,50
Discount rate	9,57	9,23
Expected future salary increases	6,61	7,00
Expected future medical cost increases	7,61	8,00
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)
2018			
Salary/Health-care cost inflation	+1%	+9,7%	+10,6%
	-1%	-8,4%	-9,1%
Mortality	+1%	-7,8%	-8,3%
	-1%	+8,7%	+9,3%
Resignation rate	+1%	-1,3%	-1,7%
	-1%	+1,4%	+1,9%
2017			
Salary/Health-care cost inflation	+1%	+10,3%	+11,3%
	-1%	-8,9%	-9,6%
Mortality	+1%	-8,3%	-8,8%
	-1%	+9,3%	+9,9%
Resignation rate	+1%	-1,3%	-1,8%
	-1%	+1,5%	+1,9%

Expected contributions to post-employment benefit plans for the year ending 31 December 2019 are R9 949 000.

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

18.4 Associated Institutions Pension Fund

Some of the permanent staff in the relevant staff categories (Potchefstroom and Vaal Triangle campuses), (2018: 0,25% or 9 staff members and 2017: 0,25% or 9 staff members) exercised the option of remaining members of the Associated Institutions Pension Fund (AIPF), which fund is registered in terms of and governed by the Pension Funds Act (Act No. 24 of 1956 (as amended)). Upon retirement these staff members receive retirement benefits in terms of a defined-benefit plan. The University has a liability to make an additional contribution to the pension fund if the cash flow of the AIPF is insufficient for the payment of the pensions of pensioners. The latest valuation was done on 31 March 2005 and the results show a funding level of 151,4% and a R3 631 000 surplus. The AIPF is administered by the State.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2018 is R1 165 000 (2017: R1 102 000).

18.5 NWU Provident Funds

The NWU provident funds were established on 1 March 1993 and 1 March 1996 respectively. All permanent staff members in the relevant staff categories (Potchefstroom and Vaal Triangle Campuses 2018: 93 staff members and 2017: 98 staff members) contribute to the NWU provident funds. The Registrar of Pensions does not require that a fixed-contribution fund be valued actuarially. The fund is 100% funded because benefits are limited to fixed contributions plus growth. The University has no further obligation towards the funds.

The amount as recognised in the statement of comprehensive income (note 25 – Personnel remuneration) for 2018 is R1 688 000 (2017: R1 729 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
19. DEFERRED GRANT INCOME		
Deferred income mainly comprises of state infrastructure grants. These grants are capital by nature.		
Capital projects	317 237	264 635
Balance at beginning of year	264 635	124 634
Subsidy received during the year	125 670	131 145
Interest capitalised during the year	17 612	11 055
	407 917	266 834
Recognised during the year	(90 680)	(2 199)
Balance at end of year	317 237	264 635
<u>Presented as follows:</u>		
Non-current liability: Long-term portion	230 201	96 136
Current liability: Short-term portion	87 036	168 499
	317 237	264 635
20. TRADE AND OTHER PAYABLES		
Trade creditors	155 186	165 918
Student fees - credit accounts	204 046	129 677
	359 232	295 595
The fair value approximates the carrying amount.		
21. INCOME RECEIVED IN ADVANCE		
Student-related fees and deposits	5 833	31 579
Deferred earmarked grants (operational by nature - granted annually)	50 053	35 343
Other (research and projects)	724	109 373
	56 610	176 295
The fair value approximates the carrying amount.		
22. ASSETS AND LIABILITIES RELATING TO CONTRACTS WITH CUSTOMERS		
All contract assets and contract liabilities relate to research contracts.		
Contract assets		
Opening balance	0	0
Consideration received during the period	0	0
Performance obligations completed	26 486	0
Loss allowance	0	0
Total contract asset - Closing balance	26 486	0
Contract liabilities		
Opening balance	0	0
Performance obligations met during the period	0	0
Performance obligations outstanding	60 801	0
Total contract liabilities - Closing balance	60 801	0
Net contract liabilities	34 314	0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Significant changes in contract assets and contract liabilities

Contract assets and contract liabilities have increased due to the implementation of IFRS 15.

Outstanding performance obligations

Outstanding performance obligations amounting to R60 801 000 relate to research contracts and the revenue will be recognised as the performance obligations are met during future accounting periods.

	2018 R'000	2017 R'000
23. STATE APPROPRIATIONS - SUBSIDIES AND GRANTS		
<u>Unrestricted or designated</u>		
Operating purposes	1 869 442	1 592 950
Earmarked grants	112 371	67 315
No fee increase - tuition	7 566	15 135
Gap funding - 8% fee adjustment	0	42 306
	1 989 379	1 717 706
Deferred capital subsidy recognised	14 636	6 943
Total	2 004 015	1 724 649
<u>Student and staff accommodation</u>		
No fee increase - residences	5 684	11 369
Total: State appropriations - subsidies and grants	2 009 699	1 736 018

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

24. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2018 R'000	2018 R'000	2018 R'000
	Tuition and other fees	Income from contracts	Sales of goods & services and other income *
Timing of revenue			
Revenue recognised at a point in time	0	0	426 294
Revenue recognised over time	1 724 152	233 209	235 568
Total revenue from external customers	1 724 152	233 209	661 862

No comparatives are shown for 2017 regarding the timing of revenue. This is a requirement of IFRS 15 that was implemented on 1 January 2018.

	2018 R'000	2017 R'000
* Included in this category is the following other income:		
Bad debt recovered	16 924	12 214

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	2018 TOTAL R'000	2017 TOTAL R'000
25. PERSONNEL REMUNERATION					
Remuneration and fringe benefits	2 055 350	62 412	42 667	2 160 430	1 972 407
Arbitration awards	4 153	0	0	4 153	7 787
Accrued leave	67 293	0	0	67 293	47 773
NWU Pension Fund	(11 399)	(335)	(229)	(11 963)	9 497
NWU Disability Reserve Fund	5 150	151	103	5 404	4 755
AI Pension Fund	1 110	33	22	1 165	1 102
NWU Provident Fund	1 609	47	32	1 688	1 729
Post-employment medical benefits	17 008	0	0	17 008	17 455
	2 140 275	62 308	42 595	2 245 178	2 062 505

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

Name	Office held	Basic salary R'000	Employment benefits R'000	Other payments / allowances R'000	Total costs to NWU 2018 R'000	Total costs to NWU 2017 R'000
Prof ND Kgwadi	Vice-Chancellor and Principal	2 792	306	433	3 532	3 562
Prof JJ Janse van Rensburg	Vice-Principal and Deputy Vice-Chancellor: Campus Operations (Potchefstroom)	2 232	26	206	2 463	2 670
Prof MM Verhoef	Registrar	1 865	305	251	2 421	2 443
Ms E de Beer	Executive Director: Finances and Facilities	1 916	238	230	2 384	2 419
Prof LA du Plessis	Deputy Vice-Chancellor: Planning and Campus Operations (Vaal Triangle)	1 846	254	202	2 302	2 237
Mr KJ Oagile *	Executive Director: People and Culture	1 604	295	323	2 223	2 079
Prof RJ Balfour #	Deputy Vice-Chancellor: Teaching and Learning	1 611	316	282	2 208	2 274
Prof ME Phaswana-Mafuya #	Deputy Vice-Chancellor: Research and Innovation	1 816	192	105	2 113	1 913
Prof BMP Setlalentoa	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	1 657	184	252	2 094	0
Mr NC Manoko	Executive Director: Corporate Relations and Marketing	1 477	173	285	1 935	1 850
Dr V Singh *	Executive Director: People and Culture	1 532	275	86	1 893	0
Prof LL Lalendle #	Executive Director: Student Life	1 364	159	349	1 871	1 959
Prof F van Niekerk #	Deputy Vice-Chancellor: Research and Innovation	0	0	0	0	2 515
Prof MJ Oosthuizen #	Deputy Vice-Chancellor: Teaching and Learning	0	0	0	0	2 348
Prof M Davhana-Maselesele #	Deputy Vice-Chancellor: Campus Operations (Mafikeng)	0	0	0	0	2 329
Total		21 712	2 723	3 004	27 439	30 598

* Management member not in service for full year - 2018. Remuneration annualised.

Management member not in service for full year - 2017. Remuneration annualised.

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

Refer to note 36 - Related-party transactions.

Number of senior staff members 2018: 11 (2017: 11).

	COUNCIL- CONTROLLED: UNRESTRICTED OR DESIGNATED R'000	SPECIFICALLY FUNDED ACTIVITIES: RESTRICTED R'000	STUDENT & STAFF ACCOMMO- DATION: RESTRICTED R'000	2018 TOTAL R'000	2017 TOTAL R'000
Other information regarding personnel remuneration					
Accrued leave - increase (note 18)	67 293	0	0	67 293	47 773
Retirement benefit costs	219 085	6 439	4 402	229 926	210 650
Members' contributions	79 346	2 332	1 594	83 272	76 988
Council contributions	139 739	4 107	2 808	146 654	133 662
Senior management remuneration	26 130	0	0	26 130	25 876
For managerial services	26 130	0	0	26 130	25 876

Payments for attendance at meetings of the Council and its Committees

Name	Number of members	2018 R'000	2017 R'000
Chair of Council: Honorarium, travel and accommodation expenses	1	171	134
Chairs of committees: Honorarium, travel and accommodation expenses	12	775	594
Members of Council: Honorarium, travel and accommodation expenses	42	231	406
Total		1 177	1 134

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. PERSONNEL REMUNERATION (continued)

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

Purpose/nature of payment	Name	Office held	2018 R'000	2017 R'000
Leave gratuity	Setsetse, GD	Director: MC Graduate School Postgraduate Division	892	0
Leave gratuity	Malan, DDJ	Professor: PC Human Movement Science	798	0
Leave gratuity	Letsosa, RS	Professor: PC Practical Theology	769	0
Leave gratuity	Pienaar, JJ	Professor: PC Chemistry	698	0
Leave gratuity	Van Rooyen, JM	Professor: PC Physiology	679	0
Leave gratuity	Assan, TEB	Professor: MC Economic and Management Sciences of Education	653	0
Leave gratuity	Rossouw, JP	Professor: PC Education and Human Rights in Diversity	632	0
Leave gratuity	Gopane, RE	Senior Lecturer: MC Biological Sciences	599	0
Leave gratuity	Waanders, FB	Professor: PC School of Chemical and Mineral Engineering	583	0
Leave gratuity	Storm, CP	Professor: PC School of Mechanical and Nuclear Engineering	577	0
Leave gratuity	Potgieter, MS	Professor: PC Physics	577	0
Leave gratuity	Scheppel, A	Director: NW Employee Relations	575	0
Leave gratuity	Van Niekerk, RJ	Associate Professor: PC School of Accounting Sciences	552	0
Leave gratuity	Hlatshwayo, HA	Senior Lecturer: MC English	547	0
Leave gratuity	Robinson, JA	Professor: PC School of Law Undergraduate Studies	545	0
Leave gratuity	Khunou, SF	Associate Professor: MC Law School of Postgraduate Studies	512	0
Leave gratuity	Ledibane, MM	Lecturer: MC Academic Literacy (AGLE)	505	0
Leave gratuity	Rademeyer, A	Professor: PC School of Accounting Sciences	503	0
Leave gratuity	Van Der Walt, DJ	Professor: PC Physics	494	0
Leave gratuity	Kriel, J	Manager: NW IT Operations and Infrastructure	475	0
Leave gratuity	Swanepoel, MC	Associate Professor: PC Visual Narratives	471	0
Claim end of term	Van Vuuren, GW	Extraordinary Professor: PC	450	0
Leave gratuity	Lalendle, LL	Executive Director: Student Life	447	0
Leave gratuity	Wiggill, MN	Associate Professor: PC Communication Studies	433	0
Leave gratuity	Wolmarans, CT	Associate Professor: PC Zoology	429	0
Leave gratuity	Lotz, HM	Senior Lecturer: PC School of Business and Governance	387	0
Leave gratuity	Phirwa, SB	Lecturer: MC Chemistry	379	0
Leave gratuity	Mbenga, BK	Professor: MC Tourism, Politics and History	375	0
Leave gratuity	Viljoen, CT	Senior Lecturer: PC Learner Support	374	0
Leave gratuity	Oagile, KJ	Executive Director: People and Culture	361	0
Ad hoc: Project allowance	Van Dyk, TJ	Professor: PC Academic Literacy (AGLE)	360	0
Leave gratuity	Mong DB	Professor: PC Academic Literacy (AGLE)	349	0
Leave gratuity	De Beer, DJ	Chief Director: NW Technology Transfer and Innovation Support	344	0
Leave gratuity	Tshabalala MJ	Human Resources Practitioner: MC Human Resources	327	0
Incentive bonus	Janse Van Vuuren, HH	Associate Professor: VC School of Accounting Sciences	320	0
Arbitration award	Andrianatos, AA	Manager: Academic Programme: NW Unit for Open Distance Learning	318	0
Leave gratuity	Tow, AA	Personal Assistant: NW Law: Assigned Functions (MC)	314	0
Leave gratuity	Matthee, M	Professor: PC School of Economic Sciences	302	0
Leave gratuity	Du Toit, DH	Professor: VC School of Industrial Psychology and Human Resources	298	0
Incentive bonus	Van Der Merwe, N	Associate Professor: PC School of Accounting Sciences	288	0
Ad hoc - Functional allowance	Jordaan, JA	Lecturer: PC School of Business and Governance	284	0
Leave gratuity	Jones, EY	Director: NW Human Resources Operations	284	0
Incentive bonus	Nel, JG	Director: PC Centre for Environmental Management	284	0
Leave gratuity	Ngakantsi, MM	Senior Committee Co-ordinator: MC Committee Secretariat	283	0
Incentive bonus	Schutte, DP	Associate Professor: PC School of Accounting Sciences	278	0
Leave gratuity	Vosloo, HA	Lecturer: PC Physics	275	0
Leave gratuity	Nel, A	Professor: VC School of Languages	268	0
Ad hoc - Advised	Puttkammer, MJ	Senior Lecturer: PC Language Technology	264	0
Leave gratuity	Makhado, L	Associate Professor: MC Nursing Undergraduate	254	0
Leave gratuity	Vermeulen, CW	Director: NW SALA Operations: Vaal Triangle	250	0
Total			22 216	0

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. PERSONNEL REMUNERATION (continued)

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

Purpose/nature of payment	Name	Office held	2018 R'000	2017 R'000
Leave gratuity and non-pensionable allowance	Van Niekerk, F	Senior Consultant: IM Deputy Vice-Chancellor: Research; Innovation; and Technology	0	2 350
Leave gratuity and severance	Van Der Westhuizen, CR	Chief Director: PC Chief Director: Finance and Facilities	0	1 755
Leave gratuity and severance	Sito, BR	Manager: MC Financial Aid	0	1 083
Leave gratuity	Visser, SS	Deputy Executive Dean: IM Economic Management; Science: Research and Innovation	0	981
Leave gratuity	Oosthuizen, MJ	Deputy Vice-Chancellor: IM Deputy Vice-Chancellor: Teaching-Learning	0	757
Leave gratuity and Severance	Gaobepe, BD	Farm Manager: MC Farm Administration	0	719
Leave gratuity	Kroon, J	Professor: PC Marketing and Business Management	0	708
Leave gratuity	Ferreira, GM	Professor: PC Law Undergraduate Programmes	0	644
Leave gratuity	Blignaut, AS	Professor: VC TELIT-SA	0	635
Severance	Rothman, D	Director (Pt): IM Tax Services	0	629
Leave gratuity	Boneschans, B	Director: PC Centre for Pharmaceutical and Bio-Medical Services	0	591
Leave gratuity	Du Toit, CGDK	Professor: PC School of Mechanical and Nuclear Engineering	0	570
Leave gratuity	Chikulo, BC	Professor: MC Demography; Population and Development Studies	0	557
Severance	Makgwa, MA	Senior Financial Assistant: MC Financial Accounting	0	504
Leave gratuity	Mpolokeng, LP	Director: MC Campus Rector	0	492
Leave gratuity	Meyer, LW	Associate Professor: PC Educational Psychology	0	466
Ad hoc: Project allowance	Nel, I	Associate Professor: PC Potchefstroom Business School	0	430
Leave gratuity	Oosthuysen, A	Manager: VC Information Technology	0	428
Leave gratuity	Erasmus, PB	Manager: PC Instrument-Making Department	0	425
Leave gratuity	Mabe, KL	Dean of Students: MC Dean of Students	0	411
Leave gratuity	Nieuwoudt, HD	Associate Professor: PC Mathematics Education	0	409
Leave gratuity	Karstens, A	Senior Lecturer: PC Curriculum Studies; Philosophy and Research Methodology	0	392
Ad hoc: Project allowance	Smit, AM	Associate Professor: PC Potchefstroom Business School	0	390
Leave gratuity	Venter, LM	Director: IM Research Support	0	383
Leave gratuity	Smit, N	Executive Dean: PC Faculty of Law	0	377
Leave gratuity	Ngwenya, TL	Professor: MC Communication and Languages	0	371
Leave gratuity	Nell, DC	Senior Lecturer: PC School of Music	0	368
Leave gratuity	Carstens, WAM	Professor: PC School of Languages	0	367
Leave gratuity	Hefer, IC	Lecturer: PC Technology for Education	0	363
Leave gratuity	Bogopane, LP	Associate Professor: MC Public Administration	0	348
Leave gratuity	Oliver, GJ	Senior Lecturer: PC School of Music	0	347
Leave gratuity	Klopper, A	Senior Lecturer: PC Early Childhood Development	0	330
Leave gratuity	Steyn, MM	Senior Lecturer: PC Social Work	0	318
Leave gratuity	North, CA	Executive Advisor: Planning and Special Projects: IM Deputy Vice-Chancellor: Teaching-Learning	0	317
Leave gratuity	Mellet, A	Senior Lecturer: VTC School of Economic Sciences	0	305
Leave gratuity	Krüger, PP	Senior Lecturer: PC Physics	0	300
Leave gratuity	Gontsana, I	Marketer: MC Marketing and Communications	0	295
Leave gratuity	Du Toit, SF	Professor: PC Law Undergraduate Programmes	0	290
Leave gratuity	Marx, S	Associate Professor: PC School of Chemical and Mineral Engineering	0	281
Leave gratuity	Trumpelmann, M	Subject Specialist: PC School of Electrical Electronic and Computer Engineering	0	278
Incentive bonus	Janse Van Vuuren, HH	Associate Professor: VTC School of Accounting Sciences	0	275
Incentive bonus	Van Der Merwe, N	Associate Professor: PC School of Accounting Sciences	0	270
Leave gratuity	Dirksen, MR	Associate Professor: PC School of Ancient Language and Text Studies	0	267
Incentive bonus	Schutte, DP	Associate Professor: PC School of Accounting Sciences	0	261
Leave gratuity	Mturi, A	Professor: MC HSS School of Research and Postgraduate Studies	0	259
Total			0	23 296

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	2018 TOTAL R'000	2017 TOTAL R'000
26. OTHER CURRENT OPERATING EXPENSES BY NATURE					
Allowance for credit losses: Accounts receivable (note 14)	56 411	78	3 668	60 157	11 006
Inventory written off (note 13)	961	0	232	1 193	2 139
Foodstuffs (Residence and Catering Services)	0	0	232	232	250
Publications and study materials	958	0	0	958	1 435
Other consumables	3	0	0	3	454
Auditor's remuneration	3 708	136	15	3 859	4 072
Audit fees	2 978	136	15	3 129	3 211
Other costs	730	0	0	730	861
Services outsourced	62 439	53	26 243	88 735	100 197
Rent: Buildings	12 508	1 783	35 220	49 511	29 569
Rent: Equipment	16 117	145	710	16 972	18 871
Maintenance	181 586	4 907	37 207	223 700	176 174
Bursaries	194 015	37 935	0	231 950	216 354
Goods and services - other	701 094	111 003	164 951	977 049	928 892
	<u>1 228 840</u>	<u>156 040</u>	<u>268 246</u>	<u>1 653 126</u>	<u>1 487 274</u>
27. INVESTMENT INCOME					
27.1 Operating income (short-term investment income)	193 267	13 931	0	207 198	150 307
Interest	182 142	13 931	0	196 073	139 545
Rental received (investment properties - note 7)	11 125	0	0	11 125	10 762
Long-term investment income	16 690	0	0	16 690	14 201
Interest	7 080	0	0	7 080	7 031
Dividends (listed investments)	9 610	0	0	9 610	7 170
	<u>209 957</u>	<u>13 931</u>	<u>0</u>	<u>223 888</u>	<u>164 508</u>
27.2 Realised profit on disposal of investments	697	0	0	697	1 058
Available-for-sale investments	0	0	0	0	1 282
Financial instruments at fair value through profit or loss	697	0	0	697	(224)
	<u>697</u>	<u>0</u>	<u>0</u>	<u>697</u>	<u>1 058</u>
27.3 Total per statement of cash flows					
Total interest received	201 044	13 931	0	214 975	158 396
Total dividends received	9 610	0	0	9 610	7 170
	<u>210 654</u>	<u>13 931</u>	<u>0</u>	<u>224 585</u>	<u>165 566</u>
28. FINANCE CHARGES					
Long-term loans (note 17)	2 898	0	0	2 898	3 862
Bank account	1	0	0	1	2
Exchange differences	16	0	0	16	530
Other	1 028	(216)	3 345	4 157	4 123
	<u>3 943</u>	<u>(216)</u>	<u>3 345</u>	<u>7 072</u>	<u>8 517</u>

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

	2018	2017
	R'000	R'000
29. CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	831 148	501 256
Adjusted for:		
IFRS 15 - 1 January 2018 adjustment against accumulated reserves -		
Contracts with customers - net of contract assets and contract liabilities	26 565	0
IFRS 9 - 1 January 2018 adjustment against accumulated reserves -		
Expected credit loss (ECL)	48 878	0
Fair value loss on financial assets at fair value through profit or loss	29 562	0
Loss allowance: Trade and other receivables (note 14)	60 157	11 006
Depreciation (note 6 and 7)	129 908	128 722
Loss on disposal/write-off of assets - property, plant and equipment	103	225
Increase in retirement benefit obligations (note 18)	46 966	49 611
Increase in deferred income tax assets (note 33)	(11)	(19)
Investment income (note 27)	(224 585)	(165 566)
Finance charges (note 28)	7 072	8 517
(Profit)/loss from/write-off of equity-accounted investees (note 10)	(991)	(87)
Adjustments i.t.o. IAS 39 - Capital market	(173)	1 713
Operating surplus before changes in working capital	954 599	535 378
Changes in working capital	(172 359)	47 263
(Increase)/decrease in inventories	(27 177)	489
Increase in trade and other receivables, excluding allowance for credit losses	(123 394)	(30 669)
(Increase)/decrease in income tax receivable	(37)	0
Increase/(decrease) in trade and other payables	63 636	(5 539)
Increase in contract liabilities	34 314	0
Decrease in income tax payable	(16)	(652)
(Decrease)/increase in income received in advance	(119 685)	83 634
Cash flows from operating activities	<u>782 240</u>	<u>582 641</u>
30. COMMITMENTS		
CAPITAL COMMITMENTS		
The following commitments not recognised in the statement of financial position existed at year-end with regard to capital expenditure approved but not yet incurred:		
Buildings	<u>128 221</u>	<u>65 800</u>
This expenditure will be financed with internal and external funds (note 6).		
OPERATING LEASES		
The future aggregate minimum lease payments under non-cancellable operating leases of buildings are as follows:		
Payable within 1 year	46 385	28 544
Payable within 2 to 5 years	73 219	14 666
Payable after 5 years	0	0
	<u>119 604</u>	<u>43 210</u>
Operating leases relate to the leasing of property and the premises for purposes of student housing.		
31. CAPITAL EXPENDITURE EXPENSED		
Capital expenditure expensed consists of library books	<u>4 637</u>	<u>4 438</u>

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

An "Offer to Purchase" was signed on 21 September 2017 between the University (NWU) and the Vaal University of Technology (VUT) to buy Quest Conference Centre in Vanderbijlpark. A purchase price in the amount of R45 million (including VAT) was agreed upon and included R1,8 million for movable assets.

The seller gave the purchaser occupation from 23 January 2018 until date of registration of transfer, subject to any pre-bookings until 31 March 2018 made by the seller (NWU). It was further agreed that all NWU Vaal Campus graduation ceremonies for 2018 would be accommodated by the purchaser (VUT) to take place at the Quest Conference Centre at no charge to NWU. VUT would occupy the premises as from 1 February 2018.

VUT deposited the purchase amount on 2 February 2018 into the NWU attorney's trust account, which is earning interest to the benefit of the NWU. Ministerial approval for the transaction was obtained on 23 August 2018.

A letter dated 12 December 2018 from Prof Gordon Zide, Vice-Chancellor of VUT, addressed to NWU, indicated that due to undisclosed latent defects at Quest, VUT is withdrawing from the transaction. A meeting with members of the executive team of VUT took place on 21 January 2019, providing them with full detail of the due diligence undertaken by their own appointed firm, PWC. Following further engagements and an undertaking to do additional maintenance work in the spirit of neighbourliness, the transferring attorneys are awaiting a date for VUT's Vice-Chancellor to sign the final transferring documents.

All criteria have been met to classify these non-current assets as assets held for sale and are measured and disclosed at their carrying amount of R10 229 000.

It is highly probable that the registration will be concluded within the 2019 calendar year and that no other significant changes will occur.

33. 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 Molopo Sun Proprietary Limited, OpenCollab Proprietary Limited, Intsys Labs Proprietary Limited, Innovation Highway Proprietary Limited, Innovation Highway Enterprises Proprietary Limited and North West Fibre Proprietary Limited, which are not exempted from tax, a tax liability is shown with regard to tax currently payable, based on taxable profit for the year.

Tax is calculated at 28% (2017: 28%). Deferred tax is applicable to OpenCollab Proprietary Limited.

	2018 R'000	2017 R'000
Income tax expense		
Current tax	588	883
Deferred tax	(10)	(19)
Prior year tax	14	(333)
Total income tax expense	592	531
Tax reconciliation		
Surplus before tax	831 739	501 787
Unrecognised losses - utilised	6	(53)
Exempt income	(829 685)	(498 664)
Non-deductible expenses	1	14
Prior year tax	52	(1 189)
Taxable income	2 113	1 895

Total unrecognised tax losses of R22 279 000 are carried forward for 2018 (2017: R22 273 000).

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

	2018 R'000	2017 R'000
33. INCOME TAX AND DEFERRED TAX ASSET (continued)		
Deferred tax asset (accrual for leave pay)		
Opening balance	119	100
Movement	10	19
Closing balance	130	119
Income tax payable		
Opening balance	358	1 010
Movement	(16)	(652)
Closing balance	342	358
Income tax receivable		
Opening balance	0	0
Movement	37	0
Closing balance	37	0

34. CHANGES IN ACCOUNTING POLICIES

This note explains the impact of the adoption of IFRS 9 *Financial Instruments* and IFRS 15 *Revenue from Contracts with Customers* on the financial statements of the University.

The University adopted these new standards using the modified retrospective approach, which means that the cumulative impact of the adoption was recognised in retained earnings as on 1 January 2018 and that comparatives were not restated.

Impact on the statement of financial position	31 Dec 2017 R'000	IFRS 9 R'000	IFRS 15 R'000	1 Jan 2018 R'000
Details on line items impacted				
NON-CURRENT ASSETS				
Investments				
Financial assets at fair value through profit or loss (FVPL) (IFRS 9)	0	408 449	0	408 449
Financial assets at amortised cost (IFRS 9)	0	759 979	0	759 979
Available-for-sale financial assets (IAS 39)	377 182	(377 182)	0	0
Receivables (IAS 39)	759 979	(759 979)		0
Held-to-maturity investments (IAS 39)	31 267	(31 267)	0	0
	1 168 428	0	0	1 168 428
CURRENT ASSETS				
Current portion of investments (receivables)	662 071	0	0	662 071
Trade and other receivables	236 277	48 878	0	285 155
Contract assets	0	0	17 735	17 735
	898 348	48 878	17 735	964 961
EQUITY				
Reserves	0	48 878	26 565	75 443
CURRENT LIABILITIES				
Income received in advance	176 296	0	(78 340)	97 956
Contract liabilities	0	0	69 510	69 510
	176 296	0	(8 830)	167 466

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

34. CHANGES IN ACCOUNTING POLICIES (continued)

IFRS 9 - Financial instruments

On 1 January 2018 (the date of initial application of IFRS 9), the University's management had assessed which business models applied to the financial assets held by the University and classified its financial instruments into the appropriate IFRS 9 categories. The main effects resulting from this reclassification were as follows:

Reclassification from available-for-sale to FVPL

Listed shares in private companies (R376 128 000) and unlisted shares that do not qualify as an investment in equity-accounted investees (R1 053 700) did not meet the IFRS 9 criteria for classification at amortised cost and were reclassified to financial assets at fair value through profit or loss (FVPL). Their cash flows do not represent solely payments of principal and interest.

Refer to note 9.1 and note 2.8.

Reclassification from held-for-trading to FVPL

Certain investments in listed corporate bonds were reclassified to FVPL. These investments have the same characteristics as listed shares. The fair value of these bonds as at 1 January 2018 was R31 266 528.

Reclassification from receivables to amortised cost

Unlisted investments consist mainly of money market instruments - long term portion (R759 979 000) and current portion (R662 071 000). The University intends to hold the assets (NCDs, fixed deposits and treasury bills) to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding. There was no difference between the previous carrying amount and the revised carrying amount of the other financial assets at 1 January 2018 to be recognised in opening retained earnings.

The University's trade and other receivables and contract assets are subject to IFRS 9's new expected credit loss model.

The University was required to revise its impairment methodology under IFRS 9 for each of these classes of assets. The impact of the change in impairment methodology on the University's equity is disclosed in the table above. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was Rnil.

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. This resulted in a decrease of the loss allowance on 1 January 2018 of R48 878 000 for trade receivables. Contract assets were not impaired. Notes 2.11 and 14 provide for details of the calculation of the allowance.

IFRS 15 - Revenue from contracts with customers

The University derives revenue from the transfer of goods and services over time and at a point in time. Income from research contracts was identified as the main category affected by the adoption of IFRS 15 as performance obligations were set over a period of time. Refer to note 2.14.4.

The University recognised the following contract assets and contract liabilities on 1 January 2018 relating to these contracts with customers. Amounts were included in student deposits and prepaid income in the previous year.

The net effect was adjusted against reserves on 1 January 2018.

At year end, contract assets and contract liabilities are netted off against each other as the nature of these financial instruments are the same.

	1 Jan 2018 R'000
Contract assets	17 735
Contract liabilities	69 510

NORTH-WEST UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. CONTINGENT LIABILITIES

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

36. RELATED-PARTY TRANSACTIONS

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

Refer to note 9.2 for disclosure of subsidiaries.

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

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

Compensation of the University Management is considered related-party transactions. Refer to note 25 for disclosure of remuneration.

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

37. 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 approved to be issued, and are accounted for as follows: the financial statements are adjusted as necessary with regard to events that provide further proof of circumstances existing on the reporting date and/or information that is only mentioned by way of a note if the events are evidence of circumstances that arose after the reporting date.

No material facts or circumstances affecting the financial position arose between the reporting date and the date of approval of this report.

13.12 Annexure 12 – Minimum norms and standards for student housing

In accordance with the national policy on minimum norms and standards for student housing at public universities, the NWU is required to report on its compliance with these norms and standards in its integrated annual report.

This section outlines compliance with staffing level requirements, the location of student residences, health and safety, governance of student residences and student discipline, among others.

Staffing levels

Level	Number of staff
Managers: Residence and Catering	3
Heads of residences	3
Senior residence officers	6
Residence officers	43
House parents	58
Total number of staff	113

These staff manage a total of 45 university-owned residences that accommodate 10 763 students.

All told, the NWU has 101 house parents and residence officers. The ratio of students to house parents and residence officers therefore equals 106:1 and complies with the required ratio of 150:1

Level of compliance with the minimum norms and standards

The NWU complies with all the required levels of the minimum norms and standards, with the exception of the following areas:

Location of the residences

93% of the university-owned beds are located on the three campuses. The other 7% of university-owned beds are 12 km away from the Vaal Triangle Campus and transport is provided throughout the day until all classes have been completed.

Health and safety

All certificates of compliance are obtained annually from the relevant authorities with regard to the services listed. Arrangements are made with external cleaning companies to keep records of cleaning of ablution areas. These records must be available for annual inspections.

Governance of student housing

Council has not yet appointed a designated committee to govern residence life on its behalf, although a similar committee is already in existence on each of the campuses and meets monthly. The committees do not at this stage present their minutes to Council.

Residence management has for the time being been concentrating on the restructuring of the university and alignment of facilities on all three campuses. The policy on student housing will receive urgent and focused attention during 2019.

Staffing levels

The minimum requirements for staffing levels are being met.

Professional development of student housing staff

The training programme concentrates on emergency situations – first aid, fire drills and personal emergency training – and best practices are researched and implemented where required.

Policy, procedure and agreement

The university has clear and comprehensive documentation providing information about the nature of student housing, the fees or rental rates, the rules and regulations, the management structure, the complaints procedure and maintenance/repairs requisition procedures.

Student discipline

The university is responsible for the discipline of students in university-owned and university-accredited rented housing. Suitable disciplinary codes and mechanisms were developed and published for implementation in university-owned residences.

We consult and collaborate with providers of accredited private student housing to establish agreed-upon disciplinary codes and mechanisms.

Disciplinary procedures are well documented and enforced in all the residences. The alignment of the rules on the three campuses is now receiving attention to ensure that all NWU residences (own and privately owned) are run according to the same set of rules.

Residence admissions and allocation policies

The university is in the process of developing its strategy for increasing the percentage of residence places available for new first-year students to at least 30% of the total residence capacity.

With respect to admission into and allocation of student housing, a comprehensive residence admissions and allocations policy exists on each of the three campuses, although the policies are not yet aligned. These policies are in the process of being aligned with the involvement of all relevant stakeholders.

Accountability for the implementation of these policy lies with senior management. Quarterly residence management accounts are not yet being submitted to Council for scrutiny and evaluation but arrangements for this will be made during 2019.

Financial control and management of student housing

The financial affairs of residences – budgets, actual spending and management of the income and expenditure – are fully separated from the university's accounts and are reported on every quarter to the campus management committees.

Compliance with minimum norms and standards

This report includes the level of compliance as set out in these paragraphs.

Phasing in of minimum norms and standards

During the past three years, an enormous amount of management attention has been spent on identifying and preparing proposals for the alignment of facilities on the three campuses. This followed the restructuring of the NWU's management model into that of a unitary entity from 1 July 2017.

The alignment process included the facilities at the residences on the three campuses and the different fee structures that existed.

Management has not yet finalised the plan for the phasing in of those minimum standards where the NWU does not currently comply, and so the plan has not yet been submitted to Council. However, management is confident that the plan will be ready for submission and acceptance by Council during 2019.

Accreditation of private residences

Due to the huge shortage of student accommodation on two of NWU's campuses, Vaal Triangle and Mafikeng, these accredited privately owned student accommodation providers fill a significant gap in the supply of accommodation.

Most of the facilities are new and the minimum norms are adhered to. During the accreditation process, compliance with the norms and standards is noted and if serious non-compliance exists, no accreditation is provided.

However, in terms of its existing stock to the university, the NWU's initial accreditation requirements did not include the requirement of a plan for the phasing in of the minimum norms and standards. This requirement will now be included.

A balanced approach to the offerings and the requirements of the DHET is currently being used. A major consideration when finalising accreditation is the stability of the campus due to available student accommodation versus strict compliance with all the minimum norms and standards and possible de-accreditation for non-compliance to some minor requirements.

20 June 2019

