Vaal University of Technology
Consolidated and Separate Annual Financial Statements
for the year ended 31 December 2021

Ngubane and Co.
Chartered Accountants (SA)
Registered Auditors

Issued 28 June 2022

## General Information

| | |
|---|---|
| **Country of incorporation and domicile** | South Africa |
| **Registered office** | Vaal University of Technology<br>Andries-Potgieter Bolevard<br>Vanderbijlpark<br>1900 |
| **Business address** | Andries-Potgieter Bolevard<br>Vanderbijlpark<br>1900 |
| **Bankers** | ABSA Bank<br>Eastgate Office Park |
| **Auditors** | Ngubane and Co.<br>Chartered Accountants (SA)<br>Registered Auditors<br>Building 13 Ground Floor<br>Woodmead Estate Office Park<br>1 Woodmead Drive<br>2191<br>P O Box 846<br>Halfway House<br>Midrand<br>1685 |

## Index

The reports and statements set out below comprise the Consolidated and Separate Annual financial statements presented to Council:

# Council's Statement of Responsibility for the Consolidated and Separate Annual Financial Statements

The Council of the University is responsible for the preparation and fair presentation of these Consolidated and Separate Financial Statements, comprising statement of financial position at 31 December 2021, statement of surplus or deficit and other comprehensive income, statement of changes in funds, statement of cash flow and the notes as presented on pages 14 to 84 in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Minister of Higher Education, Science and Innovation in terms of Section 41 of the Higher Education Act, 1997 (Act 101 of 1997) as contained in the Implementation Manual for Annual Reporting by Higher Education Institutions, and include amounts based on judgement and estimates by Management. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting estimates that are reasonable in the circumstances.

The Council has reviewed the University and its subsidiaries' cash flow forecast for the year ending 31 December 2022 and, in light of this review and current financial position, they are satisfied that the University and its subsidiaries has or had access to adequate resources to continue in operational existence for the foreseeable future.

The Council acknowledges that they are ultimately responsible for the system of internal financial control established by the University and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the University sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the University and all employees are required to maintain the highest ethical standards in ensuring the University's activity is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the University is on identifying, assessing, managing and monitoring all known forms of risk across the University. While operating risk cannot be fully eliminated, the University endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The Council's responsibility also includes maintaining adequate accounting records.

The University has investment in VUT enterprise (Pty) Ltd, Domicilia Student Services (Pty) Ltd which it has 100% shareholding, and Dihlare Remedy (Pty) Ltd which it has 51% shareholding and IDC has 49% shareholding in Dihlare remedy (Pty) Ltd.

The Council is of the opinion, based on the information and explanation given by Management that the system of internal control provides reasonable assurances that the financial records may be relied on for the preparation of the consolidated and separate financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatements or loss.

The Council is not aware of any post balance sheet events after the reporting period which may have a material effect on the amounts and disclosures in the Consolidated and Separate Financial Statements except the matter disclosed on note 39.

The Consolidated and Separate Financial Statements have been audited by Ngubane & Co.(JHB) Inc., who have been given unrestricted access to all financial records and related data, including minutes of all University's Committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

The Consolidated and Separate financial statements set out on pages 14 to 84, which have been prepared on the going concern basis, were approved by the Council on 27 June 2022 and were signed on its behalf by:

**Approval of consolidated and separate financial statements**

| | |
|---|---|
| **Ms. RM Buthelezi**<br>**Council Chairperson** | **Prof. ND Kgwadi**<br>**Vice Chancellor and Principal** |
| **Ms. NR Mgobo (CA)SA**<br>**Chief Financial Officer** | |

# Independent Auditors' Report to the Minister of Higher Education, Science and Innovation and the Council of the Vaal University of Technology

## Report on the audit of the consolidated and separate financial statements

## Opinion

1. We have audited the consolidated and separate financial statements of Vaal University of Technology and its subsidiaries (the Group) set out on pages 14 to page 84 which comprise the consolidated and separate statement of financial position as at 31 December 2021, the consolidated and separate statement of surplus or deficit and other comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 31 December 2021, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standard and the requirements of the Higher Education Act 101 of 1997, as amended.

## Basis for opinion

3. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the consolidated and separate financial statements section of our report.

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

Accountants' *International Code of Ethics for Professional Accountants (Including International Independence Standards)*.

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

## Emphasis of matter

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

## University was under administration

7. Without further qualifying our opinion, we draw attention to Note 38 to the consolidated and separate financial statements, which indicates that the University was placed under administration from August 2019 to August 2021 in terms Section 49B of the Higher Education Act 101 of 1997, as amended. Our opinion is not modified in respect of this matter.

## Responsibilities of the Council for the consolidated and separate financial statements

8. The Council is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act, 1997 Act 101 of 1997, as amended and for such internal control as the Council determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditors' responsibilities for the audit of the consolidated and separate financial statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

11. A further description of our responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditors' report.

## Report on the audit of the annual performance report

### Introduction and scope

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

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

14. 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 objective presented in the university's annual performance report for the year ended 31 December 2021:

| Objective | Pages in Annexure 3: Performance Report on Set Objectives for 2021 |
|---|---|
| Strategic Goal 1: Quality Teaching and Learning | 7- 7 |

15. 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.

16. We did not identify any material findings on the usefulness and reliability of the reported performance information for this objective:

- Strategic Goal 1: Quality Teaching and Learning

## Report on the audit of compliance with legislation

### Introduction and scope

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

18. The material findings on compliance with specific matters in key legislations are as follows:

### Annual financial statements

19. The consolidated and separate financial statements submitted for audit were not prepared and supported by complete accounting records in accordance with International Financial Reporting Standards as required by Regulation 7(4)(b)(xii) of the Regulations for Reporting by Public Higher Education Institutions. Material misstatements on current and non-current assets, current and non-current liabilities, deferred government grant, revenue, other income, expenditure, cashflow statement and disclosure items were identified by the auditors in the submitted consolidated and separate financial statements which were corrected and/or the supporting records were provided subsequently, resulting in the consolidated and separate financial statements receiving an unqualified audit opinion.

### Procurement and contract management

20. A Member of the university staff did not in writing:

    a. before he or she was appointed or assumed office, declare any business that may raise a conflict or a possible conflict of interest with the university; and

    b. notify the university of any conflict or possible conflict of interest before the university procured any goods or services from such member of staff or an organisation within which such member or employee held an interest, in contravention of section 34(4)(a)-(b) of the Higher Education Act.

## Other information

21. The Council is responsible for the other information. The other information comprises the information included in the annual report which, includes Introduction, Message from the Vice-Chancellor and Principal, VUT Governance, Management and Administration, Report by the Chairperson of Council on Governance and Administration at VUT, Statement of Sustainability, Statement on Worker and Student Participation, Report on Risk Assessment and Management of Risk, Statement on Transformation, Report of the Institutional Forum to Council, Vice-Chancellor's Report on Management and Administration, Report of the Senate to Council, Report of the Senate on Research and Technology Transfer and Innovation, Statement of the CFO and the Chariperson of Finance Committtee of Council and Statement of the Chairperson of the Audit and Risk Committee of Council, Annexures 2: Supplementary Financial Data, Annexure 3: Performance Report on set Objectives for 2021 (excluding Quality teaching and learning).

22. The other information does not include the consolidated and separate financial statements, the auditors' report and those selected objective – Quality Teaching and Learning presented in the annual performance report that have been specifically reported in this auditors' report.

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

24. 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 financial statements and the selected objective presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

25. If, based on the work we have performed on the other information obtained prior to the date of this auditors' 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

26. We considered internal control relevant to our audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion.

27. Management did not ensure that there are adequate controls over the preparation of the consolidated financial statements and compliance with laws and regulations. This was evidenced by material adjustments to the consolidated and separate financial statements, after submission for audit.

28. The Group did not have a proper record keeping system to maintain information that supported the consolidated and separate financial statements and compliance with laws and regulations. This included information that related to the collection, collation, verification, storage of declaration of interest by employees and other information to support financial statements and compliance with laws and regulations.

### Other reports

31. We draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in University's separate 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 financial statements or our findings on the reported performance information or compliance with legislation.

32. Agreed upon procedure engagements were performed for grants received by the Vaal University of Technology. Below is the list of agreed upon procedure engagements performed and the status thereof:

    a. We performed verification procedures over the National Research Foundation Grant received and its utilization for the year ended 31 December 2021. The report was issued on the 17th of March 2022.

    b. We performed verification procedures over the Research Output grant and its utilization for the year ended 31 December 2021. The report was issued on the 13th of May 2022.

    c. We performed verification procedures over the Clinical Training Grant received and its utilization for the year ended 31 March 2022. The report was issued on the 31st of May 2022.

    d. We performed verification procedures over the University Capacity Development Programme Grant (UCDP) received and its utilization for year ended 31 March 2022. The report was issued on the 31st of May 2022.

e. We performed verification procedures over the E-Skills Knowledge, Production and Coordination CoLab Grant received and its utilization for the year ended 31 March 2022. The report was issued on the 31st of May 2022.

f. We performed verification procedures over the Infrastructure and Efficiency (ICT) Grant received and its utilization for the year ended 31 March 2022. The report was issued on the 1st of June 2022.

g. We performed verification procedures over the Infrastructure and Efficiency Grant received and its utilization for the year ended 31 March 2022. The report was issued on the 31st of May 2022.

h. We performed verification procedures over the Infrastructure Maintenance Grant for the year ended 31 March 2022. The report was issued on the 31st of May 2022.

i. We performed verification procedures over the College Lecturer Education Project (CLEP) Grant received and its utilization for the year ended 31 March 2022. The report was issued on the 6th of June 2022.

j. We performed verification procedures over the Supplementary Financial Data for the year ended 31 December 2021. The report was issued on the 29th of June 2022.

k. We performed verification procedures over the New Generation Academics Programme (NGAP) Grant received and its utilization for the year ended 31 March 2022. The report is being finalised.

l. We performed verification procedures over the Technology Innovation Agency Grant and the Technology Station in Rural Sustainable Development Grant received and its utilization for the year ended 31 March 2022. The report is being finalised.

m. We performed verification procedures over the Higher Education Management Information System (HEMIS) data for the year ended 31 December 2021. The report is being finalised.

n. We performed verification procedures over the Clinical enrolment grant and its utilization for the year ended 31 December 2021. The report is being finalised.

Ngubane & Co (JHB) Inc

Ngubane & Co (JHB) Inc.

M. Ndlovu

Director

Registered Auditor

29 June 2022

## Annexure – Auditors' responsibilities 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 financial statements, and the procedures performed on the reported performance information for selected objectives and on the university's compliance with respect to the selected subject matters.

## Consolidated and separate financial statements

2. In addition to our responsibility for the audit of the consolidated and separate financial statements as described in this auditors' report, we also:

   - identify and assess the risks of material misstatement of the consolidated and separate 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 Council's use of the going concern basis of accounting in the preparation of the consolidated and separate financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Vaal University of Technology and its subsidiaries to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated and separate financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the consolidated and separate financial statements. Our conclusions are based on the information available to us at the date of this auditors' report. However, future events or conditions may cause the university to cease operating as a going concern
   - evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and determine whether the consolidated

and separate 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 consolidated and separate 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.

# Consolidated and Separate Statement of Financial Position as at 31 December 2021

| | | Group | | University | |
|---|---|---|---|---|---|
| | | 2021 | 2020 Restated * | 2021 | 2020 Restated * |
| | Notes | R | R | R | R |
| **Assets** | | | | | |
| **Non-Current Assets** | | | | | |
| Property, plant and equipment | 3 | 980 343 648 | 1 036 460 125 | 970 754 974 | 1 024 961 469 |
| Right-of-use assets | 4 | 144 496 701 | 170 338 128 | 144 496 701 | 170 338 128 |
| Investment property | 5 | 370 037 295 | 375 757 911 | 13 257 202 | 13 455 536 |
| Intangible assets | 6 | 8 968 922 | 4 109 757 | 8 968 922 | 4 109 757 |
| Investments in subsidiaries | 7 | - | - | 258 123 283 | 258 123 283 |
| Grants in subsidiaries | | - | - | 3 000 000 | 3 000 000 |
| Deferred tax | 8 | 1 603 955 | - | - | - |
| Financial assets at FVTPL | 9 | 528 556 624 | 456 473 657 | 528 556 624 | 456 473 657 |
| Financial assets at FVTOCI | 10 | 3 775 510 | 3 595 156 | 3 775 510 | 3 595 156 |
| | | **2 037 782 655** | **2 046 734 734** | **1 930 933 216** | **1 934 056 986** |
| **Current Assets** | | | | | |
| Loans to group companies | 11 | - | 332 137 | 144 464 | 3 079 170 |
| Student receivables | 12 | 213 443 179 | 193 580 320 | 213 443 179 | 193 580 320 |
| Other receivables | 13 | 19 984 371 | 45 539 509 | 12 217 201 | 45 258 575 |
| Cash and cash equivalents | 14 | 961 961 004 | 447 856 673 | 942 219 845 | 443 175 201 |
| | | **1 195 388 554** | **687 308 639** | **1 168 024 689** | **685 093 266** |
| **Total Assets** | | **3 233 171 209** | **2 734 043 373** | **3 098 957 905** | **2 619 150 252** |
| **Equity and Liabilities** | | | | | |
| **Equity** | | | | | |
| Property, plant and equipment fund | | 1 044 164 823 | 1 044 164 823 | 1 044 164 823 | 1 044 164 823 |
| Fair value reserve | | (1 043 253) | (1 223 607) | (1 043 253) | (1 223 607) |
| **Reserve funds** | | | | | |
| Restricted use fund - Residences | | (4 479 486) | (20 252 877) | (4 479 486) | (20 252 877) |
| Restricted use fund - Donor fund | | 31 569 388 | 27 033 505 | 31 569 388 | 27 033 504 |
| Unrestricted use fund - Contingency | | 7 030 000 | 7 030 000 | 7 030 000 | 7 030 000 |
| Unrestricted use fund - General | | 219 785 030 | (48 051 105) | 195 359 678 | (46 616 204) |
| | | **1 297 026 502** | **1 008 700 739** | **1 272 601 150** | **1 010 135 639** |
| **Liabilities** | | | | | |
| **Non-Current Liabilities** | | | | | |
| Lease liabilities | 4 | 123 565 274 | 3 200 721 | 123 565 274 | 3 200 721 |
| Financial liabilities | 15 | 97 888 084 | 97 742 837 | - | - |
| Interest-bearing borrowings | 16 | 94 384 | 387 740 | 94 384 | 387 740 |
| Post-employment liabilities | 17 | 292 370 889 | 269 853 793 | 292 370 889 | 269 853 793 |
| Deferred grant income | 18 | 560 309 307 | 413 700 260 | 560 026 878 | 412 518 644 |
| Deferred income | 19 | 270 450 298 | 265 181 442 | 270 450 298 | 265 181 442 |
| | | **1 344 678 236** | **1 050 066 793** | **1 246 507 723** | **951 142 340** |

* See Note 37

# Consolidated and Separate Statement of Financial Position as at 31 December 2021

| | | Group | | University | |
|---|---|---|---|---|---|
| | | 2021 | 2020 Restated * | 2021 | 2020 Restated * |
| | Note(s) | R | R | R | R |
| **Current Liabilities** | | | | | |
| Lease liabilities | 4 | 24 806 842 | 199 173 050 | 24 806 842 | 199 173 050 |
| Financial liabilities | 15 | 9 042 090 | 17 257 163 | - | - |
| Interest-bearing borrowings | 16 | 293 356 | 258 092 | 293 356 | 258 092 |
| Post-employment liabilities | 17 | 23 944 560 | 20 765 502 | 23 944 560 | 20 765 502 |
| Deferred grant income | 18 | 200 887 871 | 153 649 475 | 200 887 871 | 153 649 475 |
| Deferred income | 19 | 5 764 472 | 11 439 425 | 5 764 472 | 11 439 425 |
| Trade and other payables | 20 | 325 595 627 | 272 733 134 | 324 151 931 | 272 586 729 |
| Current tax payable | 21 | 1 131 653 | - | - | - |
| | | **591 466 471** | **675 275 841** | **579 849 032** | **657 872 273** |
| **Total Liabilities** | | **1 936 144 707** | **1 725 342 634** | **1 826 356 755** | **1 609 014 613** |
| **Total Equity and Liabilities** | | **3 233 171 209** | **2 734 043 373** | **3 098 957 905** | **2 619 150 252** |

* See Note 37

## Consolidated and Separate Statement of Surplus or Deficit and Other Comprehensive Income

| Group | Notes | Council controlled unrestricted R | Specifically funded activities restricted R | SUB-TOTAL R | Student and staff accommodati on restricted R | TOTAL 2021 R | TOTAL 2020 R |
|---|---|---|---|---|---|---|---|
| **Total income** | | **1 513 777 279** | **43 985 213** | **1 557 762 492** | **304 245 336** | **1 862 007 828** | **1 762 050 325** |
| State appropriations-Subsidies and grants | 22 | 806 756 092 | 31 672 767 | 838 428 859 | - | 838 428 859 | 874 291 377 |
| Tuition and other fee income | 22 | 463 017 163 | - | 463 017 163 | 258 305 434 | 721 322 597 | 725 014 376 |
| **Income from contracts** | | | | | | | |
| Income from contracts for research | 22 | - | 12 312 446 | 12 312 446 | - | 12 312 446 | 13 921 323 |
| Sale of goods and services | 22 | 5 611 663 | - | 5 611 663 | - | 5 611 663 | 4 600 380 |
| Private gifts and grants | | 1 792 745 | - | 1 792 745 | - | 1 792 745 | 867 914 |
| Interest and dividends | 23 | 97 592 492 | - | 97 592 492 | - | 97 592 492 | 37 324 012 |
| Other income | 22 | 139 007 124 | - | 139 007 124 | 45 939 902 | 184 947 026 | 106 030 943 |
| **Total operating expenses** | | **(1 260 739 612)** | **(43 985 213)** | **(1 304 724 825)** | **(288 499 045)** | **(1 593 223 870)** | **(1 630 939 199)** |
| **Personnel** | 24 | (869 306 818) | (31 228 138) | (900 534 956) | (26 605 148) | (927 140 104) | (924 645 055) |
| Academic personnel | | (415 460 122) | (10 617 567) | (426 077 689) | - | (426 077 689) | (433 705 428) |
| Other personnel | | (453 846 696) | (20 610 571) | (474 457 267) | (26 605 148) | (501 062 415) | (490 939 627) |
| Other operating expenses | 25 | (306 927 576) | (7 604 824) | (314 532 400) | (65 742 068) | (380 274 468) | (375 356 283) |
| Depreciation and impairment losses | 26 | (76 114 098) | (5 152 251) | (81 266 349) | (180 649 945) | (261 916 294) | (299 754 025) |
| Finance costs | 27 | (8 391 120) | - | (8 391 120) | (15 501 884) | (23 893 004) | (31 183 836) |
| **Non-recurrent Income** | | **787 970** | - | **787 970** | **27 100** | **815 070** | **469 099** |
| Proceeds from insurance on Property, Plant and Equipment | | 861 049 | - | 861 049 | 27 100 | 888 149 | 1 725 124 |
| Loss on disposal of Property, Plant and Equipment | | (73 079) | - | (73 079) | - | (73 079) | (1 256 025) |
| **Net surplus for the year** | | **253 825 637** | - | **253 825 637** | **15 773 391** | **269 599 028** | **131 580 225** |
| **Other comprehensive income:** | | | | | | | |
| *Items that may be subsequently reclassified to surplus or deficit:* | | | | | | | |
| Gains on measurement of financial assets | | 180 354 | - | 180 354 | - | 180 354 | (1 068 812) |
| *Items that will not be reclassified to surplus or deficit:* | | | | | | | |
| Remeasurements on net defined benefit (liability)/asset | | 14 010 498 | - | 14 010 498 | - | 14 010 498 | 38 360 584 |
| **Other comprehensive income for the year** | | **14 190 852** | - | **14 190 852** | - | **14 190 852** | **37 291 772** |
| **Total comprehensive income** | | **268 016 489** | - | **268 016 489** | **15 773 391** | **283 789 880** | **168 871 997** |

## Consolidated and Separate Statement of Surplus or Deficit and Other Comprehensive Income

| University | Notes | Council controlled unrestricted R | Specifically funded activities restricted R | SUB-TOTAL R | Student and staff accomodation restricted R | TOTAL 2021 R | TOTAL 2020 R |
|---|---|---|---|---|---|---|---|
| **Total income** | | **1 450 998 948** | **43 985 213** | **1 494 984 161** | **304 245 336** | **1 799 229 497** | **1 759 408 235** |
| State appropriations-Subsidies and grants | 22 | 805 939 873 | 31 672 767 | 837 612 640 | - | 837 612 640 | 872 056 287 |
| Tuition and other fee income | 22 | 463 017 163 | - | 463 017 163 | 258 305 434 | 721 322 597 | 725 014 376 |
| **Income from contracts** | | | | | | | |
| Income from contracts for research | 22 | - | 12 312 446 | 12 312 446 | - | 12 312 446 | 13 921 323 |
| Sale of goods and services | 22 | 5 611 663 | - | 5 611 663 | - | 5 611 663 | 4 600 380 |
| Private gifts and grants | 22 | 1 792 745 | - | 1 792 745 | - | 1 792 745 | 867 914 |
| Interest and dividends | 23 | 97 485 447 | - | 97 485 447 | - | 97 485 447 | 37 324 012 |
| Other income | 22 | 77 152 057 | - | 77 152 057 | 45 939 902 | 123 091 959 | 105 623 943 |
| **Total operating expenses** | | **(1 223 821 534)** | **(43 985 213)** | **(1 267 806 747)** | **(288 499 045)** | **(1 556 305 792)** | **(1 627 688 839)** |
| **Personnel** | 24 | (868 431 977) | (31 228 138) | (899 660 115) | (26 605 148) | (926 265 263) | (922 790 579) |
| Academic personnel | | (415 460 122) | (10 617 567) | (426 077 689) | - | (426 077 689) | (433 705 427) |
| Other personnel | | (452 971 855) | (20 610 571) | (473 582 426) | (26 605 148) | (500 187 574) | (489 085 150) |
| Other operating expenses | 25 | (286 254 758) | (7 604 824) | (293 859 582) | (65 742 068) | (359 601 650) | (374 818 885) |
| Depreciation and impairment losses | 26 | (68 644 550) | (5 152 251) | (73 796 801) | (180 649 945) | (254 446 746) | (298 895 539) |
| Finance costs | 27 | (490 249) | - | (490 249) | (15 501 884) | (15 992 133) | (31 183 836) |
| **Non-recurrent Income** | | **787 970** | - | **787 970** | **27 100** | **815 070** | **469 099** |
| Proceeds from insurance on Property, Plant and Equipment | | 861 049 | - | 861 049 | 27 100 | 888 149 | 1 725 124 |
| Loss on disposal of Property, Plant and Equipment | | (73 079) | - | (73 079) | - | (73 079) | (1 256 025) |
| **Net surplus for the year** | | **227 965 384** | - | **227 965 384** | **15 773 391** | **243 738 775** | **132 188 495** |
| **Other comprehensive income:** | | | | | | | |
| *Items that may be subsequently reclassified to surplus or deficit:* | | | | | | | |
| Gains on measurement of financial assets | | 180 354 | - | 180 354 | - | 180 354 | (1 068 812) |
| *Items that will not be reclassified to surplus or deficit:* | | | | | | | |
| Remeasurements on net defined benefit (liability)/asset | | 14 010 498 | - | 14 010 498 | - | 14 010 498 | 38 360 584 |
| **Other comprehensive income for the year** | | **14 190 852** | - | **14 190 852** | - | **14 190 852** | **37 291 772** |
| **Total comprehensive income** | | **242 156 236** | - | **242 156 236** | **15 773 391** | **257 929 627** | **169 480 267** |

## Consolidated and Separate Statement of Changes in Total Funds

| | Residences fund-restricted use | Contingency fund-unrestricted use | Donor fund-restricted use | Fair value reserve | Property, plant and equipment fund | Total reserves | Unrestricted use fund - General | Total Funds |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |
| **Group** | | | | | | | | |
| **Restated* Balance at 01 January 2020** | **(69 269 459)** | **7 030 000** | **25 680 039** | **(154 795)** | **1 044 164 823** | **1 007 450 608** | **(168 936 980)** | **838 513 628** |
| Surplus for the year | 49 016 582 | - | - | - | - | 49 016 582 | 82 563 643 | 131 580 225 |
| Other comprehensive income | - | - | 1 353 466 | (1 068 812) | - | 284 654 | - | 284 654 |
| Remeasurement of the net defined benefit liability | - | - | - | - | - | - | 38 360 584 | 38 360 584 |
| **Total changes** | **49 016 582** | **-** | **1 353 466** | **(1 068 812)** | **-** | **49 301 236** | **120 924 227** | **170 225 463** |
| Opening balance as previously reported | (20 252 877) | 7 030 000 | 27 033 505 | (1 223 607) | 1 044 164 823 | 1 056 751 844 | (48 012 753) | 1 008 739 091 |
| Adjustments | | | | | | | | |
| Prior year adjustments | - | - | - | - | - | - | (38 352) | (38 352) |
| **Balance at 01 January 2021 as restated** | **(20 252 877)** | **7 030 000** | **27 033 505** | **(1 223 607)** | **1 044 164 823** | **1 056 751 844** | **(48 051 105)** | **1 008 700 739** |
| Surplus for the year | 15 773 391 | - | - | - | - | 15 773 391 | 253 825 637 | 269 599 028 |
| Other comprehensive income | - | - | 4 535 883 | 180 354 | - | 4 716 237 | - | 4 716 237 |
| Remeasurement of the net defined benefit liabilty | - | - | - | - | - | - | 14 010 498 | 14 010 498 |
| **Total changes** | **15 773 391** | **-** | **4 535 883** | **180 354** | **-** | **20 489 628** | **267 836 135** | **288 325 763** |
| **Balance at 31 December 2021** | **(4 479 486)** | **7 030 000** | **31 569 388** | **(1 043 253)** | **1 044 164 823** | **1 077 241 472** | **219 785 030** | **1 297 026 502** |

* See Note 37

## Consolidated and Separate Statement of Changes in Total Funds

| | Residences fund-restricted use | Contingency fund-unrestricted use | Donor fund-restricted use | Fair value reserve | Property, plant and equipment fund | Total reserves | Unrestricted use fund - General | Total Funds |
|---|---|---|---|---|---|---|---|---|
| | R | R | R | R | R | R | R | R |
| **University** | | | | | | | | |
| **Restated* Balance at 01 January 2020** | **(69 269 459)** | **7 030 000** | **25 680 039** | **(154 795)** | **1 044 164 823** | **1 007 450 608** | **(168 110 342)** | **839 340 266** |
| Surplus for the year | 49 016 582 | - | - | - | - | 49 016 582 | 83 171 906 | 132 188 488 |
| Other comprehensive income | - | - | 1 353 466 | (1 068 812) | - | 284 654 | - | 284 654 |
| Remeasurement of the net defined benefit liability | - | - | - | - | - | - | 38 360 584 | 38 360 584 |
| **Total changes** | **49 016 582** | **-** | **1 353 466** | **(1 068 812)** | **-** | **49 301 236** | **121 532 490** | **170 833 726** |
| Opening balance as previously reported | (20 252 877) | 7 030 000 | 27 033 505 | (1 223 607) | 1 044 164 823 | 1 056 751 844 | (46 577 852) | 1 010 173 992 |
| Adjustments | | | | | | | | |
| Prior year adjustments | - | - | - | - | - | - | (38 352) | (38 352) |
| **Balance at 01 January 2021 as restated** | **(20 252 877)** | **7 030 000** | **27 033 505** | **(1 223 607)** | **1 044 164 823** | **1 056 751 844** | **(46 616 204)** | **1 010 135 640** |
| Surplus for the year | 15 773 391 | - | - | - | - | 15 773 391 | 227 965 384 | 243 738 775 |
| Other comprehensive income | - | - | 4 535 883 | 180 354 | - | 4 716 237 | - | 4 716 237 |
| Remeasurement of the net defined benefit liability | - | - | - | - | - | - | 14 010 498 | 14 010 498 |
| **Total changes** | **15 773 391** | **-** | **4 535 883** | **180 354** | **-** | **20 489 628** | **241 975 882** | **262 465 510** |
| **Balance at 31 December 2021** | **(4 479 486)** | **7 030 000** | **31 569 388** | **(1 043 253)** | **1 044 164 823** | **1 077 241 472** | **195 359 678** | **1 272 601 150** |

* See Note 37

## Consolidated and Separate Statement of Cash Flows

| | | Group | | University | |
|---|---|---|---|---|---|
| | Notes | 2021<br>R | 2020<br>Restated *<br>R | 2021<br>R | 2020<br>Restated *<br>R |
| **Cash flows from operating activities** | | | | | |
| Cash generated from operations | 29 | 598 197 581 | 459 405 091 | 564 634 385 | 462 131 108 |
| Interest income | | 22 813 018 | 8 437 868 | 22 705 973 | 8 437 868 |
| Finance costs | 27 | (7 978 311) | (108 929) | (77 440) | (108 929) |
| Finance costs: leases | 27 | (15 914 693) | (31 074 907) | (15 914 693) | (31 074 907) |
| **Net cash from operating activities** | | **597 117 595** | **436 659 123** | **571 348 225** | **439 385 140** |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | 3 | (12 994 305) | (72 384 651) | (12 994 305) | (62 108 831) |
| Proceeds of property, plant and equipment | | 249 433 | 17 907 | 249 433 | 17 907 |
| Purchase of investment property | 5 | (37 289) | (362 471 214) | - | - |
| Purchase of other intangible assets | 6 | (10 525 087) | (18 524 375) | (10 525 087) | (18 524 375) |
| Proceeds from insurance on PPE | | 888 149 | 1 725 124 | 888 149 | 1 725 124 |
| Repayment of loans from group companies | | 332 137 | - | 2 934 706 | - |
| Loans advanced to group companies | | - | (332 137) | - | (3 079 170) |
| Purchase of Domicilia | | - | - | - | (255 000 000) |
| Acquisition of Right of Use Asset | | 156 570 679 | - | 156 570 679 | - |
| **Net cash from investing activities** | | **134 483 717** | **(451 969 346)** | **137 123 575** | **(336 969 345)** |
| **Cash flows from financing activities** | | | | | |
| Repayment of interest-bearing borrowings | 16 | (258 092) | (227 068) | (258 092) | (227 068) |
| Repayment of financial liabilities | 15 | (8 069 826) | - | - | - |
| Payment on lease liabilities | 4 | (209 169 063) | (142 504 578) | (209 169 063) | (142 504 578) |
| Proceeds from borrowings | | - | 115 000 000 | - | - |
| **Net cash from financing activities** | | **(217 496 981)** | **(27 731 646)** | **(209 427 155)** | **(142 731 646)** |
| **Total cash movement for the year** | | **514 104 331** | **(43 041 869)** | **499 044 645** | **(40 315 851)** |
| Cash at the beginning of the year | | 447 856 673 | 490 898 542 | 443 175 200 | 483 491 051 |
| **Total cash at end of the year** | 14 | **961 961 004** | **447 856 673** | **942 219 845** | **443 175 200** |

* See Note 37

# Accounting Policies

## 1. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated and separate financial statements, unless otherwise stated.

### 1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate financial statements and the Higher Education Act, 101 of 1997 of South Africa, as amended.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below.

### 1.2 Reporting entity

The Vaal University of Technology is domiciled in South Africa. The University's registered address is Andries-Potgieter Boulevard, Vanderbijlpark. The consolidated and separate financial statements of the University as at 31 December 2021 comprise the University and entities controlled by the University. The basis of consolidation of the consolidated and separate financial statements is set out in paragraph 1.4. The University as an educational institution is primarily involved in tuition, research and community service in South Africa.

### 1.3 Functional and presentation currency

These consolidated and separate financial statements are presented in South African Rand, which is the University's functional currency, rounded to the nearest rand.

### 1.4 Consolidation

#### Basis of consolidation

The consolidated and separate annual financial statements incorporate the annual financial statements of the University and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the group.

The group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity.

The results of subsidiaries are included in the consolidated and separate annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated and separate annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The University derecognises the assets and liabilities of the subsidiaries at their carrying amounts from the date that it ceases to control subsidiaries.

### 1.5 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

**Critical judgements in applying accounting policies**

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the consolidated and separate financial statements, are outlined as follows:

**Key sources of estimation uncertainty**

**Valuation of financial assets**

Financial assets within the scope of IFRS 9 Financial Instruments: Recognition and measurement are classified as financial assets at fair value through profit or loss as appropriate and at fair value through other comprehensive income. Management determines the classification of its financial assets at initial recognition. When the fair value of investments recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as director's valuations based on recent equity transactions or discounted cash flow. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimates is required in establishing fair values.

**Provision for expected credit losses for student fees receivables and other receivables**

The University uses a provision matrix to calculate ECLs for student fees receivables and other receivables. The provision rates are based on days past due for other receivables and historic default rates for student debts.

The provision is initially based on the University's historical observed default rates. The University will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The forward-looking assumptions that were taken into account is the increase in unemployment rate due to COVID-19 and the companies closing down.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The University's historical credit loss experience and forecast of economic conditions may also not be representative of students and other receivables actual default in the future.

**Depreciation and amortisation**

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on University replacement policies for the various assets. Individual assets within these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Assets that have reached their useful lives during the period of 2021 but still have economic benefit to the University have been reviewed and their useful life have been extended. Refer to note 3 for the impact.

**Right of use assets and lease liability**

The University leases properties from various lessors in the fulfilment of its teaching, learning and research activities. The lease agreements are mainly for fixed periods with average tenure of 1-5 years.

The right of use asset and the lease liability should initially be measured at the present value of the minimum lease payments.

### 1.5 Significant judgements and sources of estimation uncertainty (continued)

IFRS 16 was applied in the determination of the discount rate used in the discounting of the lease liability.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for the year ended 31 December 2021. The interest rate of implicit in the lease was not available at the commencement date due to the nature of the lease contracts, the weighted average incremental borrowing rate applied to the lease liabilities for the year ended 31 December 2021 was 7%.

**Post-employment contribution**

The cost of certain guaranteed minimum benefits in terms of defined benefit plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuations involve making assumptions about discount rates, expected rates of return on assets, future salary increases, healthcare inflation costs and mortality rates. Due to the long term nature of these plans, such estimates are subject to significant uncertainty. Additional information is included in note 17.

### 1.6 Deferred income

Grants that have been utilised to acquire assets are included in non-current liabilities as deferred income, and are released to surplus and deficit on a straight line basis over the expected useful life of the related item of property, plant and equipment. The portion of the grant that will be realised to surplus and deficit during the next twelve months is included in current liabilities as a deferred income.

### 1.7 Separate activities reporting and accumulated funds

The format of statement of surplus or deficit is designed to disclose separately (i) the utilisation of the resources of the University that are under the absolute control of its Council (ii) those for which the utilisation is prescribed in terms of the legal requirements of the providers of such resources. In addition,(iii) because Universities vary significantly in the provision of accommodation for students and/or staff, this component,  is also treated separately.

Accumulated funds are also in terms of the guidelines prescribed by the Minister of Higher Education, Science and Innovation.

**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 expanded. This may result from contract, conditional grant or conditional donation. The 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.

**Unrestricted Council controlled funds (Education and general)**

These funds fall under the discretion of Council (e.g. sales of goods and services, non-prescriptive donations and grants, income from investments that are not restricted, specific purpose endowments or administrated funds) and have been designated for specific purposes.The unrestricted Council controlled activities predominantly represent the teaching component of the Vaal University of Technology.

**Restricted use funds (Residences)**

Restricted use funds (Residences) consist of student housing activities. These activities are not funded from government subsidy funds. Decision-making rights relating to income earned rests with Council, however the use of income is restricted to these activities.

**Contingency funds**

These funds are Council controlled and will be used for emergencies services that may arise.

**Non-distributable Reserves**

This reserve relates to the funds earmarked for investment in (i) property, plant and equipment, which is provided for current and future fixed asset renovations, upgrading, acquisition and maintenance and the (ii) fair value reserve which comprises the movement in the fair value of investments that are classified as financial assets at FVTOCI.

### Transfers between funds

These transfers relate primarily to transfer between different types of funds either restricted or unrestricted.

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 appropriate fund to PPE funds;
- Where Council has designated funds for specific purposes, e.g Research;
- Funds allocated for financing of major capital expenditure.

### 1.8 Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the investment properties is recognised in the surplus or deficit in the period of derecognition.

### Cost model

Investment property is carried at cost less depreciation less any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value by equal installments over the useful life of the property, which is as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Property - buildings | Straight line | 60 years |
| Lifts | Straight line | 30 years |
| Air-conditioners | Straight line | 15 years |

### 1.9 Property, plant and equipment

Definition, recognition and measurement

Property, plant and equipment are tangible assets which the University holds for its use and which are expected to be used for more than one year.

Land and buildings comprise mainly of buildings which house lecture rooms, offices, laboratories, sports facilities, residences and related buildings. Property, plant and equipment are initially recognised when it is probable that future economic benefits will flow to the University and cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost. The cost of an asset comprises the purchase price and any cost attributable to bringing the asset to the location and condition necessary for it to operate as intended by management.

Subsequently. property, plant and equipment are measured at cost less accumulated depreciation and net of accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Library books that have life expectancy of one year are expensed, library books with life expectancy of two or more years are capitalised.

Work in progress (assets under construction) includes all expenditure that is directly attributable to the acquisition of the construction of the items of property, plant and equipment, until the construction is completed and an occupation certificate is issued. Work in progress is capitalised during the construction phase and only depreciated once the item of the property, plant and equipment is available for use as intended by management.

### 1.9 Property, plant and equipment (continued)

Borrowing costs

The University capitalises borrowing costs directly attributable to the acquisition,construction or production of a qualifying asset as part of the cost of that asset.

Useful life

University defines useful life as the period over which an asset is expected to be available for use.

Depreciation

Depreciation is recognised in surplus or deficit on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Depreciation is recognised on the depreciable amount of an item of property, plant and equipment.

The depreciable amount is the difference between the cost of an item of property, plant and equipment and its residual value. Land is not depreciated.

Residual value is the estimated amount that the University would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of age and in the condition expected at the end of its useful life. The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

| Item | Depreciation method | Average useful life |
|---|---|---|
| Buildings | Straight line | 12 - 60 years |
| Furniture and equipment residences | Straight line | 3 - 20 years |
| Motor vehicles | Straight line | 5 - 15 years |
| Office furniture and equipment | Straight line | 2 - 30 years |
| Computer equipment | Straight line | 3 - 10 years |
| Laboratory equipment | Straight line | 3 - 30 years |
| Air-conditioning | Straight line | 12 - 15 years |
| Infrastructure assets | Straight line | 10 - 60 years |
| Library books | Straight line | 2 - 5 years |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of plant and equipment are recognised in surplus or deficit as incurred.

Derecognition

An item of property,plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in surplus or deficit in the year the asset is derecognised.Library books are written off in the year of purchase though some may be used for periods longer than one year.

### 1.10 Impairment of non-financial assets

The University assesses at each reporting date whether there is an indication that an asset may be impaired. if any such indication exists, or when annual impairment testing for an asset is required, the University makes an estimate of the asset's recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. if that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

### 1.11 Right-of-use assets

The University recognises right-of-use assets and lease liability at the commencement date of the lease. Right-of-use assets is measured at present value of future lease liability payments at the inception of the lease. Subsequently, the right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the University is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and lease term.The current lease contracts are for 5 years, therefore the useful life of the leased assets is 5 years. Right-of-use assets are subject to impairment. Lease liability is measured at amortised cost. Lease renewal has been considered on the calculation of right of use assets and lease liability. The University consider to renew a lease if there is a need for student accommodation.

### 1.12 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost. Subsequent expenditure on capitalised intangible assets is capitalised only when it enhances the future economic benefits embodied in the specific asset to which it relates.

Intangible assets are subsequently carried at cost less any accumulated amortisation and any impairment losses.

Derecognition

An intangible asset, initially recognised, is derecognised upon disposal, or when no future economic benefits are expected from its use. Any gain or loss arising from the derecognition (the difference between the carrying amount and the proceeds on disposal) are included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Amortisation

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

| Item | Amortisation method | Average useful life |
|---|---|---|
| Library e-books | Straight line | 2-5 years |
| Licences and software | Straight line | 2-5 years |

### 1.13 Investments in subsidiaries

Investments in subsidiaries are carried at cost less any accumulated impairment losses. .

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the University; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

### 1.14 Financial instruments

**Financial assets**

**Classification**

The university classifies its financial assets in the following categories: at fair value through profit or loss, at fair value through other comprehensive income and at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual cash flow characteristics.

**(a) Financial assets at fair value through other comprehensive income**

This category applies only when the contractual terms of the instrument give rise, on specific dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by collecting contractual cash flows and selling instruments.

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flow represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

**(b) 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 profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

**(c) Financial assets at fair value through profit or loss**

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 are measured at fair value through profit and loss.

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

**Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group 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 group has transferred substantially all the risks and rewards of ownership.

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. Trade receivables that do not contain a significant financing component or for which the University has applied the practical expedient are measured at the transaction price determined under IFRS 15.

**Subsequent measurement**

Despite the aforegoing, the university may make the following irrevocable election/designation at initial recognition of a financial asset:

The university may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and

### 1.14 Financial instruments (continued)

The university may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

**De-recognition of financial assets**

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**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 profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in surplus or deficit as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of surplus or deficit as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

**Impairment of financial assets**

Debt instruments that are measured subsequently at amortised cost or at FVTOCI are subject to expected credit losses. In relation to the impairment of financial assets an expected credit loss model is required. The expected credit loss model requires the university to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The university recognises a loss allowance for expected credit losses on:

- Trade receivables and contract assets.

The university measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit impaired financial asset), the university is required to measure the loss allowance for that financial instrument at an amount equal to 12 months ECL.

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables and contract assets in certain circumstances, which has been adopted by the university for its trade receivables.

**Trade and other receivables**

**Classification**

Other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (refer to note 12 and 13).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the University's business model is to collect the contractual cash flows on other receivables.

**Recognition and measurement**

Other receivables are recognised when the group becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

### 1.14 Financial instruments (continued)

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

**Impairment**

The University recognises a loss allowance for expected credit losses on other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The University measures the loss allowance for other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

**Measurement and recognition of expected credit losses**

The University makes use of a provision matrix as a practical expedient to the determination of expected credit losses on other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The loss allowance is calculated on a collective basis,based on the group which students are categorised for all student receivables in totality. Details of the provision matrix is presented in note 12.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of other receivables, through use of a loss allowance account. The impairment loss is included in operating expenses in surplus or deficit as a movement in credit loss allowance (refer to note 26).

**Write off policy**

Bad debts are written off after all resources to collect by the University or an External Debt Collector has been exhausted and declared as irrecoverable and/or not traceable.

When writing off bad debts, the following guidelines are taken into account:

- When all legal resources have been exhausted without any success in recovering the debt
- The debt cannot legally be enforced;
- All reasonable steps to trace the debtor have failed;
- Extraordinary circustances, death, incarceration and insolvency; and
- The prescribed debt

**Credit risk**

Details of credit risk are included in the other receivables note (refer to note 13) and the financial instruments and risk management note (refer to note 34).

**Financial liabilities**

The valuation technique(s) appropriate for the measurement, considering the availability of data with which to develop inputs that represent the assumptions that market participants would use when pricing the asset or liability and the level of the within which the inputs are categorised.

Financial liabilities include accounts payable and other creditors (excluding non-financial instruments), leases and borrowings.The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

- Amortised cost; or

- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or

### 1.14 Financial instruments (continued)

- Designated at fair value through surplus or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or iit forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

The University derecognises financial liabilities when, and only when, the University obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

**Trade and other payables**

**Classification**

Trade and other payables (refer to note 20), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

**Recognition and measurement**

They are recognised when the University becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in surplus or deficit in finance costs (refer to note 27).

Trade and other payables expose the University to liquidity risk and possibly to interest rate risk. Refer to note 34 for details of risk exposure and management thereof.

**Cash and cash equivalents**

Cash and cash equivalents included cash on hand, deposits held on call with financial institutions, other short term, highly liquid investments with original maturity of three months or less that are readily convertible to cash. Bank overdrafts are shown within borrowings in the current liabilities in the statement of financial position.

Cash and cash equivalents are measured at amortised cost.

All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable international banking institutions.

### 1.15 Tax

**Tax expenses**

The University is exempt from normal taxation in terms of section 30 of the South African Income Tax, 1962 (Act no. 58 of 1962), however the subsidiaries are reguired to comply with South African Income Tax.

### 1.16 Leases

The University assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**1.16 Leases (continued)**

University as lessee

The University recognises a right of use asset and lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of lease liability, plus any initial direct costs incurred and less any incentives received. The lease liability is initially measured at the present value of the future lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate.

The right of use asset is subsequently depreciated using a straight line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

University lease buildings for admin, academic and to provide accomodation for students on average lease period of 3 years.

Contracts may contain both lease and non-lease components. The University allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

The University uses the incremental borrowing rate as the discounted rate. The lease payments included in the measurement of the liability comprise of the following:

- Fixed payments, or variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

The lease liability is measured at amortised cost using the incremental borrowing rate method. It is measured when there is a change in future lease payments arising from a change in an index or a rate, or if the University changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in the statement of comprehensive income if the carrying amount of the right of use asset has been reduced to zero.

The University presents the right of use assets as non-current assets and lease liabilities as liability in the statement of financial position.

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Short-term leases and leases of low value

The University applies the short-term lease recognition to its photocopiers. Those leases have a lease term of 12 months or less from the date of commencement and do not contain a purchase option. Furthermore, it applies the lease of low value assets recognition to cellphones. These leases are recognised as an expense on a straight-line basis over the lease term.

**Group as lessor**

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

The group has investment properties based in Klerksdorp and Kempton Park that are leased to third parties. The lease for Klerksdorp is currently on a month to month basis.The lease for Kempton Park is for a 5 year period.

### 1.16 Leases (continued)

**Operating leases**

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other income (note 22).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

**Practical expedient**

During the current year, the University has chosen to adopt IFRS 16 guidance on lease modification accounting for rent concession, COVID-19 related rent concessions. The main impact of this amendment is that it exempts lessees from the need to account for COVID-19 related rent concession as a lease modification. As such, lease concessions are treated as a measurement to the lease liability, with a corresponding adjustment to the right of use assets provided other terms of the lease agreement are materially unchanged.

### 1.17 Impairment of assets

The University assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the University estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the University also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

### 1.18 Employee benefits

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**Defined benefits plans**

The University operates a defined contribution plan. The plan is funded by payments by the University, taking account of the recommendations of the independent qualified actuaries. The University's contributions to defined contribution plans are charged to surplus or deficit in the year to which it relates. The University has no further payment obligations once the contributions have been paid. However,the pension plan contains a minimum benefit portion (to staff members employed prior 31 July 1994) which the University has an obligation to fund the shortfall.

**Pension fund**

The University contributes towards one pension scheme namely National Tertiary Retirement Fund (NTRF). NTRF is a registered and managed in terms of of the Pension Fund Act 24 of 1956.

The liability recognised in the statement of financial position in respect of defined benefit pension plan is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent qualified actuaries using the projected unit credit method in accordance with IAS 19. Under this method the cost of providing pensions is charged to surplus or deficit. The current service cost of the defined benefit plan, recognised in the statement of profit and loss "personnel costs", reflects the increase in the defined benefit obligation resulting from employee service in the current year.

The present value for the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and have terms of maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and amendments to pension plans are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service cost, experience adjustments, the effect of changes in actuarial assumptions and the effect of plan changes are immediately recognised in surplus or deficit.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

The net interest income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets

**Post-retirement medical aid benefits**

The University provides post-retirement healthcare benefits to its retirees. This is applicable to staff members employed prior to 01 January 2012. The entitlement to these benefits is usually based on the employee remaining in service up to retirement. The expected costs of these benefits are accrued over the period of employment.

### 1.18 Employee benefits (continued)

The liability recognised in the Statement of Financial Position in respect of post-retirement healthcare benefits is the present value of the obligation. The present value of the post-retirement healthcare obligation is determined by discounting the estimated future cash outflows at reasonable interest rates. The current costs are recognised as an expense in the period that the relevant employee services are received.

The post-retirement healthcare obligation is calculated annually by independent qualified actuaries using the projected unit credit method.

Re-measurements,comprising of actuarial gains and losses, are recognised immediately in the statement of financial position with a corresponding debit or credit to the retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to surplus or deficit in subsequent periods.

Termination benefits

Termination benefits are payable when employment is terminated by the university before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits.

The university recognises termination benefits at the earlier of the following dates: (a) when the university can no longer withdraw the offer of those benefits; and (b) when the university recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. 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 end of the reporting period are discounted to present value.

### 1.19 Provisions and contingencies

Provisions are recognised when:

- the University has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

### 1.20 Government grants

State appropriations - subsidies and grants

State appropriation and grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the University will comply with all attached conditions.

General purpose:

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. State appropriations and grants for general purposes are recognised as revenue in the financial year to which the subsidy relates provided there are no conditions attached to the grant. These typically take the form of state appropriations or grants that becomes receivable as compensation for expenses already incurred or for the purpose of providing immediate financial support to the University with no future related costs.

# Accounting Policies

### 1.20 Government grants (continued)

Specific purpose:

State appropriations and grants that are conditional and received in advance of the conditions being met is recognised as deferred grants.These Government grants are recognised in surplus or deficit on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. Only once conditions are met, will there be a charge to suplus or deficit.

State appropriations and grants relating to Property,plant and equipment are accounted for in terms of IAS 20, "Accounting for government grants", are included in non-current liabilities as deferred grants and are released to statement of surplus or deficit on a straight-line basis over the expected useful lives of the related assets.The portion of the grants that will be released to statement of surplus or deficit during the next 12 months is included in current liabilities as deferred grants. The University adopts the income approach whereby the grant is not credited to the carrying amount of the property,plant and equipment.

### 1.21 Revenue

Tuition and other fee income

Revenue arises mainly from tuition & other fee income, management and administration of training services and income from contracts and sales of goods and services.

In determining whether to recognise revenue, the university followed the IFRS 15, 5-step process:

- Identifying the contract with a customer
- Identifying the performance obligation
- Determining the transaction price
- Allocating the transaction price to the performance obligation
- Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised either at a point in time or over time, when the University satisfies performance obligations by transferring the promised goods or services to its customers.

Where applicable the University recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the University satisfies a performance obligation before it receive the consideration, the University recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Sale of goods and services

Revenue from the sale of goods and services is recognised when a University sells a product or render a services to the customer. University recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the university expects to be entitled in exchange for those goods or services.

**Income from contract for research**

Income from contracts is recognised as income at the fair value of the consideration received or receivable in the period to which it relates. Any such income is recognised as income in the financial period when the University is entitled to use those funds. Income is deferred in the following circumstances:

- Commercial contract income is recognised when the performance obligations have been met in the financial period in which the service is rendered. If the services rendered exceed the payments, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised; and
- Non-commercial and other contract income is recognised to the extent that expenses are incurred over the period of time. The balance is recognised as deferred income in the statement of financial position.

Revenue from research contracts is measured based on the contract value. Progress payments are received over the period of the contract and recognised as revenue as performance obligations are fulfilled or milestones as stipulated in the contract are reached. Where revenue has been received and the related performance obligations have not yet fulfilled, a contract liability is created.

**Rental income**

The University leases various properties.

### 1.21 Revenue (continued)

Rental contracts are typically made for the period exceeding 12 months.

Rental income is recognised where the University retains the significant risks and benefits of ownership of an item under a lease agreement. Receipts in respect of the operating lease are recognised on a straight-line basis in the statement of surplus or deficit and other comprehensive income.

### 1.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the University incurs in connection with the borrowing of funds.

### 1.23 Research costs

Research costs are written off in the year in which they arise, since these types of costs are inherent in the normal operations of the University.

### 1.24 Related parties

Related parties are related if one party has the ability to control or jointly control the other party or exercise significant influence over the other party in making financial and operational decisions. Key Management staff and their close family members are also regarded as related parties. Key Management staff are those persons having authority and responsibility for planning, directing and controlling the activities of the University.

### 1.25 Interest income

Interest income is recognised only to the extent that a contract asset is recognised in accounting for the contract with the customer.

Interest income from financial assets at fair value through profit and loss is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at fair value through other comprehensive income calculated using effective interest rate method is recognised in the statement of surplus or deficit.

Interest income from financial asset that are held for cash management is presented as finance income. Any other interest is included in other income.

### 1.26 Student receivables

Dividends are received from the financial instruments measured at fair value through profit and loss (FVTPL) and at fair value through other comprehensive income (FVTOCI). Dividends are recognised as other income in the statement of surplus or deficit when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividends clearly represents a recovery of the part of the cost of an investment. In this case the dividends is recognised in other comprehensive income if it relates to an investment measured at FVTOCI.

### 1.27 Donations and grants

Donations are recognised at a point in time when there are no donor requirements to utilise the donation over a period. When donations are received and a specific period of utilisation is prescribed, the donation is recognised over time. Where donations are received in advance, a contract liability is created. Donations are recognised at fair value at the date of the donation, based on external valuations, except when it is received in cash.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
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## 2. New Standards and Interpretations

### 2.1 Standards and interpretations effective and adopted in the current year

The University has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Amendments to IFRS 16, IFRS 9, IFRS 7, IFRS 4 and IAS 39

Amendments that address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates.

- The amendment to IFRS 16 enables a company to apply a practical expedient to account for a lease modification required by the Interbank offered rate (IBOR).
- The amendments to IFRS 9 enable a company to apply a practical expedient to account for a change in the contractual cash flows that are required by interbank offered rate reform by updating the effective interest rate to reflect any change arising from the reform.
- The amendment to IFRS 7 requires a company to make additional disclosures in its financial statements so that the investors can better understand the effects of interbank offered rate reform on that company.
- The amendment to IFRS 4 enables an insurer applying the temporary exemption from IFRS 9 to apply a practical expedient to account for a change in the contractual cash flows that are required by interbank offered rate reform by updating the effective interest rate to reflect any change arising from the reform.

The University has adopted the amendments for the first time in the 2021 consolidated and separate financial statements.

The impact of the amendments is not material.

### 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the University's accounting periods beginning on or after 01 January 2022 or later periods but are not relevant to its operations:

Amendments to IAS 1

The amendment changes the requirements to classify a liability as a current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the standard to explain how an entity can identify material accounting policy information with examples of when the accounting policy information is likely to be material.

The effective date of the amendment is for the years beginning on or after 1 January 2023.

Amendment to IAS 16

The amendment prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The effective date of the amendment is for the years beginning on or after 1 January 2022.

It is unlikely that the amendment will have material impact on the University's consolidated and separate financial statements

Amendments to IAS 1 and IFRS Practice Statement 2

**2. New Standards and Interpretations (continued)**

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

The effective date of the amendment is for the years beginning on or after 1 January 2023.

Amendments to IFRS 9

The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.

The effective date of the amendment is for the years beginning on or after 1 January 2022.

It is unlikely that the amendment will have material impact on the University's consolidated and separate financial statements.

Amendments to IAS 8

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

The effective date of the amendment is for the years beginning on or after 1 January 2023.

Amendments to IAS 12

The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The effective date of the amendment is for the years beginning on or after 1 January 2023.

Amendments to IAS 37

The amendments clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The effective date of the amendment is for the years beginning on or after 1 January 2022.

### 3. Property, plant and equipment

**Group**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost or revaluation | Accumulated depreciation and impairment loss | Carrying value | Cost or revaluation | Accumulated depreciation and impairment loss | Carrying value |
| Land | 25 941 894 | - | 25 941 894 | 25 941 894 | - | 25 941 894 |
| Buildings | 737 616 320 | (193 651 480) | 543 964 840 | 737 616 320 | (180 765 121) | 556 851 199 |
| Library books | 10 301 774 | (9 369 924) | 931 850 | 12 445 598 | (10 237 975) | 2 207 623 |
| Furniture and equipment residences | 27 110 285 | (14 500 766) | 12 609 519 | 26 797 200 | (12 383 321) | 14 413 879 |
| Motor vehicles | 18 300 396 | (13 160 425) | 5 139 971 | 17 540 007 | (12 000 235) | 5 539 772 |
| Office furniture and equipment | 68 859 432 | (41 597 819) | 27 261 613 | 68 224 396 | (36 725 878) | 31 498 518 |
| Computer equipment | 154 166 677 | (115 081 312) | 39 085 365 | 156 685 987 | (97 491 031) | 59 194 956 |
| Laboratory equipment | 250 928 069 | (187 568 225) | 63 359 844 | 249 366 644 | (168 479 908) | 80 886 736 |
| Airconditioning | 22 727 910 | (12 084 844) | 10 643 066 | 22 740 524 | (10 774 031) | 11 966 493 |
| Infrastructure assets | 96 864 187 | (23 621 193) | 73 242 994 | 96 864 187 | (20 886 417) | 75 977 770 |
| Assets under construction | 186 088 181 | (7 925 489) | 178 162 692 | 179 906 774 | (7 925 489) | 171 981 285 |
| **Total** | **1 598 905 125** | **(618 561 477)** | **980 343 648** | **1 594 129 531** | **(557 669 406)** | **1 036 460 125** |

**University**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost or revaluation | Accumulated depreciation and impairment loss | Carrying value | Cost or revaluation | Accumulated depreciation and impairment loss | Carrying value |
| Land | 25 941 894 | - | 25 941 894 | 25 941 894 | - | 25 941 894 |
| Buildings | 737 616 320 | (193 651 480) | 543 964 840 | 737 616 320 | (180 765 121) | 556 851 199 |
| Library books | 10 301 774 | (9 369 924) | 931 850 | 12 445 598 | (10 237 975) | 2 207 623 |
| Furniture and equipment residences | 27 110 285 | (14 500 766) | 12 609 519 | 26 797 200 | (12 383 321) | 14 413 879 |
| Motor vehicles | 18 300 396 | (13 160 425) | 5 139 971 | 17 540 007 | (12 000 235) | 5 539 772 |
| Office furniture and equipment | 58 500 060 | (40 171 942) | 18 328 118 | 57 865 024 | (36 608 455) | 21 256 569 |
| Computer equipment | 154 050 850 | (114 972 077) | 39 078 773 | 156 554 309 | (97 386 010) | 59 168 299 |
| Laboratory equipment | 247 910 654 | (185 141 440) | 62 769 214 | 246 349 190 | (166 632 564) | 79 716 626 |
| Airconditioning | 22 727 910 | (12 084 844) | 10 643 066 | 22 740 524 | (10 774 031) | 11 966 493 |
| Infrastructure | 96 804 187 | (23 619 150) | 73 185 037 | 96 804 187 | (20 886 357) | 75 917 830 |
| Assets under construction | 186 088 181 | (7 925 489) | 178 162 692 | 179 906 774 | (7 925 489) | 171 981 285 |
| **Total** | **1 585 352 511** | **(614 597 537)** | **970 754 974** | **1 580 561 027** | **(555 599 558)** | **1 024 961 469** |

**Reconciliation of property, plant and equipment - Group - 2021**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Land | 25 941 894 | - | - | - | 25 941 894 |
| Buildings | 556 851 199 | - | - | (12 886 359) | 543 964 840 |
| Library books | 2 207 623 | 31 837 | - | (1 307 610) | 931 850 |
| Furniture and equipment residences | 14 413 879 | 344 196 | (8 213) | (2 140 343) | 12 609 519 |
| Motor vehicles | 5 539 772 | 760 389 | - | (1 160 190) | 5 139 971 |
| Office furniture and equipment | 31 498 518 | 849 768 | (41 259) | (5 045 414) | 27 261 613 |
| Computer equipment | 59 194 956 | 2 575 438 | (192 269) | (22 492 760) | 39 085 365 |
| Laboratory and educational equipment | 80 886 736 | 2 251 270 | (23 917) | (19 754 245) | 63 359 844 |
| Airconditioning | 11 966 493 | - | (704) | (1 322 723) | 10 643 066 |
| Infrastructure assets | 75 977 770 | - | (1) | (2 734 775) | 73 242 994 |
| Assets under construction | 171 981 285 | 6 181 407 | - | - | 178 162 692 |
| | **1 036 460 125** | **12 994 305** | **(266 363)** | **(68 844 419)** | **980 343 648** |

**3. Property, plant and equipment (continued)**

**Reconciliation of property, plant and equipment - Group - 2020**

| | Opening balance | Additions | Disposals | Transfers | Depreciation | Impairment loss | Impairment reversal | Total |
|---|---|---|---|---|---|---|---|---|
| Land | 25 941 894 | - | - | - | - | - | - | 25 941 894 |
| Buildings | 574 544 411 | - | - | - | (12 962 365) | (7 838 297) | 3 107 450 | 556 851 199 |
| Library books | 3 610 136 | 365 018 | - | - | (1 767 531) | - | - | 2 207 623 |
| Furniture and equipment residences | 16 675 074 | 40 000 | (38) | - | (2 301 157) | - | - | 14 413 879 |
| Motor vehicles | 7 173 176 | - | (209 632) | - | (1 423 772) | - | - | 5 539 772 |
| Office furniture and equipment | 25 046 772 | 10 360 895 | (19 870) | 8 363 | (3 897 642) | - | - | 31 498 518 |
| Computer equipment | 39 783 324 | 41 097 070 | (157 111) | 19 931 | (21 548 258) | - | - | 59 194 956 |
| Laboratory and educational equipment | 99 209 691 | 4 360 056 | (953 018) | 47 407 | (21 777 400) | - | - | 80 886 736 |
| Airconditioning | 13 360 276 | - | (27 058) | - | (1 366 725) | - | - | 11 966 493 |
| Infrastructure assets | 78 024 066 | 692 500 | - | - | (2 738 796) | - | - | 75 977 770 |
| Assets under construction | 163 990 222 | 15 469 112 | - | - | - | (7 478 049) | - | 171 981 285 |
| | **1 047 359 042** | **72 384 651** | **(1 366 727)** | **75 701** | **(69 783 646)** | **(15 316 346)** | **3 107 450** | **1 036 460 125** |

**Reconciliation of property, plant and equipment - University - 2021**

| | Opening balance | Additions | Disposals | Depreciation | Total |
|---|---|---|---|---|---|
| Land | 25 941 894 | - | - | - | 25 941 894 |
| Buildings | 556 851 199 | - | - | (12 886 359) | 543 964 840 |
| Library books | 2 207 623 | 31 837 | - | (1 307 610) | 931 850 |
| Furniture and equipment residences | 14 413 879 | 344 196 | (8 213) | (2 140 343) | 12 609 519 |
| Motor vehicles | 5 539 772 | 760 389 | - | (1 160 190) | 5 139 971 |
| Office furniture and equipment | 21 256 569 | 849 768 | (41 258) | (3 736 961) | 18 328 118 |
| Computer equipment | 59 168 299 | 2 575 438 | (192 266) | (22 472 698) | 39 078 773 |
| Laboratory and educational equipment | 79 716 626 | 2 251 270 | (23 917) | (19 174 765) | 62 769 214 |
| Airconditioning | 11 966 493 | - | (704) | (1 322 723) | 10 643 066 |
| Infrastructure assets | 75 917 830 | - | - | (2 732 793) | 73 185 037 |
| Assets under construction | 171 981 285 | 6 181 407 | - | - | 178 162 692 |
| | **1 024 961 469** | **12 994 305** | **(266 358)** | **(66 934 442)** | **970 754 974** |

**Reconciliation of property, plant and equipment - University - 2020**

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Impairment reversal | Total |
|---|---|---|---|---|---|---|---|
| Land | 25 941 894 | - | - | - | - | - | 25 941 894 |
| Buildings | 574 544 411 | - | - | (12 962 365) | (7 838 297) | 3 107 450 | 556 851 199 |
| Library books | 3 610 136 | 365 018 | - | (1 767 531) | - | - | 2 207 623 |
| Furniture and equipment residences | 16 675 074 | 40 000 | (38) | (2 301 157) | - | - | 14 413 879 |
| Motor vehicles | 7 173 176 | - | (209 632) | (1 423 772) | - | - | 5 539 772 |
| Office furniture and equipment | 24 948 975 | 155 075 | (11 508) | (3 835 973) | - | - | 21 256 569 |
| Computer equipment | 39 742 235 | 41 087 070 | (137 183) | (21 523 823) | - | - | 59 168 299 |
| Laboratory and educational equipment | 97 436 368 | 4 360 056 | (905 881) | (21 173 917) | - | - | 79 716 626 |
| Airconditioning | 13 360 276 | - | (27 058) | (1 366 725) | - | - | 11 966 493 |
| Infrastructure assets | 78 024 066 | 632 500 | - | (2 738 736) | - | - | 75 917 830 |
| Assets under construction | 163 990 222 | 15 469 112 | - | - | (7 478 049) | - | 171 981 285 |
| | **1 045 446 833** | **62 108 831** | **(1 291 300)** | **(69 093 999)** | **(15 316 346)** | **3 107 450** | **1 024 961 469** |

### 3. Property, plant and equipment (continued)

Assets with the cost price of R34 638 200 and carrying amount of R315 500 are fully depreciated but still in use. These assets are old but still in use.

For capital commitments relating to buildings and laboratory equipments refer to note 29.

The University is not permitted to dispose off or alienate Land and Buildings without the approval of the Minister of Higher Education, Science and Innovation.

**Property, plant and equipment encumbered as security**

There are no assets that are pledged as a security to liabilities.

**Changes in estimates**

Assets that have reached their useful lives during the period of 2021 but still have economic benefit to the University have been reviewed and their useful life have been extended. The impact of the change has decreased depreciation charge for the current year by R5 995 714.

**Details of properties**

A register of Land and Building owned by the University is available for inspection at the University's registered address.

### 4. Leases (group as lessee)

The University leases several assets such as student accommodation buildings, Academic buildings and Admin buildings. Some of the leased assets have a shorter lease term, which is month to month (photocopier) and cellphones are regarded as low value lease. The average lease term is 5 years (2019 to 2026). The University has no option to purchase the leased assets at the end the lease term.

The University is in the process of modifying the lease as of 31 December 2021. The addendum for the modification has been submitted for approval and was not yet finalised by the 31 December 2021.

Lease with an initial term of 12 months or less are not recorded on the statement of financial position and the lease expense for those leases is recognised on a straight-line basis.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

| Right-of-use assets | Cost price<br>R | Accumulated depreciation<br>R | Carrying amount<br>R |
|---|---|---|---|
| Buildings: Student accommodation | 688 982 735 | (544 830 025) | 144 152 710 |
| Buildings: Academic and Admin | 8 815 211 | (8 471 220) | 343 991 |
| | **697 797 946** | **(553 301 245)** | **144 496 701** |

**Net carrying amounts of right-of-use assets**

The carrying amounts of right-of-use assets are as follows:

| | | | | |
|---|---|---|---|---|
| Buildings: Student accommodation | 144 152 710 | 166 091 633 | 144 152 710 | 166 091 633 |
| Buildings: Academic and admin | 343 991 | 4 246 495 | 343 991 | 4 246 495 |
| | **144 496 701** | **170 338 128** | **144 496 701** | **170 338 128** |

**Additions to right-of-use assets**

| | | | | |
|---|---|---|---|---|
| Buildings: Student accommodation | 156 570 679 | - | 156 570 679 | - |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

4. **Leases (group as lessee) (continued)**

**Depreciation recognised on right-of-use assets**

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss, as well as depreciation which has been capitalised to the cost of other assets.

| | | | | |
|---|---|---|---|---|
| Buildings: Student accommodation | 178 509 602 | 187 119 872 | 178 509 602 | 187 119 872 |
| Buildings: Academic and admin | 3 138 445 | 5 370 813 | 3 138 445 | 5 370 813 |
| | **181 648 047** | **192 490 685** | **181 648 047** | **192 490 685** |

**Other disclosures**

| | | | | |
|---|---|---|---|---|
| Interest expense on lease liabilities | 15 914 693 | 31 074 907 | 15 914 693 | 31 074 907 |
| Expenses on short term leases included in operating expenses | 10 303 426 | 22 688 645 | 10 303 426 | 22 688 645 |
| Leases of low value assets included in operating expenses | 1 705 278 | 1 963 664 | 1 705 278 | 1 963 664 |
| Payments towards lease liability | 209 169 063 | 142 504 578 | 209 169 063 | 142 504 578 |

Total payments made in 2021 towards lease is R237 092 460 (2020:R198 231 794).

University has applied the practical expedient to all rent concessions received from external service providers regarding the lease liability. The amount recognised in profit or loss is R45 806 313.

**Lease liabilities**

| | | | | |
|---|---|---|---|---|
| Within one year | 24 806 842 | 199 173 050 | 24 806 842 | 199 173 050 |
| Two to five years | 123 565 274 | 3 200 721 | 123 565 274 | 3 200 721 |
| | **148 372 116** | **202 373 771** | **148 372 116** | **202 373 771** |
| Non-current liabilities | 123 565 274 | 3 200 721 | 123 565 274 | 3 200 721 |
| Current liabilities | 24 806 842 | 199 173 050 | 24 806 842 | 199 173 050 |
| | **148 372 116** | **202 373 771** | **148 372 116** | **202 373 771** |
| **The maturity analysis of lease liabilities is as follows:** | | | | |
| Within one year | 34 496 274 | 209 778 059 | 34 496 276 | 209 778 059 |
| Two to five years | 142 630 217 | 3 380 011 | 142 630 217 | 3 380 011 |
| | **177 126 491** | **213 158 070** | **177 126 493** | **213 158 070** |

**Exposure to liquidity risk**

Refer to note 34 Financial instruments and risk management for the details of liquidity risk exposure and management.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

## 5. Investment property

**Group**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 377 811 129 | (7 773 834) | 370 037 295 | 377 773 841 | (2 015 930) | 375 757 911 |

**University**

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated depreciation | Carrying value | Cost / Valuation | Accumulated depreciation | Carrying value |
| Investment property | 15 302 627 | (2 045 425) | 13 257 202 | 15 302 627 | (1 847 091) | 13 455 536 |

**Reconciliation of investment property - Group - 2021**

| | Opening balance | Additions | Depreciation | Total |
|---|---|---|---|---|
| Investment property | 375 757 911 | 37 289 | (5 757 905) | 370 037 295 |

**Reconciliation of investment property - Group - 2020**

| | Opening balance | Additions | Depreciation | Total |
|---|---|---|---|---|
| Investment property | 13 653 871 | 362 471 214 | (367 174) | 375 757 911 |

**Reconciliation of investment property - University - 2021**

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Investment property | 13 455 536 | (198 334) | 13 257 202 |

**Reconciliation of investment property - University - 2020**

| | Opening balance | Depreciation | Total |
|---|---|---|---|
| Investment property | 13 653 871 | (198 335) | 13 455 536 |

| | | | | |
|---|---|---|---|---|
| **Rental income** | | | | |
| Within one year | 8 586 443 | 7 870 897 | 8 586 443 | 7 870 897 |
| Direct attributable expenses | (1 273 963) | - | (1 273 963) | - |

Operating lease receipts represents rentals receivable by the University for investment property.

**Details of property**

Investment property comprises former satellite campuses of the Vaal University of Technology based in Klerksdorp and Kempton Park that are leased to the third parties. The lease for Klerksdorp is currently on a month to month basis.The lease for Kempton Park ended 31 April 2021 and is currently also on a month to month basis. Depreciation on investment property is calculated using the straight-line method to allocate their cost up to their residual values over its estimated useful life of 60 years for buildings, 30 years for lifts and 15 years for airconditioners. Land is not depreciated.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 5. Investment property (continued)

Conditional assessment was done on the two investment properties during the period 2021. The assessment was to provide an observation and report on physical condition and maintenance requirements of the buildings.

The investment property was valued during 2020 by Quadrant properties, a professional valuer registered in terms of the Property Valuers Professional Act no.47 of 2000. The fair value as determined by the property appraiser at 30 September 2020 amounted to R24 000 000 for Klerksdorp and R8 000 000 for Kempton Park.

The monthly rental income is R732 047 and R109 494 (VAT included) for Klerksdorp and Kempton Park respectively. The total rental income included in the statement of comprehensive income for the current year is R8 586 443.

Register with details of land and buildings in the investiment properties is available for inspection at the registered office of the University.

**Amounts recognised in profit and loss for the year**

| | | | | |
|---|---|---|---|---|
| Rental income from investment property | 8 586 443 | 7 870 897 | 8 586 443 | 7 870 897 |
| Direct operating expenses from rental generating property | (1 273 963) | - | (1 273 963) | - |
| | **7 312 480** | **7 870 897** | **7 312 480** | **7 870 897** |

### 6. Intangible assets

| Group | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Library e-books | 17 091 274 | (17 091 274) | - | 17 091 274 | (17 082 644) | 8 630 |
| Licences and software | 24 921 411 | (15 952 489) | 8 968 922 | 14 396 324 | (10 295 197) | 4 101 127 |
| **Total** | **42 012 685** | **(33 043 763)** | **8 968 922** | **31 487 598** | **(27 377 841)** | **4 109 757** |

| University | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Cost / Valuation | Accumulated amortisation | Carrying value | Cost / Valuation | Accumulated amortisation | Carrying value |
| Library e-books | 17 091 274 | (17 091 274) | - | 17 091 274 | (17 082 644) | 8 630 |
| Licences and software | 24 921 411 | (15 952 489) | 8 968 922 | 14 396 324 | (10 295 197) | 4 101 127 |
| **Total** | **42 012 685** | **(33 043 763)** | **8 968 922** | **31 487 598** | **(27 377 841)** | **4 109 757** |

**Reconciliation of intangible assets - Group - 2021**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Library e-books | 8 630 | - | (8 630) | - |
| Licences and software | 4 101 127 | 10 525 087 | (5 657 292) | 8 968 922 |
| | **4 109 757** | **10 525 087** | **(5 665 922)** | **8 968 922** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 6. Intangible assets (continued)

**Reconciliation of intangible assets - Group - 2020**

| | Opening balance | Additions | Disposals | Accumulated amortisation | Amortisation | Total |
|---|---|---|---|---|---|---|
| Library e-books | 498 237 | 18 524 375 | (17 762 615) | 17 762 615 | (19 013 982) | 8 630 |
| Licences and software | 7 419 510 | - | - | - | (3 318 383) | 4 101 127 |
| | **7 917 747** | **18 524 375** | **(17 762 615)** | **17 762 615** | **(22 332 365)** | **4 109 757** |

**Reconciliation of intangible assets - University - 2021**

| | Opening balance | Additions | Amortisation | Total |
|---|---|---|---|---|
| Library e-books | 8 630 | - | (8 630) | - |
| Licences and software | 4 101 127 | 10 525 087 | (5 657 292) | 8 968 922 |
| | **4 109 757** | **10 525 087** | **(5 665 922)** | **8 968 922** |

**Reconciliation of intangible assets - University - 2020**

| | Opening balance | Additions | Disposals | Accumulated amortisation | Amortisation | Total |
|---|---|---|---|---|---|---|
| Library e-bookks | 498 237 | 18 524 375 | (17 762 615) | 17 762 615 | (19 013 982) | 8 630 |
| Licences and software | 7 419 510 | - | - | - | (3 318 383) | 4 101 127 |
| | **7 917 747** | **18 524 375** | **(17 762 615)** | **17 762 615** | **(22 332 365)** | **4 109 757** |

Amortisation of intangible assets are included in 'depreciation and amortisation' in the statement of surplus or deficit and other comprehensive income.

### 7. Interests in subsidiaries

The following table lists the entities which are controlled directly by the University, and the carrying amounts of the investments in the University's separate financial statements. The cooperation agreement between the VUT and IDC states that VUT owns 51% of shareholding in Dihlare remedy (Pty) Ltd and the remaining 49% of shareholding is owned by IDC. The University owns VUT enterprise (Pty) Ltd and Domicilia SS (Pty) Ltd 100%. The purchase of Domicilia Student Services (Pty) Ltd was financed through Infrastructure Efficiency Grant. All the subsidiaries are based in Sedibeng district in Gauteng province. University use the consolidation method for all subsidiaries.

**University**

| Name of company | % holding 2021 | % holding 2020 | Carrying amount 2021 | Carrying amount 2020 |
|---|---|---|---|---|
| Dihlare Remedy (Pty) Ltd | 51,00 % | 51,00 % | - | - |
| VUT enterprise (Pty) Ltd | 100,00 % | 100,00 % | 3 123 283 | 3 123 283 |
| Domicilia Student Services (Pty) Ltd | 100,00 % | 100,00 % | 255 000 000 | 255 000 000 |
| | | | 258 123 283 | 258 123 283 |

**Subsidiaries with material non-controlling interests**

The University does not have material non-controlling interests.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 7. Interests in subsidiaries (continued)

**Summarised statement of financial position**

| | Dihlare Remedy (Pty) Ltd | | Total | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Assets** | | | | |
| Non-current assets | 643 771 | 1 262 064 | 643 771 | 1 262 064 |
| Current assets | 840 299 | 1 656 518 | 840 299 | 1 656 518 |
| **Total assets** | 1 484 070 | 2 918 582 | 1 484 07 | 2 918 582 |
| **Liabilities** | | | | |
| Non-current liabilities | 3 183 211 | 3 999 430 | 3 183 211 | 3 999 430 |
| Current liabilities | 146 405 | 146 405 | 146 405 | 146 405 |
| **Total liabilities** | 3 329 616 | 4 145 835 | 3 329 616 | 4 145 835 |
| **Total net assets (liabilities)** | (1 845 546) | (1 227 253) | (1 845 546) | (1 227 253) |

**Summarised statement of profit or loss and other comprehensive income**

| | Dihlare Remedy (Pty) Ltd | | Total | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| **Revenue** | 825 687 | 2 235 135 | 825 687 | 2 235 135 |
| Other income and expenses | (1 443 980) | (2 706 208) | (1 443 980) | (2 706 208) |
| **Profit before tax** | (618 293) | (471 073) | (618 293) | (471 073) |
| **Profit (loss)** | (618 293) | (471 073) | (618 293) | (471 073) |
| **Total comprehensive income** | (618 293) | (629 626) | (618 293) | (629 626) |

### 8. Deferred tax

**Deferred tax liability**

| | | | | |
|---|---|---|---|---|
| Investment property at cost | 1 603 955 | - | - | - |

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

| | | | | |
|---|---|---|---|---|
| Deferred tax asset | 1 603 955 | - | - | - |

**Reconciliation of deferred tax asset / (liability)**

| | | | | |
|---|---|---|---|---|
| Movement in temporary differences on investment property | 1 603 955 | - | - | - |

### 9. Financial assets at FVTPL

| | | | | |
|---|---|---|---|---|
| Opening carrying amount | 456 473 657 | 432 516 821 | 456 473 657 | 432 516 821 |
| Fair value adjustment | 72 082 967 | 23 956 836 | 72 082 967 | 23 956 836 |
| | **528 556 624** | **456 473 657** | **528 556 624** | **456 473 657** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

## 9. Financial assets at FVTPL (continued)

| | | | | |
|---|---|---|---|---|
| **At fair value** | | | | |
| Local assets | | | | |
| Equity | 151 761 885 | 125 445 552 | 151 761 885 | 125 445 552 |
| Bonds | 183 262 092 | 157 972 093 | 183 262 092 | 157 972 093 |
| Cash | 32 832 284 | 24 920 999 | 32 832 284 | 24 920 999 |
| Commodities | 17 362 792 | 11 891 103 | 17 362 792 | 11 891 103 |
| Subtotal | 385 219 053 | 320 229 747 | 385 219 053 | 320 229 747 |
| Foreign assets | | | | |
| Bonds | 12 467 409 | 15 384 389 | 12 467 409 | 15 384 389 |
| Cash | 20 289 551 | 55 076 031 | 20 289 551 | 55 076 031 |
| Equity | 108 076 048 | 63 987 599 | 108 076 048 | 63 987 599 |
| Unlisted equity | 51 431 | - | 51 431 | - |
| Commodities | 2 453 132 | 1 795 891 | 2 453 132 | 1 795 891 |
| | **528 556 624** | **456 473 657** | **528 556 624** | **456 473 657** |

The fair value of listed shares and commodities is determined with reference to quoted market prices.

R528 556 624 is earmarked by Council for redemption of post-employment liabilities.

## 10. Financial assets at FVTOCI

Financial assets at fair value through other comprehensive income consist of the listed and unlisted shares. These shares are not held for trading.

University has 47 497 (2020: 47 497) listed shares with Sanlam and the share price is deternined on the market value of R59.36 (2020:R58.75) and 132 790 (2020:132 790) unlisted shares with Sabinet valued at R7.20 (2020:R6.06) per share at directors' valuation.

| | | | | |
|---|---|---|---|---|
| Opening balance | 3 595 156 | 4 663 968 | 3 595 156 | 4 663 968 |
| Fair value | 180 354 | (1 068 812) | 180 354 | (1 068 812) |
| | **3 775 510** | **3 595 156** | **3 775 510** | **3 595 156** |

## 11. Loans to group companies

### Subsidiaries

| | | | | |
|---|---|---|---|---|
| Domicilia SS (Pty) Ltd | - | 332 137 | 144 464 | 3 079 170 |

University paid on behalf of Domicilia SS the registration costs for acquisition of Academia residence, registration of Domicilia as a company and advanced initial cash for operations.

### Split between non-current and current portions

| | | | | |
|---|---|---|---|---|
| Current assets | - | 332 137 | 144 464 | 3 079 170 |

### Exposure to credit risk

Loans receivable inherently expose the group to credit risk, being the risk that the group will incur financial loss if counterparties fail to make payments as they fall due.

### Fair value of group loans receivable

Refer to note 34 Financial instruments and financial risk management and note 35 Fair value information for the for the fair value of group loans receivable.

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

## 12. Student receivables

| | | | | |
|---|---|---|---|---|
| Student fees | 405 360 978 | 456 695 053 | 405 360 978 | 456 695 053 |
| | 405 360 978 | 456 695 053 | 405 360 978 | 456 695 053 |
| Expected credit loss | (191 917 799) | (263 114 733) | (191 917 799) | (263 114 733) |
| | **213 443 179** | **193 580 320** | **213 443 179** | **193 580 320** |

**Expected credit losses**

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if students fail to make payments as they fall due.

To measure the expected credit losses, student receivables have been grouped together based on the shared risk characteristics and days past due.

The expected loss rates are based on the historical payment profiles of tuition fees and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on unemployment, government funding, students with outstanding balances not returning and other factors affecting the ability of the customers to settle the receivables.

As at 31 December 2021, an expected credit losses of R191 million (2020: R263 million) was raised which is less compared to last year due to decrease in the gross student receivables as a result of increase in write-off and decrease on avarege default rate for all categories. The University recognises a loss allowance for expected credit losses on accounts receivables.The University uses the simplified approach to calculate provision for doubtful debt. The loss allowance provision is determined as follows:

| **Group** | **2021 Estimated gross carrying amount at default** | **2021 Loss allowances(life time expected credit loss)** | **2020 Estimated gross carrying amount at default** | **2020 Loss allowances(life time expected credit loss)** |
|---|---|---|---|---|
| NSFAS students: 6% (2020: 7%) | 79 856 380 | 5 053 125 | 38 126 952 | 886 955 |
| Bursaries students: 19% (2020: 36%) | 1 460 865 | - | - | - |
| Self funding students: 61%(2020:67%) | 324 043 733 | 186 864 674 | 418 568 101 | 262 227 778 |
| | **405 360 978** | **191 917 799** | **456 695 053** | **263 114 733** |

| **University** | **2021 Estimated gross carrying amount at default** | **2021 Loss allowances(life time expected credit loss)** | **2020 Estimated gross carrying amount at default** | **2020 Loss allowances(life time expected credit loss)** |
|---|---|---|---|---|
| NSFAS students: 6% (2020: 7%) | 79 856 380 | 5 053 125 | 38 126 952 | 886 955 |
| Bursaries students: 19% (2020: 36%) | 1 460 865 | - | - | - |
| Self funding students: 61%(2020:67%) | 324 043 733 | 186 864 674 | 418 568 101 | 262 227 778 |
| | **405 360 978** | **191 917 799** | **456 695 053** | **263 114 733** |

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for student receivables:

| | | | | |
|---|---|---|---|---|
| Opening balance | 263 114 733 | 186 545 585 | 263 114 733 | 186 545 585 |
| Provision raised on new trade receivables | (32 839 374) | 76 569 148 | (32 839 374) | 76 569 148 |
| Amount written off as uncollectable | (38 357 560) | - | (38 357 560) | - |
| | **191 917 799** | **263 114 733** | **191 917 799** | **263 114 733** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 12. Student receivables (continued)

The creation and release of impairment provisions on student receivables have been included in 'other operating expenses' in the surplus or deficit statement. Amount charged to the income statement are generally written off when there is no expectation of recovering any additional amount.

Interest is charged at a rate of 5.6% (2020: 5.6%) per annum on all outstanding amounts on 31 October.

### 13. Other receivables

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| **Financial instruments:** | | | | |
| Trade receivables - Others | 32 473 593 | 13 449 352 | 27 111 554 | 13 352 855 |
| Expected credit losses | (26 331 754) | (10 623 994) | (26 331 754) | (10 623 994) |
| Trade receivables at amortised cost | 6 141 839 | 2 825 358 | 779 800 | 2 728 861 |
| Other receivables* | 9 713 323 | 40 031 984 | 7 494 964 | 40 031 984 |
| **Non-financial instruments:** | | | | |
| VAT | 1 489 040 | 729 564 | 1 302 268 | 545 127 |
| Other receivables | 2 111 251 | 1 860 757 | 2 111 251 | 1 860 757 |
| Prepayments | 528 918 | 91 846 | 528 918 | 91 847 |
| **Total trade and other receivables** | **19 984 371** | **45 539 509** | **12 217 201** | **45 258 576** |

*Other receivables includes:

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| Rent deposit | 451 061 | 451 061 | 451 061 | 451 061 |
| Recoverable deposits | 737 442 | 737 442 | 737 442 | 737 442 |
| Student refund control | 731 361 | 2 868 630 | 731 361 | 2 868 630 |
| General | 3 168 878 | 13 340 261 | 3 168 878 | 13 340 261 |
| Debt cont:fees payable | 536 941 | 536 941 | 536 941 | 536 941 |
| Cashiers shortages | 228 861 | 229 360 | 228 861 | 229 360 |
| Student laptops control account | (327 014) | 12 773 411 | (327 014) | 12 773 411 |
| Payables with debit balances | 1 625 173 | 4 043 923 | 1 625 173 | 4 043 923 |
| Sundry debtor | 2 218 359 | - | - | - |
| Other amounts | 342 261 | 5 050 955 | 342 261 | 5 050 955 |
| | **9 713 323** | **40 031 984** | **7 494 964** | **40 031 984** |

**Financial instrument and non-financial instrument components of trade and other receivables**

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| At amortised cost | 15 855 162 | 42 760 845 | 8 274 764 | 42 760 845 |
| Non-financial instruments | 4 129 209 | 2 778 664 | 3 942 437 | 2 497 731 |
| | **19 984 371** | **45 539 509** | **12 217 201** | **45 258 576** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 13. Other receivables (continued)

**Expected credit losses**

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if debtors fail to make payments as they fall due.

The expected loss rates are based on the historical payment profiles of other receivables and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on unemployment and other factors affecting the ability of the debtors to settle the receivables.

As at 31 December 2021, an expected credit losses of R26 million (2020: R11 million) was raised. The University recognises a loss allowance for expected credit losses on accounts receivables.The University uses the simplified approach to calculate provision for doubtful debt. The loss allowance provision is determined as follows:

| **Group** | 2021 | 2021 | 2020 | 2020 |
|---|---|---|---|---|
| **Expected credit loss rate:** | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** |
| Other trade receivables: 97% (2020: 79%) | 32 377 096 | 26 331 754 | 13 352 855 | 10 623 994 |

| **University** | **2021** | **2021** | **2020** | **2020** |
|---|---|---|---|---|
| **Expected credit loss rate:** | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** | **Estimated gross carrying amount at default** | **Loss allowance (Lifetime expected credit loss)** |
| Other trade receivables: 97% (2020: 79%) | 27 111 554 | 26 331 754 | 13 352 855 | 10 623 994 |

**Reconciliation of loss allowances**

The following table shows the movement in the loss allowance (lifetime expected credit losses) for lease receivables:

| | | | | |
|---|---|---|---|---|
| **Opening balance** | **10 623 994** | **7 741 173** | **10 623 994** | **7 741 173** |
| Provision raised on new trade receivables | 15 707 760 | 2 882 821 | 15 707 760 | 2 882 821 |
| **Closing balance** | **26 331 754** | **10 623 994** | **26 331 754** | **10 623 994** |

The creation and release of impairment provisions on other receivables have been included in 'other operating expenses' in the surplus or deficit statement. Amount charged to the income statement are generally written off when there is no expectation of recovering any additional amount.

### 14. Cash and cash equivalents

Cash and cash equivalents consist of:

| | | | | |
|---|---|---|---|---|
| Bank balances | 117 906 676 | 73 307 833 | 113 272 562 | 68 626 361 |
| Cash on hand | 27 410 | 27 208 | 27 410 | 27 208 |
| Expected credit losses | (355 933) | (510 684) | (355 933) | (510 684) |
| Money market deposits | 778 082 354 | 345 382 577 | 778 082 354 | 345 382 577 |
| Call account (Short-term deposits) | 66 300 497 | 29 649 739 | 51 193 452 | 29 649 739 |
| | **961 961 004** | **447 856 673** | **942 219 845** | **443 175 201** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

### 14. Cash and cash equivalents (continued)

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months depending on the requirements of the University and earn interest at the respective short-term deposit rates. The average effective interest on short-term deposits is 3.85% (2020: 5.81%).

Included in the short-term deposits is the Call deposit held with ABSA bank that has been ceded in favour of ABSA bank in line of a payment guarantee of R664 000 issued by ABSA in favour of Eskom.

R828 611 806 is earmarked by Council for specifically funded projects.

| | | | | |
|---|---|---|---|---|
| The total amount of undrawn facilities available for future operating activities and commitments | 117 934 086 | 73 432 852 | 113 299 972 | 68 653 569 |

The University used Basel II approach for calculating ECL. The framework provides a simple means for calculating capital requirements based on credit ratings associated with instruments held in portfolio. The process involves assigning predefined weights to exposures in the portfolio according to the credit rating of the corresponding instruments. Since the weights are based on studies regarding the default dynamics under various ratings criteria, the methodology produces an estimate of the appropriate amount of capital that should be held in accordance with the default risks in the portfolio.

Expected losses were calculated as Probability of Default (PD) x Loss Given Default (LGD). This was applied at an overall portfolio level. VUT used the weighted credit ratings of the portfolio and translate this to PD.

**Credit quality of cash at bank and short term deposits, excluding cash on hand**

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

| | | | | |
|---|---|---|---|---|
| **Credit rating** | | | | |
| Cash at bank (Ba2) | 117 906 676 | 73 405 644 | 113 272 562 | 68 626 361 |
| Money Market deposits (Ba2) | 777 726 421 | 344 871 893 | 777 726 421 | 344 871 893 |
| Call account (Ba2) | 66 300 497 | 29 649 739 | 51 193 452 | 29 649 739 |
| | **961 933 594** | **447 927 276** | **942 192 435** | **443 147 993** |

### 15. Financial liabilities

| | | | | |
|---|---|---|---|---|
| **Held at amortised cost** | | | | |
| Bank loan | 106 930 174 | 115 000 000 | - | - |

**Split between non-current and current portions**

| | | | | |
|---|---|---|---|---|
| Non-current liabilities | 97 888 084 | 97 742 837 | - | - |
| Current liabilities | 9 042 090 | 17 257 163 | - | - |
| | **106 930 174** | **115 000 000** | **-** | **-** |

The capital and interest of the loan are repayable in approximately R1 327 474.06 monthly instalment on the last business day of each month. The term of the loan is 10 years. The interest rate is charged at the prime rate calculated daily and payable monthly in arreas until the final repayment date. The amount of R1 508 612 was charged on the loan is recognised through the Statement of profit or loss and other comprehensive income as finance costs. The total repayment is also disclosed as part of the cashflow.

Refer to note 34 Financial instruments and financial risk management for the fair value of borrowings.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 16. Interest-bearing borrowings

| | | | | |
|---|---|---|---|---|
| **At fair value through profit (loss)** | | | | |
| Government loans | 387 740 | 645 832 | 387 740 | 645 832 |
| **Split between non-current and current portions** | | | | |
| Non-current liabilities | 94 384 | 387 740 | 94 384 | 387 740 |
| Current liabilities | 293 356 | 258 092 | 293 356 | 258 092 |
| | **387 740** | **645 832** | **387 740** | **645 832** |

#### 16.1 Government loans (Unsecured)

| | Loan 1 | Loan 2 | Total |
|---|---|---|---|
| Balance at 31 December 2021 | 122 143 | 265 597 | 387 740 |
| Payment terms | Half-yearly | Half-yearly | |
| Expiry | December 2023 | July 2024 | |
| Interest rate (fixed) | 13,50 % | 12,00 % | |
| Instalment | 134 001 | 201 530 | 335 531 |

| **Government loans 2021** | Minimum payments R | Finance charges R | Present value R |
|---|---|---|---|
| No later than a year | 335 532 | (42 176) | 293 356 |
| Between 2 and 5 years | 100 766 | (6 382) | 94 384 |
| | **436 298** | **(48 558)** | **387 740** |

| **Government loans 2020** | Minimum payments R | Finance charges R | Present value R |
|---|---|---|---|
| No later than a year | 335 532 | (77 440) | 258 092 |
| Between 2 and 5 years | 436 297 | (48 557) | 387 740 |
| | **771 829** | **(125 997)** | **645 832** |

The rate used to discount the future cash flows is 13.50% and 12% for the respective loans. Prime rate was 7.25% (2020:7%).

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

### 17. Post-employment liability

**Amount recognised in the statement of financial position**

| | | | | |
|---|---|---|---|---|
| Medical benefit obligation | 330 908 449 | 299 634 295 | 330 908 449 | 299 634 295 |
| National Tertiary Retirement Fund | (14 593 000) | (9 015 000) | (14 593 000) | (9 015 000) |
| | **316 315 449** | **290 619 295** | **316 315 449** | **290 619 295** |
| Non-current liabilities | 292 370 889 | 269 853 793 | 292 370 889 | 269 853 793 |
| Current liabilities | 23 944 560 | 20 765 502 | 23 944 560 | 20 765 502 |
| | **316 315 449** | **290 619 295** | **316 315 449** | **290 619 295** |
| **Amounts recognised in profit or loss** | | | | |
| Medical benefit obligation | 39 654 643 | 34 624 528 | 39 654 643 | 34 624 528 |
| National Tertiary Retirement fund | 52 000 | 552 000 | 52 000 | 552 000 |
| | **39 706 643** | **35 176 528** | **39 706 643** | **35 176 528** |
| **Amounts recognised in other comprehensive income** | | | | |
| Medical benefit obligation - actuarial gain | (8 380 489) | (34 299 584) | (8 380 489) | (34 299 584) |
| National Tertiary Retirement fund - actuarial gain | (5 630 000) | (4 061 000) | (5 630 000) | (4 061 000) |
| | **(14 010 489)** | **(38 360 584)** | **(14 010 489)** | **(38 360 584)** |

**17.1 Medical benefit obligation**

In respect of past personnel the University has undertaken to make contributions to a defined plan that provides medical benefits for employees upon retirement. The plan entitles retired employees and the future retirees of the University to receive the following contributions:

- Academic and administrative employees receive a subsidy of 60% of the premium to the medical scheme.
- Academic and administrative employees who are on the Bestmed " top care" option with one dependent receive a subsidy of 55% of the premium.
- Service employees receive a subsidy of 75% of the premium.
- Employees employed after 31 December 2011 receive no post-retirement medical benefit.

| | | | | |
|---|---|---|---|---|
| Opening balance | 299 634 295 | 299 309 351 | 299 634 295 | 299 309 351 |
| Net expense recognised in profit or loss | 39 654 643 | 34 624 528 | 39 654 643 | 34 624 528 |
| Actuarial gain recognised in other comprehensive income | (8 380 489) | (34 299 584) | (8 380 489) | (34 299 584) |
| | **330 908 449** | **299 634 295** | **330 908 449** | **299 634 295** |

**Net expense recognised in profit or loss**

| | | | | |
|---|---|---|---|---|
| Current service cost | 9 671 714 | 10 072 168 | 9 671 714 | 10 072 168 |
| Interest cost | 41 240 134 | 34 714 657 | 41 240 134 | 34 714 657 |
| Curtailment or settlement | (11 257 205) | (10 162 297) | (11 257 205) | (10 162 297) |
| | **39 654 643** | **34 624 528** | **39 654 643** | **34 624 528** |

| | | | | |
|---|---|---|---|---|
| **Movement in the fair value of plan assets** | | | | |
| Plan assets as at 1 January | 456 473 657 | 432 516 821 | 456 473 657 | 432 516 821 |
| Return on assets | 73 374 350 | 25 134 824 | 73 374 350 | 25 134 824 |
| Actuarial gain/(loss) | (1 291 383) | (1 177 988) | (1 291 383) | (1 177 988) |
| | **528 556 624** | **456 473 657** | **528 556 624** | **456 473 657** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

### 17. Post-employment liability (continued)

| | | | | |
|---|---|---|---|---|
| **Amount recognised in other comprehensive income** | | | | |
| Actuarial gain | (8 380 489) | (34 299 584) | (8 380 489) | (34 299 584) |

**The principal actuarial assumptions used for accounting purpose for the defined medical scheme liability**

Assumptions used on last valuation on Friday, 31 December 2021.

| | | | | |
|---|---|---|---|---|
| Actual return on plan assets | 13,74 years | 14,1 years | 13,74 years | 14,1 years |
| Discount rates used | 10,00 % | 11,30 % | 10,00 % | 11,30 % |
| Expected rate of return on assets | 12,20 % | 13,80 % | 12,20 % | 13,80 % |

| **Accounting information: 31 December 2021** | **2021** | **2022** | **2023** |
|---|---|---|---|
| Discount rate | 12,20 % | 12,20 % | 12,20 % |
| Healthcare inflation | 10,00 % | 10,00 % | 10,00 % |
| Net discount rate | 2,00 % | 2,00 % | 2,00 % |

The table below illustrates the impact of a 1% or 0.5% increase or decrease in the assumed medical inflation rate.

| | **Base Assumptions**<br>**R** | **Inflation +1%**<br>**R** | **Inflation +0.5%**<br>**R** | **Inflation -1%**<br>**R** | **Inflation -0.5%**<br>**R** |
|---|---|---|---|---|---|
| Liability brought forward as at 01/01/2021 | 299 634 295 | 299 634 295 | 299 634 295 | 299 634 295 | 299 634 295 |
| Disbursements | (11 257 205) | (11 257 205) | (11 257 205) | (11 257 205) | (11 257 205) |
| Current service cost | 9 671 714 | 9 671 714 | 9 671 714 | 9 671 714 | 9 671 714 |
| Interest cost | 41 240 134 | 41 240 134 | 41 240 134 | 41 240 134 | 41 240 134 |
| Actuarial (gain)/loss | (8 380 489) | 39 401 130 | 14 359 626 | (47 923 760) | (29 068 526) |
| **Liability as at 31/12/2021** | **330 908 449** | **378 690 068** | **353 648 564** | **291 365 178** | **310 220 412** |

| **Projected accounting information for the year ending 31 December 2022** | **2022** | **2023** | **2024** |
|---|---|---|---|
| Discount rate | 12,20 % | 12,20 % | 12,20 % |
| Healthcare inflation rate | 10,00 % | 10,00 % | 10,00 % |
| Net discount rate | 2,00 % | 2,00 % | 2,00 % |

| | **Base Assumptions**<br>**R** | **Inflation +1%**<br>**R** | **Inflation +0.5%**<br>**R** | **Inflation -1%**<br>**R** | **Inflation -0.5%**<br>**R** |
|---|---|---|---|---|---|
| Liability brought forward as at 01/01/2022 | 330 908 446 | 378 690 068 | 353 648 564 | 291 365 178 | 310 220 412 |
| Disbursements | (12 797 812) | (12 797 812) | (12 797 812) | (12 797 812) | (12 797 812) |
| Current service cost | 9 739 346 | 11 625 810 | 10 631 000 | 8 218 887 | 8 938 812 |
| Interest cost | 40 184 264 | 46 128 696 | 43 012 949 | 35 267 237 | 37 611 491 |
| **Liability as at 31/12/2022** | **368 034 244** | **423 646 762** | **394 494 701** | **322 053 490** | **343 972 903** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

### 17. Post-employment liability (continued)

### 17.2 National Tertiary Retirement Fund

In 1994 the Vaal Triangle Technikon withdrew from the Government pension fund and transferred their funds to the National Tertiary Retirement Fund (NTRF). NTRF is a multi-employer (defined contribution plan) which is regulated by the Pensions Fund Act 24 of 1956. In terms of the conditions of transfer, employees who were in the employment at the time of transfer and members of the Government pension fund were guaranteed that they would not be worse off than if they remained on the defined benefit plan. Any liability arising from the guaranteed amount is accounted for as a defined benefit obligation. All VUT employees are members of this fund, except for 202 employees who are members of a provident fund.The fund is financed by employer and employee contributions and designated investment income. The University's contributions in respect of the defined benefit structure are based on actuarial advice and are shown in surplus or deficit. It is policy to ensure that the fund is adequately funded to provide the benefits of members and particularly to ensure that the shortfall with regard to the defined benefit structure is being met by additional contributions.

A valuation has been carried out as at 31 December 2021 specifically for the purpose of the University's IAS19 disclosure requirement. The purpose of this valuation is to quantify the net pension asset or liability in respect of the defined benefit element of the NTRF for recognition in terms of the IAS19 accounting standard. Liabilities in respect of the defined benefit structure are calculated based on assumptions regarding the expected experience in respect of death, withdrawal, early retirement, family statistics, rate of increase in pensionable remuneration, administration costs and the expected yield on assets.

The financial exposure of the University as at 31 December 2021 has been valued by the actuary of the NTRF as follows:

| | | | | |
|---|---|---|---|---|
| **The defined benefit obligation recognised in the statement of financial position is determined as follows:** | | | | |
| Present value of funded obligation | (20 963 000) | (31 355 000) | (20 963 000) | (31 355 000) |
| Fair value assets | 35 556 000 | 40 370 000 | 35 556 000 | 40 370 000 |
| | **14 593 000** | **9 015 000** | **14 593 000** | **9 015 000** |

| | | | | |
|---|---|---|---|---|
| **The principal actuarial assumptions used for accounting purposes for NTRF liability were:** | | | | |
| Discount rate | 9,70 % | 8,10 % | 9,70 % | 8,10 % |
| Inflation rate | 5,50 % | 3,50 % | 5,50 % | 3,50 % |
| Defined benefit cost | 9,70 % | 8,10 % | 9,70 % | 8,10 % |
| Expected increase in salaries | 6,50 % | 4,50 % | 6,50 % | 4,50 % |
| Future pension increases | 3,03 % | 1,93 % | 3,03 % | 1,93 % |
| Post-retirement mortality-tables: PA(90) ultimate table rated down 2 years plus 0.5% improvement p.a from 31 December 2005 | | PA (90) | | PA (90) |
| Pre-retirement mortality-tables: SA 56-62 ultimate table rated down 1 year for males and 4 years for females | SA 56-62 | SA 56-62 | SA 56-62 | SA 56-62 |
| Number of active members | 49 | 56 | 49 | 56 |

| | | | | |
|---|---|---|---|---|
| Defined benefit obligation brought forward as at 1 January | 31 355 000 | 32 213 000 | 31 355 000 | 32 213 000 |
| Benefits paid | (10 177 000) | - | (10 177 000) | - |
| Current service cost | 724 000 | 915 000 | 724 000 | 915 000 |
| Interest cost | 2 186 000 | 2 617 000 | 2 186 000 | 2 617 000 |
| Actuarial gain | (3 125 000) | (4 390 000) | (3 125 000) | (4 390 000) |
| | **20 963 000** | **31 355 000** | **20 963 000** | **31 355 000** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

### 17. Post-employment liability (continued)

| **Movements in the fair value of plan assets** | | | | |
|---|---|---|---|---|
| Plan assets as at 1 January | 40 370 000 | 37 719 000 | 40 370 000 | 37 719 000 |
| Return on plan assets | 2 858 000 | 2 980 000 | 2 858 000 | 2 980 000 |
| Actuarial gain/(loss) | 2 505 000 | (329 000) | 2 505 000 | (329 000) |
| Benefits paid | (10 177 000) | - | (10 177 000) | - |
| | **35 556 000** | **40 370 000** | **35 556 000** | **40 370 000** |

| **Amounts recognised in profit or loss** | | | | |
|---|---|---|---|---|
| Service cost | 724 000 | 915 000 | 724 000 | 915 000 |
| Interest cost | 2 186 000 | 2 617 000 | 2 186 000 | 2 617 000 |
| Interest income on plan assets | (2 858 000) | (2 980 000) | (2 858 000) | (2 980 000) |
| | **52 000** | **552 000** | **52 000** | **552 000** |

| **Amount recognised in other comprehensive income** | | | | |
|---|---|---|---|---|
| Actuarial (gain)/loss | (5 630 000) | (4 061 000) | (5 630 000) | (4 061 000) |

The accrued assets and liabilities over the past four periods are as follows for National Tertiary Retirement Fund liabilities:

Sensitivity

| **Defined benefit obligation assumption** | **Main Result**<br>**R** | **+1%**<br>**R** | **Change** | **-1%**<br>**R** | **Change** |
|---|---|---|---|---|---|
| Discount rate | (20 963 000) | (11 435 000) | (45,00)% | (41 354 000) | 97,30 % |
| Inflation rate | (20 963 000) | (32 074 000) | 53,00 % | (14 764 000) | (29,60)% |
| Pension increase rate | (20 963 000) | (37 337 000) | 78,10 % | (12 319 000) | (41,70)% |

### 18. Deferred grant income

The University received a special government grant for Infrastructure and Maintenance which is used to maintain existing infrastructure. Infrastructure and Efficiency grant to assist with improving institutional infrastructure and academic efficiency with a view to improve student outcomes. Clinical grant which is aimed at providing clinical training to health professional. UCDP grant for improving student's development and experience at the University. Foundation grant to enhance the success rates of the students who meet the minimum admission requirements of an institution and to ensure higher throughput and ultimately higher graduation rates at universities. NGAP grant with the aim of supporting the new nGAP appointees and College Lecturer Education Project Grant. These grants were received during the period 01 April 2021 to 31 March 2022.

| | | | | |
|---|---|---|---|---|
| Non-current liabilities | 560 309 307 | 413 700 260 | 560 026 878 | 412 518 644 |
| Current liabilities | 200 887 871 | 153 649 475 | 200 887 871 | 153 649 475 |
| | **761 197 178** | **567 349 735** | **760 914 749** | **566 168 119** |

The above funds are deferred as follows:

| **Group** | **Opening balance** | **Allocation** | **Expenses incurred** | **Interest** | **Closing balance** |
|---|---|---|---|---|---|
| Clinical grant | 13 051 234 | 7 128 000 | (2 860 028) | 553 584 | 17 872 790 |
| Infrastructure and efficiency grant (IEG) | 134 958 045 | 185 186 000 | (8 907 456) | 6 403 431 | 317 640 021 |
| Infrastructure maintenance | 105 739 736 | - | (1 650 567) | 3 377 048 | 107 466 217 |
| Infrastructure Housing grant | 255 229 092 | - | - | - | 255 229 092 |

| | | Group | | University | |
|---|---|---|---|---|---|
| | | 2021<br>R | 2020<br>R | 2021<br>R | 2020<br>R |

**18. Deferred grant income (continued)**

| | | | | | |
|---|---|---|---|---|---|
| E-skills | 341 782 | 3 139 175 | (1 686 282) | 20 622 | 1 806 298 |
| New Generation of Academics Programme (NGAP) | 35 664 218 | 3 303 284 | (3 873 793) | 1 415 772 | 36 509 481 |
| College Lecturer Education Project grant (CLEP) | 383 550 | - | (46 822) | 7 042 | 343 769 |
| Higher Education and Training HIV/AIDS (HEAIDS) | 176 446 | 150 000 | (326 446) | - | - |
| University Capacity Development grant (UCDP) | 83 194 | 13 937 149 | (8 668 947) | 437 262 | 5 788 657 |
| Nurturing Ermeging School Programme (NESP) | 3 094 039 | - | - | 120 729 | 3 214 768 |
| Other income: On-going projects | 17 446 783 | - | (2 663 782) | - | 14 783 001 |
| IDC: Dihlare | 1 181 616 | - | (899 187) | - | 282 429 |
| Tuition fees | - | 260 655 | - | - | 260 655 |
| | **567 349 735** | **213 104 263** | **(31 583 310)** | **12 335 490** | **761 197 178** |

| University | Opening balance | Allocation | Expenses incurred | Interest | Closing balance |
|---|---|---|---|---|---|
| Clinical grant | 13 051 234 | 7 128 000 | (2 860 028) | 553 584 | 17 872 790 |
| Infrastructure and efficiency grant (IEG) | 134 958 045 | 185 186 000 | (8 907 456) | 6 403 431 | 317 640 021 |
| Infrastructure maintanance | 105 739 736 | - | (1 650 567) | 3 377 048 | 107 466 217 |
| Infrastructure housing | 255 229 092 | - | - | - | 255 229 092 |
| E-Skills | 341 782 | 3 130 175 | (1 686 282) | 20 622 | 1 806 298 |
| New Generation of Academics Programme (NGAP) | 35 664 218 | 3 303 284 | (3 873 793) | 1 415 772 | 36 509 481 |
| College Lecturer Education Project grant (CLEP) | 383 550 | - | (46 822) | 7 042 | 343 769 |
| University Capacity Development grant (UCDP) | 83 194 | 13 937 149 | (8 668 947) | 437 262 | 5 788 657 |
| Nursing Emerging School Programme (NESP) | 3 094 039 | - | - | 120 729 | 3 214 768 |
| Other income:on-going projects | 17 446 783 | - | (2 663 782) | - | 14 783 001 |
| Higher Education and Training HIV/AIDS (HEAIDS) | 176 446 | 150 000 | (326 446) | - | - |
| Student fees | - | 260 655 | - | - | 260 655 |
| | **566 168 119** | **213 095 263** | **(30 684 123)** | **12 335 490** | **760 914 749** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 18. Deferred grant income (continued)

Clinical Training Grant

The underspending on staff expenditure in previous years was caused by late appointments and this was corrected in 2021. the underspanding on capital expenditure was due to none awards on tenders due to mandatory of functional specifications not met by bidders. BSC members were given training and spcefications have been updated to make progress in 2022.

nGAP

Some positions are not filled or filled late due to candidates not qualifying. A large amount of travelling and research could not be used as these activities were hampered by COVID-19 in 2020 and 2021.

UCDP

Some projects from their conceptualisation were meant for face to face interaction, travelling etc. However due to COVID-19 pandemic restrictions such projects were never implemented. Requests for reprioritisation of funds were sent to DHET and projects were started only after approval.

NESP

The only NESP appointment was made on 1 February 2022. There were no funds spent before that date.

IEG

The year 2021 has seen 90% of the deferred maintenance projects going out to tender, unfortunately 80% of the tenders results were non-awards (failed tenders). All the non-awarded tenders are now going to re-tender in April and May 2022 with the help of PURCO. All deferred maintenance projects that are re-tendered are expected to commence on the ground in June and July 2022 as per work plan submitted by PURCO who are assisting with the procurement processes.

### 19. Deferred income

This relates to grants received from the Department Higher Education, Science and Innovation that has been utilised to acquire property, plant and equipment. The grant has already been utilised on acquisition of the assets,however, the income will be only be realised as the assets depreciate.

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| Opening balance | 276 620 867 | 276 900 915 | 276 620 867 | 276 900 915 |
| Grants spent to acquire assets | 4 746 154 | 8 609 219 | 4 746 154 | 8 609 219 |
| Depreciation | (5 152 251) | (8 889 267) | (5 152 251) | (8 889 267) |
| | **276 214 770** | **276 620 867** | **276 214 770** | **276 620 867** |
| **Splits between non-current and current portions** | | | | |
| Non-current portion | 270 450 298 | 265 181 442 | 270 450 298 | 265 181 442 |
| Current portion | 5 764 472 | 11 439 425 | 5 764 472 | 11 439 425 |
| | **276 214 770** | **276 620 867** | **276 214 770** | **276 620 867** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | R | R | R | R |

## 20. Trade and other payables

| | | | | |
|---|---|---|---|---|
| **Financial instruments:** | | | | |
| Trade payables | 34 772 697 | 15 326 555 | 34 152 590 | 15 326 555 |
| Student debtors with credit balances | 194 279 203 | 140 631 889 | 194 279 203 | 140 631 889 |
| Accrued leave pay | 37 276 364 | 37 972 468 | 37 276 364 | 37 972 468 |
| Accrued for 13th cheque | 15 262 880 | 15 623 681 | 15 262 880 | 15 623 681 |
| Deposits received | 9 000 | - | - | - |
| Other payables* | 20 172 193 | 38 669 469 | 20 025 788 | 38 523 063 |
| **Non-financial instruments:** | | | | |
| VAT | 668 184 | - | - | - |
| Other payables* | 23 155 106 | 24 509 072 | 23 155 106 | 24 509 073 |
| | **325 595 627** | **272 733 134** | **324 151 931** | **272 586 729** |

The ageing of all trade payabes is less than 30 days.

Student debtors with credit balances relate to amounts that was received and credited to students accounts only towards the end of the year when remittances are received. Some of these credit balances are due to the funder.

Only accounts with have more that R1 million balance have been included in the below break-down of the other payables. Amounts that are less than 1 million have been grouped together as other amounts.

* the breakdown of R20 172 193 and R23 155 106 is:

| | | | | |
|---|---|---|---|---|
| National Reaserch Foundation grant deposit | 8 027 652 | 7 686 579 | 8 027 652 | 7 686 579 |
| Banking Sector, Education and Training Authority (BANKSETA) | - | 1 212 061 | - | 1 212 061 |
| Japan International Cooperation Agency (JICA) | - | 2 643 296 | - | 2 643 296 |
| Media,Information and Communication technologies (MICTSETA) | 4 387 556 | 4 387 556 | 4 387 556 | 4 387 556 |
| CHIETA | 1 625 473 | - | 1 625 473 | - |
| Pay as you earn | 13 892 236 | 15 721 550 | 13 892 236 | 15 721 550 |
| Loc.govern.SETA | 1 252 750 | - | 1 252 750 | - |
| Salary creditors | 6 838 578 | 6 572 549 | 6 838 578 | 6 572 549 |
| General firm bursaries | 285 670 | 4 427 136 | 285 670 | 4 427 136 |
| Other amounts | 7 017 384 | 20 527 814 | 6 870 979 | 20 381 409 |
| | **43 327 299** | **63 178 541** | **43 180 894** | **63 032 136** |

**Financial instrument and non-financial instrument components of trade and other payables**

| | | | | |
|---|---|---|---|---|
| At amortised cost | 301 772 326 | 248 224 062 | 300 996 824 | 248 077 656 |
| Non-financial instruments | 23 823 290 | 24 509 072 | 23 155 106 | 24 509 072 |
| | **325 595 616** | **272 733 134** | **324 151 930** | **272 586 728** |

| | | | | |
|---|---|---|---|---|
| **Reconciliation of provision for 13th cheque** | | | | |
| Opening balance | 15 623 681 | 15 203 139 | 15 623 681 | 15 203 139 |
| Paid | (37 419 621) | (37 347 141) | (37 419 621) | (37 347 141) |
| Addition during the year | 37 058 819 | 37 767 683 | 37 058 819 | 37 767 683 |
| | **15 262 879** | **15 623 681** | **15 262 879** | **15 623 681** |

| | | | | |
|---|---|---|---|---|
| **Reconciliation of provision for leave** | | | | |
| Opening balance | 37 972 468 | 35 885 220 | 37 972 468 | 35 885 220 |
| Paid | (3 668 342) | (2 424 095) | (3 668 342) | (2 424 095) |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |
| **20. Trade and other payables (continued)** | | | | |
| Addition during the year | 2 972 238 | 4 511 343 | 2 972 238 | 4 511 343 |
| | **37 276 364** | **37 972 468** | **37 276 364** | **37 972 468** |

**Exposure to liquidity risk**

Refer to note 34 Financial instruments and financial risk management for details of liquidity risk exposure and management.

**Exposure to interest rate risk**

Refer to note 34 Financial instruments and financial risk management for details of interest rate risk management for trade and other payables.

**Fair value of trade and other payables**

The credit terms for trade payables are negotiated on a 30 days settlement basis. Other accruals are settled on their merits. Due to the short-term nature, the carrying amount of the accounts payable at amortised cost are deemed to approximate the fair value.

## 21. Tax paid

| | | | | |
|---|---|---|---|---|
| Current tax for the year recognised in profit or loss | (11 926 550) | - | - | - |
| Balance at end of the year | 1 131 653 | - | - | - |
| | **(10 794 897)** | **-** | **-** | **-** |

## 22. Revenue

**State appropriations - subsidies and grants**

| | | | | |
|---|---|---|---|---|
| Subsidy - general purpose | 810 002 420 | 811 965 292 | 809 186 201 | 809 730 202 |
| Infrastructure and Efficiency | 10 185 959 | 7 963 372 | 10 185 959 | 7 963 372 |
| National E-skills | 1 686 282 | 3 762 463 | 1 686 282 | 3 762 463 |
| Clinical Training | 3 257 429 | 3 237 404 | 3 257 429 | 3 237 404 |
| New Generation of Academics Programme | 3 873 793 | 2 447 182 | 3 873 793 | 2 447 182 |
| Infrastructure and Maintanance | 391 171 | 557 854 | 391 171 | 557 854 |
| College Lecturer Education Project | 36 411 | 183 520 | 36 411 | 183 520 |
| University Capacity Development Programme | 8 668 947 | 11 552 679 | 8 668 947 | 11 552 679 |
| High Education and Training HIV/AIDS | 326 447 | 252 828 | 326 447 | 252 828 |
| COVID-19 grant | - | 32 368 783 | - | 32 368 783 |
| | **838 428 859** | **874 291 377** | **837 612 640** | **872 056 287** |

There are no unfulfilled conditions or other contingencies attaching to the subsidies and grants that have been recognised above, some of which are classified as restricted income.

| | | | | |
|---|---|---|---|---|
| **Tuition and other income** | | | | |
| Tuition fee | 463 017 163 | 442 120 822 | 463 017 163 | 442 120 822 |
| Accomodation | 258 305 434 | 282 893 554 | 258 305 434 | 282 893 554 |
| | **721 322 597** | **725 014 376** | **721 322 597** | **725 014 376** |

| | | | | |
|---|---|---|---|---|
| **Income from research and services** | | | | |
| Research income | 12 312 446 | 13 921 323 | 12 312 446 | 13 921 323 |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 22. Revenue (continued)

| | | | | |
|---|---|---|---|---|
| **Sale of goods and services** | | | | |
| Sale of goods and services | 5 611 663 | 4 600 380 | 5 611 663 | 4 600 380 |
| **Other income** | | | | |
| Rent received | 72 257 764 | 9 389 610 | 10 494 192 | 9 389 610 |
| Professional projects | 18 758 750 | 6 651 867 | 18 758 750 | 6 651 867 |
| Student access cards | 4 178 087 | 3 942 397 | 4 178 087 | 3 942 397 |
| Impairment reversal | - | 3 107 454 | - | 3 107 454 |
| Skills development levy claim | 907 356 | 1 185 260 | 907 356 | 1 185 260 |
| Sports and culture levy | 2 710 146 | 1 802 084 | 2 710 146 | 1 802 084 |
| Development fund revenue | - | 486 000 | - | 486 000 |
| Sundry income | 2 522 297 | 21 893 275 | 2 522 297 | 21 486 570 |
| Community projects | 823 443 | 1 792 000 | 823 443 | 1 792 000 |
| Discount received on lease liability | 45 806 313 | 51 960 990 | 45 806 313 | 51 960 990 |
| Funeral levy | 1 081 220 | 714 360 | 1 081 220 | 714 360 |
| Discount received | 534 641 | 702 530 | 534 641 | 702 530 |
| Decrease in ECL:Receivables | 32 839 374 | - | 32 839 374 | - |
| Other amounts | 2 527 635 | 2 403 116 | 2 436 140 | 2 402 816 |
| | **184 947 026** | **106 030 943** | **123 091 959** | **105 623 938** |

### 23. Interest and dividends

| | | | | |
|---|---|---|---|---|
| **Interest income** | | | | |
| **Investments in financial assets:** | | | | |
| Bank and other cash | 15 966 279 | 439 928 | 15 859 234 | 439 928 |
| Interest on student accounts | 6 704 248 | 7 839 300 | 6 704 248 | 7 839 300 |
| Dividends income | 142 491 | 158 640 | 142 491 | 158 640 |
| Fair value adjustment - FVTPL | 74 779 474 | 28 886 144 | 74 779 474 | 28 886 144 |
| **Total interest income** | **97 592 492** | **37 324 012** | **97 485 447** | **37 324 012** |

Interest earned on student accounts impaired amounted to R4 089 591 (2020: R5 252 331)

Included in the above is interest accrued amounting to R5 181 911 (2020: R2 364 120)

Dividends received was earned on the investment in shares.

Fair value relates to the financial assets at FVTPL.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 24. Employee costs

| Group | Academic R | Other R | Total 2021 R | Total 2020 R |
|---|---|---|---|---|
| Salaries | 374 721 777 | 440 775 041 | 815 496 818 | 817 460 393 |
| Pension costs: Defined contribution plans | 33 090 856 | 38 845 787 | 71 936 643 | 72 008 134 |
| Post-retirement: guarantee benefit costs | 23 920 | 28 080 | 52 000 | 552 000 |
| Other post-retirement benefit plans | 18 241 136 | 21 413 507 | 39 654 643 | 34 624 528 |
| | **426 077 689** | **501 062 415** | **927 140 104** | **924 645 055** |

| University | Academic R | Other R | Total 2021 R | Total 2020 R |
|---|---|---|---|---|
| Salaries | 374 721 777 | 439 900 200 | 814 621 977 | 815 605 917 |
| Pension costs: Defined contribution plans | 33 090 856 | 38 845 787 | 71 936 643 | 72 008 134 |
| Post-retirement: guarantee benefit costs | 23 920 | 28 080 | 52 000 | 552 000 |
| Other post-retirement benefit plans | 18 241 136 | 21 413 507 | 39 654 643 | 34 624 528 |
| | **426 077 689** | **500 187 574** | **926 265 263** | **922 790 579** |

### 25. Operating expenses

| | | | | |
|---|---|---|---|---|
| **Auditor's remuneration - external** | | | | |
| Audit fees | 7 914 585 | 6 088 155 | 7 787 526 | 5 599 612 |
| **Auditor's remuneration - internal** | **2 978 556** | **1 109 344** | **2 978 556** | **1 109 344** |
| **Movement in credit loss allowances** | | | | |
| Trade and other receivables | 15 707 759 | 79 098 703 | 15 707 759 | 79 098 703 |
| **Other operating expenses** | | | | |
| Other expenses | 18 040 153 | 2 573 591 | 9 384 207 | 2 596 887 |
| Research expenses | 24 400 522 | 22 795 248 | 24 400 522 | 22 795 248 |
| Municipal services | 49 983 323 | 29 419 573 | 46 121 987 | 29 419 573 |
| Stationery | 1 481 941 | 2 143 260 | 1 481 941 | 2 143 260 |
| Building current cost | 17 287 610 | 8 751 642 | 17 287 610 | 8 751 642 |
| Library expenses | 697 971 | 97 514 | 697 971 | 97 514 |
| Communication expenses | 988 294 | 2 212 568 | 988 294 | 2 212 568 |
| Vehicle cost | 1 655 829 | 656 935 | 1 655 829 | 656 935 |
| Disciplinary cases | 2 378 354 | 1 348 960 | 2 378 354 | 1 348 960 |
| Security services | 58 422 678 | 56 749 686 | 58 422 678 | 56 749 686 |
| Mantenance: Equipment | 14 205 349 | 7 953 740 | 14 205 349 | 7 953 740 |
| Debtors collection costs | 2 364 174 | 1 571 717 | 2 364 174 | 1 571 717 |
| Insurance | 5 312 232 | 4 494 230 | 5 269 179 | 4 494 230 |
| Membership | 2 117 628 | 2 008 603 | 2 117 628 | 2 008 603 |
| Bursaries | 28 173 970 | 56 798 179 | 28 173 970 | 56 798 179 |
| Electronical database | 16 242 298 | - | 16 242 298 | - |
| Maintenance contracts | 4 027 202 | 1 525 432 | 2 488 306 | 1 525 432 |
| Legal costs | 1 627 385 | 907 206 | 1 479 406 | 859 592 |
| Personnel training | 1 434 833 | 2 205 984 | 1 434 833 | 2 205 984 |
| Laboratory cost | 14 182 197 | 9 605 373 | 14 178 924 | 9 605 373 |
| Cleaning materials | 1 426 236 | 1 321 950 | 1 161 236 | 1 321 950 |
| Registration expenses | 1 121 860 | 297 685 | 1 121 860 | 297 685 |
| Long service grants | 620 812 | 664 350 | 620 812 | 664 350 |
| Admin investment fee | 1 876 831 | 1 565 940 | 1 876 831 | 1 565 940 |
| Symposium | 418 497 | 644 712 | 418 497 | 644 712 |
| Consultation and professional fees | 11 215 699 | 9 431 871 | 7 580 003 | 9 407 337 |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |
| **25. Operating expenses (continued)** | | | | |
| Rental: Buildings | 15 111 406 | 2 837 392 | 15 111 406 | 2 837 392 |
| Rental: equipment | 12 008 154 | 18 898 608 | 12 008 154 | 18 898 608 |
| Travel and subsistance | 1 807 212 | 1 654 036 | 1 807 212 | 1 654 036 |
| T.E.N.E.T | 3 232 522 | 3 725 240 | 3 232 522 | 3 725 240 |
| Licences | 11 366 921 | 9 624 926 | 11 366 921 | 9 624 926 |
| Program licences | 511 515 | 217 239 | 511 515 | 217 239 |
| Support fund | 156 811 | 1 569 114 | 156 811 | 1 569 114 |
| Taxation | 11 926 550 | - | 11 936 550 | - |
| Public relations expenses | 7 740 353 | 11 108 138 | 7 740 353 | 11 108 138 |
| Software contracts | 666 597 | 589 380 | 666 597 | 589 380 |
| COVID 19 expenses | 5 037 069 | 11 090 060 | 5 037 069 | 11 090 060 |
| Labour hire | 2 377 580 | - | - | - |
| | **353 646 568** | **289 060 082** | **333 127 809** | **289 011 230** |
| **Other operating expenses** | | | | |
| Auditor's remuneration - external | 7 914 585 | 6 088 155 | 7 787 526 | 5 599 612 |
| Auditor's remuneration - internal | 2 978 556 | 1 109 344 | 2 978 556 | 1 109 344 |
| Movement in credit loss allowances | 15 707 759 | 79 098 703 | 15 707 759 | 79 098 703 |
| Other expenses | 353 646 569 | 289 060 081 | 333 127 809 | 289 011 226 |
| | **380 247 469** | **375 356 283** | **359 601 650** | **374 818 885** |

## 26. Depreciation, amortisation and impairment losses

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| **Depreciation** | | | | |
| Property, plant and equipment | 68 844 419 | 69 783 646 | 66 934 442 | 69 093 999 |
| Right-of-use assets | 181 648 047 | 192 490 685 | 181 648 047 | 192 490 685 |
| Investment property on the cost model | 5 757 906 | 367 174 | 198 335 | 198 335 |
| | **256 250 372** | **262 641 505** | **248 780 824** | **261 783 019** |
| **Amortisation** | | | | |
| Intangible assets | 5 665 922 | 21 796 174 | 5 665 922 | 21 796 174 |
| **Impairment losses** | | | | |
| Property, plant and equipment | - | 15 316 346 | - | 15 316 346 |
| **Total depreciation, amortisation and impairment** | | | | |
| Depreciation | 256 250 372 | 262 641 505 | 248 780 824 | 261 783 019 |
| Amortisation | 5 665 922 | 21 796 174 | 5 665 922 | 21 796 174 |
| Impairment losses | - | 15 316 346 | - | 15 316 346 |
| | **261 916 294** | **299 754 025** | **254 446 746** | **298 895 539** |

## 27. Finance costs

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| Interest-bearing borrowings | 77 440 | 108 463 | 77 440 | 108 463 |
| Finance cost: Right-of-use | 15 914 693 | 31 074 907 | 15 914 693 | 31 074 907 |
| Other interest paid | 7 900 871 | 466 | - | 466 |
| **Total finance costs** | **23 893 004** | **31 183 836** | **15 992 133** | **31 183 836** |

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

## 28. Taxation

### Major components of the tax expense

| | | | | |
|---|---|---|---|---|
| **Current** | | | | |
| Local income tax - current period | 11 926 550 | - | - | - |
| **Deferred** | | | | |
| South African deferred tax-current period | (1 603 955) | - | - | - |
| | **10 322 595** | - | - | - |

### Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

| | | | | |
|---|---|---|---|---|
| Accounting loss | 36 801 141 | - | - | - |
| Tax at the applicable tax rate of 28% (2020: 28%) | 10 304 319 | - | - | - |
| **Non-deductible expenses** | | | | |
| Non-deductible expenses | 7 630 | - | - | - |
| Prior periodunder/(over) provisions in current tax | 337 428 | - | - | - |
| Prior periodunder/(over) provisions in deferred tax | (326 782) | - | - | - |
| | **10 322 595** | - | - | - |

The University is exempt from normal taxation in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act No.58 of 1962), however the subsidiaries are subjected to South Africa income Tax.

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

## 29. Cash generated from operations

| | Group 2021 R | Group 2020 R | University 2021 R | University 2020 R |
|---|---|---|---|---|
| Profit (loss) before taxation | 269 599 028 | 131 580 225 | 243 738 775 | 132 188 495 |
| **Adjustments for:** | | | | |
| Depreciation and amortisation | 261 916 294 | 284 434 509 | 254 446 746 | 283 579 193 |
| Losses on disposal of assets | 73 079 | 1 256 025 | 73 079 | 1 256 025 |
| Bursaries | 28 173 970 | 56 105 364 | 28 173 970 | 56 105 364 |
| Proceeds from insurance on property, plant and equipment | (888 149) | (1 725 124) | (888 149) | (1 725 124) |
| Interest income | (22 813 018) | (8 437 868) | (22 705 973) | (8 437 868) |
| Finance costs | 23 893 004 | 31 183 836 | 15 992 133 | 31 183 836 |
| Fair value gains | (74 779 474) | (28 886 144) | (74 779 474) | (28 886 144) |
| Impairment loss on PPE | - | 15 316 346 | - | 15 316 346 |
| Impairment of assets | 15 707 759 | 79 281 189 | 15 707 759 | 79 281 189 |
| Movements in retirement benefit assets and liabilities | 39 706 643 | 35 176 528 | 39 706 643 | 35 176 528 |
| Decrease in ECL | (32 839 374) | - | (32 839 374) | - |
| Non-cash items | 2 740 019 | - | 2 740 019 | - |
| Government grant recognised in the statement of comprehensive income | (31 672 767) | (62 324 085) | (31 672 767) | (62 324 085) |
| Discount received on lease liability | (45 806 313) | (52 140 811) | (45 806 313) | (51 960 990) |
| De-recognition of lease liability | - | (4 343 856) | - | (4 343 856) |
| **Changes in working capital:** | | | | |
| Student receivables | 88 140 734 | (22 404 729) | 88 140 734 | (22 404 729) |
| Other receivables | 25 555 139 | (30 083 804) | 33 041 376 | (29 977 498) |
| Trade and other payables | 52 390 195 | 38 059 543 | 51 565 201 | 38 104 426 |
| Deferred income | (899 188) | (2 642 053) | - | - |
| | **598 197 581** | **459 405 091** | **564 634 385** | **462 131 108** |

### 30. Executive Management and Council Members' remuneration

**Executive**

**2021**

| | Emoluments | Basic salary | Employment benefits | Other allowances | Total |
|---|---|---|---|---|---|
| Prof. IL Rensburg** | Administrator | 2 247 945 | - | 24 504 | 2 272 449 |
| Prof. JO Odiyo*** | DVC: Research, Innovation, Commercialisation and Internalisation | 550 740 | 371 425 | 234 572 | 1 156 737 |
| Prof. MJ Linington | DVC: Teaching, learning & SSS | 1 437 264 | 956 504 | 159 039 | 2 552 807 |
| Dr TD Mokoena | Registrar: Academic Support | 1 384 272 | 870 167 | 23 828 | 2 278 267 |
| Ms. NR Mgobo | Chief Financial Officer | 1 184 760 | 722 995 | 231 816 | 2 139 571 |
| Mr. PJ Morris*** | Executive Director: Human Resources | 455 375 | 202 904 | 186 781 | 845 060 |
| Prof. M Dhurup** | Executive Dean: Management Sciences | 1 119 151 | 912 833 | 265 253 | 2 297 237 |
| Prof. CM Van Der Bank | Executive Dean: Human Resources | 1 122 108 | 812 980 | 259 738 | 2 194 826 |
| Prof BR Mabuza | Executive Dean: Applied and Computer Sciences | 1 144 440 | 728 016 | 20 367 | 1 892 823 |
| Mr. SP Vilakazi* | Executive Director: Governance and Legal Services | 463 470 | 234 195 | 7 804 | 705 469 |
| Dr SAT Mchunu | Executive Director: Student Support Services | 1 018 368 | 596 732 | 54 871 | 1 669 971 |
| Dr MM Chili* | Executive Director: Centre for Academic Development | 511 000 | 264 882 | 82 502 | 858 384 |
| Ms. RPN Mapukata* | Executive Director: Advancement and Internationalisation | 87 938 | 39 782 | 1 398 | 129 118 |
| Mr. MD Ramasodi | Executive Director: Information Technology System | 1 147 896 | 747 606 | 58 118 | 1 953 620 |
| Mr. LW Jack** | Executive Director: International Relations | 964 990 | 610 166 | 127 883 | 1 703 039 |
| Mr. MB Khuboni** | Executive Director: Advancement and Internationalisation | 386 028 | 233 719 | 127 750 | 747 497 |
| Mr LS Swana | Executive Director: Operations and Logistics | 1 060 356 | 642 638 | 18 807 | 1 721 801 |
| | | **16 286 101** | **8 947 544** | **1 885 031** | **27 118 676** |

* Appointed during the year, ** Resigned during the year, *** Appointed and resigned during the year. Only senior management included.Included in Other allowances is acting allowance, settling allowance, study support dependants, other project claims, WCA, SDL and UIF.

**30. Executive Management and Council Members' remuneration (continued)**

**2020**

| | Office held | Basary salary | Employment benefits | Other allowances | Total |
|---|---|---|---|---|---|
| Prof. IL Rensburg | Administrator | 3 724 459 | - | 39 029 | 3 763 488 |
| Prof. MJ Linington* | DVC: Teaching, learning & SSS | 1 077 948 | 624 487 | 17 109 | 1 719 544 |
| Dr. TD Mokoena | Registrar: Academic Support | 1 367 165 | 859 679 | 22 288 | 2 249 132 |
| Ms. NR Mgobo* | Chief Financial Officer | 789 840 | 431 178 | 12 421 | 1 233 439 |
| Prof. M Dhurup | Executive Dean: Management Sciences | 1 205 806 | 974 416 | 234 741 | 2 414 963 |
| Prof. CM Van Der Bank | Executive Dean: Human Resources | 1 108 241 | 739 961 | 324 996 | 2 173 198 |
| Prof. BR Mabuza | Executive Dean: Applied and Computer Sciences | 1 130 298 | 716 815 | 18 845 | 1 865 958 |
| Prof. PQ Radebe** | Executive Director: Human resources | 820 276 | 474 029 | 147 619 | 1 441 924 |
| Dr. SAT Mchunu* | Executive Director: Student Support Services | 233 899 | 123 242 | 89 323 | 446 464 |
| Dr. P Machika** | Executive Dean: Centre of Academic Development | 410 161 | 271 845 | 62 988 | 744 994 |
| Mr. MD Ramasodi | Executive Director: Information Technology System | 1 133 712 | 736 725 | 19 132 | 1 889 569 |
| Mr. LW Jack | Executive Director: International Relations | 1 143 676 | 685 186 | 18 695 | 1 847 557 |
| Mr. MB Khuboni | Executive Director: Corporate Affairs | 1 143 772 | 689 854 | 56 393 | 1 890 019 |
| Mr LS Swana* | Executive Director: Operations & Logistics | 1 047 252 | 613 497 | 17 019 | 1 677 768 |
| | | **16 336 505** | **7 940 914** | **1 080 598** | **25 358 017** |

* Appointed during the year, ** Resigned during the year, *** Appointed and resigned during the year. Only senior management included.Included in Other allowances is acting allowance, settling allowance, study support dependants, other project claims, WCA, SDL and UIF.

### 30. Executive Management and Council Members' remuneration (continued)

**Compensation paid to Council members**

| | 2021 Total cost session and other |
|---|---|
| Ms. RM Buthelezi | 42 500 |
| Ms. J Manche | 28 500 |
| Ms. C Simpson | 37 000 |
| Ms. MC Khanakga | 24 000 |
| Ms. TS Sebela | 20 000 |
| Ms. S Harndulay | 24 000 |
| Mr. SA Mahlalela | 44 500 |
| Prof. MJ Radebe | 28 000 |
| Mr. NO Mahlako | 24 000 |
| Mr. T Zororo | 28 000 |
| Mr. Khanyile | 24 000 |
| Prof. N Morgan | 40 500 |
| | **365 000** |

| Compensation paid or payable to key management for employee services are as follows: | | | | |
|---|---|---|---|---|
| Salaries | 27 118 676 | 25 369 176 | 27 118 676 | 25 369 176 |
| Post-employment benefit: Contribution plan | 1 368 587 | 1 577 303 | 1 368 587 | 1 577 303 |
| Council members | 365 000 | - | 365 000 | - |
| | **28 852 263** | **26 946 479** | **28 852 263** | **26 946 479** |

University Council were appointed 13 August 2021.

### 31. Commitments

**Authorised capital expenditure**

| **Authorised capital expenditure** | | | | |
|---|---|---|---|---|
| • Approved by Council but not contracted for | 78 468 597 | 401 778 651 | 78 468 597 | 401 778 651 |
| • Contracts negotiated and orders placed in respect of capital items not yet executed | 69 675 425 | 82 513 134 | 69 675 425 | 82 513 134 |
| Financing of the above commitments | | | | |
| - Internally generated funds | 89 259 545 | 89 259 545 | 89 259 545 | 89 259 545 |
| - DHET grants | 92 607 112 | 395 032 240 | 92 607 112 | 395 032 240 |

### 32. Contingencies

Only material cases that might have significant impact have been disclosed under this note.

Contingent assets:

Inkokheli Business Solutions vs VUT

The University has issued a demand in the amount of R230 000.00 for outstanding rental against Inkokheli business solutions. A letter of demand was served to the latter and the attorney dealing with the matter is awaiting further instructions from the University on whether to issue Summons on the matter. The legal fees is estimated at R30 000.On the merits VUT should be successful with its claim. Costs should be awarded if successful.

Contingent liabilities:

VBX vs VUT

This is an action for a recovery of payment for services rendered and not paid for. The amount involved is R772 110. The claimant amended its claim after receiving the University's plea and the University is waiting for the claimant to effect its amendment.The estimated cost to settle the case is R800 000 and the legal fees is estimated at R150 000. Chances are favourable for University to be successful in defending the matter, if successful, the costs should be awarded in favour of VUT.

Former employee vs VUT

VUT brought a Review application a CCMA Commissioner who found that his dismissal was unfair. The estimated cost to settle the case is R541 527 if the review is successful and the legal fees is estimated at R45 000. Chances are good that the costs will be awarded to VUT if successful.

LSN vs VUT

This is an action for recovery of payment where LSN claims that the University did not pay for services rendered. The amount is R6 749 170.41. A plea has been filed and the University has pleaded that all the amounts due to LSN were paid and the University has no knowledge about any other outstanding payments. The estimated cost to settle the case is R700 000 and the legal fees is estimated at R180 000. VUT has a reasonable prospect in successfully defending the matter, if successful, the costs should be awarded in favour of VUT.

Kaya Guards (Pty) Ltd vs VUT

I) Applicant brought an urgent application to interdict VUT from implementing an agreement with Phiri Phiri for the rendering of protection services which was signed on the 2nd December 2020. Part B is an application to review the bid process which was followed prior to making the award.

(II) Interdict granted, on the 18th December 2020, VUT prevented from giving effect to the terms of the agreement of the 2nd December 2020.

(iii) Applicant brought a contempt of court application but withdrew the application before the hearing.

(iv) On 4 February 2021 VUT served and uploaded VUT's notice in terms of Rule 53(1)(b).

(v) The Review Process is currently underway and could take another six months to be finalised.

This is an application for a review and set aside the security tender process. The legal fees is estimated at R450 000. The merits of the matter favours VUT and if successful, costs should be awarded to VUT. If unsuccessful, the contract between Phiriphiri and VUT will be set aside and new tender process will be started.

Fikile Construction vs VUT

A legal Opinion on the contractual dispute between Vaal University of Technology and Fikile construction was drafted by the attorney of record. Two main issues were considered, (I) Is VUT entitled to levy penalty fees for delays? (II) Is the contractor entitled to escalation of costs.

### 32. Contingencies (continued)

Subsequently the agreement between Fikile and VUT had been cancelled. Possible claim for damages and breach of contract by Fikile. The estimated cost to settle the case is R300 000 and the legal fees is estimated at R151 000. VUT has a reasonable prospect in successfully defending the matter, if successful, the costs should be awarded in favour of VUT.

Vuyo Peach vs VUT

Adv Peach is claiming R4 000 000 from VUT in respect of fees. The estimated cost to settle the case is R200 000 and the legal fees is estimated at R120 000. There is possibility that VUT will have to pay R250 000. No costs.

Obliline vs VUT

Obliline is claiming R45 000 from VUT in respect of damages as a result of training given by VUT and alleged breach of contract.The estimated cost to settle the case is R20 000 and the legal fees is estimated at R15 000. VUT has a reasonable prospect in successfully defending the matter, if successful, the costs should be awarded in favour of VUT.

Ciarratouch (Pty) Ltd vs VUT

Ciarratouch demands payment of alleged arrears rental for the periods of non or partial occupation by students due to COVID restrictions. The estimated cost to settle is R11 185 280 and the legal fees is estimated at R150 000.The scales are evenly poised. VUT may have a counter claim of R7000 000 against the service provider.If successful VUT may be awarded legal costs.

### 33. Related parties

**Relationships**

| | |
|---|---|
| Department reporting to | Department of Higher Education, Science and Innovation |
| Subsidiaries | Domicilia Student Services (Pty) Ltd, Dihlare Remedy (Pty) Ltd and VUT Enterprise (Pty) Ltd. Refer to note 7 |
| Executive Management and Council Members | Key personnel making decisions on behalf ofthe University. Refer to note 30 |
| National Student Financial Aid Scheme | VUT and NSFAS has the same governing body. |
| National Tertiary Retirement Fund | Pension fund owned by University's employees. Refer to note 16 |

Department of Higher Education and Training

The University is ultimately accountable to the Department of Higher Education, Science and Innovation in terms of the Higher Education Act, 1997 (Act 101 of 1997). Transactions with the Department are on note 21.

Dihlare Remedy (Pty) Ltd (Subsidiary)

The University has collaborated with the IDC to form the institute that is central platform that provides the ideal vehicle to validate traditional medicines, develop new product formulations through research, process the traditional medicines, aggressively market the products, and create awareness and credibility of traditional medicines through research publications, books and other forms of marketing material company with the intention to develop traditional medicines.

VUT Enterprise (Pty) Ltd (Subsidiary)

This is the umbrella company under which all other enterprises will operate.

National Tertiary Retirement Fund

National Tertiary Retirment Fund is a multi-employer which is regulated by the Pensions Fund Act 24 of 1956. For transactions, refer to note 17.

**Domicilia SS (Pty) Ltd (Subsidiary)**

Domilia company runs the Academia students residents on behalf of the University. The purchase of Academia building was financed through government grant

**33. Related parties (continued)**

**Related party balances**

| | | | | |
|---|---|---|---|---|
| **Loan accounts - Owing (to) by related parties** | | | | |
| Domicilia Student Services (Pty) Ltd | - | - | 144 464 | 3 079 170 |
| **Amounts included in Trade receivable (Trade Payable) regarding related parties** | | | | |
| National Student Financial Aid Scheme | 81 502 020 | 38 126 952 | 81 502 020 | 38 126 952 |
| **Investment in subsidiaries** | | | | |
| VUT Enterprise (Pty) Ltd | - | - | 3 123 283 | 3 123 283 |
| Domicilia Student Services (Pty) Ltd | - | - | 255 000 000 | 255 000 000 |
| **Grants to subsidiaries** | | | | |
| Dihlare Remedy (Pty) Ltd | - | - | 3 000 000 | 3 000 000 |
| **Related party transactions** | | | | |
| **Purchases from (sales to) related parties** | | | | |
| Domicila Student Services | (41 747 772) | - | (41 747 772) | - |
| **Grants from Department** | | | | |
| Department of Higher Education, Science and Innovation | 841 389 517 | 872 056 287 | 840 573 298 | 872 056 287 |
| **Student fees** | | | | |
| National Student Financial Aid Scheme | 1 093 524 413 | 960 747 077 | 1 093 524 413 | 960 747 077 |
| **Compensation to directors and other key management** | | | | |
| Salaries and short-term employee benefits | 27 118 676 | 25 369 177 | 27 118 676 | 25 369 177 |
| Termination benefits | 1 368 587 | 1 577 303 | 1 368 587 | 1 577 303 |
| Council members | 365 000 | - | 365 000 | - |
| | **28 852 263** | **26 946 480** | **28 852 263** | **26 946 480** |

Compensation of key management personnel, which comprises members of both Council and the University Executive management team is disclosed in note 28.

### 34. Financial instruments and risk management

**Categories of financial instruments**

**Categories of financial assets**

**Group - 2021**

| | Notes | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---|---|---|---|---|
| Student receivables | 12 | - | - | 213 443 179 | 213 443 179 |
| Other receivables | 13 | - | - | 15 855 162 | 15 855 162 |
| Cash and cash equivalents | 14 | - | - | 961 961 004 | 961 961 004 |
| Financial assets at FVTPL | 9 | - | 528 556 624 | - | 528 556 624 |
| Financial assets at FVTOCI | 10 | 3 775 510 | - | - | 3 775 510 |
| | | **3 775 510** | **528 556 624** | **1 191 259 345** | **1 723 591 479** |

**Group - 2020**

| | Notes | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---|---|---|---|---|
| Student receivables | 12 | - | - | 193 580 320 | 193 580 320 |
| Other receivables | 13 | - | - | 42 760 845 | 42 760 845 |
| Cash and cash equivalents | 14 | - | - | 447 954 484 | 447 954 484 |
| Financial assets at FVTPL | 9 | - | 456 473 657 | - | 456 473 657 |
| Financial assets at FVTOCI | 10 | 3 595 156 | - | - | 3 595 156 |
| | | **3 595 156** | **456 473 657** | **684 295 649** | **1 144 364 462** |

**University - 2021**

| | Notes | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---|---|---|---|---|
| Loans to group companies | 11 | - | - | 144 464 | 144 464 |
| Student receivables | 12 | - | - | 213 443 179 | 213 443 179 |
| Other receivables | 13 | - | - | 8 274 764 | 8 274 764 |
| Cash and cash equivalents | 14 | - | - | 942 219 845 | 942 219 845 |
| Financial assets at FVTPL | 9 | - | 528 556 624 | - | 528 556 624 |
| Financial assets at FVTOCI | 10 | 3 775 510 | - | - | 3 775 510 |
| | | **3 775 510** | **528 556 624** | **1 164 082 252** | **1 696 414 386** |

**University - 2020**

| | Notes | Fair value through profit or loss - Mandatory | Fair value through profit or loss - Designated | Amortised cost | Total |
|---|---|---|---|---|---|
| Loans to group companies | 11 | - | - | 3 079 170 | 3 079 170 |
| Student receivables | 12 | - | - | 193 580 319 | 193 580 319 |
| Other receivables | 13 | - | - | 42 760 845 | 42 760 845 |
| Cash and cash equivalents | 14 | - | - | 443 175 200 | 443 175 200 |

**34. Financial instruments and risk management (continued)**

| | | | | | |
|---|---|---|---|---|---|
| Financial assets at FVTPL | 9 | - | 456 473 657 | - | 456 473 657 |
| Financial assets at FVTOCI | 10 | 3 595 156 | - | - | 3 595 156 |
| | | **3 595 156** | **456 473 657** | **682 595 534** | **1 142 664 347** |

**Categories of financial liabilities**

**Group - 2021**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| Trade and other payables | 20 | 301 772 326 | 301 772 326 |
| Financial liabilities | 15 | 106 930 174 | 106 930 174 |
| Lease liabilities | 4 | 148 372 116 | 148 372 116 |
| Interest-bearing borrowings | 16 | 387 740 | 387 740 |
| | | **557 462 356** | **557 462 356** |

**Group - 2020**

| | Notes | Amortised cost | Fair value |
|---|---|---|---|
| Trade and other payables | 20 | 248 224 062 | 248 224 062 |
| Borrowings | 15 | 115 000 000 | 115 000 000 |
| Lease liabilities | 4 | 202 373 771 | 202 373 771 |
| Interest-bearing borrowings | 16 | 645 832 | 645 832 |
| | | **566 243 665** | **566 243 665** |

**University - 2021**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| Trade and other payables | 20 | 300 996 824 | 300 996 824 |
| Lease liabilities | 4 | 148 372 116 | 148 372 116 |
| Interest-bearing borrowings | 16 | 387 740 | 387 740 |
| | | **449 756 680** | **449 756 680** |

**University - 2020**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| Trade and other payables | 20 | 248 077 656 | 248 077 656 |
| Lease liabilities | 4 | 202 373 771 | 202 373 771 |
| Interest-bearing borrowings | 16 | 645 832 | 645 832 |
| | | **451 097 259** | **451 097 259** |

**34. Financial instruments and risk management (continued)**

**Gains and losses on financial instruments**

**Gains and losses on financial assets**

**Group - 2021**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| **Recognised in profit or loss:** | | | |
| Interest income | 23 | 97 592 492 | 97 592 492 |

**Group - 2020**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| **Recognised in profit or loss:** | | | |
| Interest income | 23 | 37 324 012 | 37 324 012 |

**University - 2021**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| **Recognised in profit or loss:** | | | |
| Interest income | 23 | 97 485 447 | 97 485 447 |

**University - 2020**

| | Notes | Amortised cost | Total |
|---|---|---|---|
| **Recognised in profit or loss:** | | | |
| Interest income | 23 | 37 324 012 | 37 324 012 |

**Gains and losses on financial liabilities**

**Group - 2021**

| | Notes | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 27 | (7 978 311) | (15 914 693) | (23 893 004) |

### 34. Financial instruments and risk management (continued)

**Group - 2020**

| | Notes | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 27 | (108 929) | (31 074 907) | (31 183 836) |

**University - 2021**

| | Notes | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 27 | (77 440) | (15 914 693) | (15 992 133) |

**University - 2020**

| | Notes | Amortised cost | Leases | Total |
|---|---|---|---|---|
| **Recognised in profit or loss:** | | | | |
| Finance costs | 27 | (108 929) | (31 074 907) | (31 183 836) |

**Capital risk management**

The University's policy is to sustain a healthy accumulated fund balance in order to maintain donor, creditor and public confidence as well as sustain future development of the institution. Specifically restricted funds are managed within the rules as agreed with the relevant funders. Management monitors the return on accumulated funds. There are no externally imposed requirements for the management of the accumulated funds.

The institution monitors capital on the basis of a gearing ratio. the gearing ratio is caculated as a net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total funds as shown in the statement of financial position.

The capital structure and gearing ratio of the group at the reporting date was as follows:

| | | | | | |
|---|---|---|---|---|---|
| Interest bearing borrowings | 16 | 387 740 | 645 832 | 387 740 | 645 832 |
| Financial liabilities | 15 | 106 930 174 | 115 000 000 | - | - |
| Lease liabilities | | 148 372 116 | 202 373 771 | 148 372 116 | 202 373 771 |
| Trade and other payables | 20 | 325 428 627 | 272 733 134 | 324 151 930 | 272 586 728 |
| **Total borrowings** | | **581 118 657** | **590 752 737** | **472 911 786** | **475 606 331** |
| Cash and cash equivalents | 14 | (961 961 004) | (447 856 673) | (942 219 845) | (443 175 200) |
| **Net borrowings** | | **(380 842 347)** | **142 896 064** | **(469 308 059)** | **32 431 131** |
| Equity | | 1 297 026 502 | 1 008 700 739 | 1 272 601 150 | 1 010 135 640 |
| Gearing ratio | | (29)% | 14 % | (37)% | 3 % |

### 34. Financial instruments and risk management (continued)

#### Financial risk management

#### Overview

The group is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk)• National fee regulation;
- Growing pressure on the unearmarked government subsidy to universities;
- Infrastructure constraints and the high cost of the ongoing maintenance of facilities and science equipment; and
- The pace of transformation and broadening of accessibility.

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. The University does not use derivative financial instruments to hedge risk exposures. Risk management is carried out by the University under policies approved by the Council. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk,credit risk, non-derivative financial instruments and investment of excess liquidity.

#### Credit risk

Financial assets that potentially subject the University to concentrations of credit risk consist principally of outstanding students fees. Credit risk also arises from cash and cash equivalents and deposits held with banks and financial institutions. The University has no significant concentration of credit risk as only well-established and independently rated banks and financial institutions are accepted and the University have policies in place to ensure that credit exposure to any one institution is limited.

The University's maximum exposure to credit risk is represented by carrying amounts of these financial assets on the statement of financial position.

The University is exposed to credit risk arising from student receivables related to outstanding fees. The risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration, the regular monitoring of outstanding fees, the institution of debt collection action in case of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a payment arrangement. The University assists a limited number of financially needy students with bursaries.

The maximum exposure to credit risk is presented in the table below:

| Group | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans to group companies | 11 | - | - | - | 332 137 | - | 332 137 |
| Student receivables | 12 | 405 360 978 | (191 917 799) | 213 443 179 | 456 695 053 | (263 114 733) | 193 580 320 |
| Other receivables | 13 | 46 316 125 | (26 331 754) | 19 984 371 | 56 163 503 | (10 623 994) | 45 539 509 |
| Cash and cash equivalents | 14 | 962 316 937 | (355 933) | 961 961 004 | 448 367 357 | (510 684) | 447 856 673 |
| | | **413 994 040** | **(218 605 486)** | **195 388 554** | **961 558 050** | **(274 249 411)** | **687 308 639** |

| University | | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| | | Gross carrying amount | Credit loss allowance | Amortised cost / fair value | Gross carrying amount | Credit loss allowance | Amortised cost / fair value |
| Loans to group companies | 11 | 144 464 | - | 144 464 | 3 079 170 | - | 3 079 170 |
| Student receivables | 12 | 405 360 978 | (191 917 799) | 213 443 179 | 456 695 053 | (263 114 733) | 193 580 320 |
| Other receivables | 13 | 38 698 955 | (26 331 754) | 12 367 201 | 55 882 570 | (10 623 994) | 45 258 576 |
| Cash and cash equivalents | 14 | 942 575 778 | (355 933) | 942 219 845 | 443 685 884 | (510 684) | 443 175 200 |
| | | **386 780 175** | **(218 605 486)** | **168 174 689** | **959 342 677** | **(274 249 411)** | **685 093 266** |

### 34. Financial instruments and risk management (continued)

Trade receivables

The University trades only with recognised, creditworthy third parties. It is the University's policy that all customers who wish to trade on credit terms are subject to random credit verification procedures.

All debtors that are passed 120 days are past due. Student receivables of R213 443 179 (2020: R193 580 320) is considered past due but not impaired.

The Unversity does not hold any collateral as security. Refer to note 12 for the disclosure of student and other receivables.

Other Financial Assets

With respect to credit risk arising from the other financial assets of the University, which comprise cash and cash equivalents, financial assets at FVTPL and financial assets at FVTOCI, the University's exposure to credit risk arises from default counterparty, with a maximum exposure equal to the carrying amount of these instruments. The University only places cash and cash deposits with major institutions with good credit ratings.The University considers financial assets which are neither past due nor impaired to be fully recoverable.

**Liquidity risk**

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

**Group - 2021**

| | | Less than 1 year | 1 to 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Financial liabilities | 15 | - | 97 888 084 | 97 888 084 | 97 888 084 |
| Interest-bearing borrowings | 16 | - | 94 384 | 94 384 | 94 384 |
| Lease liabilities | 4 | - | 123 565 274 | 123 565 274 | 123 565 274 |
| Deferred grant income | 18 | - | 560 309 307 | 560 309 307 | 560 309 307 |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 301 772 326 | - | 301 772 326 | 301 772 326 |
| Financial liabilities | 15 | 9 042 090 | - | 9 042 090 | 9 042 090 |
| Interest-bearing borrowings | 16 | 293 356 | - | 293 356 | 293 356 |
| Lease liabilities | 4 | 24 806 842 | - | 24 806 842 | 24 806 842 |
| Deferred grant income | 18 | 200 887 871 | - | 200 887 871 | 200 887 871 |
| | | **536 802 485** | **781 857 049** | **1 318 659 534** | **1 318 659 534** |
| **Non-current assets** | | | | | |
| Financial assets at FVTPL | 9 | - | 528 556 624 | 528 556 624 | 528 556 624 |
| Financial assets at FVTOCI | 10 | - | 3 775 510 | 3 775 510 | 3 775 510 |
| **Current assets** | | | | | |
| Student receivables | 12 | 213 443 179 | - | 213 443 179 | 213 443 179 |
| Other receivables | 13 | 15 855 162 | - | 15 855 162 | 15 855 162 |
| Cash and cash equivalent | 14 | 961 961 004 | - | 961 961 004 | 961 961 004 |
| | | **1 191 259 345** | **532 332 134** | **1 723 591 479** | **1 723 591 479** |
| | | **654 456 860** | **(249 524 915)** | **404 931 945** | **404 931 945** |

### 34. Financial instruments and risk management (continued)

**Group - 2020**

| | | Less than 1 year | 1 to 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Financial liabilities | 15 | - | 97 742 837 | 97 742 837 | 97 742 837 |
| Interest bearing borrowings | 16 | - | 387 740 | 387 740 | 387 740 |
| Lease liabilities | | - | 3 200 721 | 3 200 721 | 3 200 721 |
| Deferred grant income | 18 | - | 413 700 260 | 413 700 260 | 413 700 260 |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 248 224 062 | - | 248 224 062 | 248 224 062 |
| Financial liabilities | 15 | 17 257 163 | - | 17 257 163 | 17 257 163 |
| Interest bearing borrowings | 16 | 258 092 | - | 258 092 | 258 092 |
| Lease liabilities | 4 | 199 173 050 | - | 199 173 050 | 199 173 050 |
| Deferred grant income | 18 | 153 649 475 | - | 153 649 475 | 153 649 475 |
| | | **618 561 842** | **515 031 558** | **1 133 593 400** | **1 133 593 400** |
| **Non-current assets** | | | | | |
| Financial assets at FVTPL | 9 | - | 456 473 657 | 456 473 657 | 456 473 657 |
| Financial assets at FVTOCI | 10 | - | 3 595 156 | 3 595 156 | 3 595 156 |
| **Current assets** | | | | | |
| Student receivables | 12 | 193 580 319 | - | 193 580 319 | 193 580 319 |
| Other receivables | 13 | 42 760 845 | - | 42 760 845 | 42 760 845 |
| Cash and cash equivalents | 14 | 447 856 673 | - | 447 856 673 | 447 856 673 |
| | | **684 197 837** | **460 068 813** | **1 144 266 650** | **1 144 266 650** |
| | | **65 635 995** | **(54 962 745)** | **10 673 250** | **10 673 250** |

**University - 2021**

| | | Less than 1 year | 1 to 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Interest bearing borrowings | 16 | - | 94 384 | 94 384 | 94 384 |
| Lease liabilities | 4 | - | 123 565 274 | 123 565 274 | 123 565 274 |
| Deferred grant income | 18 | - | 560 026 878 | 560 026 878 | 560 026 878 |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 300 996 824 | - | 300 996 824 | 300 996 824 |
| Interest bearing borrowings | 16 | 293 356 | - | 293 356 | 293 356 |
| Lease liabilities | 4 | 24 806 842 | - | 24 806 842 | 24 806 842 |
| Deferred grant income | 18 | 200 887 871 | - | 200 887 871 | 200 887 871 |
| | | **526 984 893** | **683 686 536** | **1 210 671 429** | **1 210 671 429** |
| **Non-current assets** | | | | | |
| Financial assets at FVTPL | 9 | - | 528 556 624 | 528 556 624 | 528 556 624 |
| Financial assets at FVTOCI | 10 | - | 3 775 510 | 3 775 510 | 3 775 510 |

## 34. Financial instruments and risk management (continued)

| | | | | | |
|---|---|---|---|---|---|
| **Current assets** | | | | | |
| Student recceivables | 12 | 213 443 179 | - | 213 443 179 | 213 443 179 |
| Other receivables | 13 | 8 274 764 | - | 8 274 764 | 8 274 764 |
| Cash and cash equivalents | 14 | 942 219 845 | - | 942 219 845 | 942 219 845 |
| | | **1 163 937 788** | **532 332 134** | **1 696 269 922** | **1 696 269 922** |
| | | **636 952 895** | **(151 354 402)** | **485 598 493** | **485 598 493** |

**University - 2020**

| | | Less than 1 year | 1 to 2 years | Total | Carrying amount |
|---|---|---|---|---|---|
| **Non-current liabilities** | | | | | |
| Interest bearing borrowings | 16 | - | 387 740 | 387 740 | 387 740 |
| Lease liabilities | 4 | - | 3 200 721 | 3 200 721 | 3 200 721 |
| Deferred grant income | 18 | - | 412 518 664 | 412 518 664 | 412 518 664 |
| **Current liabilities** | | | | | |
| Trade and other payables | 20 | 248 077 656 | - | 248 077 656 | 248 077 656 |
| Interest bearing borrowings | 16 | 258 092 | - | 258 092 | 258 092 |
| Lease liabilities | 4 | 199 173 050 | - | 199 173 050 | 199 173 050 |
| Deferred grant income | 18 | 153 649 475 | - | 153 649 475 | 153 649 475 |
| | | **601 158 273** | **416 107 125** | **1 017 265 398** | **1 017 265 398** |
| **Non-current assets** | | | | | |
| Financial assets at FVTPL | 9 | - | 456 473 657 | 456 473 657 | 456 473 657 |
| Financial assets at FVTOCI | 10 | - | 3 595 156 | 3 595 156 | 3 595 156 |
| **Current assets** | | | | | |
| Student receivables | 12 | 193 580 319 | - | 193 580 319 | 193 580 319 |
| Other receivables | 13 | 42 760 845 | - | 42 760 845 | 42 760 845 |
| Cash and cash equivalent | 14 | 443 175 200 | - | 443 175 200 | 443 175 200 |
| | | **679 516 364** | **460 068 813** | **1 139 585 177** | **1 139 585 177** |
| | | **78 358 091** | **43 961 688** | **122 319 779** | **122 319 779** |

National fee regulations

Tuition and accomodation fee increase are uncertain for fo future years as a result of Student Fee increase Framework not yet finanlised by DHET

Growing pressure on the unearmarked government subsidy to universities

Possible reduction in Governement subsidy: this might have negative impact to the university finances as the government subsidy is one of the sources of income.

Infrastructure constraints and the high cost of the ongoing maintenance of facilities and science equipment

Possible reduction in Infrastructure funding : this may affect the university negatively as the university has assets under construction funded by DHET. To date the risk cannot be quantified.

### 34. Financial instruments and risk management (continued)

**Foreign currency risk**

The University does not have foreign currency exposure risk.

**Interest rate risk**

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is exposed to interest risk due to financial assets and liabilities bearing variable interest rates. Interest rate risk is managed by ensuring that the University's assets are invested in accounts which earn the best possible interest rates.

The University's interest-bearing borrowings are a combination of fixed and floating rates of interest. The University is not exposed to cash flow interest rate risk on borrowings that have a fixed interest rate.

The University holds a substantial amount of interest bearing investments and interest earning bank deposits. Interest risks relating to the University's investments are managed and monitored by the Fund Managers and the Administrator.

**Interest rate sensitivity analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

| Group | 2021 | 2021 | 2020 | 2020 |
|---|---|---|---|---|
| **Increase or decrease in rate** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| **Impact on profit or loss:** | | | | |
| Cash and cash equivalent:R961 961 004x5%(2020:R447 856 673x5%) | 48 098 050 | (48 098 050) | 22 392 834 | (22 392 834) |
| Interest bearing borrowings:R387 740x5%(2020:R645 832x5%) | 19 387 | (19 387) | 32 292 | (32 292) |
| Financial Liabilities:R106 930 174x5% | 5 346 509 | (5 346 509) | 5 750 000 | (5 750 000) |
| | **53 463 946** | **(53 463 946)** | **28 175 126** | **(28 175 126)** |

| University | 2021 | 2021 | 2020 | 2020 |
|---|---|---|---|---|
| **Increase or decrease in rate** | **Increase** | **Decrease** | **Increase** | **Decrease** |
| **Impact on profit or loss:** | | | | |
| Cash and cash equivalent:942 219 845x5%(2020:R443 175 201x5%) | 47 110 993 | (47 110 993) | 22 158 760 | (22 158 760) |
| Interest bearing borrowings:R387 740x5%(2020:R645 832x5%) | 19 387 | (19 387) | 32 292 | (32 292) |
| | **47 130 380** | **(47 130 380)** | **22 191 052** | **(22 191 052)** |

**Price risk**

The University is exposed to the risk of fluctuations in the fair value of the financial assets at FVTPL and Financial assets at FVTOCI because of changes in market prices. The University is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the University diversifies its portfolio. Diversification of the portfolio is done accordance with the limits set out by the Council and the limits are included in the mandate agreement which the University and Fund Managers concluded. To manage its other market price risk arising from the financial assets at FVTOCI, the investments are managed by fund managers and the buy and sell decisions are approved by the Council.

**34. Financial instruments and risk management (continued)**

**Price risk sensitivity analysis**

The following sensitivity analysis has been prepared using a sensitivity rate which is used when price risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant prices. All other variables remain constant. The sensitivity analysis includes only investments held at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

**Group**

The University is exposed to price risk in terms of listed financial assets at FVTOCI. Should the local securities exchange (JSE) rise/fall by 10% as at 31 December 2021 and all other factors remain unchanged, the fair value for listed shares would have increased/decreased by R281 942 (2020: R279 045).

**University**

The University is exposed to price risk in terms of listed financial assets at FVTOCI. Should the local securities exchange (JSE) rise/fall by 10% as at 31 December 2021 and all other factors remain unchanged, the fair value for listed shares would have increased/decreased by R281 942 (2020: R279 045).

Compliance risk

Compliance risk is the risk of non-compliance with any statutory requirement of National or Local Government and it includes the South African Reserve Bank, Financial Services Board and various financial exchanges.

This is minimised through effective monitoring and reporting to ensure compliance with the Higher Educational Act, Occupational Health and Safety Act,The Corporate Laws Amendment Act, applicable legislation and the requirements of statutory and other bodies; including the Competition Authorities, South African Reserve bank, Financial Services Board.

Operational risk

Operational risk is the risk resulting from inadequate or failed internal processes, people and systems, or from external events. The university's approach to managing operational risk has led to the establishment of the following practices:

- Policies and procedures to sustain effective risk management; and

- The ongoing assessment of the effects of changes in the regulatory environment.

These risks are monitored continuously and appropriate steps are taken to manage them optimally.

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments reflected above.

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of the future cash flows, discounted at the market rate of interest at the reporting date. Carrying amount approximates fair value due to the short-term nature of trade and other receivables.

Other loans and receivables

The fair value of other loans and receivables is based on cash flows discounted using the effective interest rate at the reporting date. Carrying amount approximates fair value due to the short-term nature of other loans and receivables.

Cash and cash equivalents

The fair value of cash and cash equivalents is based on cash flows discounted using the effective interest rate at the reporting date. Carrying amount approximates fair value due to the short-term nature of cash and cash equivalents.

Borrowings

### 34. Financial instruments and risk management (continued)

The fair value of borrowings is based on cash flows discounted using the effective interest rate at the reporting period. for finance leases, the market rate of interest is determined by reference to incremental borrowing rate.

Other financial liabilities

The fair value of other financial liabilities is based on cash flows discounted using the effective interest rate at the reporting date. Carrying amount approximates fair value due to the short-term nature of other financial liabilities.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. Carrying amount approximates fair value due to the short-term nature of trade and other payables.

### 35. Fair value information

**Fair value hierarchy**

The table below analyses assets and liabilities carried at fair value. The different levels are defined as follows:

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the group can access at measurement date.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

**Levels of fair value measurements**

**Level 1**

**Recurring fair value measurements**

| **Assets** | Notes | | | | |
|---|---|---|---|---|---|
| **Equity investments at fair value through other comprehensive income** | 10 | | | | |
| Listed shares | | 2 819 422 | 2 790 446 | 2 819 422 | 2 790 446 |
| **Financial assets at fair value through profit (loss)** | 9 | | | | |
| Fiancial assets at FVTPL | | 528 556 624 | 456 473 653 | 528 556 624 | 456 473 653 |
| **Total** | | **531 376 046** | **459 264 099** | **531 376 046** | **459 264 099** |

**Level 3**

**Recurring fair value measurements**

| **Assets** | Notes | | | | |
|---|---|---|---|---|---|
| **Equity investments at fair value through other comprehensive income** | | | | | |
| Unlisted shares | | 956 088 | 804 707 | 956 088 | 804 707 |

Unlisted shares with Sabinet valued at R7.2 per share (132 790XR7.2). The valuation is calculated using the discounted cash flow methodology. The discount rate applied is the weighted average cost of capital(WACC).

| | Group | | University | |
|---|---|---|---|---|
| | 2021 R | 2020 R | 2021 R | 2020 R |

### 35. Fair value information (continued)

### 36. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. Management is of the opinion that the University has adequate resources to continue with the operational activities for the foreseeable future and therefore will continue to adopt the going concern basis in preparing its financial statements.

The university has a surplus of R283 789 880 (2020: R168 871 997) in the current year. The university's forecast and projections takes account of reasonable possible changes in operating circumstances and show that the University does not have negative cash flow challenges. The university is solvent with a R1 297 026 502 (2020: R1 008 700 739) net asset value.

It is accepted that the university's income is largely dependent on student tuition fees and government subsidy which comprises of 40% of the income in tuition fees and 46% of income in government subsidies. The Department of Higher Education and Training has made a commitment for the grant subsidy. About 75% of the VUT students are expected to be funded by NSFAS which is still paying normally.

Other financial indicators that supported our assertion of a going concern are:
- There are no fixed-term borrowings approaching maturity that do not have a realistic prospect of renewal or repayment, nor is there an excessive reliance on short-term borrowings to finance long-term assets. Cash and cash equivalents exceeds substantially interest bearing borrowings.
- There were no experiences for non-compliance with the terms of loan agreements.
- The University has ability to meet its short term obligations i.e. the ability to pay its debts within a 12 month period of the year.
- There is no withdrawal of financial support by creditors.
- There has been no experience during the financial year of an inability to pay creditors on due dates.
- There were no changes from credit to cash-on-delivery transactions with suppliers.

In conclusion the fair value of total assets exceeds the fair value of total liabilities of the University, the current liquidity and solvency ratios are all within industry norm and are favourable, the University therefore continues to adopt the going concern basis in preparing its consolidated and separate annual financial statement.

### 37. Prior period errors

During 2020 period, amortisation and foreign exchange transactions were ommitted.

The correction of the error(s) results in adjustments as follows:

Group

| **Statement of financial position** | **As previously reported R** | **Prior period adjustment R** | **As restated 2020 R** |
|---|---|---|---|
| Unrestricted use fund-Education and general | 48 012 753 | 38 352 | 48 051 105 |
| Trade and other payables | (273 230 973) | 497 845 | (272 733 128) |
| Accumulated amortisation:Intangible assets | (26 841 650) | (536 197) | (27 377 847) |
| | **(252 059 870)** | **-** | **(252 059 870)** |

| **Statement of changes in funds** | **As previously reported R** | **Prior period adjustment R** | **As restated 2020 R** |
|---|---|---|---|
| Unrestricted use fund-Education and general | 48 012 753 | 38 352 | 48 051 105 |

**37. Prior period errors (continued)**

University

| Statement of financial position | As previously reported<br>R | Prior period adjustment<br>R | As restated 2020<br>R |
|---|---|---|---|
| Accumulated amortisation: intangible assets | (26 841 650) | (536 197) | (27 377 847) |
| Trade and other payables | (273 230 973) | 497 845 | (272 733 128) |
| Unrestricted use fund-Education and general | 46 577 852 | 38 352 | 46 616 204 |
| | **(253 494 771)** | **-** | **(253 494 771)** |

| Statement of changes in funds | As previously reported<br>R | Prior period adjustment<br>R | As restated 2020<br>R |
|---|---|---|---|
| Unrestricted use fund-General | 46 577 852 | 38 352 | 46 616 204 |

**38. University under administration**

University was placed under administration on 15 August 2019 by Minister of Higher Education Science and Innovation. This was as a result of combined corporate and strategic functional governance failures, that saw the University Council, on the one hand, fail to performance its role of effective stewarding of the University and securing effective governance and ethical conduct; and the University management committee on the other failing to ensure the consistent, transparent, accountable and good faith implementation of institution's human resources management and procurement policies, and to secure institutional assets and value for money.

A progress has been made on the assignment of the administration and stabilisation of the institution has been achieved during 2020. The turnaround of institution was concluded in July 2021. The Council establishment, induction and handover were completed early August 2021.

**39. Events after the reporting period**

The Council appointed the Vice-Chancellor and principal, Professor ND Kgwadi from the 1st February 2022. The financial impact of the appointment is R4.5m per annum.