Consolidated and Separate Annual Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

CONTENTS

Statement of Responsibility of the Members of Council

FOR THE YEAR ENDED 31 DECEMBER 2018

The Council is responsible for the maintenance of adequate accounting records and preparation, integrity and fair presentation of the consolidated and separate financial statements of the University of Johannesburg and its subsidiaries. The auditors are responsible for reporting on the fair presentation of the consolidated and separate annual financial statements.

The consolidated and separate financial statements presented on pages 437 to 498 of this Annual Report for 2018 have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Higher Education Act of South Africa as amended, and include amounts based on judgements and estimates made by management. The Council has also prepared other information as required to be included in this Annual Report and is responsible for both its accuracy and consistency with the consolidated and separate financial statements.

The going concern basis has been adopted in the preparation of the consolidated and separate financial statements. The Council has no reason to believe that the University of Johannesburg and its subsidiaries is not a going concern in the foreseeable future based on forecasts and available cash resources. The viability of the institution is supported by the content of the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements have been audited by PricewaterhouseCoopers Inc., who were given unrestricted access to all financial records and related data, including minutes of all meetings of the Council and its committees. The Council believes that all representations made to the independent auditors during their audit are valid and appropriate.

APPROVAL OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate financial statements presented on pages 437 to 498 of this Annual Report were approved by the Council on 13 June 2019 and signed on its behalf by:

MS Teke
Chair of Council

T Marwala (Prof)
Vice-Chancellor and Principal

N Mamorare
Chief Financial Officer

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INDEPENDENT AUDITORS REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE UNIVERSITY OF JOHANNESBURG

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

Opinion

We have audited the annual consolidated and separate financial statements of the University of Johannesburg and its subsidiaries (the group) set out on pages 437 to 498, which comprise the consolidated and separate statement of financial position as at 31 December 2018, the consolidated and separate statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, as well as the notes to the consolidated and separate annual financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of the University of Johannesburg and its subsidiaries as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997).

Basis for opinion

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

We are independent of the group in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' *Code of professional conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

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

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View 2090
Private Bag X36, Sunninghill 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Responsibilities of Council for the annual financial statements

The council is responsible for the preparation and fair presentation of the consolidated and separate annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997) and for such internal control as the council determines is necessary to enable the preparation of consolidated and separate annual financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated and separate annual financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate annual financial statements.

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the University for the year ended 31 December 2018:

Objectives	Pages in the annual report
Objective 1: Excellence in Research and Innovation - 1. Total number of accredited research output units (n-1)	66
Objective 2: Excellence in Teaching and Learning - 9. Total headcount enrolment (n) - 11. First-time entering undergraduates - 13. UG: Degrees - 17. Total PG enrolment - 18. Degree credit success rates (n-1) - 19. Total graduation rate and output (n1) - 20. UG graduation rate and output (n1) - 24. Total PG Output (n1)	67-69
Objective 6: Fitness for Global Excellence and Stature - 25. Balanced annual budget and five-year financial plan - 26. Staff with doctorates	70

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for these objectives.

Achievement of planned targets

Refer to the annual performance report on pages 65 to 70 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

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

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

OTHER INFORMATION

The council is responsible for the other information. The other information comprises the information included in the document titled "University of Johannesburg Annual Report 2018" which includes the Chairperson of Council Report, the Vice-Chancellor and Principal Report to Council, Council, Council and Council Committees' Governance Report, Senate and Senate Committees' Governance Report, Institutional Forum (IF) Report, Report from the Audit and Risk Committee of Council (ARCC), Report on the DHET Annual Performance Plan 2018 of the University of Johannesburg, Financial Sustainability Report (Section 16), Transformation Report (Section 5), Statement on Risk Management (Section 4) and Chairperson of Council Finance Committee Report as required by the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997) . The other information does not include the consolidated and separate annual financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

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

INTERNAL CONTROL DEFICIENCIES

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

OTHER REPORTS

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the University's annual financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the annual financial statements or our findings on the reported performance information or compliance with legislation.

Audit-related services and special audits - Agreed-upon procedures

Agreed-upon procedures on certificates were performed for grants, other funding and similar items. Below is the list of Agreed-upon procedures engagements performed or are in the process of being performed in relation to 2018.

Engagement name	Description of engagement	Period-end	Name of party performing the engagement	Date
NGAP	Verification procedures performed over the grant received from DHET relating to New Generation of Academics Programme and its correct utilization.	31/03/2019	SizweNtsaluba Gobodo Grant Thornton	29 May 2019
DHET Foundation grant utilisation	Verification procedures performed over the grant received from DHET and its correct utilization.	31/03/2019	SizweNtsaluba Gobodo Grant Thornton	29 May 2019
TIA grant utilisation	Verification procedures performed over the grant received from the Technology Innovation Agency and its correct utilization.	31/03/2019	SizweNtsaluba Gobodo Grant Thornton	13 June 2019
NRF	Verification procedures performed over the grant received from National Research Foundation and its correct utilization.	31/12/2018	SizweNtsaluba Gobodo Grant Thornton	7 March 2019
Confucius Institute	Verification procedures performed over the grant received from the Institute and its correct utilization.	31/12/2018	SizweNtsaluba Gobodo Grant Thornton	6 June 2019

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Health Science Clinical Grants	Verification procedures performed over the grant received and its correct utilization.	31/3/2019	SizweNtsaluba Gobodo Grant Thornton	27 May 2019
Teaching development collaboration grant	Verification procedures performed over the grant received from DHET and its correct utilization.	31/3/2019	SizweNtsaluba Gobodo Grant Thornton	29 May 2019
Mintek grant utilisation	Verification procedures performed over the grant received from Mintek and its correct utilization.	31/12/2018	SizweNtsaluba Gobodo Grant Thornton	18 April 2019
DHET Infrastructure development	Verification procedures performed over the grant received from DHET and its correct utilization.	31/3/2019	SizweNtsaluba Gobodo Grant Thornton	27 May 2019
HEAIDS Global Fund	Verification procedures performed over the grant received from USAF and its correct utilization.	31/3/2019	SizweNtsaluba Gobodo Grant Thornton	29 May 2019
HEMIS	Verification of various information relating to the HEMIS submission to DHET.	31/12/2018	PwC	Not completed
Financial Data	Verification of financial data from the annual financial statements.	31/12/2018	PwC	21 June 2019
Research Articles	Verification of research journals.	31/12/2018	PwC	29 May 2019
CCRED DTI Agreed Upon Procedures	Verification procedures performed over the grant received from DTI and its correct utilization.	31/3/2018	PwC	20 March 2019

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: R. Ramdhany
Registered Auditor
Johannesburg
24 June 2019

Annexure – Auditors' responsibility for the audit

1. As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated and separate annual financial statements, and the procedures performed on reported performance information for selected objectives and on the University's compliance with respect to the selected subject matters.

Annual financial statements

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

   - Identify and assess the risks of material misstatement of the consolidated and separate annual financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
   - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
   - Conclude on the appropriateness of the council's use of the going concern basis of accounting in the preparation of the annual financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University of Johannesburg and its subsidiaries ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the annual financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause a University to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
   - Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated annual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

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

4. We also confirm to the council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Notes	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
ASSETS					
Non-current assets		**5 943 083**	**5 922 679**	**5 144 821**	**5 096 918**
Property, plant and equipment	3	2 373 280	2 243 459	2 240 782	2 153 133
Intangible assets	4	14 428	24 282	10 152	12 659
Investments in subsidiaries, associates and joint ventures	5	24 511	18 523	118 981	118 994
Financial asset at fair value through profit or loss	6	3 468 682	-	2 712 724	-
Available-for-sale financial assets	6	-	3 571 391	-	2 747 108
Long term employee benefits	15	62 182	65 024	62 182	65 024
Current Assets		**1 762 926**	**939 268**	**1 708 060**	**881 214**
Inventories	7	4 648	6 150	4 648	5 883
Trade and other receivables	8	466 379	374 445	448 710	364 071
- Students fees		248 358	188 753	243 892	185 305
- Other receivables		218 021	185 692	204 818	178 766
Cash and cash equivalents	9	1 291 899	558 673	1 254 702	511 260
Total Assets		**7 706 009**	**6 861 947**	**6 852 881**	**5 978 132**
EQUITY AND LIABILITIES					
EQUITY					
Non-distributable reserves		**2 377 066**	**2 853 927**	**2 248 023**	**2 593 708**
Funds invested in property, plant and equipment		2 377 066	2 250 279	2 248 023	2 162 318
Non-current investment revaluation		-	603 648	-	431 390
Reserve funds		**3 307 239**	**2 774 027**	**2 607 450**	**2 167 076**
Restricted use funds		*1 003 743*	*1 098 445*	*535 705*	*543 783*
Student residences funds		124 804	112 374	124 803	112 373
Trust/donor/bursary funds		878 939	986 071	410 902	431 410
Unrestricted use funds		*2 303 496*	*1 675 582*	*2 071 745*	*1 623 293*
Designated/committed funds		727 409	749 973	727 409	749 973
Undesignated funds		1 576 087	925 609	1 344 336	873 320
Non-Controlling Interests		-	1	-	-
Total Equity		**5 684 305**	**5 627 955**	**4 855 473**	**4 760 784**
LIABILITIES					
Non-current liabilities		**432 538**	**287 393**	**432 538**	**279 667**
Trade, other payables and provisions	13	49 872	11 184	49 872	11 184
Borrowings	10	2 283	10 637	2 283	2 911
Deferred revenue	12	113 492	-	113 492	-
Long term employee benefit obligations	15	266 891	265 572	266 891	265 572
Current liabilities		**1 589 166**	**946 599**	**1 564 870**	**937 681**
Trade, other payables and provisions	13	1 192 760	715 057	1 182 294	721 879
Student deposits and accounts in credit	11	227 005	182 143	220 901	172 663
Borrowings	10	8 354	6 824	628	564
Deferred revenue	12	161 047	42 575	161 047	42 575
Total Liabilities		**2 021 704**	**1 233 992**	**1 997 408**	**1 217 348**
Total Equity and Liabilities		**7 706 009**	**6 861 947**	**6 852 881**	**5 978 132**

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

		Consolidated		University	
		2018	2017	2018	2017
	Notes	R'000	R'000	R'000	R'000
Revenue		**4,005,985**	**3,618,610**	**3,992,775**	**3,606,323**
State appropriations - subsidies and grants	16	1,945,660	1,720,674	1,945,660	1,720,674
Tuition and other fee income	17	1,850,296	1,690,948	1,837,086	1,678,661
Research income		210,029	206,988	210,029	206,988
Other operating income	21	394,762	484,953	390,336	451,551
Operating income		**4,400,747**	**4,103,563**	**4,383,111**	**4,057,874**
Personnel costs	14	(2,548,762)	(2,398,290)	(2,509,025)	(2,348,981)
Depreciation	3	(104,811)	(104,424)	(101,313)	(101,727)
Amortisation	4	(7,415)	(7,473)	(7,372)	(5,942)
Bursaries awarded	19	(440,915)	(471,059)	(440,915)	(471,059)
Other operating expenses	18	(1,330,568)	(1,191,435)	(1,351,109)	(1,190,773)
Operating (deficit)/surplus		**(31,724)**	**(69,118)**	**(26,623)**	**(60,608)**
Impairment (losses)	20	(15)	(86,920)	(14,841)	(97,986)
Investments fair value (losses)/gains	31	(206,731)	188,793	(148,372)	157,852
Income from investments	22	242,581	180,458	208,792	152,987
Finance income	23	27,623	50,644	26,021	49,412
Finance costs	23	(6,199)	(6,768)	(4,655)	(4,542)
Surplus for the year		**25,535**	**257,089**	**40,322**	**197,116**
Other comprehensive income/(loss)					
Items that may be subsequently reclassified to profit or loss					
Fair value adjustments on available-for-sale financial assets	6	-	164,902	-	91,414
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments'		-	(188,793)	-	(157,852)
Increase/(decrease) in fair value of investments		-	353,695	-	249,266
Items that will not be subsequently reclassified to profit or loss					
Actuarial gains on defined benefit plans	15	12,503	14,652	12,503	14,652
Total comprehensive income for the year		**38,038**	**436,643**	**52,825**	**303,182**
Surplus for the year attributable to:					
- University		25,535	257,596	40,322	197,116
- Non-Controlling Interests		-	(507)	-	-
		25,535	**257,089**	**40,322**	**197,116**
Total comprehensive income attributable to:					
- University		38,038	437,150	52,825	303,182
- Non-Controlling Interests		-	(507)	-	-
		38,038	**436,643**	**52,825**	**303,182**

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

Consolidated	Undesignated Funds R'000	Designated / Committed Funds R'000	Total Unrestricted use funds R'000	Trust / Donor / Bursaries Funds R'000	Student Residence Funds R'000	Total Restricted use funds R'000	Non-Controlling Interests R'000	Non-Current Investment Revaluation R'000	Funds invested in Property, Plant and Equipment R'000	TOTAL R'000
Balance as at 01 January 2018	925 609	749 973	1 675 582	986 071	112 374	1 098 445	1	603 648	2 250 279	5 627 955
Transfer due to change in accounting policy (note 32)	645 512	-	645 512	-	-	-	-	(603 648)	-	41 864
Surplus for the year	66 354	-	66 354	(41 765)	946	(40 819)	-	-	-	25 535
Actuarial gains and (losses) on defined benefit plans	12 503	-	12 503	-	-	-	-	-	-	12 503
Total comprehensive income	**724 369**	**-**	**724 369**	**(41 765)**	**946**	**(40 819)**	**-**	**(603 648)**	**-**	**79 902**
Movement in funds	(73 891)	(22 564)	(96 455)	(65 367)	11 484	(53 883)	(1)	-	126 787	(23 552)
Balance as at 31 December 2018	**1 576 087**	**727 409**	**2 303 496**	**878 939**	**124 804**	**1 003 743**	**-**	**-**	**2 377 066**	**5 684 305**
Balance as at 01 January 2017	1 445 171	39 242	1 484 413	1 084 814	102 136	1 186 950	3 007	438 746	2 080 933	5 194 049
Surplus for the year	146 101	-	146 101	101 983	9 512	111 495	(507)	-	-	257 089
Actuarial gains and (losses) on defined benefit plans	14 652	-	14 652	-	-	-	-	164 902	-	179 554
Transactions in the Non-Controlling Interests	-	-	-	-	-	-	(2 737)	-	-	(2 737)
Total comprehensive income	**160 753**	**-**	**160 753**	**101 983**	**9 512**	**111 495**	**(3 244)**	**164 902**	**-**	**433 906**
Movement in funds	(680 315)	710 731	30 416	(200 726)	726	(200 000)	238	-	169 346	-
Balance as at 31 December 2017	**925 609**	**749 973**	**1 675 582**	**986 071**	**112 374**	**1 098 445**	**1**	**603 648**	**2 250 279**	**5 627 955**

Notes:

1. "Unrestricted Use" funds available as referred to in note 2.3.2.
2. "Restricted Use" funds available as referred to in note 2.3.2.
3. "Non-Current Investment Revaluation" and "Funds invested in Property, Plant and Equipment" are Non-Distributable Reserves.
4. "Transfers between funds" include funds reclassified for projects and initiatives approved by the Council, amongst others.

CONSOLIDATED AND SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2018

University	Undesignated Funds	Designated / Committed Funds	Total Unrestricted use funds	Trust / Donor / Bursaries Funds	Student Residence Funds	Total Restricted use funds	Non-Current Investment Revaluation	Funds invested in Property, Plant and Equipment	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Balance as at 01 January 2018	873,320	749,973	1,623,293	431,410	112,373	543,783	431,390	2,162,318	4,760,784
Transfer due to change in accounting policy (note 32)	473,254		473,254			-	(431,390)		41,864
Surplus for the year	50,382	-	50,382	(12,154)	2,094	(10,060)	-	-	40,322
Actuarial gains and (losses) on defined benefit plans	12,503	-	12,503	-	-	-	-	-	12,503
Total comprehensive income	**536,139**	**-**	**536,139**	**(12,154)**	**2,094**	**(10,060)**	**(431,390)**	**-**	**52,825**
Movement in funds	(65,123)	(22,564)	(87,687)	(8,354)	10,336	1,982	-	85,705	-
Balance as at 31 December 2018	**1,344,336**	**727,409**	**2,071,745**	**410,902**	**124,803**	**535,705**	**-**	**2,248,023**	**4,855,473**
Balance as at 01 January 2017	1,329,132	81,028	1,410,160	446,601	166,018	612,619	339,976	2,094,847	4,457,602
Surplus for the year	134,884	-	134,884	52,000	10,232	62,232	-	-	197,116
Other comprehensive (loss)/income	14,652	-	14,652	-	-	-	91,414	-	106,066
Total comprehensive income	**149,536**	**-**	**149,536**	**52,000**	**10,232**	**62,232**	**91,414**	**-**	**303,182**
Movement in funds	(605,348)	668,945	63,597	(67,191)	(63,877)	(131,068)	-	67,471	-
Balance as at 31 December 2017	**873,320**	**749,973**	**1,623,293**	**431,410**	**112,373**	**543,783**	**431,390**	**2,162,318**	**4,760,784**

Notes:
1. "Unrestricted Use" funds available as referred to in note 2.3.2.
2. "Restricted Use" funds available as referred to in note 2.3.2.
3. "Non-Current Investment Revaluation" and "Funds invested in Property, Plant and Equipment" are Non-Distributable Reserves.
4. "Transfers between funds" include funds reclassified for projects and initiatives approved by the Council, amongst others.

CONSOLIDATED AND SEPARATE STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

		Consolidated		University	
		2018	2017	2018	2017
	Notes	R'000	R'000	R'000	R'000
Cash flows from operating activities					
Cash generated from operations	**25**	708,204	254,117	703,078	269,928
Finance cost	**23**	(6,199)	(6,768)	(4,655)	(4,542)
Finance income	**23**	27,623	50,644	26,021	49,412
Net cash generated from operating activities		**729,628**	**297,993**	**724,444**	**314,798**
Cash flows from investing activities					
Purchases of property, plant and equipment	**3**	(236,230)	(174,423)	(190,519)	(173,310)
Proceeds from disposal of property, plant and equipment	**25**	1,685	1,811	1,591	1,821
Proceeds/(Purchases) of intangible assets	**4**	4,510	(5,733)	(4,253)	(3,062)
Purchase of investments	**6**	(1,501,995)	(1,325,379)	(1,268,544)	(878,038)
Proceeds from sale of fair value/available-for-sale financial assets		1,505,842	1,337,866	1,286,710	882,259
(Increase)/Decrease in loans to related parties	**27**	(5,972)	-	(14,216)	-
Interest income	**22**	185,037	125,765	168,890	110,598
Dividends received	**22**	57,544	54,693	39,902	42,389
Net cash (outflow)/inflow from investing activities		**10,421**	**14,600**	**19,561**	**(17,343)**
Cash flows from financing activities					
Repayments of borrowings	**10**	(6,824)	(5,516)	(564)	(506)
Net cash flows from financing activities		**(6,824)**	**(5,516)**	**(564)**	**(506)**
Net increase in cash and cash equivalents		733,226	307,077	743,442	296,950
Cash and cash equivalents at beginning of the year		558,673	251,596	511,260	214,310
Cash and cash equivalents at end of the year	**9**	**1,291,899**	**558,673**	**1,254,702**	**511,260**

1 General information

The consolidated and separate financial statements were authorised for issue by the Council on 13 June 2019.

The University of Johannesburg is a Higher Education Institution governed by the Higher Education Act 1997 (Act no 101 of 1997 as amended) and is domiciled in South Africa.

2 Accounting policies

The principal accounting policies adopted by the University of Johannesburg and its subsidiaries are set out below. These policies have been applied consistently to all the years presented, unless otherwise stated. The financial statements are presented in South African Rand (thousands, except as disclosed in note 29 which is not in thousands).

2.1 Basis of presentation

The consolidated and separate financial statements of the University of Johannesburg and its subsidiaries have been prepared in accordance with International Financial Reporting Standards, and the requirements of the Minister of Higher Education and Training as prescribed by the Higher Education Act, 1997 (Act No. 101 of 1997) as amended ("IFRS").

The financial statements have been prepared on a historical cost basis, except for the following:
- certain financial assets – measured at fair value, and
- defined benefit pension plans – plan assets measured at fair value.

The University has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2018:
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers

The University had to change its accounting policies, this is disclosed in note 32. The amendments listed above did not have any impact on the amounts recognised in prior periods, as the modified retrospective approach was applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in note 28.

2.1.1 Going concern

The University's forecast and projections, taking account of reasonably possible changes in operating circumstances, show that the University will be able to operate within its current financing in the short to medium term.

Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The University therefore continues to adopt the going concern basis in preparing its annual consolidated and separate financial statements.

2.1.2 Changes in accounting policies and disclosures

During the year, the following amendments to IFRS became effective:

	Effective date: Years beginning on or after	**Impact:**
Amendment to IAS 40, 'Investment property' Transfers of investment property - These amendments clarify that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition. This change must be supported by evidence.	01 January 2018	Not material
IFRIC 22, 'Foreign currency transactions and advance consideration' - This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payment/receipts are made. The guidance aims to reduce diversity in practice.	01 January 2018	Not material
IFRS 9 'Financial Instruments' (2009 &2010),Financial liabilities, Derecognition of financial instruments, Financial assets and General hedge accounting - This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of	01 January 2018	Implemented from effective date (note 32).
IFRS 15 'Revenue from contracts with customers' - IFRS 15 is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the	01 January 2018	Implemented from effective date (note 32).
Amendment to IFRS 15 'Revenue from contracts with customers' - The amendments clarify the guidance on identifying performance obligations, accounting for licences of intellectual property and the principal versus agent assessment (gross versus net revenue presentation).	01 January 2018	Implemented from effective date (note 32).

2.1.3 Changes in accounting policies and disclosures - not yet effective

The University of Johannesburg and its subsidiaries will apply the following standards on the said effective dates.

	Effective date: Years beginning on or after	**Expected impact:**
IFRS 16 'Leases' - This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a ‘right-of-use asset’ for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. Under IFRS 16, 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. IFRS 16 supersedes IAS 17, ‘Leases’, IFRIC 4, ‘Determining whether an Arrangement contains a Lease’, SIC 15, ‘Operating Leases – Incentives’ and SIC 27, ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’.	01 January 2019	Management has performed a high level impact assessment and are expecting an increase in the right of use assets with a corresponding increase in liabilities. There is expected to be an increase in finance costs and depreciation relating to the right of use asset. This is expected to have an immaterial impact on the annual financial statements.
Amendment to IAS 1, ‘Presentation of financial statements’ and IAS 8, ‘Accounting policies, changes in accounting estimates and errors’ on the definition of material. These amendments to IAS 1 and IAS 8 and consequential amendments to other IFRSs: • use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting; • clarify the explanation of the definition of material; and • incorporate some of the guidance in IAS 1 about immaterial information. The amended definition is: “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.”	01 January 2020	Not material
Amendments to IAS 19, ‘Employee benefits’ on plan amendment, curtailment or settlement. These amendments require an entity to: • Use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and • Recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus (recognised or unrecognised). This reflects the substance of the transaction, because a surplus that has been used to settle an obligation or provide additional benefits is recovered. The impact on the asset ceiling is recognised in other comprehensive income, and it is not reclassified to profit or loss The impact of the amendments is to confirm that these effects are not offset.	01 January 2019	Not material
Amendment to IFRS 3, ‘Business combinations’ Definition of a business. This amendment revises the definition of a business. According to feedback received by the IASB, application of the current guidance is commonly thought to be too complex, and it results in too many transactions qualifying as business combinations. More acquisitions are likely to be accounted for as asset acquisitions. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present (including for early stage companies that have not generated outputs). To be a business without outputs, there will now need to be an organised workforce.	01 January 2020	Not material
Amendments to IFRS 9 – ‘Financial instruments’ on prepayment features with negative compensation and modification of financial liabilities. The narrow-scope amendment covers two issues: • The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met-instead of at fair value through profit or loss. It is likely to have the biggest impact on banks and other financial services entities. • How to account for the modification of a financial liability. The amendment confirms that most such modifications will result in immediate recognition of a gain or loss. This is a change from common practice under IAS 39 today and will affect all kinds of entities that have renegotiated borrowings.	01 January 2019	Not material
Amendments to IAS 28, ‘Investments in associates and joint ventures’ – long-term interests in associates and joint ventures. The amendments clarified that companies account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.	01 January 2019	Not material

2.2 Basis of Consolidation

2.2.1 Subsidiaries

a) Acquisition of subsidiaries

The University applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the University. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Subsidiaries are fully consolidated from the date on which control is transferred to the University.
The University recognised any non-controlling interests in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement.

Any contingent consideration to be transferred by the University is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies are eliminated. When necessary amounts reported by subsidiaries have been adjusted to conform to the University's accounting policies.

b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the University ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the University had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Associates

Associates are all entities over which the University has significant influence but not control generally accompanying a shareholding of between 20% and 50%. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The University's investment in associates includes goodwill identified on acquisition (if any), net of any accumulated impairment loss.

The University's share of its associates' post-acquisition profits or losses is recognised in the statement of profit or loss and comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the University's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the University does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.
Unrealised gains on transactions between the University and its associates are eliminated to the extent of the University's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the University.

2.3 Fund allocation

Equity is divided into the following categories:

- Utilised funds
- Available funds
  - Restricted funds
  - Unrestricted funds
    - Designated/Committed funds
    - Undesignated funds

2.3.1 Utilised funds

These are funds utilised for acquisitions of property, plant and equipment.

2.3.2 Available funds

Available funds are divided into two categories:

- Available funds, restricted use

These funds comprise income received, the use of which is legally beyond the control of the Council. These funds are accounted for under the following headings:

- National Research Foundation and similar funds – restricted use
- Endowment funds – restricted use
- Bursaries and scholarship funds – restricted use
- Residences funds - restricted use
- Funds attributable to fair value adjustments

- Available funds, unrestricted use

This grouping comprises income and funds that fall under the absolute discretion or control of the Council. Unrestricted use funds are divided into two categories:

a) Designated-use funds

These are funds designated by the Council for identified purposes. Until such designated amounts are used for the identified purpose, they are disclosed but identified separately as part of "unrestricted funds". Under the grouping "Designated-use funds" a further category is used, namely "Committed funds", this involves funds for projects and initiatives approved by the Council. Designated-use funds are accounted for under the following headings:

- Designated funds
  - Personal research funds
  - Departmental reserve funds
  - Departmental bursaries funds
  - Division reserve funds
  - Bursaries and scholarships
  - Maintenance of property, plant and equipment
  - Replacement of plant and equipment
  - Acquisition of library and art collections

- Committed funds
  - Capital projects
  - Future pension fund shortfalls

b) Undesignated-use funds

These comprise funds arising from income or surpluses that are available to the Council in its unfettered and absolute control over allocations to fund the activities of the University.

2.4 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the University's entities are measured using the currency of the primary economic environment in which the University operates ("the functional currency"). The consolidated and separate financial statements are presented in South African Rand ('R') which is both the University's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and comprehensive income.

All foreign exchange gains and losses are presented in the statement of profit or loss and comprehensive income within 'other operating expenses'.

2.5 Property, plant and equipment

Land and buildings comprise mainly, lecture halls, laboratories, residences and administrative buildings.

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment obtained in terms of a donation or bequest are shown at fair value less accumulated depreciation and any accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
The carrying amount of a replaced part is derecognised.

Library purchases are written-off in the year of acquisition as these mainly have useful life of less than a year.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line basis to write down the cost less residual value of each asset over its estimated useful life, as follows:

Category	**Years**
Buildings	80 to 100 years
Building Lifts	40 years
Air-conditioner plants	20 years
Electric generators	20 years
Air-conditioners	15 years
Uninterrupted power supply	15 years
Furniture and equipment (including gas boilers)	10 to 12 years
Computer equipment	5 to 7 years
Vehicles	10 years
Network and mainframe computer equipment	6 years

Material improvements to buildings, plant and equipment are capitalised while maintenance and repair work is charged to the statement of profit or loss and comprehensive income in the financial period in which it is incurred. It is policy that the university only capitalise assets with a value in excess of R15 000, any other assets are expensed in the year that they are acquired.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in operating surplus/(losses).

2.6 Intangible assets

a) Artwork

Acquired artwork is capitalised on the basis of the costs incurred to acquire and bring the specific artwork into use. It is subsequently measured at historical cost less accumulated impairment losses. Artwork acquired by way of a donation is measured at a nominal value plus any costs incurred to bring the specific artwork into use. Artwork has an indefinite useful life and is tested annually for impairment.

b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring the specific software to use. These costs are amortised over their estimated useful lives of three years, on the straight line basis.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example artwork, are not subject to amortisation and depreciation and are tested annually for impairment. Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell, and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Financial assets

2.8.1 Classification

From 1 January 2018, the University classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value through profit or loss, and
- those to be measured at amortised cost.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

a) Trade and other receivables

The University classifies its financial assets at amortised cost only if both of the following criteria are met:
- the asset is held within a business model with the objective of collecting the contractual cash flows, and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

They are included in current assets, except for maturities greater than 12 months after the reporting date, which are classified as non-current assets.

The University's trade receivables comprise student receivables, which are amounts due by customers for the services performed in the ordinary course of business. The University holds student receivables with the objective to collect the contractual cash flows and therfore measures them subsequently at amortised cost using the effective interest method.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the University.

Other receivables are amounts that generally arise from transactions outside the usual operating activities of the University.

b) Fair value financial assets through profit and loss

The University classifies the financial assets as fair value through profit or loss, as the cash flows from the instruments are not soley payments of principle and interest. They are included in non-current assets unless the University intends to dispose of the investment within 12 months of the reporting date.

Mandated external investment managers carry out the investment of the University's funds. The funds are managed in three separate Balanced Fund Portfolios. The main objective of these portfolios is long term growth.

2.8.2 Recognition and measurement

Financial assets are recognised on the trade date, which is the date that the University commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs. Financial assets are subsequently carried at fair value through profit or loss. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the University has transferred substantially all risks and rewards of ownership.

The fair value of investments is based on quoted closing prices as this is most representative of fair value in the circumstance.

Dividends on investments are recognised in the statement of profit or loss and comprehensive income as part of other income when the University's right to receive payments is established.

2.8.3 Impairment of financial assets

(a) Assets carried at amortised cost

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

Trade and other receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the non-registration of a student, the failure of a debtor to engage in a repayment plan with the University, and a failure to make contractual payments resulting in a breach of contract.

Impairment losses on trade and other receivables are presented as net impairment losses within the statement of profit or loss and comprehensive income. When a trade or other receivable is uncollectible, it is written off against the provision for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease is due to a change in assumption, the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss and comprehensive income.

2.8.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are shown at the lower of cost and net realisable value. The cost price is determined on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling costs. Inventories comprise consumables and study materials.

2.10 Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money market instruments, net of bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities.

Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

2.11 Trade payables, accruals and other payables

Trade payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

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

2.12 Borrowings

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

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

2.13 Employee obligations

2.13.1 Pension obligations

The University operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. The University has both defined benefit and defined contribution plans.

The University contributes towards the following retirement funds:

- The University of Johannesburg Pension Fund, which is a combined defined benefit and defined contribution plan;
- The University of Johannesburg Pension Fund, which is a defined contribution plan; and
- The University of Johannesburg Provident Fund, which is a defined contribution plan.

A defined contribution plan is a pension plan under which the University makes fixed contributions into a separate entity. The University has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans normally define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The retirement funds are managed by Boards of Trustees and are registered in terms of the provisions of the Pension Funds Act.

The University also contributes to risk benefits e.g. funeral, group and disability plan.

These plans cover most of the University's employees. Foreign staff does not belong to any of these funds.

Current service costs, interest costs and expected return on plan assets (to the extent that the plan is funded) is recognised in the statement of profit or loss and comprehensive income, within 'personnel' costs.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined using interest rates of government securities that have terms to maturity approximating the terms of the related liability.

In determining whether the University has access to a surplus on the plans, the plan rules are considered. Where the plan rules are silent on the allocation of surpluses or the allocation is under the control of the trustees only the amounts allocated to the employee surplus account plus the present value of the difference in each year between the estimated service cost and the contribution rate recommended by the actuary/valuator is recognised as a surplus. Where a surplus in the fund is automatically allocated to the University or a fixed portion of a surplus is automatically allocated to the University the full accounting surplus plus the present value of the difference in each year between the estimated service cost and the contribution rate recommended by the actuary/valuator is recognised as a surplus.

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

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

The liability of the University in respect of the defined contribution portion of the Pension Funds and the Provident Fund is limited to the monthly contributions that the University pays on behalf of its members in terms of their service contracts.

The assets of the various Funds are held independently of the University's assets in separate trustee-administered Funds.

2.13.2 Post-retirement medical benefits

The University settled its obligation to provide medical benefits to certain employees after retirement by a single deposit into the pension fund on behalf of the employees involved and has no further obligation. These employees were from the ex-RAU.

The University provides post-retirement medical aid benefits to certain qualifying employees from the former Technikon Witwatersrand ("TWR") and Vista University ("VISTA"). The University provided a once off voluntary buy-out offer to qualifying employees to transfer their post- retirement medical aid benefit into their current retirement fund. The University has no further obligation for these employees. Provision is made for the unfunded future medical aid contributions of employees and pensioners. Current service costs are charged to the statement profit or loss and of comprehensive income. The current service cost is determined by independent actuaries on an annual basis taking into account the University's funding of the post-employment benefits.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Certain employees from the ex-TWR and ex-Vista are eligible for post-retirement medical benefits. These employees were appointed before certain dates and they are eligible for these benefits in terms of their employment contracts. These conditions were transferred to the University of Johannesburg and its subsidiaries at the time of the merger.

2.13.3 Long service awards

The University awards long service cash payments to qualifying staff as predetermined milestones are reached for uninterrupted service. These cash awards are subject to income tax as prescribed by South African Revenue Services.

2.14 Revenue recognition

Revenue mainly comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the University's activities. Revenue is shown net of value-added tax, rebates and discounts and after eliminating internal income within the group.

As indicated in note 32, the University has adopted IFRS 15 from 1 January 2018, Revenue from Contracts with customers. This resulted in no material changes in accounting policies or adjustments to the amounts recognised in the financial statements.

The University recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the University and when specific criteria have been met for each of the University's activities as described below. The amount of revenue is not considered to be reliably measureable until all contingencies relating to the activity have been resolved.

2.14.1 Tuition and other fee income

Revenue from tuition and other related fees and residence fees, is recognised over time. Deposits and overpayments provided by prospective students are treated as current liabilities until the amount is billed as due.

2.14.2 State appropriations – subsidies and grants

State subsidies and grants for general purposes are recognised as revenue in the financial year to which the subsidy relates. Subsidies for specific purposes, e.g. capital expenditure, are brought into the appropriate fund at the time they are available for expenditure for the purpose provided. However, if the funding is provided in advance of the specified requirement (i.e. the University does not have immediate entitlement to it), the relevant amount is retained as a liability until the University has complied with all the conditions attached to the construction of the asset, after which the grant is deducted from the carrying amount of the asset.

2.14.3 Research income

a) Research income in the scope of IAS 20

Revenue is recognised in the financial period in which the University becomes entitled to the use of those funds. Funds in the possession of the University that it cannot use until some specified future period or occurrence are recognised upon receipt and thereafter are held in a reserve fund until the financial period in which the funds may be used.
Research income is recognised and accounted under IAS 20.

b) Research income in the scope of IFRS 15

Research income within the scope of IFRS 15 is recognised over time. The amount of research income in the scope of IFRS 15 is not material.

2.14.4 Donations

Bursary donations are recognised on receipt of contract. These donations are included in 'other operating income' in the statement of profit or loss and comprehensive income and/or in 'student deposits and accounts in credit' in the statement of financial position, depending on the contract.
Other donations are recognised on receipt. Donations in kind are recognised at the fair value thereof. Donations are included in 'other operating income' in the statement of profit or loss and comprehensive income.

2.14.5 Other income

Occasional sales and services are recognised in the period in which they accrue. Income from such sales and services are included in 'other operating income' in the statement of profit or loss and comprehensive income.

2.14.6 Dividends and interest receivable

Dividends are recognised when the right to receive payment is established. Interest income is recognised in profit on a time proportion basis using the effective interest rate method.

2.14.7 Income received for designated purposes

Income received for designated purposes may arise from contracts, grants, donations and income on specifically purposed endowments. In all cases, any such revenue or other operating income is recognised in the financial period in which the University becomes entitled to the use of those funds. Funds in the possession of the University that it cannot use until some specified future period or occurrence are recognised upon receipt and are thereafter held in a reserve fund until the financial period in which the funds may be used.

There are grants with no specific conditions in relation to either the expense they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc.

Private gifts, grants and donations with no specific condition in relation to either the expenses they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc. but with stipulation that the grant should be used to compensate certain type of expenditure (e.g. bursaries, research (whether in general of within certain areas)) are recognised as income at the fair value of the consideration received or receivable in the period in which they are received or the University becomes entitled to it.

Any unspent portion of such grant, at the end of the financial year, is transferred on the statement of change in funds to Restricted Funds (separately from unrestricted funds / council controlled funds). When expenditure are incurred in following years, a transfer from these Restricted Funds is made to unrestricted funds / council controlled funds.

2.14.8 Rental income

Where the University retains the significant risks and benefits of ownership of an item under a lease agreement, it is classified as an operating lease. Receipts in respect of the operating lease are recognised on a straight-line basis in the statement of profit or loss and comprehensive income over the period of the lease.

2.14.9 Finance income

Finance income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University.

2.15 Accounting for leases

2.15.1 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Instalments (net of incentives received from the lessor) in terms of operating leases are charged to income on a straight-line basis over the duration of the relevant lease.

2.16 Government grants

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

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

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

2.17 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recorded in the statement of profit or loss and comprehensive income.

2.18 Provisions

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

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

2.19 Tax

The University is exempt from income tax in terms of Section 10(1)(cN) of the Income Tax Act. Subsidiary entities are not exempt from tax and are liable for normal South African Income Tax.

2.19.1 Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.19.2 Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.20 Deferred Compensation

Deferred compensation is a benefit to exceptional performers identified within the University. The main purpose was for the University to establish a mechanism to position itself to attract and retain talent on a more sustainable basis. The scheme is based on a 3 year withdrawal cycle where the identified employee is required to display consistent achievement, demonstrate exemplary leadership and should be going beyond the call of duty.

NOTES TO THE CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

3 Property, plant and equipment

Consolidated	Land & Buildings	Building Lifts	Furniture & equipment	Network & Mainframe computer equipment	Computer equipment	Uninterrupted power supply	Air-conditioners	Air-conditioner plants	Vehicles	Electric generators	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2018											
Gross carrying amount as at 1 January 2018	1,951,734	54,880	688,313	137,398	41,887	66,987	44,430	15,240	53,731	21,428	3,076,028
Additions during the year	59,224	3,352	148,037	8,075	10,849	86	5,273	-	846	488	236,230
Disposals during the year	-	-	(7,109)	(3,669)	(9,365)	-	(79)	-	(11,464)	(234)	(31,920)
Gross carrying amount as at 31 December 2018	**2,010,958**	**58,232**	**829,241**	**141,804**	**43,371**	**67,073**	**49,624**	**15,240**	**43,113**	**21,682**	**3,280,338**
Accumulated depreciation as at 1 January 2018	(332,741)	(10,768)	(268,041)	(82,559)	(30,008)	(42,905)	(16,068)	(3,255)	(35,507)	(10,717)	(832,569)
Current year depreciation	(20,553)	(1,350)	(56,070)	(13,044)	(4,378)	(2,189)	(2,949)	(725)	(2,831)	(722)	(104,811)
Depreciation on disposals made during the year	-	-	6,215	3,616	9,325	-	69	-	11,023	74	30,322
Accumulated depreciation as at 31 December 2018	**(353,294)**	**(12,118)**	**(317,896)**	**(91,987)**	**(25,061)**	**(45,094)**	**(18,948)**	**(3,980)**	**(27,315)**	**(11,365)**	**(907,058)**
Net carrying amount											
Cost as at 31 December 2018	2,010,958	58,232	829,241	141,804	43,371	67,073	49,624	15,240	43,113	21,682	3,280,338
Accumulated depreciation as at 31 December 2018	(353,294)	(12,118)	(317,896)	(91,987)	(25,061)	(45,094)	(18,948)	(3,980)	(27,315)	(11,365)	(907,058)
Net carrying amount as at 31 December 2018	**1,657,664**	**46,114**	**511,345**	**49,817**	**18,310**	**21,979**	**30,676**	**11,260**	**15,798**	**10,317**	**2,373,280**
Assets with zero net carrying value as at 31 December 2018 included in the balances above (cost price).	3,068	1,200	32,468	54,970	13,042	25,040	2,761	-	10,384	1,800	144,733
During 2018, the useful lives of specific Computer equipment and Network & Mainframe computer equipment asset categories were adjusted with the following reduction in current year depreciation.	-	-	-	6,057	214	-	-	-	-	-	6,271

The reduction in depreciation will be recovered over the remaining useful lives of the asset, to the same value.

As of 31 December 2018, included in the carrying amount for Land & Buildings, is property to the value of R62 748 (2017: R11 441) that is still under construction.

As of 31 December 2018, assets to the accumulated amount of R646 598 (2017: R642 855) were captalised and written off in full as a result of government grants received (Note 2.16 and Note 12).

As of 31 December 2018, included in the carrying amount for Land & Buildings, is Land to the value of R112 168 (2017: R112 168).

3 Property, plant and equipment

Consolidated	Land & Buildings	Building Lifts	Furniture & equipment	Network & Mainframe computer equipment	Computer equipment	Uninterrupted power supply	Air-conditioners	Air-conditioner plants	Vehicles	Electric generators	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2017											
Gross carrying amount as at 1 January 2017	1,910,048	46,495	613,713	108,212	39,912	66,920	37,630	15,240	54,018	17,775	2,909,963
Additions during the year	41,686	8,385	78,107	29,820	4,008	67	6,800	-	1,897	3,653	174,423
Disposals during the year	-	-	(3,507)	(634)	(2,033)	-	-	-	(2,184)	-	(8,358)
Gross carrying amount as at 31 December 2017	**1,951,734**	**54,880**	**688,313**	**137,398**	**41,887**	**66,987**	**44,430**	**15,240**	**53,731**	**21,428**	**3,076,028**
Accumulated depreciation as at 1 January 2017	(310,371)	(9,492)	(225,699)	(60,345)	(28,052)	(40,720)	(13,392)	(2,529)	(34,021)	(10,153)	(734,774)
Current year depreciation	(22,370)	(1,276)	(45,037)	(22,848)	(3,933)	(2,185)	(2,676)	(726)	(2,809)	(564)	(104,424)
Depreciation on disposals made during the year	-	-	2,695	634	1,977	-	-	-	1,323	-	6,629
Accumulated depreciation as at 31 December 2017	**(332,741)**	**(10,768)**	**(268,041)**	**(82,559)**	**(30,008)**	**(42,905)**	**(16,068)**	**(3,255)**	**(35,507)**	**(10,717)**	**(832,569)**
Net carrying amount											
Cost as at 31 December 2017	1,951,734	54,880	688,313	137,398	41,887	66,987	44,430	15,240	53,731	21,428	3,076,028
Accumulated depreciation as at 31 December 2017	(332,741)	(10,768)	(268,041)	(82,559)	(30,008)	(42,905)	(16,068)	(3,255)	(35,507)	(10,717)	(832,569)
Net carrying amount as at 31 December 2017	**1,618,993**	**44,112**	**420,272**	**54,839**	**11,879**	**24,082**	**28,362**	**11,985**	**18,224**	**10,711**	**2,243,459**
Assets with zero net carrying value as at 31 December 2017 included in the balances above (cost price).	3,068	776	36,753	40,906	20,440	25,040	2,677	-	20,870	1,800	152,330

As of 31 December 2017, included in the carrying amount for Land & Buildings, is property to the value of R11 441 (2016: R141 385) that is still under construction.

As of 31 December 2017, assets to the accumulated amount of R642 855 (2016: R642 855) were captalised and written off in full as a result of government grants received (Note 2.16 and Note 12).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is Land to the value of R112 168 (2016: R112 168).

3 Property, plant and equipment

University	Land & Buildings	Building Lifts	Furniture & equipment	Network & Mainframe computer equipment	Computer equipment	Uninterrupted power supply	Air-conditioners	Air-conditioner plants	Vehicles	Electric generators	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2018											
Gross carrying amount as at 1 January 2018	1,841,554	49,960	686,211	137,398	39,717	66,987	44,360	15,238	53,432	21,427	2,956,284
Additions during the year	14,451	3,352	147,100	8,075	10,848	86	5,273	-	846	488	190,519
Disposals during the year	-	-	(6,951)	(3,669)	(9,237)	-	(79)	-	(11,429)	(234)	(31,599)
Gross carrying amount as at 31 December 2018	**1,856,005**	**53,312**	**826,360**	**141,804**	**41,328**	**67,073**	**49,554**	**15,238**	**42,849**	**21,681**	**3,115,204**
Accumulated depreciation as at 1 January 2018	(306,525)	(10,550)	(267,051)	(82,559)	(28,211)	(42,905)	(16,059)	(3,255)	(35,319)	(10,717)	(803,151)
Current year depreciation	(17,562)	(1,227)	(55,836)	(13,044)	(4,268)	(2,189)	(2,945)	(725)	(2,795)	(722)	(101,313)
Depreciation on disposals made during the year	-	-	6,081	3,616	9,205	-	69	-	10,997	74	30,042
Accumulated depreciation as at 31 December 2018	**(324,087)**	**(11,777)**	**(316,806)**	**(91,987)**	**(23,274)**	**(45,094)**	**(18,935)**	**(3,980)**	**(27,117)**	**(11,365)**	**(874,422)**
Net carrying amount											
Cost as at 31 December 2018	1,856,005	53,312	826,360	141,804	41,328	67,073	49,554	15,238	42,849	21,681	3,115,204
Accumulated depreciation as at 31 December 2018	(324,087)	(11,777)	(316,806)	(91,987)	(23,274)	(45,094)	(18,935)	(3,980)	(27,117)	(11,365)	(874,422)
Net carrying amount as at 31 December 2018	**1,531,918**	**41,535**	**509,554**	**49,817**	**18,054**	**21,979**	**30,619**	**11,258**	**15,732**	**10,316**	**2,240,782**
Assets with zero net carrying value as at 31 December 2018 included in the balances above (cost price).	3,068	1,200	32,468	54,970	13,042	25,040	2,761	-	10,384	1,800	144,733
During 2018, the useful lives of specific Computer equipment and Network & Mainframe computer equipment asset categories were adjusted with the following reduction in current year depreciation.	-	-	-	6,057	214	-	-	-	-	-	6,271

The reduction in depreciation will be recovered over the remaining useful lives of the asset, to the same value.

As of 31 December 2018, included in the carrying amount for Land & Buildings, is property to the value of R62 523 (2017: R11 441) that is still under construction.

As of 31 December 2018, assets to the accumulated amount of R646 598 (2017: R642 855) were captalised and written off in full as a result of government grants received (Note 2.16 and Note 12).

As of 31 December 2018, included in the carrying amount for Land & Buildings, is Land to the value of R97 968 (2017: R97 968).

3 Property, plant and equipment

University	Land & Buildings	Building Lifts	Furniture & equipment	Network & Mainframe computer equipment	Computer equipment	Uninterrupted power supply	Air-conditioners	Air-conditioner plants	Vehicles	Electric generators	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2017											
Gross carrying amount as at 1 January 2017	1,800,164	42,290	611,704	108,212	37,749	66,920	37,561	15,238	53,720	17,774	2,791,332
Additions during the year	41,390	7,670	78,014	29,820	4,001	67	6,799	-	1,896	3,653	173,310
Disposals during the year	-	-	(3,507)	(634)	(2,033)	-	-	-	(2,184)	-	(8,358)
Gross carrying amount as at 31 December 2017	**1,841,554**	**49,960**	**686,211**	**137,398**	**39,717**	**66,987**	**44,360**	**15,238**	**53,432**	**21,427**	**2,956,284**
Accumulated depreciation as at 1 January 2017	(286,062)	(9,412)	(224,911)	(60,345)	(26,653)	(40,720)	(13,387)	(2,530)	(33,870)	(10,153)	(708,043)
Current year depreciation	(20,463)	(1,138)	(44,833)	(22,848)	(3,527)	(2,185)	(2,672)	(725)	(2,772)	(564)	(101,727)
Depreciation on disposals made during the year	-	-	2,693	634	1,969	-	-	-	1,323	-	6,619
Accumulated depreciation as at 31 December 2017	**(306,525)**	**(10,550)**	**(267,051)**	**(82,559)**	**(28,211)**	**(42,905)**	**(16,059)**	**(3,255)**	**(35,319)**	**(10,717)**	**(803,151)**
Net carrying amount											
Cost as at 31 December 2017	1,841,554	49,960	686,211	137,398	39,717	66,987	44,360	15,238	53,432	21,427	2,956,284
Accumulated depreciation as at 31 December 2017	(306,525)	(10,550)	(267,051)	(82,559)	(28,211)	(42,905)	(16,059)	(3,255)	(35,319)	(10,717)	(803,151)
Net carrying amount as at 31 December 2017	**1,535,029**	**39,410**	**419,160**	**54,839**	**11,506**	**24,082**	**28,301**	**11,983**	**18,113**	**10,710**	**2,153,133**
Assets with zero net carrying value as at 31 December 2017 included in the balances above (cost price).	3,068	776	36,753	40,906	20,440	25,040	2,677	-	20,870	1,800	152,330

As of 31 December 2017, included in the carrying amount for Land & Buildings, is property to the value of R11 441 (2016: R141 385) that is still under construction.

As of 31 December 2017, assets to the accumulated amount of R642 855 (2016: R642 855) were captalised and written off in full as a result of government grants received (Note 2.16 and Note 12).

As of 31 December 2017, included in the carrying amount for Land & Buildings, is Land to the value of R97 968 (2016: R97 968).

4 Intangible assets

Consolidated	Computer Software 2018 R'000	Artwork 2018 R'000	Total 2018 R'000	Computer Software 2017 R'000	Artwork 2017 R'000	Total 2017 R'000
Period end						
Gross carrying amount						
Opening cost	55,821	1,276	57,097	50,172	1,192	51,364
Additions	-	183	183	5,649	84	5,733
Disposal	(4,693)	-	(4,693)	-	-	-
Total cost	**51,128**	**1,459**	**52,587**	**55,821**	**1,276**	**57,097**
Amortisation						
Opening balance	(32,815)	-	(32,815)	(25,342)	-	(25,342)
Amortisation charge for the year	(7,415)	-	(7,415)	(7,473)	-	(7,473)
Amortisation on disposals	2,071	-	2,071	-	-	-
Total accumulated amortisation	**(38,159)**	**-**	**(38,159)**	**(32,815)**	**-**	**(32,815)**
Net carrying amount						
Gross carrying amount as at 31 December	51,128	1,459	52,587	55,821	1,276	57,097
Accumulated amortisation as at 31 December	(38,159)	-	(38,159)	(32,815)	-	(32,815)
Net carrying amount as at 31 December	**12,969**	**1,459**	**14,428**	**23,006**	**1,276**	**24,282**

University	Computer Software 2018 R'000	Artwork 2018 R'000	Total 2018 R'000	Computer Software 2017 R'000	Artwork 2017 R'000	Total 2017 R'000
Year ended 31 December						
Gross carrying amount						
Opening cost	42,389	1,276	43,665	39,411	1,192	40,603
Additions	4,697	183	4,880	2,978	84	3,062
Disposal	(627)	-	(627)	-	-	-
Total cost	**46,459**	**1,459**	**47,918**	**42,389**	**1,276**	**43,665**
Amortisation						
Opening balance	(31,006)	-	(31,006)	(25,064)	-	(25,064)
Amortisation charge for the year	(7,372)	-	(7,372)	(5,942)	-	(5,942)
Amortisation on disposals	612	-	612	-	-	-
Total accumulated amortisation	**(37,766)**	**-**	**(37,766)**	**(31,006)**	**-**	**(31,006)**
Net carrying amount						
Gross carrying amount as at 31 December	46,459	1,459	47,918	42,389	1,276	43,665
Accumulated amortisation as at 31 December	(37,766)	-	(37,766)	(31,006)	-	(31,006)
Net carrying amount as at 31 December	**8,693**	**1,459**	**10,152**	**11,383**	**1,276**	**12,659**

5 Investments in subsidiaries, associates and joint ventures

5.1 Investments in subsidiaries and other entities

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cost of investment in commercial entities	-	-	108,086	108,086
Impairment of investments in commercial entities	-	-	(13,845)	(13,845)
Total loans to commercial entities (note 27.4)	4,961	407	77,464	64,085
Impairment of loans to commercial entities (note 27.4)	-	-	(72,274)	(57,448)
Other investments	4,432	4,416	4,432	4,416
	9,393	**4,823**	**103,863**	**105,294**

5.2 Investment in associates and joint ventures

Photovoltaic Intellectual Property (Pty) Ltd (PTIP), is an associate of the University. The University's shareholding is 38%. The company does not share the same year end as the University, as its year end is 28 February.

Upon decision of the joint shareholders, PTIP was put in business rescue in May 2018 with a view to orderly wind down the entity and maximize possible return from disposal of assets.
The business rescue plan which made provision for the orderly winding down of the company was published and voted on and adopted by the shareholders and creditors on 19 November 2018.

There were no changes to the University's shareholding in PTIP during 2018 and 2017.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cost of investment – 1 January	-	9,141	-	9,141
Total loan to associate opening balance	93,963	93,963	93,963	93,963
Additional loan to associate	1,418	-	1,418	-
Accumulated impairment recognised - 1 January	(80,263)	(51,552)	(80,263)	(51,552)
Additional impairment of loan to associate	-	(28,711)	-	(28,711)
Plus: share of associate's post tax (loss)	-	-	-	-
Accumulated share of associate's post tax (loss)	-	-	-	-
Impairment of investment	-	(9,141)	-	(9,141)
Carrying amount of investment – 31 December	**15,118**	**13,700**	**15,118**	**13,700**

The unrecognised losses, as at 31 December 2017 is Consolidated R14 504 / University R14 504.

	24,511	**18,523**	**118,981**	**118,994**

Impairment losses

No further impairment losses were accounted for in 2018 due to the business rescue process currently underway. This will be reassessed once the process is completed. Impairment of the loan to PTIP was calculated to the amount of Consolidated R 0 / University R 0 (2017: Consolidated R28 711 / University R28 711).

6 Financial asset at fair value through profit or loss

Consolidated	**Cost 2018 R'000**	**Fair Value 2018 R'000**	**Cost 2017 R'000**	**Fair Value 2017 R'000**
Opening balance 1 January	3,006,865	3,571,391	2,776,863	3,205,124
Net additions and disposals during the year	281,596	266,282	288,211	259,574
(Impairment)/reversal of impairment of shares	-	-	(58,209)	(58,209)
Investments fair value(gains)/losses (note 31)	-	(368,991)	-	-
Available-for-sale fair value (gains)/losses	-	-	-	164,902
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments' (note 31)	-	-	-	(188,793)
Increase / (decrease) in fair value recognised in other comprehensive income	-	-	-	353,695
	3,288,461	**3,468,682**	**3,006,865**	**3,571,391**

Fair value financial assets include the following:

Government bonds and stocks	353,844	362,931	308,307	307,723
Listed - stocks and debentures	368,506	384,685	304,530	321,964
Listed - shares	2,210,873	2,362,249	1,834,382	2,384,969
Fixed deposits	61,649	63,020	63,058	71,200
Other deposits	267,571	269,777	460,856	464,684
Endowment policies	26,018	26,020	35,732	20,851
	3,288,461	**3,468,682**	**3,006,865**	**3,571,391**

6 Financial asset at fair value through profit or loss (continued)

University	Cost 2018 R'000	Fair Value 2018 R'000	Cost 2017 R'000	Fair Value 2017 R'000
Opening balance 1 January	2,352,132	2,747,108	2,137,700	2,467,023
Net additions and disposals during the year	233,585	206,911	255,505	229,744
(Impairment)/reversal of impairment of shares	-	-	(41,073)	(41,073)
Investments fair value(gains)/losses (note 31)	-	(241,295)	-	-
Available-for-sale fair value (gains)/losses	-	-	-	91,414
Surplus on disposals reclassified from 'other comprehensive income' to 'Income from investments' (note 31)	-	-	-	(157,852)
Increase / (decrease) in fair value recognised in other comprehensive income	-	-	-	249,266
	2,585,717	**2,712,724**	**2,352,132**	**2,747,108**

Fair value financial assets include the following:

	Cost 2018 R'000	Fair Value 2018 R'000	Cost 2017 R'000	Fair Value 2017 R'000
Government bonds and stocks	311,019	318,080	258,858	256,467
Listed - stocks and debentures	278,496	287,539	225,725	235,618
Listed - shares	1,691,162	1,798,805	1,378,658	1,769,319
Fixed deposits	61,649	63,019	63,058	71,200
Other deposits	217,371	219,262	390,101	393,653
Endowment policies	26,020	26,019	35,732	20,851
	2,585,717	**2,712,724**	**2,352,132**	**2,747,108**

A register of the investments can be obtained from the University of Johannesburg's Treasury office. The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2018. The valuations are performed by independent fund managers who manage the University's investments under agreed mandates.

The fair value financial assets are denominated in South African Rand (R).

These investments were presented as available-for-sale financial assets, through other comprehensive income/(loss) in the 2017 statement of financial position.

Impairment (losses)

Impairment indicators were identified at the 2017 year end, as per policy which lead to impairment testing of shares. Over and above the policy indicators was the extraordinary event of Steinhoff accounting irregularities. Therefore as per the requirements of IAS 39 in comparative year, the University did impair the investment in Steinhoff as there was objective evidence of impairment identified due to significant changes in the environment in which they operate, indicating that the cost of these shares might not be recovered. Subsequently, shares were impaired in 2017 to the amount of: Consolidated (R58 209) / University (R41 073).

7 Inventories

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Consumables at cost	4,648	6,150	4,648	5,883
	4,648	**6,150**	**4,648**	**5,883**

The cost of consumables recognised as an expense and included in items within 'other operating expenses' amounted to Consolidated R17 793 / University R17 793 (2017: Consolidated R17 211 / University R17 211).

The University does not hold any inventories as security.

8 Trade and other receivables

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Student receivables	933,418	454,490	928,952	451,042
Less: NSFAS and other student receipts	(547,439)	(83,665)	(547,439)	(83,665)
Less: Provision for impairment	(137,621)	(182,072)	(137,621)	(182,072)
Student receivables - net carrying amount	248,358	188,753	243,892	185,305
Other receivables	218,021	185,692	204,818	178,766
Advances and pre-payments	59,687	62,741	56,078	60,007
Deposits	3,249	3,157	2,671	2,578
Staff loans, receivables and advances	358	654	(43)	254
Value Added Tax	-	1,562	-	4,256
Interest and dividends receivable	-	440	-	440
Non-student receivables - net carrying amount	154,727	117,138	146,112	111,231
Non-student receivables	167,827	123,384	158,662	116,784
Less: Provision for impairment	(13,100)	(6,246)	(12,550)	(5,553)
	466,379	**374,445**	**448,710**	**364,071**

The fair value of student and other receivables approximate their book values as shown above.

The carrying amounts of the University's student and other receivables are denominated in South African Rand (R).

The University does not hold any receivables as security.

Refer to note 26.2 for disclosure relating to the University's exposure to credit risk, as well as a reconciliation of the movement in the provision for impairment of student and other receivables.

Student receivables
As of 31 December 2018, student receivables of Consolidated R248 358 / University R243 892 (2017: Consolidated R188 753 / University R185 305) were past due date but not impaired. These relate to students for whom there is no recent history of default (i.e. making regular payments). Students whose terms have been negotiated also fall in this category.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
The ageing of these receivables is as follows:				
Students enrolled in current year	248,358	188,753	243,892	185,305
	248,358	**188,753**	**243,892**	**185,305**

As of 31 December 2018, student receivables of Consolidated R137 621 / University R137 621 (2017: Consolidated R182 072 / University R182 072) were impaired and provided for. The individually impaired student receivables mainly relate to students experiencing financial difficulty with their payments. It is expected that a portion of the student receivables will be recovered from collection efforts both from the University and collection agents.

The ageing of this provision is as follows:				
Students enrolled in current year	5,389	65,955	5,708	66,235
Students enrolled in prior year	73,187	65,711	73,010	65,552
Students enrolled more than two years ago	59,045	50,406	58,903	50,285
	137,621	**182,072**	**137,621**	**182,072**
Movements in the provision for impairment of student receivables are as follows:				
At 1 January				
Provision for impairment	182,072	253,491	182,072	252,877
Increase/(decrease) in provision for receivables impaired	4,158	(29,597)	4,158	(29,597)
Receivables written off during the year as uncollectible	(48,609)	(41,822)	(48,609)	(41,208)
At 31 December	**137,621**	**182,072**	**137,621**	**182,072**

The creation and release of the provision for impaired student receivables has been included in other operating expenses in the statement of profit or loss and comprehensive income. Amounts charged to the statement of profit or loss and other comprehensive income are generally written off when there is no expectation of recovering any additional amounts.

8 Trade and other receivables (continued)

Other receivables:

As of 31 December 2018, other trade receivables of Consolidated R218 021 / University R204 818 (2017: Consolidated R185 692 / University R178 766) were fully performing.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
The ageing of these receivables is as follows:				
Up to 3 months	218,021	185,692	204,818	178,766
3 to 6 months	-	-	-	-
	218,021	**185,692**	**204,818**	**178,766**

As of 31 December 2018, other trade receivables of Consolidated R13 100 / University R12 550 (2017: Consolidated R6 246 / University R5 553) were impaired and provided for. Due to the nature of these receivables and a history of low defaults credit losses are deemed minimal. Some credit losses have been provided for based on an individual evaluation of individual trade receivables and historical default rates. It was assessed that a portion of the other trade receivables is expected to be recovered.

The ageing of the provision is as follows:				
3 to 6 months	4,042	1,927	3,872	1,713
Over 6 months	9,058	4,319	8,678	3,840
	13,100	**6,246**	**12,550**	**5,553**

Movements in the provision for impairment of other trade receivables are as follows:

At 1 January	6,246	6,402	5,553	6,402
Provision for impairment	8,685	-	41,863	-
Receivables written-off during the year	(1,831)	(156)	(34,866)	(850)
At 31 December	**13,100**	**6,246**	**12,550**	**5,552**

The creation and release of the provision for impaired other trade receivables has been included in other operating expenses in the statement of profit or loss and other comprehensive income. Amounts charged to the statement of profit or loss and comprehensive income are generally written off when there is no expectation of recovering any additional amounts.

9 Cash and cash equivalents

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Call deposits, cash in the bank and cash on hand	208,444	176,302	171,247	128,889
Short term deposits	1,083,455	382,371	1,083,455	382,371
	1,291,899	**558,673**	**1,254,702**	**511,260**

The fair value of cash and cash equivalents approximates its carrying amount.
The carrying amount of the University's cash and cash equivalents is denominated in South African Rand (R). The maximum exposure to credit risk at the reporting date is the carrying value of cash and cash equivalents. Management of credit risk is disclosed in note 26.

The following facilities have been approved by ABSA Bank:

Credit cards	2,000	2,000	2,000	2,000
Fleet cards	1,200	1,200	1,200	1,200
Letters of credit	2,000	2,000	2,000	2,000
ABSA housing scheme	500	500	500	500
Automated clearing bureau credits	15,900	15,900	15,900	15,900
Automated clearing bureau debits	4,500	4,500	4,500	4,500
Forward exchange contracts	300	300	300	300
Foreign exchange settlement limit	3,000	3,000	3,000	3,000
Guarantees	1,119	1,119	1,119	1,119

The following facilities have been approved by Bidvest Bank:

Spot	50,000	50,000	50,000	50,000
Forward	50,000	-	50,000	-
Trade	10,000	-	10,000	-

10 Borrowings

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Borrowings	10,637	17,461	2,911	3,475
Current portion transferred to current liabilities	(8,354)	(6,824)	(628)	(564)
	2,283	**10,637**	**2,283**	**2,911**
a) Government loans secured by increment guarantees Interest is charged at fixed rates for each loan that range between 8% and 14% per annum. These loans are repayable in annual payments of R879 514 over periods that range from 11 to 19 years. The annual interest and redemption payments are subsidised by the government at a rate of 85%.	2,034	2,598	2,034	2,598
b) Loans secured by Government guarantees Interest is charged at fixed rates for each loan that range between 7.5% and 17.5% per annum. These loans are repayable over periods that range from 20 to 40 years. The annual interest and redemption payments are subsidised by the government at a rate of 85%.	877	877	877	877
c) Other secured loans - Quantim Capital and INCA Interest is charged at rates that vary between 8.5% and 15% per annum and are linked to the prime interest rate. These loans are repayable over periods that range from 2 to 15 years. Loans are secured by mortgage bonds over land and buildings included under 'Buildings' in note 3. The gross carrying amount as at 31 December was R26 461.	7,726	13,986	-	-
	10,637	**17,461**	**2,911**	**3,475**

The repayment dates of the University's borrowings at the reporting dates are as follows:

Up to 1 year	8,354	6,824	628	564
Between 1 and 2 years	610	8,354	610	628
Between 2 and 5 years	796	1,406	796	1,406
After 5 years	877	877	877	877
	10,637	17,461	2,911	3,475
Less: current portion	(8,354)	(6,824)	(628)	(564)
	2,283	**10,637**	**2,283**	**2,911**

The carrying amounts of short-term borrowings approximate their fair values as the impact of discounting is not significant. The University has no undrawn borrowing facilities.

The carrying amounts of the University's borrowings are denominated in South African Rand (R).

11 Student deposits and accounts in credit

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
At 1 January	182,143	130,664	172,663	128,103
Deferred during the year	80,408	81,231	83,784	74,312
Increase in provision	(35,546)	(29,752)	(35,546)	(29,752)
At 31 December	227,005	182,143	220,901	172,663
Less: current portion	(227,005)	(182,143)	(220,901)	(172,663)
Non-current portion	-	-	-	-

Included in the current portion are amounts primarily for student accounts in credit of Consolidated R143 401 / University R143 401 (2017: Consolidated R110 976 / University R110 976), and income received in advance of Consolidated R47 844 / University R41 740 (2017: Consolidated R40 564 / University R31 085).

12 Deferred revenue

The Minister of Higher Education and Training has approved student enrolment plans for all higher education institutions for the period up to 2018. In addition, the Minister has also earmarked funding allocations primarily for the improvement of teaching/learning infrastructure. These allocations are intended to improve graduate output efficiencies and to produce additional graduates in scarce-skill fields.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Opening balance as at 1 January	42,575	-	42,575	-
Grants received during the year	235,707	42,575	235,707	42,575
Grants utilised to reduce asset cost	(3,743)	-	(3,743)	-
	274,539	42,575	274,539	42,575
Non-current portion of deferred revenue	(113,492)	-	(113,492)	-
Current portion transferred to current liabilities	(161,047)	(42,575)	(161,047)	(42,575)
	(274,539)	**(42,575)**	**(274,539)**	**(42,575)**

13 Trade, other payables and provisions

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Financial Instruments				
Current				
Trade and other payables	1,018,236	586,458	1,007,733	593,611
Accruals	106,593	58,652	106,276	58,364
Leave pay accrual	66,879	68,927	66,879	68,927
Income Tax payable by subsidiaries	216	43	-	-
Value Added Tax	836	-	1,406	-
	1,192,760	**714,080**	**1,182,294**	**720,902**
Non-financial Instruments				
Non-current				
Provision for Deferred Compensation	19,798	11,184	19,798	11,184
Provision for City of Johannesburg	30,074	-	30,074	-
	49,872	**11,184**	**49,872**	**11,184**
Current				
Provision for Deferred Compensation	-	977	-	977
	-	**977**	**-**	**977**
	1,242,632	**726,241**	**1,232,166**	**733,063**

The fair values for trade and other payables above approximate their carrying amounts.

Included in the Trade and other payables is NSFAS credits of Consolidated R462 221 / University R462 221 (2017: Consolidated (R22 417) / University (R22 417)).

14 Personnel costs

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Academic professionals	1,159,964	1,091,483	1,141,879	1,069,042
Support personnel	1,174,170	1,104,850	1,155,864	1,082,134
Other post-retirement costs	47,404	44,605	46,665	43,688
Pension cost - defined contribution plans	152,470	143,469	150,093	140,519
Pension cost - defined benefit plans	14,754	13,883	14,524	13,598
	2,548,762	**2,398,290**	**2,509,025**	**2,348,981**

Average number of personnel in service at the University of Johannesburg and its subsidiaries during the year:

Full Time	4,415	4,353	4,381	4,236
Part Time	3,888	3,799	3,588	3,423

15 Long term employee benefits

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Post-retirement medical benefits (note 15.1)	223,597	226,209	223,597	226,209
UJ Long service awards (note 15.4)	43,294	39,363	43,294	39,363
	266,891	**265,572**	**266,891**	**265,572**
Reconciliation of the actuarial gains / (losses) on long term employee benefits:				
- Post-retirement medical benefits	15,911	16,592	15,911	16,592
- UJ Pension fund	116,520	39,827	116,520	39,827
- UJ Disability fund	(34,669)	4,995	(34,669)	4,995
- UJ Long service awards	2,670	1,900	2,670	1,900
	100,432	**63,314**	**100,432**	**63,314**
Reconciliation of the change in asset limit:				
- UJ Pension fund	(52,731)	(44,076)	(52,731)	(44,076)
- UJ Disability fund	(35,198)	(4,586)	(35,198)	(4,586)
	(87,929)	**(48,662)**	**(87,929)**	**(48,662)**
Net Actuarial (losses) on defined benefit plans	**12,503**	**14,652**	**12,503**	**14,652**
UJ pension fund (note 15.2)	62,182	65,024	62,182	65,024

Amounts for the latest actuarial valuation and previous four periods are as follows:

	2014	2015	2016	2017	2018
	R000	R000	R000	R000	R000
Defined benefit obligation (note 15.1 and 15.4)	(234 213)	(250 572)	(265 965)	(266 738)	(266 573)
Fair value of plan assets (note 15.2)	65 715	53 232	65 093	65 024	62 182
Retirement benefit obligation	(168 498)	(197 340)	(200 872)	(201 714)	(204 391)

15.1 Post-retirement medical benefits - Wholly unfunded

The University provides post-retirement medical benefits to certain qualifying employees in the form of continued medical aid contributions. Their entitlement to these benefits is dependent on the employee remaining in service until retirement. The accumulated post-retirement medical obligation and annual cost of those benefits is determined annually by independent actuaries. The actuarially determined liability based on the University's current practice of funding a portion of its retirees and in service members medical aid was valued at 31 December 2018.

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Present value of the obligation	(223,597)	(226,209)	(223,597)	(226,209)
	(223,597)	**(226,209)**	**(223,597)**	**(226,209)**
Reconciliation of the movement in the defined benefit obligation:				
Present value of obligation: beginning of the year	(226,209)	(227,421)	(226,209)	(227,421)
Current service cost	(3,564)	(4,222)	(3,564)	(4,222)
Interest cost	(21,132)	(21,735)	(21,132)	(21,735)
Benefits paid	11,397	10,577	11,397	10,577
	(239,508)	(242,801)	(239,508)	(242,801)
Less remeasurements:				
- (Gain)/loss from change in financial assumptions	(19,638)	(11,612)	(19,638)	(11,612)
- (Gain)/loss from change in demographic assumptions	3,727	(4,980)	3,727	(4,980)
	(15,911)	(16,592)	(15,911)	(16,592)
Present value of obligation: end of the period	**(223,597)**	**(226,209)**	**(223,597)**	**(226,209)**

The risks faced by UJ as a result of the post-employment healthcare obligation are as follows:

- Inflation: The risk that future CPI Inflation and healthcare cost Inflation are higher than expected and uncontrolled.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement healthcare liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.
- Perceived inequality by non-eligible employees: The risk that dissatisfaction of employees who are not eligible for a post-employment healthcare subsidy.
- Administration: Administration of this liability poses a burden to UJ.
- Enforcement of eligibility criteria and rules: The risk that eligibility criteria and rules are not strictly or consistently enforced.

15.1 Post-retirement medical benefits - Wholly unfunded (continued)

In estimating the unfunded liability for post-employment medical care, the following assumptions are made:

	Consolidated		University	
	2018 R'000	**2017 R'000**	**2018 R'000**	**2017 R'000**
Effective date of assumptions	31-DEC-2018	31-DEC-2017	31-DEC-2018	31-DEC-2017
Post retirement plan				
Discount rate	9.90%	9.60%	9.90%	9.60%
Health care cost inflation	8.10%	8.60%	8.10%	8.60%
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs
CPI Inflation	6.10%	6.60%	6.10%	6.60%
UJ's best estimate of contributions and benefits expected to be paid to the plan during the annual period beginning after reporting date:	(12,892)	(11,397)	(12,892)	(11,397)

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Healthcare cost inflation	1%	Increase by 12.6%	Decrease by 10.5%
Discount rate	1%	Decrease by 10.6%	Increase by 13.0%
		Increase by 1 year in assumption	**Decrease by 1 year in assumption**
Expected retirement age		Decrease by 2.5%	Increase by 2.4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

15.2 Pension obligations - Wholly funded

The University has established post retirement pension schemes that cover all employees. Presently there are two defined benefit plans and two defined contribution plans. The first defined benefit plan is a final salary plan that has a defined contribution element in that should the plan assets exceed the defined benefit obligation, employees are entitled to that surplus. The second is a final salary plan as defined and is funded. The assets of the fund are held in an independent trustee administered fund in terms of the Pensions Fund Act of 1956, as amended. The pension fund is valued by independent actuaries on an annual basis using the Projected Unit Credit Method.

The latest full actuarial valuation of the pension fund was performed on the 31 December 2018. Contributions to the provident fund are charged to the statement of profit or loss and comprehensive income in the year in which they are incurred.

15.2 Pension obligations - Wholly funded (continued)

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Balance at end of the year				
Present value of the obligation	(809,364)	(798,158)	(809,364)	(798,158)
Fair value of plan assets	1,312,612	1,371,016	1,312,612	1,371,016
Unrecognised surplus due to IAS 19(a) limit	(441,066)	(507,834)	(441,066)	(507,834)
Defined benefit surplus at 31 December	**62,182**	**65,024**	**62,182**	**65,024**

The paragraph 65 limit ensures that the asset recognised in the financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds of reductions in future contributions.

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Reconciliation of the present value of the obligation				
Defined benefit obligation at beginning of the year	798,158	721,359	798,158	721,359
Member contributions	2,120	2,199	2,120	2,199
Service cost	5,816	5,985	5,816	5,985
Interest cost	67,203	61,881	67,203	61,881
	873,297	791,424	873,297	791,424
Remeasurements:				
- Actuarial (gain)/loss	(16,984)	88,795	(16,984)	88,795
Benefit payments	(46,949)	(82,061)	(46,949)	(82,061)
Defined benefit obligation at 31 December	**809,364**	**798,158**	**809,364**	**798,158**
Reconciliation of the fair value of plan assets				
Fair Value of assets as at 1 January	1,371,016	1,285,370	1,371,016	1,285,370
University contributions	3,786	4,259	3,786	4,259
Member contributions	2,120	2,199	2,120	2,199
	1,376,922	1,291,828	1,376,922	1,291,828
Remeasurements:				
-Net interest income/expense	116,143	112,281	116,143	112,281
-Actuarial gain/(loss)	(133,504)	48,968	(133,504)	48,968
	(17,361)	161,249	(17,361)	161,249
Benefits paid	(46,949)	(82,061)	(46,949)	(82,061)
Fair Value of assets as at 31 December	**1,312,612**	**1,371,016**	**1,312,612**	**1,371,016**
The actual return on plan assets is as follows:	(17,361)	161,249	(17,361)	161,249

The risks faced by UJ as a result of the defined benefit obligation are as follows:

- Inflation: The risk that future CPI Inflation is higher than expected and uncontrolled. This would lead to greater than expected pension and salary increases which would increase the liability to the University.
- Longevity: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.
- Open-ended, long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.
- Administration: Administration of this liability poses a burden to UJ.

15.2 Pension obligations - Wholly funded (continued)

The assets of the University of Johannesburg Defined Benefit Pension Fund were invested as follows:

	Consolidated		University	
	2018	**2017**	**2018**	**2017**
Cash	3.55%	9.58%	3.55%	9.58%
Equity	45.98%	42.60%	45.98%	42.60%
Bonds	21.67%	20.26%	21.67%	20.26%
Property	2.03%	2.17%	2.03%	2.17%
International	24.48%	23.46%	24.48%	23.46%
Other	2.29%	1.93%	2.29%	1.93%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2018.

	Consolidated		University	
	2018	**2017**	**2018**	**2017**
Discount rate	9.40%	8.60%	9.40%	8.60%
Inflation rate	5.60%	5.50%	5.60%	5.50%
Salary increase rate	6.60%	6.50%	6.60%	6.50%
Pension increase allowance (Ex-NTRF)	3.80%	3.03%	3.80%	3.03%
Pension increase allowance (Other pensioners)	3.64%	3.58%	3.64%	3.58%
UJ's best estimate of contributions expected to be paid to the plan during the annual period beginning after reporting date:	6,023	6,018	6,023	6,018

Sensitivity Analysis

It is important to treat the results of the valuation with a degree of caution, as they are extremely sensitive to the assumptions used.

The valuation results set out above are based on a number of assumptions. The value of the liability could turn out to be overstated or understated, depending on the extent to which actual experience differs from the assumptions adopted

We recalculated the liability to show the effect of:

- the discount rate assumption on the defined benefit obligation by adding and subtracting 1% to the discount rate; and
- the inflation assumption on the defined benefit obligation by adding and subtracting 1% to the inflation rate.

	Obligation R'000	+1% R'000	-1% R'000
Discount rate			
Defined benefit obligation	(809,364)	(746,612)	(888,267)
Change		(7.80%)	9.70%
Inflation rate			
Defined benefit obligation	(809,364)	(857,828)	(767,096)
Change		6.00%	(5.20%)

15.3 Disability Fund

The University provides post-retirement disability benefits to certain qualifying employees in the form of continued disability contributions. Their entitlement of these benefits continue to the end of the year in which the claimant reached the age of 65 and increase annually. The accumulated disability obligation and annual cost of those benefits is determined annually by independent actuaries. The actuarially determined liability which is reduced by the payments received from reinsurers was valued at 31 December 2018.

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Balance at end of the year				
Present value of the obligation	(34,073)	(25,815)	(34,073)	(25,815)
Fair value of plan assets	160,617	175,438	160,617	175,438
Unrecognised surplus due to IAS 19(a) limit	(126,544)	(149,623)	(126,544)	(149,623)
Defined benefit surplus at 31 December	-	-	-	-

The paragraph 65 limit ensures that the asset recognised in the financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds of reductions in future contributions.

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Reconciliation of the movement in the defined benefit obligation:				
Present value of obligation: beginning of the year	25,815	25,570	25,815	25,570
Current service cost	509	392	509	392
Interest cost	1,930	2,095	1,930	2,095
	28,254	28,057	28,254	28,057
- Actuarial (gain)/loss	10,309	2,205	10,309	2,205
Benefits paid (net of reinsurance proceeds)	(4,490)	(4,447)	(4,490)	(4,447)
Present value of obligation: end of year	**34,073**	**25,815**	**34,073**	**25,815**
Reconciliation of the movement in the plan assets:				
Present value of assets beginning of the year	175,438	158,754	175,438	158,754
Contributions (net of reinsurance premiums)	(509)	(392)	(509)	(392)
Value of assets as at 31 December	174,929	158,362	174,929	158,362
Remeasurements:				
-Net interest income/expense	14,029	13,931	14,029	13,931
-Actuarial (loss)/gain	(24,360)	7,200	(24,360)	7,200
	(10,331)	21,131	(10,331)	21,131
Benefits (net of reinsurance premiums)	(3,981)	(4,055)	(3,981)	(4,055)
Value of assets as at 31 December	**160,617**	**175,438**	**160,617**	**175,438**
The actual return on plan assets is as follows:	(10,331)	21,131	(10,331)	21,131

15.3 Disability Fund (continued)

The assets of the University of Johannesburg Disability Fund were invested as follows:

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Cash	(7.01%)	(2.50%)	(7.01%)	(2.50%)
Equity	51.10%	44.40%	51.10%	44.40%
Bonds	16.45%	13.37%	16.45%	13.37%
Property	11.41%	16.89%	11.41%	16.89%
International	26.47%	25.09%	26.47%	25.09%
Other	1.58%	2.75%	1.58%	2.75%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2018.

Claimants				
Number of members	22	16	22	16
Annual benefit	8,279	6,152	8279	6,152
Annual reinsured benefit	2,605	2,940	2605	2,940
Benefit weighted average service	58.0 yrs	56.7 yrs	58.0 yrs	56.7 yrs
Effective date of assumptions	31-DEC-2018	31-DEC-2017	31-DEC-2018	31-DEC-2017
The principal assumptions used for accounting purposes were as follows:				
General inflation rate	5.20%	5.20%	5.20%	5.20%
Discount rate	8.60%	8.10%	8.60%	8.10%
Expected increases in benefits	6.20%	6.20%	6.20%	6.20%

The University's best estimate is that no contributions are expected to be paid to the plan during the annual period beginning after reporting date.

The sensitivity of the defined benefit obligation to changes in the weighted principle assumptions is:

		Impact on defined benefit obligation	
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Inflation rate	1%	Increase by 6,3%	Decrease by 5,8%
Discount rate	1%	Decrease by 4,7%	Increase by 5.1%

The fund is not registered with the FSB.
The benefits of the fund are payable to the current claimants under the fund.
The fund liability is reduced by the payments received from the reinsurers.

The employees of the University of Johannesburg are entitled to a disability benefit which is housed in a fund. The University of Johannesburg contributes to the insurance policy for the disability funding of their permanent employees. However there is nothing in the fund rules that eliminates the University of Johannesburg's obligation to the employees in the event of the insurance policy not being able to cover the deficit or in the event that there is insufficient assets in the fund. The benefit paid to the disabled employee does not depend on the length of service.

The University of Johannesburg entered into a contract with Guardrisk Life Limited under which Guardrisk Life Limited (Insurer) has underwritten, on payment of a lump sum due in terms of this policy, to provide assurance for eligible employees of the University of Johannesburg.

An eligible employee is an employee of the University of Johannesburg who is employed for at least 24 hours a week. The assurance provided is in respect of disability of a member to the fund. Guardrisk Life Limited has now undertaken to manage the fund and the disability claims. The entity previously had a fund with Momentum. There are members of this fund which have become partially disabled. The initial Momentum Disability Policy will continue to pay 75% of the disability claimant's benefits; the remainder is paid by Guardrisk Life Limited now. The effective date for the policy is 1 January 2015 per the signed contract. The premium was paid on 1 December 2014 and the balance sheet and income statement of this insurance policy was accounted from this date.

A member's membership of the fund shall be terminated on the earliest of the following events:
a) The death of the member; or
b) The member attaining normal retirement age; or
c) The member ceasing to be a member of the Fund; or
d) Discontinuance of the payment of premiums in respect of a member; or
e) Absence of the member as defined; or
f) The permanent departure of the member from the territories in terms of the contract unless accepted in writing.

15.3 Disability Fund (continued)

The University of Johannesburg (Policyholder) shall bear the cost of the premiums required to provide the Benefits to the Members and shall pay the premiums and administrative charges due to the Insurer. The amount of premiums payable to secure the Benefits under this policy shall be calculated by the Insurer in accordance with the scale of premium rates in force under this policy at the date of calculation and will be based on information given to the Insurer by the Policyholder. The profit accumulation of the fund may be used to maintain benefits that could be adversely affected by circumstances beyond the control of the Policyholder. This utilisation of the profit share shall constitute a claim against the policy. The maximum accumulated value of claims may not exceed the accumulated profit. The Insurer's liability in this regard will not exceed the Benefit for which the Policyholder has paid premiums to the Insurer. In this case UJ might have an obligation towards the employees should the policy not have sufficient funds. The contract with Guardrisk life Limited did not impact on any previous accounting treatment and is accounted for on the same basis as in the past.

The risks faced by UJ as a result of the defined benefit obligation are as follows:
- Inflation: The risk that future CPI Inflation is higher than expected and uncontrolled. This would lead to greater than expected benefit increases which would increase the liability to the University.
- Long-term liability: The risk that the liability may be volatile in the future and uncertain.
- Future changes in legislation: The risk that changes to legislation with respect to the post-retirement liability may increase the liability for UJ.
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability for UJ.

15.4 Long service award

The University awards long service payments to qualifying staff as predetermined milestones are reached. The actuarially determined liability which is reduced by the provision made by the University was valued at 31 December 2018. This obligation is funded from University's reserves.

	Consolidated		**University**	
	2018	**2017**	**2018**	**2017**
	R'000	**R'000**	**R'000**	**R'000**
Reconciliation of the movement in the long service award obligation:				
Present value of obligation: beginning of the year	40,529	38,544	40,529	38,544
Current service cost	5,534	4,567	5,534	4,567
Interest cost	3,808	3,399	3,808	3,399
	49,871	46,510	49,871	46,510
- Actuarial (gain)/loss	(2,670)	(1,900)	(2,670)	(1,900)
Benefits paid	(4,225)	(4,081)	(4,225)	(4,081)
Present value of obligation: end of period	**42,976**	**40,529**	**42,976**	**40,529**
The University's best estimate of awards expected to be paid to employees during the annual period beginning after reporting date:	3,870	4,225	3,870	4,225
The significant actuarial assumptions were as follows:				
Discount rate	9.60%	9.90%	9.60%	9.90%
Salary inflation	7.40%	8.00%	7.40%	8.00%
CPI inflation	5.90%	6.50%	5.90%	6.50%
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs

The sensitivity analysis of the liability to changes in the principal assumptions is:

	Change in assumption	**Increase in assumption**	**Decrease in assumption**
Discount rate	1%	Decrease by 7.2%	Increase by 8.2%
Salary inflation	1%	Increase by 9.0%	Decrease by 8.0%
Expected retirement age	1 year	Increase by 4.0%	Decrease by 4.0%

16 State appropriations - subsidies and grants

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Block grant	1,830,643	1,599,024	1,830,643	1,599,024
University capacity development	49,327	42,894	49,327	42,894
Foundation phase development	40,128	38,117	40,128	38,117
Interest and redemption of government approved loans	729	859	729	859
Clinical training of health professionals	8,617	7,348	8,617	7,348
Zero-percent increase grant	16,216	32,432	16,216	32,432
	1,945,660	**1,720,674**	**1,945,660**	**1,720,674**

17 Tuition and other fee income

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Tuition Fees	1,586,085	1,441,128	1,586,109	1,441,128
Registration Fees	35,522	35,443	35,522	35,443
Levy Income	33,975	33,414	33,975	33,414
Application Fees	683	1,290	683	1,290
Deposit Income Retained	210	302	210	302
Remark of Exam Papers	6	14	6	14
Tuition and other related fees	1,656,481	1,511,591	1,656,505	1,511,591
Residence Fees	193,815	179,357	180,581	167,070
	1,850,296	**1,690,948**	**1,837,086**	**1,678,661**

18 Other operating expenses

The following items are included in 'other operating expenses':

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
Auditors remuneration	18,772	19,485	18,711	19,391
- external audit	6,920	5,322	6,920	5,322
- internal audit	5,269	4,379	5,269	4,379
- other audit services	6,583	9,784	6,522	9,690
Advertising and marketing	33,106	33,514	32,934	33,419
Bank Charges	5,604	7,077	5,512	6,994
Cartridges	4,206	4,377	4,206	4,375
Cleaning	18,859	42,880	18,373	42,332
Conference Registration Fees	22,198	16,888	22,281	16,916
Consulting and contract costs	84,754	67,718	84,325	67,162
Copyright fees	5,737	5,102	5,737	5,119
Corporate functions	5,903	6,018	5,906	6,349
Cost of sales	9,001	6,823	8,729	6,823
Data lines	7,680	9,034	7,680	9,034
Functions and entertainment	38,932	39,809	38,979	39,935
Books and periodicals	116,569	140,644	116,466	140,368
Foreign exchange (gains)/losses	2,872	1,974	2,870	1,959
Fuel, Oil and Gas	10,728	9,309	10,416	8,956
Grants and donations	962	184	45,740	184
Hire/Rental	21,142	14,064	22,038	14,618
Insurance	10,548	9,303	10,544	9,299
Legal fees	8,634	11,381	8,348	11,129
Medical Aid Pensioners	11,015	10,309	11,015	10,309
Membership fees	7,514	7,558	7,502	7,516
Municipal rates, taxes and electricity	180,991	139,980	169,568	128,900
Repairs and maintenance and non-capital items	146,556	139,596	157,932	139,076
Leases - Equipment and vehicles	26,196	21,557	26,510	21,557
Printing	26,666	23,681	26,493	23,421
Security contracts	27,841	24,950	27,243	24,397
Services Rendered - outsourced	56,396	69,534	38,911	74,382
Software licenses	50,796	42,185	50,202	42,185
Stationery	4,204	5,652	4,140	5,556
Staff development	19,500	20,849	19,434	20,846
Student expenses	49,876	51,934	49,891	62,163
Tax expense in subsidiaries	483	666	-	-
Teaching and laboratory consumables	33,934	32,121	33,823	32,138
Telephone and fax	4,399	3,642	3,882	3,083
Travel and accommodation	100,585	93,606	100,474	93,527
Uniforms and Protective Clothing	8,250	8,130	8,027	7,962
Impairment/(reversal of impairment) of student and other debt	55,442	(29,051)	54,707	(29,597)
Other expenses	93,717	78,952	91,560	78,990
	1,330,568	**1,191,435**	**1,351,109**	**1,190,773**

19 Bursaries awarded

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Student bursaries awarded	(440,915)	(471,059)	(440,915)	(471,059)
	(440,915)	**(471,059)**	**(440,915)**	**(471,059)**

Bursary expenses represents student funding from University's own generated resources.

20 Impairment gains/(losses)

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Available-for-sale financial assets - Impairment of shares (note 6)	-	(58,209)	-	(41,227)
Available-for-sale financial assets - Impairment reversal (note 6)	-	-	-	155
Loan to associate (note 5)	-	(28,711)	-	-
Loans to subsidiaries and other entities (note 5)	(15)	-	(14,841)	(46,469)
Investments in subsidiaries and other entities (note 5)	-	-	-	(10,445)
	(15)	**(86,920)**	**(14,841)**	**(97,986)**

21 Other operating income

The following items are included in ‘other operating income’:

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Hire out of facilities	10,749	8,183	9,524	8,245
Public sales and services	98,321	92,411	65,279	38,662
Project income	35,982	33,589	27,261	28,779
Sundry income	809	35,456	36	35,561
Donations	212,090	250,729	252,089	275,718
Consultation/Evaluation income	24,256	24,822	24,256	24,822
PPE gains/(losses)	87	82	34	82
Insurance claims	3,545	28,958	2,934	28,959
Other income	8,923	10,723	8,923	10,723
	394,762	**484,953**	**390,336**	**451,551**

22 Income from investments

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Dividends on fair value through profit or loss financial assets	57,544	54,693	39,902	42,389
Interest on fair value through profit or loss financial assets	185,037	125,765	168,890	110,598
	242,581	**180,458**	**208,792**	**152,987**

In order to achieve long term improved relevance and faithful representation, the above note was amended due to the adoption of IFRS 9 and the fair value movement was moved to note 31 in the current year.

23 Finance income and finance costs

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Finance cost				
- borrowings	(1,841)	(2,881)	(297)	(655)
- defined benefit plan	(4,358)	(3,887)	(4,358)	(3,887)
	(6,199)	**(6,768)**	**(4,655)**	**(4,542)**
Finance income				
- students fees	19,292	44,327	19,154	44,131
- current accounts	8,331	6,317	6,867	5,281
	27,623	**50,644**	**26,021**	**49,412**

During 2017, NSFAS funded students were considered a separate class of debtor which created a financing element within the bucket of student debtors. NSFAS funded students were not charged interest on late payments and based on the past practice of NSFAS not paying on time, this was an indicator that the revenue recognised may have included a financing element. With the time value of money taken into account the amount of interest on NSFAS student accounts included in 'Finance income - student fees' was Consolidated R23 613 / University R23 613. As a result of adoption and application of IFRS 15, this practice is no longer applicable as receipts are expected to be less than one year.

24 Commitments

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Commitments – approved, not contracted for	213,219	298,433	213,219	298,433
Commitments – contracted	53,672	51,574	53,672	51,574

This represents capital expenditure budgeted for at reporting date, but not yet recognised in the consolidated and separate financial statements. This expenditure will be financed from designated funds.

Bank Guarantees				
SA Post Office	250	250	250	250
City Power of Johannesburg	110	110	110	110

Operating leases

Certain of the University's desktop computers and computer equipment are subject to a non-cancellable 3 year operating lease, and future commitments in terms of the lease agreement are as follows:

Lease amounts payable within one year	6,068	17,568	6,068	17,415
Lease amounts payable later than one year to five years	-	5,598	-	5,598
Total operating lease amounts payable	**6,068**	**23,166**	**6,068**	**23,013**

The University does not apply the smoothing principle, for operating leases, of IAS 17 as there are no fixed escalation clauses in the lease agreement.

25 Cash generated from operations

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Surplus for the year	25,535	257,089	40,322	197,116
Adjustments for:				
– share of loss from associate (note 5)	-	-	-	-
– (decrease)/increase in student bad debt provision (note 8)	(44,451)	(71,419)	(44,451)	(70,805)
– (decrease)/increase in non-student bad debt provision (note 8)	6,854	(156)	6,997	(849)
– depreciation (note 3)	104,811	104,424	101,313	101,727
– amortisation (note 4)	7,415	7,473	7,372	5,942
– profit on disposal of property, plant and equipment	(87)	(82)	(34)	(82)
– finance income (note 23)	(27,623)	(50,644)	(26,021)	(49,412)
– interest income on investments (note 22)	(185,037)	(125,765)	(168,890)	(110,598)
– finance cost (note 23)	6,199	6,768	4,655	4,542
– impairment losses (note 20)	15	86,920	14,841	97,986
– dividends received (note 22)	(57,544)	(54,693)	(39,902)	(42,389)
– investments fair value (gains)/losses (note 31)	206,731	(188,793)	148,372	(157,852)
– movement in post-retirement obligations and assets (note 15)	4,161	(324)	4,161	(324)
– foreign exchange losses on operating activities (note 18)	(2,872)	(1,974)	(2,870)	(1,959)
– decrease in government grant (note 12)	231,964	42,575	231,964	42,575
Changes in working capital:				
– receivables and prepayments (note 8)	(91,934)	(7,734)	(84,639)	(12,477)
– trade and other payables (note 13)	477,703	200,728	460,415	223,716
– student deposits and income received in advance (note 11)	44,862	51,480	48,238	44,561
– inventory (note 7)	1,502	(1,756)	1,235	(1,489)
	708,204	**254,117**	**703,078**	**269,928**

In the statement of cash flows, proceeds from the sale of property, plant and equipment comprise:

Profit on disposal (note 21)	87	82	34	82
Net book amount (note 3)	1,598	1,729	1,557	1,739
Proceeds from disposal	**1,685**	**1,811**	**1,591**	**1,821**

25 Cash generated from operations (continued)

Net Debt Reconciliation

	Consolidated		University	
	2018	**2017**	**2018**	**2017**
	R'000	**R'000**	**R'000**	**R'000**
Cash and cash equivalents	1,291,899	558,673	1,254,702	511,260
Borrowings - repayable within one year	(8,354)	(6,824)	(628)	(564)
Brrowings - repayable after one year	(2,283)	(10,637)	(2,283)	(2,911)
	1,281,262	541,212	1,251,791	507,785

	Other assets	Liabilities from financing activities		
	Cash	**Borrowings due within 1 year**	**Borrowings due after 1 year**	**Total**
Consolidated	**R'000**	**R'000**	**R'000**	**R'000**
Net debt as at 1 January 2017	251,596	(5,516)	(17,462)	228,618
Cash flows	307,077	(1,308)	6,825	312,594
Net debt as at 31 December 2017	558,673	(6,824)	(10,637)	541,212
Cash flows	733,226	(1,530)	8,354	740,050
Net debt as at 31 December 2017	1,291,899	(8,354)	(2,283)	1,281,262
University				
Net debt as at 1 January 2017	214,310	(506)	(3,475)	210,329
Cash flows	296,950	(58)	564	297,456
Net debt as at 31 December 2017	511,260	(564)	(2,911)	507,785
Cash flows	743,442	(64)	628	744,006
Net debt as at 31 December 2017	1,254,702	(628)	(2,283)	1,251,791

26 Financial risk management

Overview

The University's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The University's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the University.

This note explains the University's exposure to financial risks and how these risks could affect the future financial performance. Current year profit and loss information has been included where relevant to add further context.

Risk	**Exposure arising from**	**Measurement**	**Management**
Market risk – currency	Future commercial transactions	Cash flow forecasting. Sensitivity analysis.	Forward exchange contracts
Market risk – interest rate	Interest bearing investments (long and short term)	Sensitivity analysis	Bank diversification (short term). Fund manager mandates (long term).
Market risk – price	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, debt investments and contract assets	Aging analysis. Credit ratings.	Diversification of bank deposits and credit limits. Investment mandates for debt investments. Effective debt collection strategies.
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Monitoring daily cash levels and requirements

Risk Management is carried out by the Finance Division under policies approved by the Audit and Risk Committee of Council which provides written principles for the overall risk management. The Audit and Risk Committee oversees the manner in which management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risk faced by the University. The Audit and Risk Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and ad hoc reviews of risk management controls and procedures. The results of these reviews are reported to the Audit and Risk Committee. Internal Audit follows a risk based audit methodology primarily based on the University's risk registers.

26.1 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, may affect the University's income or the value of its holdings of financial assets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on investments. This is principally done by way of mandate agreements with the Fund Managers which specify the asset allocation to manage the risk profile of the investments. The University has no portfolios that have speculative characteristics and return targets are over the long term. For the spread of the various investment types, refer to note 6.

i) Currency risk

The University does not operate internationally, but on occasion there are foreign currency denominated transactions. Management has introduced a policy which requires that all material foreign currency transactions should be hedged with a forward exchange contract. At year-end there were no material outstanding forward exchange contracts. When necessary, forward exchange contracts are rolled over at maturity.

ii) Interest rate risk

The University has large interest-bearing investments. Its investment policy allows management to invest working capital in interest-bearing, short-term investments up to one year. The period of each investment is linked to the cash-flow requirements to fund the University's operations. These short-term investments are invested with the five major South African commercial banks at the ruling interest rate on the day of investment. The rates are fixed for the period of the investment. The amount invested in this manner is specified in note 9.

A 1% change in the interest rate could have a Consolidated R 10 835 / University R10 835 (2017: Consolidated R3 824 thousand / University R3 824 thousand) interest income influence on an annual basis.
This would actually never realise, as the average period of investment is three to nine months and therefore the amount will be a fraction of Consolidated R10 835 / University R10 835 (2017: Consolidated R3 824 thousand / University R3 824 thousand).

The University's investment policy determines that all long-term investments, including capital and money market investments are managed by the University's Fund Managers under mandate agreements. These agreements specify the asset allocation matching the risk that the University is prepared to take.

The mandates further specify the investment returns required by the University. These measures are in place to ensure that the various Fund Managers manage the interest rate risk within the levels accepted by the University. The University's Investment Committee oversees its long-term investments. The investments subject to a possible interest rate fluctuation are detailed in note 6.

iii) Price Risk

The University and its subsidiaries are exposed to equity securities price risk because of investments held by the University and classified on the consolidated statement of financial position as fair value through profit or loss financial assets. The University and its subsidiaries are not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the University and its subsidiaries diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee and the limits are included in the mandate agreement which the University and the Fund Managers concluded.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Listed equities	2,362,000	2,385,000	1,799,000	1,769,000
10% change impact	236,200	238,500	179,900	176,900

For the period ended 31 December 2018, if the FTSE/JSE CAPI index increased/ decreased by 10% with all other variables held constant and all the University's equity instruments moved according to the historical correlation with the index, the non-current investment revaluation amount on the statement of financial position would be Consolidated R2 362 million / University R1 799 million (2017: Consolidated R2 385 million / University R1 769 million) higher/lower. Due to the unpredictability of equity market returns and the asset allocation of various fund managers, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments.The indicative 10% does not allow for the sensitivity in equity valuations due to the asset allocation difference between various fund managers.

26.2 Credit risk

Credit risk is the risk of financial loss to the University if a customer, student or counterparty to a financial asset fails to meet its contractual obligations, and arises from the University's receivables from students and customers, its debt investments and cash and cash equivalents.

The counterparties to investments, derivatives and cash and cash equivalents are limited to high-credit-quality financial institutions. The University has policies that limit the amount of credit exposure to any one financial institution.

The University follows a multi-manager approach to the management of investments in order to limit investment risk. Funds are invested in divergent portfolios subject to mandates developed to contain risk within set parameters. In order to hedge investment funds against fluctuations, the portfolio managers are allowed to invest a maximum of 20% of the available funds abroad.

All funds are invested with BB+ rated financial institutions, or guaranteed by the government.

Receivables comprise of outstanding student fees and a number of customers, dispersed across different industries and geographical areas. 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 and the institution of debt collection action in cases 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 formal payment arrangement.

i) Student and other receivables

In a higher education environment, it is not possible to manage credit risk ex ante at the level of individual transactions with students. Creditworthiness cannot be assessed during registration. The credit risk is managed ex post by means of effective debt collection, including the sensible application of the withholding of examination results and financial exclusions, as well as the utilisation of debt collection attorneys and agencies.

The University's policy with regard to the collection of student receivables states the following:

- 60% of a student's total fees must be paid by 30 April of the study year.
- 100% of a student's total fees must be paid by 31 August of the study year.
- If the student fails to meet this financial obligation, the outstanding amount is handed over to a debt-collecting agency.

At year end all student receivables are past due as the last due date is 31 August of that period. In calculating the provision, the student receivables balance is stratified between NSFAS receivables and other student rceivables. In calculating the provsion for other student receivables a historical loss rate is used and the impact of forward looking information is not material. In calculating the provision for NSFAS receivables, the probablility of default is determined using an appropriate credit rating.

Details of the student receivables as at 31 December 2018:

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Student receivables	385,979	370,825	381,513	367,377
- fully performing	-	-	-	-
- past due but not impaired (4 months overdue)	248,358	188,753	243,892	185,305
- impaired (more than 4 months overdue)	137,621	182,072	137,621	182,072
Less: Provision for impairment	(137,621)	(182,072)	(137,621)	(182,072)
Student receivables – net carrying amount	**248,358**	**188,753**	**243,892**	**185,305**

The University also raises other trade receivables for the sale of goods and the delivery of services. It has measures in place to ensure that sales of goods and delivery of services are made to customers with an appropriate credit history. It does not insure its student or other receivables.

The University's credit terms with regard to other receivables are:

- Full payment is required within 60 days from statement date;
- The University will charge interest on arrear amounts in terms of the Prescribed Rate of Interest Act (No. 55 of 1975), as amended; and
- Credit facilities will be suspended when debtor accounts are outstanding in excess of 90 days from the date of statement, unless alternative payment arrangements have been negotiated.

The following actions are taken in respect of overdue invoices:

- Outstanding for 60 days: A reminder letter requesting immediate payment is enclosed with the statement of account.
- Outstanding for 81 days: The statement of account is accompanied by a letter of demand stating that legal action will be taken if payment is not made or contact is not made within 21 days.
- Unpaid debts over 102 days: When a letter of demand has been sent and no payment or communication has been received from the debtor, the account is handed over to the collecting agency.

Details of the other receivables as at 31 December 2018 are as follows:

	Consolidated		University	
	2018	2017	2018	2017
	R'000	R'000	R'000	R'000
Other receivables	231,121	191,938	217,368	184,319
- fully performing	218,021	185,692	204,818	178,766
- past due but not impaired	-	-	-	-
- impaired	13,100	6,246	12,550	5,553
Less: Provision for impairment	(13,100)	(6,246)	(12,550)	(5,553)
Other receivables – net carrying amount	**218,021**	**185,692**	**204,818**	**178,766**

26.2 Credit risk (continued)

i) Student and other receivables (continued)

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Student receivables				
At 1 January	182,072	253,491	182,072	252,877
Provision for receivables impaired	4,158	(29,597)	4,158	(29,597)
Receivables written off during the year as uncollectable	(48,609)	(41,822)	(48,609)	(41,208)
At 31 December	**137,621**	**182,072**	**137,621**	**182,072**
Ageing of provision for impairment				
Handed over to collecting agencies – 2017	59,045	50,406	58,903	50,285
Handed over to collecting agencies – 2018	73,187	65,711	73,010	65,552
4 Months overdue	5,389	65,955	5,708	66,235
	137,621	**182,072**	**137,621**	**182,072**
Other receivables				
At 1 January	6,246	6,402	5,553	6,402
Provision for receivables impaired	8,685	-	41,863	-
Receivables written off during the year as uncollectable	(1,831)	(156)	(34,866)	(850)
At 31 December	**13,100**	**6,246**	**12,550**	**5,552**
Ageing of provision for impairment				
Handed over to collecting agencies – 2017	2,540	1,953	2,540	1,953
Handed over to collecting agencies – 2018	8,570	4,214	8,570	3,600
Impaired as at reporting date	1,990	79	1,440	-
	13,100	**6,246**	**12,550**	**5,553**

The creation and release of the provision for impaired receivables have been included in 'other current operating expenses' in the statement of profit or loss and comprehensive income. Amounts are charged to the provision account when there is no expectation of recovering additional cash. After a receivable amount is written off, the collection process is continued by the collection agencies.

The credit risk identified above relates to the disclosure presented in Note 8.

The other classes within other receivables do not contain impaired assets. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The University does not hold any collateral as security. The carrying amounts of the University's receivables and prepayments are denominated in South African Rand (R).

Credit quality of financial assets

The credit quality of financial assets that are fully performing, as well as those that are past due but not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Trade receivables				
Counterparties without external credit rating:				
- Current students which will register in 2018/2019. These students are still studying and had no defaults in the past.	248,358	188,753	243,892	185,305
The University expects them to pay their outstanding fees during the 2018/2019 registration period.				
- Interest and dividends receivable.	-	-	-	-
This is interest and dividends receivable at year end from the available-for-sale financial assets which are all invested at BB+ (2017: BB+) rated entities.				
- Other receivables				
Group 1 *	154,727	117,138	146,112	111,231
	403,085	**305,891**	**390,004**	**296,536**
Cash and cash equivalents				
BB+ (2017: BB+) Rating:				
- Prime South African Bank	1,126,952	413,375	1,126,952	413,375
BB+ (2017: BB+) Ratings:				
- Prime South African Banks	-	-	-	-
	1,126,952	**413,375**	**1,126,952**	**413,375**
Available-for-sales financial assets				
BB+ (2017: BB+) Rating:				
- Government stocks and bonds	362,931	307,723	318,080	256,467
- Listed stocks and debentures	384,685	321,964	287,539	235,618
- Listed shares all top 40 companies	2,362,249	2,384,969	1,798,805	1,769,319
- Fixed and other deposits, prime South African Banks	332,797	535,884	282,281	464,853
- Endowment policies, top 40 South African insurance companies	26,020	20,851	26,019	20,851

*Group 1 – New customers (less than 2 months).

26.3 Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they fall due. The University's liquidity risk consists mainly of borrowings, accounts payable, accrued liabilities and student deposits received and postemployment benefits. Liquidity risk is minimised by the University's substantial cash and cash equivalent balances. The University's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation. Liquidity risk is managed by monitoring the daily borrowing levels and by conducting cash flow forecasts on a weekly basis in order to maintain sufficient funds to fund the business from cash generated by operations and funds generated from investments.

The table below analyses the University's financial liabilities according to relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 Years R'000	Over 5 Years R'000	Total R'000
Consolidated					
31 December 2018					
Borrowings	8,354	610	796	877	10,637
Accounts payable	1,124,829	-		-	1,124,829
	1,133,183	**610**	**796**	**877**	**1,135,466**
31 December 2017					
Borrowings	6,824	8,354	1,406	877	17,461
Accounts payable	645,110	-	-	-	645,110
	651,934	**8,354**	**1,406**	**877**	**662,571**
University					
31 December 2018					
Borrowings	628	610	796	877	2,911
Accounts payable	1,114,009	-		-	1,114,009
	1,114,637	**610**	**796**	**877**	**1,116,920**
31 December 2017					
Borrowings	564	628	1,406	877	3,475
Accounts payable	651,975	-	-	-	651,975
	652,539	**628**	**1,406**	**877**	**655,450**

26.4 Capital risk management

The University and its subsidiaries' objectives when managing reserves and working capital are to safeguard the ability of the University and its subsidiaries to continue as going concerns and to maintain an optimal structure to reduce the cost of capital.

In order to maintain the capital structure, the University and its subsidiaries have ensured a sound financial position by limiting exposure to debt and increasing investment and cash balances. This objective is met by a well planned budget process each year in which the critical strategic objectives of the University and its subsidiaries are addressed. The University also has a short and medium term infrastructure maintenance plan which is adequately resourced from available funds.

26.5 Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

Consolidated	**Loans & receivables R'000**	**FVPL R'000**	**Total R'000**
31 December 2018			
Financial assets			
Fair value through profit or loss financial assets	-	3,468,682	**3,468,682**
Trade and other receivables (excluding prepayments)	403,085	-	**403,085**
Cash and cash equivalents	1,291,899	-	**1,291,899**

	Financial liabilities at amortised cost R'000
Financial liabilities	
Borrowings	10,637
Trade payables	1,124,829

The accounting policies for financial instruments have been applied to the line items below:

	Loans & receivables R'000	**Available-for-sale R'000**	**Total R'000**
31 December 2017			
Financial assets			
Available-for-sale financial assets	-	3,571,391	**3,571,391**
Trade and other receivables (excluding prepayments)	305,891	-	**305,891**
Cash and cash equivalents	558,673	-	**558,673**

	Financial liabilities at amortised cost R'000
Financial liabilities	
Borrowings	17,461
Trade payables	645,110

26.5 Financial instruments by category (continued)

University	Loans & receivables R'000	FVPL R'000	Total R'000
31 December 2018			
Financial assets			
Fair value through profit or loss financial assets	-	2,712,724	**2,712,724**
Trade and other receivables (excluding prepayments)	390,004	-	**390,004**
Cash and cash equivalents	1,254,702	-	**1,254,702**

	Financial liabilities at amortised cost R'000
Financial liabilities	
Borrowings	2,911
Trade payables	1,114,009

The accounting policies for financial instruments have been applied to the line items below:

	Loans & receivables R'000	Available-for-sale R'000	Total R'000
31 December 2017			
Financial assets			
Available-for-sale financial assets	-	2,747,108	**2,747,108**
Trade and other receivables (excluding prepayments)	296,536	-	**296,536**
Cash and cash equivalents	511,260	-	**511,260**

	Financial liabilities at amortised cost R'000
Financial liabilities	
Borrowings	3,475
Trade payables	651,975

26.6 Fair value estimation

Effective 1 January 2009, the University adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices)

The following table presents the Consolidated assets and liabilities that are measured at fair value at 31 December 2018:

Consolidated	**Level 1 R'000**	**Level 2 R'000**	**Total R'000**
Fair value through profit or loss financial assets			
- listed shares	2,362,249	-	2,362,249
- listed stocks and debentures	384,685	-	384,685
- government stocks and bonds	362,931	-	362,931
- fixed deposits	-	63,020	63,020
- other deposits and loans	-	269,777	269,777
- endowment policies	-	26,020	26,020
	3,109,865	**358,817**	**3,468,682**

The following table presents the Consolidated assets that are measured at fair value at 31 December 2017:

Consolidated	**Level 1 R'000**	**Level 2 R'000**	**Total R'000**
Available-for-sale financial assets			
- listed shares	2,384,969	-	2,384,969
- listed stocks and debentures	321,964	-	321,964
- government stocks and bonds	307,723	-	307,723
- fixed deposits	-	71,200	71,200
- other deposits and loans	-	464,684	464,684
- endowment policies	-	20,851	20,851
	3,014,656	**556,735**	**3,571,391**

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2018:

University	**Level 1 R'000**	**Level 2 R'000**	**Total R'000**
Fair value through profit or loss financial assets			
- listed shares	1,798,805	-	1,798,805
- listed stocks and debentures	287,539	-	287,539
- government stocks and bonds	318,080	-	318,080
- fixed deposits	-	63,019	63,019
- other deposits and loans	-	219,262	219,262
- endowment policies	-	26,019	26,019
	2,404,424	**308,300**	**2,712,724**

The following table presents the University's assets that are measured at fair value at 31 December 2017:

University	**Level 1 R'000**	**Level 2 R'000**	**Total R'000**
Available-for-sale financial assets			
- listed shares	1,769,319	-	1,769,319
- listed stocks and debentures	235,618	-	235,618
- government stocks and bonds	256,467	-	256,467
- fixed deposits	-	71,200	71,200
- other deposits and loans	-	393,653	393,653
- endowment policies	-	20,851	20,851
	2,261,404	**485,704**	**2,747,108**

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the University is the current quoted closing prices as this is most representative of fair value in the circumstance. These instruments are included in level 1. Instruments included in level 1 comprise primarily listed equity investments classified as trading securities or fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

27 Related party transactions

27.1 Key management personnel

The following are considered to be related parties to the University:

- University Council members; and
- Management comprises the members of the Management Executive Committee, Executive Deans of Faculties, and Executive Directors of support service departments and Directors of subsidiaries.

Compensation paid to key management and members of Council

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Salaries and other short-term employee benefits				
- members of council	652	897	652	897
- management (note 29)	61,988	86,230	61,988	86,230
	62,640	87,127	62,640	87,127

Member of Council				
Baleni MF	59	55	59	55
Burger JP	-	18	-	18
Dikgole TJ	-	38	-	38
Dlamini S	55	47	55	47
Gebhardt CR	-	36	-	36
Gugushe K	67	32	67	32
Hildebrandt D	42	38	42	38
Kakana X	38	-	38	-
Khosa G	52	42	52	42
Lushaba D	-	17	-	17
Marcus RD	-	98	-	98
Matlala Z (Visiting)	41	46	41	46
Memela Khambule T	37	65	37	65
Mjwara P	-	-	-	-
Mkhonto M	-	68	-	68
Ndema Y	39	35	39	35
Rowland W	111	76	111	76
Sibiya BK	-	17	-	17
Teke MS	98	98	98	98
Van Staden C	13	4	13	4
White MJ	-	67	-	67
	652	**897**	**652**	**897**

27.2 Payment to members of Council

Payment for attendance at meetings of the Council and its sub-committees

To whom paid	Number of Members	Attendance at meetings – aggregate R'000	Reimbursement of expenses - R'000
31 December 2018			
Chair of Council	2	137	-
Chairs of Committees	6	315	5
Members of Council	4	195	-
31 December 2017			
Chair of Council	2	153	43
Chairs of Committees	4	102	-
Members of Council	13	591	8

27.3 Related parties

The University of Johannesburg controls or owns shares of the following companies:

Company and principal business activities	**Year End**	**Shareholding**	**Principal place of business**
• Million Up Trading (Pty) Ltd The principal activities of this company is to provide accommodation to students.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• Resolution Circle (Pty) Ltd and its subsidiaries The principal activities of the this company is to act as a training hub that prides itself on providing experiential learning opportunities to undergraduate electrical and mechanical engineering students from universities of technology, practical in-service project training, various short-learning and candidacy programmes applicable to the ever-changing world of engineering and engineering technology. Discontinued operations within the entity during 2018 includes all commercial activities.	31 December	100%	Cnr Barry Hertzog Rd and Napier Rd, Richmond
• ARSA (Pty) Ltd The principal activities of this company is to purchase private properties on behalf of the University. This company is dormant and deregistration has commenced.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• UJ Properties (Pty) Ltd The principal activities of this company is to purchase properties and utilize these as investment property for rental income.	31 December	100%	Cnr Barry Hertzog Rd and Napier Rd, Richmond
• Gradnet Portal (Pty) Ltd The principal activities of this company is to supply online services to students and alumni of education institutions. Liquidation to commence in 2019.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• UJ Trust The Trust is a separate entity with the University being its sole beneficiary. The principal activity of the Trust is to maintain its assets for capital growth and for the sole benefit of the University through an annual distribution. The funds are managed by an independent Board of Trustees.	31 December	N/A	Cnr University and Kingsway Rd, Auckland Park
• City Lodge Educational Trust The Trust is a result of B-BBEE transaction where City Lodge Holdings sold a percentage of it's shares to a black owned consortium. The dividends received is utilised to repay the original loan and to provide bursaries to previously disadvantaged individuals, especially black women.	30 June	100%	Cnr University and Kingsway Rd, Auckland Park
• UDEV (Pty) Ltd Main objects of the Company: Economic upliftment; Job creation; Urban renewal; Property development; and Community development. Deregistration has commenced.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• Kutu Capital (Pty) Ltd Asset Management Company. Deregistration has commenced.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• Enerkey Solutions (Pty) Ltd Dormant entity and deregistration has commenced.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
• IntelliLAB (Pty) Ltd Liquidation to commence in 2019.	31 December	100%	Cnr University and Kingsway Rd, Auckland Park

27.3 Related parties (continued)

The University of Johannesburg has an interest in the following companies:
All related parties with a Year End's other than December are consolidated up to December.

Company and principal business activities	Year End	Shareholding: University of Johannesburg	Shareholding: Non-controlling interest	Principal place of business
• Bio Media Technologies (Pty) Ltd The principal activities of this company is to develop facial recognition software. Deregistration has commenced.	31 December	50.00%	50.00%	Cnr University and Kingsway Rd, Auckland Park
• Conceptua Survey Solutions (Pty) Ltd Provide a novel means of imaging coal stockpiles aerially, using advanced image processing algorithms to very accurately quantify the volumes thereof. The software is not restricted to coal stockpiles but can be expanded to provide the same function for any commodity, such as grain, ore, etc. and represents a lucrative commercial opportunity. Deregistration has commenced.	31 December	25.00%	75.00%	Cnr University and Kingsway Rd, Auckland Park
• Naledi Computer Systems (Pty) Ltd The principal activities of this company is to provide computer related services, products and technology. Liquidation has commenced.	31 December	80.00%	20.00%	Forty Four Main Street, Johannesburg
• Verisol (Pty) Ltd The principal activities of this company is to provide an electronic verification system where academic results and qualifications can be verified.	28 February	10.00%	N/A	17 Quantum Street Techno Park, Stellenbosch
• Photovoltaic Intellectual Property (Pty) Ltd The principal activities of this company is to research, develop and manufacture a renewable energy photovoltaic panel. Currently under Business Rescue.	28 February	38.4%	N/A	Zidela House, 30 Techno Avenue, Techno Park, Stellenbosch
• University Sports Company (Pty) Ltd The principal business of the company is to promote High Performance Sport in furtherance of the various sporting activities offered by Member Universities as envisaged in the CMRA. This includes, but will not be limited to, the administration, development and co-ordination of High performances Sport for Member Universities after consultation with the USSA NEC.	31 December	4.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
• EyeThenticate (Pty) Ltd Retina scanning technology. EyeThenticate (Pty) Ltd was not consolidated in 2016, 2017 and 2018 due to non-reliance on the financial information provided by the company. Request to the High Court to liquidate the entity.	28 February	43.80%	N/A	Cnr University and Kingsway Rd, Auckland Park
• Youth Development Institute of South Africa Conduct youth development research. Develop and execute youth development initiatives. Financials drafted on a non-going concern basis and possibility of the entity to wind down end of 2019.	31 December	50.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
• Praestet (Pty) Ltd The manufacturing and supply of specialised hospital beds for children. No share certificate or confirmation of appointment of director received to date. Entity does not have sufficient cash flow to repay outstanding debt and possibility of Business Rescue in 2019.	31 December	20.00%	N/A	115 Roseways 17 Tyrwhitt Avenue Roseways

27.4 Loans to and investments in related parties:

27.4.1 Loans to related parties:

Consolidated	Photovoltaic Intellectual Property (Pty) Ltd		EyeThenticate (Pty) Ltd		Naledi Computer Systems (Pty) Ltd		Praestet (Pty) Ltd		Zepher		Enerkey Solutions (Pty) Ltd		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Opening balance	13,700	42,411	-	-	(2,783)	-	3,185	2,639	-	-	5	-	14,107	45,050
Loans advances during year	1,418	-	3,820	-	-	-	150	546	589	-	-	5	5,977	551
Loans repayment received	-	-	-	-	-	-	-	-	-	-	(5)	-	(5)	-
Reallocation/Write off	-	-	-	-	-	(2,783)	-	-	-	-	-	-	-	(2,783)
Impairment of loan	-	(28,711)	-	-	-	-	-	-	-	-	-	-	-	(28,711)
Closing balance	**15,118**	**13,700**	**3,820**	**-**	**(2,783)**	**(2,783)**	**3,335**	**3,185**	**589**	**-**	**-**	**5**	**20,079**	**14,107**

Impairment on loans made to associates was recognised in the current year, to the amount of R 0 (2017: R28 711). This impairment relates to the loan provided to PTIP.

University	Photovoltaic Intellectual Property (Pty) Ltd		Resolution Circle (Pty) Ltd		Isibaya Somnotho Trust		Innovative Aquaculture Holdings (Pty) Ltd *		Gradnet Portal (Pty) Ltd		Intellilab (Pty) Ltd		EyeThenticate (Pty) Ltd	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Opening balance	13,700	42,411	1,790	12,711	5	5	10	10	1,383	1,383	-	(5)	-	243
Loans advances during year	1,418	-	11,490	-	-	-	-	-	-	-	538	-	4,063	5,045
Loans repayment received	-	-	(1,790)	-	(5)	-	-	-	(1,383)	-	-	-	-	-
Reallocation/Write off	-	-	-	767	-	-	(10)	-	-	-	-	787	-	-
Impairment of loan	-	(28,711)	(6,300)	(11,688)	-	-	-	-	-	-	(538)	(782)	(4,063)	(5,288)
Closing balance	**15,118**	**13,700**	**5,190**	**1,790**	**-**	**5**	**-**	**10**	**-**	**1,383**	**-**	**-**	**-**	**-**

University	UDEV (Pty) Ltd		Enerkey Solutions (Pty) Ltd		Kutu Capital (Pty) Ltd		Praestet (Pty) Ltd		Sentimeter		SugaRushed Records (Pty) Ltd		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Opening balance	250	250	5	5	5	5	3,185	2,639	-	28	5	5	20,338	59,690
Loans advances during year	-	-	-	-	-	-	150	546	-	(28)	-	-	17,659	5,563
Loans repayment received	(250)	-	(5)	-	(5)	-	-	-	-	-	(5)	-	(3,443)	-
Reallocation/Write off	-	-	-	-	-	-	-	-	-	-	-	-	(10)	1,554
Impairment of loan	-	-	-	-	-	-	(3,335)	-	-	-	-	-	(14,236)	(46,469)
Closing balance	**-**	**250**	**-**	**5**	**-**	**5**	**-**	**3,185**	**-**	**-**	**-**	**5**	**20,308**	**20,338**

Impairment on loans made to associates was recognised in the current year, to the amount of R 0 (2017: R28 711). This impairment relates to the loan provided to PTIP.

The loans are unsecured, bear no interest and have no repayment terms.

* Innovative Aquaculture Holdings (Pty) Ltd, is no longer a subsidiary of the University from 2018.

27.4.2 Investment in related parties:

Consolidated	Photovoltaic Intellectual Property (Pty) Ltd	
	2018 R'000	2017 R'000
Opening balance	-	9,141
Investments during year	-	-
Impairment of investment		(9,141)
Closing balance	-	-

University	Photovoltaic Intellectual Property (Pty) Ltd		UJ Properties (Pty) Ltd		EyeThenticate (Pty) Ltd		Gradnet Portal (Pty) Ltd		Total	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Opening balance	-	9,141	90,636	90,636	-	7,726	3,605	3,605	94,241	111,108
Investments during year	-	-	-	-	-	2,719	-	-	-	2,719
Impairment of investment	-	(9,141)	-	-	-	(10,445)	-	-	-	(19,586)
Closing balance	-	-	90,636	90,636	-	-	3,605	3,605	94,241	94,241

27.5 The following transactions were carried out with related parties:

	Consolidated 2018 R'000	Consolidated 2017 R'000	University 2018 R'000	University 2017 R'000
(a) Purchase of goods and services				
Purchases of services:				
from Resolution Circle (Pty) Ltd	-	-	13,730	25,378
from Intellilab (Pty) Ltd	-	-	-	381
from UJ properties (Pty) Ltd	-	-	2,011	-
from Gradnet Portal (Pty) Ltd	-	-	-	10,374
(b) Sale of goods and services				
Sale of services:				
to Resolution Circle (Pty) Ltd	-	-	187	2,366
to Youth Development Institute of South Africa	-	-	561	-
to UJ properties (Pty) Ltd	-	-	1,937	-
to University Sports Company (Pty) Ltd	673	594	673	594
to Gradnet Portal (Pty) Ltd	-	-	15	2
(c) Year-end balances arising from purchases of goods/services				
Payables to related parties:				
Resolution Circle (Pty) Ltd	-	-	4,183	292
UJ Properties (Pty) Ltd	-	-	131	-
(d) Year-end balances arising from sales of goods/services:				
Receivables from related parties:				
Resolution Circle (Pty) Ltd	-	-	10	60
Youth Development Institute of South Africa	-	-	93	-
University Sports Company (Pty) Ltd	46	-	46	-
(e) Expenses paid on behalf of related parties:				
Million Up Trading (Pty) Ltd	6,099	324	6,099	324
(f) Donations to and from related parties:				
Donation to related parties:				
SugaRushed Records (Pty) Ltd	-	-	5	-
Million Up Trading (Pty) Ltd	-	-	44,773	-
Donation from related parties:				
UJ Trust	-	-	40,000	25,000

28 Critical accounting estimates and assumptions

The University makes estimates and assumptions concerning the future. These estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Estimates made in accounting will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

28.1 Provision for post-retirement medical aid liability

Principal actuarial assumptions for the post-retirement medical aid liability for the period ended 31 December 2018 are disclosed in note 15.1. Changes in assumptions may result in changes in the recognised provision for post-retirement medical aid liability.

28.2 Depreciation of property, plant and equipment

Depreciation on assets is calculated using the straight-line method to write off the cost less residual values over their estimated useful lives. The residual values and useful lives of assets are reviewed, and adjusted if not appropriate, at each reporting date.

28.3 Pension fund obligations

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations. The University determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in note 15.2.

28.4 Impairment of related party loan

Management assesses financial assets for impairment at each year end. If the asset’s fair value is below cost and considered to be significant or prolonged an impairment will be recognized in the statement of profit or loss and ther comprehensive income. The impairment assessment with regards to the loan receivable from Photovoltaic Technology Intellectual Property (Pty) Ltd requires significant judgement. The reason that the full loan was not impaired is because the University expects to recover the remaining R15.1m. Photovoltaic Technology Intellectual Property (Pty) Ltd currenlty has an offer to purchase their investment property which makes the outstanding loan recoverable.

28.5 Residual values and useful lives of assets

The residual values and useful lives of assets are reviewed, and adjusted, if appropriate, at the end of each reporting period. Any changes in useful lives, are accounted for as a change in estimate with the depreciation charge adjusted in the current year. The adjustments only apply to assets which still had a book value at the time of adjustment.
The useful life of all zero value assets is reviewed on an ongoing basis.

29 Executive Remuneration 2018

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total	
		R'	R'	R'	R'	R'	R'	R'	
Vice-Chancellor & Principal	T Marwala	3,254,507	95,543	291,493	3,641,543	140,128	1,125,858*	4,907,529	
Registrar	I C Burger	2,196,446	20,765	310,806	2,528,017	97,300	686,309	3,311,626	
Deputy Vice-Chancellor Academic	A Parekh	2,634,069	48,069	375,126	3,057,264	-	1,050,634	4,107,898	
Deputy Vice-Chancellor Research & Internationalisation	S Sinha	2,067,211	31,149	232,789	2,331,149	-	724,789	3,055,938	
Chief Financial Officer (previously referred to as DVC Finance)	N Mamorare	1,492,864	20,760	140,470	1,654,094	-	771,894	2,425,988	1 May to 31 December
Chief Operating Officer	A Swart	1,676,912	23,362	237,150	1,937,424	38,968	495,644	2,472,036	1 April to 31 December
Chief People Officer (previously referred to as DVC Employees & Student Affairs)	K C Mketi	2,429,933	31,149	273,636	2,734,718	-	953,212	3,687,930	
General Council	P H O'Brien	2,028,913	31,149	287,099	2,347,161	995,176	551,559	3,893,896	
Senior Executive Director in the Vice-Chancellor's office	NY Vukuza	1,561,133	20,000	188,867	1,770,000	-	359,161	2,129,161	1 March to 31 December
Executive Dean College of Business & Economics	D Van Lill	1,966,632	31,465	222,668	2,220,765	188,062	487,847	2,896,674	
Executive Dean Faculty of Art, Design & Architecture	F Freschi	1,733,101	20,765	212,756	1,966,622	113,562	403,466	2,483,650	
Executive Dean Faculty of Education	S J Gravett	1,750,744	50,765	272,935	2,074,444	79,855	1,416,219	3,570,518	
Executive Dean Faculty of Engineering & the Built Environment	D Mashao	728,529	8,652	88,138	825,319	-	-	825,319	1 August to 31 December

The merit and other payments includes payments made during the year for merit bonuses as well as deferred compensation payments for staff retention incentives over a 3 year period.

* R337 757 of this amount has been donated to the University of Johannesburg to fund a scholarship for female students from a rural background enrolled for postgraduate studies in engineering.

29 Executive Remuneration 2018

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total	
		R'	R'	R'	R'	R'	R'	R'	
Executive Dean Faculty of Health Sciences	A Swart	421,229	5,191	65,691	492,111	-	-	492,111	1 January to 31 March
Executive Dean Faculty of Humanities	A B Broadbent	1,659,462	20,765	155,102	1,835,329	-	355,720	2,191,049	
Executive Dean Faculty of Law	L G Mpedi	1,682,046	20,765	217,954	1,920,765	39,434	465,065	2,425,264	
Executive Dean Faculty of Science	D Meyer	1,794,489	20,765	217,181	2,032,435	-	542,981	2,575,416	
Chief Information Officer	KF Sibanda	781,198	10,382	68,802	860,382	-	-	860,382	1 July to 31 December
Executive Director Academic Development & Support	R P Ryan	1,786,042	20,765	253,453	2,060,260	79,309	411,181	2,550,750	
Executive Director Expenditure	S M Makinta	1,507,168	74,765	188,943	1,770,876	-	299,209	2,070,085	
Executive Director Financial Governance & Revenue	N Mamorare	575,180	179,874	64,820	819,874	-	-	819,874	Acting CFO 1 January to 30 April
	L Riba	309,349	5,191	37,425	351,965	-	-	351,965	8 October to 31 December
Executive Director Human Resources	P Gida	1,371,492	14,693	166,008	1,552,193	-	1,025,000	2,577,193	1 January to 30 September
Executive Director Library and Information Centre	KM Frahm-Arp	1,153,314	16,325	103,348	1,272,987	-	253,038	1,526,025	1 March to 31 December
Executive Director Operations	E K O'Brien	716,322	8,652	86,740	811,714	-	96,367	908,081	1 January to 30 April
	AL Nel	497,350	6,922	69,317	573,589	13,257	295,364	882,210	1 September to 31 December
Executive Director Research & Innovation	C B Nonkwelo	1,521,170	20,765	184,102	1,726,037	-	263,032	1,989,069	
		41,296,805	**859,413**	**5,012,819**	**47,169,037**	**1,785,051**	**13,033,549**	**61,987,637**	

The merit and other payments includes payments made during the year for merit bonuses as well as deferred compensation payments for staff retention incentives over a 3 year period.

* R337 757 of this amount has been donated to the University of Johannesburg to fund a scholarship for female students from a rural background enrolled for postgraduate studies in engineering.

29 Executive Remuneration 2017

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total
		R’	R’	R’	R’	R’	R’	R’
Vice-Chancellor & Principal	I L Rensburg	3,423,485	41,543	445,515	3,910,543	-	13,772,159*	17,682,702
Vice-Chancellor Designate	T Marwala	1,320,619	47,771	152,381	1,520,771	117,051	695,429	2,333,252
DVC Finance	J A Van Schoor	2,197,199	63,848	311,668	2,572,716	119,033	1,524,517	4,216,266
DVC Academic	A Parekh	2,459,838	48,069	351,883	2,859,790	242,133	1,416,833	4,518,756
DVC Research & Internationalisation	T Marwala	1,097,374	42,575	127,294	1,267,243	-	1,457,501	2,724,744
	S Sinha	172,196	2,596	19,471	194,262	-	335,101	529,363
DVC Employees & Student Affairs	K C Mketi	2,267,107	31,149	256,527	2,554,783	-	1,835,889	4,390,673
Executive Dean Art, Design & Architecture	F Freschi	1,617,988	20,765	199,517	1,838,270	70,771	673,259	2,582,300
Executive Dean Economic & Financial Sciences	A Dempsey	832,153	28,383	120,854	981,389	-	400,531	1,381,920
Executive Dean Education	S J Gravett	1,653,070	266,956	258,943	2,178,969	75,560	406,115	2,660,644
Executive Dean Engineering & the Built Environment	S Sinha	1,491,052	19,035	168,713	1,678,800	-	939,165	2,617,965
Executive Dean Health Sciences	A Swart	1,696,386	20,765	245,626	1,962,777	37,780	1,317,661	3,318,218
General Council	P H O'Brien	1,888,757	31,149	268,343	2,188,249	84,232	881,472	3,153,953
Executive Dean Law	L G Mpedi	1,498,361	20,765	194,989	1,714,116	-	668,442	2,382,558
Executive Dean College of Business and Economics	D Van Lill	1,790,487	31,465	203,626	2,025,579	42,741	535,290	2,603,610
Executive Dean Science	D Meyer	1,610,395	20,765	195,845	1,827,005	-	402,825	2,229,830

29 Executive Remuneration 2017

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total	
		R'	R'	R'	R'	R'	R'	R'	
Executive Dean Humanities	A B Broadbent	1,509,746	20,765	183,604	1,714,115	65,996	413,140	2,193,252	
Executive Director Academic Development and Support	R P Ryan	1,668,278	20,765	237,772	1,926,816	74,177	1,287,431	3,288,423	
Executive Director Finance Expenditure	S M Makinta	1,401,404	74,765	176,996	1,653,165	-	239,466	1,892,631	
Executive Director Financial Governance	N Mamorare	1,540,385	253,693	174,297	1,968,375	-	1,314,781	3,283,157	Acting DVC Finance 20 July to 31 December
Executive Director Human Resources	V Singh	854,562	10,383	96,762	961,707	-	2,049,070	3,010,777	1 January to 30 June
Executive Director Information & Communication Systems	A A Swartbooi	898,650	10,383	115,534	1,024,567	202,465	-	1,227,032	1 January to 30 June
Executive Director Internationalisation	P G Mekgwe	1,645,004	20,765	212,008	1,877,777	171,091	1,323,164	3,372,032	Resigned 31 December
Executive Director Library & Information Centre	R Bawa	706,157	8,652	92,278	807,087	187,668	1,268,812	2,263,567	1 January to 31 May
Executive Director Operations	E K O'Brien	1,069,968	13,844	130,032	1,213,844	-	-	1,213,844	1 May to 31 December
Executive Director Research & Innovation	C B Nonkwelo	1,417,602	20,765	172,398	1,610,765	-	316,774	1,927,539	
Registrar	I C Burger	2,056,237	20,765	292,138	2,369,140	91,189	771,112	3,231,442	
		41,784,459	**1,213,147**	**5,405,015**	**48,402,621**	**1,581,888**	**36,245,940**	**86,230,450**	

The merit and other payments includes payments made during the year for merit bonuses as well as deferred compensation payments for staff retention incentives over a 3 year period.
* Includes deferred compensation for performance linked to retention incentive over a ten year period.

30 Contingencies

30.1 The City of Johannesburg

The University has contingent liabilities in respect of legal claims arising in the ordinary course of business. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for in (note 24).

A contingent liability exists with regards to The City of Johannesburg for incorrect allocation of charges. . A contingent asset exist with regards to City of Johannesburg municipality for incorrect charges billed towards the University's account.
During 2018 the University staff met with the Member of Mayoral Committee (MMC Finance) and several other directors from the municipality to resolve all queries but with little success. The University will negotiate an escalation process in 2019 again with City of Johannesburg to ensure all queries are resolved within a reasonable period.

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Incorrect allocation of charges	9,259	7,657	9,259	7,657
Incorrect charges to be claimed back	(259)	(1,208)	(259)	(1,208)
Net contingent liability	**9,000**	**6,449**	**9,000**	**6,449**

30.2 Photovoltaic Intellectual Property (Pty) Ltd (PTIP)

A shareholder of PTIP is claiming an amount of R60 million from the University on the grounds that the conduct of two representatives of the University caused his shareholding to lose that value. The University is defending the claim.

31 Investments fair value gains/(losses)

	Consolidated		University	
	2018 R'000	2017 R'000	2018 R'000	2017 R'000
Fair value movement transfer on disposal of investments	162,260	188,793	92,923	157,852
Profit on sale of investments	376,844	248,616	265,699	205,185
Loss on sale of investments	(214,584)	(59,823)	(172,776)	(47,333)
Unreaslied fair value movement transfer on investments	(368,991)	-	(241,295)	-
Unreaslied profit	3,526,023	-	2,350,965	-
Unrealised loss	(3,895,014)	-	(2,592,260)	-
Fair value movement on investments	**(206,731)**	**188,793**	**(148,372)**	**157,852**

32 Transition Note: Changes in accounting policies

IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers were adopted by the university on 1 January 2018. This note indicates the impact of the adoption of these standards on the university's financial statements.

32.1 Impact on the financial statements

IFRS 9 and IFRS 15 were adopted without restating comparative information as explained in note 32.2. and 32.3 below.

32.2 IFRS 9 Financial Instruments

IFRS 9 replaces the provisions of IAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities derecognition of financial instruments and impairment of financial assets. The adoption of IFRS 9 resulted in modifications in accounting policies as set out in note 2.8 above.

The university has elected to apply the limited exemption relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a consequence:
i. any adjustments to carrying amounts of financial assets or liabilities are recognised at the beginning of the current reporting period, with the difference recognised in opening retained earnings;
ii. financial assets are not reclassified in the balance sheet for the comparative period;
iii. provisions for impairment have not been restated in the comparative period

The university adopted the simplified expected credit loss model, which uses a lifetime expected loss allowance for trade receivables.

a. Classification and measurement
Upon initial application of IFRS 9, management has assessed which business models apply to the financial assets held by the group and has classified its financial instruments into the appropriate IFRS 9 categories.

The main effects resulting from this reclassification are as follows:

Financial assets - 1 January 2018 (Consolidated)	Notes	FVPL R'000	FVOCI (Available-for-sale 2017) R'000	Amortised cost (Receivables 2017) R'000
Closing balance 31 December 2017 - IAS 39		-	3,571,391	374,445
Reclassify investments from available-for-sale to FVPL	(a)	3,571,391	-	-
Opening balance 1 January 2018 - IFRS 9		3,571,391	3,571,391	374,445

Financial assets - 1 January 2018 (University)	Notes	FVPL R'000	FVOCI (Available-for-sale 2017) R'000	Amortised cost (Receivables 2017) R'000
Closing balance 31 December 2017 - IAS 39		-	2,747,108	364,071
Reclassify investments from available-for-sale to FVPL	(a)	2,747,108	-	-
Opening balance 1 January 2018 - IFRS 9		2,747,108	2,747,108	364,071

The impact of these changes from the AFS reserve (Non-current investment revaluation reserve) to retained earnings (Undesignated Funds) on the university's equity is as follows:

Consolidated	Notes	Non-current Investment Revaluation R'000	Unrestricted use funds R'000
Opening balance - IAS 39		603,648	-
Reclassify investments from available-for-sale to FVPL	(a)	(603,648)	603,648
Closing balance - IFRS 9		-	603,648

University	Notes	Non-current Investment Revaluation R'000	Unrestricted use funds R'000
Opening balance - IAS 39		431,390	-
Reclassify investments from available-for-sale to FVPL	(a)	(431,390)	431,390
Closing balance - IFRS 9		-	431,390

(a) IAS 39	IFRS 9
Investments previously classified as available for sale and measured at FVOCI	Investments reclassified and measured as financial assets at FVPL on adoption of IFRS 9 (R3 571 391 and R2 747 108 for the group and at university level respectively at 1 January 2018). The business model assessment was done at a level which includes all of the fund investments, management monitors fund investments in their entirety for the group. Investments held are managed by fund managers who invest in a variety of listed debt and equity instruments. The main objective of these investments is for collection of contractual cash flows, as well as sale thereof with disposals having been made in the past. As these investments are sold at their fair value by the fund manager with the university obtaining cash equal to the fair value of the investments sold, they have thus been reclassified as FVPL. As the University will not receive solely payments of principle and interest on these instruments. Related fair value gains of R188 793 and R157 852 for the group and the university respectively, were transferred from the available-for-sale financial assets reserve to retained earnings on 1 January 2018.

32.2 IFRS 9 Financial Instruments (continued)

Reclassifications of financial instruments on adoption of IFRS 9

On the date of initial application, 1 January 2018, the financial instruments of the university were as follows, with any reclassifications noted:

	Measurement R'000		Carrying Value R'000		
	Original (IAS 39)	New (IFRS 9)	Original	New	Difference
Consolidated					
Non-current financial assets					
Fair value financial assets	Available-for-sale	FVPL	3,571,391	3,571,391	-
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	374,445	416,309	(41,864)
University					
Non-current financial assets					
Fair value financial assets	Available-for-sale	FVPL	2,747,108	2,747,108	-
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	364,071	405,935	(41,864)

b. Impairment of financial assets

The University has trade receivables that comprise of student and other receivables. Trade receivables are held in a business model to collect contractual cash flows which constitute solely payments of principle and interest. Upon adoption of IFRS 9, the university made an assessment of the impact of the new expected credit loss model as per the revised impairment methodology for this classes of assets. The impact of the change in impairment methodology, is indicated above has been restated through the opening retained earnings.

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables which were known to be uncollectible were provided for. The other receivables were assessed collectively to determine whether there was objective evidence that an impairment had been incurred but not yet been identified. For these receivables the estimated impairment losses were recognised in a separate provision for impairment.

The expected loss rates are based on the payment profiles over a period of 48-60 months before 1 January 2018 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables, the impact of incorporating forward looking information was not material.

In terms of the university's policy no loans are extended to third parties and thus receivable comprise of incidental credit as defined by the National Credit Act 34 of 2005.

32.3 IFRS 15 Revenue from contracts with customers

From 1 January 2018, the University implemented IFRS 15, due to timing of revenue recognition under IAS 18 being the same as IFRS 15, there is no material impact as a result of the adoption and application of the new standard.

The University applied the modified retrospective adoption method to IFRS 15 implementation requiring no restatement of comparative financial statements.

32.3.1 Tuition and other fee income

Revenue is recognized over time under IFRS 15, as the customer benefits as the service is performed, it was also recognized over time under IAS 18, there is no material impact as a result of adoption and application of IFRS 15.

32.3.2 Research income

There is no material research income within the scope of IFRS 15.

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED	Notes	Council controlled – unrestricted R'000	Specifically funded activities – restricted R'000	Sub total R'000	Student and Staff accommodation – restricted R'000	Total 2018 R'000	Total 2017 R'000
2018							
Total income		3,948,733	329,804	4,278,537	185,684	4,464,221	4,523,458
Recurring items		3,948,699	329,751	4,278,450	185,684	4,464,134	4,523,376
State appropriations – subsidies and grants	**16**	1,945,660	-	1,945,660	-	1,945,660	1,720,674
Tuition and other fee income	**17**	1,656,476	13,239	1,669,715	180,581	1,850,296	1,690,948
Income from contracts		46,271	188,014	234,285	-	234,285	231,810
For research		34,957	175,072	210,029	-	210,029	206,988
For other activities	**21**	11,314	12,942	24,256	-	24,256	24,822
Sales of goods and services	**21**	79,562	75,462	155,024	3,305	158,329	184,320
Private gifts and grants	**21**	148,849	63,241	212,090	-	212,090	275,729
Sub-total		3,876,818	339,956	4,216,774	183,886	4,400,660	4,103,481
Income from investments	**22**	196,394	45,854	242,248	333	242,581	369,251
FV movements	**6**	(148,372)	(58,358)	(206,730)	-	(206,730)	
Share of profit/(loss) in Associate	**5**	-	-	-	-	-	-
Finance income	**23**	23,859	2,299	26,158	1,465	27,623	50,644
Non-recurring items							
Profit/(loss) on disposal of PPE	**21**	34	53	87	-	87	82

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

CONSOLIDATED	Notes	Council controlled – unrestricted R'000	Specifically funded activities – restricted R'000	Sub total R'000	Student and Staff accommodation – restricted R'000	Total 2018 R'000	Total 2017 R'000
2018							
Total expenditure		3,882,378	371,569	4,253,947	184,738	4,438,685	4,266,369
Recurring items		3,821,943	369,718	4,191,661	183,241	4,374,902	4,206,843
Personnel		2,411,420	108,781	2,520,201	28,561	2,548,762	2,398,290
Academic professional	**14**	1,290,592	58,220	1,348,812	15,286	1,364,098	1,283,565
Other personnel	**14**	1,120,828	50,561	1,171,389	13,275	1,184,664	1,114,725
Other current operating expenses	**18**	984,437	138,493	1,122,930	143,855	1,266,785	1,131,909
Depreciation	**3**	76,392	17,790	94,182	10,629	104,811	104,424
Amortisation of software	**4**	7,161	93	7,254	161	7,415	7,473
Bursaries awarded	**19**	337,877	103,003	440,880	35	440,915	471,059
Sub-total		3,817,287	368,160	4,185,447	183,241	4,368,688	4,113,155
Finance costs	**23**	4,641	1,558	6,199	-	6,199	6,768
Impairment (gains)/losses	**20**	15	-	15	-	15	86,920
Non-recurring items							
Capital expenditure expensed	**18**	60,435	1,851	62,286	1,497	63,783	59,526
Surplus/(Deficit) for the year		**66,354**	**(41,765)**	**24,589**	**946**	**25,535**	**257,089**
Other comprehensive income							
Fair value adjustments on available-for-sale financial assets	**6**	-	-	-	-	-	164,902
Actuarial gains and losses on defined benefit plans	**15**	12,503	-	12,503	-	12,503	14,652
Total comprehensive income for the year		**78,857**	**(41,765)**	**37,092**	**946**	**38,038**	**436,643**

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

UNIVERSITY	Notes	Council controlled – unrestricted R'000	Specifically funded activities – restricted R'000	Sub total R'000	Student and Staff accommodation – restricted R'000	Total 2018 R'000	Total 2017 R'000
2018							
Total income		4,054,748	229,120	4,283,868	185,684	4,469,552	4,418,125
Recurring items		4,054,714	229,120	4,283,834	185,684	4,469,518	4,418,043
State appropriations – subsidies and grants	**16**	1,945,660	-	1,945,660	-	1,945,660	1,720,674
Tuition and other fee income	**17**	1,656,499	6	1,656,505	180,581	1,837,086	1,678,661
Income from contracts		46,271	188,014	234,285	-	234,285	231,810
For research		34,957	175,072	210,029	-	210,029	206,988
For other activities	**21**	11,314	12,942	24,256	-	24,256	24,822
Sales of goods and services	**21**	100,778	9,874	110,652	3,305	113,957	150,929
Private gifts and grants	**21**	233,627	18,462	252,089	-	252,089	275,718
Sub-total		3,982,835	216,356	4,199,191	183,886	4,383,077	4,057,792
Income from investments	**22**	196,394	12,065	208,459	333	208,792	310,839
FV Movements	**31**	(148,372)	-	(148,372)	-	(148,372)	
Share of profit/(loss) in Associate	**5**	-	-	-	-	-	-
Finance income	**23**	23,857	699	24,556	1,465	26,021	49,412
Non-recurring items							
Profit/(loss) on disposal of PPE	**21**	34	-	34	-	34	82

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

UNIVERSITY	Notes	Council controlled – unrestricted R'000	Specifically funded activities – restricted R'000	Sub total R'000	Student and Staff accommodation – restricted R'000	Total 2018 R'000	Total 2017 R'000
2018							
Total expenditure		4,004,366	241,274	4,245,640	183,590	4,429,230	4,221,010
Recurring items		3,943,847	239,506	4,183,353	182,093	4,365,446	4,161,757
Personnel		2,411,420	69,044	2,480,464	28,561	2,509,025	2,348,981
Academic professional	**14**	1,290,592	36,952	1,327,544	15,286	1,342,830	1,257,175
Other personnel	**14**	1,120,828	32,092	1,152,920	13,275	1,166,195	1,091,806
Other current operating expenses	**18**	1,090,761	53,119	1,143,880	143,445	1,287,325	1,131,520
Depreciation	**3**	77,137	14,290	91,427	9,886	101,313	101,727
Amortisation of software	**4**	7,156	50	7,206	166	7,372	5,942
Bursaries awarded	**19**	337,877	103,003	440,880	35	440,915	471,059
Sub-total		3,924,351	239,506	4,163,857	182,093	4,345,950	4,059,229
Finance costs	**23**	4,655	-	4,655	-	4,655	4,542
Other (gains)/losses	**20**	14,841	-	14,841	-	14,841	97,986
Non-recurring items							
Capital expenditure expensed	**18**	60,519	1,768	62,287	1,497	63,784	59,253
Surplus/(Deficit) for the year		**50,382**	**(12,154)**	**38,228**	**2,094**	**40,322**	**197,116**
Other comprehensive income							
Fair value adjustments on available-for-sale financial assets	**6**	-	-	-	-	-	91,414
Actuarial gains and losses on defined benefit plans	**15**	12,503	-	12,503	-	12,503	14,652
Total comprehensive income for the year		**62,885**	**(12,154)**	**50,731**	**2,094**	**52,825**	**303,182**