



UNIVERSITY  
OF  
JOHANNESBURG

# 20/21

## ANNUAL REPORT



**The Future**  
Reimagined





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OF  
JOHANNESBURG

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The Future  
Reimagined













# Consolidated and Separate Annual Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2021

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# Statement of Responsibility of the Members of Council

FOR THE YEAR ENDED 31 DECEMBER 2021

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 480 to 576 of this Annual Report for 2021 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 SNG Grant Thornton, 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 480 to 576 of this Annual Report were approved by the Council on 23 June 2022 and signed on its behalf by:

**MS Teke**  
Chair of Council

**T Marwala (Prof)**  
Vice-Chancellor and Principal

**N Mamorare**  
Chief Financial Officer











# Independent auditor's 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 Financial Statements

### Opinion

We have audited the consolidated and separate financial statements of the University of Johannesburg and its subsidiaries (the group) set out on pages 480 to 573, which comprise the consolidated and separate statement of financial position as at 31 December 2021, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 31 December 2021 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).

Victor Sekese [Chief Executive]

A comprehensive list of all  
Directors is available at the  
company offices or registered  
office

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## **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 financial statements section of our report.

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

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

## **Emphasis of matter**

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

## **Restatement of corresponding figures**

As disclosed in note 41 to the financial statements, the corresponding figures for 2020 were restated as a result of errors in the consolidated and separate financial statements of the group at, and for the year ended, 2021.

## **Other matter**

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

## **Supplementary information**

The Department of Higher Education and Training Consolidated Statement of Profit or Loss and Other Comprehensive Income as set out on pages 570 to 573 does not form part of the consolidated and separate financial statements and is presented as additional information. I have not audited this schedules and, accordingly, I do not express an opinion on them.

## **Responsibilities of the Council for Consolidated and the Separate Financial Statements**

The Council, which constitutes the accounting authority, is responsible for the preparation and fair presentation of the consolidated and separate 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 accounting authority determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will



always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

## **Report on the audit of the annual performance report**

### **Introduction and scope**

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

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

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the university's annual performance report for the year ended 31 December 2021:

<b>Objective</b>	<b>Pages in the annual performance report</b>
Strategic Objective Two – Excellence in Teaching and Learning	85 –87

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

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

Excellence in Teaching and Learning



## **Other matter**

We draw attention to the matter below:

## **Achievement of planned targets**

Refer to the annual performance report on pages xx to xx for information on the achievement of planned targets for the year.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

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

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

### **Other information**

The council is responsible for the other information. The other information comprises the information included in the Annual Report,. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected strategic objective presented in the annual performance report that have been specifically reported in this auditor's report.

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

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

We have nothing to report in this regard

### **Internal Control deficiencies**

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

We did not identify any significant deficiencies in internal control.

### **Other reports**

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

## **Audit related services - Agreed upon procedures**



Engagement name	Description of engagement	Period end	Firm performing the engagement	Status	Expected date of issuing report
Financial data - DHET	The verification of financial data from the annual financial statements	31 Dec 2021	SNG Grant Thornton	Completed	June 2022
University of Johannesburg Annual Performance Plan	The verification of reported outputs for indicators included in the University of Johannesburg Annual Performance Plan	31 Dec 2021	SNG Grant Thornton	Completed	June 2022
DHET IEG Infrastructure Grant	Agreed-upon procedures engagement in respect of the Department of Higher Education ("DHET") Infrastructure and Efficiency Grant for the year 1 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022
Teaching Development Collaboration Grant	Agreed-upon procedures engagement in respect of the verification that the Teacher Development Collaboration Grant was expended per the conditions of the grant for the year 01 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	26 May 2022
Health Science Clinical Grant	Agreed-upon procedures engagement in respect of the verification that the Health Science Clinical Grant was expended per the conditions of the grant for the year ended 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022
COVID Responsiveness Grant (Multimodal Teaching & Learning Plan)	Agreed-upon procedures engagement in respect of the verification that the COVID-19 Responsiveness Grant for the 12 month period ended 31 March 2022	31 Mar 2022	PwC	Completed	03 June 2022
University Capacity Development Grant (UCDP)	Agreed-upon procedures engagement in respect of the University Capacity Development Grant for the period 01 January 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022
Technology Innovation Agency (TIA)	Agreed-upon procedures engagement in respect of the Technology Innovation Agency: Metal Casting Technology Station ("MCTS") Grant and the of the Technology Innovation Agency Process Energy and Environmental Technology Station ("PEETS") Grant for the year 01 April 2021 to 31 March 2022	31 Mar 2022	PwC	Finalisation of factual findings	22 June 2022
Foundation Grant	Agreed-upon procedures engagement in respect of the Foundation Grant for the period 1 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022

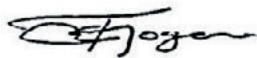


Engagement name	Description of engagement	Period end	Firm performing the engagement	Status	Expected date of issuing report
Research Publications	Agreed-upon procedures engagement in respect of the verification that the Research and Development Grant was expended per the conditions of the grant for the year ended 31 March 2022	31 Dec 2021	PwC	Completed	11 May 2022
UCDP -Future professors Programme	Agreed-upon procedures engagement in respect of the University Capacity Development Programme: Future Professors Programme Grant for the period 01 January 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022
University Staff Doctoral Programme (USDP-ADAPTT)	Agreed-upon procedures engagement in respect of the University Staff Doctoral Programme (USDP) for the period 01 January 2021 to 31 March 2022.	31 Mar 2022	PwC	Completed	31 May 2022
UCDP - NESP programme	Agreed-upon procedures engagement in respect of the University Capacity Development Programme: Nurturing Emerging Scholars Programme Grant for the period 01 January 2021 to 31 March 2022.	31 Mar 2022	PwC	Completed	31 May 2022
University Integrated Quality Assurance Framework (UIQAF)	Agreed-upon procedures engagement in respect of the Quality Assurance Framework Implementation Support Project (QAF ISP) for the period 1 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022
Research & Collaboration Development Grant	Agreed-upon procedures engagement in respect of the verification that the Research and Development Grant was expended per the conditions of the grant for the year ended 31 March 2022	31 Mar 2022	PwC	Completed	25 May 2022
New Generation of Academics Programmer Grant (NGAP)	Agreed-upon procedures engagement in respect of the verification that the New Generation of Academics Programmer Grant was expended per the conditions of the grant for the period 01 April 2021 to 31 March 2022.	31 Mar 2022	PwC	Completed	31 May 2022
Primary Education Grant (PRIMTED) AUDIT	Agreed-upon procedures engagement in respect of the verification that the Primary Education Grant was expended per the conditions of the grant for the period 01 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	31 May 2022

Engagement name	Description of engagement	Period end	Firm performing the engagement	Status	Expected date of issuing report
HEMIS AUDIT	Agreed-upon procedures engagement in respect of Student and Staff statistics of the University of Johannesburg for the purpose of reporting to the Department of Higher Education and Training for the year ended 31 December 2021	31 Dec 2021	PwC	In progress	27 July 2022
Industrial Think Tank Programme (CCRED) final audit	Agreed-upon procedures engagement in respect of the verification that the Industrial Think Tank Programme (CCRED) was expended per the conditions of the grant for the 12-month period 1 April 2021 to 31 March 2022	31 Mar 2022	PwC	Completed	28 April 2022
British Council Grant (USDP)	Agreed-upon procedures engagement in respect of the British Council University Staff Doctoral Programme (USDP) (South Africa-United Kingdom partnership) for the year ended 31 December 2021	31 Dec 2021	PwC	Completed	11 February 2022
NRF: SKA	Agreed-Upon Procedures Report on the National Research Foundation (NRF) Square Kilometer Array (SKA) Grant received by the University of Johannesburg for the year ended 31 December 2021	31 Dec 2021	PwC	Completed	11 March 2022
NRF: Cimeria	Agreed-Upon Procedures Report on the National Research Foundation (NRF) awards received by the University of Johannesburg for the Centre of Excellence for Integrated Mineral and Energy Analysis for the year ended 31 December 2021	31 Dec 2021	PwC	Completed	11 March 2022
NRF: Awards & grant deposit	Agreed-Upon Procedures Report on the National Research Foundation (NRF) Awards and Grant Deposit received by the University of Johannesburg for the year ended 31 December 2021.	31 Dec 2021	PwC	Completed	11 March 2022
CALT	Agreed-upon procedures engagement in respect of the Centre for African Languages Teaching (CALT@UJ) project from 1 August 2018 to 31 December 2021	31 Dec 2021	PwC	Completed	08 April 2022
NRF (Main Project)	Included in grant deposits	31 Dec 2021	PwC	Completed	11 March 2022



Engagement name	Description of engagement	Period end	Firm performing the engagement	Status	Expected date of issuing report
Raymond Ackerman Academy Capital Fund And Trust	Agreed-upon procedures in respect of the Raymond Ackerman Academy procedures for the period 1 January 2018 to 31 July 2021	31 Dec 2021	PwC	Completed	10 December 2021
Raymond Ackerman Academy Capital Fund And Trust	Agreed-upon procedures engagement in respect of the Raymond Ackerman Academy procedures for the period 1 August 2021 to 31 December 2021	31 Mar 2022	PwC	Completed	26 April 2022
Foreign Schools Audit	Agreed-upon procedures in respect of the Compliance Engagement on the University of Johannesburg's William D Ford Federal Direct Loan Program for the year ended 31 December 2020	20 May 2021	PwC	Completed	02 March 2022



Thabo Mogano  
SizweNtsalubaGobodo Grant Thornton Inc.  
Director  
Registered Auditor  
27 June 2022  
20 Morris Stress East, Woodmead

## Annexure – Auditor’s responsibility for the audit

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

### Financial statements

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

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

### Communication with those charged with governance

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

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

From the matters communicated to those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore key audit matters. We describe these matters in this auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in this auditor’s report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest of such communication.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Financial Position

Figures in R `000		Notes	Consolidated 2021	Consolidated 2020 Restated	Consolidated 1 Jan 2020 Restated	University 2021	University 2020 Restated	University 1 Jan 2020 Restated
<b>Assets</b>								
<b>Non-current assets</b>								
Property, plant and equipment		6	2,975,250	2,679,070	2,520,466	2,800,919	2,515,391	2,383,634
Intangible assets		7	13,075	17,559	12,484	13,072	17,552	12,481
Investment in subsidiaries, associates and other investments		8	4,884	4,112	3,357	210,305	184,083	142,476
Financial assets at fair value through profit or loss		11	4,952,108	4,091,015	3,831,353	3,862,192	3,236,097	2,986,661
Long term employee benefits		20	816,654	593,238	577,377	816,654	593,238	577,377
<b>Total non-current assets</b>			<b>8,761,971</b>	<b>7,384,994</b>	<b>6,945,037</b>	<b>7,703,142</b>	<b>6,546,361</b>	<b>6,102,629</b>
<b>Current assets</b>								
Inventories		9	17,037	7,183	4,441	16,967	7,126	4,441
Trade and other receivables		10	301,430	547,627	398,666	256,332	532,787	394,837
- Student fees			157,613	89,228	169,993	157,368	89,287	165,802
- Other receivables			143,817	458,399	228,673	98,964	443,500	229,035
Loans to subsidiaries and associates		8	-	2,296	16,264	12,961	14,306	6,298
Cash and cash equivalents		12	2,804,532	1,144,530	1,531,626	2,778,111	1,125,866	1,513,519
Short term deposits		13	-	820,000	-	-	820,000	-
<b>Total current assets</b>			<b>3,122,999</b>	<b>2,521,636</b>	<b>1,950,997</b>	<b>3,064,371</b>	<b>2,500,085</b>	<b>1,919,095</b>
<b>Total assets</b>			<b>11,884,970</b>	<b>9,906,630</b>	<b>8,896,034</b>	<b>10,767,513</b>	<b>9,046,446</b>	<b>8,021,724</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Financial Position

Figures in R `000

	Notes	Consolidated 2021	Consolidated 2020 Restated	Consolidated 1 Jan 2020 Restated	University 2021	University 2020 Restated	University 1 Jan 2020 Restated
<b>Equity and liabilities</b>							
<b>Equity</b>							
<b>Non-distributable reserves</b>		<b>2,988,059</b>	<b>2,695,833</b>	<b>2,530,668</b>	<b>2,813,726</b>	<b>2,532,147</b>	<b>2,393,834</b>
Funds invested in property, plant and equipment		2,988,059	2,695,833	2,530,668	2,813,726	2,532,147	2,393,834
<b>Reserve funds</b>		<b>6,254,032</b>	<b>5,066,052</b>	<b>4,413,945</b>	<b>5,332,660</b>	<b>4,352,116</b>	<b>3,675,876</b>
<i>Restricted use funds</i>		1,744,461	1,464,398	1,266,015	873,432	738,937	556,460
Student residences funds		73,557	165,344	145,400	94,839	165,344	145,399
Trust/donor/bursary funds		1,670,904	1,299,054	1,120,615	778,593	573,593	411,061
<i>Unrestricted use funds</i>		4,509,571	3,601,654	3,147,930	4,459,228	3,613,179	3,119,416
Designated/committed funds		1,772,093	1,270,899	911,253	1,750,813	1,270,899	911,253
Undesignated funds		2,737,478	2,330,755	2,236,677	2,708,415	2,342,280	2,208,163
<b>Total equity</b>		<b>9,242,091</b>	<b>7,761,885</b>	<b>6,944,613</b>	<b>8,146,386</b>	<b>6,884,263</b>	<b>6,069,710</b>



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Financial Position

Figures in R `000		Notes	Consolidated 2021	Consolidated 2020 Restated	Consolidated 1 Jan 2020 Restated	University 2021	University 2020 Restated	University 1 Jan 2020 Restated
<b>Liabilities</b>								
<b>Non-current liabilities</b>								
Provisions	14		36,539	71,017	55,017	36,539	71,017	55,017
Borrowings	18		-	263	1,673	-	263	1,673
Lease liabilities	16		2,865	5,927	8,609	2,865	16,952	8,609
Deferred income	19		78,798	202,254	274,275	78,798	202,254	274,275
Long term employee benefit obligation	20		275,414	222,310	245,118	275,414	222,310	245,118
<b>Total non-current liabilities</b>			<b>393,616</b>	<b>501,771</b>	<b>584,692</b>	<b>393,616</b>	<b>512,796</b>	<b>584,692</b>
<b>Current liabilities</b>								
Provisions	14		77,065	66,112	68,793	66,249	66,112	68,793
Trade and other payables	15		1,706,186	1,217,315	1,020,271	1,701,708	1,217,011	1,014,715
Student deposits and accounts in credit	17		276,814	205,254	178,782	259,331	200,497	173,526
Borrowings	18		263	533	610	263	533	610
Lease liabilities	16		3,062	3,175	3,110	14,087	14,649	14,515
Deferred income	19		185,873	150,585	95,163	185,873	150,585	95,163
<b>Total current liabilities</b>			<b>2,249,263</b>	<b>1,642,974</b>	<b>1,366,729</b>	<b>2,227,511</b>	<b>1,649,387</b>	<b>1,367,322</b>
<b>Total liabilities</b>			<b>2,642,879</b>	<b>2,144,745</b>	<b>1,951,421</b>	<b>2,621,127</b>	<b>2,162,183</b>	<b>1,952,014</b>
<b>Total equity and liabilities</b>			<b>11,884,970</b>	<b>9,906,630</b>	<b>8,896,034</b>	<b>10,767,513</b>	<b>9,046,446</b>	<b>8,021,724</b>

\*Refer to note 41 for details regarding the restatements.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>Revenue</b>		<b>5,193,929</b>	<b>4,793,264</b>	<b>5,182,131</b>	<b>4,784,187</b>
State appropriations - subsidies and grants	21	2,700,186	2,572,792	2,700,186	2,572,792
Tuition and other fee income	22	2,172,675	1,974,901	2,160,624	1,965,824
Research income	23	321,068	245,571	321,321	245,571
Other operating income	24	359,260	312,136	316,253	340,132
<b>Operating income</b>		<b>5,553,189</b>	<b>5,105,400</b>	<b>5,498,384</b>	<b>5,124,319</b>
Personnel costs	25	(3,215,691)	(2,901,270)	(3,162,496)	(2,869,777)
Depreciation	6	(86,116)	(82,637)	(94,471)	(91,321)
Amortisation	7	(1,611)	(1,538)	(1,607)	(1,534)
Bursaries awarded	26	(459,814)	(495,231)	(459,814)	(495,231)
Impairment of student and other debt	10	(334,600)	(198,147)	(333,921)	(197,246)
Other expenses	27	(1,137,657)	(1,096,759)	(1,172,478)	(1,067,847)
<b>Operating profit</b>		<b>317,700</b>	<b>329,818</b>	<b>273,597</b>	<b>401,363</b>
Impairment gains (losses)	28	(9,378)	(8,139)	13,072	(3,127)
Finance income	29	70,411	62,143	69,440	60,946
Finance costs	30	(607)	(524)	(1,832)	(1,641)
Income from investments	31	314,401	245,065	273,851	214,523
Investments fair value gains	32	646,638	185,658	492,954	139,238
<b>Profit for the year</b>		<b>1,339,165</b>	<b>814,021</b>	<b>1,121,082</b>	<b>811,302</b>
<b>Other comprehensive income</b>					
<i>Items that will not be subsequently reclassified to profit or loss</i>					
Actuarial gains on defined benefit plans	20	141,041	3,251	141,041	3,251
<b>Total comprehensive income</b>		<b>1,480,206</b>	<b>817,272</b>	<b>1,262,123</b>	<b>814,553</b>
<b>Profit for the year attributable to:</b>					
- University		1,339,165	814,021	1,121,082	811,302
		<b>1,339,165</b>	<b>814,021</b>	<b>1,121,082</b>	<b>811,302</b>
<b>Comprehensive income attributable to:</b>					
- University		1,480,206	817,272	1,262,123	814,553
		<b>1,480,206</b>	<b>817,272</b>	<b>1,262,123</b>	<b>814,553</b>

\*Refer to note 41 for details regarding the restatements.



## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Statements of Changes in Equity - Consolidated

Figures in R '000	Undesignated Funds	Designated / Committed Funds	Total Unrestricted use funds	Trust / Donor / Bursaries Funds	Student Residence Funds	Total Restricted use funds	Funds invested in Property, Plant and Equipment	TOTAL
<b>Consolidated</b>								
<b>Balance at 01 January 2021</b>	2,330,755	1,270,899	3,601,654	1,299,054	165,344	1,464,398	2,695,833	7,761,885
Profit for the year	209,493	717,931	927,424	356,213	55,528	411,741	-	1,339,165
Actuarial gains and (losses) on defined benefit plans	141,041	-	141,041	-	-	-	-	141,041
<b>Total comprehensive income</b>	<b>350,534</b>	<b>717,931</b>	<b>1,068,465</b>	<b>356,213</b>	<b>55,528</b>	<b>411,741</b>	<b>-</b>	<b>1,480,206</b>
Movement in funds	56,189	(216,737)	(160,548)	15,637	(147,315)	(131,678)	292,226	-
<b>Balance at 31 December 2021</b>	<b>2,737,478</b>	<b>1,772,093</b>	<b>4,509,571</b>	<b>1,670,904</b>	<b>73,557</b>	<b>1,744,461</b>	<b>2,988,059</b>	<b>9,242,091</b>
<b>Balance at 01 January 2020 as previously reported</b>	1,723,621	911,253	2,634,874	1,120,615	145,400	1,266,015	2,530,668	6,431,557
Correction of prior period errors (note 41)	513,056	-	513,056	-	-	-	-	513,056
<b>Balance at 01 January 2020 restated</b>	<b>2,236,677</b>	<b>911,253</b>	<b>3,147,930</b>	<b>1,120,615</b>	<b>145,400</b>	<b>1,266,015</b>	<b>2,530,668</b>	<b>6,944,613</b>
Profit for the year restated	568,453	-	568,453	213,558	32,010	245,568	-	814,021
Actuarial gains and (losses) on defined benefit plans restated	3,251	-	3,251	-	-	-	-	3,251
<b>Total comprehensive income restated</b>	<b>571,704</b>	<b>-</b>	<b>571,704</b>	<b>213,558</b>	<b>32,010</b>	<b>245,568</b>	<b>-</b>	<b>817,272</b>
Movement in funds	(477,626)	359,646	(117,980)	(35,119)	(12,066)	(47,185)	165,165	-
<b>Balance at 31 December 2020 restated</b>	<b>2,330,755</b>	<b>1,270,899</b>	<b>3,601,654</b>	<b>1,299,054</b>	<b>165,344</b>	<b>1,464,398</b>	<b>2,695,833</b>	<b>7,761,885</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Changes in Equity - University

Figures in R `000	Undesignated Funds	Designated / Committed Funds	Total Unrestricted use funds	Trust / Donor / Bursaries Funds	Student Residence Funds	Total Restricted use funds	Funds invested in Property, Plant and Equipment	TOTAL
<b>University</b>								
<b>Balance at 01 January 2021</b>	2,342,280	1,270,899	3,613,179	573,593	165,344	738,937	2,532,147	6,884,263
Profit for the year	185,811	696,649	882,460	161,812	76,810	238,622	-	1,121,082
Actuarial gains and (losses) on defined benefit plans	141,041	-	141,041	-	-	-	-	141,041
<b>Total comprehensive income</b>	<b>326,852</b>	<b>696,649</b>	<b>1,023,501</b>	<b>161,812</b>	<b>76,810</b>	<b>238,622</b>	-	<b>1,262,123</b>
Movement in funds	39,283	(216,735)	(177,452)	43,188	(147,315)	(104,127)	281,579	-
<b>Balance at 31 December 2021</b>	<b>2,708,415</b>	<b>1,750,813</b>	<b>4,459,228</b>	<b>778,593</b>	<b>94,839</b>	<b>873,432</b>	<b>2,813,726</b>	<b>8,146,386</b>
<b>Balance at 01 January 2020 as previously reported</b>	1,650,334	911,253	2,561,587	411,061	145,399	556,460	2,393,834	5,511,881
Correction of prior period errors (note 41)	557,829	-	557,829	-	-	-	-	557,829
<b>Balance at 01 January 2020 restated</b>	<b>2,208,163</b>	<b>911,253</b>	<b>3,119,416</b>	<b>411,061</b>	<b>145,399</b>	<b>556,460</b>	<b>2,393,834</b>	<b>6,069,710</b>
Profit for the year restated	597,930	-	597,930	163,410	49,962	213,372	-	811,302
Actuarial gains and (losses) on defined benefit plans restated	3,251	-	3,251	-	-	-	-	3,251
<b>Total comprehensive income restated</b>	<b>601,181</b>	<b>-</b>	<b>601,181</b>	<b>163,410</b>	<b>49,962</b>	<b>213,372</b>	<b>-</b>	<b>814,553</b>
Movement in funds	(467,064)	359,646	(107,418)	(878)	(30,017)	(30,895)	138,313	-
<b>Balance at 31 December 2020 restated</b>	<b>2,342,280</b>	<b>1,270,899</b>	<b>3,613,179</b>	<b>573,593</b>	<b>165,344</b>	<b>738,937</b>	<b>2,532,147</b>	<b>6,884,263</b>

Notes:

1. "Unrestricted Use" funds available as referred to in note 3.
2. "Restricted Use" funds available as referred to in note 3.
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.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Statements of Cash Flows

Figures in R `000	Notes	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>Cash flows from operating activities</b>					
Cash generated / (utilised) from (in) operating activities	35	1,520,399	(207,687)	1,543,289	(203,184)
Interest paid	30	(115)	(23,580)	(115)	(23,460)
Interest received	29	30,838	39,270	29,867	38,073
<b>Net cash flows from / (used in) operating activities</b>		<b>1,551,122</b>	<b>(191,997)</b>	<b>1,573,041</b>	<b>(188,571)</b>
<b>Cash flows from / (used in) investing activities</b>					
Payment of loans from / (to) related parties	8	(7,082)	(300)	12,917	1,488
Interest received	31	238,518	204,609	221,779	187,345
Dividends received	31	75,883	40,456	52,072	27,178
Proceeds from sales of property, plant and equipment		3,041	1,227	3,093	1,227
Purchase of property, plant and equipment	6	(201,178)	(247,077)	(198,881)	(209,616)
Aquisition of other receivables	10	-	(184,000)	-	(184,000)
Purchases of intangible assets	7	(517)	(6,543)	(517)	(6,535)
Proceeds of intangible assets	7	3,390	-	3,390	-
<b>Cash flows from / (used in) investing activities</b>		<b>112,055</b>	<b>(191,628)</b>	<b>93,853</b>	<b>(182,913)</b>
<b>Cash flows used in financing activities</b>					
Repayment of lease liability	16	(2,683)	(3,224)	(12,932)	(14,685)
Repayment of finance cost on lease liability	16	(492)	(246)	(1,717)	(1,483)
<b>Cash flows used in financing activities</b>		<b>(3,175)</b>	<b>(3,470)</b>	<b>(14,649)</b>	<b>(16,168)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,660,002</b>	<b>(387,095)</b>	<b>1,652,245</b>	<b>(387,652)</b>
Cash and cash equivalents at beginning of the year		1,144,530	1,531,625	1,125,866	1,513,518
<b>Cash and cash equivalents at end of the year</b>	<b>12</b>	<b>2,804,532</b>	<b>1,144,530</b>	<b>2,778,111</b>	<b>1,125,866</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 1. General information

The consolidated and separate financial statements were authorised for issue by the Council on 23 June 2022.

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. The address of its registered office is Cnr University and Kingsway Road, Auckland Park.

### 2. Basis of preparation and summary of significant 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 Rands (thousands, except where specifically disclosed).

The consolidated and separate financial statements of the University of Johannesburg and its subsidiaries have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The separate financial statements of the University of Johannesburg have been prepared per 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.

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 preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group'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 4.

#### Going concern

The consolidated and separate financial statements of the University of Johannesburg have been prepared on a going concern basis. Additional information is disclosed in note 38.

### 2.1 Consolidation

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The group 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 group. 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.

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 are recognised in profit or loss.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

Inter-entity transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

### **Disposal of subsidiaries**

When the group ceases to have control any retained interest in the entity is remeasured 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 group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit/loss.

### **Associates**

Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The group's share of post-acquisition profit or loss is recognised in the statements of profit or loss and other comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to share of profit/(loss) of associates in the statements of profit or loss and other comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are 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 group.

Dilution gains and losses arising in investments in associates are recognised in the statements of profit or loss and other comprehensive income.

## **! Foreign currency translation**

### **Functional and presentation currencies**

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.

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

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

## **2.3 Property, plant and equipment**

### **Recognition**

Property, plant and equipment is recognised as an asset when:

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

### **Initial measurement**

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

### **Subsequent measurement - Cost model**

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure incurred on items of property, plant and equipment is only capitalised to the extent that such expenditure enhances the value or previous capacity of those assets. Repairs and maintenance not deemed to enhance the economic benefit or service potential of items of property, plant and equipment are expensed as incurred.

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

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 years
Building Lifts	60 years
Air-conditioner plants	20 years
Electric generators	25 years
Air-conditioners	22 years
Uninterrupted power supply	20 years
Furniture and equipment (including gas boilers)	20 to 22 years
Computer equipment	12 years
Vehicles	17 years
Network and mainframe computer equipment	15 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 R10 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 profit/(loss).

### **Impairments**

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in profit or loss, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in profit or loss when the compensation becomes receivable.

### **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. Gains are classified as other gains on the face of the statements of profit or loss and other comprehensive income.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### 2.4 Intangible assets

##### **Recognition**

An intangible asset is recognised when:

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

An assessment of the probability of expected future economic benefits that will flow to the entity as a result of the use of an asset is made by management before the asset is recognised. This includes using reasonable and supportive assumptions that represent a best estimate of the set of economic conditions that will exist over the useful life of the asset.

##### **Initial measurement**

Intangible assets are initially measured at cost.

Separately acquired assets are initially measured at their purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and any directly attributable cost of preparing the asset for its intended use.

Artwork acquired by way of a donation is measured at a nominal value plus any costs incurred to bring the specific artwork into use.

Acquisitions as part of a business combination are initially measured at fair value at acquisition date.

Acquisitions by way of a government grants are initially measured at fair value.

Internally generated goodwill is not recognised as an asset.

The cost of assets acquired through an exchange of assets is measured at fair value at acquisition date unless the exchange lacks commercial substance, or the fair value of neither the asset received nor the asset given up is reliably measurable. The acquired asset is immediately measured in this way even if the asset given up cannot immediately be derecognised. If the acquired asset is not measured at fair value, its cost is measured using the carrying amount of the asset given up.

Internally generated brands, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

##### **Subsequent measurement - Cost model**

After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### **Amortisation**

An intangible asset is regarded by the entity as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Intangible assets with an indefinite useful life are not amortised, but is tested for impairment annually and whenever there is an indication that the intangible asset may be impaired. The intangible asset's determination as having an indefinite useful life is also reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment. Reassessing the useful life of an intangible asset as finite rather than indefinite is an indicator that the asset may be impaired.

Artwork has been identified as having an indefinite useful life as there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

For other intangible assets amortisation is allocated on a systematic basis over its useful life. Where an intangible asset has a residual value, the amortisation amount is determined after deducting its residual value.

The residual values of intangible assets are assumed zero unless:

- there is a commitment by a third party to purchase the asset at the end of its useful life; or
- there is an active market for the asset and:
  - residual value can be determined by reference to that market; and
  - it is probable that such a market will exist at the end of the asset's useful life.

Residual values as well as the useful lives of all assets are reviewed annually. Changes in residual values are treated as a change in estimate and treated in accordance with the relevant accounting policies.

The classification of useful lives and amortisation methods for the various classes of assets are as follows:

Category	Years
Software	10 years
Artwork	Indefinite useful life

### **Impairments**

Assets that have an indefinite useful life, for example artwork, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost 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).

### **Retirements and disposals**

An asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal is recognised in profit or loss.

## **2.5 Financial Assets**

### **Classification**

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

- those to be measured subsequently at fair value through profit or loss, and
- those to be 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) 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 solely payments of principle and interest. These 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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### b) 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 principle and interest on the principal outstanding.

These 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 therefore 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.

### **Recognition and measurement**

#### a) Fair value financial assets through profit and loss

Fair value financial assets measured through profit and loss are recognised on the trade date, which is the date that the University commits to purchase or sell the asset. Fair value financial assets measured through profit and loss are initially recognised at fair value plus transaction costs. Fair value financial assets measured through profit and loss are subsequently carried at fair value through profit or loss. Changes in the fair value of financial assets measured 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.

The fair value of investments is based on quoted closing prices and other appropriate valuation methodologies 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.

#### b) Trade and other receivables

Financial assets measured at amortized cost are financial assets held within a business model aimed at holding the asset in order to collect contractual cash flows. Timing of these cash flows is determined in the contract and comprise solely payments of principle and interest. Assets measured at amortized cost are initially recognized at fair value plus any directly attributable transaction costs. For trade receivables, the transaction price is deemed to be equal to the fair value. Subsequently, these assets are carried at amortized cost using the effective interest method less any allowance for expected credit losses

### **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.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

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.

### **Derecognition**

The University derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateral borrowing for the proceeds received. Gains and losses on financial assets measured at amortised cost are recorded in profit and loss.

### **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.

## **2.6 Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents are initially measured at fair value and are subsequently measured at amortised cost. Impairment on cash and cash equivalents is measured on a 12 month expected loss basis and reflects the short maturities of the exposures. The University considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counter parties with whom balances are held.

## **2.7 Trade and other payables**

Trade payables are current obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within 12 months. If not, they are presented as non-current liabilities.

### **Recognition**

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

### **Derecognition**

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

# University of Johannesburg

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## Accounting Policies

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*Basis of preparation and summary of significant accounting policies continued...*

### 2.8 Inventories

#### Recognition

Inventories are recognised as an asset when

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the inventories can be measured reliably.

#### Measurement

Inventories are initially measured at cost. Cost include:

- costs of purchase (including taxes, transport, and handling) net of trade discounts received and
- other costs incurred in bringing the inventories to their present location and condition

Inventories are subsequently measured at the lower of cost and net realisable value using the first-in-first-out method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.9 Taxation

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 income tax and are liable for normal South African Income Tax.

#### Current tax assets and liabilities

Current tax for the current and prior periods is, to the extent unpaid, is 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.

#### 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 to the extent that it is probable that future taxable profit will be available against which the unused tax losses 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.

# University of Johannesburg

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## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### 2.10 Leases

The University leases various buildings and vehicles. Rental contracts are typically made for fixed periods of 6 months to 4 years. Contracts may contain both lease and non-lease components. The University allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the University is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- the exercise price of a purchase option if the University is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the University exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the University, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

Right-of-use assets are initially measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and any accumulated impairment losses.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the University is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Right-of-use assets impairment loss occurs when the cash flows expected to be generated from an asset over its useful life can no longer support the carrying value of that asset. When this occurs, the carrying value of the asset is reduced to its fair value.



# University of Johannesburg

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## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less, with no expectation of renewal. Low-value assets comprise IT equipment and small items of office furniture, which has an individual asset cost below R10 000.

### **2.11 Provisions and contingencies**

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.

A contingent liability is:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent assets and liabilities are not recognised, but details are disclosed in the notes to the annual financial statements.

### **2.12 Revenue**

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.

To determine whether to recognise revenue, the University follows a 5-step process:

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

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 measurable until all contingencies relating to the activity have been resolved.

Fees are based on the fee book, standard tuition and residence fee, which is approved by "council". There are no significant judgements applied in the determination of revenue.

# University of Johannesburg

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## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### **Tuition and other fee income**

Revenue from tuition, other related fees and residence fees, is recognised over time in the accounting period in which the service relates. When the University is not able to reasonably measure the outcome of the obligation under the contract but expects to recover the costs incurred in satisfying the obligations to date, revenue shall be recognised only to the extent that expenses incurred are eligible to be recovered. Deposits and over payments provided by prospective students are treated as current liabilities until the amount is billed as due.

#### **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. Subsidies and grants are in the scope of IAS 20.

#### **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.

#### **2.13 Donations**

Bursary and research 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.

#### **2.14 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.

#### **2.15 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.

# University of Johannesburg

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## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### **2.16 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 equity to Restricted Funds (separately from unrestricted funds / council controlled funds). When expenditure are incurred in following years, a transfer from these Restricted use Funds is made to unrestricted funds / council controlled funds. Refer note 3 Fund allocation for further details.

#### **2.17 Loans to subsidiaries and associates**

Loans to subsidiaries and associates are recognised initially at fair value, net of transaction costs incurred. Loans to subsidiaries and associates are subsequently stated at amortised cost.

Loans to subsidiaries and associates do not have any contractual repayment terms and do not incur interest and are deemed to be payable on demand.

#### **2.18 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.

#### **2.19 Employee obligations**

##### **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.



# University of Johannesburg

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## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

The University contributes towards the following retirement funds:

- The University of Johannesburg Pension Fund, which has a defined contribution plan portion;
- The University of Johannesburg Pension Fund, which has a defined benefit plan portion; 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.

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 do 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.

Ownership of surplus in the University's pension fund is addressed by way of the Pension Funds Second Amendment Act. In terms of Paragraph 65 of IAS19, the asset recognised in the University's statement of financial position is the maximum of the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. In terms of the rules of the fund, all surplus is credited to the Employer Surplus Account.

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 profit or loss, 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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Basis of preparation and summary of significant accounting policies continued...*

#### **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-Rand Afrikaans University (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.

#### **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.

## **2.20 Government grants - Deferred income**

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 purchase or construction of the asset, after which the grant is deducted from the carrying amount of the asset.

## **2.21 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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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*Basis of preparation and summary of significant accounting policies continued...*

### 2.22 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.

### 3. Fund allocation

Equity is divided into the following categories:

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

#### Utilised funds

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

#### Available funds

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:

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

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### *Fund allocation continued...*

- Designated funds
  - o Personal research funds
  - o Departmental reserve funds
  - o Departmental bursaries funds
  - o Division reserve funds
  - o Bursaries and scholarships
  - o Maintenance of property, plant and equipment
  - o Replacement of plant and equipment
  - o Acquisition of library and art collections
- Committed funds
  - o Capital projects
  - o Future pension fund shortfalls

### b) Undesignated -use funds

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

## 4. Critical accounting estimates and judgements

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.

### 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.

### Provision for post-retirement medical aid liability

Principal actuarial assumptions for the post-retirement medical aid liability for the period ended 31 December 2021 are disclosed in note 20.1. Changes in assumptions may result in changes in the recognised provision for post-retirement medical aid liability.

### 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.

### 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 20.2.



# University of Johannesburg

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## Accounting Policies

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### *Critical accounting estimates and judgements continued...*

#### **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 recognised in the statement of profit or loss and other comprehensive income.

#### **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.

#### **Fair value and provision for credit losses**

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses (ECL). Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost, trade receivables and loan commitments.

The University considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collect ability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

ECL '12-month expected credit losses' are recognised for the first category (ie Stage 1) while 'lifetime expected credit losses' are recognised for the second category (ie Stage 2).

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Accounting Policies

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### 5. Changes in accounting policies and disclosures

#### Standards and Interpretations effective and adopted in the current year

There were no new standards and interpretations effective and adopted in the current year.

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 1 First-time Adoption of International Financial Reporting Standards - Annual Improvements to IFRS Standards 2018–2020: Extension of an optional exemption permitting a subsidiary that becomes a first-time adopter after its parent to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs. A similar election is available to an associate or joint venture.	01 January 2022	Management has performed a high level impact assessment and are not expecting any material changes
IFRS 3 Business Combinations - Reference to the Conceptual Framework: The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.	01 January 2022	Management has performed a high level impact assessment and are not expecting any material changes
IFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying IFRS 9 defers the fixed expiry date of the following temporary exemptions from applying IFRS 9 to annual periods beginning on or after 1 January 2023: - A temporary exemption from IFRS 9 granted to an insurer that meets specified criteria; and - An optional accounting policy choice allowing an insurer to apply the overlay approach to designated financial assets when it first applies IFRS 9.	01 January 2022	Management has performed a high level impact assessment and are not expecting any material changes
IFRS 9 Financial Instruments - Annual Improvements to IFRS Standards 2018–2020: The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognise a financial liability.	01 January 2022	Management has performed a high level impact assessment and are not expecting any material changes

# University of Johannesburg

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## Accounting Policies

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IFRS 17 Insurance contracts - IFRS 17 creates one accounting model for all insurance contracts in all jurisdictions that apply IFRS.

- IFRS 17 requires an entity to measure insurance contracts using updated estimates and assumptions that reflect the timing of cash flows and take into account any uncertainty relating to insurance contracts.

- The financial statements of an entity will reflect the time value of money in estimated payments required to settle incurred claims.

- Insurance contracts are required to be measured based only on the obligations created by the contracts.

- An entity will be required to recognise profits as an insurance service is delivered, rather than on receipt of premiums.

- This standard replaces IFRS 4 – Insurance contracts.

01 January 2023

Management has performed a high level impact assessment and are not expecting any material changes

IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current: Narrow-scope amendments to IAS 1 to clarify how to classify debt and other liabilities as current or non-current.

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

01 January 2023

Management has performed a high level impact assessment and are not expecting any material changes

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates: The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, by replacing the definition of a change in accounting estimates with a new definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The requirements for recognising the effect of change in accounting prospectively remain unchanged.

01 January 2023

Management has performed a high level impact assessment and are not expecting any material changes

# University of Johannesburg

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## Accounting Policies

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IAS 16 Property, Plant and Equipment - Property, Plant and Equipment: Proceeds before Intended Use: The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

01 January 2022

Management has performed a high level impact assessment and are not expecting any material changes

IAS 37 Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts—Cost of Fulfilling a Contract: The amendments specify which costs should be included in an entity's assessment whether a contract will be loss-making.

01 January 2022

Management has performed a high level impact assessment and are not expecting any material changes



## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Notes to the Consolidated and Separate Financial Statements

Figures in R '000

#### 6. Property, plant and equipment

Balances at year end and movements for the year

Reconciliation for the year ended 31

December 2021 - Consolidated

Balance at 1 January 2021

	Land & Buildings	Building Lifts	Buildings - ROU	Uninterrupted power supply	Vehicles	Vehicles - ROU	Furniture & equipment	Computer equipment	Electric generators	Air-conditioner plants	Air-conditioners	Network & Mainframe computer equipment	Total
At cost	2,226,770	58,250	4,605	69,759	49,745	9,073	934,001	137,696	27,668	15,238	52,540	165,303	3,750,648
Accumulated depreciation	(387,188)	(14,435)	(2,231)	(48,748)	(29,985)	(2,271)	(397,772)	(37,164)	(13,031)	(5,429)	(24,649)	(108,675)	(1,071,578)
<b>Net book value</b>	<b>1,839,582</b>	<b>43,815</b>	<b>2,374</b>	<b>21,011</b>	<b>19,760</b>	<b>6,802</b>	<b>536,229</b>	<b>100,532</b>	<b>14,637</b>	<b>9,809</b>	<b>27,891</b>	<b>56,628</b>	<b>2,679,070</b>

Movements for the year ended 31

December 2021

Additions from acquisitions	258,265	770	-	638	2,763	-	34,124	58,000	1,533	-	844	28,240	385,177
Depreciation	(24,818)	(900)	(1,125)	(1,464)	(1,625)	(1,814)	(34,867)	(11,727)	(779)	(725)	(944)	(5,328)	(86,116)
Disposals at cost	-	-	-	(1,312)	(1,861)	-	(1,401)	(1,361)	-	-	-	(5,748)	(11,683)
Depreciation on disposals	-	-	-	-	1,119	-	682	1,300	-	-	-	5,700	8,801

**Property, plant and equipment at the end of the year**

	<b>2,073,029</b>	<b>43,686</b>	<b>1,249</b>	<b>18,873</b>	<b>20,156</b>	<b>4,988</b>	<b>534,766</b>	<b>146,744</b>	<b>15,391</b>	<b>9,083</b>	<b>27,791</b>	<b>79,492</b>	<b>2,975,250</b>
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**Closing balance at 31 December 2021**

At cost	2,485,031	59,022	4,605	69,084	50,557	9,073	966,631	194,126	29,202	15,238	53,385	187,800	4,123,754
Accumulated depreciation	(412,002)	(15,336)	(3,356)	(50,211)	(30,401)	(4,085)	(431,865)	(47,382)	(13,810)	(6,154)	(25,594)	(108,308)	(1,148,504)
<b>Net book value</b>	<b>2,073,029</b>	<b>43,686</b>	<b>1,249</b>	<b>18,873</b>	<b>20,156</b>	<b>4,988</b>	<b>534,766</b>	<b>146,744</b>	<b>15,392</b>	<b>9,084</b>	<b>27,791</b>	<b>79,492</b>	<b>2,975,250</b>

Assets with zero net carrying value as at 31

December 2021 included in the balances

above (cost price).

	7,952	1,200	-	25,040	8,819	-	30,335	11,524	1,800	-	2,762	48,248	137,680
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As of 31 December 2021, included in the carrying amount for Land & Buildings, is property to the value of R173 647 (2020: R153 864) that is still under construction.

During 2021, assets with a cost amount of R93 785 (2020: R43 138) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2021, assets with an accumulated cost amount of R849 522 (2020: R755 737) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2021, included in the carrying amount for Land & Buildings, is land to the value of R97 968 (2020: R115 620).

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Notes to the Consolidated and Separate Financial Statements

Figures in R '000

#### Property, plant and equipment continued...

##### Reconciliation for the year ended 31 December 2020 - Consolidated

###### Balance at 1 January 2020

	Land & Buildings	Building Lifts	Buildings - ROU	Uninterrupted power supply	Vehicles	Vehicles - ROU	Furniture & equipment	Computer equipment	Electric generators	Air-conditioner plants	Air-conditioners	Network & Mainframe computer equipment	Total
At cost	2,107,302	58,233	3,930	67,692	47,784	9,141	866,094	96,230	27,008	15,238	51,296	159,615	3,509,563
Accumulated depreciation	(356,840)	(13,544)	(1,105)	(47,306)	(28,621)	(457)	(366,215)	(30,457)	(12,292)	(4,704)	(22,059)	(105,497)	(989,097)
<b>Net book value</b>	<b>1,750,462</b>	<b>44,689</b>	<b>2,825</b>	<b>20,386</b>	<b>19,163</b>	<b>8,684</b>	<b>499,879</b>	<b>65,773</b>	<b>14,716</b>	<b>10,534</b>	<b>29,237</b>	<b>54,118</b>	<b>2,520,466</b>

##### Movements for the year ended 31 December 2020

Additions from acquisitions	114,627	15	675	2,067	2,134	-	70,700	43,401	661	-	1,244	6,972	242,495
Depreciation	(25,507)	(890)	(1,126)	(1,442)	(1,537)	(1,814)	(33,230)	(8,602)	(740)	(724)	(2,590)	(4,434)	(82,636)
Remeasurement of lease liability	-	-	-	-	-	(68)	-	-	-	-	-	-	(68)
Disposals at cost	-	-	-	-	(107)	-	(2,651)	(1,164)	-	-	-	(1,285)	(5,207)
Depreciation on disposals	-	-	-	-	107	-	1,531	1,124	-	-	-	1,257	4,019
<b>Property, plant and equipment at the end of the year</b>	<b>1,839,582</b>	<b>43,815</b>	<b>2,374</b>	<b>21,011</b>	<b>19,760</b>	<b>6,802</b>	<b>536,229</b>	<b>100,532</b>	<b>14,637</b>	<b>9,809</b>	<b>27,891</b>	<b>56,628</b>	<b>2,679,070</b>

##### Closing balance at 31 December 2020

At cost	2,226,770	58,250	4,605	69,759	49,745	9,073	934,001	137,696	27,668	15,238	52,540	165,303	3,750,648
Accumulated depreciation	(387,188)	(14,435)	(2,231)	(48,748)	(29,985)	(2,271)	(397,772)	(37,164)	(13,031)	(5,429)	(24,649)	(108,675)	(1,071,578)
<b>Net book value</b>	<b>1,839,582</b>	<b>43,815</b>	<b>2,374</b>	<b>21,011</b>	<b>19,760</b>	<b>6,802</b>	<b>536,229</b>	<b>100,532</b>	<b>14,637</b>	<b>9,809</b>	<b>27,891</b>	<b>56,628</b>	<b>2,679,070</b>

Assets with zero net carrying value as at 31 December 2020 included in the balances above (cost price).

During 2020, the useful lives of specific Computer equipment and Network & Mainframe computer equipment asset categories were adjusted with the following reduction in current year depreciation. The reduction in depreciation will be recovered over the remaining useful lives of the asset, to the same value.

As of 31 December 2020, included in the carrying amount for Land & Buildings, is property to the value of R153 864 (2019: R106 490) that is still under construction.

During 2020, assets with a cost amount of R43 138 (2019: R66 001) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2020, assets with an accumulated cost amount of R755 737 (2019: R712 599) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2020, included in the carrying amount for Land & Buildings, is land to the value of R115 620 (2019: R115 620).

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Notes to the Consolidated and Separate Financial Statements

Figures in R '000

#### Property, plant and equipment continued...

##### Reconciliation for the year ended 31

December 2021 - University

Balance at 1 January 2021

	Land & Buildings	Building Lifts	Buildings - ROU	Uninterrupted power supply	Vehicles	Vehicles - ROU	Furniture & equipment	Computer equipment	Electric generators	Air-conditioner plants	Air-conditioners	Network & Mainframe computer equipment	Total
At cost	2,080,593	53,329	50,254	69,759	49,482	9,073	928,658	136,641	27,668	15,238	52,470	165,303	3,588,468
Accumulated depreciation	(368,871)	(13,848)	(25,303)	(48,748)	(29,726)	(2,271)	(396,228)	(36,318)	(13,031)	(5,429)	(24,629)	(108,675)	(1,073,077)
<b>Net book value</b>	<b>1,661,722</b>	<b>39,481</b>	<b>24,951</b>	<b>21,011</b>	<b>19,756</b>	<b>6,802</b>	<b>532,430</b>	<b>100,323</b>	<b>14,637</b>	<b>9,809</b>	<b>27,841</b>	<b>56,628</b>	<b>2,515,391</b>

##### Movements for the year ended 31

December 2021

Additions from acquisitions	256,444	771	-	638	2,763	-	33,675	57,970	1,533	-	844	28,239	382,880
Depreciation	(22,557)	(779)	(12,414)	(1,464)	(1,621)	(1,814)	(34,381)	(11,668)	(779)	(725)	(941)	(5,328)	(94,471)
Disposals at cost	-	-	-	(1,312)	(1,861)	-	(1,401)	(1,361)	-	-	-	(5,748)	(11,683)
Depreciation on disposals	-	-	-	-	1,119	-	682	1,300	-	-	-	5,700	8,801

##### Property, plant and equipment at the end of the year

	1,895,609	39,474	12,537	18,873	20,156	4,988	531,005	146,564	15,391	9,085	27,744	79,491	2,800,919
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##### Closing balance at 31 December 2021

At cost	2,287,036	54,101	50,254	69,084	50,383	9,073	960,934	193,243	29,202	15,238	53,315	187,800	3,959,663
Accumulated depreciation	(391,427)	(14,627)	(37,717)	(50,211)	(30,227)	(4,085)	(429,929)	(46,678)	(13,810)	(6,154)	(25,571)	(108,308)	(1,158,744)
<b>Net book value</b>	<b>1,895,609</b>	<b>39,474</b>	<b>12,537</b>	<b>18,873</b>	<b>20,156</b>	<b>4,988</b>	<b>531,005</b>	<b>146,565</b>	<b>15,392</b>	<b>9,084</b>	<b>27,744</b>	<b>79,492</b>	<b>2,800,919</b>

Assets with zero net carrying value as at 31

December 2021 included in the balances

above (cost price).

	7,952	1,200	-	25,040	8,819	-	30,335	11,524	1,800	-	2,762	48,248	137,680
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As of 31 December 2021, included in the carrying amount for Land & Buildings, is property to the value of R145 481 (2020: R153 864) that is still under construction.

During 2021, assets with a cost amount of R93 785 (2020: R43 138) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2021, assets with an accumulated cost amount of R849 522 (2020: R755 737) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2021, included in the carrying amount for Land & Buildings, is land to the value of R97 968 (2020: R101 420).

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Notes to the Consolidated and Separate Financial Statements

Figures in R '000

#### Property, plant and equipment continued...

##### Reconciliation for the year ended 31

##### December 2020 - University

##### Balance at 1 January 2020

	Land & Buildings	Building Lifts	Buildings - ROU	Uninterrupted power supply	Vehicles	Vehicles - ROU	Furniture & equipment	Computer equipment	Electric generators	Air-conditioner plants	Air-conditioners	Network & Mainframe computer equipment	Total
At cost	1,951,631	53,312	27,024	67,692	47,521	9,141	865,748	94,492	27,008	15,238	51,226	159,615	3,369,648
Accumulated depreciation	(345,758)	(13,078)	(12,652)	(47,306)	(28,391)	(457)	(364,950)	(28,887)	(12,292)	(4,704)	(22,042)	(105,497)	(986,014)
<b>Net book value</b>	<b>1,605,873</b>	<b>40,234</b>	<b>14,372</b>	<b>20,386</b>	<b>19,130</b>	<b>8,684</b>	<b>500,798</b>	<b>65,605</b>	<b>14,716</b>	<b>10,534</b>	<b>29,184</b>	<b>54,118</b>	<b>2,383,634</b>

##### Movements for the year ended 31

##### December 2020

Additions from acquisitions	79,135	15	23,230	2,067	2,134	-	65,562	43,313	661	-	1,244	6,972	224,334
Depreciation	(23,286)	(769)	(12,651)	(1,442)	(1,508)	(1,814)	(32,810)	(8,555)	(740)	(726)	(2,587)	(4,434)	(91,322)
Remeasurement of lease liability	-	-	-	-	-	(68)	-	-	-	-	-	-	(68)
Disposals at cost	-	-	-	-	(172)	-	(2,651)	(1,164)	-	-	-	(1,285)	(5,272)
Depreciation on disposals	-	-	-	-	172	-	1,531	1,124	-	-	-	1,257	4,084
<b>Property, plant and equipment at the end of the year</b>	<b>1,661,722</b>	<b>39,481</b>	<b>24,951</b>	<b>21,011</b>	<b>19,756</b>	<b>6,802</b>	<b>532,430</b>	<b>100,323</b>	<b>14,637</b>	<b>9,809</b>	<b>27,841</b>	<b>56,628</b>	<b>2,515,391</b>

##### Closing balance at 31 December 2020

At cost	2,030,593	53,329	50,254	69,759	49,482	9,073	928,658	136,641	27,668	15,238	52,470	165,303	3,588,468
Accumulated depreciation	(368,871)	(13,848)	(25,303)	(48,748)	(29,726)	(2,271)	(396,228)	(36,318)	(13,031)	(5,429)	(24,629)	(108,675)	(1,073,077)
<b>Net book value</b>	<b>1,661,722</b>	<b>39,481</b>	<b>24,951</b>	<b>21,011</b>	<b>19,756</b>	<b>6,802</b>	<b>532,430</b>	<b>100,323</b>	<b>14,637</b>	<b>9,809</b>	<b>27,841</b>	<b>56,628</b>	<b>2,515,391</b>

##### Assets with zero net carrying value as at 31

December 2020 included in the balances above (cost price).

During 2020, the useful lives of specific Computer equipment and Network & Mainframe computer equipment asset categories were adjusted with the following reduction in current year depreciation.

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

As of 31 December 2020, included in the carrying amount for Land & Buildings, is property to the value of R153 044 (2019: R109 916) that is still under construction.

During 2020, assets with a cost amount of R43 138 (2019: R66 001) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2020, assets with an accumulated cost amount of R755 737 (2019: R712 599) were reduced as a result of government grants received (note 2.20 and note 19).

As of 31 December 2020, included in the carrying amount for Land & Buildings, is Land to the value of R101 420 (2019: R101 420).

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### 7. Intangible assets

#### Reconciliation of changes in intangible assets

	Computer software	Artwork	Total
<b>Reconciliation for the year ended 31 December 2021 - Consolidated</b>			
<b>Balance at 1 January 2021</b>			
At cost	57,600	1,602	59,202
Accumulated amortisation	(41,643)	-	(41,643)
<b>Net book value</b>	<b>15,957</b>	<b>1,602</b>	<b>17,559</b>
<b>Movements for the year ended 31 December 2021</b>			
Additions	517	-	517
Amortisation	(1,611)	-	(1,611)
Disposals at cost	(3,390)	-	(3,390)
Amortisation on disposals	-	-	-
<b>Intangible assets at the end of the year</b>	<b>11,473</b>	<b>1,602</b>	<b>13,075</b>
<b>Closing balance at 31 December 2021</b>			
At cost	54,844	1,602	56,446
Accumulated amortisation	(43,371)	-	(43,371)
<b>Net book value</b>	<b>11,473</b>	<b>1,602</b>	<b>13,075</b>
<b>Reconciliation for the year ended 31 December 2020 - Consolidated</b>			
<b>Balance at 1 January 2020</b>			
At cost	52,523	1,532	54,055
Accumulated amortisation	(41,571)	-	(41,571)
<b>Net book value</b>	<b>10,952</b>	<b>1,532</b>	<b>12,484</b>
<b>Movements for the year ended 31 December 2020</b>			
Additions	6,543	70	6,613
Amortisation	(1,538)	-	(1,538)
Disposals at cost	(1,170)	-	(1,170)
Amortisation on disposals	1,170	-	1,170
<b>Intangible assets at the end of the year</b>	<b>15,957</b>	<b>1,602</b>	<b>17,559</b>
<b>Closing balance at 31 December 2020</b>			
At cost	57,600	1,602	59,202
Accumulated amortisation	(41,643)	-	(41,643)
<b>Net book value</b>	<b>15,957</b>	<b>1,602</b>	<b>17,559</b>

During 2020, the useful lives of specific asset categories were adjusted with the following reduction in current year amortisation.

(767) - (767)

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



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### *Intangible assets continued...*

Reconciliation for the year ended 31 December 2021 - University	Computer software	Artwork	Total
<b>Balance at 1 January 2021</b>			
At cost	57,592	1,602	59,194
Accumulated amortisation	(41,642)	-	(41,642)
<b>Net book value</b>	<b>15,950</b>	<b>1,602</b>	<b>17,552</b>
<b>Movements for the year ended 31 December 2021</b>			
Additions	517	-	517
Amortisation	(1,607)	-	(1,607)
Disposals at cost	(3,390)	-	(3,390)
Amortisation on disposals	-	-	-
<b>Intangible assets at the end of the year</b>	<b>11,470</b>	<b>1,602</b>	<b>13,072</b>
<b>Closing balance at 31 December 2021</b>			
At cost	54,719	1,602	56,321
Accumulated amortisation	(43,249)	-	(43,249)
<b>Net book value</b>	<b>11,470</b>	<b>1,602</b>	<b>13,072</b>
<b>Reconciliation for the year ended 31 December 2020 - University</b>			
<b>Balance at 1 January 2020</b>			
At cost	52,227	1,532	53,759
Accumulated amortisation	(41,278)	-	(41,278)
<b>Net book value</b>	<b>10,949</b>	<b>1,532</b>	<b>12,481</b>
<b>Movements for the year ended 31 December 2020</b>			
Additions	6,535	70	6,605
Amortisation	(1,534)	-	(1,534)
Disposals at cost	(1,170)	-	(1,170)
Amortisation on disposals	1,170	-	1,170
<b>Intangible assets at the end of the year</b>	<b>15,950</b>	<b>1,602</b>	<b>17,552</b>
<b>Closing balance at 31 December 2020</b>			
At cost	57,592	1,602	59,194
Accumulated amortisation	(41,642)	-	(41,642)
<b>Net book value</b>	<b>15,950</b>	<b>1,602</b>	<b>17,552</b>

During 2020, the useful lives of specific asset categories were adjusted with the following reduction in current year amortisation.

(767) - (767)

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

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### 8. Subsidiaries, associates and investments

#### 8.1 Investments in subsidiaries

Cost of investment in commercial entities	-	-	217,766	193,817
Impairment of investments in commercial entities	-	-	(12,345)	(13,845)
	-	-	205,421	179,972

Impairment of investments in commercial entities relates mainly to an impairment made for an investment in Eyethenticate, as the entity is in the process of liquidation, and there is no possibility of recovering the investment.

Refer to note 41 for details of restatement pertaining to A Million Up Investments equity classification correction.

#### 8.2 Investment in associates

Cost of investment	-	9,141	-	9,141
Accumulated provision for impairment of investment	-	(9,141)	-	(9,141)
	-	-	-	-

Photovoltaic Intellectual Property (Pty) Ltd (PTIP), is an associate of the University. The University's shareholding is 38.4%. The company does not share the same year end as the University, as its year end is 28 February. There were no changes to the University's shareholding in PTIP during 2021 and 2020.

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 maximise 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.

#### 8.3 Other investments

Cost of investments	4,884	4,112	4,884	4,111
	4,884	4,112	4,884	4,111

Other investments are investments in entities with a shareholding of less than 20%

<b>Total investments in subsidiaries, associates and other investments</b>	<b>4,884</b>	<b>4,112</b>	<b>210,305</b>	<b>184,083</b>
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# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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*Subsidiaries, associates and investments continued...*

### 8.4 Loans to subsidiaries and other entities

Total loans to commercial entities	4,224	4,224	26,537	85,111
Re-payment of loans	-	-	-	(527)
Accumulated provision for impairment of loans	(4,224)	(4,224)	(13,576)	(72,574)
	-	-	12,961	12,010

### 8.5 Loans to associate

Total loans to associate opening balance	2,296	86,034	2,296	86,034
Write-off of loan	-	(83,738)	-	(83,738)
Loan repayment received	(2,296)	-	(2,296)	-
Carrying amount of loan - 31 December	-	2,296	-	2,296
<b>Total loans in subsidiaries and associates</b>	<b>-</b>	<b>2,296</b>	<b>12,961</b>	<b>14,306</b>

#### Impairment losses

The full Impairment on the PTIP loan has been accounted for in 2020, except for the amount of R2,296 as the final liquidation and distribution account was received including the final payment of R2,296 in January 2021.

### 9. Inventories

Consumables at cost	17,037	7,183	16,967	7,126
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The cost of consumables recognised as an expense and included in items within 'other operating expenses' amounted to Consolidated R17 291 / University R17 291 (2020: Consolidated R16 636 / University R16 636).

The University does not hold any inventories as security.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

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### 10. Trade and other receivables

<b>Trade receivables</b>	806,919	643,951	802,969	640,144
NSFAS and other student receipts	(114,739)	(279,441)	(114,739)	(279,441)
Provision for impairment	(534,567)	(275,282)	(530,862)	(271,416)
<b>Student receivables - net carrying amount</b>	<b>157,613</b>	<b>89,228</b>	<b>157,368</b>	<b>89,287</b>
<b>Other receivables</b>	<b>143,817</b>	<b>458,399</b>	<b>98,964</b>	<b>443,500</b>
Advances and pre-payments	43,184	14,980	41,219	14,927
Deposits	7,922	7,343	2,859	2,280
Staff loans, receivables and advances	90	289	90	289
Value added tax	1,960	7,672	276	6,541
Property transfers	-	184,000	-	184,000
Non-student receivables - net carrying amount	90,661	244,115	54,520	235,463
Non-student receivables	103,153	252,844	66,783	244,109
Less: Provision for impairment	(12,492)	(8,729)	(12,263)	(8,646)
	<b>301,430</b>	<b>547,627</b>	<b>256,332</b>	<b>532,787</b>

The carrying value of student and other receivables approximate their fair values as shown above, due to their short term nature.

Included in Property transfers is R0 (2020: R184 000) due to the process of the purchase of a Media24 building as at 31 December 2020.

The University does not hold any receivables as security.

Refer to note 34 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.

#### Trade receivables

As of 31 December 2021, student receivables of Consolidated R157 613 / University R157 368 (2020: Consolidated R89 228 / University R89 287) 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.

The ageing of these receivables is as follows:

Students enrolled in current year	157,613	89,228	157,368	89,287
	<b>157,613</b>	<b>89,228</b>	<b>157,368</b>	<b>89,287</b>

As of 31 December 2020, student receivables of Consolidated R534 567 / University R530 862 (2020: Consolidated R275 282 / University R271 416) 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.

# University of Johannesburg

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### Trade and other receivables continued...

The ageing of this provision is as follows:

Students enrolled in current year	336,977	117,801	333,272	113,935
Students enrolled in prior year	121,081	82,964	121,081	82,964
Students enrolled more than two years ago	76,509	74,517	76,509	74,517
	<b>534,567</b>	<b>275,282</b>	<b>530,862</b>	<b>271,416</b>

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

At 1 January	271,424	138,434	271,424	138,434
Provision for receivables impaired	332,721	191,954	329,016	191,954
Receivables written off during the year as uncollectable	(69,578)	(58,964)	(69,578)	(58,964)
At 31 December	<b>534,567</b>	<b>271,424</b>	<b>530,862</b>	<b>271,424</b>

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.

### Other receivables

As of 31 December 2021, other receivables of Consolidated R103 153 / University R66 783 (2020: Consolidated R252 844 / University R244 109) were fully performing.

The ageing of these receivables are as follows:

Not past due	71,410	170,440	35,040	161,705
Past due	31,744	82,404	31,744	82,404
	<b>103,153</b>	<b>252,844</b>	<b>66,783</b>	<b>244,109</b>

As of 31 December 2021, other trade receivables of Consolidated R12 492 / University R12 263 (2020: Consolidated R8 729 / University R8 646) 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:

Up to 3 months	3,437	-	3,208	-
> 3 months	9,055	8,729	9,055	8,646
	<b>12,492</b>	<b>8,729</b>	<b>12,263</b>	<b>8,646</b>

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

At 1 January	8,729	10,212	8,646	10,129
Provision for impairment	5,374	6,908	5,228	6,908
Receivables written-off during the year	(1,611)	(8,391)	(1,611)	(8,391)
At 31 December	<b>12,492</b>	<b>8,729</b>	<b>12,263</b>	<b>8,646</b>

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.



# University of Johannesburg

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### 11. Financial assets at fair value through profit or loss

#### Consolidated

	Cost 2021	Fair Value 2021	Cost 2020	Fair Value 2020
Opening balance 1 January	3,644,879	4,091,015	3,544,326	3,831,352
Net additions and disposals during the year	561,531	580,720	100,553	108,318
Investments fair value gains/(losses) (note 32)	-	280,373	-	151,345
	<b>4,206,410</b>	<b>4,952,108</b>	<b>3,644,879</b>	<b>4,091,015</b>

Fair value financial assets include the following:

	Cost 2021	Fair Value 2021	Cost 2020	Fair Value 2020
Government bonds and stocks	410,285	422,534	378,127	394,885
Listed - stocks and debentures	507,537	536,659	419,673	440,915
Listed - shares	2,953,012	3,653,944	2,578,961	2,990,307
Fixed deposits	54,111	56,786	53,890	51,227
Other deposits	254,246	254,966	183,244	183,557
Endowment policies	27,219	27,219	30,985	30,123
	<b>4,206,410</b>	<b>4,952,108</b>	<b>3,644,879</b>	<b>4,091,015</b>

#### University

Opening balance 1 January	2,913,698	3,236,097	2,788,450	2,986,662
Net additions and disposals during the year	395,912	400,915	125,248	133,015
Investments fair value gains/(losses) (note 32)	-	225,180	-	116,420
	<b>3,309,610</b>	<b>3,862,192</b>	<b>2,913,698</b>	<b>3,236,097</b>

Fair value financial assets include the following:

Government bonds and stocks	341,441	351,411	315,329	328,780
Listed - stocks and debentures	411,411	429,887	331,799	343,657
Listed - shares	2,251,622	2,772,375	2,011,204	2,311,618
Fixed deposits	54,111	56,786	53,890	51,227
Other deposits	223,806	224,514	170,492	170,692
Endowment policies	27,219	27,219	30,985	30,123
	<b>3,309,610</b>	<b>3,862,192</b>	<b>2,913,698</b>	<b>3,236,096</b>

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 2021. The valuations are performed by independent fund managers who manage the University's investments under agreed mandates.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

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### 12. Cash and cash equivalents

Cash at bank and in hand	259,202	159,377	232,781	140,713
Short term cash deposits	2,545,330	985,153	2,545,330	985,153
<b>Net cash and cash equivalents</b>	<b>2,804,532</b>	<b>1,144,530</b>	<b>2,778,111</b>	<b>1,125,866</b>

The carrying value of cash and cash equivalents approximates its fair value, due to its short term nature.

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 34.

Short term cash deposits are deposits with a maturity term of less than 3 months from acquisition.

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	300	3,000	300	3,000
Guarantees	1,119	1,119	1,119	1,119
ABSA vehicle management solutions proprietary limited	10,000	10,000	10,000	10,000

### 13. Short term deposits

Short term deposits	-	820,000	-	820,000
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Short term deposits are deposits with a maturity term of greater than 3 months from acquisition, but not longer than 12 months.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### 14. Provisions

#### Non-current provisions

##### Provision for Deferred Compensation

Opening Balance	1,172	1,534	1,172	1,534
Utilised during the year	(1,172)	(362)	(1,172)	(362)
Closing balance	-	1,172	-	1,172

Deferred compensation is a benefit payable to exceptional performers identified by the university.

##### Provision for City of Johannesburg

Opening Balance	69,845	53,483	69,845	53,483
Additions	40,502	16,537	40,500	16,537
Utilised during the year	(73,808)	(175)	(73,806)	(175)
Closing balance	36,539	69,845	36,539	69,845

A provision has been recognised for incorrect utility charges by The City of Johannesburg to the University of Johannesburg. Refer to note 37 for further details.

<b>Total non-current provisions</b>	<b>36,539</b>	<b>71,017</b>	<b>36,539</b>	<b>71,017</b>
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#### Current provisions

##### Leave pay provision

Opening Balance	66,112	68,793	66,112	68,793
Additions	50,230	50,491	50,230	50,491
Utilised during the year	(50,093)	(53,172)	(50,093)	(53,172)
Closing balance	66,249	66,112	66,249	66,112

The leave pay provision is based on the Universities obligation to compensate employees for future absences attributable to employees' service already rendered.

##### Distribution provision

Opening Balance	-	-	-	-
Additions	10,816	-	-	-
Utilised during the year	-	-	-	-
Closing balance	10,816	-	-	-

A distribution provision is recognised based on an obligation by the UJ Metropolitan Academy Trust to make distribution to the UJ Metropolitan Academy.

<b>Total current provisions</b>	<b>77,065</b>	<b>66,112</b>	<b>66,249</b>	<b>66,112</b>
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# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### 15. Trade and other payables

#### Financial Instruments

##### Current

Trade Payables	25,076	53,249	24,293	52,426
Accruals	150,561	103,327	146,341	102,892
Other payables	1,448,531	1,005,801	1,449,056	1,006,755
	<b>1,624,168</b>	<b>1,162,377</b>	<b>1,619,690</b>	<b>1,162,073</b>

#### Non-Financial Instruments

##### Current

SARS Payable	82,018	54,938	82,018	54,938
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<b>Total trade and other payables</b>	<b>1,706,186</b>	<b>1,217,315</b>	<b>1,701,708</b>	<b>1,217,011</b>
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The carrying value for trade and other payables above approximate their fair value amount due to its short term nature.

Included in the other payables is Bursaries of Consolidated R1 391 543 / University R1 391 543 (2020: Consolidated R945 573 / University R945 573) and Unallocated deposits of Consolidated R78 579 / University R78 579 (2020: Consolidated R54 690 / University R54 690).

### 16. Leases

#### Lease liability

Current	3,062	3,175	14,087	14,649
Non-current	2,865	5,927	2,865	16,952

The University has leases for buildings and vehicles. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the consolidated statement of financial position as a right-of-use asset and a lease liability. The University classifies its right-of-use assets in a consistent manner to its property, plant and equipment (note 6).

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Leases continued...

The table below describes the nature of the University's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension option	No. of leases with option to purchase	No. of leases with termination option
<b>Consolidated</b>						
Buildings	2	2-3 years	1 years	-	-	-
Vehicles	16	3-4 years	2 years	-	-	-
<b>University</b>						
Buildings	3	2-3 years	1 years	-	-	-
Vehicles	16	3-4 years	2 years	-	-	-

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed. (note 27)

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2021 were as follows:

	Within 1 year	1-2 years	2-3 years	> 3 years	Total
<b>Consolidated</b>					
<b>31 December 2021</b>					
Lease payments	3,795	2,435	1,383	-	7,613
Finance charges	(734)	(568)	(384)	-	(1,686)
<b>Net present values</b>	<b>3,061</b>	<b>1,867</b>	<b>999</b>	<b>-</b>	<b>5,927</b>
<b>31 December 2020</b>					
Lease payments	3,666	3,796	2,435	1,383	11,280
Finance charges	(492)	(734)	(568)	(384)	(2,178)
<b>Net present values</b>	<b>3,174</b>	<b>3,062</b>	<b>1,867</b>	<b>999</b>	<b>9,102</b>
<b>University</b>					
<b>31 December 2021</b>					
Lease payments	16,494	2,435	1,383	-	20,312
Finance charges	(2,408)	(568)	(384)	-	(3,360)
<b>Net present values</b>	<b>14,086</b>	<b>1,867</b>	<b>999</b>	<b>-</b>	<b>16,952</b>



# University of Johannesburg

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### Leases continued...

#### 31 December 2020

Lease payments	16,365	16,495	2,435	1,383	36,678
Finance charges	(1,717)	(2,408)	(568)	(384)	(5,077)
<b>Net present values</b>	<b>14,648</b>	<b>14,087</b>	<b>1,867</b>	<b>999</b>	<b>31,601</b>

### Reconciliation of liabilities arising from financing activities

	2020	Cash flows	Non - cash changes New leases	2021
<b>Consolidation</b>				
Lease liabilities	9,102	(3,175)	-	5,927
<b>University</b>				
Lease liabilities	31,601	(14,649)	-	16,952
	2019	Cash flows	Non - cash changes New leases	2020
<b>Consolidation</b>				
Lease liabilities	11,719	(3,470)	853	9,102
<b>University</b>				
Lease liabilities	23,124	(16,168)	24,645	31,601

### 17. Student deposits and accounts in credit

Student accounts in credit	229,096	165,900	229,096	165,900
Income received in advance	47,522	38,434	30,039	33,677
Deposits	196	920	196	920
	<b>276,814</b>	<b>205,254</b>	<b>259,331</b>	<b>200,497</b>

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### 18. Borrowings

Government loans secured by increment guarantees	263	796	263	796
Interest is charged at fixed rates for each loan that range between 8% and 14% per annum. These loans are repayable 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%.				
	<b>263</b>	<b>796</b>	<b>263</b>	<b>796</b>

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

Up to 1 year	263	533	263	533
Between 1 and 2 years	-	263	-	263
	<b>263</b>	<b>796</b>	<b>263</b>	<b>796</b>
Less: current portion	(263)	(533)	(263)	(533)
	<b>-</b>	<b>263</b>	<b>-</b>	<b>263</b>

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.

### 19. Deferred income

The Department of Higher Education and Training has been through a process commencing with the development of the Macro Infrastructure Framework (MIF) and culminating with detailed one-on-one discussions with each University regarding their funding applications which were uploaded onto the MIF web-based platform. Funds are allocated to each University in line with infrastructure plans based on the principles agreed upon through the MIF.

Opening balance as at 1 January	352,839	369,438	352,839	369,438
Grants received during the year	32,393	58,933	32,393	58,933
Grants to be returned	-	(32,394)	-	(32,394)
Grants utilised to reduce asset cost	(93,785)	(43,138)	(93,785)	(43,138)
Grants utilised to reduce operating cost	(26,776)	-	(26,776)	-
	<b>264,671</b>	<b>352,839</b>	<b>264,671</b>	<b>352,839</b>
Non-current portion of deferred revenue	(78,798)	(202,254)	(78,798)	(202,254)
Current portion transferred to current liabilities	(185,873)	(150,585)	(185,873)	(150,585)
	<b>(264,671)</b>	<b>(352,839)</b>	<b>(264,671)</b>	<b>(352,839)</b>

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### 20. Retirement benefit assets and obligations

Post-retirement medical benefits (note 20.1)	220,770	177,967	220,770	177,967
UJ Long service awards (note 20.4)	54,644	44,343	54,644	44,343
	<b>275,414</b>	<b>222,310</b>	<b>275,414</b>	<b>222,310</b>
Reconciliation of the actuarial gains / (losses) on long term employee benefits:				
Post-retirement medical benefits	(32,337)	32,242	(32,337)	32,242
UJ Pension fund	(177,196)	34,023	(177,196)	34,023
UJ Disability fund	23,434	4,173	23,434	4,173
UJ Long service awards	(3,818)	5,033	(3,818)	5,033
	<b>(189,917)</b>	<b>75,471</b>	<b>(189,917)</b>	<b>75,471</b>
Reconciliation of the change in asset limit:				
UJ Pension fund	309,293	(74,832)	309,293	(74,832)
UJ Disability fund	21,665	2,612	21,665	2,612
	<b>330,958</b>	<b>(72,220)</b>	<b>330,958</b>	<b>(72,220)</b>
Net Actuarial gain(losses) on defined benefit plans	<b>141,041</b>	<b>3,251</b>	<b>141,041</b>	<b>3,251</b>
UJ pension fund (note 20.2)	816,654	593,238	816,654	593,238

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

	2018	2019	2020	2021
Defined benefit obligation (note 20.1 and 20.4)	(266,573)	(245,118)	(222,310)	(275,414)
Fair value of plan assets (note 20.2)	62,182	577,377	593,238	816,654
Retirement benefit obligation (asset)	<b>(204,391)</b>	<b>332,259</b>	<b>370,928</b>	<b>541,240</b>

# University of Johannesburg

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### *Retirement benefit assets and obligations continued...*

#### 20.1 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 2021.

Present value of the obligation	(220,770)	(177,967)	(220,770)	(177,967)
	<b>(220,770)</b>	<b>(177,967)</b>	<b>(220,770)</b>	<b>(177,967)</b>

Reconciliation of the movement in the defined benefit obligation:

Present value of obligation: beginning of the year	(177,967)	(200,326)	(177,967)	(200,326)
Current service cost	(1,586)	(2,373)	(1,586)	(2,373)
Interest cost	(22,194)	(20,317)	(22,194)	(20,317)
Benefits paid	13,314	12,807	13,314	12,807
	<b>(188,433)</b>	<b>(210,209)</b>	<b>(188,433)</b>	<b>(210,209)</b>

Less remeasurements:

- (Gain)/loss from change in financial assumptions	27,162	(23,890)	27,162	(23,890)
- (Gain)/loss from change in demographic assumptions	5,175	(8,352)	5,175	(8,352)
	<b>32,337</b>	<b>(32,242)</b>	<b>32,337</b>	<b>(32,242)</b>

Present value of obligation: end of the period	<b>(220,770)</b>	<b>(177,967)</b>	<b>(220,770)</b>	<b>(177,967)</b>
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#### **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.

# University of Johannesburg

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## Notes to the Consolidated and Separate Financial Statements

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### Retirement benefit assets and obligations continued...

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

Effective date of assumptions	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Post retirement plan				
Discount rate	12.30%	12.90%	12.30%	12.90%
Health care cost inflation	10.10%	9.10%	10.10%	9.10%
Expected retirement age	65 yrs	65 yrs	65 yrs	65 yrs
CPI Inflation	4.00%	3.50%	4.00%	3.50%
UJ's best estimate of contributions and benefits expected to be paid to the plan during the annual period beginning after reporting date:	(13,313)	(12,686)	(13,313)	(12,686)

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

	Change in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Healthcare cost inflation	1,00%	Increase by 10.7%	Decrease by 9.2%
Discount rate	1,00%	Decrease by 9.4%	Increase by 11.1%
		<b>Increase by 1 year in assumption</b>	<b>Decrease by 1 year in assumption</b>
Expected retirement age		Decrease by 3.4%	Increase by 3.4%

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.



# University of Johannesburg

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Figures in R '000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### *Retirement benefit assets and obligations continued...*

#### 20.2 Pension obligations - Wholly funded

The University has established post retirement pension schemes that cover all employees. 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 2021. 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. Refer to note 41 for restatement pertaining to par 65 limit correction.

Balance at end of the year

Present value of the obligation	(782,506)	(789,004)	(782,506)	(789,004)
Fair value of plan assets	1,601,032	1,384,114	1,601,032	1,384,114
Defined benefit surplus at 31 December	<b>818,526</b>	<b>595,110</b>	<b>818,526</b>	<b>595,110</b>

#### Reconciliation of the present value of the obligation

Defined benefit obligation at beginning of the year	789,004	768,770	789,004	768,770
Member contributions	1,143	1,400	1,143	1,400
Service cost	4,175	4,733	4,175	4,733
Interest cost	61,534	66,551	61,534	66,551
	<b>855,856</b>	<b>841,454</b>	<b>855,856</b>	<b>841,454</b>

Remeasurements:

- Actuarial (gain)/loss	(5,767)	16,438	(5,767)	16,438
Benefit payments	(67,583)	(68,888)	(67,583)	(68,888)
Defined benefit obligation at 31 December	<b>782,506</b>	<b>789,004</b>	<b>782,506</b>	<b>789,004</b>

#### Reconciliation of the fair value of plan assets

Fair Value of assets as at 1 January	1,384,114	1,348,019	1,384,114	1,348,019
University contributions	2,409	2,759	2,409	2,759
Member contributions	1,143	1,400	1,143	1,400
	<b>1,387,666</b>	<b>1,352,178</b>	<b>1,387,666</b>	<b>1,352,178</b>

Remeasurements:

-Net interest income/expense	109,520	118,409	109,520	118,409
-Actuarial gain/(loss)	171,429	(17,585)	171,429	(17,585)
	<b>280,949</b>	<b>100,824</b>	<b>280,949</b>	<b>100,824</b>

Benefits paid	(67,583)	(68,888)	(67,583)	(68,888)
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Fair Value of assets as at 31 December	<b>1,601,032</b>	<b>1,384,114</b>	<b>1,601,032</b>	<b>1,384,114</b>
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The actual return on plan assets is as follows:	280,949	100,824	280,949	100,824
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# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

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	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
Figures in R `000				

### Retirement benefit assets and obligations continued...

#### 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
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability
- Administration: Administration of this liability poses a burden to UJ.

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

Cash	2.58%	4.99%	2.58%	4.99%
Equity	41.78%	43.19%	41.78%	43.19%
Bonds	23.21%	22.16%	23.21%	22.16%
Property	3.71%	1.16%	3.71%	1.16%
International	27.59%	26.42%	27.59%	26.42%
Other	1.13%	2.08%	1.13%	2.08%
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2021.

Discount rate	9.70%	8.10%	9.70%	8.10%
Inflation rate	5.50%	3.50%	5.50%	3.50%
Salary increase rate	6.50%	4.50%	6.50%	4.50%
Pension increase allowance (Ex-NTRF)	3.58%	1.93%	3.58%	1.93%
Pension increase allowance (Other pensioners)	3.03%	2.28%	3.03%	2.28%

UJ's best estimate of contributions expected to be paid to the plan during the annual period beginning after reporting date:	1,217	1,428	1,217	1,428
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### 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.

# University of Johannesburg

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### *Retirement benefit assets and obligations continued...*

	<b>Obligation</b>	<b>+1%</b>	<b>-1%</b>
<b>Discount rate</b>			
Defined benefit obligation	(782,506)	(723,161)	(855,709)
Change		-7.60%	9.40%
<b>Inflation rate</b>			
Defined benefit obligation	(782,506)	(827,182)	(743,108)
Change		5.70%	-5.00%

# University of Johannesburg

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Figures in R `000

### *Retirement benefit assets and obligations continued...*

#### 20.3 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 2021.

#### Balance at end of the year

Present value of the obligation	(42,427)	(40,879)	(42,427)	(40,879)
Fair value of plan assets	211,803	180,757	211,803	180,757
Unrecognised surplus due to IAS 19(a) limit	(169,376)	(139,878)	(169,376)	(139,878)
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.

#### Reconciliation of the movement in the defined benefit obligation:

Present value of obligation: beginning of the year	40,897	45,342	40,897	45,342
Current service cost	1,721	1,502	1,721	1,502
Interest cost	2,031	3,220	2,031	3,220
	44,649	50,064	44,649	50,064
- Actuarial (gain)/loss	8,750	1,469	8,750	1,469
Benefits paid (net of reinsurance proceeds)	(10,972)	(10,636)	(10,972)	(10,636)
Present value of obligation: end of year	42,427	40,897	42,427	40,897

#### Reconciliation of the movement in the plan assets:

Present value of assets beginning of the year	180,757	172,540	180,757	172,540
Contributions (net of reinsurance premiums)	(1,721)	(1,502)	(1,721)	(1,502)
Value of assets as at 31 December	179,036	171,038	179,036	171,038
Remeasurements:				
-Net interest income/expense	9,816	13,211	9,816	13,211
-Actuarial (loss)/gain	32,184	5,642	32,184	5,642
	42,000	18,853	42,000	18,853
Benefits (net of reinsurance premiums)	(9,233)	(9,134)	(9,233)	(9,134)
Value of assets as at 31 December	211,803	180,757	211,803	180,757

# University of Johannesburg

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Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### Retirement benefit assets and obligations continued...

The actual return on plan assets is as follows:	42,000	18,853	42,000	18,853
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The assets of the University of Johannesburg Disability Fund were invested as follows:

Cash	0.56%	(0.13%)	0.56%	(0.13%)
Equity	51.71%	46.60%	51.71%	46.60%
Bonds	20.64%	19.19%	20.64%	19.19%
Property	3.50%	3.20%	3.50%	3.20%
International	22.64%	28.96%	22.64%	28.96%
Other	0.95%	2.18%	0.95%	2.18%
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

Plan assets are valued at the current market value as required by IAS 19 as at 31 December 2021.

### Claimants

Number of members	19	21	19	21
Annual benefit	7,836	9,022	7,836	9,022
Annual reinsured benefit	1,074	1,259	1,074	1,259
Benefit weighted average service	56.8 yrs	58.2 yrs	56.8 yrs	58.2 yrs

Effective date of assumptions	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
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### The principal assumptions used for accounting purposes were as follows:

General inflation rate	4.10%	2.40%	4.10%	2.40%
Discount rate	7.50%	5.60%	7.50%	5.60%
Expected increases in benefits	5.10%	3.40%	5.10%	3.40%

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	1.00%	Increase by 5,3%	Decrease by 4,9%
Discount rate	1.00%	Decrease by 4,2%	Increase by 4,6%

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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

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### ***Retirement benefit assets and obligations continued...***

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 2016 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.

The University of Johannesburg (Policy holder) 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 Policy holder. The profit accumulation of the fund may be used to maintain benefits that could be adversely affected by circumstances beyond the control of the Policy holder. 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 Policy holder 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
- 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
- Future changes in the tax environment: The risk that changes in the tax legislation governing employee benefits may increase the liability



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### Retirement benefit assets and obligations continued...

#### 20.4 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 2021. This obligation is funded from University's reserves.

#### Reconciliation of the movement in the long service award obligation:

Present value of obligation: beginning of the year	44,343	44,792	44,343	44,792
Current service cost	5,405	5,700	5,405	5,700
Interest cost	4,238	3,935	4,238	3,935
	<u>53,986</u>	<u>54,427</u>	<u>53,986</u>	<u>54,427</u>
- Actuarial (gain)/loss	3,818	(5,033)	3,818	(5,033)
Benefits paid	(4,021)	(5,051)	(4,021)	(5,051)
<b>Present value of obligation: end of period</b>	<b><u>53,783</u></b>	<b><u>44,343</u></b>	<b><u>53,783</u></b>	<b><u>44,343</u></b>
The University's best estimate of awards expected to be paid to employees during the annual period beginning after reporting date:	4,864	4,021	4,864	4,021
The significant actuarial assumptions were as follows:				
Discount rate	10.10%	10.00%	10.00%	10.00%
Salary inflation	7.10%	6.50%	6.50%	6.50%
CPI inflation	5.60%	5.00%	5.00%	5.00%
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 7.9%	Increase by 7%
Salary inflation	1%	Increase by 8.8%	Decrease by 7.8%
Expected retirement age	1 year	Increase by 3.9%	Decrease by 4.1%

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### 21. State appropriations - subsidies and grants

Block grant	2,572,371	2,436,000	2,572,371	2,436,000
University capacity development	54,505	54,505	54,505	54,505
Foundation phase development	60,841	52,427	60,841	52,427
Interest and redemption of government approved loans	526	767	526	767
Clinical training of health professionals	11,943	16,137	11,943	16,137
nGAP	-	12,956	-	12,956
	<b>2,700,186</b>	<b>2,572,792</b>	<b>2,700,186</b>	<b>2,572,792</b>

### 22. Tuition and other fee income

Tuition Fees	1,898,348	1,699,779	1,898,348	1,699,779
Registration Fees	33,966	33,461	33,966	33,461
Levy Income	31,079	30,995	31,079	30,995
Other Fees	778	210	778	210
Tuition and other related fees	1,964,171	1,764,445	1,964,171	1,764,445
Residence Fees	208,504	210,456	196,453	201,379
	<b>2,172,675</b>	<b>1,974,901</b>	<b>2,160,624</b>	<b>1,965,824</b>

### 23. Research income

Research income NRF	156,855	135,393	156,855	135,393
Contract Research International	52,957	29,412	52,957	29,412
Contract Research National	84,736	68,863	84,989	68,863
Non-obligated Research income	24,408	11,818	24,408	11,818
Research donations	2,112	85	2,112	85
	<b>321,068</b>	<b>245,571</b>	<b>321,321</b>	<b>245,571</b>

### 24. Other operating income

Sundry income	19,990	8,837	20,127	8,872
Hire out of facilities	2,678	4,612	2,678	4,625
Consultation/Evaluation income	6,624	5,313	6,624	5,313
Project income	27,781	76,324	18,675	73,873
Public sales and services	97,469	52,471	38,433	34,870
Other income	59,001	4,887	58,999	4,887
Insurance claim	3,716	2,237	3,716	2,237
PPE gains	211	39	211	39
Donations	141,790	157,416	166,790	205,416
<b>Total other income</b>	<b>359,260</b>	<b>312,136</b>	<b>316,253</b>	<b>340,132</b>

# University of Johannesburg

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Figures in R `000				

### 25. Personnel costs

Academic professionals	1,345,430	1,230,286	1,345,430	1,230,286
Support personnel	1,522,313	1,443,932	1,469,118	1,412,439
Other post-retirement costs	119,691	12,652	119,691	12,652
Pension cost - defined contribution plans	221,378	207,175	221,378	207,175
Pension cost - defined benefit plans	6,879	7,224	6,879	7,224
	<b>3,215,691</b>	<b>2,901,269</b>	<b>3,162,496</b>	<b>2,869,776</b>

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

Full Time	4,342	4,498	4,319	4,411
Part Time	4,752	3,622	3,202	3,167

### 26. Bursaries Awarded

Student bursaries awarded	459,814	495,231	459,814	495,231
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### 27. Other expenses

#### Other expenses comprise:

Auditors remuneration	15,657	14,420	15,386	14,364
- external audit	7,778	7,205	7,575	7,205
- internal audit	5,586	4,662	5,586	4,662
- other audit services	2,293	2,553	2,225	2,497
Advertising	35,638	38,727	35,517	38,317
Bank charges	7,231	7,160	7,145	7,103
Books and periodicals	140,875	137,584	140,875	137,584
Cartridges	1,042	2,665	1,040	2,663
Cleaning	18,014	23,946	17,150	23,342
Conference registration fees	5,697	8,254	5,697	8,251
Consulting fees	77,284	71,769	74,483	69,786
Copyright fees	6,494	6,125	6,494	6,125
Corporate functions	2,639	2,706	2,639	2,706
Cost of sales	9,603	2,178	9,603	2,178
Data lines	7,437	6,924	7,437	6,924
Foreign exchange (gains)/losses	(583)	1,198	(583)	1,198
Fuel, Oil and Gas	9,171	7,947	8,758	7,608
Functions and entertainment	14,419	14,892	14,355	14,668
Grants and donations	6,467	679	2,517	679
Insurance	15,524	12,131	15,519	12,127
Leases of low value assets	810	810	810	810
Legal expense	12,966	11,966	12,796	11,740
Medical Aid Pensioners	12,999	12,638	12,999	12,638
Membership fees	11,235	9,076	11,213	9,031
Municipal rates, taxes and electricity	186,008	154,108	179,298	146,727
Other expenses	104,533	145,433	161,002	128,359
Printing	18,138	19,410	17,685	19,211
Protective clothing	12,277	5,970	11,549	5,751
Repairs and maintenance	98,962	117,640	104,498	121,923
Security contracts	28,210	22,536	27,629	22,536
Services Rendered - outsourced	80,398	41,473	75,681	40,662
Short-term leases	22,781	43,142	21,325	41,164
Software licenses	87,192	68,300	86,312	67,651
Staff development	13,459	11,748	12,922	11,430
Stationery	2,476	3,337	2,368	3,261
Student expenses	9,390	9,430	9,390	9,430
Tax expense in subsidiaries	948	(203)	-	-
Teaching and laboratory consumables	35,602	28,880	34,739	28,584
Telephone and fax	3,676	3,750	3,364	3,330
Travel and accommodation	22,988	28,010	22,866	27,986
	<b>1,137,657</b>	<b>1,096,759</b>	<b>1,172,478</b>	<b>1,067,847</b>

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### 28. Impairment (gains)/ losses

Loans to subsidiaries and other entities	9,378	3,127	(13,072)	3,127
Other	-	5,012	-	-
	<b>9,378</b>	<b>8,139</b>	<b>(13,072)</b>	<b>3,127</b>

An impairment gain was recognised during the 2021 period as a result of a reversal of provision for impairment of loans with Resolution Circle. The impairment provision was reversed as the loan was subsequently capitalised.

### 29. Finance income

Student fees	27,816	33,886	27,675	33,730
Current accounts	3,022	5,384	2,192	4,343
Defined benefit plan	39,573	22,873	39,573	22,873
	<b>70,411</b>	<b>62,143</b>	<b>69,440</b>	<b>60,946</b>

### 30. Finance costs

Borrowings	115	277	115	158
Lease obligations	492	247	1,717	1,483
	<b>607</b>	<b>524</b>	<b>1,832</b>	<b>1,641</b>

### 31. Income from investments

Dividends on fair value through profit or loss financial assets	75,883	40,456	52,072	27,178
Interest on fair value through profit or loss financial assets	238,518	204,609	221,779	187,345
	<b>314,401</b>	<b>245,065</b>	<b>273,851</b>	<b>214,523</b>

### 32. Investments fair value gains/(losses)

Fair value movement transfer on disposal of investments	366,265	34,313	267,774	22,818
Profit on sale of investments	366,921	45,216	267,774	31,884
Loss on sale of investments	(656)	(10,903)	-	(9,066)
Unrealised fair value movement transfer on investments	280,373	151,345	225,180	116,420
Unrealised profit	287,323	180,723	230,704	142,316
Unrealised loss	(6,950)	(29,378)	(5,524)	(25,896)
Fair value movement on investments	<b>646,638</b>	<b>185,658</b>	<b>492,954</b>	<b>139,238</b>

# University of Johannesburg

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## Notes to the Consolidated and Separate Financial Statements

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### 33. Related parties

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

Entity and principal business activities	Year End	Shareholding	Principal place of business
<ul style="list-style-type: none"> <li>• UJInvnt (Pty) Ltd</li> </ul> <p>The Company is a wholly-owned (100%) private holding company of the Shareholder, established for the following purpose:</p> <ul style="list-style-type: none"> <li>* the commercialisation on behalf of the University including, but not limited, to the following: Intellectual Property, providing technical and training services, consultancy services and courses; and</li> <li>* a Company that will hold shareholding on behalf of the Shareholder, and act as the Holding Company for commercial activities.</li> </ul>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• Resolution Circle (Pty) Ltd</li> </ul> <p>Resolution Circle is 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 programs applicable to the ever-changing world of engineering and engineering technology.</p>	31 December	100% Through UJInvnt (Pty) Ltd	Qoboza Klaaste Building, 20 Heights St, Doornfontein
<ul style="list-style-type: none"> <li>• Million Up Trading (Pty) Ltd</li> </ul> <p>The principal activities of this company is to provide accommodation to students.</p>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• UJ Properties (Pty) Ltd</li> </ul> <p>The principal activities of this company is engaged in property holding and operates principally in South Africa.</p>	31 December	100%	Cnr Barry Hertzog Rd and Napier Rd, Richmond
<ul style="list-style-type: none"> <li>• University of Johannesburg / City Lodge Educational Trust</li> </ul> <p>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, 2 appointed by City Lodge and 2 appointed by the University of Johannesburg.</p>	30 June	N/A	Cnr University and Kingsway Rd, Auckland Park



# University of Johannesburg

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### Related parties continued...

<ul style="list-style-type: none"> <li>• UJ Trust</li> </ul> <p>The UJ Trust is a related party to the University of Johannesburg by virtue of control vesting in the Trustees, as appointed by the University, as well as the University being its sole beneficiary. The Trust's main objective is to support the strategic objectives of the University financially in its capacity as a PBO.</p>	31 December	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• UJ Metropolitan Academy Trust</li> </ul> <p>The UJ Metropolitan Academy Trust was setup with the objective to promote, foster and advance the interest of the UJ Metropolitan Academy and of all those who from time to time are students at the Academy by such means as the trustees may in their discretion deem to be expedient and in particular by providing further or better education, academic or recreational facilities at the Academy.</p>	31 December	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• Gradnet Portal (Pty) Ltd</li> </ul> <p>The principal activities of this company is to supply online services to students and alumni of education institutions. Inactive, company in process of liquidation</p>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• IntelliLAB (Pty) Ltd</li> </ul> <p>IntelliLAB is a Media Production Company. Its objective is to create innovative video content for mostly TV channels, but also to integrate all possible media channels. Inactive, company in process of liquidation.</p>	31 December	100%	Cnr University and Kingsway Rd, Auckland Park

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.

	Year End	Shareholding		Principal place of business
		University of Johannesburg	Non-controlling interest	
<ul style="list-style-type: none"> <li>• EyeThenticate (Pty) Ltd</li> </ul> <p>Retina scanning technology. Inactive, company in process of liquidation.</p>	28 February	43.80%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• Naledi Computer Systems (Pty) Ltd</li> </ul> <p>The principal activities of this company is to provide computer related services, products and technology. Inactive, company in process of liquidation.</p>	31 December	80.00%	20.00%	Forty Four Main Street, Johannesburg

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### Related parties continued...

<ul style="list-style-type: none"> <li>• Photovoltaic Intellectual Property (Pty) Ltd</li> </ul> <p>The principal activities of this company is to research, develop and manufacture a renewable energy photovoltaic panel. Inactive, company in process of liquidation.</p>	28 February	38.44%	N/A	Zidela House, 30 Techno Avenue, Techno Park, Stellenbosch
<ul style="list-style-type: none"> <li>• Praestet (Pty) Ltd</li> </ul> <p>Production of paediatric hospital beds that effectively facilitates treatment of children in hospital. Shareholding still in process of being resolved.</p>	31 December	N/A	N/A	115 Roseways 17 Tyrwhitt Avenue Roseways
<ul style="list-style-type: none"> <li>• University Sports Company (Pty) Ltd</li> </ul> <p>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.</p>	31 December	4.00%	N/A	Cnr University and Kingsway Rd, Auckland Park
<ul style="list-style-type: none"> <li>• Verisol (Pty) Ltd</li> </ul> <p>The principal activities of this company is to provide an electronic verification system where academic results and qualifications can be verified.</p>	28 February	10.00%	N/A	17 Quantum Street Techno Park, Stellenbosch
<ul style="list-style-type: none"> <li>• Youth Development Institute of South Africa</li> </ul> <p>YDISA was established to conduct youth development research, develop youth development programmes and projects, implement in pilot youth development programmes, develop models for the youth sector, manage and disseminate youth development knowledge and inform youth related policies. Inactive, company in process of deregistration.</p>	31 December	50.00%	N/A	Cnr University and Kingsway Rd, Auckland Park

# University of Johannesburg

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### *Related parties continued...*

#### 33.1 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 Executives.

Compensation paid to key management and members of Council

Salaries and other short-term employee benefits

- members of council	911	848	911	848
- management (note 41)	70,884	62,740	70,884	62,740
	<u>71,795</u>	<u>63,588</u>	<u>71,795</u>	<u>63,588</u>

#### Members of Council

Baleni MF	100	82	100	82
Dlamini S	43	38	43	38
Gebhardt CR	8	4	8	4
Gugushe K	72	76	72	76
Hildebrandt D	47	51	47	51
Kakana X	55	42	55	42
Khosa G	47	51	47	51
Khoza M	51	42	51	42
Khumalo M	64	55	64	55
Mateza L	19	19	19	19
Matlala Z	41	50	41	50
Tshilande MC	64	51	64	51
Ndema Y	76	69	76	69
Rowland W	123	114	123	114
Teke MS	99	90	99	90
Van Staden C	4	13	4	13
	<u>911</u>	<u>848</u>	<u>911</u>	<u>848</u>

# University of Johannesburg

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## Notes to the Consolidated and Separate Financial Statements

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### *Related parties continued...*

#### **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 amount paid R'000	Reimbursement of expenses - aggregate paid
<b>31 December 2021</b>			
Chair of Council	2	174	-
Chairs of Committees	6	359	-
Members of Council	8	378	-
<b>31 December 2020</b>			
Chair of Council	2	159	-
Chairs of Committees	6	354	2
Members of Council	8	335	-

## University of Johannesburg

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### Notes to the Consolidated and Separate Financial Statements

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#### Related parties continued...

##### 33.2 Related party transactions and balances

###### Loans to related parties:

Consolidated	Photovoltaic Intellectual Property (Pty) Ltd		Praetet (Pty) Ltd		Zepher		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	2,296	5,772	-	3,335	-	589	2,296	9,696
Loans advances during year	-	-	-	300	-	-	-	300
Reallocation/Write off	(2,296)	(3,476)	-	-	-	-	(2,296)	(3,476)
Impairment of loan	-	-	-	(3,635)	-	(589)	-	(4,224)
Closing balance	-	2,296	-	-	-	-	-	2,296

###### University

Photovoltaic Intellectual Property (Pty) Ltd	A Million Up Investments 76 (Pty) Ltd		Praetet (Pty) Ltd		Zepher		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	2,296	5,772	-	527	-	-	-	19,859
Loans advances during year	-	-	-	-	-	-	-	150
Loans repayment received	-	-	-	(527)	-	-	-	-
Reallocation/Write off	(2,296)	(3,476)	-	-	-	-	-	(1,488)
Impairment of loan	-	-	-	-	-	-	-	(3,476)
Closing balance	-	2,296	-	-	-	(589)	-	14,306

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

###### Investments in related parties:

###### University

UJlvt (Pty) Ltd	UJ Properties (Pty) Ltd		A Million Up Investments 76 (Pty) Ltd		Gradnet Portal (Pty) Ltd		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Opening balance	300	45	90,636	44,773	3,605	3,605	179,972	139,059
Investments during year	25,449	255	-	40,658	-	-	25,449	40,913
Closing balance	25,749	300	90,636	85,431	3,605	3,605	205,421	179,972

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## Notes to the Consolidated and Separate Financial Statements

	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### *Related parties continued...*

#### 33.3 Related party transactions and balances

The following transactions were carried out with related parties

##### (a) Purchase of goods and services

###### Purchases of services:

from Resolution Circle (Pty) Ltd	-	-	7,892	7,437
from UJ Properties (Pty) Ltd	-	-	11,043	11,044

##### (b) Sale of goods and services

###### Sale of services:

to Resolution Circle (Pty) Ltd	-	-	402	253
to Youth Development Institute of South Africa	-	12	-	12
to UJ Properties (Pty) Ltd	-	-	3,545	590
to University Sports Company (Pty) Ltd	143	315	143	315
to Gradnet Portal (Pty) Ltd	-	-	-	-
to Million Up Trading (Pty) Ltd	-	-	4,432	3,401

##### (c) Year-end balances arising from purchases of goods/services

###### Payables to related parties:

Resolution Circle (Pty) Ltd	-	-	167	373
UJ Properties (Pty) Ltd	-	-	1,058	1,058

##### (d) Year-end balances arising from sales of goods/services:

###### Receivables from related parties:

Resolution Circle (Pty) Ltd	-	-	-	95
UJ Properties (Pty) Ltd	-	-	-	20
University Sports Company (Pty) Ltd	-	26	-	26

##### (f) Donations to and from related parties:

###### Donation to related parties:

Million Up Trading (Pty) Ltd	-	-	-	40,658
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###### Donation from related parties:

UJ Trust	-	-	25,000	48,000
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# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

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

34.1 Risk	Exposure arising from	Measurement	Management
Market risk – currency	Future commercial transactions	Cash flow forecasting and sensitivity analysis	Forward exchange contracts
Market risk – interest rate	Interest bearing investments (long and short term)	Sensitivity analysis	Bank diversification (short term).
Market risk - security prices	Investments in equity securities	Sensitivity analysis	Portfolio diversion
Credit risk	Cash and cash equivalents, trade receivables, debt investments and contract assets	Aging analysis and credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines for debt investments
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.

### 34.2 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 11.

#### 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.

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### *Financial risk management continued...*

#### 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 11.

A 1% change in the interest rate could have a Consolidated R25 453 / University R25 453 (2020: Consolidated R18 052 / University R18 052) interest income influence on an annual basis ie. a Consolidated R25 453 / University R25 453 (2020: Consolidated R18 052 / University R18 052) influence on profit and loss and equity.

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 R25 453/ University R25 453 (2020: Consolidated R18 052 / University R18 052).

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 11.

#### 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.

Listed equities	2,251,622	2,990,307	2,011,204	2,311,618
10% change impact	200,000	300,000	200,000	200,000

For the period ended 31 December 2021, 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 251 622 / University R2 011 204 (2020: Consolidated R2 990 307 / University R2 311 618) 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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

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### *Financial risk management continued...*

#### **34.3 Credit risk**

Credit risk is the risk of financial loss to the University if a customer, student or counter party 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 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 40% 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. Credit worthiness 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 receivables. In calculating the provision 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 probability of default is determined using an appropriate credit rating.

Details of the student receivables as at 31 December 2021:

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### Financial risk management continued...

Student receivables	692,180	364,510	688,230	360,703
- fully performing	-	-	-	-
- past due but not impaired (4 months overdue)	157,613	89,228	157,368	89,287
- impaired (more than 4 months overdue)	534,567	275,282	530,862	271,416
Less: Provision for impairment	(534,567)	(275,282)	(530,862)	(271,416)
Student receivables – net carrying amount	<b>157,613</b>	<b>89,228</b>	<b>157,368</b>	<b>89,287</b>

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
- Unpaid debts over 102 days: When a letter of demand has been sent and no payment or communication has been received

The provision for impairment is calculated based on the following:

- Outstanding invoices greater than 4 months and invoices handed over to attorneys are impaired
- Outstanding invoices greater than R1 million are assessed for impairment.

Details of the other receivables as at 31 December 2021 are as follows:

Other receivables	156,309	467,128	111,227	452,146
- fully performing	143,817	458,399	98,964	443,500
- past due but not impaired	-	-	-	-
- impaired	12,492	8,729	12,263	8,646
Less: Provision for impairment	(12,492)	(8,729)	(12,263)	(8,646)
Other receivables – net carrying amount	<b>143,817</b>	<b>458,399</b>	<b>98,964</b>	<b>443,500</b>

# University of Johannesburg

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## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>Financial risk management continued...</b>				
<b>Student receivables</b>				
At 1 January	271,424	138,434	271,424	138,434
Provision for receivables impaired	332,721	191,954	329,016	191,954
Receivables written off during the year as uncollectable	(69,578)	(58,964)	(69,578)	(58,964)
At 31 December	<b>534,567</b>	<b>271,424</b>	<b>530,862</b>	<b>271,424</b>
Ageing of provision for impairment				
Handed over to collecting agencies – 2018	-	74,517	-	113,935
Handed over to collecting agencies – 2019	76,509	82,964	76,509	82,964
Handed over to collecting agencies – 2020	121,081	-	121,081	-
4 Months overdue	336,977	117,801	333,272	74,517
	<b>534,567</b>	<b>275,282</b>	<b>530,862</b>	<b>271,417</b>
<b>Other receivables</b>				
At 1 January	8,729	10,212	8,646	10,129
Provision for receivables impaired	5,374	6,908	5,228	6,908
Receivables written off during the year as uncollectable	(1,611)	(8,391)	(1,611)	(8,391)
At 31 December	<b>12,492</b>	<b>8,729</b>	<b>12,263</b>	<b>8,646</b>
Ageing of provision for impairment				
Handed over to collecting agencies – 2018	-	878	-	878
Handed over to collecting agencies – 2019	569	2,095	569	2,095
Handed over to collecting agencies – 2020	1,929	1,515	1,929	1,515
Handed over to collecting agencies – 2021	1,671	-	1,671	-
Impaired as at reporting date	8,323	6,399	8,094	2,428
	<b>12,492</b>	<b>10,887</b>	<b>12,263</b>	<b>6,916</b>

As at 31 December, the age analysis of receivables, all of which are due, is as follows:

<b>Student receivables</b>				
	Current Year	Prior Year	More than two years ago	Total
<b>Consolidated - 2021</b>				
Gross receivable	494,590	121,081	76,509	692,180
Provision for expected losses	336,977	121,081	76,509	534,567
Expected loss rate	68 %	100 %	100 %	77 %
<b>Consolidated - 2020</b>				
Gross receivable	206,470	82,964	74,517	363,951
Provision for expected losses	117,801	82,964	74,517	275,282
Expected loss rate	57 %	100 %	100 %	76 %

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>Financial risk management continued...</b>				
<b>University - 2021</b>				
Gross receivable	490,640	121,081	76,509	688,230
Provision for expected losses	333,272	121,081	76,509	530,862
Expected loss rate	68 %	100 %	100 %	77 %
<b>University - 2020</b>				
Gross receivable	202,663	82,964	74,517	360,144
Provision for expected losses	113,935	82,964	74,517	271,416
Expected loss rate	56 %	100 %	100 %	75 %

Due to the nature of its operations, the University tracks outstanding fees on an academic year basis. The University considers all prior years' outstanding fees as past due. The University anticipates that the majority of the current year fees will be settled as part of the registration process for the 2022 academic year. It is the University policy that returning students are not allowed to register with outstanding fee debt.



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Financial risk management continued...

#### Other receivables

	Current	0 - 30 days	30 - 60 days	60 days +	Total
<b>Consolidated - 2021</b>					
Gross receivable	64,744	17,285	7,538	13,513	103,080
Provision for expected losses	-	-	-	12,492	12,492
Expected loss rate	0 %	0 %	0 %	92 %	12 %
<b>Consolidated - 2020</b>					
Gross receivable	219,512	9,708	6,528	17,096	252,844
Provision for expected losses	-	-	-	8,729	8,729
Expected loss rate	0 %	0 %	0 %	51 %	3 %
<b>University - 2021</b>					
Gross receivable	28,447	17,285	7,538	13,513	66,783
Provision for expected losses	-	-	-	12,263	12,263
Expected loss rate	0 %	0 %	0 %	91 %	18 %
<b>University - 2020</b>					
Gross receivable	210,777	9,708	6,528	17,096	244,109
Provision for expected losses	-	-	-	8,646	8,646
Expected loss rate	0 %	0 %	0 %	51 %	4 %

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 10.

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.

#### 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 counter party default rates.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>Financial risk management continued...</b>				
Trade receivables				
Counter parties without external credit rating:				
- Current students which will register in 2022.	157,613	89,228	157,368	89,287
These students are still studying and had no defaults in the past.				
The University expects them to pay their outstanding fees during the 2022 registration period.				
This is interest and dividends receivable at year end from the available-for-sale financial assets which are all invested at BB (2020: BB+) rated entities.				
- Other receivables	90,661	244,115	54,520	235,463
Group 1 *	<b>248,274</b>	<b>333,343</b>	<b>211,888</b>	<b>324,750</b>
Cash and cash equivalents				
BB (2020: BB+) Rating:				
- Prime South African Bank	2,804,532	1,805,152	2,778,111	1,805,152
	<b>2,804,532</b>	<b>1,805,152</b>	<b>2,778,111</b>	<b>1,805,152</b>
Fair value financial assets				
BB (2020: BB+) Rating:				
- Government stocks and bonds	422,534	394,885	351,411	328,780
- Listed stocks and debentures	536,659	440,915	429,887	343,657
- Listed shares all top 40 companies	3,653,944	2,990,307	2,772,375	2,311,618
- Fixed and other deposits, prime South African Banks	311,752	234,784	281,300	221,919
- Endowment policies, top 40 South African insurance companies	27,219	30,123	27,219	30,123

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

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Financial risk management continued...

#### 34.4 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 post employment 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	Between 1 and 2 years	Between 2 and 5 Years	Over 5 Years	Total
<b>Consolidated</b>					
31 December 2021					
Borrowings	263	-	-	-	263
Accounts payable	1,624,168	-	-	-	1,624,168
	<b>1,624,431</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,624,431</b>
31 December 2020					
Borrowings	533	263	-	-	796
Accounts payable	1,162,377	-	-	-	1,162,377
	<b>1,162,910</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>1,163,173</b>
<b>University</b>					
31 December 2021					
Borrowings	263	-	-	-	263
Accounts payable	1,619,690	-	-	-	1,619,690
	<b>1,619,953</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,619,953</b>
	Less than 1 year	Between 1 and 2 years	Between 2 and 5 Years	Over 5 Years	Total
31 December 2020					
Borrowings	533	263	-	-	796
Accounts payable	1,162,073	-	-	-	1,162,073
	<b>1,162,606</b>	<b>263</b>	<b>-</b>	<b>-</b>	<b>1,162,869</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

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### *Financial risk management continued...*

#### **34.5 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.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R '000

### Financial risk management continued...

#### 34.6 Financial instruments by category

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

	Amortised cost	FVPL	Total
<b>Consolidated</b>			
<b>31 December 2021</b>			
Fair value through profit or loss financial assets	-	4,952,108	<b>4,952,108</b>
Trade and other receivables (excluding prepayments)	301,430	-	<b>301,430</b>
Cash and cash equivalents	2,804,532	-	<b>2,804,532</b>
			<b>Financial liabilities at amortised cost</b>
Financial liabilities			
Borrowings			263
Trade payables			1,706,186
<b>31 December 2020</b>			
Fair value through profit or loss financial assets	-	4,091,015	<b>4,091,015</b>
Trade and other receivables (excluding prepayments)	547,627	-	<b>547,627</b>
Cash and cash equivalents	1,964,530	-	<b>1,964,530</b>
			<b>Financial liabilities at amortised cost</b>
Financial liabilities			
Borrowings			796
Trade payables			1,217,315
<b>University</b>			
<b>31 December 2021</b>			
Fair value through profit or loss financial assets	-	3,862,192	<b>3,862,192</b>
Trade and other receivables (excluding prepayments)	256,332	-	<b>256,332</b>
Cash and cash equivalents	2,778,111	-	<b>2,778,111</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Financial risk management continued...

			Financial liabilities at amortised cost
Financial liabilities			
Borrowings			263
Trade payables			1,701,708
<b>31 December 2020</b>			
Fair value through profit or loss financial assets	-	3,236,097	<b>3,236,097</b>
Trade and other receivables (excluding prepayments)	532,787	-	<b>532,787</b>
Cash and cash equivalents	1,945,866	-	<b>1,945,866</b>
			Financial liabilities at amortised cost
Financial liabilities			
Borrowings			796
Trade payables			1,217,011

### 34.7 Fair value estimation

The University classifies its fair value measurements using the following 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) or indirectly (that is, derived from prices) (level 2).
- Inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date (level 3).



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Financial risk management continued...

The following table presents the Consolidated assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1	Level 2	Total
<b>Consolidated</b>			
Fair value through profit or loss financial assets			
- listed shares	3,653,944	-	3,653,944
- listed stocks and debentures	536,659	-	536,659
- government stocks and bonds	422,534	-	422,534
- fixed deposits	-	56,786	56,786
- other deposits and loans	-	254,966	254,966
- endowment policies	-	27,219	27,219
Borrowings	-	(263)	(263)
	<b>4,613,137</b>	<b>338,708</b>	<b>4,951,845</b>

The following table presents the Consolidated assets and liabilities that are measured at fair value at 31 December 2020:

	Level 1	Level 2	Total
<b>Consolidated</b>			
Fair value through profit or loss financial assets			
- listed shares	2,990,307	-	2,990,307
- listed stocks and debentures	440,915	-	440,915
- government stocks and bonds	394,885	-	394,885
- fixed deposits	-	51,227	51,227
- other deposits and loans	-	183,557	183,557
- endowment policies	-	30,123	30,123
Borrowings	-	(796)	(796)
	<b>3,826,108</b>	<b>264,111</b>	<b>4,090,219</b>

The following table presents the assets and liabilities that are measured at fair value at 31 December 2021:

	Level 1	Level 2	Total
<b>University</b>			
Fair value through profit or loss financial assets			
- listed shares	2,772,375	-	2,772,375
- listed stocks and debentures	429,887	-	429,887
- government stocks and bonds	351,411	-	351,411
- fixed deposits	-	56,786	56,786
- other deposits and loans	-	224,514	224,514
- endowment policies	-	27,219	27,219
Borrowings	-	(263)	(263)
	<b>3,553,673</b>	<b>308,256</b>	<b>3,861,929</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### *Financial risk management continued...*

The following table presents the assets and liabilities that are measured at fair value at 31 December 2020:

	Level 1	Level 2	Total
<b>University</b>			
Fair value through profit or loss financial assets			
- listed shares	2,311,618	-	2,311,618
- listed stocks and debentures	343,657	-	343,657
- government stocks and bonds	328,780	-	328,780
- fixed deposits	-	51,227	51,227
- other deposits and loans	-	170,692	170,692
- endowment policies	-	30,123	30,123
Borrowings	-	(796)	(796)
	<b>2,984,054</b>	<b>251,246</b>	<b>3,235,300</b>

There were no transfers between Level 1 and Level 2 during the year ended 31 December 2021 and 2020.

The fair value of financial instruments traded in active markets are 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 listed shares, listed stocks and debentures and government stocks and debentures classified as trading securities at fair value through profit or loss.

The fair value of financial instruments that are not traded in an active market are determined by using valuation techniques. These valuation techniques are selected based on characteristics of each instrument, with the overall objective to 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. Fixed deposits, other deposits and loans and endowment policies are valued using the Income approach in which future cashflows are discounted to a current present value using market related interest rates. Borrowings are valued at fair value by discounting future cashflows to a current present value using market related interest rates based on the entities credit risk.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
<b>35. Cash flows from operating activities</b>				
<b>Profit for the year</b>	1,339,165	814,021	1,121,082	811,302
<b>Adjustments for:</b>				
– increase in student credit losses provision (note 10)	259,285	136,848	259,446	136,848
– (decrease) in non-student credit losses provision (note 10)	3,763	(1,483)	3,617	(1,483)
– student bad debt written off (note 10)	69,578	-	69,578	-
– non-student bad debt written off (note 10)	1,611	-	1,611	-
– depreciation (note 6)	86,116	82,636	94,471	91,322
– amortisation (note 7)	1,611	1,538	1,607	1,534
– profit on disposal of property, plant and equipment	(159)	(39)	(211)	(39)
– remeasurement of lease liability	-	-	-	-
– finance income (note 29)	(70,411)	(39,270)	(69,440)	(38,073)
– interest income on investments (note 31)	(238,518)	(204,609)	(221,779)	(187,345)
– finance cost (note 30)	115	23,826	115	24,943
– dividends received (note 31)	(75,883)	(40,456)	(52,072)	(27,178)
– movement in post-retirement obligations and assets (note 20)	(29,271)	(507,722)	(29,271)	(507,722)
– impairment (gains)/loss in subsidiaries and other entities	9,378	(8,139)	(13,072)	(3,127)
– foreign exchange (gains)/losses	(583)	(1,198)	(583)	(1,198)
– non-cash movement interest on defined benefit plan	39,573	-	39,573	-
– non-cash movement on investments in fair value	(861,078)	186,977	(626,088)	167,622
– non-cash movement on investment in subsidiaries	(772)	-	(24,722)	(40,658)
– non-cash movement on deferred income	(88,168)	-	(88,168)	-
– non-cash movement on provisions	101,548	-	90,730	-
– non-cash movement on new leases	-	-	-	-
– non-cash movement on borrowings	(533)	(1,487)	(533)	(1,487)
<b>Changes in working capital:</b>				
– receivables and prepayments (note 10)	(271,457)	(100,326)	(241,214)	(85,449)
– trade and other payables (note 15)	488,856	197,044	484,690	202,296
– inventory (note 9)	(9,854)	(2,742)	(9,841)	(2,685)
– provisions (note 14)	(125,073)	-	(125,071)	-
– deferred income (note 19)	-	50,421	-	50,421
– short term deposits (note 13)	820,000	(820,000)	820,000	(820,000)
– student deposits and income received in advance (note 17)	71,560	26,473	58,834	26,972
	<b>1,520,399</b>	<b>(207,687)</b>	<b>1,543,289</b>	<b>(203,184)</b>

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
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### Cash flows from operating activities continued...

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

Profit on disposal (note 6)	211	39	211	39
Net book amount (note 6)	2,882	1,188	2,882	1,188
Proceeds from disposal	<b>3,093</b>	<b>1,227</b>	<b>3,093</b>	<b>1,227</b>

Refer to note 41 for correction of non cash items on the cashflow statement.

### Net Debt Reconciliation

Cash and cash equivalents	2,804,532	1,144,530	2,778,111	1,125,866
Borrowings - repayable within one year	-	-	-	-
Borrowings - repayable after one year	(263)	(796)	(263)	(796)
	<b>2,804,269</b>	<b>1,143,734</b>	<b>2,777,848</b>	<b>1,125,070</b>

	Other Assets Cash	Liabilities from financing activities		
		Borrowings due within 1 year	Borrowings due after 1 year	Total
<b>Consolidated</b>				
<b>Net debt as at 1 January 2020</b>	1,964,530	-	(796)	1,963,734
Cash flows	(820,000)	-	-	(820,000)
<b>Net debt as at 31 December 2020</b>	1,144,530	-	(796)	1,143,734
Cash flows	1,660,002	-	533	1,660,535
<b>Net debt as at 31 December 2021</b>	<b>2,804,532</b>	<b>-</b>	<b>(263)</b>	<b>2,804,269</b>
<b>University</b>				
<b>Net debt as at 1 January 2020</b>	1,945,866	-	(796)	1,945,070
Cash flows	(820,000)	-	-	(820,000)
<b>Net debt as at 31 December 2020</b>	1,125,866	-	(796)	1,125,070
Cash flows	1,652,245	-	533	1,652,778
<b>Net debt as at 31 December 2021</b>	<b>2,778,111</b>	<b>-</b>	<b>(263)</b>	<b>2,777,848</b>

### 36. Commitments

Commitments – approved, not contracted for	263,223	227,084	263,223	227,084
Commitments – contracted	132,332	91,375	132,332	91,375

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

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

	Consolidated 2021	Consolidated 2020 Restated	University 2021	University 2020 Restated
Figures in R `000				

### 37. Contingencies

#### The City of Johannesburg

The University has contingent liabilities in respect of legal claims arising in the ordinary course of business from billing disputes. It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for in note 14. A contingent liability exists with regards to The City of Johannesburg for incorrect allocation of charges, similarly there is a contingent asset for incorrect charges billed towards the University, although these have been settled in March 2022. The legal process has been initiated through the office of the General council to settle on these long outstanding disputes.

Incorrect allocation of charges	9,607	8,324	9,607	8,324
Incorrect charges to be claimed back	(7,267)	(1,600)	(7,267)	(1,600)
<b>Net contingent liability</b>	<b>2,340</b>	<b>6,724</b>	<b>2,340</b>	<b>6,724</b>

### 38. Going concern

The University continues to adopt the going concern basis in the preparation of the consolidated financial statements. The University's forecasts 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 medium term. This is evidenced by financial performance for the 2021 financial year, where revenue levels and cash position at year end increased, resulting in a more favourable, financially sustainable and liquid position at year end. This is further evidenced by the growth in the University's reserves position.

Despite continuing economic uncertainty resulting from the Covid-19 pandemic and other geopolitical and macroeconomic factors, the university continues to attain a net surplus position for the 2021 year, with this surplus trend being projected into the next five years as modelled per the UJ Financial Sustainability Model. The liquidity and solvency ratios are also positive, although a slight reduction from the prior year is noted. This is however still considered more favourable when compared to the 2021 budgeted expectations. All the liquidity and solvency indicators point to the University's ability of being able to meet its obligations into the foreseeable future.

### 39. Events after balance sheet

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R '000

### 40. Executive Remuneration 2021

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total
Vice-Chancellor & Principal Registrar	T Marwala	4,167,779	97,436	381,786	4,647,001	178,764	1,473,811	6,299,576 *
Deputy Vice-Chancellor Academic	I C Burger	2,544,718	20,765	368,263	2,933,746	112,936	749,057	3,795,740 **
Deputy Vice-Chancellor Research & Internationalisation	A Parekh	2,036,466	32,046	295,974	2,364,486	550,642	175,925	3,091,054 **
Chief Financial Officer	S Sinha	2,787,159	31,149	322,359	3,140,667	-	1,140,274	4,280,941
Chief Operating Officer	N Mamorare	2,851,711	31,140	257,887	3,140,738	-	1,217,878	4,358,616
Designate Chief Operating Officer	A Swart	2,884,138	31,149	414,972	3,330,259	813,212	1,382,876	5,526,347 ***
Senior Executive Director in the Vice-Chancellor's office	P W Domingo	1,642,677	17,305	148,990	1,808,971	-	-	1,808,971 ****
Executive Dean College of Business & Economics	NY Vukuza	2,593,094	24,000	322,397	2,939,491	-	791,012	3,730,503
Designate Chief Operating Officer	D Van Lill	2,291,241	31,465	266,239	2,588,946	99,673	483,731	3,172,349
Executive Dean Faculty of Education	MA Ralephata	800,212	10,383	99,788	910,383	-	-	910,383 *****
Executive Dean Faculty of Engineering & the Built Environment	S J Gravett	2,042,862	50,765	324,508	2,418,136	37,243	831,957	3,287,336
Executive Dean Faculty of Health Sciences	D Mashao	1,977,393	20,765	245,847	2,244,006	-	111,289	2,355,295
Executive Dean Art, Design & Architecture	S Khan	1,767,451	20,765	159,835	1,948,051	-	491,667	2,439,718
Executive Dean Faculty of Humanities	S B Laurent	446,961	95,191	40,539	582,691	-	-	582,691 *****
Executive Dean Faculty of Law	K Naidoo	1,714,107	20,765	213,113	1,947,985	-	387,219	2,335,204
Executive Dean Faculty of Science	L G Mpodi	2,413,654	31,827	320,730	2,766,211	120,896	716,243	3,603,350 *****
Chief Information Officer	D Meyer	2,088,633	20,765	259,678	2,369,076	-	549,935	2,919,011
Executive Director Expenditure	KF Sibanda	1,768,461	20,765	159,926	1,949,152	-	506,970	2,456,122
Executive Director Financial Governance & Revenue	S M Makinta	1,763,067	74,765	225,914	2,063,747	-	486,995	2,550,742
Executive Director Human Resources	I Riba	1,715,086	20,765	213,235	1,949,086	-	451,601	2,400,687
Executive Director Library and Information Centre	T L Kwinana	1,736,378	20,765	223,044	1,980,186	82,607	458,881	2,521,675
	KM Frahm-Arp	1,766,241	19,590	162,144	1,947,975	-	379,379	2,327,354

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Notes to the Consolidated and Separate Financial Statements

Figures in R '000

#### Executive Remuneration 2021 continued...

	AL Nel								
Executive Director Operations		20,765	241,007	1,949,086	60,048	371,310	2,380,444		
Executive Director Research & Innovation	C B Nonkwelo	17,305	183,335	1,676,126	-	73,842	1,749,968		*****
		<b>782,402</b>	<b>5,851,510</b>	<b>55,596,202</b>	<b>2,056,021</b>	<b>13,231,852</b>	<b>70,884,075</b>		

The merit and other payments includes payments made during the year for annual performance plans that was withheld and payable during 2020, as well as payments for staff retention incentives.

#### \* Remuneration of the Vice Chancellor and Principal

Annual Remuneration	1,746,414
Accommodation Fringe Benefit	1,016,010
Non Pensionable Salary	1,405,355
<b>Total Salary</b>	<b>4,167,779</b>

\*\* A Parekh - Terminated 31 August 2021  
 \*\*\* A Swart - Terminated 31 December 2021  
 \*\*\*\* P W Domingo - Appointed 01 March 2021  
 \*\*\*\*\* M A Ralephata - Appointed 01 September 2021  
 \*\*\*\*\* S B Laurent - Appointed 01 October 2021  
 \*\*\*\*\* L G Mpedi - Designate DVC 1 Jan 2021 - 31 August 2021. Appointed DVC 01 September 2021  
 \*\*\*\*\* C B Nonkwelo - Terminated 31 October 2021



# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R '000

### Executive Remuneration 2021 continued...

#### Executive Remuneration 2020

Designation	Name	Salary	Allowances	Employer Contributions	Total	Leave Days sold	Merit and Other Payments	Total
Vice-Chancellor & Principal	T Marwala	3,996,144	95,543	359,856	4,451,543	171,282	877,945	5,500,770 *
Registrar	I C Burger	2,442,448	20,765	348,124	2,811,337	108,197	178,961	3,098,495
Deputy Vice-Chancellor Academic	A Parekh	2,930,980	48,069	420,166	3,399,215	130,808	408,944	3,938,967
Deputy Vice-Chancellor Research & Internationalisation	S Sinha	2,675,007	31,149	303,843	3,009,999	-	191,222	3,201,221
Chief Financial Officer	N Mamore	2,735,776	31,140	243,074	3,009,990	-	331,766	3,341,756
Chief Operating Officer	A Swart	2,760,760	31,149	399,740	3,191,649	122,824	348,635	3,663,109
Chief People Officer (previously referred to as DVC Employees & Student Affairs)	K C Mketi	-	-	-	-	-	-	-
General Council	P H O'Brien	2,256,151	31,149	321,571	2,608,870	284,491	145,398	3,038,760
Senior Executive Director in the Vice-Chancellor's office	NY Vukuza	2,489,122	24,000	303,878	2,817,000	-	282,206	3,099,206
Executive Dean College of Business & Economics	D Van Lill	2,198,613	31,465	250,947	2,481,025	76,394	134,189	2,691,609
Executive Dean Faculty of Art, Design & Architecture	F Freschi	-	-	-	-	-	-	-
Executive Dean Faculty of Education	S J Gravett	1,959,598	50,765	307,031	2,317,394	89,199	136,599	2,543,192
Executive Dean Faculty of Engineering & the Built Environment	D Mashao	1,898,108	20,765	231,726	2,150,599	-	146,038	2,296,636
Executive Dean Faculty of Health Sciences	S Khan	1,695,596	20,765	150,654	1,867,015	-	180,157	2,047,171
Executive Dean Faculty of Humanities	A B Broadbent	621,214	6,922	55,195	683,331	-	-	683,331 **
Executive Dean Faculty of Humanities	K Naidoo	1,096,919	13,844	133,915	1,244,677	-	6,945	1,251,622 ***
Executive Dean Faculty of Law	L G Mpodi	1,879,359	20,765	245,411	2,145,535	82,589	120,822	2,348,947
Executive Dean Faculty of Science	D Meyer	2,004,888	20,765	244,762	2,270,415	-	229,963	2,500,378
Chief Information Officer	KF Sibanda	1,696,565	20,765	150,740	1,868,070	-	215,777	2,083,847
Executive Director Academic Development & Support	R P Ryan	1,995,386	20,765	285,381	2,301,533	194,896	460,926	2,957,355 ****
Executive Director Expenditure	S M Makinta	1,690,210	74,765	212,938	1,977,913	-	190,978	2,168,892
Executive Director Financial Governance & Revenue	L Riba	1,646,318	20,765	200,987	1,868,070	-	122,630	1,990,700
Executive Director Human Resources	T L Kwinana	1,666,034	20,765	211,059	1,897,858	36,532	185,345	2,119,734
Executive Director Library and Information Centre	KM Frahm-Arp	1,694,475	19,590	152,830	1,866,895	-	85,653	1,952,548
Executive Director Operations	AL Nel	1,619,717	20,765	227,588	1,868,070	50,335	90,038	2,008,443

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### Executive Remuneration 2021 continued...

Executive Director Research & Innovation	C B Nonkwelo						
		1,699,524	122,472	207,482	2,029,478	-	183,872
		<b>49,348,910</b>	<b>819,674</b>	<b>5,968,897</b>	<b>56,137,481</b>	<b>1,347,547</b>	<b>5,255,009</b>
							<b>2,213,350</b>
							<b>62,740,038</b>

The merit and other payments includes payments made during the year for annual performance plans, as well as payments for staff retention incentives.

### \* Remuneration of the Vice Chancellor and Principal

Annual Remuneration	2,646,000
Accommodation Fringe Benefit	960,108
Non Pensionable Salary	390,036
<b>Total Salary</b>	<b>3,996,144</b>

<sup>^</sup> The Vice Chancellor and Principal donated R132 003 of his Annual Remuneration to the Solidarity Fund.

\*\* A B Broadbent - Term concluded 31 April 2020

\*\*\* K Naidoo - Appointed 01 May 2020

\*\*\*\* R P Ryan - Retired 31 December 2020

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### 41. Prior period restatement

#### 41.1 A Million Up Investments (MUI) Equity contribution prior period correction

MUI is a wholly owned subsidiary of the University. In 2018 (R44 773) and 2020 (R40 658), contributions were made by the University and classified as donation expense as opposed to capital contributions informed by the intent by Council of supporting the subsidiary without anything expected in return. Subsequently in 2020, the funding was reclassified as a capital contribution informed by compliance requirement under the Income Tax Act, however with the same underlying intent as above. The financial statements' classification hereof have thus been aligned to this requirement, by restating each of the affected financial statement line items for prior periods. Refer to the summary of restatements below for the impact on the consolidated financial statements

#### 41.2 Defined Benefit Pension Fund prior period correction

During the 2021 period it was noted that the previous limitation of the plan net assets recognised in terms of Paragraph 64 of IAS19 was incorrectly applied on the basis that the Trustees would decide on the allocation of future surplus as and when it arises.

In terms of the rules of the fund as found in section 15C(1) of the Pension Funds Second Amendment Act, all surplus is required to be credited to the Employer Surplus Account and thus no limit, or asset ceiling, should have been applied in prior years as has been the case. As a result, the previous asset ceiling understated the net plan assets by R90 178. This error have been corrected by restating each of the affected financial statement line items for prior periods. Refer to the summary of restatements below for the impact on the consolidated financial statements.

#### Summary of restatements

	2020 Reported	MUI Equity contribution	Defined Benefit Pension Fund	2020 Restated
<b>Consolidated</b>				
<b>Statement of Financial Position items:</b>				
Non-current assets: Long term employee benefits	503,060	-	90,178	593,238
Reserve funds: Unrestricted use funds:				
Undesignated funds	(2,240,577)	-	(90,178)	(2,330,755)
<b>Statement of Comprehensive income items:</b>				
Finance income	39,270	-	22,873	62,143
Finance cost	(23,826)	-	23,302	(524)
Actuarial gains on defined benefits	472,304	-	(469,053)	3,251
	2020 Reported	MUI Equity contribution	Defined Benefit Pension Fund	2020 Restated
<b>University</b>				
<b>Statement of Financial Position items:</b>				
Non-current assets: Investment in subsidiaries, associates and other investments	98,652	85,431	-	184,083
Non-current assets: Long term employee benefits	503,060	-	90,178	593,238
Reserve funds: Unrestricted use funds:				
Undesignated funds	(2,166,671)	(85,431)	(90,178)	(2,342,280)

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### *Prior period restatement continued...*

#### Statement of Comprehensive income items:

Other expenses	1,108,505	(40,658)	-	1,067,847
Finance income	38,073	-	22,873	60,946
Finance cost	(24,943)	-	23,302	(1,641)
Actuarial gains on defined benefits	472,304	-	(469,053)	3,251

	1 January 2020 Reported	MUI Equity contribution	Defined Benefit Pension Fund	1 January 2020 Restated
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#### Consolidated

#### Statement of Financial Position items:

Non-current assets: Long term employee benefits	64,321	-	513,056	577,377
Reserve funds: Unrestricted use funds:				
Undesignated funds	(1,723,621)	-	(513,056)	(2,236,677)

#### University

#### Statement of Financial Position items:

Non-current assets: Investment in subsidiaries, associates and other investments	97,703	44,773	-	142,476
Non-Current assets: Long term employee benefits	64,321	-	513,056	577,377
Reserve funds: Unrestricted use funds:				
Undesignated funds	(1,650,334)	(44,773)	(513,056)	(2,208,163)

# University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

## Notes to the Consolidated and Separate Financial Statements

Figures in R `000

### *Prior period restatement continued...*

#### 41.3 Cash flow statement prior period correction

During the 2021 period it was noted that the 2020 cash flow statement erroneously contained non-cash items. The non-cash items corrected primarily pertain to financial assets purchases and proceeds, as previously recognised within investing activities. These movements do not amount to cash in/outflows within the University's transactions however are transactions effected by the fund managers in line with the University's investment mandate, hence classification as non-cash items. These have subsequently been corrected, with no impact on the cash and cash equivalents balances. Refer to the summary of restatements below for the impact on the consolidated financial statements.

	2020 Reported	Adjustment	2020 Restated
<b>Consolidated</b>			
<b>Statement of Cash flow:</b>			
Cash generated from operating activities	(580,322)	372,635	(207,687)
Purchase of financial assets	(3,904,857)	3,904,857	-
Proceeds from disposal of financial assets	4,277,492	(4,277,492)	-
<b>University</b>			
<b>Statement of Cash flow:</b>			
Cash generated from operating activities	(510,044)	306,860	(203,184)
Purchase of financial assets	(1,241,110)	1,241,110	-
Proceeds from disposal of financial assets	1,547,970	(1,547,970)	-

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Council Controlled - unrestricted	Specifically Funded activities - restricted	Subtotal	Student and Staff accommodation - restricted	Total 2021	Total 2020 Restated
<b>Consolidated</b>							
<b>Total income</b>		<b>5,704,163</b>	<b>677,182</b>	<b>6,381,345</b>	<b>203,294</b>	<b>6,584,639</b>	<b>5,598,263</b>
<b>Recurring items</b>		<b>5,704,004</b>	<b>677,130</b>	<b>6,381,134</b>	<b>203,294</b>	<b>6,584,428</b>	<b>5,598,224</b>
State appropriations – subsidies and grants	21	2,700,186	-	2,700,186	-	2,700,186	2,572,792
Tuition and other fee income	22	1,964,042	12,185	1,976,227	196,448	2,172,675	1,974,901
Income from contracts		86,589	241,103	327,692	-	327,692	250,884
For research	23	81,757	239,311	321,068	-	321,068	245,571
For other activities	24	4,832	1,792	6,624	-	6,624	5,313
Sales of goods and services	24	84,902	121,407	206,309	4,326	210,635	149,367
Private gifts and grants	24	111,534	30,256	141,790	-	141,790	157,416
<b>Sub-total</b>		<b>4,947,253</b>	<b>404,951</b>	<b>5,352,204</b>	<b>200,774</b>	<b>5,552,978</b>	<b>5,105,359</b>
Income from investments	31	203,129	110,738	313,867	534	314,401	245,065
FV movements	32	486,168	160,470	646,638	-	646,638	185,658
Finance income	29	67,454	971	68,425	1,986	70,411	62,143
<b>Non-recurring items</b>							
Profit/(loss) on disposal of PPE	24	159	52	211	-	211	39

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Council Controlled - unrestricted	Specifically Funded activities - restricted	Subtotal	Student and Staff accommodation - restricted	Total 2021	Total 2020 Restated
<b>Total expenditure</b>		<b>4,776,739</b>	<b>320,969</b>	<b>5,097,708</b>	<b>147,766</b>	<b>5,245,474</b>	<b>4,784,243</b>
<b>Recurring items</b>		<b>4,759,397</b>	<b>319,117</b>	<b>5,078,514</b>	<b>145,577</b>	<b>5,224,091</b>	<b>4,756,661</b>
Personnel	25	3,046,100	142,429	3,188,529	27,162	3,215,691	2,901,270
Academic professional		1,630,273	76,228	1,706,501	14,537	1,721,038	1,552,759
Other personnel		1,415,827	66,201	1,482,028	12,625	1,494,653	1,348,511
Other current operating expenses	27	1,296,176	40,598	1,336,774	114,100	1,450,874	1,267,321
Depreciation	6	69,798	12,102	81,900	4,216	86,116	82,637
Amortisation of software	7	1,502	13	1,515	96	1,611	1,538
Bursaries awarded	26	335,836	123,975	459,811	3	459,814	495,231
<b>Sub-total</b>		<b>4,749,412</b>	<b>319,117</b>	<b>5,068,529</b>	<b>145,577</b>	<b>5,214,106</b>	<b>4,747,998</b>
Finance costs	30	607	-	607	-	607	524
Impairment (gains)/losses	28	9,378	-	9,378	-	9,378	8,139
<b>Non-recurring items</b>							
Capital expenditure expensed	27	17,342	1,852	19,194	2,189	21,383	27,583
<b>Profit/(Loss) for the year</b>		<b>927,424</b>	<b>356,213</b>	<b>1,283,637</b>	<b>55,528</b>	<b>1,339,165</b>	<b>814,021</b>
Other comprehensive income							
Actuarial gains and losses on defined benefit plans	20	141,041	-	141,041	-	141,041	3,251
<b>Total comprehensive income for the year</b>		<b>1,068,465</b>	<b>356,213</b>	<b>1,424,678</b>	<b>55,528</b>	<b>1,480,206</b>	<b>817,272</b>



## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Statements of Profit or Loss and Other Comprehensive Income

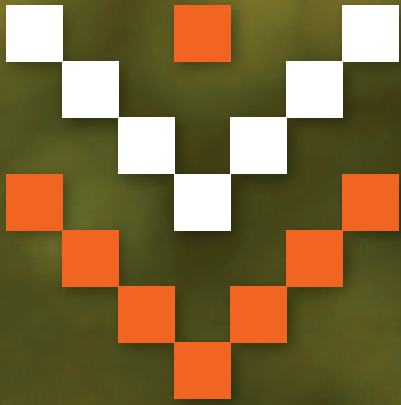
Figures in R `000	Notes	Council Controlled - unrestricted	Specifically Funded activities - restricted	Subtotal	Student and Staff accommodation - restricted	Total 2021	Total 2020 Restated
<b>University</b>							
<b>Total income</b>		<b>5,762,552</b>	<b>368,639</b>	<b>6,131,191</b>	<b>203,294</b>	<b>6,334,485</b>	<b>5,539,023</b>
<b>Recurring items</b>		<b>5,762,393</b>	<b>368,587</b>	<b>6,130,980</b>	<b>203,294</b>	<b>6,334,274</b>	<b>5,538,985</b>
State appropriations – subsidies and grants	21	2,700,186	-	2,700,186	-	2,700,186	2,572,792
Tuition and other fee income	22	1,964,042	134	1,964,176	196,448	2,160,624	1,965,824
Income from contracts		86,842	241,103	327,945	-	327,945	250,885
For research	23	82,010	239,311	321,321	-	321,321	245,571
For other activities	24	4,832	1,792	6,624	-	6,624	5,314
Sales of goods and services	24	112,139	26,019	138,158	4,326	142,484	129,363
Private gifts and grants	24	136,534	30,256	166,790	-	166,790	205,415
<b>Sub-total</b>		<b>4,999,743</b>	<b>297,512</b>	<b>5,297,255</b>	<b>200,774</b>	<b>5,498,029</b>	<b>5,124,278</b>
Income from investments	31	203,131	70,186	273,317	534	273,851	214,523
FV movements	32	492,066	888	492,954	-	492,954	139,238
Finance income	29	67,453	1	67,454	1,986	69,440	60,946
<b>Non-recurring items</b>							
Profit/(loss) on disposal of PPE	24	159	52	211	-	211	39

## University of Johannesburg

Consolidated and Separate Financial Statements for the year ended 31 December 2021

### Statements of Profit or Loss and Other Comprehensive Income

Figures in R `000	Notes	Council Controlled - unrestricted	Specifically Funded activities - restricted	Subtotal	Student and Staff accommodation - restricted	Total 2021	Total 2020 Restated
<b>Total expenditure</b>		<b>4,880,092</b>	<b>206,827</b>	<b>5,086,919</b>	<b>126,484</b>	<b>5,213,403</b>	<b>4,727,720</b>
<b>Recurring items</b>		<b>4,862,741</b>	<b>205,249</b>	<b>5,067,990</b>	<b>124,295</b>	<b>5,192,285</b>	<b>4,700,348</b>
Personnel	25	3,046,100	89,234	3,135,334	27,162	3,162,496	2,869,777
Academic professional		1,630,273	47,758	1,678,031	14,537	1,692,568	1,535,905
Other personnel		1,415,827	41,476	1,457,303	12,625	1,469,928	1,333,872
Other current operating expenses	27	1,408,420	(17,137)	1,391,283	93,854	1,485,137	1,237,717
Depreciation	6	82,103	9,167	91,270	3,201	94,471	91,321
Amortisation of software	7	1,522	10	1,532	75	1,607	1,534
Bursaries awarded	26	335,836	123,975	459,811	3	459,814	495,231
<b>Sub-total</b>		<b>4,873,981</b>	<b>205,249</b>	<b>5,079,230</b>	<b>124,295</b>	<b>5,203,525</b>	<b>4,695,580</b>
Finance costs	30	1,832	-	1,832	-	1,832	1,641
Impairment (gains)/losses	28	(13,072)	-	(13,072)	-	(13,072)	3,127
<b>Non-recurring items</b>							
Capital expenditure expensed	27	17,351	1,578	18,929	2,189	21,118	27,372
<b>Profit/(Loss) for the year</b>		<b>882,460</b>	<b>161,812</b>	<b>1,044,272</b>	<b>76,810</b>	<b>1,121,082</b>	<b>811,302</b>
Other comprehensive income							
Actuarial gains and losses on defined benefit plans	20	141,041	-	141,041	-	141,041	3,251
<b>Total comprehensive income for the year</b>		<b>1,023,501</b>	<b>161,812</b>	<b>1,185,313</b>	<b>76,810</b>	<b>1,262,123</b>	<b>814,553</b>



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