NELSON MANDELA
UNIVERSITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

For the year ended 31 December

2025

NELSON MANDELA UNIVERSITY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2025

CONTENTS **Page**

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Higher Education
Registered office	Nelson Mandela University South Campus Summerstrand Port Elizabeth 6001
Business address	Nelson Mandela University South Campus Summerstrand Port Elizabeth 6001
Postal address	PO Box 77000 Nelson Mandela University Port Elizabeth 6031
Auditors	SNG Grant Thornton Chestnut House, Palm Square Business Park Bonza Bay Road East London 5201
Public Benefit Organisation Number	PBO 18/11/7/211
Income Tax reference number	9023043145

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for the preparation, integrity, and fair presentation of the consolidated financial statements of the Nelson Mandela University. The financial statements, presented on pages 21 to 83, have been prepared in accordance with IFRS® Accounting Standards and as required by the Minister of Education in terms of section 41 of the Higher Education Act (No. 101 of 1997), as amended. The financial statements include amounts based on judgements and estimates made by Management.

The Council also prepared the other information included in the Annual Report and is responsible for both its accuracy and consistency with the financial statements.

The going concern basis has been adopted in preparing the financial statements. Council has no reason to believe that the Nelson Mandela University will not be a going concern based on forecasts, reasonable assumptions, and available cash resources. The current viability of the Nelson Mandela University is supported by the financial statements.

The financial statements have been audited by the independent audit firm, SizweNtsalubaGobodo Grant Thornton Inc, who were given unrestricted access to all financial records and related information, including minutes of meetings of the Council and relevant sub-committees.

The Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

Approval of the Consolidated Financial Statements

The consolidated financial statements on pages 21-83 were approved by the Council of the Nelson Mandela University on 26 June 2026 and signed on its behalf by:

Judge N Dambuza
CHAIR OF COUNCIL
NELSON MANDELA UNIVERSITY

Prof S Muthwa
VICE-CHANCELLOR
NELSON MANDELA UNIVERSITY

FINANCIAL OVERVIEW OF THE 2025 FINANCIAL YEAR

Governance and Controls

The University is committed to the highest standards of governance, integrity, and accountability. Our governance framework supports the effective and ethical management of the institution, ensuring it achieves its strategic objectives while meeting its statutory and regulatory obligations. The Nelson Mandela University is committed to sound financial management and resource stewardship.

The consolidated annual financial statements for the year ended 31 December 2025 were prepared in accordance with the Regulations for Annual Reporting by Higher Education Institutions. In terms of section 41(2) of the Higher Education Act 101 of 1997 (as amended up to and including the Regulations for Annual Reporting by Higher Education Institutions dated 9 June 2014), universities are required to submit annual financial statements to the Department of Higher Education and Training (DHET) that comply with International Financial Reporting Standards (IFRS).

The consolidated annual financial statements for 2025 covers all activities of the university, which include audited results of the Nelson Mandela University Trust, companies, and other partnerships where the University exercises control. The activities of the Trust are governed by the provisions of the Trust deed and an independent board of trustees. These consolidated financial statements provide a complete and comprehensive overview of the operations and financial position of the University.

Budgeting Process

South African public universities construct their integrated budgets with the same revenue streams, though in different proportions. The revenue side of such an integrated budget comprises the following primary income streams: Government subsidy/Block Grant; Student fees; Third income streams.

Through the annual and three-year rolling budget directives, the University strives to optimally resource the academic project, operations, infrastructure, and support services at optimal levels while driving strategic initiatives and growth areas in a sustainable manner. A surplus from council controlled recurrent operations, before finance income, is budgeted. Finance income is utilised to grow reserves, seed new initiatives and strategy. The University's budget is based on an Institutional Resource Allocation Model that allocates high level block allocations of resources per funding category and activity i.e. Strategic Allocations, Academic Staffing Allocations, CAPEX, Bursaries, and other expenses that are further distributed via budgetary processes and allocations models. These processes are performed by various committees that are representative of directorates within the University to ensure inclusivity of stakeholders.

These committees allocate funds, informed by Vision 2030, strategic plans, and Council's performance objectives. A three-year Annual Performance Plan (APP), cash flow and reserves accumulation, contributes to the strategic approach to financial planning and resource stewardship.

Higher Education and Training Environment

The Higher-Education landscape is in flux, driven by converging pressures on finances, policy, technology, and student expectations. Institutions worldwide are scrambling to adapt to tightening budgets, shifting enrolment patterns, regulatory shifts, and the rise of generative AI.

Higher Education and Training as a national priority receives a significant portion of the national annual budget. University subsidies are projected to increase at an average annual rate of approximately 3.6 per cent over the medium term. The National Student Financial Aid Scheme (NSFAS) manages the bursary scheme which covers tuition, accommodation, transport and living expenses to students from families earning less than R350 000 per year. These transfers are expected to increase at an average annual rate of 3.8 per cent over the medium term. NSFAS also provides loan funding for qualifying Missing Middle students from households with an annual income between R350 000 and R600 000. This has assisted universities in providing access to academically deserving but financially needy students.

The block grant allocation, however, has fallen behind inflation for several years, with a decline in absolute terms and well below the Higher Education Price Index (HEPI). The decline (relative to inflation and growth) of the block grant subsidy to universities has meant that the second income stream has become an ever more important source of funding to ensure the financial sustainability of universities.

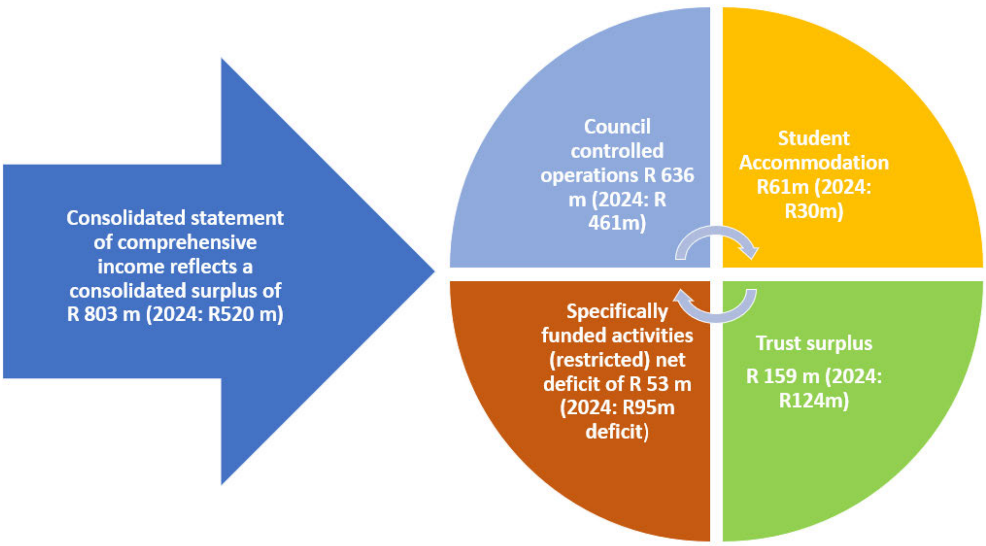
The capping of fee increases, providing debt relief concessions to academically deserving students in financial need, stagnant block grant subsidies for operational costs, changing cost structures together with the effect of a constrained economy, have all impacted the financial sustainability of institutions

As the University is still heavily reliant on fees and subsidy, a Sustainability and Institutional Viability Task Team (SIVTT) has been implemented to contribute to the sustainability of the University.

The future of the higher education funding framework in South Africa has a significant impact on financial planning within the sector.

Overview of 2025 financial position

Table 1

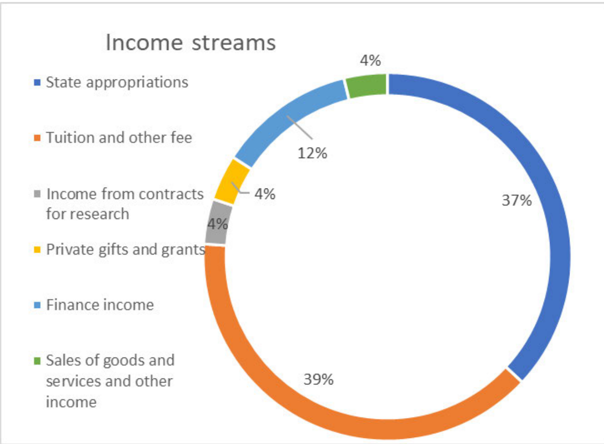


The University was able to end the 2025 year successfully against the 2024 budget approved by Council on 28 November 2024, once again posting a positive set of financial results during the year under review. The consolidated statement of comprehensive income reflects a consolidated surplus of R803 million (2024: R520 million) before other comprehensive income and tax, of which Council controlled operations amounted to R636 million (2024: R461 million) or 18% reserve accumulation (11% excluding non-recurrent income), achieving Councils' performance indicator of 5% to 10%. Council controlled operations encompass the main recurrent operating activities that provide and support learning and teaching.

Student accommodation surplus amounted to R61 million (2024: R30 million) and the Trust R159 million (2024: R159 million). Specifically funded activities (restricted) realised a net deficit of R53 million (2024: R95 million deficit).

The consolidated surplus before other comprehensive income and finance income amounts to R330 million (2024: R24 million), of which Council controlled operations amounted to a deficit of R188 million (2024: R6 million deficit).

Table 2 – Consolidated revenue and expenditure sources



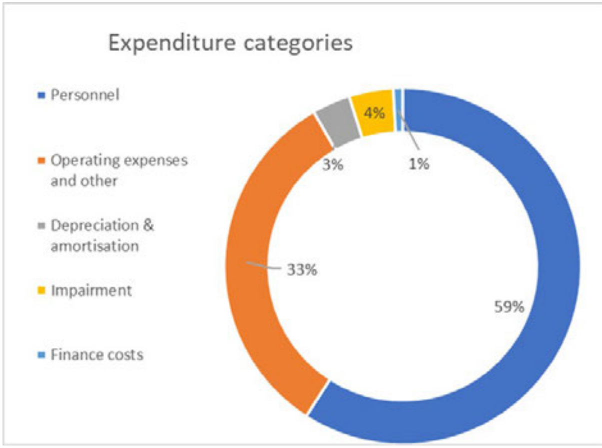


Table 3 – Consolidated year on year variance

Consolidated Statement of Comprehensive Income	% Variance 2025/2024
Total Recurrent Income	4%
State Appropriations	3%
Tuition and other fees	11%
Finance Income	-4%
Private Gifts and Grants	-35%
Contract Research	-14%
Sales of goods and services and other income	-1%
Total Recurrent Expenditure	1%
Personnel Costs	5%
Other Current Operating Expenses	-8%
Impairment losses	-28%
Depreciation	7%
Amortisation	-14%
Finance Costs	-1%

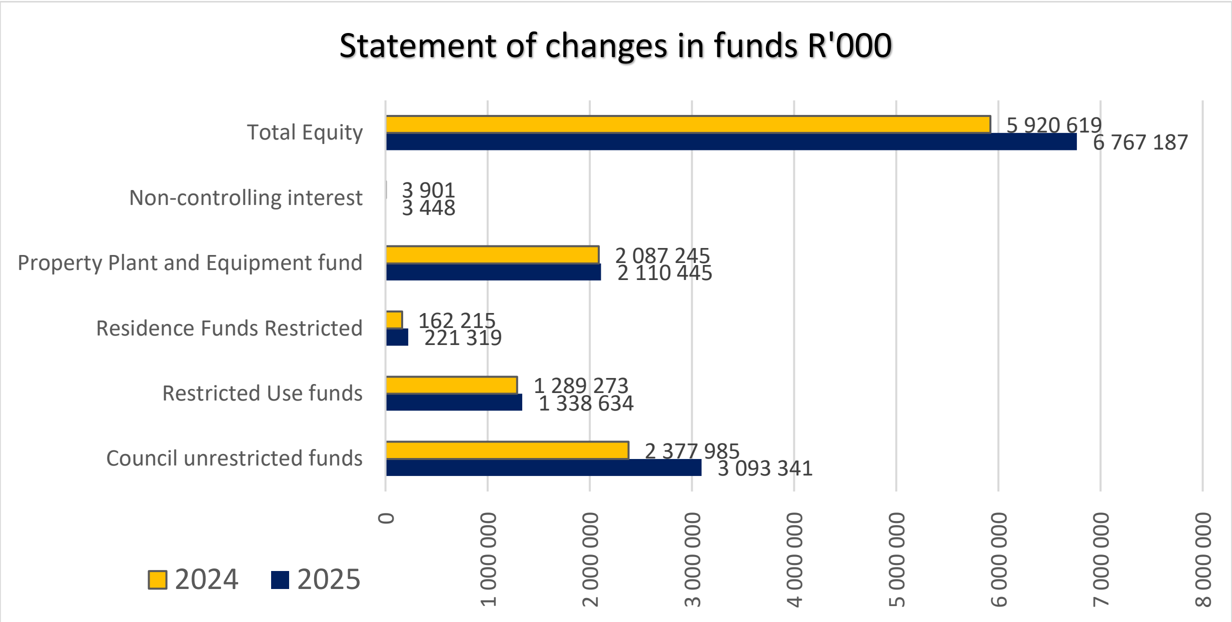
Total recurrent income increased by 4%. The University's major consolidated income sources are tuition and other fee income, and state appropriations, which total 76% of total recurrent income. State appropriations increased by 3% at both a consolidated level and for Council controlled operations. Tuition and other fees increased by 11% as a result of growth and fee adjustment as per sector fee compact. Third stream and other income decreased by 12% in total including finance income decreasing by 4%, private gifts and grants decreasing by 35%, contract research decreasing by 14% and sales of goods and services and other decreasing by 1%.

Total recurrent expenditure increased by 1%. Personnel costs continue to be the largest cost driver, which together with operational expenditure, total 92% of expenditure. Personal costs increased by 5%. Other current operating expenditure decreased by 8%. Impairment losses increased by 28%, deprecation increased by 7% while amortisation costs decreased by 14%. Finance costs decreased by 1%.

The re-measurements of post-retirement obligations disclosed under other comprehensive income has increased Total Comprehensive Income for the year by R30 million (2024: R25 million).

The consolidated statement of financial position reflects an increase in total assets of R602 million with equity funds increasing by R847 million and total liabilities decreasing by R245 million. Retirement benefit obligations increased by R7 million and now amounts to R 95 million. The liquidity position is sound as indicated by the liquidity ratio.

Table 4



The consolidated statement of changes in funds indicates that Restricted use funds amounts to R1 338 million (2024: R1 289 million), Residence funds amount to R221 million (2024: R162 million), while Council unrestricted funds amount to R3 093 million (2024: R2 377 million) of which the General Reserve amounts to R2 658 million (2024: R1 980 million). It's important to note that restricted funds are encumbered according to their mandates, and are therefore not available for use at Council's discretion.

The consolidated statement of cash flows reflects a positive cash flow from operations with an increase in cash and cash equivalents of R286 million (2024: R215 million)

Table 5

Financial Indicators	2025	2024	2023	2022	2021	2020
Council controlled: - State support income (State appropriations /total recurrent income)	42.18%	42.21%	43.89%	48.16%	52.33%	52.28%
Council controlled: - Own funding as % income (Other income/total recurrent income)	57.82%	57.70%	56.11%	51.84%	47.66%	47.71%
Council controlled: - Staff cost as % total recurrent expenses - Total Staff costs (Council controlled - AFS)/Recurrent expenditure (council controlled)	64.26%	62.46%	59.87%	66.00%	65.15%	61.56%
Council controlled: - Staff cost as % total recurrent income - Total Staff costs (Council controlled - AFS)/Recurrent income (council controlled). The expected normal standard for total personnel cost as a percentage of total revenue is between 58% and 63%	56.95%	53.63%	54.84%	57.69%	56.77%	57.71%
Council controlled: - Staff cost (Academic incl. Foundation Programme and Professional Administrative and Support Staff and as a % of net tuition fees and operational subsidy). Council Benchmark 65 %	61.55%	63.68%	63.94%	58.03%	57.79%	59.82%
Council controlled: - Net surplus as % including finance income. The DHET expected normal standard is a surplus. Council benchmark of between 5% and 10 % from council-controlled operations.	18.03%	14.14%	8.42%	12.59%	12.87%	6.25%
Council controlled: - Net surplus as % excluding finance income	6.10%	-0.23%	-3.52%	4.21%	7.56%	0.11%
Student debt ratio: - Student Debtors before provision for doubtful debt/Total Tuition & Other Fees.	42.90%	36.13%	28.87%	28.92%	33.02%	42.22%
Short Term Liquidity ratio (current assets/current liabilities). Expected normal standard is > 2:1	6.38	4.29	3.51	4.12	5.13	6.91
Sustainability ratio (Council-controlled reserves only) (Council-controlled reserves / annual recurrent expenditure on Council-controlled expenditure) Council has in 2020 set this target at 1.00 as for reserves to equal the annual cost of recurrent expenditure	1.07	0.85	0.69	0.68	0.63	0.55
Sustainability ratio (Total reserves) Total reserves / annual recurrent expenditure	2.34	2.12	1.9	2.00	1.91	1.61
Post-retirement Liabilities (balance sheet)	R95m	R87m	R 67m	R72m	R75m	R62m

The institutional financial indicators show that the University has maintained a relatively healthy financial position.

Financial sustainability however remains a challenge for the Higher Education Sector, striving to contribute to national objectives in difficult economic trading conditions with new cost drivers such as to the impact of load shedding and water scarcity. It also remains a key strategic objective of the Nelson Mandela University. The Higher Education Sector, as with the broader national and international economy, will be under significant pressure in the foreseeable future, with many unknown levels of uncertainty. Careful consideration will need to be given to when considering approval of recurrent resourcing projects or programmes.

The Sustainability and Institutional Viability Task Team (SIVTT) will focus on three key areas being academic optimisation, improved efficiencies and strategy aligned resource mobilisation and budgeting as to contribute to Vision 2030 and financial sustainability of the University.This work aims to achieve that in the medium to long term, the recurrent cost structures are financed from recurrent revenue streams excluding finance income, and that earmarked reserves for funding five-year capital maintenance, replacement of teaching and research equipment and IT infrastructure plans are maintained while enhancing digital transformation.

The University will confront these challenges by means of its strategic approach to financial planning and management.

Management is satisfied that the financial measures taken to date are adequate to ensure financial sustainability over the next twelve months, and the impact of the events disclosed do not impact on the going concern of the University.

We would like to thank the Council, Finance & Facilities Committee, and Audit & Risk Committee for their guidance and their commitment to the financial sustainability of the University.

D MacLean
Chairperson: Finance & Facilities Committee

M R Monaghan
Executive Director: Finance

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Independent auditor's report to the Minister of Higher Education and the Council of the Nelson Mandela University of Nelson Mandela University

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Nelson Mandela University and its subsidiaries (the group) set out on pages 21 to 83, which comprise the consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in funds, and the consolidated statement of cash flows for the year then ended, as well as notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Nelson Mandela University and its subsidiaries as at 31 December 2025 and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Higher Education Act of South Africa, 1997 (Act no.101 of 1997)(HEA).

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 Financial Statements* section of our report.

We are independent of the group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* of the 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.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023 (EAR Rule), we report:

Final materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error, and they 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 the consolidated financial statements.

Our determination of materiality is a matter of professional judgement and is affected by our perception and understanding of the financial information needs of intended users, which is the quantitative and qualitative factors that determine the level at which relevant decisions taken by users would be affected by a misstatement. These factors helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the consolidated financial statements as a whole.

Based on our professional judgement, we determined final materiality for the consolidated financial statements as follows:

Final materiality amount	R67 million
Basis for determining materiality	2% of prior period total expenses (R3 359 207 000), as presented in the consolidated statement of comprehensive income.
Rationale for benchmark applied	Total expenses is an appropriate quantitative indicator of materiality as Nelson Mandela University is a public university established in terms of the Higher Education Act. The University operates in a tertiary education industry reporting to the Department of Higher Education and Training. The institution receives more than 42% of the revenue from government through subsidies and other grants. The Department of Higher Education and Training is the primary stakeholder, and its interest is on how the institution utilises the funds received. Therefore, the total operating expenses of the university best reflects its economic activity. The selected materiality benchmark is 2% (middle range) of the operating expenses due to the following reasons: • it does not have a complex group structure. • it does not make multiple estimates that are subject to significant management bias or complex transactions. • it does not operate in a specialised industry to which the firm has no experience although it is highly regulated. • an unqualified audit report was issued in prior periods. • The percentage used is consistent with the prior year and there were no events or circumstances

	noted that indicated that the percentage should be changed

Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, considering the structure of the group and the accounting processes and controls.

We considered the group's organization structure and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. The group comprises of the university and 8 subsidiaries (each considered to be a 'component' for purposes of our group audit scope). In establishing the group audit scope, we assessed the risk of material misstatement at the group level and, based on this assessment, determined the components subject to audit procedures and the nature, timing and extent of the work to be performed across the group. Significant judgements were applied in scoping the group audit, including determining the components for which audit procedures would be performed. In making these determinations, we considered whether components were significant due to their size or risk, non-significant, or inconsequential to the group. We have determined one component to be significant, one component to have financial statement line items that are significant and seven components to be inconsequential to the group. We have scoped in the one component considered to be significant for full scope audit, and specified audit procedures for the one component considered to be non-significant. The group engagement team performed the audits of the one component considered to be significant, and the specified procedures on the component considered to be non-significant and analytical procedure were performed at group level for the seven inconsequential components.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report. In terms of the EAR Rule, we are required to also report the outcome of audit procedures or key observations with respect to the key audit matter.

Key audit matter	How the matter was addressed in the audit
Assessment of Expected Credit Losses (ECLs) on Financial Assets As discussed in the credit risk section in note 21 and in note 6 and 7 in the consolidated financial statements, other financial assets amounted to R5.6billion, cash and cash equivalents of R636 million and receivables amounted to R826 million. These financial assets are measured at amortised cost less expected credit losses of R420 million. For trade receivables and student fees receivables, the University applies a simplified approach in calculating ECLs. This entails grouping receivables per shared risk (i.e. age of debt and type of debt). The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. For cash and cash equivalents and other financial assets, the University applies the general approach which entails grouping of financial assets based on credit risk. Due to the high estimation uncertainty in determining the allowance, we considered the expected credit losses allowance to be a key audit matter.	The following are the primary procedures we performed to address this key audit matter: • We held discussions with management to understand their ECL model and the specific inputs they have used. • We involved our internal experts with specialised skills and knowledge in providing assurance and advisory solutions on expected credit loss calculations. Actuaries performed a review of the assumptions & methods used by management to calculate the ECL. They further replicated the model used by management to calculate their own ECL. • We assessed whether the credit risk management disclosures appropriately reflect and address the uncertainties which exist in determining in ECL. • We assessed the accuracy of the age analysis student debtors and trade receivables by inspecting prior year student statements and customer invoices and recalculated the ageing category. • We assessed the reasonability of the assumptions made by management in determining the provision by performing a recalculation of the collection rates based on prior period collection history. • We assessed the appropriateness and completeness of the related disclosures in the consolidated financial statements. • For cash and cash equivalents and other financial assets, no staging has been documented or explicitly performed by NMU. We have performed an assessment and concluded that there has been no significant increase in credit risk.
Based on our procedures performed, we found management's overall assessment relating to the valuation of financial assets within an acceptable range and adequately disclosed in the notes to the consolidated financial statements.	

Responsibilities of the Council for the consolidated financial statements

The Council, is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the HEA and for such internal control as the Council determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor’s report. This description, which is located at page 9, forms part of our auditor’s report.

Report on the audit of the annual performance report

In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the focus areas presented in the annual performance report. The Council is responsible for the preparation of the annual performance report.

We selected the following objectives presented in the annual performance report for the year ended 31 December 2025 for auditing. We selected objectives that measures the University’s performance on its primary mandated functions and that are of significant national, community or public interest.

Objective	Page numbers	Purpose
Strategic focus area 1-Liberate human potential through humanising, innovative lifelong learning experiences	80-95	Liberate human potential through humanising, innovative lifelong learning experiences that prepare graduates to be socially conscious, responsible global citizens who serve the public good.
Strategic Focus Area 2: Pursue impactful, pioneering research, innovation, and internationalisation.	96-101	Pursue impactful, pioneering research, innovation, and internationalisation to address grand societal challenges and promote sustainable futures.

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

We performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the University’s mandate and the achievement of its planned objectives
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently

- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

- there is adequate supporting evidence for the achievements reported

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

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

Other Matter

We draw attention to the matter listed below:

Achievement of planned targets

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

Report on compliance with legislation

In accordance with the PAA and the general notice issued in terms thereof, we must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The Council is responsible for the University's compliance with legislation.

We performed procedures to test compliance with selected requirements in key legislation in accordance with the AGSA findings engagement methodology. This engagement is not an assurance engagement. Accordingly, we do not express an assurance opinion or conclusion.

Through an established AGSA process, we selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the University, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements, performance report and annual reports

The financial statements submitted for auditing were not prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, as required by reg 7(4)(b)(xii) of the regulations for reporting by public higher education institutions. Material misstatements of cash generated from operations identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

Some of the members of staff did not notify the University of a conflict or possible conflict of interest before the University procured goods or services from such member of staff or an organisation within which such employee held an interest, in contravention of section 34(4)(b) of the Higher Education Act.

Other information in the annual report

The Council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

Our opinion on the consolidated financial statements and our reports on the audit of the annual performance report 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 financial statements, and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We have nothing to report in this regard

Internal control deficiencies

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

We did not identify any significant deficiencies in internal control.

Other reports

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

Agreed-upon procedure engagements

Engagement name	Period End	Firm performing the engagement	Status	Expected date of issuing report
Financial data-DHET	31-Dec-25	SNG Grant Thornton	In progress	30 June 2026
Clinical Training	31-Dec-25	SNG Grant Thornton	In progress	31 July 2026
Hemis Audit	31-Dec-25	SNG Grant Thornton	In progress	31 July 2026
Research Articles	31-Dec-25	SNG Grant Thornton	Completed	The report has been issued.

Audit tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that SizweNtsalubaGobodo Grant Thornton has been the auditor of Nelson Mandela University (the group) for 4 years.

Disclosure of fee-related matters

In terms of the EAR Rule, we disclose the following fee-related matters:

Engagement	Fees
Nelson Mandela University (External Audit)	R2 959 808
Nelson Mandela University (Non-assurance)	R395 453

SizweNtsalubaGobodo Grant Thornton Inc

[Auditor's signature]

Asithandile Ngxabi

Director

Registered Auditor

29 June 2026

SizweNtsalubaGobodo Grant Thornton

Chestnut House, Palm Square Business Park

Bonza Bay, East London, 5241

Annexure to the auditor's report

The annexure includes the following:

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

Auditor's responsibilities for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements and the procedures performed on reported performance information for selected objectives and on the University's compliance with selected requirements in key legislation.

Consolidated financial statements

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

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

Communication with those charged with governance

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

We also provide the Council 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 financial statements for 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.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Audit Act 25 of 2004 (PAA) Regulations for Reporting by Public Higher Education Institutions Higher Education Act 101 of 1997	**Annual Financial statements** • PAA 14(2)(b) • RRPHEI 7(4)(b)(xii) • HE Act 41(1)(b)(ii)
Higher Education Act 101 of 1997	**Asset Management** HE Act 20(5) HE Act 40(3)(a)(i) HE Act 40(3)(a)(ii)HE Act 40(3)(a)(iii)
Prevention and Combating of Corrupt Activities Act 12 of 2004	**Consequence Management** PRECCA 34(1)
Regulations for Reporting by Public Higher Education Institutions	**Strategic Planning** RRPHEI 4(1) RRPHEI 4(2) RRPHEI 5(1) RRPHEI 5(2)(a) RRPHEI 5(2)(d) RRPHEI 5(2)(g) RRPHEI 5(2)(m) RRPHEI 6(2) RRPHEI 6(2)(d)

Legislation	Sections or regulations
	RRPHEI 6(2) RRPHEI 6(3)

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2025

	Notes	2025 R'000	2024 R'000
ASSETS			
Non-current assets		4 752 219	4 383 254
Property, plant and equipment	2	2 174 418	2 182 242
Intangible assets	3	927	1 207
Long term investments	4	286 496	256 659
Other financial assets	6.1	2 289 544	1 942 756
Deferred tax		834	390
Current assets		4 456 065	4 223 529
Inventories	5	3 590	4 136
Trade and other receivables	7	517 432	474 868
Other financial assets	6.1	3 299 447	3 395 478
Cash and cash equivalents	6.2	635 597	349 038
Current tax receivable		-	9
Total assets		9 208 284	8 606 782
EQUITY AND LIABILITIES			
Equity funds		6 767 187	5 920 619
Equity funds attributable to owners of the parent			
Property, plant and equipment fund		2 110 445	2 087 245
Restricted use funds		1 559 953	1 451 488
Residence restricted funds		221 319	162 215
Other restricted funds		1 338 634	1 289 273
Council unrestricted funds		3 093 340	2 377 985
Non-controlling interest		3 448	3 901
Non-current liabilities		1 742 578	1 701 778
Deferred income	8	1 285 772	1 197 908
Interest-bearing borrowings	9	265 775	288 602
Retirement benefit obligations	10	54 251	87 211
Accumulated leave liability	11	129 929	124 569
Long service award accrual	13	6 850	3 487
Current liabilities		698 519	984 385
Deferred income	8	14 040	13 826
Current portion of borrowings	9	27 487	24 736
Retirement benefit obligations	10	40 773	-
Accumulated leave liability	11	2 456	3 550
Accounts payable and accrued liabilities	12	612 174	941 271
Long service award accrual	13	1 587	1 002
Current tax payable		2	-
Total equity and liabilities		9 208 284	8 606 782

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2025

	Notes	2025 Council controlled unrestricted	2025 Specifically funded activities restricted	2025 NMU Trust restricted	2025 SUB-TOTAL	2025 Residence Restricted	2025 TOTAL	2024 TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL INCOME		**3 524 298**	**230 908**	**166 116**	**3 921 321**	**279 669**	**4 200 990**	**3 879 405**
RECURRENT ITEMS		3 259 260	231 179	166 116	3 656 554	279 669	3 936 224	3 879 158
State appropriations	**14**	1 374 607	71 293	-	1 445 900	-	1 445 900	1 404 851
Tuition and other fee income	**25**	1 254 182	-	-	1 254 182	279 652	1 533 834	1 387 659
Income from contracts for research	**25**	24 693	131 303	-	155 996	-	155 996	181 844
Sales of goods and services	**25**	95 166	9 266	-	104 432	-	104 432	114 500
Private gifts and grants	**15,25**	50 487	1 079	127 455	179 020	17	179 038	274 085
TOTAL REVENUE		**2 799 135**	**212 940**	**127 455**	**3 139 530**	**279 669**	**3 419 199**	**3 362 939**
Finance income	**16**	447 896	18 239	6 221	472 356	-	472 356	495 673
Revaluation of investments at year end	**4**	-	-	32 440	32 440	-	32 440	17 535
Other – recurrent*		12 229	-	-	12 229	-	12 229	3 010
NON-RECURRENT ITEMS		265 038	(271)	-	264 767	-	264 767	247
Profit/(Loss) on disposal of PPE		10	(271)	-	(261)	-	(261)	247
Other non-recurrent**		265 028	-	-	265 028	-	265 028	-
TOTAL EXPENDITURE		**2 888 642**	**283 578**	**6 852**	**3 179 071**	**219 138**	**3 398 210**	**3 359 207**
Personnel costs	**17**	1 856 152	86 642	-	1 942 794	65 739	2 008 533	1 910 557
Academic professional		882 214	46 567	-	928 780	-	928 780	880 908
Other personnel		965 724	40 075	-	1 005 800	65 739	1 071 539	1 035 481
Accumulated leave		4 266	-	-	4 266	-	4 266	(3 260)
Long service award		3 948	-	-	3 948	-	3 948	(2 573)
Other operating expenses (Exclude compensation, depreciation, amortisation & debt service)	**18**	797 115	196 936	6 852	1 000 903	109 381	1 110 283	1 202 792
Expected credit loss		136 252	-	-	136 252	-	136 252	106 843
Depreciation	**2**	97 650	-	-	97 650	16 456	114 106	109 610
Amortisation	**3**	280	-	-	280	-	280	327
Finance costs	**26**	1 193	-	-	1 193	27 563	28 755	29 078
NET SURPLUS/(DEFICIT) BEFORE TAXATION		635 655	(52 670)	159 264	742 250	60 531	802 781	520 198
Taxation	**24**	(138)	-	-	(138)	(136)	(274)	(383)
NET SURPLUS/(DEFICIT)		635 517	(52 670)	159 264	742 111	60 395	802 506	519 815
Net surplus/(Deficit) for the year attributable to:								
Non-controlling interest		454	-	-	454	-	454	574
Owners of the parent		635 064	(52 670)	159 264	741 658	60 395	802 053	519 241
		635 517	**(52 670)**	**159 264**	**742 111**	**60 395**	**802 506**	**519 815**

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2025

	Notes	2025 Council controlled unrestricted	2025 Specifically funded activities restricted	2025 NMU Trust restricted	2025 SUB-TOTAL	2025 Residence Restricted	2025 TOTAL	2024 TOTAL
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to surplus or deficit:								
Remeasurements – Retirement healthcare obligation		22 484	-	-	22 484	-	22 484	15 615
Remeasurements – pension fund obligation		7 935	-	-	7 935	-	7 935	9 949
		30 419	-	-	30 419	-	30 419	25 563
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**665 937**	**(52 670)**	**159 264**	**772 531**	**60 395**	**832 926**	**545 378**
Comprehensive income for the year attributable to:								
Non-controlling interest		454	-	-	454	-	454	574
Owners of the parent		665 483	(52 670)	159 264	772 077	60 395	832 472	544 804
		665 937	**(52 670)**	**159 264**	**772 531**	**60 395**	**832 926**	**545 378**

*other recurrent includes professional membership fees, bad debts recovered and settlement discounts.

**other non-recurrent relates to Nelson Mandela University's share of royalty income of Innovolve (Pty) Ltd, a rebate from the Purchasing Consortium Of South Africa (Pty) Ltd and the impact of the NSFAS close out process.

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2025

	Unrestricted			Restricted								
Description	**General Reserve Fund R'000**	**Accumulated Fund R'000**	**Council Funds Subtotal R'000**	**Contract/ Private Funds R'000**	**NMU Trust/ Restricted Funds R'000**	**Other Restricted Funds R'000**	**Restricted Funds Sub-total R'000**	**Residence Funds Restricted R'000**	**Property, Plant and Equipment Fund R'000**	**Total Attributable to Parent Company R'000**	**Non-Controlling Interest R'000**	**Total R'000**
Balance at 1 January 2025	1 980 691	397 294	2 377 985	73 679	264 794	950 800	1 289 273	162 215	2 087 245	5 916 718	3 901	5 920 619
Non-Controlling Interest-share of profits	-	454	454	-	-	-	-	-	-	454	(454)	-
Net surplus	705 299	(69 782)	635 517	(52 670)	159 264	-	106 594	60 395	-	802 506	-	802 506
Other comprehensive income	-	30 419	30 419	-	-	-	-	-	-	30 419	-	30 419
Other additions	11 210	41 408	52 618	-	-	-	-	4 994	3 464	61 076	-	61 076
Funds utilised	-	(559)	(559)	(21 835)	(25 000)	-	(46 835)	(39)	-	(47 434)	-	(47 434)
Net transfers (to)/from other funds	(38 361)	35 268	(3 093)	48 390	(126 017)	67 229	(10 398)	(6 246)	19 737	-	-	-
Balance at 31 December 2025	2 658 838	434 502	3 093 340	47 564	273 041	1 018 029	1 338 634	221 319	2 110 445	6 763 739	3 448	6 767 187
Balance at 1 January 2024	1 551 678	390 433	1 942 111	76 280	245 938	878 718	1 200 937	134 392	2 085 070	5 362 510	4 475	5 366 985
Non-Controlling Interest-share of profits	-	574	574	-	-	-	-	-	-	574	(574)	-
Net surplus	495 060	(34 215)	460 846	(94 632)	124 173	-	29 541	29 428	-	519 815	-	519 815
Other comprehensive income	-	25 563	25 563	-	-	-	-	-	-	25 563	-	25 563
Other additions	19 629	31 286	50 915	151 953	-	-	151 953	4 572	21 730	229 171	-	229 171
Funds utilised	(55 889)	(27 034)	(82 924)	(118 759)	(786)	-	(119 545)	(18 446)	-	(220 915)	-	(220 915)
Net transfers (to)/from other funds	(29 787)	10 686	(19 101)	58 837	(104 532)	72 082	26 387	12 269	(19 555)	-	-	-
Balance at 31 December 2024	1 980 691	397 294	2 377 985	73 679	264 794	950 800	1 289 273	162 215	2 087 245	5 916 718	3 901	5 920 619

Refer Note 28 Statement of Equity movements.

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2025

	Notes	2025 R'000	2024 R'000
Cash flow from operating activities			
Cash generated by operations	23.1	243 590	36 047
Interest income - short term		486 296	399 527
Taxation paid	24	(707)	(686)
Net cash inflow from operating activities		729 179	434 889
Cash flow from investing activities			
Interest income		3 411	4 965
Dividend income	16	2 932	2 891
Purchase of property, plant and equipment	23.2	(120 708)	(103 887)
Interest paid capitalised to property, plant and equipment	23.2	-	(4 267)
Proceeds on disposal of property, plant and equipment		125	507
Purchase of other financial assets	6.1	(3 266 009)	(3 400 700)
Redemption of other financial assets		3 000 000	3 331 460
Purchase of long-term investments	4	(31 960)	(20 287)
Proceeds on long term investments	4	18 417	16 712
Net cash outflow from investing activities		(393 792)	(172 606)
Cash flow from financing activities			
Interest paid on borrowings and lease liabilities	26	(28 755)	(29 078)
Repayment of borrowings and lease liabilities	23.3	(20 075)	(17 290)
Net cash outflow from financing activities		(48 830)	(46 368)
Increase in cash and cash equivalents		286 559	215 916
Cash and cash equivalents at beginning of year		349 038	133 122
Cash and cash equivalents at end of year	6.2	635 597	349 038

1. Material accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies are consistent with those of the previous year, unless otherwise stated.

Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

1.1 Basis of preparation

The consolidated financial statements of the Nelson Mandela University have been prepared on a going concern basis in accordance with IFRS Accounting Standards and in the manner prescribed by the Minister of Education in terms of section 41 of the Higher Education Act (No. 101 of 1997), as amended. The consolidated financial statements have been prepared under the historical cost convention except for equity instruments under non-current investments, which are carried at fair value. The presentation currency of the Nelson Mandela University is South African Rands. Unless stated otherwise, all amounts are rounded to the nearest thousand Rand (R'000).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Nelson Mandela University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are valuation of employee benefits, impairment of receivables, useful lives assessment for property, plant and equipment and valuation of certain investments. The details relating to specific critical accounting estimates are disclosed in the following notes:

- Property, plant and equipment (Note 2)
- Long-term investments (Note 4)
- Trade and other receivables (Note 7)
- Retirement benefit obligations (Note 10)
- Accumulated leave liability (note 11)
- Long service award accrual (Note 13)

Management considered whether climate-related factors could materially impact key estimates, including impairment assessments, and concluded that they do not have a material effect on the amounts recognised in the financial statements of the current period.

The policies set out below have been consistently applied to all the years presented.

a) Standards and pronouncements approved but not yet effective and not adopted by the Nelson Mandela University

There are a number of standards, amendments to standards, and interpretations, which have been issued by the International Accounting Standards Board (IASB®) that are effective in future accounting periods that the Nelson Mandela University has decided not to adopt early.

- The new standards and pronouncements approved but not yet effective have been assessed by the Nelson Mandela University and the impact is expected not to be significant. Only the specific standards that are applicable to the group have been listed below.

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 Jan 2026
Amendments to IFRS 9 and IFRS 7	Contracts referencing nature-dependent electricity	1 Jan 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 Jan 2026
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 Jan 2027
IAS 8 (consequential amendment from IFRS 18)	Rename of IAS 8 and relocation of some of the paragraphs from IAS 1 basis of AFS preparation to IAS 8 and IFRS 7	1 Jan 2027
IFRS 1	Gain or loss on derecognition	1 Jan 2026

- The new standards and pronouncements approved but not yet effective have been assessed by the Nelson Mandela University. While the standard is not expected to affect the recognition or measurement of transactions, it will require revised classifications, expanded disclosures, and retrospective restatement of comparative information. With IFRS 18 the income and expenses of the University will be split into operating activities, which includes student fees, research income, sale of goods and services, etc., and related operating expenses, investing activities, which will include dividend income from investments, interest income from fixed deposits and cash and cash equivalents and any related expenses, and financing activities which will include interest expenses from borrowings, and lease liabilities, etc.

IFRS 18	Presentation and Disclosures in Financial Statements	1 Jan 2027

b) New and amended standards adopted by the Nelson Mandela University

The following new standards that were approved and effective from 1 January 2025 have been applied by the Nelson Mandela University:

- Amendments to IAS 21 Lack of exchangeability
- Amendments to SASB Standards Enhancing international applicability

The amendments listed above did not have an impact on the amounts recognised in prior periods and will not significantly affect the current or future periods.

1.2 Basis of Consolidation

Control is achieved when the Nelson Mandela University is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are all entities (including special purpose entities) over which the Nelson Mandela University has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Nelson Mandela University. They are de-consolidated from the date that control ceases. Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Nelson Mandela University.

1. Accounting policies (continued)

1.2 Basis of Consolidation (continued)

All financial activities of the Nelson Mandela University have been included in these financial statements. Also included are the financial activities of the Nelson Mandela University Trust, Rubious Mountain Properties (Pty) Ltd, Innovolve (Pty) Ltd and its subsidiaries and the Nelson Mandela University Investment Company (Pty) Ltd. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

1.3 Revenue recognition

1.3.1 State appropriations: Subsidy and grant income
State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates. Appropriations for specific purposes, e.g. capital expenditure, are recognised as deferred income and recognised in income over the depreciable life of the assets capitalised.

Government grants received for infrastructure are included in liabilities as deferred income and are credited to the asset when the asset becomes available for use, resulting in a decrease in the depreciation recognised in the consolidated statement of comprehensive income over the expected lives of related assets.

1.3.2 Revenue from contracts with customers
The Nelson Mandela University is in the business of providing tertiary educational services to the students and research activities to third parties. The fees from these services include tuition fees, private gifts and grants, sales of goods and services, and income from research contracts. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Nelson Mandela University expects to be entitled to, in exchange for those goods or services.

The above excludes income received from the National Student Financial Aid Scheme, donor bursaries and Off Campus Rental from external student accommodation providers, as Nelson Mandela University acts as an agent for these funds.

1. Accounting policies (continued)

1.3 Revenue recognition (continued)

1.3.2 Revenue from contracts with customers (continued)

Revenue Type	Recognition	Transfer of control	Measurement	Duration of contract	Price determination
Tuition and Residence Fees	applicable to one academic and financial year and are recognised in that year	Over time	Transaction price	12 months	Regulated by the Department of Higher Education and approved by the University Council
Sales of goods and services (includes sales of books and promotional items, analytical work done by university departments such as testing required by industry customers)	upon delivery of the services or goods	Goods transferred at a point in time when delivered to customers. Services transferred over time.	Transaction price	normally 30 days from date of invoice	Sales – market related services – as per agreed terms and conditions
Contracts for research	generally, upon signature date of contract or as deliverables or milestones are met	Combination of signature date/completion of deliverable – at a point in time; and over contractual period – over time	Transaction price	contractual periods can exceed a 12-month period	As per agreed terms and conditions
Private gifts and grants	Satisfied at a point in time	At a point in time	Transaction price	over a contractual period, which can exceed a 12-month period	As per agreed terms and conditions

1.3.2.1 Non-cash consideration

The Nelson Mandela University receives research equipment and other tools from certain customers to be used in research activities in exchange for services rendered. The fair value of such non-cash consideration received from the customer is included in the transaction price and measured when the Nelson Mandela University obtains control of the equipment.

1.3.3 Interest income

Interest is recognised using the effective interest rate method taking account of the principal amount outstanding and the effective interest rate over the period to maturity.

1.3.4 Dividend income

Dividends are recognised when the Nelson Mandela University's right to receive a dividend is established.

1. Accounting policies (continued)

1.3 Revenue recognition (continued)

1.3.5 Private gifts and grants
Donations are recognised on receipt. Donations in kind are recognised at fair value. Donations received which are of a capital nature, with specific conditions, are deferred over the period of the agreement.

1.4 Segment Information and Reserve Funds

A segment is a recognised component of the Nelson Mandela University that is engaged in undertaking activities and providing services that are subject to risk and returns different from those of other segments. The segmentation provided in the statement of comprehensive income of these consolidated financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training and is specifically not in terms of IFRS 8: Operating Segments. The operating businesses are managed separately but all fall under the oversight of the Nelson Mandela University's executive leadership.

1.4.1 Council unrestricted funds
The unrestricted operating fund reflects the Nelson Mandela University's subsidised activities. This includes state appropriations, tuition fees and the sales and services of educational activities. The budget of the Nelson Mandela University, as approved by Council, is represented through this fund group. These funds fall under the absolute discretion and control of Council.

1.4.2 Restricted use funds
These funds may be used only for the purposes that have been specified in legally binding terms by the provider of such funds or by another legally empowered person.

1.4.3 Property, plant and equipment funds
These funds are designated funds for the specific purpose of fixed asset purchases.

1.4.4 Residence funds
These funds are designated funds for the specific purpose of providing student accommodation.

1.4.5 Restricted income
Income for restricted and specific purposes arises, inter alia, from contracts, grants, donations and specifically purposed endowments. In all instances any such income is recognised as income in the financial period when the Nelson Mandela University is entitled to use those funds. Funds that will not be used until some specified future period or occurrence are held in an appropriate fund until the financial period in which they can be used. Prior to that time the amount is appropriately grouped in one of the restricted funds comprising aggregate funds. These are treated as "transfers" on the statement of comprehensive income.

1.5 Financial Instruments – initial recognition and subsequent measurement

1.5.1 Financial assets

1.5.1.1 Initial recognition and measurement
Financial assets, are classified into one of the following categories:
• amortised cost
• fair value through profit or loss (FVTPL)

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Nelson Mandela University's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the

1. Accounting policies (continued)

1.5 Financial Instruments – initial recognition and subsequent measurement (continued)

1.5.1 Financial assets (continued)

1.5.1.1 Initial recognition and measurement (continued)

Nelson Mandela University has applied the practical expedient, the Nelson Mandela University initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

1.5.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at fair value through profit or loss
- Financial assets at amortised cost (debt instruments)

1.5.1.3 Financial assets at amortised cost (debt instruments)

The Nelson Mandela University measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Nelson Mandela University's financial assets at amortised cost include trade and other receivables, fixed deposits, gilts and bonds.

1.5.1.4 Financial assets at fair value through profit and loss

Financial assets held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at FVTPL. Further, irrespective of the business model used, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

These assets are included as long-term investments under non-current assets unless there is an intention to dispose of the investment within 12 months of the reporting date.

Mandated external investment managers carry out the investment of the Group's pool of funds, with the objective of long-term growth in the value of the investments.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

1.5.1.5 Impairment of financial assets

The Nelson Mandela University recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Nelson Mandela University expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

1. Accounting policies (continued)

1.5.1 Financial assets (continued)

1.5.1.5 Impairment of financial assets(continued)
For other financial assets (cash and cash equivalents, and fixed deposit investments), ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For student and external debtors for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and student fees receivables, the University applies a simplified approach in calculating ECLs. Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

1.5.1.6 Write off policy
The write off of student debtors is determined annually by extracting a report which identifies no movements on the students' accounts that have been handed over for debt collection.

Actual bad debts are written off in the year following that in which they are identified, after approval by the Finance and Facilities Committee.

Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income.

1.5.1.7 Credit Risk
1.5.1.7.1 Cash and cash equivalents
The Nelson Mandela University's exposure to credit risk from cash and cash equivalents arises from default of the counter party. The maximum exposure to credit risk at the reporting date, is the carrying amount of the cash and cash equivalents.

1.5.1.7.2 Trade receivables
The Nelson Mandela University's exposure to credit risk from student debtors, is mainly attributable to non-payment of tuition fees.

The Nelson Mandela University's exposure to credit risk from external debtors, is mainly attributable to non-payment of the outstanding debt.

The Nelson Mandela University's Finance Division limits the credit risk exposure through debt collection procedures to ensure the repayment of outstanding balances.

The Nelson Mandela University has stringent policies with respect to not allowing students with outstanding tuition fee balances to either graduate or to register for the new academic year. Only students that have qualified for university concessions for academically deserving but financially needy students may register with outstanding debt.

1. Accounting policies (continued)

1.5.1 Financial assets (continued)

1.5.1.7.3 Other financial assets – Investments
The Nelson Mandela University's exposure to credit risk from investments arises from default of the counter party.

The Nelson Mandela University limits its counter party exposures from its money market operations by only dealing with well-established financial institutions of high-quality credit standing. The credit exposure to any counter party is managed by setting transaction/exposure limits which are reviewed annually by management.

1.5.2 Financial liabilities

1.5.2.1 Initial recognition and measurement
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Nelson Mandela University's financial liabilities include accounts payable and accrued liabilities, interest bearing borrowings.

1.5.2.2 Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below:

1.5.2.3 Financial liabilities at amortised cost
This is the category most relevant to the Nelson Mandela University. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs. The effective interest is included as finance costs in the statement of profit or loss.

1.6 Property, plant and equipment

Land and buildings mainly consist of lecture halls, laboratories, on campus hostels, administrative buildings and sports facilities. All property, plant and equipment are stated at historical cost, less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of an item. Donated property, plant and equipment is recorded at fair value at the date of the donation in terms of the principles of IAS 20. Fair value is determined based on the current market value of similar assets in a similar condition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Nelson Mandela University and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit and loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The estimated average useful lives are:

1. Accounting policies (continued)

1.6 Property, plant and equipment (continued)

Buildings, Infrastructure, Sports facilities	10 to 50 years
Furniture and equipment including art collection	5 to 20 years
Motor Vehicles	4 to 10 years
Computer equipment	3 to 5 years

Land is not depreciated as it is deemed to have an indefinite life.

For all assets, the estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in profit and loss.

1.7 Impairment of property, plant and equipment and intangible assets

At each reporting date, the Nelson Mandela University reviews the carrying amounts of its property, plant and equipment, and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Property, plant and equipment and intangible assets that were affected by an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.8 Inventories

Inventories mainly comprise consumer goods and stationery. Inventories are stated at the lower of cost or net realisable value. Cost is determined on a weighted average basis. The cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

1.9 Employee benefits

1.9.1 Accumulated annual leave
Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the financial year end. Accumulated leave is measured based on the number of leave days outstanding and staff members' remuneration received. Accumulated leave is de-recognised as staff members utilise their leave during the year. Leave days up to a maximum of thirty (30) days can be carried forward indefinitely until an employee leaves the employ of the University. The portion that is not expected to be settled (used up by employees) within the next twelve months is classified as a non-current liability.

1.9.2 Retirement benefit obligations – pensions
The Nelson Mandela University participates in two retirement funds, namely the Nelson Mandela University Retirement Fund (NMURF) and the National Tertiary Retirement Fund (NTRF: NMU). Both funds are predominantly defined contribution (DC) in nature but include defined benefit (DB) guarantees for specific member categories.

1. Accounting policies (continued)

1.9 Employee benefits (continued)

1.9.2 Retirement benefit obligations – pensions (continued)
The schemes are generally funded through payments to trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the Nelson Mandela University pays fixed contributions into a separate entity. The Nelson Mandela 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.

For the defined benefit plan, plan assets are taken at their fair value (i.e. market value) and the liability recognised in the statement of financial position is the present value of the defined benefit obligation at that date less the fair value of plan assets. The plan assets are funded within the scheme, and any shortfall on the liability is funded from the reserves. 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 by discounting the estimated future cash outflows using interest rates of high-quality government bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income in the period in which they occur.

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.

Net interest expense or income is recognised within finance costs (refer note 10.1).

For defined contribution plans, the contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.9.3 *Retirement benefit obligations – medical benefits*
The Nelson Mandela University provides post-retirement healthcare benefits to qualified retirees. Entitlement to these benefits is usually based on the employee remaining in service up to retirement age and the completion of a minimum service period. This benefit only accrues to employees who joined the Nelson Mandela University prior to the following dates:

- previous PE Technikon	- 1 April 2002
- previous University of Port Elizabeth	- 1 April 2001

1.9.4 *Retirement benefit obligations – medical benefits*
The actuarial valuation method used to value the liabilities is the Projected Unit Credit Method. Future benefits valued are projected using specific actuarial assumptions and the liability for in-service members is accrued over their expected working lifetime.

The liability for all eligible in-service members and continuation members is valued assuming medical scheme contributions increase with healthcare cost Inflation. The continuation liability is split assuming no future increases in medical scheme contributions (to align with what would be covered under the annuity) and the future increase portion.

1. Accounting policies (continued)

1.9 Employee benefits (continued)

1.9.4 Retirement benefit obligations – medical benefits (continued)
Any plan assets are valued at current market value.

All actuarial gains and losses are recognised immediately in the year in which they arise, in other comprehensive income.

1.9.5 Long service awards
The Nelson Mandela University provides for other significant employee benefits, for example, long service awards. Management estimates the value of the Nelson Mandela University's obligations in this regard at each reporting date. Employees are awarded this benefit based on the number of years of service. The fee is determined according to the policy of the University and discounted to net present value based on the effective interest rate. These estimates take account of the existing policies and contractual obligations and the likelihood of employees remaining in service to actually receive the benefits.

1.10 Leases

At inception or on reassessment of a contract that contains lease components, the Nelson Mandela University allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

1.10.1 As a Lessee

The Nelson Mandela University leases a variety of properties and equipment from third parties.

The Nelson Mandela University recognises a right of use asset and a corresponding right of use liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Nelson Mandela University recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The right of use asset is initially measured at cost or estimate thereof, which comprises the initial amount of the right of use liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term, except where ownership transfers.

The estimated average useful lives are:

Right of Use Assets – Infrastructure	25 to 50 years

The Nelson Mandela University uses the incremental borrowing rate as the discount rate.

1. Accounting policies (continued)

1.10 Leases (continued)

1.10.1 As a Lessee (continued)

Lease payments allocated to lease components that are included in the measurement of the right of use liability comprise the following:

- fixed payments
- variable lease payments that depend on an index or rate
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Nelson Mandela University is reasonably certain to exercise, lease payments in an optional renewal period if the Nelson Mandela University is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Nelson Mandela University is reasonably certain not to terminate early.

The right of use liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the estimate of the amount expected to be payable under a residual value guarantee, or if the Nelson Mandela University changes its assessment of whether it will exercise a purchase, extension or termination option.

When the liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset or is recorded in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

The Nelson Mandela University right of use assets is included in property, plant and equipment and right of use liability is recognised in interest-bearing borrowings.

1.11 Intangible assets

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives.

The estimated average useful lives are:

Externally purchased computer software	3 to 5 years

1.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Property, plant and equipment

	Land, Buildings, Infrastructure and Sport Facilities	Assets under Construction	Right of use assets Infrastructure	Computer Equipment	Furniture and Equipment	Motor Vehicles	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Year ended 31 December 2025							
Opening net book value	1 776 356	111 309	20 892	107 581	152 769	13 337	2 182 242
Additions	-	38 878	-	35 946	40 964	4 920	120 708
Transfers	111 309	(113 025)	-	-	1 716	-	-
Disposals	-	-	-	(210)	(176)	-	(386)
Depreciation charge	(48 583)	-	(835)	(29 975)	(44 488)	(4 265)	(128 146)
Closing net book value	1 839 082	37 162	20 057	113 342	150 785	13 992	2 174 418
At 31 December 2025							
Cost	2 436 091	37 162	25 069	379 837	833 139	65 826	3 777 124
Accumulated depreciation	(597 008)	-	(5 012)	(266 495)	(682 355)	(51 835)	(1 602 705)
Net book value	1 839 082	37 162	20 057	113 342	150 785	13 992	2 174 418
Year ended 31 December 2024							
Opening net book value	1 779 301	130 779	21 727	104 184	145 024	12 333	2 193 346
Additions	1 959	31 208	-	31 718	38 112	5 156	108 153
Transfers	46 425	(50 678)	-	-	4 253	-	-
Disposals	-	-	-	(216)	(44)	-	(260)
Depreciation charge	(51 329)	-	(835)	(28 105)	(34 576)	(4 152)	(118 997)
Closing net book value	1 776 356	111 309	20 892	107 581	152 769	13 337	2 182 242
At 31 December 2024							
Cost	2 324 782	111 309	25 069	344 101	790 635	60 906	3 656 802
Accumulated depreciation	(548 425)	-	(4 177)	(236 520)	(637 867)	(47 570)	(1 474 559)
Net book value	1 776 356	111 309	20 892	107 581	152 769	13 337	2 182 242

2. Property, plant and equipment (continued)

Included in the property, plant and equipment as set out above are certain assets funded by grants from the Department of Higher Education and Training. The treatment of these grants is set out in accounting policy note 1.3.1 and note 8 of these financial statements. The impact of the government grants on the annual depreciation charge is as follows:

	2025 R'000	2024 R'000
Total depreciation charge	128 146	118 997
Depreciation on library books	-	4 441
Less: Release from deferred income	(14 040)	(13 826)
Statement of comprehensive income	114 106	109 610

Land and land improvements with a net carrying value of R409.6 million (2024: R383.2 million) is included as part of land and buildings, infrastructure and sport facilities.

A register of land and buildings is available for inspection at the Nelson Mandela University's main campus. The Nelson Mandela University is not permitted to dispose of, or otherwise alienate its land and buildings without the approval of the Minister of Higher Education and Training.

Right of use assets infrastructure include lease assets with carrying value of R20.0 million (2024: R20.9 million), secured under right of use obligation of R13.7 million (2024: R16.4 million) in note 9 to the financial statements.

The Nelson Mandela University has property, plant and equipment items with a cost of R23.5 million (2024: R16.6 million) reflected at zero value.

Included in profit or loss is insurance proceeds received from the Nelson Mandela University insurers for property, plant and equipment lost or damaged which amounts to R1.2 million (2024: R0.2 million).

Change in estimates:

The Nelson Mandela University annually performs a useful life assessment on all its assets.

In assessing the useful life of the assets of the Nelson Mandela University, management has determined that, based on the write off trend of the Nelson Mandela University's assets, some of the assets exceed the original useful life that is assigned on initial capitalisation.

This is attributed to the way departments take care of and accept responsibility for their assets and ensure maintenance of the assets to extend its useful life. There is a certain element of subjectivity used in determining by how long to extend the useful life.

The assessment considers if there is a legal or similar limit on the use of the asset, as well as any significant unexpected wear and tear, technological advancement or changes in market prices that may indicate that the residual value or useful life of an asset has changed.

The assessment resulted in a decrease in depreciation expense for 2025 of R76.3 million (2024: R70 million). The effect of the change in the depreciation expense on future periods has not been determined, as the Nelson Mandela University has deemed it impracticable to estimate.

3. Intangible Assets

Year ended 31 December 2025	**R’000**
Opening net book value	1 207
Additions	-
Disposals	-
Amortisation	(280)
Closing net book value	927
At 31 December 2025	
Cost	2 850
Accumulated amortisation	(1 923)
Carrying amount	927

Year ended 31 December 2024	**R’000**
Opening net book value	1 534
Additions	-
Disposals	-
Amortisation	(327)
Closing net book value	1 207
At 31 December 2024	
Cost	2 850
Accumulated amortisation	(1 643)
Carrying amount	1 207

Intangible assets consist of externally purchased computer software.

4. Long-term investments

The long-term investments belong to the Nelson Mandela University Trust which is 100% owned by the Nelson Mandela University.

	2025 R'000	2024 R'000
Balance as at the beginning of the year	256 659	242 281
Purchases of investments	31 960	20 287
Disposed investments	(18 417)	(16 712)
Other movements*	(16 143)	(6 729)
Fair value gains recognised in P&L	32 440	17 535
Balance as at the end of the year	286 496	256 659

2025 Other movements* relates to interest, admin fees and transfers in/out from fixed deposits.
2024 Other movements* relates to interest, admin fees, capital reduction, consolidation and transfers in/out.

The underlying financial assets include the following:	Notes	2025 R'000	2024 R'000
Listed shares	20	116 855	88 162
Foreign investments	20	100 353	99 856
Gilts and bonds	20	19 357	27 931
Fixed deposits	20	-	16 146
Unit Trusts	20	49 932	24 565
		286 496	256 659

The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2025.

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

5. Inventories

	2025 R'000	2024 R'000
Consumables	2 770	3 347
Goods for resale	820	789
	3 590	4 136

An amount of R1.0 million (2024: R1.0 million) is included as purchases in other operating expenses in the consolidated statement of comprehensive income.

6. Other financial assets and cash and cash equivalents

	2025 R'000	2024 R'000
6.1 Other financial assets	5 588 991	5 338 234
Other financial assets – non-current	2 289 544	1 942 755
Investments	2 284 725	1 942 755
PURCO SA Loan*	4 819	-
Other financial assets – current	3 299 447	3 395 478
Investments	3 299 447	3 395 478

*The University is a member of the Purchasing Consortium Southern Africa NPC (PURCO SA), a nonprofit company established to facilitate collaborative procurement for public universities and other higher education institutions. PURCO SA operates as a member-based institution with no shareholders, and its activities are directed at achieving procurement efficiencies and cost savings for its members.

PURCO SA may, subject to annual Board approval, distribute surplus funds to its members. Such surplus distributions are allocated based on factors including member procurement participation, loan account balances and interest earned on investments held by PURCO SA.

Amounts advanced to, or retained by, PURCO SA on behalf of the University are reflected in a loan account receivable. The loan has no fixed terms of repayment.

	2025 R'000	2024 R'000
Non-current investments held on fixed deposits at bank	2 250 000	1 900 000
Non-current investments – interest receivable	34 725	42 756
PURCO SA Loan	4 819	-
	2 289 544	1 942 756
Other financial assets – current investments held on fixed deposit at banks	3 015 015	3 113 700
Other financial assets – interest receivable	269 290	281 778
Other financial assets – short term investments of Investment Company (Pty) Ltd	15 141	-
	3 299 447	3 395 478
Investments at beginning of the year	5 338 234	5 196 395
Purchase of investments	3 270 828	3 400 700
Maturity of investments	(3 271 417)	(3 553 913)
Accrued Interest	261 708	304 253
Cash received on call account	(10 361)	(9 202)
Investments at the end of the year	5 588 991	5 338 234

Investments totalling R2.3 billion which were invested on fixed deposits, mature in 2027 between January and June and have therefore been classified as non-current assets under other financial assets in 2025.

The average effective interest rate on fixed deposits was 8.685% (2024: 9.152%).

6. Other financial assets and cash and cash equivalents (continued)

6.1 Other financial assets (continued)

The other financial assets of the Nelson Mandela University are spread amongst 5 of the 'A' rated banks in South Africa, and Sanlam. The credit quality of these institutions are as follows:

	2025
	R'000
za.A-1+ (Standard and Poor's)	1 256 904
zaA-1+ (Standard and Poor's)	509 128
F1+(zaf) (Fitch)	1 329 061
AA+(zaf) (Fitch)	108 796
F1+(zaf) (Fitch)	1 278 896
F1+(zaf) (Fitch)	1 101 387
	5 584 172
Other non-rated investment	4 819
	5 588 991

	2024
	R'000
zaA-1+ (Standard and Poor's)	1 012 251
zaA-1+ (Standard and Poor's)	269 208
zaA-1+ (Standard and Poor's)	1 340 267
AA+(zaf) (Fitch)	109 504
F1+(zaf) (Fitch)	1 279 528
F1+(zaf) (Fitch)	1 327 476
	5 338 234

6.2 Cash and cash equivalents

	2025	**2024**
	R'000	**R'000**
Cash at bank and in hand at amortised cost	635 597	349 038

The current other financial assets of R3.015 billion (2024: R3.114 billion) and cash and cash equivalents of R635 million (2024: R349 million) include R2.659 billion (2024: R1.981 billion) which is included in the general reserve in Statement of Changes in Funds.

The cash and cash equivalents of R635 million for 2025, includes an investment made on 29 December 2025 of R240 million which was invested for 21 days and an investment made on 30 December 2025 of R240 million for 28 days and therefore classified as cash and cash equivalents as per IAS 7.

The Nelson Mandela University places cash and cash equivalents with reputable financial institutions to limit credit risk.

The Nelson Mandela University has issued a guarantee to Proscience Laboratory Solutions amounting to R1 954 794. The expiry date is 31 January 2030. Standard Bank undertook to pay Proscience Laboratory Solutions the sum of R1 954 794. The bank will pay on demand upon satisfaction of the performance conditions. Proscience Laboratory Solutions has not yet delivered in terms of the performance guarantee. Therefore, no payment has been made by Standard Bank. The guarantee will remain until expiry or until Proscience performs in terms of the guarantee or it is cancelled.

6. Other financial assets and cash and cash equivalents (continued)

6.2 Cash and cash equivalents (continued)

Other facilities are as follows:

Diners Card R8 000 000.
This is the combined limit related to the cards held by Nelson Mandela University contracted travel agents. The account is settled monthly.

Fleet Card R200 000.
This is the limit associated to the fleet cards held by Nelson Mandela University vehicle operators for vehicles who operate outside the metropolitan areas.

Performance guarantee R1 966 000.
Performance guarantee in relation to FUNDI (EDU LOAN) R1 966 000. This is settled on a monthly basis.

6.3 National Credit Rating, Long-term outlook

		2025 R'000	2024 R'000	
The credit quality of these institutions are as follows:				
AA+(zaf)(Fitch)		7 887	7 642	AA+(zaf)(Fitch)
AA+(zaf)(Fitch)		559 381	313 731	AA+(zaf)(Fitch)
zaAAA+(Standard and Poor's)		63 380	24 260	zaAA+(Standard and Poor's)
za.AA(Standard and Poor's)		4 819	3 280	za.AA(Standard and Poor's)
		635 468	348 914	
Cash and Cash Equivalents	6.2	635 597	349 038	
Petty cash		(129)	(124)	
		635 468	348 914	

The fair value of cash and cash equivalents approximate their carrying amounts as the nature of the balance is short-term and interest rates are market related.

7. Trade and other receivables

	2025 R'000	2024 R'000
Student debtors	658 044	501 314
Less: Provision for impairment	(370 229)	(280 763)
	287 814	220 551
External debtors	29 693	38 719
NSFAS loan receivable*	36 358	36 358
Less: Provision for impairment	(49 731)	(53 201)
	16 320	21 876
NSFAS receivable**	101 580	196 903
Other receivables (non-financial)	111 718	35 538
	517 432	474 868

NSFAS loan receivable* - *relates to loan funding for students selected by the university, prefunded by the university and collected and administered via NSFAS. The university no longer provides loan funding since NSFAS changed to a full bursary scheme.*
NSFAS receivable** *relates to funding receivable from NSFAS for NSFAS funded students that the university has funded, but not yet received funding for from NSFAS.*

Overdue student debts bear interest at market related rates.

The Nelson Mandela University's historical experience in collection of these receivables falls within the recorded allowances. The Nelson Mandela University management believes that there is no additional credit risk beyond amounts provided for collection losses inherent in these balances.

Student debtors
Student debtors are deemed impaired and credit losses are provided for if the students do not register for the next academic year and did not successfully complete their degrees. Students are generally not allowed to register for the next academic year if they still have outstanding debt. However, at a Council meeting in November 2015, it was decided that the Nelson Mandela University would identify academically deserving but financially needy students and assist them with various forms of financial assistance. Qualifying students were categorised as either Zero EFC (no financial means to contribute) or Missing Middle (limited financial means to contribute). The outstanding debt of these cohorts as at 31 December 2025 is NIL (2024: NIL). Student debt in respect of students who have completed their degrees is not considered to be impaired based on historical evidence that they settle their debt in full in order to secure their degree certificates.

The Nelson Mandela University uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various student segments that have similar loss patterns (i.e. missing middle students, NSFAS students, student type and rating). The provision matrix is initially based on the Nelson Mandela University's historical observed default rates. A default is considered to be students that have not paid by due date as determined by the University. Credit quality of student debtors is managed by the Nelson Mandela University with reference to the last year of registration of the particular student. The impairment provision is based on the previous experience of the actual collections made in January and February each year prior to registration. The expected collection percentage for 2025 was increased to take into account the January and February 2026 collections. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of student's actual default in the future.

7. Trade, other receivables (continued)

The balances relating to student debtors at year end consist of the following:

	2025 R'000	2024 R'000
Student debtors considered to be fully performing	287 814	220 551
Student debtors not considered to be fully performing	370 229	280 763
Students last registered in current year	96 141	143 437
Students last registered in prior year	129 903	97 165
Students last registered two or more years ago	144 186	40 161
	658 044	501 314

The Nelson Mandela University has stringent policies with respect to not allowing students with outstanding fee balances to either graduate or to register for the new academic year. Only students that have qualified for university concessions for academically deserving but financially needy students, may register with outstanding debt. Academic registrations for the following year are normally from February and late registration normally closes in March.

The age analysis for outstanding student fees for 31 December 2025, all of which are due, is as follows:

31 December	2022 R'000	2023 R'000	2024 R'000	2025 R'000	TOTAL R'000
Gross student fees receivable	50 716	93 470	136 680	381 138	662 004
NSFAS students' debt likely to be received	-	-	-	(169 840)	(169 840)
Outstanding debt after adjustments	50 716	93 470	136 680	211 298	492 164
Expected collection	-	-	(6 778)	(115 158)	(121 935)
Provision for expected loss	**50 716**	**93 470**	**129 903**	**96 141**	**370 229**
Expected collection rate	0%	0%	5%	55%	44%

The expected collection rate is determined by considering the following information:

- The past historical collections rates of students and the increase in the age of the student debts is used to calculate the expected collection rate.
- The Nelson Mandela University also makes use of pre-legal collection methodology, and this is expected to result in lower collection in the future.
- The economy remains severely constrained which places significant constraints on the collection of outstanding debt.

The age analysis for outstanding student fees for 31 December 2024, all of which are due, is as follows:

31 December	2021 R'000	2022 R'000	2023 R'000	2024 R'000	TOTAL R'000
Gross student fees receivable	39 813	67 330	107 236	656 927	871 306
Overstated accommodation debt per student	-	-	-	(298 335)	(298 335)
NSFAS close out adjustment	(18 820)	(48 162)	-	-	(66 982)
Outstanding debt after adjustments	20 992	19 168	107 236	358 592	505 989
Gross student fees to be written off	(13 483)	(19 168)	(15 682)	-	-
Outstanding debt after bad debt write off	7 509	-	91 554	358 592	-
Expected collection	-	-	(10 071)	(215 155)	(225 226)
Provision for expected loss	**20 992**	**19 168**	**97 165**	**143 437**	**280 763**
	0%	0%	11%	60%	68%

7. Trade, other receivables (continued)

Due to the nature of the Nelson Mandela University operations, the Nelson Mandela University tracks outstanding fees on an academic year basis. The Nelson Mandela University consider all prior years' outstanding fees as past due. It is the Nelson Mandela University policy that returning students are not allowed to register with outstanding fees debt unless the student qualifies for university concessions.

The movement in the impairment provision was as follows:

	2025 R'000	2024 R'000
Opening balance at the beginning of the year	280 763	221 086
Additional impairment	138 315	100 384
Receivables written off during the year	(48 849)	(40 707)
Closing balance at the end of the year	370 229	280 763

Student receivables are written off when there is no expectation of recovery, when all available recovery processes have been exhausted for collection and students are no longer registered at the Nelson Mandela University.

External debtors and other receivables

External debtors and other receivables consist of third parties and reputable institutions from whom monies are due for various grants, projects and auxiliary activities of the Nelson Mandela University in accordance with relevant agreements. Credit losses have been provided for based on an individual evaluation of particular balances.

The movement in the impairment provision relating to these receivables was as follows:

	2025 R'000	2024 R'000
Opening balance at the beginning of the year	53 202	49 335
Release of impairment	(1 859)	5 860
Receivables written off during the year	(1 612)	(1 994)
Closing balance at the end of the year	49 731	53 201

Included in the opening balance of R53.2 million (2024: R49.3 million) is the NSFAS loan receivable of R36.5 million (2024: R36.5 million) which has been provided for, as the recovery of the amount outstanding is doubtful.

The movement in the impairment provision has been included in the impairment losses line item in the statement of comprehensive income. External debtors and other receivables are written off when there is no reasonable expectation of recovery. This is the case when all reasonable collection efforts have been exhausted and there is no realistic prospect of recovery. Management considers, amongst others, the following indicators in assessing whether there is no expectation of recovery:

- the financial condition of the counterparty, including evidence of insolvency, liquidation or business closure;
- significant financial difficulty experienced by the counterparty;
- breach of contractual terms, including prolonged default or non-response to collection efforts;
- the absence of enforceable rights to recover the amounts due;
- the outcome of legal or recovery processes, including where the cost of recovery exceeds the expected benefit; and
- any other information indicating that the counterparty is unlikely to settle the outstanding amount.

7. Trade and other receivables (continued)

The fair value of trade and other receivables approximate their carrying amounts as the nature of the balances are short term.

8. Deferred income

	2025 R'000	2024 R'000
As at the beginning of the year	1 211 734	1 163 446
Net increase/(decrease)in deferred income	88 078	48 288
Grants received (including capital infrastructure)	103 704	-
Increase/(Decrease) in received/spent	(1 586)	62 114
Release relating to depreciation	(14 040)	(13 826)
As at the end of the year	1 299 812	1 211 734
Deferred income is presented as follows:		
Current liability	14 040	13 826
Non-current liability	1 285 772	1 197 908
	1 299 812	1 211 734

As at 31 December the deferred income balance can be analysed further as follows:

	2025 R'000	2024 R'000
Capital project funding	1 113 203	1 110 805
Cumulative transfer/offset against depreciation	(176 002)	(161 962)
	937 201	948 843
Unspent grant funds	362 610	262 890
	1 299 812	1 211 734

Deferred income includes building and infrastructure upgrade funding received from the Department of Higher Education and Training. Included in these projects are Student Residences, Medical School and Ocean Sciences.

Unfulfilled conditions regarding government grants relate to infrastructure work-in-progress disclosed under note 2 which will be completed over time, exceeding a 12-month period.

9. Interest-bearing borrowings

	2025 R'000	2024 R'000
Current portion of long-term loans		
Bank borrowings	19 175	16 906
Right of use liability	3 232	2 750
Rubious Mountain Properties (Pty) Ltd: shareholder's loan	5 080	5 080
	27 487	24 736
Non-current		
Bank borrowings	255 343	274 938
Right of use liability	10 432	13 664
	265 775	288 602
Total borrowings	293 262	313 338
Interest rates:		
- bank borrowings (linked to prime lending rate)	8.97% - 9.93%	9.97% - 10.68%
- right of use liability	8.26%	8.26%

Maturity of interest-bearing borrowings:

2025	Right of use liability R'000	Other borrowings R'000	Total R'000
Amount due within 1 year	4 187	48 174	52 361
Between 1 and 2 years	4 440	42 802	47 242
Between 3 and 5 years	7 119	83 175	90 294
Over 5 years	-	250 389	250 389
	15 746	424 539	440 286
Less: Interest payable	(2 082)	(144 941)	(147 023)
	13 664	279 598	293 262

2024	Right of use liability R'000	Other borrowings R'000	Total R'000
Amount due within 1 year	3 943	50 400	54 343
Between 1 and 2 years	4 187	45 001	49 189
Between 3 and 5 years	11 559	89 046	100 605
Over 5 years	-	304 481	304 481
	19 689	488 929	508 618
Less: Interest payable	(3 275)	(192 005)	(195 280)
	16 414	296 924	313 338

Other borrowings

Included in other borrowings are two residence loan facilities. The first loan of R47 million entered into in 2014, bears interest at 1.07% below the prime rate per annum and is unsecured. The capital and interest are repaid bi-annually over the remaining period of the loan. The capital balance as at 31 December 2025 is R11 million. The final repayment is on 30 March 2029.

9. Interest-bearing borrowings (continued)

In 2021, the Nelson Mandela University entered into a second loan agreement for the Nelson Mandela University's 2000 bed residence project for R303 million. The final drawdown of R78 million was in April 2022. The capital balance as at 31 December 2025 is R263 million. The final repayment is on 30 April 2036. R4.3 million interest paid has been capitalised as borrowing costs as it is directly attributable to the construction of a qualifying asset. (A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use.) Capital repayments commenced on 30 November 2022, and thereafter the capital and interest amounts of the loan facility are repaid monthly over the remaining period of the loan, with the final loan repayment on 30 May 2036. The loan bears interest at 1.28% below the prime rate per annum and is unsecured.

The Rubious Mountain Properties (Pty) Ltd shareholder's loan (NCI 25%) bears interest at a rate of 12.0% (2024:12.0%) per annum and the interest to shareholders is paid monthly. The loans have no specific terms of repayment and are not secured.

Right of use liability
The Nelson Mandela University entered into a power purchase agreement with Solar Academy of Sub-Saharan Africa (Developer) in 2017 for the provision of a grid connected 1000kwp photovoltaic system at the Nelson Mandela University's South Campus. The developer completed the construction, made available and sold the net energy output from the project to the Nelson Mandela University for a 10 year period at its own costs.

The Construction was finalised in 2019 and the Nelson Mandela University started using the assets from 1 July 2019

a. Repayment is on a monthly basis. Annual repayment for 2025 is R3.9 million (2024: R3.7 million)
b. The incremental borrowing rate is 8.26%
c. The final repayment is 30 June 2029

After expiry, the full ownership of the project will pass from the developer to the Nelson Mandela University at no cost to the Nelson Mandela University. The purchase price for the project infrastructure shall be included in the energy price.

The fair value of interest on borrowings equals their carrying amount as interest rates are market related.

10. Retirement benefit obligations

	2025 R'000	2024 R'000
Post-retirement medical benefits	93 600	85 580
Present value of medical benefit liability	616 426	546 490
- Non-current portion	575 653	-
- Current portion	40 773	-
Fair value of plan asset	(522 826)	(460 910)
Pension scheme liabilities	1 425	1 632
Present value of pension benefit liability	3 228 667	2 881 167
Fair value of plan assets	(3 399 163)	(3 045 911)
Surplus not recognised	171 920	166 375
	95 024	87 211
Non-current portion of retirement benefit obligation	54 251	87 211
Current portion of retirement benefit obligation	40 773	-
	95 024	87 211

10. Retirement benefit obligations (continued)

10.1 Post-retirement medical benefits

The Nelson Mandela University provides post-retirement medical benefits to certain qualifying employees in the form of continued medical aid fund contributions. Prior to 2009 this obligation was unfunded. In 2009 Council approved the allocation of R217 400 000 to be invested in an insurance policy, to fund this obligation. The investment is specifically designated to fund the post-retirement medical benefit obligations. The defined benefit liability and asset in respect of this obligation are valued by independent actuaries annually with the latest valuation performed at 31 December 2025.

	2025 R'000	2024 R'000
Present value of medical benefit obligations	616 426	546 490
Movement in the liability recognised in the statement of financial position:		
Contractual liability as at 1 January	546 490	497 072
Movement in liability – Statement of comprehensive income	69 936	49 418
Service cost	3 856	3 751
Interest cost	58 487	60 806
Benefit payments	(37 846)	(33 704)
Remeasurements (other comprehensive income)		
Loss/(gain) in financial assumptions	39 166	(1 984)
Loss due to changes in experience	6 273	20 549
Contractual liability as at 31 December	616 426	546 490
Plan asset as at 1 January	460 910	432 813
Movement in asset – Statement of comprehensive income	61 916	28 097
Expected return on plan asset		
- Current service costs	3 856	3 751
- Investment return	30 018	25 496
- Policy charges	(2 036)	(1 626)
Contributions paid – pensioners	(37 846)	(33 704)
Actuarial gain	67 923	34 179
Plan asset as at 31 December	522 826	460 910
The plan asset comprises two parts:		
- The guaranteed portfolio	302 712	245 364
- The growth portfolio	220 114	215 546
Plan asset as at 31 December	522 826	460 910

10. Retirement benefit obligations (continued)

10.1 Post-retirement medical benefits (continued)

Plan assets can be broken down into the following categories of investments.

	2025 R'000	2024 R'000
Local equity	86 371	95 271
Local fixed income	318 356	260 668
Local property	13 881	13 364
Local alternatives	21 593	20 046
African equity	3 525	3 018
International equity	58 389	46 127
International fixed income	7 932	7 113
International alternatives	12 779	15 304
	522 826	460 910
Subsidy (benefit) payments	(37 846)	(33 704)
Valuation adjustment	(30 077)	(476)
Actuarial gain as at 31 December	(67 923)	(34 179)

Current service cost is defined as the liability accrual in respect of an additional year of service for in-service members. Past service cost is the change in a defined benefit obligation for employee service in prior periods, arising as a result of changes to plan arrangements in the current period. There was no past service cost for 2025 (2024: nil) as there were no amendments to the plan for the current period.

Contributions made by pensioners to the plan were as follows:

	2025 R'000	2024 R'000
Member contributions – Pensioners (Monthly)	2 962	2 909
Employer contributions – University (Monthly)	3 373	3 301

Membership data (number of members)	Numbers of members 2025	2024
Active members (in service)	209	248
Continuation members	573	551

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

	Rates 2025	2024
Discount rate	8.70%	11.06%
Medical aid inflation rate	5.60%	7.31%
Net discount rate	2.90%	3.49%
Continuation of membership	95%	95%

Mortality rate

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry. Mortality post-employment (for pensioners) has been based on the PA (90) ultimate mortality tables, which was rated downwards 2 years with an annual compound mortality improvement of 1% from 31 December 2006. It was decided not to allow for mortality improvements beyond 31 December 2023 as ongoing improvements are considered unrealistic.

10. Retirement benefit obligations (continued)

10.1 Post-retirement medical benefits (continued)

Continuation members – refers to pensioners who have retired from active work. In service members refers to active employees who is still under the Nelson Mandela University's employ.

Rate of Discount

IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these bonds is not significant, the market yields on government bonds consistent with the estimated term of the post-employment DBO should be used.

Consequently, a discount rate of 8.7% per annum has been used. The corresponding index-linked yield at this term is 4.2%. These rates do not reflect any adjustment for taxation. These rates were deduced from the interest rate data obtained from the Johannesburg Stock Exchange after the market close on 31 December 2025.

Medical Aid Contribution Inflation

This assumption is required to reflect estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs (for example, due to technological advances or changes in utilisation patterns). Any assumption regarding future medical scheme contribution increases is therefore subjective. A medical aid contribution inflation rate of 5.6% per annum has been assumed. This is 1.8% in excess of expected consumer price index (CPI) inflation over the expected term of the DBO, namely 3.8% per annum. A larger differential would be unsustainable, eventually forcing members to less expensive options. This implies a net discount rate of 2.9% per annum which derives from ((1+8.7%)/(1+5.6%))-1.

The CPI inflation assumption of 3.8% per annum was obtained from the differential between market yields on index-linked bonds consistent with the estimated term of the DBO (4.2%) and those of fixed interest bonds (8.7%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.5%). The next contribution increase was assumed to occur with effect from 1 January 2027.

Sensitivity Analysis

The valuation is only an estimate of the cost of providing post-employment medical aid benefits. The actual cost to the University will be dependent on actual future levels of assumed variables.

The DBO at this valuation was recalculated to show the effect of:
- a one percentage point increase and decrease in the assumed medical aid contribution inflation rate;
- a one percentage point increase and decrease in the discount rate;
- a one-year age increase and decrease in the assumed rates of post-employment mortality;
- a one-year decrease in the assumed average retirement age; and
- a decrease of ten percentage points in the assumed proportion of in-service members that remain members at retirement.

10. Retirement benefit obligations (continued)

10.1 Post-retirement medical benefits (continued)

Sensitivity Analysis (continued)

Assumption	**Change**	**New Liability R'000**	**% Change**
Medical aid inflation	1% Increase	681 996	11%
Medical aid inflation	1% Decrease	560 546	-9%
Discount rate	1% Increase	559 912	-9%
Discount rate	1% Decrease	683 764	11%
Post employment mortality	1 Year Increase	595 428	-3%
Post employment mortality	1 Year Decrease	637 537	3%
Average/expected retirement age	1 Year Decrease	626 778	2%
Continuation of membership at retirement	10% Decrease	599 231	-3%

Expected contributions 2026

Expected contribution for benefits paid in relation to accrued liability is expected to be R42.52 million (2025 R39.61 million).

The average expected remaining working lifetime of eligible employees is 4.7 years.

Financial risk factors

The below financial risk factors relate to both post-retirement medical benefits and pension schemes.

The plan exposes the Nelson Mandela University to the following specific risks: investment risk, market risk and default risk.

a) Investment risk
The risk that the return earned by the plan assets is lower than expected and thus the plan assets are insufficient.
b) Market risk
The risk that the market value of the plan assets will decrease due to unexpected movements in market factors.
c) Default risk
The risk of default of the instruments underpinning the plan asset vehicle.

The 2025 value for the guarantee as per IAS 19 per the actuarial valuation is R523 million.

10. Retirement benefit obligations (continued)

10.2 *Pension schemes*

	Nelson Mandela University Retirement Fund (NMURF)	National Tertiary Retirement Fund (NTRF)	TOTAL	
	2025	2025	2025	2024
	R'000	R'000	R'000	R'000
Balance at end of the year				
Present value of funded and unfunded obligations	(2 376 499)	(852 169)	(3 228 667)	(2 881 167)
Fair value of plan assets	2 548 419	850 745	3 399 163	3 045 911
Funded status	171 920	(1 424)	170 495	164 744
Surplus not recognised	(171 920)	-	(171 920)	(166 375)
Liability at reporting date	-	(1 424)	(1 424)	(1 632)

Nelson Mandela University Retirement Fund

There is no Employer Surplus Account in this fund – the Nelson Mandela University therefore does not have an automatic right to surplus and can therefore not disclose such surplus in its balance sheet in terms of Paragraph 65 of IAS 19.

National Tertiary Retirement Fund (NTRF)

Recent rules amendments established an Employer Surplus Account mean that the Nelson Mandela University can disclose its share of the surplus in its Statement of Financial Position in terms of Paragraph 65 of IAS 19. However, the Nelson Mandela University did not have an amount in an Employer Surplus Account at the Valuation Date.

National Tertiary Retirement Fund (NTRF) (continued)

The major categories of the plan assets are as follows:

	2025	2024
	R'000	R'000
NMURF assets as at 31 December		
Cash	26 491	27 510
Investments	2 443 277	2 096 113
Accounts receivable	31 464	16 691
Contributions receivable	16 137	15 603
Pension policies	31 051	34 345
	2 548 418	2 190 262
NTRF assets as at 31 December		
Share account	252 237	259 190
Pension account	585 612	577 741
Reserve account	12 896	18 718
	850 745	855 649

The NTRF assets are invested with various asset managers and banks. The Nelson Mandela University's (NMU) share of the Fund's total assets were determined proportionately using the known NTRF: NMU liabilities. Therefore, the nature of the asset and the risk that the assets are exposed to cannot be determined.

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

	2025		2024	
	NMURF R'000	NTRF R'000	NMURF R'000	NTRF R'000
Movement in defined benefit obligation				
Beginning of the year	2 023 887	857 280	1 755 618	815 449
Current service cost	5 275	5 913	5 798	6 124
Interest cost	195 874	85 880	186 210	89 585
Member contributions	-	1 969	-	2 019
Remeasurements	203 162	(37 485)	152 149	3 703
Benefits paid	-	(60 158)	-	(58 337)
*Risk premiums	(51 699)	(1 231)	(75 889)	(1 262)
End of the year	2 376 499	852 168	2 023 887	857 280
Movement in fair value of plan assets				
Beginning of the year	2 190 262	855 648	1 961 688	812 229
Contributions received	5 214	5 908	5 588	6 057
Expected return on plan asset	209 727	80 126	204 339	83 310
*Risk premiums	(51 699)	(1 231)	(75 889)	(1 262)
Benefits paid	-	(60 158)	-	(58 337)
Remeasurements	194 915	(29 549)	94 536	13 651
End of the year	2 548 419	850 744	2 190 262	855 648
Net (asset)/liability	(171 920)	1 424	(166 375)	1 632
Surplus not recognised	171 920	-	166 375	-
Net pension fund liability	-	1 424	-	1 632
The amount recognised in profit or loss				
Current service costs	5 275	5 913	5 798	6 124
Interest costs	195 874	85 880	186 210	89 585
**Expected return on plan assets	(209 727)	(80 126)	(204 339)	(83 310)
	(8 578)	11 667	(12 331)	12 399

**Risk premiums are paid for risk benefits, namely death and capital disability, which are both approved pension fund benefits. This is the estimated outflow derived from the insurers' risk rates and pensionable salaries.*
***Expected return on plan assets: The expected return on plan assets is the return expected on the assets, per fund, in the following year calculated prospectively. It is the return expected on the assets at the start of the year but also on the principal cash flows affecting those assets during the year, namely the contributions coming in and the benefits going out. It is assumed that they occur halfway through the year.*

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

The NMURF obligation actuarial loss of R203.162 million is made up as follows:

	R'000
Change in financial assumptions	183
Change in members and details	52 317
Change in return on plan assets	150 661
Total actuarial loss	203 162

The above is the detail of the remeasurements included in the plan asset and liabilities.

The NTRF obligation actuarial gain of R37.485 million is made up as follows:

	R'000
Change in financial assumptions	231
Change in demographic assumptions	-
Change in members and details	(43 970)
Change in return on plan assets	6 254
Total actuarial gain	(37 485)

The NMURF plan asset actuarial gain of R194.915 million is made up as follows:

	R'000
Change in members and details	277 438
Change in return on plan assets	(82 523)
Total actuarial gain	194 915

The NTRF plan asset actuarial loss of R29.549 million is made up as follows:

	R'000
Change in members and details	42 233
Change in return on plan assets	(71 782)
Total actuarial loss	(29 549)

The defined benefit and defined contribution cost for the year ending 31 December 2025 is as follows:

		NMURF		NTRF		Total
		DB	DC	DB	DC	
		R'000	R'000	R'000	R'000	R'000
A	**Components of Income Statement Pension Expense**					
	Service Cost	5 275	200 053	5 913	12 637	223 877
	Interest Cost on Defined Benefit Obligation	195 874	-	85 880	-	281 754
	Interest Income on Assets	(209 727)	-	(80 126)	-	(289 853)
	Expense / (Income) recognised in Profit and Loss	(8 578)	200 053	11 667	12 637	215 779
B	**Contributions, Benefit Payments and Risk Premiums**					
	Member Contributions	-	-	1 969	-	1 969
	Company Contributions	5 214	200 053	3 939	12 637	221 842
	Risk Premiums	(51 699)	-	(1 231)	-	(52 930)
	Benefit Payments	-	-	(60 158)	-	(60 158)

DB – Defined Benefit
DC – Defined Contribution

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

There is no past service cost for 2025 as no amendments were made in the policy.
NMURF is non-contributory as it is all employer contributions.
NTRF contributions by employees is R1.97 million and R3.94 million by the Nelson Mandela University.

The defined benefit and defined contribution cost for the year ending 31 December 2024 is as follows:

		NMURF		NTRF		Total
		DB	DC	DB	DC	
		R'000	R'000	R'000	R'000	R'000
A	**Components of Income Statement Pension Expense**					
	Service Cost	5 798	192 760	6 124	12 537	217 219
	Interest Cost on Defined Benefit Obligation	186 210	-	89 585	-	275 795
	Interest Income on Assets	(204 339)	-	(83 310)	-	(287 649)
	Expense / (Income) recognised in Profit and Loss	(12 331)	192 760	12 399	12 537	205 365
B	**Contributions, Benefit Payments and Risk Premiums**					
	Member Contributions	-	-	2 019	-	2 019
	Company Contributions	5 588	192 760	4 038	12 537	214 924
	Risk Premiums	(75 889)	-	(1 262)	-	(77 150)
	Benefit Payments	-	-	(58 337)	-	(58 337)

There is no past service cost for 2024 as no amendments were made in the policy.
NMURF is non-contributory as it is all employer contributions.
NTRF contributions by employees is R2.99 million and R5.99 million by the Nelson Mandela University.

Membership data (number of members)

	2025	2024
NMURF		
Active members (in service)	2 209	2 207
Continuation members	25	26
NTRF		
Active members (in service)	161	171
Continuation members	195	193

The principal assumptions used for accounting purposes were as follows:

	2025 Both Funds	2024 Both Funds
General inflation rate (CPI)	2.98%	4.11%
Discount rate	7.85%	9.68%
Salary inflation	4.48%	5.61%
Effective net discount rate after retirement	6.00%	6.00%

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

Mortality rate

The standard mortality tables utilised to perform the valuation for 2024 and 2025 were SA 85-90 for employees during their employment, and PA90-2 for NMURF and NTRF for post-retirement.

Economic Assumptions

IAS 19 requires that financial assumptions be based on market expectations at the valuation date for the period over which the liability obligations are to be settled.

Pre-retirement Discount Rate: 7.85%

IAS 19 stipulates that the choice of this rate should be derived from high quality corporate bond yields. However, where the market in these is not significant, the market yields on government bonds consistent with the estimated term of the post-employment liabilities should be used. Consequently, a discount rate of 7.85% per annum has been used. This rate was deduced from the yield curve obtained from the Bond Exchange of South Africa after the market close on 31 December 2025. This rate does not reflect any adjustment for taxation.

CPI Inflation Rate: 2.98%

The expected inflation assumption of 2.98% was obtained from the differential between market yields on index-linked consistent with the estimated term of the liabilities (4.24%) and those of nominal bonds (7.85%) with a risk premium adjustment for the uncertainty implicit in guaranteeing real increases (0.50%).

- **IAS19 Liability**
  The value of guarantee as calculated by ARCH actuarial Consulting in the most recent IAS19 valuation as at 31 December 2025.

- **OM mortality basis**
  This is a difference quantified between the mortality tables used in the IAS19 valuation (PA(90) rated down 2 years with an improvement of 1% p.a. since 2006) and the underlying mortality tables used in the Insurer's value which have been determined by Old Mutual internally as intellectual property.

- **Replace flat discount rate (9.53%) with yield curve adjusted for credit spread and capital charge**
  This is the estimated difference in values due to the IAS19 valuation calculating future cashflows on a flat discount rate for the remaining lifetime of members and the alternative methodology adopted by Old Mutual of using a yield curve at appropriate durations to calculate future cashflows and the discount thereof. There is a further difference in that IAS19 values do not include insurance costs whereas Old Mutual (appropriately valuing its exposure) has adjusted to include credit spread and the cost of the insurance solution into the future.

- **Admin fee**
  The accounting standard IAS19 does not require any expenses or costs to be included in the reported value as explained above, therefore the administration fee that is included in the Insurer's value contributes to a difference in values.

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

- **Data differences**
  This miscellaneous item quantifies any smaller strains or gains on the asset due to data differences in the member schedule and any other item not full analysed.

Salary Increase Rate: 4.48%

Salary increases have historically exceeded CPI inflation by between 1.0% and 1.5% per annum. The actuaries have assumed that salaries will exceed the assumed inflation rate by 1.5%.

Post-retirement Discount Rate: 5.00% and 6.00%

The actuaries have set the post-retirement discount rate here equal to either 5.00% or 6.00% per annum depending on the rate at which they were insured. A rate of 5.00% is used for new pensioners as their pensions are purchased at this rate.

Expected Return on Assets

In terms of the recently amended IAS19 the return on plan assets must be set equal to the discount rate, namely 7.85%.

However, for the purpose of projecting Members' Shares to retirement, for comparison with the old defined benefit pension, a realistic Expected Return on Assets of 9.48% was used. This was derived by assuming a long-term notional portfolio backing the liabilities, invested 35% in gilts and 65% in equities (earning 2.5% more than gilts).

Pension Admin Costs

The following were assumed:
- NMURF: 2% of annual pensions
- NTRF: R600 per annum per pension

Sensitivity analysis

The effect of changes in the key valuation assumptions to the defined benefit obligation is as follows:

Assumption	**Change**	**New Liability R'000**	**% Change**
Discount rate	1% Increase	3 229	-0.01%
Discount rate	1% Decrease	3 230	0.03%
Salary inflation	1% Increase	3 229	0.02%
Salary inflation	1% Decrease	3 229	0.00%
Investment return	1% Increase	3 229	0.00%
Investment return	1% Decrease	3 230	0.03%
Post-retirement mortality table	1 Year decrease	3 246	0.54%

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

The average expected remaining working lifetime of the DB members of NMURF and NTRF is 5.7 and 2.9 years respectively. This changes to 18.6 and 6.0 years when the DC members are included.

Expected contributions to the defined benefit pension fund for the year ended 31 December 2026 are R8.5 million.

The responsibility for the governance of the Fund rests with the Trustees of the Pension Fund.

The Fund is subject to the Pension Funds Act (No.24 of 1956). In terms of the Pension Funds Act, an actuarial valuation of the Fund must be performed at least once every 3 years. The last such valuation was performed as at 31 December 2024. The next valuation will be done based on 31 December 2027 data and is due on/before 31 December 2028. If the Fund was found to be in a deficit position (a financially unsound position), a special scheme designed to restore the solvency of the Fund within an acceptable period would have to be lodged with the Registrar of Pension Funds. Such a scheme, could in certain circumstances, impose minimum funding requirements on the Nelson Mandela University. There is no such minimum funding requirement as the Fund is currently not in a deficit. The Pension Funds Act also stipulates that no actuarial surplus can be used for the benefit of the employer unless such actuarial surplus, or a part thereof, has been transferred to an employer surplus account.

11. Accumulated leave liability

	2025 R'000	2024 R'000
Opening balance	128 120	131 380
Additional provisions	12 842	8 326
Utilised during year	(8 576)	(11 586)
Closing balance	132 386	128 120
Current portion of liability	2 456	3 550
Non-current portion of liability	129 929	124 569
Total accumulated leave liability	132 386	128 120

- The accumulative leave is capped at 30 days per employee.
- The accumulated leave liability includes bank accrued leave which is only for staff 50 years and older (as in the past) with no capping of the leave.
- The calculation is based on the estimated total workdays of 261 days (2024: 261 days).
- The accumulated leave liability is calculated based on the cost to company of the staff member.

12. Accounts payable and accrued liabilities

	2025 R'000	2024 R'000
Student debtors		
Active students	237 383	276 383
Non-active students*	72 925	66 602
Payable to NSFAS	170 167	262 568
	480 475	605 553
Trade creditors	49 229	47 122
Accruals	16 893	6 928
Payroll related accruals	59 252	55 530
Other payables	6 324	226 138
	612 174	941 271

*Deposits in respect of non-active students

Categorisation of Accounts payable and accrued liabilities
Accounts payable and accrued liabilities are categorised as follows in accordance with IFRS 9:

Financial instruments	552 922	885 741
Non-financial instruments	59 252	55 530
	612 174	941 271

The carrying value of trade and other payables approximates the fair value amounts as the majority of trade and other payables are non-interest bearing and are normally settled within agreed terms with creditors. The balances are short-term in nature and therefore the effect of discounting is not material.

13. Long service award accrual

	2025 R'000	2024 R'000
Current portion of accrual	1 587	1 002
Non-current portion of accrual	6 850	3 487
Total long service award accrual	8 438	4 489
Significant assumptions		
Prime lending rate	10.25%	11.25%
Expected retirement age (years)	65	65

2025

Assumption	Change	New Liability	%(Change)
Interest rate increase	1% increase	9 261	11.25%
Interest rate decrease	1% decrease	7 614	9.25%

2024

Assumption	Change	New Liability	%(Change)
Interest rate increase	1% increase	4 888	12.25%
Interest rate decrease	1% decrease	4 090	10.25%

14. State appropriations

	2025 R'000	2024 R'000
Subsidy – operations	1 283 905	1 309 675
Subsidy – foundation programme and ad hoc grants	152 719	95 539
Specific grant – infrastructure projects	103 704	-
Total State appropriations received	1 540 328	1 405 214
Grants transferred to deferred income	(94 429)	(363)
Recognised as income	1 445 900	1 404 851

The Nelson Mandela University received state appropriations and grants for general purposes from the Department of Higher Education and Training for R1.436 billion in 2025 (2024: R1.405 billion). State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates.

The Nelson Mandela University received R103.704 million specific grant for infrastructure projects from the Department of Higher Education and Training in 2025 (2024: NIL).

15. Private gifts and grants

	2025 R'000	2024 R'000
Received in cash	177 423	272 956
Received in kind	1 615	1 129
Recognised as income	179 038	274 085

Private gifts and grants received in kind represent assets and services received by the Nelson Mandela University for no consideration. These donations in kind are recognised at fair value when received as set out in accounting policy 1.3.6 and note 8.

16. Finance income

	2025 R'000	2024 R'000
Interest income – Innovolve	122	133
Interest income on short-term bank deposits	466 012	487 817
Interest income on investments	3 289	4 832
Dividend income on investments held at the end of the reporting period	2 932	2 891
Total interest and dividends	472 356	495 673

17. Personnel costs

	2025 R'000	2024 R'000
Academic professional	928 780	880 908
Other personnel	1 071 539	1 035 481
Leave pay	4 266	(3 260)
Long service award	3 948	(2 573)
	2 008 533	1 910 557

Average number of persons employed by the Nelson Mandela University during the year:

	2025	2024
Full time	2 408	2 438
Part time	1 014	883
	3 422	3 321

18. Other operating expenses

	2025 R'000	2024 R'000
The following items have been charged in arriving at operating profit:		
Supplies and services	389 511	465 859
Repairs and maintenance	96 856	128 141
IT related costs	48 711	46 621
Municipal charges	109 461	106 516
Library material and online educational resources	41 408	39 671
Travel and subsistence	62 011	65 384
Staff and Student related expenses	80 327	79 730
Workshop presentations	3 747	33 703
Catering	20 618	14 521
Insurance	11 256	10 872
Fixed property cost – rental	77	100
Bursaries	213 400	190 448
Cost of services outsourced	32 900	21 226
Security	8 515	4 362
Cleaning	15 842	11 958
Other	8 543	4 907
	1 110 283	1 202 792

Supplies and Services relate to operational costs incurred in carrying out the activities of the Nelson Mandela University.

Other cost of services outsourced includes information technology, portfolio management fees and ground maintenance.

Included in supplies and services is payments made relating to short term leases amounting to R567k (2024: R558k).

19. Remuneration

The following disclosures relate to compensation paid to senior management (post level 1 to 4) as executives of the institution (including acting positions) for the year ended 31 December 2025. Remuneration is based on the cost of employment to the institution comprising flexible remuneration package. There is no remuneration for other services.

		Basic salary	Employment benefits	Once-off payments	Total Cost
		R'000	R'000	R'000	R'000
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		[redacted]	[redacted]	[redacted]	[redacted]

19. Remuneration (continued)

		Basic salary R'000	Employment benefits R'000	Once-off payments R'000	Total Cost R'000
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		[redacted]	[redacted]	[redacted]	[redacted]

19. Remuneration (continued)

The following disclosures relate to compensation paid to senior management (post level 1 to 4) as executives of the institution (including acting positions) for the year ended 31 December 2024. Remuneration is based on the cost of employment to the institution comprising flexible remuneration package. There is no remuneration for other services.

		Basic salary	Employment benefits	Once-off payments	Total Cost
		R'000	R'000	R'000	R'000
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

19. Remuneration (continued)

		Basic salary R'000	Employment benefits R'000	Once-off payments R'000	Total Cost R'000
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		[redacted]	[redacted]	[redacted]	[redacted]

19. Remuneration (continued)

	2025 R'000	2024 R'000
Compensation of key management		
Short-term Employee benefits	68 370	67 057
Post-employment pension and medical benefits	8 710	8 512
Total compensation paid to key management personnel	77 081	75 569

	Number of members
Chair of Council	1
Chairs of Committees	6
Members of Council	28

Attendance fees paid to Council and Committee Members amounted to R532 374 (2024: R679 840).

31 December 2025

	Honorarium R
[redacted]	[redacted]

19. Remuneration (continued)

31 December 2024

	Honorarium
	R
[redacted]	[redacted]

20. Financial instruments by category

The financial assets and liabilities of the Nelson Mandela University are classified as follows:

	Notes		2025 R'000	2024 R'000
Assets – fair value through profit or loss			286 496	256 659
Listed shares	4	Level 1	116 855	88 162
Foreign investments	4	Level 2	100 353	99 856
Fixed deposits	4	Level 2	-	16 146
Gilts and bonds	4	Level 2	19 357	27 931
Unit Trusts	4	Level 1	49 932	24 565
Assets – amortised cost			6 625 483	6 126 602
NSFAS receivable	7		101 580	196 903
Student debtors after provision	7		287 814	220 551
External debtors after provision	7		16 320	21 876
Other financial assets	6.1		5 584 172	5 338 234
Cash and cash equivalents	6.2		635 597	349 038
			6 911 979	6 383 261
Liabilities Amortised Cost			832 520	1 182 665
Interest-bearing borrowings excluding right of use liability	9	Level 2	279 598	296 924
Accounts payable and accrued liabilities (exclude payroll liabilities)	12		552 922	885 741

The appropriate accounting policies for these financial instruments have been applied according to the categories set out above.

The fair value assessments of the investments are done on an annual basis. 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 services, 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 Nelson Mandela University is the closing current bid price at year-end. These instruments are included in Level 1.

The fair value of investments disclosed under level 1 and level 2 is determined by portfolio managers based on current market indicators. The portfolio managers are Investec who are responsible for managing the investments and to determine and report the value of the investments on a monthly basis.

Fair value hierarchy applied to the investments:
- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for fair value measurements, other than quoted prices, that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2).

Specific valuation techniques used to value financial instruments include:
- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used for the remaining financial instruments.

The effects of non-observable inputs are not significant for foreign investments and Gilts and Bonds.

21. Financial risk management

Financial risk factors

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

The Nelson Mandela University's formal risk management policies and procedures are set out in the Report on Risk Exposure Assessment and Management which is prepared annually by the Vice-Chancellor and Chief Executive Officer and the Chairperson of the Audit and Risk Committee, for inclusion in the Annual Report to the Minister of Education.

Day-to-day risk management is the responsibility of all the management and staff of the Nelson Mandela University and is achieved through compliance with the documented policies and procedures of the Nelson Mandela University. All such policies and procedures are approved by Council or an appropriately mandated sub-committee of Council.

(a) Market risk

(i) Foreign currency risk

Foreign currency risk arises from transactions, which are denominated in a currency which is not the Nelson Mandela University's functional currency. The Nelson Mandela University has no significant foreign currency exposure and therefore no formal policy is in place to manage foreign currency risk.

The only area where the Nelson Mandela University is exposed to foreign currency risk at the reporting date is in respect of the non-current investments managed by the Nelson Mandela University Trust, which include foreign investments exposed to the US dollar. The impact on profit/loss and equity of a 5% variation in the Rand/US dollar exchange rate, with all other variables held constant on the valuation of the foreign investments exposed to the US dollar at reporting date would be R5.018 million (2024: R4.993 million) higher/lower.

(ii) Price risk

The Nelson Mandela University is exposed to equity securities price risk because of investments held by the Nelson Mandela University and classified as amortised cost. To manage its price risk arising from investments in equity shares, the Nelson Mandela University diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Board of Trustees of the Nelson Mandela University Trust.

The impact of an increase/decrease in the FTSE/JSE CAPI index by 10% with all other variables held constant on the market value of the listed equities would have been R11.685 million (2024: R8.816 million) higher/lower. Due to the unpredictability of equity market returns, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments.

The impact of a 1% increase and a 1% decrease in fair value of investments and price risk is as follows:

P/L and Equity impact	**Profit for the year**	**+1%**	**-1%**
	R'000	**R'000**	**R'000**
31 Dec 2025	802 506	805 371	799 641
31 Dec 2024	519 815	522 381	519 815

The impact on profit for the year and equity will be the same.

21. Financial risk management (continued)

Financial risk factors (continued)

(iii) Interest rate risk
The Nelson Mandela University is exposed to interest rate risk due to financial assets and interest-bearing borrowings, bearing variable interest rates. Interest rate risk is managed by ensuring that the Nelson Mandela University's assets are invested in accounts which earn the best possible interest rates.

The impact of a 1% increase/decrease in the interest rate with all other variables held constant on the profit/loss and equity of the Nelson Mandela University would be R56.26 million (2024: R50.52 million) increase/decrease.

(b) Credit risk
Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments, trade receivables and other receivables. The Nelson Mandela University places cash and cash equivalents with reputable financial institutions.

Receivables comprise outstanding student fees, student loans and a number of customers, dispersed across different industries and geographical areas. The Nelson Mandela University is exposed to credit risk arising from student receivables relating to outstanding fees. This risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at or prior to 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. The Nelson Mandela University no longer provides loan funding to students. The student debt outstanding at year-end have been appropriately assessed.

(c) Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and investments available. Council, through the Finance and Facilities Committee, and management of the Nelson Mandela University monitor the Nelson Mandela University's liquidity on an ongoing basis, and excess cash is invested in accordance with the Investment Policy of the Nelson Mandela University.

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

	Between 1 and 2 years R'000	**Between 3 and 5 years R'000**	**Over 5 years R'000**
At 31 December 2025			
Interest-bearing borrowings	42 802	83 175	250 389
Accounts payable and accrued liabilities	552 922	-	-
	595 724	83 175	250 389
At 31 December 2024			
Interest-bearing borrowings	45 001	89 046	304 481
Accounts payable and accrued liabilities	885 741	-	-
	930 742	89 046	304 481

21. Financial risk management (continued)

Financial risk factors (continued)

(d) Capital risk management

The Nelson Mandela University's objectives when managing capital are to safeguard the ability of the Nelson Mandela University to continue as a going concern and meet its stated objectives. These objectives are met through careful consideration by the Council.

In order to maintain the capital structure, the Nelson Mandela University has ensured a sound financial position by limiting exposure to debt and sufficient investment and cash balances, which is evident from the table below. This objective is met by a well-planned budget process each year in which the critical strategic objectives of the Nelson Mandela University are addressed.

	2025 R'000	2024 R'000
Current investments	3 284 305	3 395 478
Cash and cash equivalents	635 597	349 038
Total	3 919 902	3 744 516
Current liabilities	698 519	984 385
Total	698 519	984 385
Net position	3 221 383	2 760 131

22. Capital Commitments

	2025 R'000	2024 R'000
Capital expenditure in respect of building maintenance and upgrades (including Infrastructure and Efficiency Grant funding (IEG)/infrastructure projects) contracted for at reporting date	119 748	-

Council has approved further capital development projects to the value of R260 million (2024: R214 million) which had not yet been contracted for at year end.

All existing capital development plans will be funded from the cash resources of the Nelson Mandela University, designated grants from the Department of Higher Education and Training and external loans (approved by the Minister).

23. Notes to the cash flow statement

23.1 Cash generated from operations

	2025 R'000	2024 R'000
Reconciliation of net surplus to cash generated from operations:		
Net surplus	802 781	520 198
Adjusted for:		
Donations in kind	(3 425)	(1 129)
Depreciation	114 106	109 610
Amortisation	280	327
Loss/(Profit) on disposal of fixed assets	261	(247)
Revaluation of investments at year end	(32 440)	(17 535)
Interest income*	(455 421)	(477 091)
Movement in accumulated leave liability	4 266	(3 260)
Expected credit loss	136 252	106 843
Dividend income	(2 932)	(2 891)
Finance costs	28 755	29 078
Movement in long service award accrual	3 948	(2 573)
NSFAS close out income	(263 272)	-
PURCO rebate	(1 324)	-
Deferred income movements	(1 586)	62 114
Interest received on outstanding debt	(14 002)	(15 691)
Settlement discount	(37)	(43)
Working capital changes		
- Decrease/(increase) in inventories	546	(18)
- Increase in trade and other receivables	(85 920)	(95 279)
- Decrease in accounts payable and accrued liabilities	(98 253)	(177 220)
- (Decrease)/increase in accumulated leave liability	(1 094)	977
- Increase/(decrease) in long service award accrual	585	(124)
- Increase in retirement benefit obligation	7 813	-
- Increase in deferred income	103 704	-
Cash generated by operations	243 590	36 047

*Interest income reconciliation

Interest income (as above)	(455 421)	(477 091)
Interest received on outstanding debt (shown separately above)	(14 002)	(15 691)
Dividends income (shown separately above)	(2 932)	(2 891)
Interest income as per Statement of Comprehensive Income	(472 356)	(495 673)

23.2 Cash flow from investing activities

The purchase of Property, Plant & Equipment comprises R120 million of which R2 million was purchased with government funding and the remainder with own funds, and is made up as follows:

	Notes	2025 R'000	2024 R'000
Purchase of Property, Plant & Equipment (Additions)	2	120 708	108 153
Interest paid capitalised to Property, Plant & Equipment	26	-	(4 267)
		120 708	103 887

23. Notes to the cash flow statement (continued)

23.3 Reconciliation of changes in liabilities arising from financing activities

	2025 R'000	2024 R'000
Opening balance	313 338	330 628
	(20 075)	(17 290)
Interest on lease liabilities	1 193	1 394
Interest on loans	27 563	31 951
Repayment of Interest-Bearing Borrowings	(44 888)	(46 911)
Repayment of lease liabilities	(3 943)	(3 724)
Closing balance (note 9)	293 262	313 338

24. Taxation

The Nelson Mandela University is exempt from income tax in terms of section 10 (1) (cA) (i) of the Income Tax Act, and consequently also from the provision for any deferred taxation.

Other comprehensive income (OCI) relating to the Nelson Mandela University is therefore also exempt from taxation. However, some of the subsidiaries of the Nelson Mandela University are not exempt from Income Tax.

The taxation relates to the subsidiaries of Nelson Mandela University.

	2025 R'000	2024 R'000
Deferred tax asset		
Reconciliation of deferred tax asset/(liability)		
At beginning of year	390	122
Recognised in profit or loss:		
Movement in temporary differences on investment property, provisions, and section 23M interest	444	259
Prior year adjustment	-	9
At end of year	833	390

Major components of the tax expense	2025 R'000	2024 R'000
Current taxation		
South African normal tax – current year	718	621
South African normal tax – prior year	-	21
Deferred taxation		
South African deferred tax – current year	(444)	(259)
South African deferred tax – prior year	-	-
	274	383
Reconciliation of the tax expense		
Tax at the applicable tax rate of 27%	274	383
	274	383
Calculation of taxation paid per cashflow		
Opening balance	(9)	34
Charged to Income Statement	274	383
Deferred tax balance	444	259
Current tax receivable/(payable) balance	(2)	9
	707	686

25. Revenue from contracts with customers

Disaggregated revenue information

Included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2025 is the disaggregation of the Nelson Mandela University's revenue from contracts with customers as set out below:

	2025	2024
Type of goods or service	**R'000**	**R'000**
Tuition and other fee income	1 533 834	1 387 659
Income from contracts for research	155 996	181 844
Sales of goods and services	104 432	114 500
Private gifts and grants	179 038	274 085
Total revenue from contracts with customers	1 973 300	1 958 088
Timing of revenue recognition		
Goods transferred at a point in time	104 432	114 500
Services transferred over time	1 868 868	1 843 588
Total revenue from contracts with customers	1 973 300	1 958 088

Performance obligations

Tuition and other fee income are delivered over time in a 12-month period and the delivery of this service coincides with the financial year of the Nelson Mandela University. Payment terms for tuition fees are determined annually and updated on the student account guidelines.

Sales of goods and services performance obligations except residence fees are satisfied upon delivery of the services or goods. Payment terms for sales of goods and services are normally 30 days from date of invoice.

Residence fees (included under sales of goods and services) are delivered over time in a 12-month period and the delivery of this service coincides with the financial year of the Nelson Mandela University.

The performance obligations for income from contracts for research is recognised based on combination of signature date and completion of deliverable (i.e. at a point in time) and over contractual period (over time). Private gifts and grants are satisfied at a point in time upon completion of deliverable. Payment terms are generally upon signature date of the contract and then as deliverables or milestones are met. Revenue for private gift and grants is recognised by measuring progress towards completion of that performance obligation. This is achieved by the input method, making use of measurements of resources consumed, labour hours expended, and costs incurred.

26. Finance Costs

	2025	2024
	R'000	**R'000**
Interest on lease liabilities	1 193	1 394
Interest on loans	27 563	31 951
	28 755	33 345
Less: amounts included in the cost of qualifying assets	-	(4 267)
	28 755	29 078

27. Interest in other Entities and related parties

Entity	Relationship	Ownership held by Nelson Mandela University	Financial Results	Related party transactions /balances	Principal Activities
Nelson Mandela University Trust	The Nelson Mandela University is the sole beneficiary	100%	27.1	Management Fees R6 286 398 Distribution R125 163 330 Intercompany Loan R13 656 982	Hold, control and administer Educational Funds as contemplated in sections 10(1)(CA) and 18A(1)(c)(ii) of the Income Tax Act
Nelson Mandela University Investment Company (Pty) Ltd	The Nelson Mandela University Trust is the sole shareholder	100%	27.2	None	Investment Holding company, with interests in Property Development
Rubious Mountain Properties (Pty) Ltd	The Nelson Mandela University is a majority shareholder of the company	75%	27.3	Rental Income R4 993 824 Shareholders Loan R15 919 925	Property rental company
Innovolve (Pty) Ltd	The Nelson Mandela University is the sole shareholder	100%	27.4	Intercompany loan receivable R500 000	Commercialisation of specific technologies and intellectual property development
Grenfell & Kholvadia Inc.	The Nelson Mandela University is the sole beneficiary	100%	27.5	None	Professional Bio-kineticists
Luiz Stroud & Associates Inc.	The Nelson Mandela University is the sole beneficiary	100%	27.6	None	Professional Psychologists
African Floralush IP (Pty) Ltd	The Nelson Mandela University is a minority shareholder of the company	22%	Dormant associate	None	This is the IP holding company for the manufacturing of long-life roses and foliage (Iluba).
African Floralush (Pty) Ltd	The Nelson Mandela University is a minority shareholder of the company	4%	Dormant associate	None	This is the operating company for the manufacturing of long-life roses and foliage (Iluba)
Mantacor (Pty) Ltd	Innovolve is a majority shareholder of the company	70%	Dormant subsidiary	None	This is the company that will be used to commercialise the Weldcore project.
LRC DevCo (Pty) Ltd	The Nelson Mandela University Investment Company is the sole shareholder	100%	Subsidiary	None	Property developer, developing a life rights complex on ERF 1406 in Summerstrand, Gqeberha.

27. Interest in other Entities and related parties (continued)

There have been no changes to ownership during the year under review.

Executive management are also deemed related parties of the Nelson Mandela University. Refer to note 19 for a list of all executive members and their remuneration during the financial year. During the financial year, none of the parties listed above had any material interest in any agreement of note with the Nelson Mandela University or its affiliates, which could have led to a conflict of interest. Transactions between the Nelson Mandela University and its subsidiaries have been eliminated on consolidation and are not disclosed.

27.1 Nelson Mandela University Trust

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Investments	286 495 999	256 659 373
Investment in Subsidiary	94 597 906	30 472 856
Bank and cash balances	8 138 768	8 368 104
Other financial assets	13 656 982	13 637 197
Total assets	402 889 656	309 137 530
Funds and Liabilities		
Capital and reserves	298 040 634	264 793 425
Other financial liabilities	104 849 022	44 344 105
Total funds and liabilities	402 889 656	309 137 530

Statement of Comprehensive Income	**2025**	**2024**
Figures in Rand		
Income		
Donations	127 454 676	99 897 463
Investment income	6 221 489	7 722 451
	133 676 165	107 619 914
Operating expenses	(7 705 217)	(8 263 827)
Net surplus for the year	125 970 948	99 356 087
Other comprehensive income – Revaluation of investments to market value at year end	32 439 591	17 535 295
Total comprehensive income for the year	158 410 539	116 891 382

27. Interest in other Entities (continued)

27.2 Nelson Mandela University Investment Company (Pty) Ltd

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Property, Plant and Equipment	7 503 992	45 253
Investment in Subsidiary	-	200
Investments	15 141 466	-
Trade and Other Receivables	65 720	10 389
Cash and Cash Equivalents	60 971 850	21 076 861
Shareholder and Related Party Loans	-	1 832 085
Total Assets	83 683 028	22 964 788
Equity and Liabilities		
Share capital	94 597 906	30 472 856
Retained Earnings	(25 000 395)	(21 768 285)
Shareholder and Related Party Loans	13 656 982	13 637 874
Trade and Other Payables	428 535	622 343
Total Equity and Liabilities	83 683 028	22 964 788

Statement of Comprehensive Income	**2025**	**2024**
Figures in Rand		
Other income	3 065 308	733 442
Operating expenses	(6 297 418)	(5 429 877)
Finance Costs	-	(22)
Loss for the year	(3 232 110)	(4 696 458)

27.3 Rubious Mountain Properties (Pty) Ltd

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Investments	30 275 000	30 275 000
Total assets	30 275 000	30 275 000
Equity and Liabilities		
Share capital	100	100
Retained income	8 781 161	8 413 427
Deferred Tax	110 450	554 003
Loans from shareholders	20 999 900	20 999 900
Trade and other payables	368 502	304 913
Current tax payable	14 887	2 657
Total Equity and Liabilities	30 275 000	30 275 000

Statement of Comprehensive Income	**2025**	**2024**
Figures in Rand		
Revenue	4 993 824	4 783 242
Operating expenses	(1 931 183)	(1 324 325)
Operating profit	3 062 641	3 458 917
Finance Costs	(2 558 861)	(2 117 838)
Profit before taxation	503 780	1 341 079
Taxation	(136 047)	(362 097)
Profit for the year	367 734	978 982

27. Interest in other Entities (continued)

27.4 Innovolve (Pty) Ltd

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Investments	3 799	424
Trade and other receivables	961 637	69 000
Cash and cash equivalents	2 408 325	3 183 485
Total Assets	3 373 761	3 252 909
Equity and Liabilities		
Share capital	100	100
Retained income	2 832 446	2 234 709
Trade and other payables	37 415	517 675
Loans from group companies	503 799	500 424
Total Equity and Liabilities	3 373 761	3 252 909

Statement of Comprehensive Income	**2025**	**2024**
Figures in Rand		
Revenue	836 206	565 781
Finance Income	122 271	133 242
Operating expenses	(360 740)	(576 021)
Profit for the year before taxation	597 737	123 002

27.5 Grenfell & Kholvadia Inc.

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Trade and other receivables	726 861	880 041
Total Assets	726 861	880 041
Equity and Liabilities		
Equity	726 861	880 041
Liabilities	-	-
Total Equity and Liabilities	726 861	880 041

Statement of Comprehensive Income		
Figures in Rand		
Revenue	1 071 129	1 096 041
Finance income	71 712	74 519
Operating expenses	(1 158 975)	(1 281 963)
(Loss)/Profit for the year before taxation	(16 134)	(111 402)
Taxation	(137 046)	-
(Loss)/Profit for the year	(153 180)	(111 402)

27. Interest in other Entities (continued)

27.6 Luiz Stroud & associates Inc.

Statement of Financial Position	**2025**	**2024**
Figures in Rand		
Assets		
Trade and other receivables	144 663	140 485
Current tax receivable	12 759	11 775
Total Assets	157 421	152 260
Equity and Liabilities		
Equity	157 421	152 260
Liabilities	-	-
Total Equity and Liabilities	157 421	152 260

Statement of Comprehensive Income		
Figures in Rand		
Revenue	48 289	48 861
Operating expenses	(41 910)	(37 164)
Profit for the year before taxation	6 380	11 697
Taxation	(1 219)	-
Profit for the year	5 161	11 697

28. Statement of Equity Movements – 2025

	Council Unrestricted Funds R'000	**Restricted Use and Residence Funds R'000**	**Property, Plant and Equipment Fund R'000**	**Total R'000**
Movement between funds	(21 561)	45 427	(339)	23 526
Loan repayments, redemptions & lease liability	6 754	-	20 076	26 830
Purchase of library books	-	-	3 464	3 464
Subsidiary adjustments	478	(44 515)	-	(44 037)
Restricted Bursaries	-	(143)	-	(143)
Trust Distribution, Management Fee and Interest	62 899	(59 292)	-	3 607
Remeasurements of post-retirement medical benefits (net)	396	-	-	396
	48 966	(58 524)	23 200	13 642

28. Statement of Equity Movements (continued)

Statement of Equity Movements – 2024

	Council Unrestricted Funds R'000	Restricted Use and Residence Funds R'000	Property, Plant and Equipment Fund R'000	Total R'000
Movement between funds	(91 628)	101 912	(19 555)	(9 271)
Loan repayments & redemptions	(340)	-	17 290	16 950
Purchase of library books capitalised	-	-	4 441	4 441
Subsidiary adjustments	302	(15 256)	-	(14 954)
Restricted Bursaries	-	7 448	-	7 448
Trust Distribution, Management Fee and Interest	40 177	(36 914)	-	3 263
Remeasurements of post-retirement medical benefits (net)	379	-	-	379
	(51 110)	57 190	2 175	8 256

29. Going concern

The Nelson Mandela University considers itself a going concern as evidenced by financial outcomes of the 2025 financial year. There is, however, still significant economic uncertainty and existing macroeconomic factors that impact on the financial sustainability of the Nelson Mandela University.

The Higher Education Sector, as with the broader national and international economy, will be under significant pressure in the foreseeable future. There are many levels of uncertainty, while key factors considered include potential constraints on government subsidy allocations due to pressures on the national fiscus and competing funding priorities, including student financial aid; ongoing challenges in student fee collection; uncertainty regarding the level of future tuition fee increases; and broader geopolitical and economic risks.

Sustainability & Institutional Viability Task Team has been tasked to work on the sustainability of the Nelson Mandela University, with focus areas that include academic optimisation, improved efficiencies and strategy-aligned budgeting and resources mobilisation. This work looks to ensure that in the medium to long-term, the recurrent cost structures are financed from recurrent revenue streams excluding finance income, and that earmarked reserves for funding five-year capital maintenance, replacement of teaching and research equipment and IT infrastructure plans are maintained. This was in response to the need to strategically consider and plan for the sustainability and institutional viability of Mandela University.

Council is satisfied that the financial measures taken to date are adequate to ensure financial sustainability over the next 12 months, and the impact of the events disclosed do not impact on the Nelson Mandela University's ability to continue as a going concern.

30. Events after the reporting period

The Nelson Mandela University's Council is not aware of any matter or circumstance arising since the end of the financial year, which require adjustment to, or disclosure in, these consolidated financial statements.