

NELSON MANDELA
UNIVERSITY

CONSOLIDATED
Annual Financial
Statements

for the year ended 31 December

2024



NELSON MANDELA UNIVERSITY

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2024**

CONTENTS	Page
General information	2
Council's statement of responsibility for the consolidated financial statements	3
Financial overview of the 2024 financial year	4 - 9
Auditor's report	10 - 17
Consolidated statement of financial position	18
Consolidated statement of comprehensive income	19-20
Consolidated statement of changes in funds	21
Consolidated statement of cash flows	22
Notes to the financial statements	23 - 81

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 18 to 81, 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 18-81 were approved by the Council of the Nelson Mandela University on 19 June 2025 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 2024 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 2024 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 2024 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-stream income.

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, which include block and earmarked grants, account for the largest share of the department’s budget for transfers and subsidies. Allocations to these subsidies are expected to increase at an average annual rate of 4.9% over the medium term. The National Student Financial Aid Scheme 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 4.4 % over the medium term. The Scheme is also implementing the Missing Middle pilot loan scheme, which supports 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.

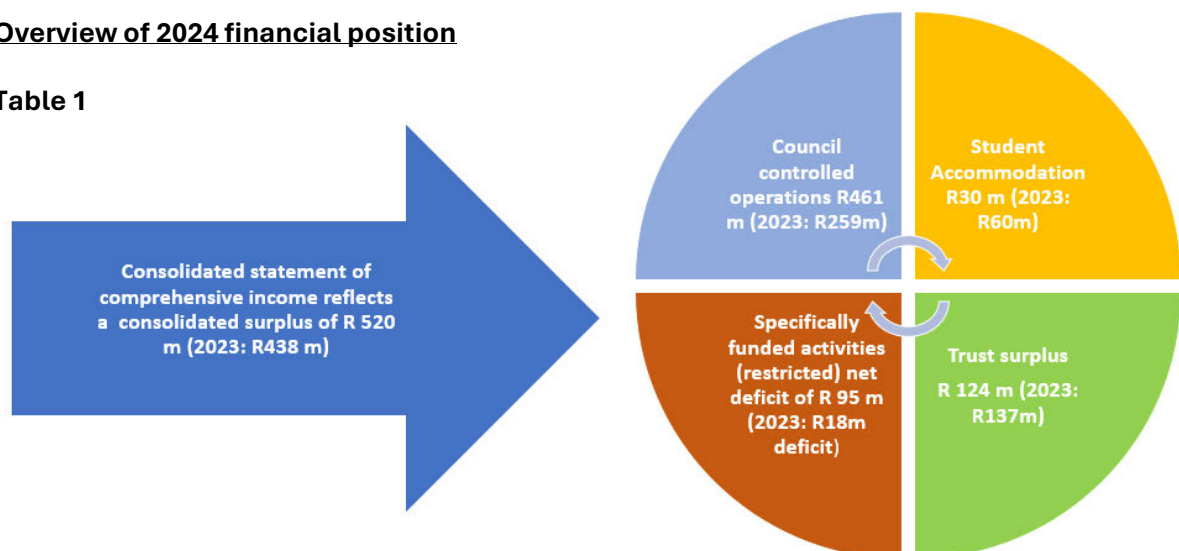
The capping of fee increases, providing debt relief concessions to academically deserving students in financial need, stagnant block grant subsidies for operational costs, changing cost structures together with the effect of a constrained economy, have all impacted the financial sustainability of institutions.

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 2024 financial position

Table 1



T

The University was able to end the 2024 year successfully against the 2023 budget approved by Council on the 30th of November 2023, 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 R520 million (2023: R438 million) before other comprehensive income and tax, of which Council controlled operations amounted to R461 million (2023: R259 million) or 14% reserve accumulation, 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 R30 million (2023: R60 million) and the Trust R124 million (2023: R137 million). Specifically funded activities (restricted) realised a net deficit of R95 million (2023: R18 million deficit).

The consolidated surplus before other comprehensive income and finance income amounts to R25 million (2023: R47 million), of which Council controlled operations amounted to a deficit of R7 million (2023: R108 million deficit).

Table 2

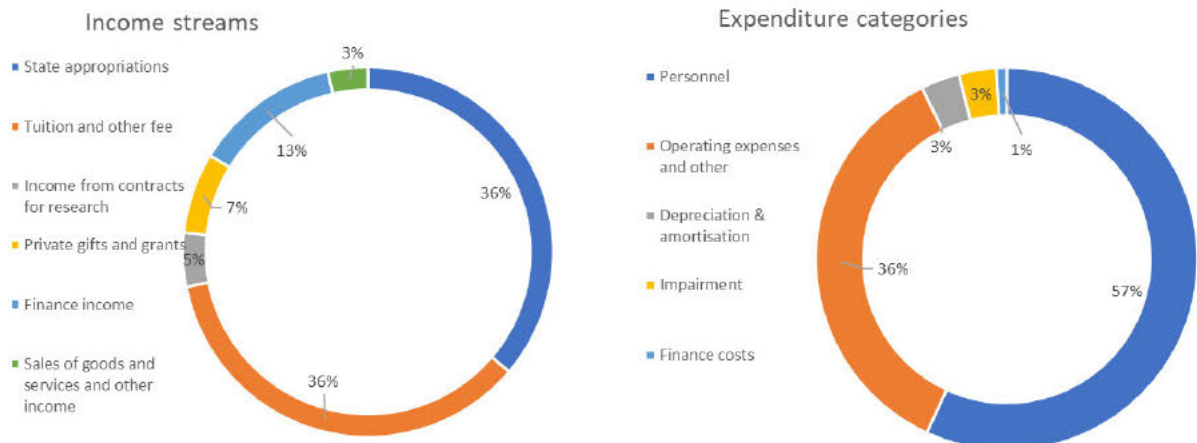


Table 3

Consolidated Statement of Comprehensive Income	% Variance 2024/2023
Total Recurrent Income	4%
State Appropriations	2%
Tuition and other fees	6%
Finance Income	27%
Private Gifts and Grants	-18%
Contract Research	7%
Sales of goods and services and other income	1%
Total Recurrent Expenditure	2%
Personnel Costs	4%
Other Current Operating Expenses	-1%
Impairment losses	-10%
Depreciation	6%
Amortisation	0%
Finance Costs	-1%

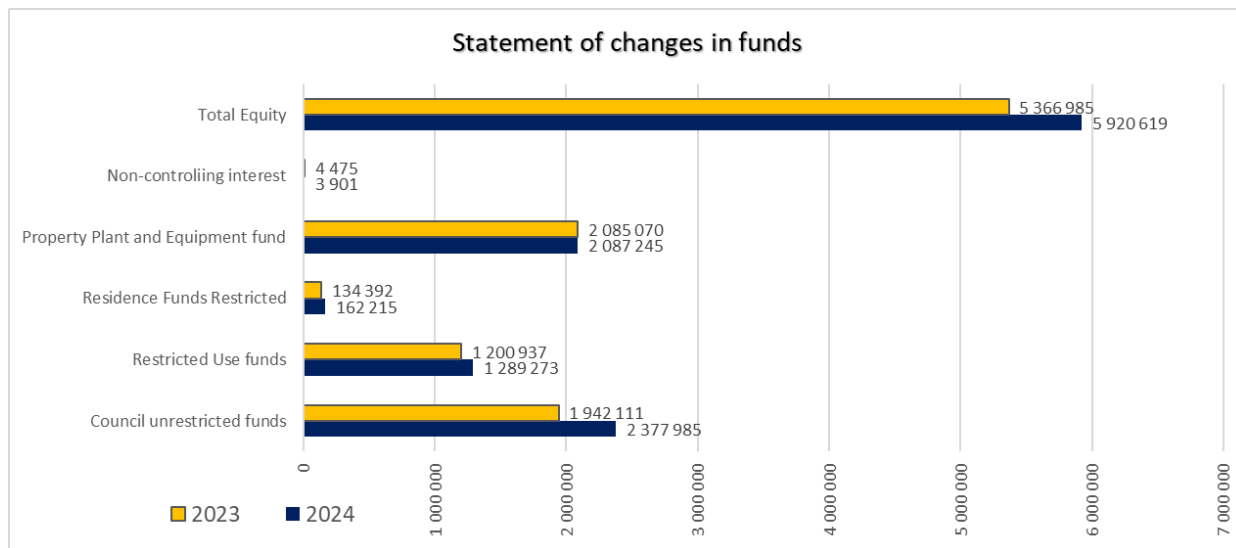
Total recurrent income increased by 4%. The University's major consolidated income sources are tuition and other fee income, and state appropriations, which total 72% of total recurrent income. State appropriations increased by 2% at both a consolidated level and for Council controlled operations. Tuition and other fees increased by 6%. Finance income increased by 27% at a consolidated level and now represents 13% of consolidated recurrent income. Private gifts and grants decreased by 18% while contract research increased by 7% and sales of goods and services and other income increased by 1%.

Total recurrent expenditure increased by 2%. Personnel costs continue to be the largest cost driver, which together with operational expenditure, total 93% of expenditure. Personal costs increased by 4%. Other current operating expenditure decreased by 1%. Impairment losses decreased by 10%, depreciation increased by 6% while amortisation costs remained constant. 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 R26 million (2023: R51 million).

The consolidated statement of financial position reflects an increase in total assets of R456 million with equity funds increasing by R553 million and total liabilities decreasing by R97 million. Retirement benefit obligations increased by R20 million and now amounts to R87 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 amount to R1 289 million (2023: R1 201 million), Residence funds amount to R162 million (2023: R134 million), while Council unrestricted funds amount to R2 378 million (2023: R1 942 million) of which the General Reserve amounts to R1 981 million (2023: R1 551 million). It important to note that restricted funds are reversed according to their mandates and are therefore not available for use at Council's discretion. The consolidated statement on cash flows indicates a positive cash flow from operations, with an increase in cash and cash equivalents.

Table 5

Financial Indicators	2024	2023	2022	2021	2020
Council controlled: - State support income (State appropriations /total recurrent income)	42.21%	43.89%	48.16%	52.33%	52.28%
Council controlled: - Own funding as % income (Other income/total recurrent income)	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)	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%	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 %	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.	14.14%	8.42%	12.59%	12.87%	6.25%
Council controlled: - Net surplus as % excluding finance income	-0.23%	-3.52%	4.21%	7.56%	0.11%
Student debt ratio: - Student Debtors before provision for doubtful debt/Total Tuition & Other Fees.	36.13%	28.87%	28.92%	33.02%	42.22%
Short Term Liquidity ratio (current assets/current liabilities). Expected normal standard is > 2:1	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	0.85	0.69	0.68	0.63	0.55
Sustainability ratio (Total reserves) Total reserves / annual recurrent expenditure	2.12	1,90	2.00	1.91	1.61
Post-retirement Liabilities (balance sheet)	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.

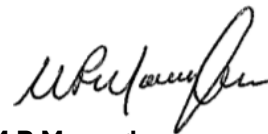
The University will confront these challenges by means of its strategic approach to financial planning and management.

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

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

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Nelson Mandela University and its subsidiaries (the group) set out on pages 18 to 81, which comprise the consolidated statement of financial position as at 31 December 2024, 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 as at 31 December 2024 and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with 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).

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 (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 consolidated 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 and financial statements as follows:

Final materiality amount	R66 098 240
Basis for determining materiality	2% of prior year total expenses (R3 304 912 000), as disclosed on the consolidated statement of comprehensive income.
Rationale for benchmark applied	<p>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 (DHET). The institution receives more than 50% 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. The selected materiality benchmark is 2% (middle range) of the operating expenses due to the following reasons:</p> <ul style="list-style-type: none"> • 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, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

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, based on our group risk assessment we considered those components which will be subject to audit procedures and the scope of work to be performed at these components.

In determining which components will be subject to audit procedures, we considered whether these components are significant (due to risk or size), 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 audits, 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 matters described below to be the key audit matters 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 matters and these are included below:

Key audit matter	How the matter was addressed in the audit
<p>Assessment of Expected Credit Losses (ECLs) on Financial Assets</p> <p>As discussed in the credit risk section on page 71 and in note 6 and 7 in the consolidated financial statements, other financial assets amounted to 5.3billion, cash and cash equivalents of R349 million and receivables amounted to R474 million. These financial assets are measured at amortised cost less expected credit losses of R334 million.</p> <p>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.</p> <p>Management provided an assumption that 2024 collections relating to 2023 debt were anomalously high due to a once-off close-out adjustment of R211 million from NSFAS, which they do not expect to recur in 2025 collections on 2024 debt. As such, management applied a lower expected collection rate for 2024 debt when estimating student debtors ECL. In relation to accounts receivables, management provided an expected collection rate taking into account credit history and expected collection. These result in great judgemental overlays by management.</p> <p>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.</p> <p>Due to the high estimation uncertainty in determining the allowance, we considered the expected credit losses allowance to be a key audit matter.</p>	<p>The following are the primary procedures we performed to address this key audit matter:</p> <ul style="list-style-type: none"> • 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.
<p>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.</p>	

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 Higher Education Act of South Africa, 1997 (Act no.101 of 1997) and for such internal control as the Council determine is necessary to enable the preparation of 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 on page 7, 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 2024 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.

Objectives	Page numbers	Purpose
Strategic focus area 1-Liberate human potential through humanising, innovative lifelong learning experiences	98-119	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.	119-127	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, as well as verifiable so that we can confirm the methods and processes to be used for measuring achievements
- 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 and for the reasons provided for any over or underachievement of targets

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 the objectives.

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.

We did not identify any material non-compliance with the selected legislative requirements.

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 findings on the reported performance information and the report on 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. 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-24	SNG Grant Thornton	In progress	30 June 2025
Clinical Training	31-Dec-24	SNG Grant Thornton	In progress	31 July 2025
Hemis Audit	31-Dec-24	SNG Grant Thornton	In progress	31 July 2025
Research Articles	31-Dec-24	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 SNG Grant Thornton has been the auditor of Nelson Mandela University (the group) for 3 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 792 272
Nelson Mandela University (Non-assurance)	R462 413



Agnes Dire
SizweNtsalubaGobodo Grant Thornton Inc.
Director
Registered Auditor
30 June 2025

SizweNtsalubaGobodo Grant Thornton
152 14th Road, Noordwyk, Midrand, 1687
Private Bag X2008, Menlyn, Pretoria, 0063

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 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 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 university 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)	Annual Financial statements PAA 14(2)(b) RRPHEI 7(4)(b)(xii) HE Act 41(1)(b)(ii)
Regulations for Reporting by Public Higher Education Institutions	
Higher Education Act 101 of 1997	
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) RRPHEI 6(2) RRPHEI 6(3)

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2024

	Notes	2024 R'000	2023 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	2	2 182 242	2 193 346
Intangible assets	3	1 207	1 534
Long term investments	4	256 659	242 281
Other financial assets	6.1	1 942 756	1 770 288
Deferred tax		390	122
Current assets			
Inventories	5	4 136	4 118
Trade and other receivables	7	474 868	379 589
Other financial assets	6.1	3 395 478	3 426 107
Cash and cash equivalents	6.2	349 038	133 122
Current tax receivable		9	-
Total assets		<u>8 606 782</u>	<u>8 150 507</u>
EQUITY AND LIABILITIES			
Equity funds			
Equity funds attributable to owners of the parent			
Property, plant and equipment fund		2 087 245	2 085 070
Restricted use funds		1 451 488	1 335 329
Residence restricted funds		162 215	134 392
Other restricted funds		1 289 273	1 200 937
Council unrestricted funds		2 377 985	1 942 111
Non-controlling interest		3 901	4 475
Non-current liabilities			
Deferred income	8	1 197 908	1 149 796
Interest-bearing borrowings	9	288 602	308 287
Retirement benefit obligations	10	87 211	67 478
Accumulated leave liability	11	124 569	128 807
Long service award accrual	13	3 487	5 936
Current liabilities			
Deferred income	8	13 826	13 650
Current portion of borrowings	9	24 736	22 341
Accumulated leave liability	11	3 550	2 573
Accounts payable and accrued liabilities	12	941 271	1 083 493
Long service award accrual	13	1 002	1 126
Current tax payable		-	34
Total equity and liabilities		<u>8 606 782</u>	<u>8 150 507</u>

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2024

Notes	2024						2023
	Council controlled unrestricted	Specifically funded activities restricted	NMU Trust restricted	SUB-TOTAL	Residence Restricted	TOTAL	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL INCOME	3 259 506	254 972	125 155	3 639 633	239 772	3 879 405	3 743 024
RECURRENT ITEMS	3 259 169	255 062	125 155	3 639 386	239 772	3 879 158	3 714 606
State appropriations	14 1 375 779	29 063	-	1 404 841	10	1 404 851	1 382 149
Tuition and other fee income	25 1 147 897	-	-	1 147 897	239 762	1 387 659	1 303 452
Income from contracts for research	25 42 283	139 561	-	181 844	-	181 844	169 174
Sales of goods and services	25 105 952	8 548	-	114 500	-	114 500	108 748
Private gifts and grants	15,25 116 855	57 332	99 897	274 085	-	274 085	334 861
TOTAL REVENUE	2 788 767	234 503	99 897	3 123 167	239 772	3 362 939	3 298 384
Finance income	16 467 392	20 558	7 722	495 673	-	4 95 673	391 113
Revaluation of investments at year end***	4 -	-	17 535	17 535	-	17 535	25 109
Other – recurrent*	3 010	-	-	3 010	-	3 010	-
NON-RECURRENT ITEMS	337	(90)	-	247	-	247	28 418
Profit/(Loss) on disposal of PPE	337	(90)	-	247	-	247	442
Other non-recurrent**	-	-	-	-	-	-	27 976
TOTAL EXPENDITURE	2 798 639	349 604	982	3 149 225	209 982	3 359 207	3 304 912
Personnel costs	17 1 747 957	97 687	-	1 845 645	64 912	1 910 557	1 834 415
Academic professional	829 028	51 880	-	880 908	-	880 908	823 452
Other personnel	924 763	45 807	-	970 569	64 912	1 035 481	1 008 931
Accumulated leave	(3 260)	-	-	(3 260)	-	(3 260)	2 518
Long service award	(2 573)	-	-	(2 573)	-	(2 573)	(486)
Other operating expenses (Exclude compensation, depreciation, amortisation & debt service)	18 846 351	251 916	982	1 099 250	103 542	1 202 792	1 218 663
Expected credit loss	106 843	-	-	106 843	-	106 843	119 196
Depreciation	2 95 766	-	-	95 766	13 844	109 610	102 953
Amortisation	3 327	-	-	327	-	327	326
Finance costs	26 1 394	-	-	1 394	27 684	29 078	29 359
NET SURPLUS/(DEFICIT) BEFORE TAXATION	460 867	(94 632)	124 173	490 408	29 790	520 198	438 112
Taxation	24 (21)	-	-	(21)	(362)	(383)	(457)
NET SURPLUS/(DEFICIT)	460 846	(94 632)	124 173	490 387	29 428	519 815	437 655
Net surplus/(Deficit) for the year attributable to:							
Non-controlling interest	574	-	-	574	-	574	249
Owners of the parent	460 272	(94 632)	124 173	489 813	29 428	519 241	437 406
	460 846	(94 632)	124 173	490 387	29 428	519 815	437 655

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
for the year ended 31 December 2024

Notes	2024						2023
	Council controlled unrestricted	Specifically funded activities restricted	NMU Trust restricted	SUB-TOTAL	Residence Restricted	TOTAL	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	15 615	-	-	15 615	-	15 615	37 919
Remeasurements – pension fund obligation	9 949	-	-	9 949	-	9 949	13 073
	<u>25 563</u>	<u>-</u>	<u>-</u>	<u>25 563</u>	<u>-</u>	<u>25 563</u>	<u>50 993</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>486 409</u>	<u>(94 632)</u>	<u>124 173</u>	<u>515 951</u>	<u>29 428</u>	<u>545 378</u>	<u>488 648</u>
Comprehensive income for the year attributable to:							
Non-controlling interest	574	-	-	574	-	574	249
Owners of the parent	485 835	(94 632)	124 173	515 377	29 428	544 804	488 399
	<u>486 409</u>	<u>(94 632)</u>	<u>124 173</u>	<u>515 951</u>	<u>29 428</u>	<u>545 378</u>	<u>488 648</u>

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

**other non-recurrent relates to a construction performance guarantee due to supplier non-performance in 2023.

*** reclassification of prior-year investment revaluation from other comprehensive income to profit and loss. This adjustment corrects a misclassification error identified in the current period. This correction was assessed as immaterial, and as such no detailed restatement disclosures have been included.

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN FUNDS
For the year ended 31 December 2024

Description	Unrestricted			Restricted			Restricted Funds Sub-total	Residence Funds Restricted	Property, Plant and Equipment Fund R'000	Total Attributable to Parent Company R'000	Non-Controlling Interest* R'000	Total R'000
	General Reserve Fund	Accumulated Fund	Council Funds Subtotal	Contract/Private Funds	NMU Trust/Restricted Funds	Other Restricted Funds						
	R'000	R'000	R'000	R'000	R'000	R'000						
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
Balance at 1 January 2023	1 209 582	423 112	1 632 694	30 447	222 883	853 246	1 106 578	76 263	2 037 486	4 853 022	4 724	4 857 746
Non-Controlling Interest-share of profits	-	249	249	-	-	-	-	-	-	249	(249)	-
Net surplus	371 824	(112 519)	259 305	(18 365)	136 669	-	118 304	60 045	-	437 655	-	437 655
Other comprehensive income	-	50 993	50 993	-	-	-	-	-	-	50 993	-	50 993
Other additions	1 868	29 675	31 542	146 234	-	-	146 234	4 513	25 453	207 742	-	207 742
Funds utilised	-	(24 358)	(24 358)	(144 534)	(278)	-	(144 813)	(17 980)	-	(187 150)	-	(187 150)
Net transfers (to)/from other funds	(31 596)	23 282	(8 314)	62 498	(113 336)	25 472	(25 366)	11 550	22 131	-	-	-
Balance at 31 December 2023	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

Refer Note 28 Statement of Equity movements.

NELSON MANDELA UNIVERSITY
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2024

	Notes	2024 R'000	*Restated 2023 R'000
Cash flow from operating activities			
Cash generated by operations	23.1	36 047	419 425
Interest income - short term		399 527	297 723
Taxation paid	24	(686)	(3 040)
Net cash inflow from operating activities		<u>434 889</u>	<u>714 108</u>
Cash flow from investing activities			
Interest income		4 965	361
Dividend income	16	2 891	2 687
Purchase of property, plant and equipment	23.2	(103 887)	(112 838)
Interest paid capitalised to property, plant and equipment	23.2	(4 267)	(4 282)
Proceeds on disposal of property, plant and equipment		507	643
Purchase of other financial assets	6.1, 29	(3 400 700)	(3 231 460)*
Redemption of other financial assets	29	3 331 460	2 682 800*
Purchase of long-term investments	4	(20 287)	(1 145)
Proceeds on long term investments	4	16 712	9 117
Redemptions/release of capital to bank		-	(3 382)
Net cash outflow from investing activities		<u>(172 606)</u>	<u>(657 498)</u>
Cash flow from financing activities			
Interest paid on borrowings and lease liabilities	26	(29 078)	(29 359)
Repayment of borrowings and lease liabilities	23.3	(17 290)	(16 443)
Net cash outflow from financing activities		<u>(46 368)</u>	<u>(45 802)</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		133 122	122 314
Cash and cash equivalents at end of year	6.2	<u>349 038</u>	<u>133 122</u>

*Restated – these figures have been restated for year 2023. Refer note 29.

1. 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 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)

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 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.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 Jan 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	Annual Improvements to IFRS Accounting Standards — Volume 11	1 Jan 2026

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

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

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 2024 have been applied by the Nelson Mandela University:

- Amendments to IAS 1 Classification of liabilities as current or non-current
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current — Deferral of Effective Date
- Amendments to IAS 1 Non-current Liabilities with Covenants
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information
- IFRS S2 – Climate-related Disclosures

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.

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 is accounted for 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.

1. Accounting policies (continued)

1.3 Revenue recognition (continued)

1.3.1 State appropriations: Subsidy and grant income (continued)

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.

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.	Over time	Transaction price	contractual periods can exceed a 12-month period	As per agreed terms and conditions

1. Accounting policies (continued)**1.3 Revenue recognition (continued)***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.

1.3.5 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. Accounting policies (continued)**1.4 Segment Information and Reserve Funds (continued)****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 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.

1. Accounting policies (continued)**1.5.1 Financial assets (continued)****1.5.1.4 Financial assets at fair value through profit and loss (continued)**

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.

For other financial assets and long-term 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. Accounting policies (continued)**1.5.1 Financial assets (continued)****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.

1.5.1.7.3 Other receivables and External Debtors

The Nelson Mandela University's exposure to credit risk from other receivables and external debtors is mainly attributable to non-delivery of goods and services or non-payment of the sundry receivables reported at year end. The Nelson Mandela University limits the risk by only trading with creditworthy third parties.

1.5.1.7.4 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.

1.6.1 Financial liabilities**1.6.1.1 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.

1.6.1.2 Subsequent measurement

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

1.6.1.3 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. Accounting policies (continued)

1.7 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:

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.

1.8 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.

1.9 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. Accounting policies (continued)**1.10 Employee benefits***1.10.1 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.

1.10.2 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.

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.

1.10.3 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. Accounting policies (continued)**1.10 Employee benefits (continued)****1.10.3 Retirement benefit obligations – medical benefits (continued)**

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.

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.

1.10.4 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.

1.11 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.

1.11.1 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.

1. Accounting policies (continued)

1.11 Leases (continued)

1.11.1 As a Lessee (continued)

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.

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.

1.12 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. Accounting policies (continued)

1.13 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.

NELSON MANDELA UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2024 (continued)

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 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
Year ended 31 December 2023							
Opening net book value	1 320 314	616 694	22 562	60 777	157 403	10 631	2 188 379
Additions	-	21 097	-	44 807	46 979	4 236	117 119
Transfers	507 012	(507 012)	-	-	-	-	-
Disposals	-	-	-	(130)	(7)	(64)	(201)
Depreciation charge	(48 025)	-	(835)	(1 270)	(59 351)	(2 470)	(111 951)
Closing net book value	1 779 301	130 779	21 727	104 184	145 024	12 333	2 193 346
At 31 December 2023							
Cost	2 276 398	130 779	25 069	312 599	748 314	55 750	3 548 909
Accumulated depreciation	(497 096)	-	(3 342)	(208 415)	(603 291)	(43 418)	(1 355 562)
Net book value	1 779 301	130 779	21 727	104 184	145 024	12 333	2 193 346

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:

	2024	2023
	R'000	R'000
Total depreciation charge	118 997	111 951
Depreciation on library books	4 441	4 653
Less: Release from deferred income	<u>(13 826)</u>	<u>(13 650)</u>
Statement of comprehensive income	<u>109 610</u>	<u>102 953</u>

Land and land improvements with a net carrying value of R383.2 million (2023: R353.5 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 R20.9 million (2023: R21.7 million), secured under right of use obligation of R16.4 million (2023: R18.7 million) in note 9 to the financial statements.

The Nelson Mandela University has property, plant and equipment items with a cost of R16.6 million (2023: R14.7 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 R0.2 million (2023: R2.0 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 2024 of R70 million (2023: R65 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 2024	R'000
Opening net book value	1 534
Additions	-
Disposals	-
Amortisation	(327)
Closing net book value	<u>1 207</u>
 At 31 December 2024	
Cost	2 850
Accumulated amortisation	(1 643)
Carrying amount	<u>1 207</u>
 Year ended 31 December 2023	R'000
Opening net book value	1 860
Additions	-
Disposals	-
Amortisation	(326)
Closing net book value	<u>1 534</u>
 At 31 December 2023	
Cost	2 850
Accumulated amortisation	(1 316)
Carrying amount	<u>1 534</u>

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.

	2024	2023
	R'000	R'000
Balance as at the beginning of the year	242 281	213 147
Purchases of investments	20 287	1 145
Disposed investments	(16 712)	(9 117)
Other movements*	(6 729)	11 997
Fair value gains recognised in P&L	17 535	25 109
Balance as at the end of the year	<u>256 659</u>	<u>242 281</u>

Other movements* relate to interest, admin fees, capital reduction, consolidation and transfers in/out.

		2024	2023
		R'000	R'000
The underlying financial assets include the following:	Notes		
Listed shares	20	88 162	81 683
Foreign investments	20	99 856	90 318
Gilts and bonds	20	27 931	26 654
Fixed deposits	20	16 146	23 075
Unit Trusts	20	24 565	20 551
		<u>256 659</u>	<u>242 281</u>

The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2024.

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

5. Inventories

	2024	2023
	R'000	R'000
Consumables	3 347	3 313
Goods for resale	789	805
	<u>4 136</u>	<u>4 118</u>

An amount of R1.0 million (2023: R0.8 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**6.1 Other financial assets**

	2024 R'000	2023 R'000
Other financial assets	<u>5 338 234</u>	<u>5 196 395</u>
Non-current investments held on fixed deposits at bank	1 900 000	1 750 000
Non-current investments – interest receivable	42 756	20 288
	1 942 756	1 770 288
Other financial assets – current investments held on fixed deposit at banks	3 113 700	3 194 460
Other financial assets – interest receivable	281 778	231 647
	3 395 478	3 426 107
Investments at beginning of the year	5 196 395	4 561 353
Purchase of investments	3 400 700	3 231 460
Maturity of investments	(3 553 913)	(2 809 282)
Accrued Interest	304 253	218 608
Cash received on call account	(9 202)	(5 744)
Investments at the end of the year	<u>5 338 234</u>	<u>5 196 395</u>

Investments totalling R1.9 billion which were invested on fixed deposits, mature in 2026 between January and August and have therefore been classified as non-current assets under other financial assets in 2024.

The average effective interest rate on fixed deposits was 9.152% (2023: 8.616%).

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:

	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
	<u>5 338 234</u>

6. Other financial assets and cash and cash equivalents (continued)**6.1 Other financial assets (continued)**

	2023
	R'000
F1+(zaf)(Fitch)	1 008 696
F1+(zaf)(Fitch)	554 951
F1+(zaf)(Fitch)	1 161 402
AA+(zaf) (Fitch)	109 110
F1+(zaf) (Fitch)	1 175 159
F1+(zaf) (Fitch)	1 187 076
	<u>5 196 395</u>

6.2 Cash and cash equivalents

	2024	2023
	R'000	R'000
Cash at bank and in hand at amortised cost	<u>349 038</u>	<u>133 122</u>

The current other financial assets of R3.114 billion (2023: R3.194 billion) and cash and cash equivalents of R349 million (2023: R133 million) include R1.981 billion (2023: R1.552 billion) which is included in the general reserve in Statement of Changes in Funds. The cash and cash equivalents of R349 million for 2024, includes an investment made on 31 December 2024 of R215 million which was invested for 21 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)

6.3 National Credit Rating, Long-term outlook

		2024		2023	
		R'000		R'000	
The credit quality of these institutions are as follows:					
AA+(zaf)(Fitch)		7 642		21 833	AA+(zaf)(Fitch)
AA+(zaf)(Fitch)		313 731		102 229	AA+(zaf)(Standard and Poor's)
zaAA+(zaf)(Standard and Poor's)		24 260		8 386	AA+(zaf)(Standard and Poor's)
Za.AA(zaf)(Standard and Poor's)		3 280		574	AA+(zaf)(Standard and Poor's)
		<u>348 914</u>		<u>133 021</u>	
Cash and Cash Equivalents	6.2	349 038		133 122	
Petty cash		<u>(124)</u>		<u>(100)</u>	
		<u>348 914</u>		<u>133 021</u>	

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

	2024	2023
	R'000	R'000
Student debtors	501 314	376 291
Less: Provision for impairment	<u>(280 763)</u>	<u>(221 086)</u>
	220 551	155 205
External debtors	38 719	63 963
NSFAS loan receivable*	36 358	36 358
Less: Provision for impairment	<u>(53 201)</u>	<u>(49 335)</u>
	21 876	50 986
NSFAS receivable***	196 903	147 668
Other receivables	<u>35 538</u>	<u>25 730</u>
	<u>474 868</u>	<u>379 589</u>

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.

7. Trade and other receivables (continued)*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 2024 is NIL (2023: 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 2024 was increased to take into account the January and February 2025 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.

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

	2024	2023
	R'000	R'000
Student debtors considered to be fully performing	220 551	155 205
Student debtors not considered to be fully performing	280 763	221 086
Students last registered in current year	143 437	77 433
Students last registered in prior year	97 165	64 332
Students last registered two or more years ago	40 161	79 322
	501 314	376 291

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.

7. Trade, other receivables (continued)

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

	2021	2022	2023	2024	TOTAL
31 December	R'000	R'000	R'000	R'000	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
Expected collection rate	0%	0%	11%	60%	68%

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 2023, all of which are due, is as follows:

	2020	2021	2022	2023	TOTAL
31 December	R'000	R'000	R'000	R'000	R'000
Gross student fees receivable	23 739	59 426	75 635	432 621	591 421
NSFAS close out adjustment	-	-	-	(211 385)	(211 385)
Gross student fees to be written off	9 316	30 597	279	-	-
Expected collection	(960)	(2 883)	(11 303)	(143 804)	(158 950)
Provision for expected loss	13 463	25 946	64 053	77 433	221 086
Expected collection rate	6%	7%	10%	15%	65%

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:

	2024	2023
	R'000	R'000
Opening balance at the beginning of the year	221 086	146 700
Additional impairment	100 384	112 282
Receivables written off during the year	(40 707)	(37 895)
Closing balance at the end of the year	<u>280 763</u>	<u>221 086</u>

7. Trade and other receivables (continued)

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:

	2024	2023
	R'000	R'000
Opening balance at the beginning of the year	49 335	42 783
Release of impairment	5 860	6 671
Receivables written off during the year	<u>(1 994)</u>	<u>(119)</u>
Closing balance at the end of the year	<u>53 201</u>	<u>49 335</u>

Included in the opening balance of R49.3 million (2023: R42.8 million) is the NSFAS loan receivable of R36.5 million (2023: 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 expectation of recovery.

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

8. Deferred income

	2024	2023
	R'000	R'000
As at the beginning of the year	1 163 446	1 213 101
Net increase/(decrease)in deferred income	48 288	(49 655)
Grants received (including capital infrastructure)	-	9 800
Increase/(Decrease) in received/spent	62 114	(45 805)
Release relating to depreciation	(13 826)	(13 650)
	<u>1 211 734</u>	<u>1 163 446</u>
As at the end of the year	<u>1 211 734</u>	<u>1 163 446</u>
Deferred income is presented as follows:		
Current liability	13 826	13 650
Non-current liability	1 197 908	1 149 796
	<u>1 211 734</u>	<u>1 163 446</u>
As at 31 December the deferred income balance can be analysed further as follows:		
	2024	2023
	R'000	R'000
Capital project funding	1 110 805	1 104 606
Cumulative transfer/offset against depreciation	(161 962)	(148 136)
	<u>948 843</u>	<u>956 470</u>
Unspent grant funds	262 890	206 976
	<u>1 211 734</u>	<u>1 163 446</u>

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

	2024 R'000	2023 R'000
Current portion of long-term loans		
Bank borrowings	16 906	14 920
Right of use liability	2 750	2 330
Government loans	-	11
Rubious Mountain Properties (Pty) Ltd: shareholder's loan	5 080	5 080
	<u>24 736</u>	<u>22 341</u>
Non-current		
Bank borrowings	274 938	291 873
Right of use liability	13 664	16 414
	<u>288 602</u>	<u>308 287</u>
Total borrowings	<u><u>313 338</u></u>	<u><u>330 628</u></u>
Interest rates:		
- bank borrowings (linked to prime lending rate)	9.97% -	9.43% -
	10.68%	10.68%
- right of use liability	8.26%	8.26%

Maturity of interest-bearing borrowings:

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
	<u>19 689</u>	<u>488 929</u>	<u>508 618</u>
Less: Interest payable	<u>(3 275)</u>	<u>(192 005)</u>	<u>(195 280)</u>
	<u><u>16 414</u></u>	<u><u>296 924</u></u>	<u><u>313 338</u></u>
2023	Right of use liability R'000	Other borrowings R'000	Total R'000
Amount due within 1 year	3 724	51 782	55 506
Between 1 and 2 years	3 943	46 347	50 290
Between 3 and 5 years	13 328	137 034	150 362
Over 5 years	2 418	311 606	314 024
	<u>23 413</u>	<u>546 769</u>	<u>570 182</u>
Less: Interest payable	<u>(4 669)</u>	<u>(234 885)</u>	<u>(239 554)</u>
	<u><u>18 744</u></u>	<u><u>311 884</u></u>	<u><u>330 628</u></u>

Other borrowings

Included in other borrowings are two residence loan facilities. The first loan 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 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. 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 prime-linked lending rate of 12.0% (2023:12.0%) per annum and is unsecured. There are no specific terms of repayment.

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 2024 is R3.7 million (2023: R3.5 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, or the Nelson Mandela University may renew the contract. 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

	2024	2023
	R'000	R'000
Post-retirement medical benefits	85 580	64 259
Present value of medical benefit liability	546 490	497 072
Fair value of plan asset	(460 910)	(432 813)
Pension scheme liabilities	1 632	3 220
Present value of pension benefit liability	2 881 167	2 571 067
Fair value of plan assets	(3 045 911)	(2 773 917)
Surplus not recognised	166 375	206 069
	87 211	67 478

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 2024.

	2024 R'000	2023 R'000
Present value of medical benefit obligations	546 490	497 072
Movement in the liability recognised in the statement of financial position:		
Contractual liability as at 1 January	497 072	489 276
Movement in liability – Statement of comprehensive income	49 418	7 796
Service cost	3 751	4 282
Interest cost	60 806	59 507
Benefit payments	(33 704)	(30 281)
Remeasurements (other comprehensive income)		
Gain in financial assumptions	(1 984)	(18 797)
Loss/(Gain) due to changes in experience	20 549	(6 915)
Contractual liability as at 31 December	546 490	497 072
Plan asset as at 1 January	432 813	424 353
Movement in asset – Statement of comprehensive income	28 097	8 460
Expected return on plan asset		
- Current service costs	3 751	4 282
- Investment return	25 496	23 906
- Policy charges	(1 626)	(1 655)
Contributions paid – pensioners	(33 704)	(30 281)
Actuarial loss	34 179	12 207
Plan asset as at 31 December	460 910	432 813
The plan asset comprises two parts:		
- The guaranteed portfolio	245 364	193 044
- The growth portfolio	215 546	239 769
Plan asset as at 31 December	460 910	432 813
The actuarial gain of R34.179 million in plan assets occurred as a result of a combination of the following factors:		
Subsidy (benefit) payments	(33 704)	(30 281)
Valuation adjustment	(476)	18 074
Actuarial gain as at 31 December	(34 179)	(12 207)

10. Retirement benefit obligations (continued)

10.1 Post-retirement medical benefits (continued)

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 2024 (2023: nil) as there were no amendments to the plan for the current period.

Contributions made by pensioners to the plan were as follows:

	2024	2023
	R'000	R'000
Member contributions – Pensioners (Monthly)	2 909	2 480
Employer contributions – University (Monthly)	3 301	2 844

<i>Membership data (number of members)</i>	2024	2023
Active members (in service)	248	272
Continuation members	551	549

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

Discount rate	11.06%	12.60%
Medical aid inflation rate	7.31%	8.74%
Net discount rate	3.49%	3.54%
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.

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 defines the determination of the Discount rate assumption to be used as follows:

“The discount rate that reflects the time value of money is best approximated by reference to market yields at the reporting date on government. Where there is no deep market in government with a sufficiently long maturity to match the estimated maturity of all the benefit payments, an entity uses current market rates of the appropriate term to discount shorter term payments and estimates the discount rate for longer maturities by extrapolating current market rates along the yield curve.”

10. Retirement benefit obligations (continued)**10.1 Post-retirement medical benefits (continued)**

We use the nominal and real zero curves as at 29 December 2024 supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant time period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 years.

Medical Aid Inflation

The Medical Aid Contribution Inflation rate was set with reference to the past relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Medical Aid Contribution Inflation for each relevant time period.

We have assumed that medical aid contribution increases would out-strip general inflation by 1,5% per annum over the foreseeable future.

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.

In order to illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following assumptions:

- 20% increase/decrease in the assumed level of mortality
- 1% increase/decrease in the Medical Aid inflation
- 1% increase/decrease in the discount rate
- various increases/decreases in the average retirement age
- 10% decrease in membership continuation

Assumption	Change	New Liability R'000	% Change
Medical aid inflation	1% Increase	597 882	9.4%
Medical aid inflation	1% Decrease	501 870	-8.2%
Discount rate	1% Increase	501 349	-8.3%
Discount rate	1% Decrease	599 243	9.7%
Post employment mortality	20% Increase	511 321	-6.4%
Post employment mortality	20% Decrease	589 832	7.9%
Average/expected retirement age	1 Year Decrease	558 468	2.2%
Continuation of membership at retirement	10% Decrease	528 626	-3.3%

Expected contributions 2025

Expected contribution for benefits paid in relation to accrued liability is expected to be R39.61 million (2024: R34.13 million).

The average expected remaining working lifetime of eligible employees is 3.8 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.

10. Retirement benefit obligations (continued)**10.1 Post-retirement medical benefits (continued)****Financial risk factors (continued)**

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 Post Retirement Medical Aid guarantee relating to the plan asset has been valued separately by Old Mutual and the value of the guarantee at 31 December 2024 per Old Mutual is R484 million.

The 2024 value for the guarantee as per IAS 19 per the actuarial valuation is R460 million.

10.2 Pension schemes

	Nelson Mandela University Retirement Fund (NMURF)	National Tertiary Retirement Fund (NTRF)	TOTAL	
	2024 R'000	2024 R'000	2024 R'000	2023 R'000
Balance at end of the year				
Present value of funded and unfunded obligations	(2 023 887)	(857 280)	(2 881 167)	(2 571 067)
Fair value of plan assets	2 190 262	855 648	3 045 911	2 773 917
Funded status	166 375	(1 632)	164 744	202 850
Surplus not recognised	(166 375)	-	(166 375)	(206 069)
Liability at reporting date	-	(1 632)	(1 632)	(3 220)

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.

10. Retirement benefit obligations (continued)**10.1 Post-retirement medical benefits (continued)****National Tertiary Retirement Fund (NTRF) (continued)**

The major categories of the plan assets are as follows:

	2024	2023
	R'000	R'000
NMURF assets as at 31 December		
Cash	27 510	26 138
Investments	2 096 113	1 887 314
Accounts receivable	16 691	9
Contributions receivable	15 603	14 906
Pension policies	34 345	33 321
	<u>2 190 262</u>	<u>1 961 688</u>
NTRF assets as at 31 December		
Share account	259 190	232 685
Pension account	577 741	562 932
Reserve account	18 718	16 612
	<u>855 649</u>	<u>812 229</u>

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)

	NMURF	NMURF	NTRF	NTRF
	2024	2023	2024	2023
	R'000	R'000	R'000	R'000
<i>Movement in defined benefit obligation</i>				
Beginning of the year	1 755 618	1 573 382	815 449	842 933
Current service cost	5 798	6 644	6 124	9 155
Interest cost	186 210	165 076	89 585	91 087
Member contributions	-	-	2 019	2 996
Remeasurements	152 149	79 963	3 703	(78 380)
Benefits paid	-	-	(58 337)	(50 469)
*Risk premiums	(75 889)	(69 447)	(1 262)	(1 872)
End of the year	<u>2 023 887</u>	<u>1 755 618</u>	<u>857 280</u>	<u>815 449</u>
<i>Movement in fair value of plan assets</i>				
Beginning of the year	1 961 688	1 790 355	812 229	835 505
Contributions received	5 588	6 329	6 057	8 987
Expected return on plan asset	204 339	184 530	83 310	85 385
*Risk premiums	(75 889)	(69 447)	(1 262)	(1 872)
Benefits paid	-	-	(58 337)	(50 469)
Remeasurements	94 536	49 921	13 651	(65 307)
End of the year	<u>2 190 262</u>	<u>1 961 688</u>	<u>855 648</u>	<u>812 229</u>
<i>Net (asset)/liability</i>	(166 375)	(206 069)	1 632	3 220
<i>Surplus not recognised</i>	<u>166 375</u>	<u>206 069</u>	-	-
<i>Net pension fund liability</i>	<u>-</u>	<u>-</u>	<u>1 632</u>	<u>3220</u>
<i>The amount recognised in profit or loss</i>				
Current service costs	5 798	6 644	6 124	9 155
Interest costs	186 210	165 076	89 585	91 087
**Expected return on plan assets	(204 339)	(184 530)	(83 310)	(85 385)
	<u>(12 331)</u>	<u>(12 809)</u>	<u>12 399</u>	<u>14 857</u>

*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 R152.149 million is made up as follows:

	R'000
Change in financial assumptions	23
Change in members and details	134 527
Change in return on plan assets	17 599
Total actuarial loss	<u>152 149</u>

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

The NTRF obligation actuarial loss of R3.703 million is made up as follows:

	R'000
Change in financial assumptions	233
Change in demographic assumptions	(333)
Change in members and details	(2 415)
Change in return on plan assets	6 218
Total actuarial loss	<u>3 703</u>

The NMURF plan asset actuarial gain of R94.536 million is made up as follows:

	R'000
Change in members and details	154 727
Change in return on plan assets	(60 191)
Total actuarial gain	<u>94 536</u>

The NTRF plan asset actuarial gain of R13.651 million is made up as follows:

	R'000
Change in members and details	(16 459)
Change in return on plan assets	30 111
Total actuarial gain	<u>13 651</u>

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	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	<u>(12 331)</u>	<u>192 760</u>	<u>12 399</u>	<u>12 537</u>	<u>205 365</u>
B Expected 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)

DB – Defined Benefit

DC – Defined Contribution

10. Retirement benefit obligations (continued)

10.2 Pension schemes (continued)

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 R2.02 million and R4.04 million by the Nelson Mandela University.

The defined benefit and defined contribution cost for the year ending 31 December 2023 is as follows:

	NMURF		NTRF		Total R'000
	DB	DC	DB	DC	
	R'000	R'000	R'000	R'000	
A Components of Income Statement Pension Expense					
Service Cost	6 644	175 573	9 155	18 076	209 448
Interest Cost on Defined Benefit Obligation	165 076	-	91 087	-	256 163
Interest Income on Assets	(184 530)	-	(85 385)	-	(269 915)
Expense / (Income) recognised in Profit and Loss	<u>(12 809)</u>	<u>175 573</u>	<u>14 857</u>	<u>18 076</u>	<u>195 696</u>
B Expected Contributions, Benefit Payments and Risk Premiums					
Member Contributions	-	-	2 996	-	2 996
Company Contributions	6 329	175 573	5 991	18 076	205 970
Risk Premiums	(69 447)	-	(1 872)	-	(71 319)
Benefit Payments	-	-	(50 469)	-	(50 469)

There is no past service cost for 2023 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)

	2024	2023
NMURF		
Active members (in service)	2 207	2 229
Continuation members	26	27
NTRF		
Active members (in service)	171	175
Continuation members	193	201

The principal assumptions used for accounting purposes were as follows:

	2024 Both Funds	2023 Both Funds
General inflation rate (CPI)	4.11%	5.24%
Discount rate	9.68%	10.61%
Salary inflation	5.61%	6.74%
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 2023 and 2024 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: 9.68%

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 9.68% 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 2024. This rate does not reflect any adjustment for taxation.

CPI Inflation Rate: 4.11%

The expected inflation assumption of 4.11% was obtained from the differential between market yields on index-linked consistent with the estimated term of the liabilities (4.87%) and those of nominal bonds (9.68%) 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 2024.

- **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: 5.61%

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 9.68%.

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 11.30% 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	% Change
		R'000	
Discount rate	1% Increase	2 880	0.0%
Discount rate	1% Decrease	2 882	0.1%
Salary inflation	1% Increase	2 882	0.0%
Salary inflation	1% Decrease	2 881	0.0%
Investment return	1% Increase	2 880	0.0%
Investment return	1% Decrease	2 882	0.0%
Post-retirement mortality table	1 Year decrease	2 898	0.6%

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 2.8 years respectively. This changes to 18.9 and 5.8 years when the DC members are included.

Expected contributions to the defined benefit pension fund for the year ended 31 December 2025 are R9.1 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 2021. The next valuation will be done based on 31 December 2024 data and is due on/before 31 December 2025. 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

	2024	2023
	R'000	R'000
Opening balance	131 380	128 862
Additional provisions	8 326	10 586
Utilised during year	<u>(11 586)</u>	<u>(8 067)</u>
Closing balance	<u>128 120</u>	<u>131 380</u>
Current portion of liability	3 550	2 573
Non-current portion of liability	<u>124 569</u>	<u>128 807</u>
Total accumulated leave liability	<u>128 120</u>	<u>131 380</u>

- 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 (2023: 261 days).
- The accumulated leave liability is calculated based on the cost to company of the staff member.

12. Accounts payable and accrued liabilities

	2024	2023
	R'000	R'000
Student debtors		
Active students	276 383	232 421
Non-active students*	66 602	61 416
Payable to NSFAS	262 568	315 261
	<u>605 553</u>	<u>609 097</u>
Trade creditors	47 122	39 217
Accruals	6 928	7 500
Payroll related accruals	55 530	52 776
Other payables	226 138	374 902
	<u>941 271</u>	<u>1 083 493</u>

*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	885 741	1 030 717
Non-financial instruments	55 530	52 776
	<u>941 271</u>	<u>1 083 493</u>

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

	2024	2023
	R'000	R'000
Current portion of accrual	1 002	1 126
Non-current portion of accrual	3 487	5 936
Total long service award accrual	<u>4 489</u>	<u>7 062</u>
Significant assumptions		
Prime lending rate	11.25%	11.75%
Expected retirement age (years)	65	65

2024

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

2023

Assumption	Change	New Liability	%(Change)
Interest rate increase	1% increase	7 663	12.75%
Interest rate decrease	1% decrease	6 461	10.75%

14. State appropriations

	2024 R'000	2023 R'000
Subsidy – operations	1 309 675	1 299 795
Subsidy – foundation programme and ad hoc grants	95 539	73 347
Specific grant – upgrading of facilities	-	9 800
Total State appropriations received	<u>1 405 214</u>	<u>1 382 942</u>
Grants transferred to deferred income	(363)	(793)
Recognised as income	<u><u>1 404 851</u></u>	<u><u>1 382 149</u></u>

The Nelson Mandela University received state appropriations and grants for general purposes from the Department of Higher Education and Training for R1.439 billion in 2024 (2023: R1.364 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 no specific grant for the upgrading of the Nelson Mandela Universities facilities from the Department of Higher Education and Training in 2024 (2023: R9.8 million).

15. Private gifts and grants

	2024 R'000	2023 R'000
Received in cash	272 956	333 349
Received in kind	1 129	1 513
Recognised as income	<u>274 085</u>	<u>334 861</u>

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

	2024 R'000	2023 R'000
Interest income – Innovolve	133	139
Interest income on short-term bank deposits	487 817	384 105
Interest income on investments	4 832	4 182
Dividend income on investments held at the end of the reporting period	2 891	2 687
Total interest and dividends	<u><u>495 673</u></u>	<u><u>391 113</u></u>

17. Personnel costs

	2024	2023
	R'000	R'000
Academic professional	880 908	823 452
Other personnel	1 035 481	1 008 931
Leave pay	(3 260)	2 518
Long service award	(2 573)	(486)
	<u>1 910 557</u>	<u>1 834 415</u>

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

	2024	2023
Full time	2 438	2 484
Part time	883	1 130
	<u>3 321</u>	<u>3 614</u>

18. Other operating expenses

	2024	2023
	R'000	R'000
The following items have been charged in arriving at operating profit:		
Supplies and services	465 859	416 909
Repairs and maintenance	128 141	154 899
IT related costs	46 621	68 159
Municipal charges	106 516	125 112
Library material and online educational resources	39 671	38 009
Travel and subsistence	65 384	60 414
Staff and Student related expenses	79 730	78 028
Workshop presentations	33 703	27 469
Catering	14 521	11 821
Insurance	10 872	10 367
Fixed property cost – rental	100	116
Bursaries	190 448	197 773
Cost of services outsourced	21 226	29 587
Security	4 362	8 219
Cleaning	11 958	7 022
Other	4 907	14 346
	<u>1 202 792</u>	<u>1 218 663</u>

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 R558k (2023: R450k).

19. Remuneration (continued)

	2024 R'000	2023 R'000
Compensation of key management	[REDACTED]	[REDACTED]

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 R679 840 (2023: R450 955).

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	2024 R'000	2023 R'000
Assets – fair value through profit or loss		256 659	242 281
Listed shares	4 Level 1	88 162	81 683
Foreign investments	4 Level 2	99 856	90 318
Fixed deposits	4 Level 2	16 146	23 075
Gilts and bonds	4 Level 2	27 931	26 654
Unit Trusts	4 Level 1	24 565	20 551
Assets – amortised cost		6 162 950	5 714 181
NSFAS* receivable	7	196 903	147 668
Other receivables	7	36 348	30 806
Student debtors after provision	7	220 551	155 205
External debtors after provision	7	21 876	50 986
Other financial assets	6.1	5 338 234	5 196 395
Cash and cash equivalents	6.2	349 038	133 122
		6 419 609	5 956 462
Liabilities Amortised Cost		1 182 665	1 342 601
Interest-bearing borrowings excluding right of use liability	9 Level 2	296 924	311 884
Accounts payable and accrued liabilities (exclude payroll liabilities)	12	885 741	1 030 717

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 R4.993 million (2023: R4.516 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 fair value through other comprehensive income or 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 FTSW/JSW CPI index by 10% with all other variables held constant on the market value of the listed equities would have been R8.816 million (2023: R8.168 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 foreign currency and price risk is as follows:

P/L and Equity impact	Profit for the year	+1%	-1%	Equity	+1%	-1%
	R'000	R'000	R'000	R'000	R'000	R'000
31 Dec 2024	99 356	100 350	98 363	264 793	267 441	262 145
31 Dec 2023	104 272	105 314	103 229	245 938	248 397	243 478

21. Financial risk management (continued)

Financial risk factors (continued)

(a) 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 R50.52 million (2023: R47.81 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 2024			
Interest-bearing borrowings	45 001	89 046	304 481
Accounts payable and accrued liabilities	885 741	-	-
	<u>930 742</u>	<u>89 046</u>	<u>304 481</u>
At 31 December 2023			
Interest-bearing borrowings	46 347	137 034	311 606
Accounts payable and accrued liabilities	1 030 717	-	-
	<u>1 077 064</u>	<u>137 034</u>	<u>311 606</u>

NELSON MANDELA UNIVERSITY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2024 (continued)

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.

	2024	2023
	R’000	R’000
Current investments	3 395 478	3 426 107
Cash and cash equivalents	349 038	133 122
Total	<u>3 744 516</u>	<u>3 559 228</u>
Current liabilities	984 385	1 123 217
Total	<u>984 385</u>	<u>1 123 217</u>
Net position	<u><u>2 760 131</u></u>	<u><u>2 436 011</u></u>

22. Capital Commitments

	2024	2023
	R’000	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	<u>-</u>	<u>1 141</u>

Council has approved further capital development projects to the value of R214 million (2023: R358 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

	2024	2023
	R'000	R'000
23.1 Cash generated from operations		
Reconciliation of net surplus to cash generated from operations:		
Net surplus	520 198	438 112
Adjusted for:		
Donations in kind	(1 129)	(2 063)
Depreciation	109 610	102 953
Amortisation	327	326
Profit on disposal of fixed assets	(247)	(442)
Revaluation of investments at year end	(17 535)	(25 109)
Interest income	(477 091)	(388 426)
Movement in accumulated leave liability	(3 260)	2 518
Expected credit loss	106 843	119 196
Dividend income	(2 891)	(2 687)
Finance costs	29 078	29 359
Movement in long service award accrual	(2 573)	(486)
Deferred income realised in other comprehensive income	62 114	(45 805)
Interest received on outstanding debt	(15 691)	(10 854)
Settlement discount	(43)	(56)
Working capital changes		
- Increase in inventories	(18)	(810)
- Increase in trade and other receivables	(95 279)	(94 685)
- (Decrease)/Increase in accounts payable and accrued liabilities	(177 220)	298 830
- Increase/(Decrease) in accumulated leave liability	977	(59)
- Decrease in long service award accrual	(124)	(386)
Cash generated by operations	<u>36 047</u>	<u>419 425</u>

23.2 Cash flow from investing activities

The purchase of Property, Plant & Equipment comprises R108 million of which R6 million was purchased with government funding and the remainder with own funds, and is made up as follows:

	Notes	2024	2023
		R'000	R'000
Purchase of Property, Plant & Equipment (Additions)	2	108 153	117 119
Interest paid capitalised to Property, Plant & Equipment	26	(4 267)	(4 282)
		<u>103 887</u>	<u>112 838</u>

23.3 Reconciliation of changes in liabilities arising from financing activities

	2024	2023
	R'000	R'000
Opening balance	330 628	347 071
	(17 290)	(16 443)
Interest on lease liabilities	1 394	1 564
Interest on loans	31 951	32 077
Repayment of Interest-Bearing Borrowings	(46 911)	(48 890)
Repayment of lease liabilities	(3 724)	(1 194)
Closing balance (note 9)	<u>313 338</u>	<u>330 628</u>

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.

	2024	2023
	R'000	R'000
Deferred tax asset		
Reconciliation of deferred tax asset/(liability)		
At beginning of year	122	-
Recognised in profit or loss:		
Movement in temporary differences on investment property, provisions, and section 23M interest	259	122
Prior year adjustment	9	-
At end of year	<u>390</u>	<u>122</u>
Major components of the tax expense	2024	2023
	R'000	R'000
Current taxation		
South African normal tax – current year	621	579
South African normal tax – prior year	21	-
Deferred taxation		
South African deferred tax – current year	(259)	(122)
South African deferred tax – prior year	-	-
	<u>383</u>	<u>457</u>
Reconciliation of the tax expense		
Tax at the applicable tax rate of 27%	<u>383</u>	<u>457</u>
	<u>383</u>	<u>457</u>
Calculation of taxation paid per cashflow		
Opening balance	34	2 495
Charged to Income Statement	383	457
Deferred tax balance	259	122
Current tax receivable/(payable) balance	9	(34)
	<u>686</u>	<u>3 040</u>

25. Revenue from contracts with customers

Disaggregated revenue information

Included in the Consolidated Statement of Comprehensive Income for the year ended 31 December 2024 is the disaggregation of the Nelson Mandela University's revenue from contracts with customers as set out below:

	2024	2023
Type of goods or service	R'000	R'000
Tuition and other fee income	1 387 659	1 303 452
Income from contracts for research	181 844	169 174
Sales of goods and services	114 500	108 748
Private gifts and grants	274 085	334 861
Total revenue from contracts with customers	<u>1 958 088</u>	<u>1 916 235</u>
	2024	2023
Timing of revenue recognition	R'000	R'000
Goods transferred at a point in time	114 500	108 748
Services transferred over time	1 843 588	1 807 487
Total revenue from contracts with customers	<u>1 958 088</u>	<u>1 916 235</u>

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 and private gifts and grants are satisfied over time and over a contractual period which can exceed a 12-month period. 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

	2024	2023
	R'000	R'000
Interest on lease liabilities	1 394	1 564
Interest on loans	31 951	32 077
	<u>33 345</u>	<u>33 641</u>
Less: amounts included in the cost of qualifying assets	(4 267)	(4 282)
	<u>29 078</u>	<u>29 359</u>

NELSON MANDELA UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2024 (continued)

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 495 940 Distribution R98 035 726 Intercompany Loan R44 110 053	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 783 242 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
Du Randt & Grenfell 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	2024	2023
Figures in Rand		
Assets		
Investments	256 659 373	242 280 701
Investment in Subsidiary	30 472 856	-
Bank and cash balances	8 368 104	1 273 745
Other financial assets	13 637 197	22 752 002
Total assets	<u>309 137 530</u>	<u>266 306 448</u>
Funds and Liabilities		
Capital and reserves	264 793 425	245 937 769
Other financial liabilities	44 344 105	20 368 680
Total funds and liabilities	<u>309 137 530</u>	<u>266 306 448</u>
Statement of Comprehensive Income	2024	2023
Figures in Rand		
Income		
Donations	99 897 463	105 608 973
Investment income	7 722 451	6 869 168
	<u>107 619 914</u>	<u>112 478 141</u>
Operating expenses	<u>(8 263 827)</u>	<u>(8 206 505)</u>
Net surplus for the year	99 356 087	104 271 636
Other comprehensive income – Revaluation of investments to market value at year end	17 535 295	25 109 193
Total comprehensive income for the year	<u>116 891 382</u>	<u>129 380 829</u>

27. Interest in other Entities (continued)**27.2 Nelson Mandela University Investment Company (Pty) Ltd**

Statement of Financial Position	2024	2023
Figures in Rand		
Assets		
Property, Plant and Equipment	45 253	32 072
Investment in Subsidiary	200	100
Trade and Other Receivables	10 389	-
Cash and Cash Equivalents	21 076 861	5 796 757
Shareholder and Related Party Loans	1 832 085	-
Total Assets	22 964 788	5 828 929
Equity and Liabilities		
Share capital	30 472 856	100
Retained Earnings	(21 768 285)	(17 115 343)
Shareholder and Related Party Loans	13 637 874	12 742 014
Deposit in Lieu of Shares	-	9 998 991
Trade and Other Payables	622 343	203 167
Total Equity and Liabilities	22 964 788	5 828 929
Statement of Comprehensive Income	2024	2023
Figures in Rand		
Other income	733 442	-
Operating expenses	(5 429 877)	(4 512 556)
Finance Costs	(22)	-
Loss for the year	(4 696 458)	(4 512 556)

27.3 Rubious Mountain Properties (Pty) Ltd

Statement of Financial Position	2024	2023
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	8 413 427	7 434 444
Deferred Tax	554 003	813 022
Loans from shareholders	20 999 900	20 999 900
Trade and other payables	304 913	993 120
Current tax payable	2 657	34 413
Total Equity and Liabilities	30 275 000	30 275 000
Statement of Comprehensive Income	2024	2023
Figures in Rand		
Revenue	4 783 242	4 538 170
Operating expenses	(1 324 325)	(2 908 616)
Operating profit	3 458 917	1 629 554
Finance Costs	(2 117 838)	(1 078 102)
Profit before taxation	1 341 079	551 452
Taxation	(362 097)	(344 018)
Profit for the year	978 982	207 435

27. Interest in other Entities (continued)

27.4 Innovolve (Pty) Ltd

Statement of Financial Position	2024	2023
Figures in Rand		
Assets		
Investments	424	424
Trade and other receivables	69 000	74 160
Cash and cash equivalents	3 183 485	2 589 027
Total Assets	<u>3 252 909</u>	<u>2 663 611</u>
Equity and Liabilities		
Share capital	100	100
Retained income	2 234 709	2 108 398
Trade and other payables	517 675	54 689
Loans from group companies	500 424	500 424
Total Equity and Liabilities	<u>3 252 909</u>	<u>2 663 611</u>
Statement of Comprehensive Income	2024	2023
Figures in Rand		
Revenue	565 781	549 384
Finance Income	133 242	139 457
Operating expenses	(576 021)	(112 866)
Profit for the year before taxation	<u>123 002</u>	<u>575 974</u>

27.5 Du Randt & Grenfell Inc.

Statement of Financial Position	2024	2023
Figures in Rand		
Assets		
Trade and other receivables	880 041	991 442
Total Assets	<u>880 041</u>	<u>991 442</u>
Equity and Liabilities		
Equity	880 041	991 442
Liabilities	-	-
Total Equity and Liabilities	<u>880 041</u>	<u>991 442</u>
Statement of Comprehensive Income		
Figures in Rand		
Revenue	1 096 041	1 208 686
Finance income	74 519	42 931
Operating expenses	(1 281 963)	(938 347)
(Loss)/Profit for the year before taxation	(111 402)	313 270
Taxation	-	(100 668)
(Loss)/Profit for the year	<u>(111 402)</u>	<u>212 602</u>

27. Interest in other Entities (continued)**27.6 Luiz Stroud & associates Inc.****Statement of Financial Position**

Figures in Rand

	2024	2023
Assets	-	-
Trade and other receivables	140 485	140 563
Current tax receivable	11 775	-
Total Assets	<u>152 260</u>	<u>140 563</u>
Equity and Liabilities		
Equity	152 260	140 563
Liabilities	-	-
Total Equity and Liabilities	<u>152 260</u>	<u>140 563</u>

Statement of Comprehensive Income

Figures in Rand

Revenue	48 861	52 200
Operating expenses	(37 164)	20 658
Profit for the year before taxation	11 697	31 542
Taxation	-	(12 302)
Profit for the year	<u>11 697</u>	<u>19 240</u>

28. 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 & lease liability	(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
	<u>(51 110)</u>	<u>57 190</u>	<u>2 175</u>	<u>8 256</u>

28. Statement of Equity Movements (continued)

Statement of Equity Movements – 2023

	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	(48 700)	26 339	26 489	4 128
Loan repayments & redemptions	(82)	-	16 443	16 361
Purchase of library books capitalised	-	-	4 651	4 651
Subsidiary adjustments	4 823	(14 257)	-	(9 434)
Restricted Bursaries	-	2 597	-	2 597
Trust Distribution, Management Fee and Interest	42 451	(40 541)	-	1 910
Remeasurements of post-retirement medical benefits (net)	379	-	-	379
	<u>(1 129)</u>	<u>(25 862)</u>	<u>47 583</u>	<u>20 592</u>

29. Prior period restatement

In prior year the cash flows between purchases and redemptions were incorrectly shown on a net basis on the cash flow statement. For current year this has been corrected in the current year comparatives where the cash outflow from purchases and cash inflow from redemption of other financial assets has been disclosed separately.

There has been no impact on the overall cashflow on investing activities.

Consolidated Statement of Cash Flows
As shown in prior year cash flow statement

R'000

Purchase of other financial assets (548 660)

Current year corrected comparatives

Purchase of other financial assets (3 231 460)
Redemption of other financial assets 2 682 800
(548 660)

30. Going concern

The Nelson Mandela University considers itself a going concern as evidenced by financial outcomes of the 2024 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 which include potential decline in subsidy allocations due to decline in the national fiscus and competing sector needs e.g. NSFAS funding; decline in student debt collection; and uncertainty on future fee increases.

30. Going Concern (continued)

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.

31. 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.