CONSOLIDATED ANNUAL FINANCIAL STATEMENTS OF UNIVERSITIES SOUTH AFRICA

for the year ended 31 December 2022

PUBLIC UNIVERSITIES SOUTH AFRICA NPC

Formerly Higher Education South Africa NPC

(Registration number 2005/013211/08)

Trading as Universities South Africa

Consolidated Annual Financial Statements
for the year ended 31 December 2022

These consolidated annual financial statements were prepared by:
Emert Nkhatu
Director: Finance and Administration

GENERAL INFORMATION

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Carrying on public benefit activity of education and development
Directors	Prof Nkongwane Stoffel Nhlapo Prof Thandwa Zizwe Mthembu Prof Sibongile Winnie Frieda Muthwa Prof Mzubanzi Bismark Tyobeka Prof Sizwe Mabizela Prof Peter Amunga Mbati Prof Martin Andrew Crouch Prof Ntate Daniel Kgwadi Prof Samuel Maluleke Prof Nana Poku Prof Nehemiah Mashomanye Mokgalong Prof Thokozile Mayekiso Prof Puleng LenkaBula Prof Sakhela Maxwell Buhlungu Prof Tyrone Brian Pretorius Prof Zabulon Vilakazi Prof Ndanduleni Bernard Nthambeleni Prof Xoliswa Antionette Mtose Dr Precious Petiwe Matutu Prof Francis William Petersen Prof Rushiella Songca
Registered office	Hadefields Office Park 1st Floor, Block D 1267 Pretorius Street Hatfield, Pretoria 0083
Banker	ABSA Bank Limited
Auditor	PricewaterhouseCoopers Inc. Chartered Accountant (SA) Registered Auditor
Level of assurance	These consolidated annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008 of South Africa.
Preparer	The consolidated annual financial statements were internally compiled by: Emert Nkhatu Director: Finance and Administration
Issued	27 October 2023

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The reports and statements set out below comprise the consolidated annual financial statements presented to the board members:

The following supplementary information does not form part of the consolidated annual financial statements and is unaudited:

AUDIT AND RISK COMMITTEE REPORT

This report is provided by the Audit and Risk Committee appointed in respect of the 2022 financial year of Public Universities South Africa NPC.

1. Members of the Audit and Risk Committee

The members of the Audit and Risk Committee are all independent non-executive directors of the group and include:

Name	Position
Ms Faiza Majiet	Member
Mr Shai Makgoba	Member
Mr Sizwe Nyenyiso	Member
Prof Willem de Villiers	Member
Mr Saleem Kharwa	Chairperson

2. Meetings held by the Audit and Risk Committee

The Audit and Risk Committee performs the duties laid upon it by Section 94(7) of the Companies Act 71 of 2008 of South Africa by holding meetings with the key role players on a regular basis and by the unrestricted access granted to the external auditor.

3. External auditor

The Committee satisfied itself through enquiry that the external auditor are independent as defined by the Companies Act 71 of 2008 of South Africa and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided by the Companies Act 71 of 2008 of South Africa that internal governance processes within the firm support and demonstrate the claim to independence.

The Audit and Risk Committee in consultation with executive management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

4. Consolidated Annual Financial Statements

Following the review of the consolidated annual financial statements the Audit and Risk Committee recommends board approval thereof.

5. Effectiveness of internal control

The system of internal control applied by the entity over financial reporting and risk management is effective, efficient and transparent. From the audit report on the financial statements and the management report of the external auditor, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, the Audit and Risk Committee can report that the system of internal control over financial reporting for the period under review was efficient and effective.

Mr Saleem Kharwa
Chairperson - Audit and Risk Committee

Pretoria

Friday, 27 October 2023

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditor is engaged to express an independent opinion on the consolidated annual financial statements.

The consolidated annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group’s cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the group's consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditor and their report is presented on pages 5 to 7.

The consolidated annual financial statements set out on pages 10 to 42, which have been prepared on the going concern basis, were approved by the board on 27 October 2023 and were signed on its behalf by:

Chairperson	**Chief Executive Officer**
Prof Sibongile Muthwa	**Dr Petiwe Matutu**

Pretoria

Friday, 27 October 2023

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Public Universities South Africa NPC

Opinion

I have audited the consolidated annual financial statements of Public Universities South Africa NPC (the company) set out on pages 10 to 42, which comprise the statement of financial position as at 31 December 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated annual financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of Public Universities South Africa NPC as at 31 December 2022, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements section of my report. I am independent of the company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of consolidated annual financial statements in South Africa. I have fulfilled my other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Public Universities South Africa NPC consolidated annual financial statements for the year ended 31 December 2022", which includes the Directors' Report and the Audit Committee's Report as required by the Companies Act 71 of 2008 of South Africa. The other information does not include the consolidated annual financial statements and my auditor's report thereon.

My opinion on the consolidated annual financial statements does not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.

In connection with my audit of the consolidated annual financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated annual financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of the Directors for the Consolidated Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated annual financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008 of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Statements

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

As part of an audit in accordance with International Standards on Auditing, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated annual financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual financial statements, including the disclosures, and whether the consolidated annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

INDEPENDENT AUDITOR'S REPORT

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Partner's name
Partner
Chartered Accountant (SA)
Registered Auditors

27 October 2023
Pretoria

DIRECTORS' REPORT

The directors have pleasure in submitting their report on the consolidated annual financial statements of Public Universities South Africa NPC and the group for the year ended 31 December 2022.

1. Nature of business

Public Universities South Africa NPC is a non-profit company incorporated in South Africa on 9 May 2005 and started operations on 01 June 2005. The principal nature of its business is the carrying on public benefit activity of education and development. On 23 July 2015 the directors changed the name of the company from Higher Education South Africa to Public Universities South Africa, trading as Universities South Africa.

On 1 June 2005, the Committee of University Principals (CUP), operating as the South African Universities' Vice Chancellors' Association (SAUVCA), and the Committee of Technikon Principals (CTP) entered into an agreement with Public Universities South Africa NPC, in terms of which Public Universities South Africa NPC assumed the non-statutory responsibilities as well as the administration of the statutory affairs of CUP and CTP, pending the dissolution of these two entities. CUP and CTP are the two entities established in terms of the Universities Act.

There have been no material changes to the nature of the group's business from the prior year.

2. Review of financial results and activities

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act 71 of 2008 of South Africa. The accounting policies have been applied consistently compared to the prior year, except for the adoption of new or revised accounting standards as set out in note 3.

Full details of the financial position, results of operations and cash flows of the group are set out in these consolidated annual financial statements.

3. Directorate

The directors in office at the date of this report are as follows:

Directors	University	Changes
Prof Nkongwane Stoffel Nhlapo	Cape Peninsula University of Technology	
Prof Lourens Rasmus van Staden	Tshwane University of Technology	Resigned 31 January 2022
Prof Thandwa Zizwe Mthembu	Durban University of Technology	
Dr Enoch Duma Malaza	Mangosuthu University of Technology	Resigned 31 January 2022
Prof Sibongile Winnie Frieda Muthwa	Nelson Mandela University	
Prof Mzubanzi Bismark Tyobeka	North-West University	Appointed 01 June 2022
Prof Ahmed Cassim Bawa	Public Universities South Africa Chief Executive Officer	Retired 30 September 2022
Prof Sizwe Mabizela	Rhodes University	
Prof Peter Amunga Mbati	Sefako Makgatho Health Sciences University	
Prof Martin Andrew Crouch	Sol Plaatje University	
Prof Willem John Simon de Villiers	Stellenbosch University	
Prof Ntate Daniel Kgwadi	Vaal University of Technology	Deceased 30 April 2023
Prof Samuel Maluleke	Tshwane University of Technology	Appointed 02 March 2022
Prof Nana Poku	University of KwaZulu-Natal	
Prof Nehemiah Mashomanye Mokgalong	University of Limpopo	
Prof Thokozile Mayekiso	University of Mpumalanga	
Prof Tawana Kupe	University of Pretoria	Resigned 31 July 2023
Prof Puleng LenkaBula	University of South Africa	
Prof Sakhela Maxwell Buhlungu	University of Fort Hare	
Prof Tyrone Brian Pretorius	University of the Western Cape	
Prof Zabulon Vilakazi	University of Witwatersrand	
Prof Ndanduleni Bernard Nthambeleni	University of Venda	
Prof Xoliswa Antionette Mtose	University of Zululand	
Dr Precious Petiwe Matutu	Public Universities South Africa Chief Executive Officer	Appointed 01 October 2022
Prof Rushiella Songca	Walter Sisulu University	
Prof Rosina Mamokgethi Phakeng	University of Cape Town	Retired 03 March 2023
Prof Francis Petersen	University of the Free State	

DIRECTORS' REPORT

4. Directors' interests in contracts

During the financial year, no contracts were entered into which directors or officers of the group had an interest and which significantly affected the business of the group.

5. Property, plant and equipment

There was no change in the nature of the property, plant and equipment of the group or in the policy regarding their use.

6. Events during and after the reporting period

The directors are not aware of any materlal event which occurred after the reporting date and up to the date of this report.

7. Going concern

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient reserves to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group. The future existence of the two controlled entities as separate bodies is dependent on the Minister of Higher Education and Training who has the authority to dissolve the Committee of Technikon Principals and the Committee of University Principals.

The Minister published a proposal for public comment in the Gazette under Government Notice 108 of 08 February 2021. The Minister has not yet promulgated the final decision and it is uncertain when this will happen. The timing and finalisation of the dissolution process is not known at this stage.

The directors believe that the group will remain a going concern until the above process is finalised.

8. Auditor

PricewaterhouseCoopers Inc. continued in office as auditor for the company and its controlled entities for 2022.

9. Date of authorisation for issue of financial statements

The consolidated annual financial statements have been authorised for issue by the directors on Friday, 27 October 2023. No authority was given to anyone to amend the consolidated annual financial statements after the date of issue.

10. Uncertain VAT position

Public Universities South Africa received funding from Sector Education and Training Authorities (“SETAs”) for the purposes of funding bursaries to students, which amounts were disbursed to various universities, all being members of Public Universities South Africa. The Value-Added Tax (“VAT”) consequences of the funding received are uncertain and an application for a binding VAT ruling has been submitted to the South African Revenue Service on the classification of this funding for VAT purposes. As part of mitigating the tax risk, especially in relation to penalties, an application under the Voluntary Disclosure Programme has also been submitted which has been held in abeyance until the VAT ruling has been issued. The VAT ruling will confirm the VAT principles and whether there is a liability in relation to the under-declaration of output tax and claims of input tax by applying apportionment to mixed expenditure.

STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Group		Company	
	Note(s)	2022 R	2021 R	2022 R	2021 R
Assets					
Non-Current Assets					
Property, plant and equipment	4	1 964 324	2 104 453	1 457 220	1 556 179
Right-of-use assets	5	1 966 378	4 093 522	835 800	1 770 000
Intangible assets	6	229 340	237 285	228 405	147 488
Other financial assets	9	121 499 155	120 936 078	4 223 293	4 001 770
		125 659 197	**127 371 338**	**6 744 718**	**7 475 437**
Current Assets					
South African Revenue Service - Value Added Tax		960 054	761 607	960 054	761 607
Related party receivables	8	-	-	1 953 401	2 608 886
Trade and other receivables	10	11 139 520	43 980 813	10 980 650	43 840 296
Cash and cash equivalents	11	175 370 419	111 632 449	156 400 123	88 034 649
		187 469 993	**156 374 869**	**170 294 228**	**135 245 438**
Total Assets		**313 129 190**	**283 746 207**	**177 038 946**	**142 720 875**
Equity and Liabilities					
Equity					
Investment reserve		66 026 934	66 059 339	-	-
Bursaries and prizes		44 664 968	44 686 888	-	-
Retained income		52 387 864	53 436 434	35 064 800	32 032 772
		163 079 766	**164 182 661**	**35 064 800**	**32 032 772**
Liabilities					
Non-Current Liabilities					
Lease liabilities	5	55 385	2 815 772	18 462	1 255 927
Current Liabilities					
Trade and other payables	13	8 064 368	5 865 398	6 734 668	4 572 683
Lease liabilities	5	2 676 248	2 515 885	1 153 327	1 105 430
Deferred income	12	139 253 423	108 366 491	134 067 689	103 754 063
		149 994 039	**116 747 774**	**141 955 684**	**109 432 176**
Total Liabilities		**150 049 424**	**119 563 546**	**141 974 146**	**110 688 103**
Total Equity and Liabilities		**313 129 190**	**283 746 207**	**177 038 946**	**142 720 875**

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Group		Company	
	Note(s)	2022 R	2021 R	2022 R	2021 R
Revenue	14	171 088 166	118 250 670	164 283 419	111 847 400
Other operating income		487 804	374 225	487 804	355 280
Operating expenses		(14 209 074)	(13 392 823)	(9 746 844)	(9 267 562)
Grants expended		(136 995 262)	(85 196 084)	(136 995 262)	(85 196 084)
Staff costs		(23 923 172)	(24 867 395)	(16 490 498)	(16 771 273)
Operating (deficit)/surplus	15	**(3 551 538)**	**(4 831 407)**	**1 538 619**	**967 761**
Investment income	16	2 397 352	1 749 287	1 490 468	925 310
Unrealised profit on investments	17	563 077	17 863 715	221 523	215 920
Finance costs	18	(511 786)	(739 625)	(218 582)	(329 493)
(Deficit)/Surplus for the year		**(1 102 895)**	**14 041 970**	**3 032 028**	**1 779 498**
Other comprehensive income		-	-	-	-
Total comprehensive (loss)/income for the year		**(1 102 895)**	**14 041 970**	**3 032 028**	**1 779 498**

The notes on pages 25 to 42 form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

	Investment reserve R	Bursaries and prizes R	Retained income R	Total equity R
Group				
Balance at 01 January 2021	**56 013 073**	**37 891 133**	**56 236 485**	**150 140 691**
Surplus for the year	-	-	14 041 970	14 041 970
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**14 041 970**	**14 041 970**
Transfer between reserves	10 046 266	6 795 755	(16 842 021)	-
Total transfer between reserves	**10 046 266**	**6 795 755**	**(16 842 021)**	**-**
Balance at 01 January 2022	**66 059 339**	**44 686 888**	**53 436 434**	**164 182 661**
Deficit for the year	-	-	(1 102 895)	(1 102 895)
Other comprehensive income	-	-	-	-
Total comprehensive Loss for the year	**-**	**-**	**(1 102 895)**	**(1 102 895)**
Transfer between reserves	(32 405)	(21 920)	54 325	-
Total transfer between reserves	**(32 405)**	**(21 920)**	**54 325**	**-**
Balance at 31 December 2022	**66 026 934**	**44 664 968**	**52 387 864**	**163 079 766**
Company				
Balance at 01 January 2021	**-**	**-**	**30 253 274**	**30 253 274**
Surplus for the year	-	-	1 779 498	1 779 498
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**1 779 498**	**1 779 498**
Balance at 01 January 2022	**-**	**-**	**32 032 772**	**32 032 772**
Surplus for the year	-	-	3 032 028	3 032 028
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**3 032 028**	**3 032 028**
Balance at 31 December 2022	**-**	**-**	**35 064 800**	**35 064 800**

The notes on pages 25 to 42 form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

		Group		Company	
	Note(s)	2022 R	2021 R	2022 R	2021 R
Cash flows from operating activities					
Cash receipts from members, customers and donors		232 338 497	154 329 521	222 994 944	146 431 066
Cash paid to institutions, suppliers and employees		(167 356 811)	(123 896 642)	(154 946 572)	(112 307 568)
Cash generated from operations	19	64 981 686	30 432 879	68 048 372	34 123 498
Net cash from operating activities		**64 981 686**	**30 432 879**	**68 048 372**	**34 123 498**
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(452 891)	(603 286)	(336 641)	(603 286)
Proceeds from sale of property, plant and equipment	4	85 606	(1 750)	77 913	(2 973)
Purchase of other intangible assets	6	(161 973)	(52 360)	(161 973)	(52 360)
Decrease in loans to related parties		-	-	655 485	104 616
Interest income	16	2 389 801	1 742 505	1 490 468	925 310
Dividends received	16	7 551	6 782	-	-
Net cash from investing activities		**1 868 094**	**1 091 891**	**1 725 252**	**371 307**
Cash flows from financing activities					
Payment on lease liabilities	5	(2 600 024)	(1 939 360)	(1 189 568)	(915 775)
Finance costs	5	(511 786)	(739 625)	(218 582)	(329 493)
Net cash used in financing activities		**(3 111 810)**	**(2 678 985)**	**(1 408 150)**	**(1 245 268)**
Total cash and cash equivalents movement for the year		**63 737 970**	**28 845 785**	**68 365 474**	**33 249 537**
Cash and cash equivalents at the beginning of the year		111 632 449	82 786 664	88 034 649	54 785 112
Total cash and cash equivalents at the end of the year	11	**175 370 419**	**111 632 449**	**156 400 123**	**88 034 649**

The notes on pages 25 to 42 form an integral part of these financial statements.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate information

Public Universities South Africa NPC is a non-profit company incorporated and domiciled in South Africa.

The consolidated and separate annual financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on Friday, 27 October 2023.

1. Significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate annual financial statements are set out below.

1.1 Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated annual financial statements and the Companies Act 71 of 2008 of South Africa of South Africa, as amended.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the group and company's functional currency.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

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

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

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

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

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

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

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.3 Significant judgements and sources of estimation uncertainty

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

Key sources of estimation uncertainty

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Fair value estimations are classified into the following hierarchies, based on the method used to determine fair value:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.
Level 2 - valuation techniques using inputs other than quoted prices included within level 1. These inputs are observable for the asset or liability either directly (as prices in the market) or indirectly (derived from prices in the market).
Level 3 - valuation techniques using inputs that are not observable in the market for the asset or liability.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current price bid. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using appropriate valuation techniques. These valuation techniques maximise the use of observable market data if available and rely as little as possible on entity specific estimates. If all significant inputs are observable, the instrument is included in level 2. If one or more significant input is not based on observable market data, then the instrument is included in level 3. Valuation techniques include the discounted cash flow method with assumptions that are based on market conditions existing at each balance sheet date.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the group holds for its own use or for rental to others and which are expected to be used for more than one year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.4 Property, plant and equipment (continued)

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the group and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Diminishing balance	10 - 15 years
Motor vehicles	Straight line	4 years
Computer equipment	Straight line	3 - 4 years
Right-of-use assets	Straight line	Shorter of leases and useful life

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

Additions below R7 000 are expensed in the statement of comprehensive income in the year incurred.

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.5 Intangible assets (continued)

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Amortisation of intangible assets are included in operating expenses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

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

Item	Depreciation method	Average useful life
Computer software, other	Straight line	4 - 7 years

1.6 Financial instruments

Financial instruments held by the group are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the group, as applicable, are as follows:

Financial assets which are equity instruments:

- Mandatorily at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or
- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.6 Financial instruments (continued)

- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Financial instruments and risk management presents the financial instruments held by the group based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial instruments are measured initially at fair value. Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss. Financial instruments at fair value through profit or loss are subsequently measured at fair value with gains and losses from changes in fair value being included in profit or loss for the period. Financial assets are derecognised when the right to receive cash have expired and the group has transferred all risks and rewards of ownership.

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 10).

Recognition and measurement

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

They are subsequently measured at amortised cost.

Impairment

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

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

Derecognition

Any gains or losses arising on the derecognition of trade and other receivables is included in profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

Loans to /(from) related parties

Classification

Loans to / (from) related parties are classified as financial assets (or liabilities) at amortised cost.

Recognition and measurement

The loans to/ (from) related parties are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.6 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 13), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

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

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

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

Derecognition

Any gains or losses arising on the derecognition of trade and other payables is included in the profit or loss in the derecognition gains or losses at amortised cost line item.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.7 Prepayments

Prepayments consist of various payments that have been made in advance for goods and services to be received in future. Prepayments are measured at amortised costs, and are recognised when the goods and services to which the prepayment relate have been received.

1.8 Tax

Income tax

Public Universities South Africa is an approved Public Benefit Organisation (PBO) in terms of section 30 of the Income Tax Act (No.58 of 1962) and the receipts and accruals of Public Universities South Africa are exempt from income tax in terms of section 10(1)(cN) of the Act. CTP and CUP are exempt from paying tax in terms of section 10(1)(cA)(i). Public Universities South Africa is approved as a combination PBO that conducts both section 18A and non-section 18A public benefit activities. The section 18A(1)(b) approval was granted with retrospective effect, i.e. with effect from 25 October 2006.

Value added tax

In terms of a ruling received from the South African Revenue Service, in terms of section 72 of the Value Added Tax Act (No 89 of 1991), Public Universities South Africa and CUP are deemed entities not for gain and therefore donor income received is exempt from Value Added Tax. The Matriculation Board is also exempt from Value Added Tax.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.9 Leases

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

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

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 15) 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 asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

However as an exception to the preceding paragraph, the group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the group is a lessee are presented in note 5 Leases (group as lessee).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 15).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 18).

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.9 Leases (continued)

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

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

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

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

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.10 Impairment of assets

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

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

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.10 Impairment of assets (continued)

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

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

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

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

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

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

1.11 Equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Bursaries and prizes are ring-fenced for future payment of bursaries and prizes.

Investment reserves are ring-fenced to fund future operating activities.

1.12 Employee benefits

Short-term employee benefits

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

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. Payments to the defined contribution benefit plan are charged as an expense as they fall due.

1.13 Provisions and contingencies

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

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

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

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:
- has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.14 Grants

Grants are recognised when there is reasonable assurance that:
- the group will comply with the conditions attached to them; and
- the grants will be received.

Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Repayment of a grant related to income is applied first against any un-amortised deferred credit set up in respect of the grant. To the extent that the repayment exceeds any such deferred credit, or where no deferred credit exists, the repayment is recognised immediately as an expense.

Repayment of a grant related to an asset is recorded by increasing the carrying amount of the asset or reducing the deferred income balance by the amount repayable. The cumulative additional depreciation that would have been recognised to date as an expense in the absence of the grant is recognised immediately as an expense.

1.15 Revenue from contracts with customers

The group recognises revenue from the following major sources:

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The group recognises revenue when it transfers control of a product or service to a customer.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.16 Revenue

When the outcome of a transaction involving the administration fees can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Membership fees and exemption fees are recognised over time and mainly in the year in which the service is rendered. Monies received for which the service is not yet rendered is recognised as deferred income until the service is rendered or after 5 years.

When the outcome of the transaction involving the administration fees cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Interest is recognised, in surplus or deficit, using the effective interest rate method. Dividends are recognised, in surplus or deficit, when the company’s right to receive payment has been established.

1.17 Comparative figures

Comparative figures are restated in the event of a change in accounting policy, prior period error or reclassification.

1.18 Related parties

Parties are considered to be related to the entity if the entity has the ability, directly or indirectly, to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the entity and the party are subject to common control. Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

2. Changes in accounting policy

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) on a basis consistent with the prior year.

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Reference to the Conceptual Framework: Amendments to IFRS 3	01 January 2022	The impact of the amendments is not material.
• Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9	01 January 2022	The impact of the amendments is not material.
• Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16	01 January 2022	The impact of the amendments is not material.
• Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37	01 January 2022	The impact of the amendments is not material.

3.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Initial application of IFRS 17 and IFRS 9 - Comparative information	01 January 2023	Unlikely there will be a material impact
• Definition of accounting estimates: Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
• Classification of Liabilities as Current or Non-Current - Amendment to IAS 1	01 January 2023	Unlikely there will be a material impact
• IFRS 17 Insurance Contracts	01 January 2023	Unlikely there will be a material impact

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

4. Property, plant and equipment

Group

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	1 960 993	(668 640)	1 292 353	1 835 187	(550 919)	1 284 268
Motor vehicles	190 349	(190 349)	-	190 349	(190 349)	-
Computer equipment	2 388 927	(1 716 956)	671 971	2 679 611	(1 859 426)	820 185
Total	**4 540 269**	**(2 575 945)**	**1 964 324**	**4 705 147**	**(2 600 694)**	**2 104 453**

Company

	2022			2021		
	Cost	**Accumulated depreciation**	**Carrying value**	**Cost**	**Accumulated depreciation**	**Carrying value**
Furniture and fixtures	1 380 180	(401 631)	978 549	1 322 868	(298 342)	1 024 526
Motor vehicles	190 349	(190 349)	-	190 349	(190 349)	-
Computer equipment	1 666 121	(1 187 450)	478 671	1 938 189	(1 406 536)	531 653
Total	**3 236 650**	**(1 779 430)**	**1 457 220**	**3 451 406**	**(1 895 227)**	**1 556 179**

Reconciliation of property, plant and equipment - Group - 2022

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	1 284 268	168 175	(15 048)	(145 042)	1 292 353
Computer equipment	820 185	284 716	(85 827)	(347 103)	671 971
	2 104 453	**452 891**	**(100 875)**	**(492 145)**	**1 964 324**

Reconciliation of property, plant and equipment - Group - 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	1 097 414	312 372	(1 381)	(124 137)	1 284 268
Computer equipment	930 984	290 914	(28 751)	(372 962)	820 185
	2 028 398	**603 286**	**(30 132)**	**(497 099)**	**2 104 453**

Reconciliation of property, plant and equipment - Company - 2022

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	1 024 526	75 650	(12 888)	(108 739)	978 549
Computer equipment	531 653	260 991	(76 132)	(237 841)	478 671
	1 556 179	**336 641**	**(89 020)**	**(346 580)**	**1 457 220**

Reconciliation of property, plant and equipment - Company - 2021

	Opening balance	**Additions**	**Disposals**	**Depreciation**	**Total**
Furniture and fixtures	803 877	312 372	(626)	(91 097)	1 024 526
Computer equipment	524 337	290 914	(28 283)	(255 315)	531 653
	1 328 214	**603 286**	**(28 909)**	**(346 412)**	**1 556 179**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

4. Property, plant and equipment (continued)

Disposal of donor assets

Donors need to provide prior approval or consent for the disposal of assets.

5. Leases (group as lessee)

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

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are included in the following line items:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Buildings	1 842 892	3 895 946	794 638	1 704 142
Office equipment	123 486	197 576	41 162	65 858
	1 966 378	**4 093 522**	**835 800**	**1 770 000**

Additions to right-of-use assets

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Office equipment	-	222 271	-	74 091

Accumulated depreciation	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Buildings	8 340 087	6 287 034	3 765 888	2 856 384
Office equipment	98 788	311 006	32 929	151 387
	8 438 875	**6 598 040**	**3 798 817**	**3 007 771**

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss (note 15), as well as depreciation which has been capitalised to the cost of other assets.

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Buildings	2 053 053	2 180 927	909 503	1 037 377
Office equipment	74 091	91 612	24 697	41 690
	2 127 144	**2 272 539**	**934 200**	**1 079 067**

Other disclosures

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Interest expense on lease liabilities	511 786	739 625	218 582	329 493
Expenses on short-term leases included in operating expenses	4 405	318 791	-	98 133
Total cash outflow from leases	3 111 810	2 678 985	1 408 150	1 245 268

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

5. Leases (group as lessee) (continued)

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Non-current liabilities	55 385	2 815 772	18 462	1 255 927
Current liabilities	2 676 248	2 515 885	1 153 327	1 105 430
	2 731 633	**5 331 657**	**1 171 789**	**2 361 357**

The lease for office buildings is for a period of 7 years. The prime rate is used to calculate the finance costs.

The office equipment relate to the leased photocopiers. The lease term for the photocopiers is 3 years. The prime rate is used to calculate the finance costs.

6. Intangible assets

Group	**2022**			**2021**		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software, other	1 822 768	(1 593 428)	229 340	1 660 795	(1 423 510)	237 285

Company	**2022**			**2021**		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software, other	699 982	(471 577)	228 405	538 009	(390 521)	147 488

Reconciliation of intangible assets - Group - 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	237 285	161 973	(169 918)	229 340

Reconciliation of intangible assets - Group - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	358 053	52 360	(173 128)	237 285

Reconciliation of intangible assets - Company - 2022

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	147 488	161 973	(81 056)	228 405

Reconciliation of intangible assets - Company - 2021

	Opening balance	**Additions**	**Amortisation**	**Total**
Computer software, other	153 180	52 360	(58 052)	147 488

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

7. Interests in subsidiaries including consolidated structured entities

The following table lists the entities which are controlled by the group.

Company

Name of company	Held by	% voting power 2022	% voting power 2021	Carrying amount 2022	Carrying amount 2021
Committee of Technikon Principals		100,00 %	100,00 %	-	-
Committee of University Principals		100,00 %	100,00 %	-	-
				-	-

Restrictions relating to subsidiaries

The Committee of University Principals (also known as South African Universities' Vice-Chancellors' Association) and the Committee of Technikon Principals were established in terms of the Higher Education Act and Public Universities South Africa is responsible for administering the two entities in terms of an agreement signed on 1 June 2005. Public Universities South Africa is restricted in the transfer of the assets of the two entities prior to the dissolution of the entities in terms of the Universities Act. An investment to the value of R44 664 968 (2021: R44 686 888) has been set aside for the payment of ring-fenced bursaries and prizes.

8. Related party receivables

Subsidiaries

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Committee of Technikon Principals The amount does not bear any interest. It is unsecured and has no fixed repayment terms.	-	-	190 615	190 615
Committee of University Principals The loan does not bear any interest. It is unsecured and has no fixed repayment terms.	-	-	1 762 786	2 418 271
	-	**-**	**1 953 401**	**2 608 886**

Fair value of related party receivables

The fair value of group loans receivable approximates their carrying amounts.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

9. Other financial assets

At fair value through profit or loss - designated				
Investment in Sanlam The investment consists of 2 826 shares in Sanlam Limited and is measured at fair value by reference to the stock exchange quoted prices.	137 682	167 751	-	-
Investment in Investec - Public Universities South Africa surplus funds.	4 223 293	4 001 770	4 223 293	4 001 770
Investment in Investec - CUP surplus funds	6 446 305	6 020 330	-	-
Investment in Investec - Pooled funds portfolio The investment is made up of a portfolio with 30% invested offshore and 70% invested in a mixture of local equity, cash and high-income fund. Included in the investment is an unrealised loss of R54 352 (2021: R16 842 021).	110 691 875	110 746 227	-	-
	121 499 155	**120 936 078**	**4 223 293**	**4 001 770**
Non-current assets				
Designated as at fair value through profit and loss	121 499 155	120 936 078	4 223 293	4 001 770

Fair value hierarchy of financial assets at fair value through surplus or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

Level 1				
Class 1 (Listed shares) - Investment in Sanlam shares	137 682	167 751	-	-
Class 2 (Pooled funds) - Investment in Investec	121 361 473	120 768 327	4 223 293	4 001 770
	121 499 155	**120 936 078**	**4 223 293**	**4 001 770**

Investec credit rating - Ba2

10. Trade and other receivables

Financial instruments:				
Sundry debtors	2 048 380	1 457 171	1 998 961	1 420 809
Accrued income - Interest income	423 058	73 739	423 058	73 739
Trade receivables at amortised cost	2 471 438	1 530 910	2 422 019	1 494 548
Grant receivables	8 668 082	37 151 678	8 558 631	37 047 523
Non-financial instruments:				
Prepayments	-	5 298 225	-	5 298 225
Total trade and other receivables	**11 139 520**	**43 980 813**	**10 980 650**	**43 840 296**

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 098	5 000	5 098	5 000
Bank balances	134 377 280	63 784 314	132 930 450	62 890 948
Short-term deposits	40 988 041	47 843 135	23 464 575	25 138 701
	175 370 419	**111 632 449**	**156 400 123**	**88 034 649**

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

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

Credit rating				
Ba1	175 370 419	111 632 449	156 400 123	88 034 649

Restricted funds

Donor funds are restricted to project activities as determined and agreed with the donor in the grant agreement. Refer to Appendix A	121 021 018	40 711 411	121 021 018	40 711 411

12. Deferred income

Deferred income - grants (Appendix A)	134 067 689	103 754 063	134 067 689	103 754 063
Deferred income - exemption fees	5 185 734	4 612 428	-	-
	139 253 423	**108 366 491**	**134 067 689**	**103 754 063**

Deferred income consists of:				
Opening balance	108 366 491	38 349 738	103 754 063	34 262 187
Plus: Receipts	176 371 499	163 220 451	167 308 888	154 687 960
Less: Revenue	(145 484 567)	(93 203 698)	(136 995 262)	(85 196 084)
Closing balance	**139 253 423**	**108 366 491**	**134 067 689**	**103 754 063**
Current liabilities	139 253 423	108 366 491	134 067 689	103 754 063

Exemption fees received for which the services are not yet rendered are recognised as deferred income until the services are rendered or after five years. Grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate. The grants will be spent in the 2023 financial year.

13. Trade and other payables

Financial instruments:				
Trade payables	413 577	124 849	413 570	124 845
Accrued leave pay	2 353 689	3 045 302	1 866 295	2 415 995
Accrued expense	4 528 803	2 046 818	4 454 803	2 031 843
Other payables	768 299	648 429	-	-
	8 064 368	**5 865 398**	**6 734 668**	**4 572 683**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

14. Revenue

Administration fees	-	-	1 684 558	1 604 344
Membership fees	25 603 599	25 046 972	25 603 599	25 046 972
Grants received	136 995 262	85 196 084	136 995 262	85 196 084
Exemption fees	8 489 305	8 007 614	-	-
	171 088 166	**118 250 670**	**164 283 419**	**111 847 400**

Donor funds

A significant amount of donor funds is mainly attributable to the grant funds received from the SETAs. In terms of the grant agreements, Public Universities South Africa NPC, as a registered public benefit organisation, serves as a conduit of funds received from the SETAs to universities as grants to promote and advance education and development. In line with the accounting standards, Public Universities South Africa NPC recognises grants as income over the periods necessary to match them with the related costs that they are intended to compensate.

Rendering of services				
Administration and management fees received (over time)	-	-	1 684 558	1 604 344
Other revenue				
Grants received	136 995 262	85 196 084	136 995 262	85 196 084
Exemption fees (over time)	8 489 305	8 007 614	-	-
Membership fees (over time)	25 603 599	25 046 972	25 603 599	25 046 972
	171 088 166	**118 250 670**	**162 598 861**	**110 243 056**
Total revenue from contracts with customers	**171 088 166**	**118 250 670**	**164 283 419**	**111 847 400**

15. Operating (deficit) surplus

Operating (deficit)/surplus for the year is stated after charging (crediting) the following, amongst others:

Auditor's remuneration - external				
Audit fees	581 182	618 519	371 026	401 329
Other consultation services	251 954	170 876	-	-
	833 136	**789 395**	**371 026**	**401 329**
Remuneration, other than to employees				
Administrative and managerial services	252 684	240 648	-	-
Consulting and professional services	3 888 952	3 104 470	3 888 952	3 104 470
	4 141 636	**3 345 118**	**3 888 952**	**3 104 470**
Salaries costs				
Salaries, wages, bonuses and other benefits	23 923 172	24 867 395	16 490 498	16 771 273
Leases				
Operating lease charges				
Premises	76 826	250 732	-	-

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

	Group		Company	
	2022 R	2021 R	2022 R	2021 R

15. Operating (deficit) surplus (continued)

Depreciation and amortisation				
Depreciation of property, plant and equipment	492 145	497 099	346 580	346 412
Depreciation of right-of-use assets	2 127 144	2 272 539	934 200	1 079 067
Amortisation of intangible assets	169 918	173 128	81 056	58 052
Total depreciation and amortisation	**2 789 207**	**2 942 766**	**1 361 836**	**1 483 531**

Expenses by nature

The total general and administrative expenses, and other operating expenses are analysed by nature as follows:

Staff costs	23 923 172	24 867 395	16 490 498	16 771 273
Lease expenses	76 826	250 732	-	-
Depreciation, amortisation and impairment	2 789 207	2 942 765	1 361 836	1 483 531
Grants expenditure	136 995 262	85 196 084	136 995 262	85 196 084
Other operating expenses	11 343 040	10 167 444	8 373 901	7 752 149
Loss on disposal of assets	15 269	31 882	11 107	31 882
	175 142 776	**123 456 302**	**163 232 604**	**111 234 919**

16. Investment revenue

Dividend income				
Group entities:				
Other financial assets	7 551	6 782	-	-
Interest revenue				
Investments in financial assets:				
Bank and other cash	2 389 801	1 742 505	1 490 468	925 310
Total investment income	**2 397 352**	**1 749 287**	**1 490 468**	**925 310**

17. Unrealised profit on investments

This represents the gain on the fair value adjustment of other financial assets. The good performance in 2021 is attributable to the massive stimulus applied by most major central banks in their respective economies, the rolling out of the Covid-19 vaccination, and markets starting to spend again globally. The flow of funds was seen both in the developed and developing markets. There was a significant growth across most risk asset classes both locally and offshore in 2021.

18. Finance costs

Lease liabilities	511 786	739 625	218 582	329 493

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

19. Cash generated from/(used in) operations

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
(Deficit)/Surplus before taxation	(1 102 895)	14 041 970	3 032 028	1 779 498
Adjustments for:				
Depreciation and amortisation	2 789 208	2 942 765	1 361 836	1 483 531
Loss on disposal of assets	15 269	31 882	11 107	31 882
Dividends received	(7 551)	(6 782)	-	-
Interest income	(2 389 801)	(1 742 505)	(1 490 468)	(925 310)
Finance costs	511 786	739 625	218 582	329 493
Fair value gains	(563 077)	(17 863 715)	(221 523)	(215 920)
Additions to right-of-use assets	-	(222 271)	-	(74 091)
Changes in working capital:				
Decrease/(Increase) in trade and other receivables:	32 841 293	(37 410 951)	32 859 646	(37 427 953)
South African Revenue Service - Value Added Tax	(198 447)	78 578	(198 447)	78 578
Increase/(decrease) in trade and other payables	2 198 969	(172 470)	2 161 985	(428 086)
Deferred income	30 886 932	70 016 753	30 313 626	69 491 876
	64 981 686	**30 432 879**	**68 048 372**	**34 123 498**

20. Related parties

Relationships

Controlled entities	Refer to note 7
Members of key management	Dr Petiwe Matutu Mr Emert Nkhatu Dr Linda Meyer Dr Norah Clarke Dr Oliver Seale

Related party balances

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Loan accounts - Owing by related parties				
Committee of Technikon Principals	-	-	190 615	190 615
Committee of University Principals	-	-	1 762 786	2 418 271
Trade receivable - Committee of University Principals	-	-	-	461 248

Related party transactions

	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Management fees received from related party				
Committee of University Principals	-	-	(1 684 558)	(1 604 344)

21. Directors' and prescribed officer's emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the year, except for the Public Universities South Africa Chief Executive Officer.

Executive

2022

Directors' emoluments	Basic salary	Other benefits	Total
Services as director or prescribed officer			
Prof Ahmed Cassim Bawa	2 352 798	16 975	2 369 773
Dr Precious Petiwe Matutu	606 401	7 154	613 555

2021

Directors' emoluments	Emoluments	Other benefits	Total
Services as director or prescribed officer			
Prof Ahmed Cassim Bawa	3 372 488	12 466	3 384 954

Service contracts

One director, the Public Universities South Africa Chief Executive Officer, is subject to a written employment agreement. The employment agreement regulates duties, remuneration, allowances, restraints, leave and notice periods of this executive. This service contract does not exceed five years.

Prof Ahmed Cassim Bawa retired on 30 September 2022 and Dr Precious Petiwe Matutu was appointed as Chief Executive Officer with effect from 01 October 2022.

Prescribed officers

2022

	Basic salary	Bonus	Other benefits	Total
Services as prescribed officer				
Mr Emert Nkhatu (Director: Finance and Administration)	1 571 908	143 011	16 271	1 731 190
Dr Linda Meyer (Director: Operations and Sector Support)	1 702 365	163 427	17 455	1 883 247
Dr Norah Clarke (Programme Director: EDHE)	1 233 376	112 237	23 909	1 369 522
Dr Oliver Seale (Programme Director: HELM)	1 520 091	132 775	16 733	1 669 599

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

21. Directors' and prescribed officer's emoluments (continued)

2021

Directors' emoluments	**Emoluments**	**Bonus**	**Other benefits**	**Total**
Services as prescribed officer				
Mr Emert Nkhatu (Director: Finance and Administration)	1 477 536	139 194	16 271	1 633 001
Dr Linda Meyer (Director: Operations and Sector Support)	1 621 962	152 402	17 455	1 791 819
Dr Norah Clarke (Programme Director: EDHE)	1 150 228	105 718	17 680	1 273 626
Dr Oliver Seale (Programme Director - HELM)	1 460 123	124 999	17 632	1 602 754

22. Financial instruments and risk management

Categories of financial assets

Group - 2022

	Note(s)	**Fair value through profit or loss - Designated**	**Amortised cost**	**Total**
Trade and other receivables	10	-	11 139 520	11 139 520
Cash and cash equivalents	11	-	175 370 419	175 370 419
Other financial assets	9	121 499 155	-	121 499 155
		121 499 155	**186 509 939**	**308 009 094**

Group - 2021

	Note(s)	**Fair value through profit or loss - Designated**	**Amortised cost**	**Total**
Trade and other receivables	10	-	43 980 813	43 980 813
Cash and cash equivalents	11	-	111 632 449	111 632 449
Other financial assets	9	120 936 078	-	120 936 078
		120 936 078	**155 613 262**	**276 549 340**

Company - 2022

	Note(s)	**Fair value through profit or loss - Designated**	**Amortised cost**	**Total**
Loans to group companies	8	-	1 953 401	1 953 401
Trade and other receivables	10	-	10 980 650	10 980 650
Cash and cash equivalents	11	-	156 400 123	156 400 123
Other financial assets	9	4 223 293	-	4 223 293
		4 223 293	**169 334 174**	**173 557 467**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

22. Financial instruments and risk management (continued)

Company - 2021

	Note(s)	Fair value through profit or loss - Designated	Amortised cost	Total
Loans to group companies	8	-	2 608 886	2 608 886
Trade and other receivables	10	-	38 542 071	38 542 071
Cash and cash equivalents	11	-	88 034 649	88 034 649
Other financial assets		4 001 770	-	4 001 770
		4 001 770	**129 185 606**	**133 187 376**

Categories of financial liabilities

Group - 2022

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	13	5 710 678	-	5 710 678
Finance lease obligations	5	-	2 731 633	2 731 633
		5 710 678	**2 731 633**	**8 442 311**

Group - 2021

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	13	2 820 095	-	2 820 095
Finance lease obligations	5	-	5 331 657	5 331 657
		2 820 095	**5 331 657**	**8 151 752**

Company - 2022

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	13	4 868 372	-	4 868 372
Finance lease obligations	5	-	1 171 789	1 171 789
		4 868 372	**1 171 789**	**6 040 161**

Company - 2021

	Note(s)	Amortised cost	Leases	Total
Trade and other payables	13	2 156 687	-	2 156 687
Finance lease obligations	5	-	2 361 357	2 361 357
		2 156 687	**2 361 357**	**4 518 044**

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

		Group		Company	
		2022 R	2021 R	2022 R	2021 R

22. Financial instruments and risk management (continued)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

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

	Note(s)	Group 2022 R	Group 2021 R	Company 2022 R	Company 2021 R
Lease liabilities	5	2 731 633	5 331 657	1 171 789	2 361 357
Trade and other payables	13	8 064 367	5 865 397	6 734 667	4 572 682
Total borrowings		**10 796 000**	**11 197 054**	**7 906 456**	**6 934 039**
Cash and cash equivalents	11	(175 370 419)	(111 632 449)	(156 400 123)	(88 034 649)
Net borrowings		**(164 574 419)**	**(100 435 395)**	**(148 493 667)**	**(81 100 610)**
Equity		163 079 766	164 182 661	35 064 800	32 032 772
Gearing ratio		(101)%	(61)%	(423)%	(253)%

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

22. Financial instruments and risk management (continued)

Financial risk management

Overview

The group is exposed to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The Board has overall responsibility for the establishment and oversight of the group's risk management framework. The Board has established the Audit and Risk Committee, which is responsible for developing and monitoring the group's risk management policies. The Audit and Risk Committee reports quarterly to the Board.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Audit and Risk Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group. The Audit and Risk Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and related party receivables. The group only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Cash and cash equivalents have an immaterial credit risk and there has been no historical losses.

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

Group	Note(s)	**2022**			**2021**		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Trade and other receivables	10	11 139 520	-	11 139 520	38 682 588	-	38 682 588
Cash and cash equivalents	11	175 370 419	-	175 370 419	111 632 449	-	111 632 449
		186 509 939	**-**	**186 509 939**	**150 315 037**	**-**	**150 315 037**

Company		**2022**			**2021**		
		Gross carrying amount	**Credit loss allowance**	**Amortised cost**	**Gross carrying amount**	**Credit loss allowance**	**Amortised cost**
Loans to group companies	8	1 953 401	-	1 953 401	2 608 886	-	2 608 886
Trade and other receivables	10	10 980 650	-	10 980 650	38 542 071	-	38 542 071
Cash and cash equivalents	11	156 400 123	-	156 400 123	88 034 649	-	88 034 649
		169 334 174	**-**	**169 334 174**	**129 185 606**	**-**	**129 185 606**

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments.

Cash flow forecasts are prepared and adequately monitored.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

22. Financial instruments and risk management (continued)

The table below analyses the group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group - 2022

	Note(s)	**Carrying amount**
Non-current liabilities		
Lease liabilities	5	55 385
Current liabilities		
Trade and other payables	13	8 064 367
Lease liabilities	5	2 676 248
		(10 796 000)

Group - 2021

		Carrying amount
Non-current liabilities		
Lease liabilities	5	2 815 772
Current liabilities		
Trade and other payables	13	5 865 397
Lease liabilities	5	2 515 887
		(11 197 056)

Company - 2022

		Carrying amount
Non-current liabilities		
Lease liabilities	5	18 462
Current liabilities		
Trade and other payables	13	6 734 667
Lease liabilities	5	1 153 327
		(7 906 456)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

22. Financial instruments and risk management (continued)

Company - 2021

	Note(s)	**Carrying amount**
Non-current liabilities		
Lease liabilities	5	1 255 927
Current liabilities		
Trade and other payables	13	4 572 682
Lease liabilities	5	1 105 430
		(6 934 039)

Foreign currency risk

The group does not hedge foreign exchange fluctuations.

The net carrying amount in foreign currency amounts to USD1 928 554 (2021: USD2 836 400) at an exchange rate of R16.950 (2021: R15.940).

Interest rate risk

Fluctuations in interest rates impact on the value of investments and financing activities, giving rise to interest rate risk. Refer to notes 9 and 11 for balances subject to interest rate risk.

There have been no significant changes in the interest rate risk management policies and processes since the prior reporting period.

The group’s interest rate risk arises from funds deposited at both floating and fixed interest rates.

23. Going concern

The consolidated annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The directors believe that the group has adequate financial resources to continue in operation for the foreseeable future and accordingly the consolidated annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient reserves to meet its foreseeable cash requirements.

The directors are not aware of any new material changes that may adversely impact the group. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the group.

The future existence of the two controlled entities as separate bodies is dependent on the Minister of Higher Education and Training who has the authority to dissolve the Committee of Technikon Principals and the Committee of University Principals.

The Minister published a proposal for public comment in the Gazette under Government Notice 108 of 08 February 2021. The Minister has not yet promulgated the final decision and it is uncertain when this will happen. The timing and finalisation of the dissolution process is not known at this stage.

The directors believe that the group will remain a going concern until the above process is finalised.

24. Events after the reporting period

The directors are not aware of any materlal event which occurred after the reporting date and up to the date of this report.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

25. Contingent liabilities

Public Universities South Africa was admitted as an amicus curiae in 2013 in a legal case involving an applicant and one of the public universities. The matter has gone through various court processes over the years. The applicant has now applied to the Constitutional Court for leave to appeal the cost order granted against the applicant in the High Court of South Africa on 15 July 2021. Public Universities South Africa has filed an affidavit setting out ground for opposition. While the matter is still developing again, Public Universities South Africa is working closely with the legal teams and other respondents to defend the matter.

26. Uncertain VAT position

Public Universities South Africa received funding from Sector Education and Training Authorities (“SETAs”) for the purposes of funding bursaries to students, including unemployed students with historic debts and the “missing middle” at various universities, all being members of Public Universities South Africa. The Value-Added Tax (“VAT”) consequences of the funding received are uncertain. Depending on the classification of this funding for VAT purposes, it could require adjustments to the VAT returns already submitted. Confirmation of this classification has been requested from the South African Revenue Service by way of an application for a binding VAT ruling. As part of mitigating the tax risk, especially in relation to penalties, an application under the Voluntary Disclosure Programme has also been submitted which is being held in abeyance until the VAT ruling has been issued. The VAT ruling will confirm the VAT principles and consequently whether there is a liability in relation to the under-declaration of output tax and claims of input tax by applying apportionment to mixed expenditure.

PUBLIC UNIVERSITIES SOUTH AFRICA NPC
(REGISTRATION NUMBER 2005/013211/08)
CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

DETAILED INCOME STATEMENT

		Group		Company	
	Note(s)	2022 R	2021 R	2022 R	2021 R
Revenue					
Administration fees		-	-	1 684 558	1 604 344
Membership fees		25 603 599	25 046 972	25 603 599	25 046 972
Grants received		136 995 262	85 196 084	136 995 262	85 196 084
Exemption fees		8 489 305	8 007 614	-	-
	14	**171 088 166**	**118 250 670**	**164 283 419**	**111 847 400**
Other operating income					
Administration and management fees received		380 051	344 523	380 051	344 523
Other income		107 753	29 702	107 753	10 757
		487 804	**374 225**	**487 804**	**355 280**
Other operating losses					
Loss on sale of assets		(15 269)	(31 882)	(11 107)	(31 882)
Other operating expenses					
Administration and management fees		(252 684)	(240 648)	-	-
Amortisation		(169 918)	(173 128)	(81 056)	(58 052)
Auditors remuneration - external auditor	15	(833 136)	(789 395)	(371 026)	(401 329)
Bank charges		(109 992)	(115 505)	-	-
Grants expenditure		(136 995 262)	(85 196 084)	(136 995 262)	(85 196 084)
Professional fees		(3 888 952)	(3 104 470)	(3 888 952)	(3 104 470)
Depreciation		(2 619 289)	(2 769 638)	(1 280 780)	(1 425 479)
Staff costs		(23 923 172)	(24 867 395)	(16 490 498)	(16 771 273)
Conference and seminars		(414 058)	(463 524)	(414 058)	(463 524)
Sundry expenses		(193 336)	(211 326)	-	-
Insurance and security		(340 587)	(262 112)	-	-
IT expenses		(1 359 524)	(1 022 197)	-	-
Lease rentals on operating lease		(76 826)	(250 732)	-	-
Operating expenses		(3 342 737)	(3 499 654)	(3 342 737)	(3 499 654)
Postage, stationery and subscriptions		(50 464)	(40 208)	-	-
Printing and publication		(10 481)	(13 335)	-	-
Repairs and maintenance		(472 367)	(349 566)	(357 128)	(283 172)
Telephone and fax		(59 453)	(55 504)	-	-
		(175 112 238)	**(123 424 421)**	**(163 221 497)**	**(111 203 037)**
Operating (deficit)/surplus	15	**(3 551 537)**	**(4 831 408)**	**1 538 619**	**967 761**
Investment income	16	2 397 352	1 749 287	1 490 468	925 310
Finance costs	18	(511 786)	(739 625)	(218 582)	(329 493)
Other non-operating gains					
Unrealised profit on investments	17	563 077	17 863 715	221 523	215 920
(Deficit)/Surplus for the year		**(1 102 894)**	**14 041 969**	**3 032 028**	**1 779 498**

The following supplementary information presented does not form part of the consolidated annual financial statements and is unaudited

SUPPLEMENTARY INFORMATION

The following supplementary information presented does not form part of the consolidated annual financial statements and is unaudited www.usaf.ac.za

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