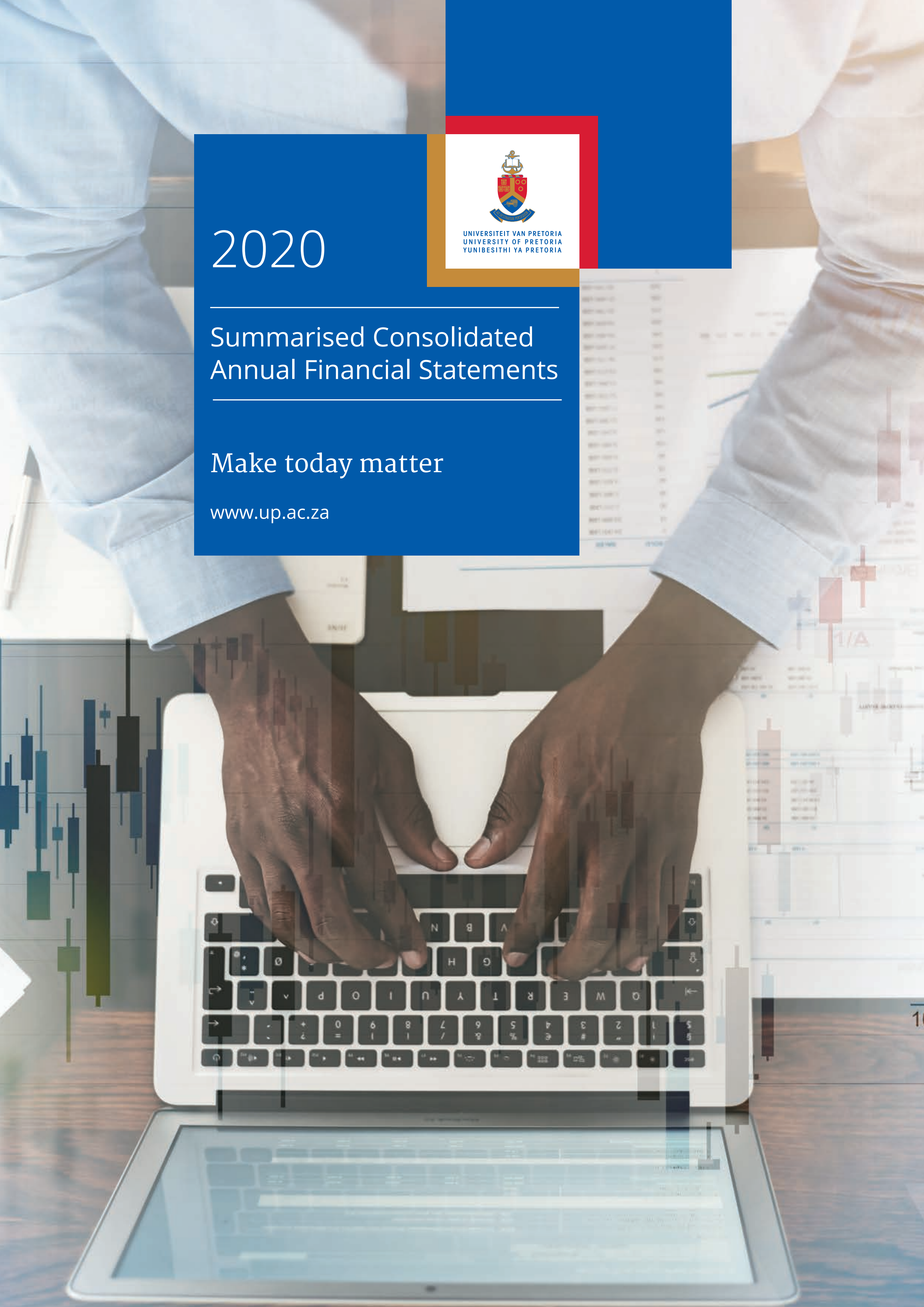

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

2020

Summarised Consolidated Annual Financial Statements

Make today matter

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Composition of the Council and Executive of The University of Pretoria as at 31 December 2020

Council member	Committees on which he/she serve	Year of commencement of first term
Members appointed by the Minister: (Statute par 15(1)(g); Act s 27(4)(c))		
Mr K Dlamini (Deputy Chairperson) *(term ended on 31 May 2020 – reappointed for a further term of four years from 7 June 2020)*	Standing Committee HR Committee Investment Committee	2012
Ms N Lesela *(term ended on 31 May 2020 – reappointed for a further term of four years from 7 June 2020)*	Institutional Forum (Chairperson)	2012
Dr BJ Ribeiro *(term ended on 31 May 2020)*	Standing Committee Audit, IT and Risk Management Committee	2004
Mr AW Taylor *(term ended on 31 May 2020)*	HR Committee Investment Committee	2008
Ms V Qinga	Standing Committee *(from 27 November 2019)*	2013
Mr M Madi *(appointed from 7 June 2020)*		2020
Mr TS Tsengiwe *(appointed from 7 June 2020)*		2020
Members elected by the Convocation: (Statute par 15(1)(e), par 48(2))		
Mr DM Behr	Audit, IT and Risk Management Committee	2013
Mr AD Botha	Investment Committee	1994
Ms KP Diale		2017
Mr AJ Pienaar	Audit, IT and Risk Management Committee	2012
Members elected by Senate: (Statute par 15(1)(c))		
Prof AJ Antonites *(appointed from 18 September 2020)*		2020
Prof BTJ Maharaj	Standing Committee	2018
Prof I Pikirayi	Institutional Forum	2011
Members elected by the Donors: (Statute par 15(1)(j))		
Mr LL Dippenaar *(term ended 9 October 2020)*	Investment Committee	1993
Mr JHP van der Merwe	Investment Committee	2018
Mr BJ Kruger *(appointed from 10 October 2020)*	Standing Committee *(From 1 December 2020)* Audit, IT and Risk Management Committee	2020
Members appointed by Council based on expertise/experience: (Statute par 15(1)(d))		
Ms ED Magugumela *(term ended on 30 November 2020 – extended until 31 March 2021)*	HR Committee	2008
Ms NT Mtoba (Chairperson) *(term ended on 30 November 2020 – extended until 31 March 2021)*	Standing Committee HR Committee Investment Committee	2005

Composition of the Council and Executive of The University of Pretoria as at 31 December 2020

Council member	Committees on which he/she serve	Year of commencement of first term
Mr IB Skosana *(resigned – effective end of November 2020)*	Audit, IT and Risk Management Committee (Chairperson)	2007
Ms S Taylor	HR Committee (Chairperson)	2019
Mr FD Swart	HR Committee	2019
Mr AE Swiegers *(appointed from 1 December 2020)*	Audit, IT and Risk Management Committee *(From 1 December 2020)*	2020
Members appointed by the Tshwane local authority: (Statute par 15(1)(h))		
Mr PA Nel		2019
Student members appointed by the elected SRC on an annual basis: (Statute par 15 (1) (f) , par 17(3))		
Mr MD Kabwa		
Ms L Ndlovu		
Employee member (academic) elected by academic employees: (Statute par 15(1)(j))		
Prof V Reddy		2018
Employee member (non-academic) elected by non-academic employees: (Statute par 15(1)(k))		
Ms LJ Mnguni		2018
Ex officio members (Statute par 15 (1) (a) and (b))		
Prof T Kupe (Vice-Chancellor and Principal)		
Prof SG Burton (Vice-Principal) *(term ended 31 March 2020)*		
Prof NTF Duncan (Vice-Principal)		
Prof NT Mosia (Vice-Principal)		
Prof A Ströh (Vice-Principal)		

During 2020, the office bearers of Council were the following:
- Chairperson: Ms NT Mtoba
- Deputy Chairperson: Mr K Dlamini
- Secretary: Prof CMA Nicholson

The table below reflects a summary of attendance by members at Council meetings in 2020:

Meeting	Present (of 30 members)	Absent with apology	Absent without apology	Vacant seats
18 March 2020	27	1	0	2
24 June 2020	27	0	0	3
15 September 2020 (Strategic Council Workshop)	25	3	0	2
24 November 2020	27	1	0	2

Towards a re-imagined University of Pretoria

2020 was a year of disruption, complexity, and uncertainty caused by the COVID-19 pandemic. Whilst the pandemic started as a public health challenge, it morphed into a multifaceted challenge that has caused and exacerbated significant social, economic, political and technological disruptions. The pandemic has claimed many lives; it has heightened job losses, inequalities, vulnerabilities and social deprivation. The contagion has also accelerated key technology trends such as remote working, remote learning, 3D-printing, and automation of jobs. It has exposed the limitations and, in some cases, a lack of viability of existing ways of working and business models as well as teaching and research, while simultaneously opening up new possibilities, for example the accelerated uptake of online education.

The University of Pretoria (UP) enacted various responses to the health crisis to limit the spread of the virus and its effects, ensure the continuity of learning, and student and staff well-being. As a socially responsive university that fosters a mutually beneficial interaction with its communities and contributes to the advancement of these communities, UP pursued various interventions to support our communities. These interventions included 3D-printing of personal protective equipment (PPEs) for use by health professionals, capacity support and volunteering, for example, senior medical students were deployed at the Steve Biko Academic Hospital and Tshwane District Hospital to support doctors with various COVID-19 related projects, establishment of an accredited testing facility, development of COVID-19 education material, community outreach and mental health support initiatives, and research projects, including a World Health Organisation (WHO) multi-centre clinical trial study for Africa.

The complex challenges caused and aggravated by the health crisis, and the resultant uncertainty and turbulence, call for innovative responses and proactive alignment with evolving societal realities. The scale and scope of the challenges demand a re-imagination of the university system, and the pursuit of bold responses to enhance the vitality, sustainability and relevance of universities, and their contribution to societal advancement. As open systems, universities are affected by contingencies in their environment, which they have to respond to so as to enhance their adaptability. Universities must continuously co-evolve and re-invent themselves. The pandemic is thus a unique moment that behoves universities, and UP, to think about the kinds of institutions that they want to be after the pandemic. Whilst the exact parameters of COVID-19-inspired futures remain unknown, many aspects of the *status quo ante* will change. Thus, surviving and thriving in the post-pandemic environment calls for re-assessment, re-thinking and adapting strategies.

UP has embraced the uncertainty and complexity occasioned by COVID-19 as catalysts for new ideas and innovative possibilities; as opportunities to be proactive and adapt strategy for a post-COVID-19 world. The University has identified key elements for its re-imagination and repositioning with regard to teaching and learning, research, sustainability, internationalisation and global engagement, societal impact, staff and student wellness, and transformation. These elements include strategies for providing innovative and flexible learning experiences, producing future-proof graduates, deepening connections with communities, industry and civil society, producing research that addresses the world's pressing problems through developing the practice of co-production of research and transdisciplinarity, maximisation of operational efficiencies, costcontainment, as well as the optimisation of all income streams, embracing environmental sustainability and rapid technological change, revitalisation of international partnerships, student and staff well-being, and substantive transformation.

The re-thinking of UP is about creating a future-oriented and future-focused university that makes a decisive difference to the re-imagining of South Africa, our continent and the world. It is about maximising our value proposition by being innovative and contributing to the realisation of socio-economic prosperity, genuine democracy and accountability, equity and equality, social justice and the sustainability of humanity and the environment.

Vision, Mission and Values

Vision

To be a leading research-intensive university in Africa, recognised internationally for its quality, relevance and impact, as also for developing people, creating knowledge and making a difference locally and globally.

Mission

In pursuing recognition and excellence in its core functions of research, teaching and learning, and integrating engagement with society and communities into these, the University of Pretoria will use quality, relevance, diversity and sustainability as its navigational markers.

Values

The members of the University of Pretoria believe that:

- our community of scholars must be founded on the pursuit of knowledge through research, teaching and learning, with membership acquired on the basis of intellectual merit, ability and the potential for excellence; and that
- differing perspectives, arising from diverse backgrounds and histories that define our identities, deepen scholarly inquiry and enrich academic debate.

We cherish:

- academic freedom, creative and innovative thought, ethical standards and integrity, accountability and social justice; and
- our staff and students as the University's core asset.

We foster:

- an inquiry-led and evidence-based approach to creating knowledge; and
- academic citizenship, whereby we commit ourselves to harnessing our intellectual abilities in the interest of our nation and humanity.

We recognise that:

- in a resource-constrained world where vast disparities remain, the University must endeavour to produce graduates who appreciate the importance of community service, entrepreneurial endeavours and innovative actions in generating employment and development in our local communities.

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Approval of the Consolidated Financial Statements

The Council is responsible for the preparation, integrity and fair presentation of the financial statements of the University of Pretoria.

The consolidated financial statements presented on pages 7 to 67 of this report for 2020, have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act 101 of 1997), as amended. The Council also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the consolidated financial statements.

The "going concern" approach was followed in the preparation of the consolidated financial statements. Based on forecasts and available cash resources, the Council believes that the University of Pretoria will remain a "going concern" in the foreseeable future. The viability of the institution is supported by the content of the consolidated financial statements.

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

The consolidated financial statements presented on pages 7 to 67 of this report for 2020 were approved by Council on 1 July 2021 and signed on its behalf by:

T. Kupe

Prof T Kupe
Vice-Chancellor and Principal
Date: 03 August 2021

Mr K Dlamini
Chairperson of Council
Date: 04 August 2021

Independent auditor's report

To the Council of the University of Pretoria

Our opinion

In our opinion, the summarised consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University of Pretoria (the University) and its subsidiaries (together the Group) as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

the University of Pretoria's summarised consolidated financial statements set out on pages 6 to 67 comprise:

- the summarised consolidated statement of financial position as at 31 December 2020;
- the summarised consolidated statement of profit or loss for the year then ended;
- the summarised consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in funds for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

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

Independence

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

Other matter

The accompanying financial statements are not the statutory financial statements of the University and do not include all the disclosures required by the Higher Education Act of South Africa. The statutory financial statements are available for inspection at the Department of Higher Education and Training.

Other information

The council is responsible for the other information. The other information comprises the information included in the document titled “2020 Summarised Consolidated Annual Financial Statements”. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

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

In connection with our audit of the summarised consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the summarised consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Responsibilities of the Council for the summarised consolidated financial statements

The Council is responsible for the preparation and fair presentation of the summarised consolidated financial statements in accordance with International Financial Reporting Standards , and for such internal control as the council determine is necessary to enable the preparation of summarised consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the summarised consolidated financial statements, the Council is responsible for assessing the Group and the University’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 council either intend to liquidate the Group and/or the University or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the summarised consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the University's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the councils' 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 and the University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the summarised consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the summarised consolidated financial statements, including the disclosures, and whether the summarised consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc.
Director: CS Masondo
Registered Auditor
Johannesburg
04 August 2021

University of Pretoria
and its subsidiaries

Summary of Accounting Policies

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

1. Basis for preparation

The University prepared consolidated annual financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Higher Education Act of South Africa (Act 101 of 1997, as amended by Act 54 of 2000), for the year ended 31 December 2020.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities, which are measured at fair value and defined benefit pension and provident plan assets, which are measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or the areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in accounting policy note 1.3.

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

1.1 Going concern

The University's forecast and projections, taking account of reasonably possible changes in operating circumstances, show that the University should be able to operate for the foreseeable future with its current financing. Council has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. The University therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

1.2 New standards, amendments and interpretations

1.2.1 New standards, amendments and interpretations adopted by the group

The group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting
- Covid-19-Related Rent Concessions – amendments to IFRS 16

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

1.2.2 New standards, amendments and interpretations issued, not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been adopted early by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.3 Critical accounting estimates and judgements

Some of the amounts included in the consolidated financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the consolidated financial statements. Information about such judgements and estimations is contained in the accounting policies and/or the notes to the consolidated financial statements, and the key areas are summarised below. Areas of judgement and key sources of estimation uncertainty that have the most significant effect on the amounts recognised in the consolidated financial statements are:

1.3.1 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The University tests whether trade receivables have suffered any impairment in accordance with the accounting policy in note 8. Assets that are individually significant are considered separately for impairment. When these assets are impaired, any impairment loss is recognised directly against the related asset. Assets that are individually significant and that are not impaired, and groups of smaller balances are considered for impairment on a portfolio basis, based on similar credit risk.

Impairment losses are recognised in an "allowance account for credit losses" until the impairment can be identified with an individual asset, and, at that point, the allowance is written off against the individual asset. Subsequent recoveries of amounts previously written off are credited in the statement of profit or loss. Refer to notes 5 and 7 of the consolidated financial statements for the carrying amounts of loans and receivables and the impairment losses provided for in 2020.

1.3.2 Useful lives of property, plant and equipment

The University estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed at each reporting date and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence or other limits on the use of the relevant assets. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment would increase the recorded expenses and decrease the non-current assets.

1.3.3 Post-employment benefits

Post-employment benefits have been recognised in accordance with the accounting policy note 14. The cost of post-employment benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

mortality rates and income at retirement. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty. The main assumptions and carrying amounts related to post-employment benefits are summarised in note 9 of the consolidated financial statements.

1.3.4 Deferred revenue

Grants and other non-commercial income received are limited to the expenses incurred and the balance is recognised as deferred income in the statement of financial position. Such income obtained to reimburse expenses incurred are analysed on an individual contract basis. The deferral of income necessitates a degree of judgement by management. Refer to note 12 of the consolidated financial statements for the carrying amount of deferred income. Judgement is also required in estimating the amounts classified as current and non-current.

2. Reserve funds

2.1. Unrestricted operating fund

The unrestricted operating fund in the consolidated statement of changes in funds reflects the University's subsidised activities and also includes the tuition fees and expenditure in respect of the formal programmes of the Gordon Institute of Business Science (GIBS). Additions to these funds mainly comprise subsidies, tuition fees and the sales and services of educational activities (including patient fees at the Onderstepoort Veterinary Academic Hospital) as well as transfers from other funds to finance expenditure.

Expenditure mainly comprises direct expenses in academic departments for teaching and learning, research and community service as well as other professional service expenses such as academic administration, library facilities, bursaries and loans. Institutional expenses, such as expenses incurred for student services, information technology and operating costs regarding land and buildings, are also recorded here.

2.2. Restricted funds

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

2.3. Council designated funds

These funds fall under the discretion of Council (e.g. sales of goods and services, non-prescriptive donations and grants, income from investments that are not restricted, specific purpose endowments or administrated funds) and have been designated for specific purposes.

2.4. Non-distributable reserves

These funds consist of the investment revaluation reserve. Gains/losses on the fair value adjustments of investments are recognised in a revaluation reserve until such time as the investment is disposed of or sold, when the gain/loss is transferred to Council designated funds.

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

3. Subsidiaries

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

The group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date. The group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

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

Any contingent consideration to be transferred by the group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration is recognised in accordance with IFRS 9 in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

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

4. Associated companies

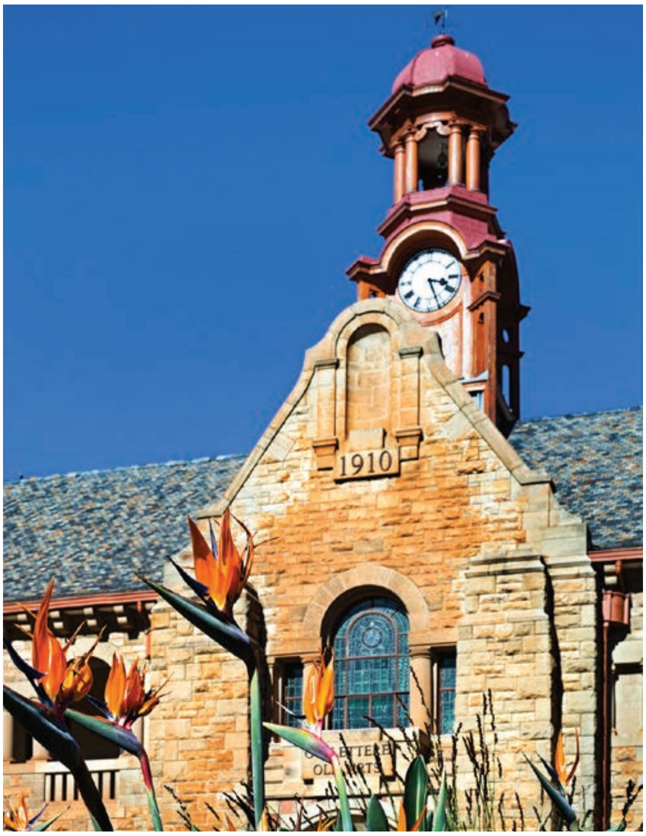
Associates are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is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

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

The group's share of post-acquisition profit or loss is recognised in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. The group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in 'share of profit/(loss) of associates' in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the group and its associate are recognised in the group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investments in associates are recognised in the statement of profit or loss.



University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

5. Foreign currency translation

The consolidated financial statements are presented in South African Rand, the functional and presentation currency of the group. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss.

6. Property, plant and equipment

Land and buildings consist mainly of lecture halls, laboratories, student residences and administrative buildings. All property, plant and equipment is stated at historical cost less accumulated depreciation (aggregated with accumulated impairment losses). Historical cost includes expenditure that is directly attributable to the acquisition of the items. Property, plant and equipment acquired by means of donations is recorded at fair value at the date of the donation.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

Vehicles	5 years
Computer equipment	6 years
Furniture and equipment	10 years
Audio-visual equipment	15 years
Buildings	15 to 80 years
Laboratory equipment	20 years
Property under construction	Not depreciated until available for use

Assets less than R5,000 are depreciated in full in the year of acquisition.

In the current year, management has revised the accounting treatment of costs related to acquiring library books and journals. The nature of these transactions is predominantly to acquire access rights through annual licensing fees. Management has revised the treatment of these costs by expensing it in the financial period incurred. Library books and journals were previously capitalised and depreciated fully in the year of acquisition. Under the revised accounting treatment, these costs are expensed as operating expenses. This provides more reliable and relevant information on the effect of these transactions and is consistent with the accounting treatment of similar higher education institutions.

The assets' useful lives and residual values are reviewed annually and adjusted, if appropriate, at the end of each reporting period. Depreciation is charged to the statement of profit or loss.

Routine repair and maintenance costs are charged to the statement of profit or loss during the financial period in which they are incurred. The costs of major maintenance or overhaul of an item of property, plant or equipment are recognised in the carrying amount of the item of property, plant and equipment only if 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. Expenditure incurred to replace a component of an item is capitalised to the cost of the item. The remaining carrying amount of the replaced part is derecognised.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds to the carrying amount and are recognised in the statement of profit or loss.

7. Intangible assets

7.1. Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include expenditure relating to the implementation partner, employee costs of staff employed and hardware and software purchased specifically for the Enterprise Resource Planning System. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised on a straight-line basis over its estimated useful life of 20 years and are carried at cost less accumulated amortisation. The useful life and residual value are reviewed annually. Intangible assets are not revalued.

7.2. Artwork

Artwork is recorded at cost or the estimated fair value at the date of the donation. The fair value is deemed to be a reasonable market value at the date of the donation. The market value at the date of the donation is determined by an art appraiser. Artwork is considered to have an indefinite useful life since there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Artwork is therefore not amortised.

Artwork is not revalued. Impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. There was no indication in the current year that artwork should be impaired.

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

7.3. Right of transfer and licence fees

Right of transfer and licence fees are shown at historical cost. Both these categories have a definite useful life and are carried at cost less accumulated amortisation. Right of transfer is amortised over the period of employment and the licence fees are amortised over 20 years. Amortisation is calculated using the straight-line method to allocate cost of right of transfer and licences over the estimated useful lives. The useful lives and residual values are reviewed annually.

8. Financial assets

8.1. Classification

The group classifies its financial assets in the following categories: financial assets at fair value through other comprehensive income (FVOCI), financial assets at fair value through profit and loss (FVPL) and financial assets at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of its financial assets at initial recognition.

(a) At 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.

(b) FVOCI
Financial assets at fair value through other comprehensive income are instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. For investments in equity instruments this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(c) FVPL
Financial assets at fair value through profit or loss applies to all investments that do not qualify as at amortisation cost or fair value through other comprehensive income.

8.2. Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

8.2.1. Debt Instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

8.2.2. Equity Instruments

The group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as part of 'Interest and dividends' when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

8.2.3. Loans and Receivables

Loans and receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method, less loss allowances.

8.3. Impairment of financial assets

The group has the following types of financial assets that are subject to the expected credit loss model:

- Student loans
- Student receivables
- Trade receivables
- Debt investments carried at amortised cost
- Debt investments carried at FVPL

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

For student and trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected loss rates are based on the payment profiles over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of debtors to settle the receivables.

9. Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready for use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation and/or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of financial assets are reviewed for possible reversal at each reporting date.

10. Inventories

Inventories are initially recorded at cost and subsequently measured at the lower of cost and net realisable value. Any write-down to net realisable value is recognised in profit or loss. Cost is determined on the weighted average-cost basis and when a perpetual inventory system is not present, it is determined at the most recent purchase price. Net realisable value is an estimate of the selling price in the ordinary course of business less applicable variable selling expenses.

11. Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings under current liabilities.

12. Trade payables

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

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

13. Current and deferred income tax

The University is exempt from income tax in terms of section 10(1)(cA)(i) of the Income Tax Act. However, some of the subsidiaries are not exempted from Income Tax.

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at year end in South-Africa, where the University's subsidiaries and associates

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by year end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

14. Post-employment benefits

14.1. Defined benefit pension and defined contribution provident plans

The University contributes towards two pension schemes namely the AIPF and the UP Pension Fund as well as towards two provident funds, the UP Provident Fund and the FundsAtWork (FAW) Umbrella Provident Fund.

The FAW Umbrella Fund is a new fund established in 2019, providing employees an alternative benefit structure (retirement funding and risk benefits) to select on a voluntary basis. The FAW Umbrella Fund is a “defined contribution” fund. The Fund is managed by a Board of Trustees appointed by Momentum. Momentum is a member of Momentum Metropolitan Holdings Limited. The University has appointed an oversight committee which monitors performance and risk.

The AIPF is registered and managed in terms of the Pension Fund Act for Associated Institutions. The UP Pension Fund and the UP Provident Fund are managed by Boards of Trustees and are registered in terms of the provisions of the Pension Fund Act. The schemes are funded through payments to trustee-administered funds, determined by periodic actuarial calculations.

A defined contribution plan is a pension plan under which the entity pays fixed contributions into a separate entity. The entity has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The UP Provident Fund is a “defined contribution” plan in terms of members’ retirement benefits. However, the disability and death benefits stipulated in the rules of the Provident Fund represent a “defined benefit” component. As a result of the defined benefit component, the UP Provident Fund is classified as a defined benefit plan.

The asset/liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension obligation. In countries where there is no efficient market in such bonds, the market rates on government bonds are used. The current service cost of the defined benefit plan, recognised in the statement of profit or loss in ‘personnel costs,’ reflects the increase in the defined benefit obligation resulting from employee service in the current year.

The net interest income is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of the plan assets. The income is included in ‘net interest income on defined benefit plans’ in the statement of profit or loss.

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

Past-service costs are recognised immediately in income.

For defined contribution plans, the University pays contributions to an administrator on a contractual basis. The University has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

14.2. Defined benefit medical plan

In accordance with the existing personnel practice, the Council has undertaken to make medical fund contributions on behalf of certain retired staff members and certain future retirees.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. This obligation is valued annually by independent qualified actuaries.

14.3. Group life assurance plan

The University provides an insured group life benefit to all employees. This benefit is payable on the death of the employee. Separate assets (investments) are “ring-fenced” to meet the liability of the Group life assurance plan.

The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. This obligation is valued by an independent qualified actuary.

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

15. Short term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled fully within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

16. Agency funds

These are funds administered on behalf of beneficiaries of deceased employees and other third parties. These funds are recognised at the fair value thereof and subsequently carried at amortised cost.

The funds are held in available-for-sale investments or cash and cash equivalents until payments are requested by the beneficiaries of these funds.

17. Leave accrual

Members of staff with leave with gratuity value to their credit at the end of 2006 had a choice of either having the accumulated leave disbursed to them or to retain such leave credits in the system. Leave credits retained will be disbursed to the relative staff member upon termination of service or on request at any time after March 2007, at the value as at 31 December 2006.

18. Leases

Lease income from operating leases where the group is a lessor is recognised in income on a straightline basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

Leases (group as lessee) are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

19. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods or services, stated net of value-added tax, returns, rebates and discounts.

The group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the group and when specific criteria have been met for each of the group's activities, as described below.

19.1. Subsidies and grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the University will comply with all required conditions. Government grants are recognised in profit or loss on a systematic basis over the periods in which the entity recognises the expenses for which the grants are intended to compensate as per the Government Grants Standard (IAS 20). The balance is recognised as deferred income in the statement of financial position.

Block grants relate to the subsidy received from Government for operation activities of the University (Council-controlled unrestricted operational funds).

All other income grants relate to specifically funded programmes in teaching and research activities (Restricted and designated, specifically funded activities).

Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are recognised in the statement of profit or loss on a straight-line basis over the expected lives of the related assets. The portion of the grants that will be released to the statement of profit or loss during the next 12 months is included in current liabilities.

19.2. Income from contracts and services

Income from contracts is recognised as income at the fair value of the consideration received or receivable in the period to which it relates. Any such income is recognised as income in the financial period when the University is entitled to use those funds. Income is deferred in the following circumstances:

(a) Prescriptive contract income is recognised when the specified condition or occurrence has been met (at a point in time); and
(b) Non-prescriptive contract income is recognised to the extent that expenses are incurred where the stage of completion cannot be estimated reliably.

Income derived from rendering of services is recognised in the accounting period in which the service is rendered, at a point in time or over a period of time depending on the contract. Income is recorded as revenue when received over the period of a contract and performance obligations are fulfilled. Where income has been received and the related performance obligations have not yet been fulfilled, a contract liability is recorded. Performance obligations are typically satisfied as services are rendered.

Classes of income from contracts are measured against the criteria in IFRS 15. If the criteria are not met in terms of IFRS 15, the accounting principles of the Conceptual Accounting Framework are applied to recognise revenue.

Income from contracts and services relate to specifically funded activities with third parties.

University of Pretoria and its subsidiaries
Summary of Accounting Policies for the year ended 31 December 2020

19.3. Tuition fees and other fee income

Tuition fees and residence fees are recognised as income at the fair value of the consideration received or receivable in the period to which they relate. Revenue for tuition and residence services is recognised over a period of time, based on services rendered to date as a percentage of total services to be rendered, in accordance with IFRS 15. If the services rendered exceed the payments, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised. Bursaries, scholarships and other financial aid provided by the University to students for tuition fees are recognised as a reduction of fees in accordance with IFRS 15.

Deposits provided by prospective students are treated as current liabilities until the amount is billed as being due to the University.

19.4. Donations and gifts

Donations (including donations in kind) and gifts are recognised on receipt at fair value, at a point in time, in accordance with the Conceptual Accounting Framework.

20. Interest and dividend income

Interest income is recognised in the statement of profit or loss on a time-proportion basis using the effective interest rate method.

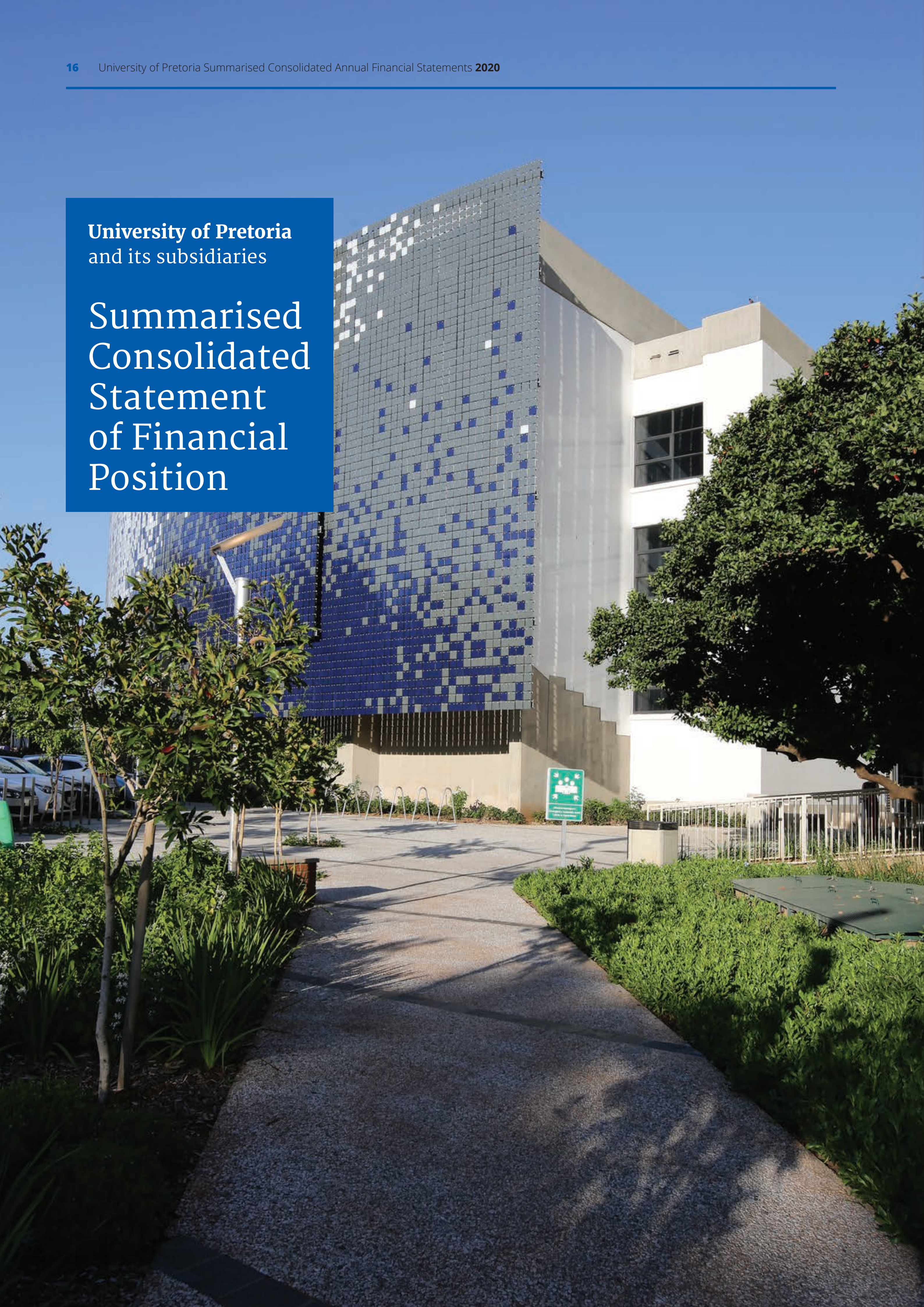
Dividend income is recognised in the statement of profit or loss when the right to receive payment is established.

21. Research costs

Research costs are written off in the year in which they arise, since these types of costs are inherent in the normal operations of a university. Research costs are not recorded separately.

22. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest million rand unless indicated otherwise.



University of Pretoria
and its subsidiaries

Summarised Consolidated Statement of Financial Position

University of Pretoria and its subsidiaries
Summarised Consolidated Statement of Financial Position at 31 December 2020

	Notes	2020 Rm	2019 Rm
ASSETS			
Non-current assets		18,959	17,677
Property, plant and equipment	1	6,226	6,057
Right-of-use assets	2	3	3
Intangible assets	3	74	60
Investments at fair value through other comprehensive income	4.1	11,117	10,043
Investments at fair value through profit and loss	4.2	1,042	974
Investment in associate companies	26	2	3
Defined benefit pension plan	9.1	245	262
Defined benefit medical plan	9.2	224	257
Defined benefit/contribution provident plan	9.3	10	-
Loans and receivables	5	16	18
Current assets		3,203	2,320
Inventories	6	32	25
Investments at fair value through other comprehensive income	4.1	-	76
Investments at fair value through profit and loss	4.2	184	34
Investments at amortised cost	4.3	3	-
Receivables and prepayments	7	511	486
Cash and cash equivalents	8	2,473	1,699
Total assets		**22,162**	**19,997**
EQUITY AND LIABILITIES			
Total funds		18,127	16,396
Non-distributable reserves			
Fair value revaluation reserve funds		3,434	2,803
Reserve funds			
Restricted funds		5,794	5,964
Council designated funds		8,897	7,628
Unrestricted operating funds – education and general		2	1
Non-controlling interest		-	-
Non-current liabilities		1,646	1,494
Lease liabilities	2,10	1	-
Deferred income	12	1,645	1,494
Current liabilities		2,389	2,107
Lease liabilities	2,10	2	4
Trade payables, accruals and other liabilities	11	791	787
Deferred income	12	914	820
Contract liabilities	13	234	123
Student credits and deposits	14	351	292
Agency funds	15	97	81
Total funds and liabilities		**22,162**	**19,997**

University of Pretoria
and its subsidiaries

Summarised Consolidated Statement of Profit or Loss

University of Pretoria and its subsidiaries
Summarised Consolidated Statement of Profit or Loss
for the year ended 31 December 2020

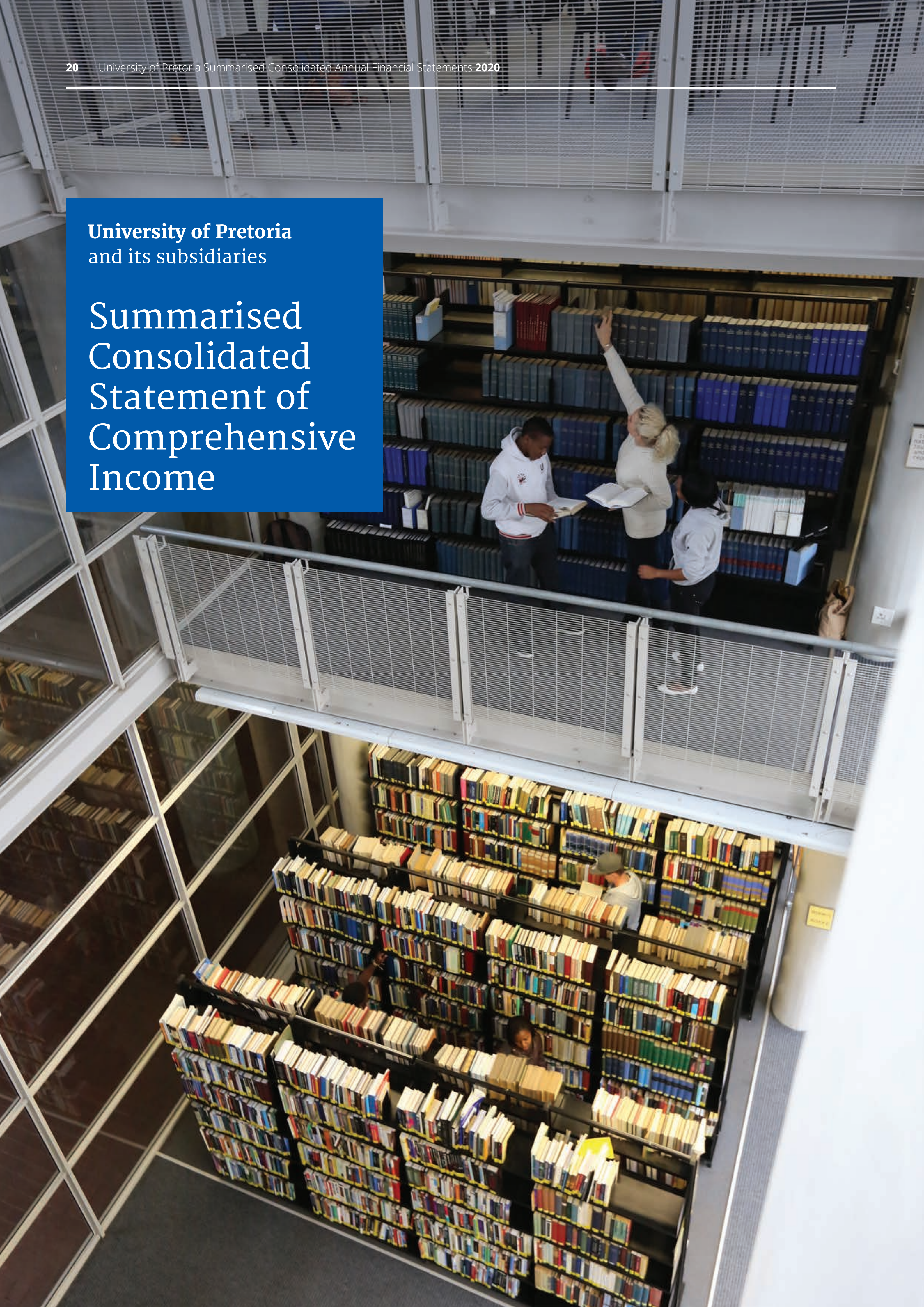
	Notes	2020 Rm	2019 Restated* Rm
Operating revenue**	16	6,844	6,900
Less operating expenses		6,267	6,763
Personnel costs	20	4,018	3,799
Other operating expenses	21	1,980	2,581
Impairment of loans with associates		-	31
Depreciation and amortisation	1,2,3	269	352
Net surplus from operations		577	137
Interest and dividends	17	322	346
Net interest income on defined benefit/contribution plans	9,18	53	36
Net fair value gains/(losses)	19	71	78
Other non-recurrent expenses		(1)	-
Loss/(profit) on disposal of property, plant and equipment		(5)	(9)
Surplus before tax		1,017	588
Surplus for the year attributed to:		1,017	588
University of Pretoria		1,017	588

* See note 31 for details regarding the restatement of fair value gains/losses and accounting policy notes 2.4 and 7 regarding the recognition of gains/losses from equity investments.

** Bursaries amounting to R129m were offset against operating revenue, in prior periods these amounts were included in operating expenses. Refer to note 16.2.

University of Pretoria
and its subsidiaries

Summarised Consolidated Statement of Comprehensive Income



University of Pretoria and its subsidiaries
Summarised Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020 Rm	2019 Restated* Rm
Surplus for the year		**1,017**	**588**
Other comprehensive income/(loss) for the year		**714**	**1,293**
Remeasurements on defined benefit pension plan	9.1	(39)	87
Remeasurements on defined benefit medical plan	9.2	(48)	66
Remeasurements on defined benefit/contribution provident plan	9.3	11	-
Remeasurements on group life assurance plan	9.4	7	2
Past service cost on defined pension plan	9.1	(4)	(18)
Net fair value gains/(losses) on financial assets	19	787	1,156
Total comprehensive income for the year		**1,731**	**1,881**
Total comprehensive income attributed to:		1,731	1,881
University of Pretoria		1,731	1,881

* See note 31 for details regarding the restatement of fair value gains/losses and accounting policy notes 2.4 and 7 regarding the recognition of gains/losses from equity investments.

University of Pretoria
and its subsidiaries

Consolidated Statement of Changes in Funds

University of Pretoria and its subsidiaries
Consolidated Statement of Changes in Funds for the year ended 31 December 2020

	Unrestricted operating fund Rm	Council designated and restricted funds – other Rm	Council designated and restricted property, plant and equipment funds Rm	Restricted student accommo-dation fund Rm	Total Funds Rm
Balance at 31-12-2018: credit	**1**	**8,990**	**5,521**	**2**	**14,514**
Net (decrease)/increase in funds	-	1,844	39	(1)	1,882
Surplus for the year – Restated (note 31)	59	739	(337)	128	589
Other comprehensive income	-	137	-	-	137
Fair Value Adjustment on investments – Restated (note 31)	-	1,156	-	-	1,156
Net transfers (to)/from other funds	(59)	(188)	376	(129)	-
Balance at 31-12-2019: credit	**1**	**10,834**	**5,560**	**1**	**16,396**
Non-distributable reserves	-	2,803	-	-	2,803
Council designated funds	1	6,649	979	-	7,629
Restricted – other funds	-	1,382	4,581	1	5,964
Net (decrease)/increase in funds	1	1,345	387	(2)	1,731
Surplus for the year	148	919	(80)	30	1,017
Other comprehensive income	-	714	-	-	714
Net transfers (to)/from other funds	(147)	(288)	467	(32)	-
Balance at 31-12-2020: credit	**2**	**12,179**	**5,947**	**(1)**	**18,127**
Non-distributable reserves	-	3,434	-	-	3,434
Council designated funds	2	7,559	1,337	-	8,898
Restricted – other funds	-	1,186	4,610	(1)	5,795

University of Pretoria
and its subsidiaries

Consolidated Statement of Cash Flows

University of Pretoria and its subsidiaries
Consolidated Statement of Cash Flows for the year ended 31 December 2020

	Notes	2020 Rm	2019 Rm
Cash flow from operating activities		1,560	1,300
Cash generated from operations	24	1,238	955
Interest income	17	150	174
Dividend income	17	172	172
Finance expense		(1)	(1)
Taxation paid		1	-
Cash flow used in investing activities		(786)	(1,254)
Purchase of property, plant and equipment	1	(420)	(991)
Purchase of intangible assets	3	(21)	(4)
Purchases of investments	4	(3,578)	(2,371)
Proceeds from disposal of property, plant and equipment		15	2
Proceeds from disposal of investments		3,219	2,110
(Increase)/decrease in investment in associates		(1)	-
Net increase in cash and cash equivalents		774	46
Cash and cash equivalents at the beginning of year		1,699	1,653
Cash and cash equivalents at the end of year	8	2,473	1,699

University of Pretoria
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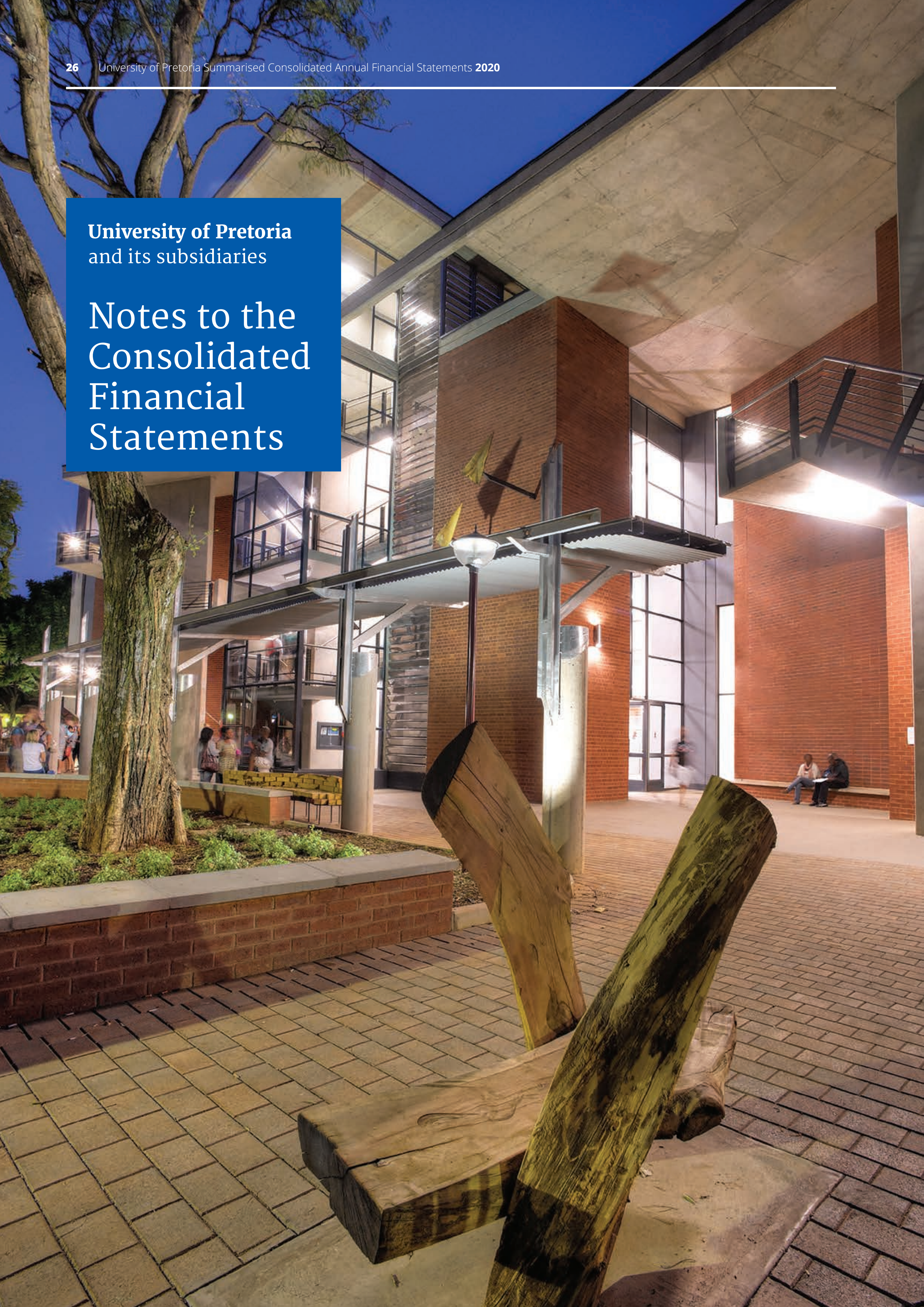
Notes to the Consolidated Financial Statements



University of Pretoria and its subsidiaries
Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1. Property, plant and equipment

	Land and Buildings Rm	Furniture, equipment and vehicles Rm	Library books and journals Rm	Computer equipment Rm	Total Rm
Year ended 31 December 2019					
Opening net carrying amount	4,627	568	-	193	5,388
Additions	670	80	116	125	991
Disposals/write-offs	-	(3)	-	(7)	(10)
Depreciation charge*	(88)	(51)	(116)	(57)	(312)
Closing net carrying amount	5,209	594	-	254	6,057
At 31 December 2019					
Cost	6,045	1,479	1,302	968	9,794
Accumulated depreciation	(836)	(885)	(1,302)	(714)	(3,737)
Net carrying amount	5,209	594	-	254	6,057
Year ended 31 December 2020					
Opening net carrying amount	5,209	594	-	254	6,057
Additions	237	101	-	82	420
Disposals/write-offs	-	(5)	-	(19)	(24)
Depreciation charge*	(106)	(55)	-	(66)	(227)
Closing net carrying amount	5,340	635	-	251	6,226
At 31 December 2020					
Cost	6,282	1,575	1,302	1,031	10,190
Accumulated depreciation	(942)	(940)	(1,302)	(780)	(3,964)
Net carrying amount	5,340	635	-	251	6,226

* Capital expenditure expensed R32.6m (2019: R33,3m) is reflected under “depreciation and amortisation’. Such expenses relate to capital items with a value under R5 000 (refer note 6 of the accounting policies).

A complete schedule of land and buildings is available for inspection at the offices of the University.

Buildings to the amount of R300,8m (2019: R296,3m) included above, are erected on land belonging to the Gauteng Provincial Administration.

Included in land and buildings is expenditure of R323,7m (2019: R270,6m) which relates to property that is still under construction. This will be depreciated once available for use.

Due to the nature of acquiring access to library books and journals, management has revised the accounting treatment by expensing it in the financial period incurred. Refer to accounting policy note 6.

University of Pretoria and its subsidiaries
Notes to the Consolidated Financial Statements for the year ended 31 December 2020

2. Right-of-use assets

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

The group is renting office equipment and has the right of use and to obtain all of the economic benefits from using the office equipment. The lease agreements are signed for a period of two to three years.

Right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2020 Rm	2019 Rm
Office equipment	3	3
	3	3
Depreciation		
Office equipment	2	2
Income and expenses related to leases		
Interest expense on lease liabilities included in finance expense	-	1
Leases of low-value assets included in operating expenses	2	2
Short-term lease expenses included in operating expenses	104	103

Depreciation recognised on right-of-use assets

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

Lease liabilities

Lease liabilities have been included on the statement of financial position. Refer to note 10.

	2020 Rm	2019 Rm
The maturity analysis of lease liabilities is as follows:		
Within one year	2	2
Two to five years	1	3
More than five years	-	-
	3	5
Less finance charges component	-	(1)
	3	4
Non-current liabilities	1	-
Current liabilities	2	4
	3	4

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3. Intangible assets

	Computer software Rm	Right of transfer and Licence fee Rm	Artwork Rm	Total Rm
Year ended 31 December 2019				
Opening carrying amount	42	2	18	62
Additions	1	3	-	4
Amortisation charge	(6)	-	-	(6)
Closing carrying amount at end of the year	37	5	18	60
As at 31 December 2019				
Cost	296	18	22	336
Accumulated amortisation	(259)	(13)	-	(272)
Accumulated impairment	-	-	(4)	(4)
	37	5	18	60
Year ended 31 December 2020				
Opening carrying amount	37	5	18	60
Additions	21	-	-	21
Amortisation charge	(7)	-	-	(7)
Closing carrying amount at end of the year	51	5	18	74
As at 31 December 2020				
Cost	317	18	22	357
Accumulated amortisation	(266)	(13)	-	(279)
Accumulated impairment	-	-	(4)	(4)
Net carrying amount	51	5	18	74

Intangible assets consist only of purchased intangible assets. There are no internally generated intangible assets.

Amortisation of intangible assets is included in 'depreciation and amortisation' in the statement of profit or loss.

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4. Investments

4.1 Investments at fair value through other comprehensive income

	2020 Rm	2019 Rm
Non-current assets	3,642	3,681
Local equity	284	228
Unlisted equity	7,231	6,176
Foreign equity	11,157	10,085
Sub-total	(40)	(42)
Investment designated for Group life assurance liability (refer note 9.4)	11,117	10,043
Current assets	-	76
Local equity	-	76
	11,117	**10,119**

Investments at fair value through other comprehensive income include equity securities which the group has irrevocably elected at initial recognition to recognise in this category in accordance with IFRS 9. These are strategic investments and the group considers this classification to be more relevant.

A complete schedule of investments is available for inspection at the offices of the University.

Refer to note 19 for amounts recognised in profit or loss and other comprehensive income.

Movement in investments at fair value

	2020 Rm	2019 Rm
Beginning of year	10,119	8,865
Disposals of investments	(2,720)	(2,050)
Acquisitions of investments	2,929	2,151
Movement in investment designated for Group life assurance liability (refer note 9.4)	2	(3)
Net fair value gains/(losses)	787	1,156
End of year	**11,117**	**10,119**

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Financial assets at fair value include the following:

	2020 Rm	2019 Rm
Listed securities:		
Equity securities – Rand	3,603	3,714
Equity securities – US Dollar	6,991	5,920
Equity securities – EURO	239	256
Unlisted securities:	284	229
	11,117	10,119

Financial assets at fair value are denominated in the following currencies:

	2020 Rm	2019 Rm
Rand	3,887	3,943
US Dollar	6,991	5,920
EURO	239	256
	11,117	10,119

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Fair values

The following table explains the judgements and estimates made in determining the fair values of the financial assets that are recognised and measured at fair value. To provide an indication on the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed by the accounting standards. An explanation of each level follows underneath the table.

Financial Assets	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total 2020 Rm**	**Total 2019 Rm**
Listed shares	**3,578**	**-**	**-**	**3,578**	**3,693**
Basic materials	954	-	-	954	743
Consumer goods	365	-	-	365	387
Consumer services	416	-	-	416	498
Financials	764	-	-	764	798
Health care	87	-	-	87	127
Industrials	84	-	-	84	132
Renewable Energy	5	-	-	5	-
Specialist securities	-	-	-	-	1
Telecommunications	65	-	-	65	55
Real estate	279	-	-	279	445
Technology	386	-	-	386	282
Additional	-	-	-	-	15
Unit trusts	173	-	-	173	210
Local listed commodities	**25**	**-**	**-**	**25**	**21**
Gold	16	-	-	16	9
Other metals	9	-	-	9	12
Unlisted equity	**-**	**45**	**239**	**284**	**228**
Oil and gas/energy	-	-	172	172	153
Private equity	-	45	66	111	74
Other	-	-	1	1	1
Foreign securities	**7,230**	**-**	**-**	**7,230**	**6,177**
Unit trusts	2,240	-	-	2,240	2,612
Specialised securities	4,990	-	-	4,990	3,565
Total	**10,833**	**45**	**239**	**11,117**	**10,119**

The fair value of listed shares and commodities is determined with reference to quoted market prices. Unlisted securities are recognised at fair value based on the market value obtained from fund managers.

For an analysis of the sensitivity of the assets to price risk refer to note 29.

Level 1: 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.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

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4.2 Investments at fair value through profit or loss

	2020 Rm	2019 Rm
Non-current assets	1,042	974
Listed bonds	1,042	974
Current assets	184	34
Unit trusts	184	34
	1,226	**1,008**

Investments at fair value through profit or loss include debt investments managed on a portfolio basis that do not qualify for measurement at either amortised cost or fair value through other comprehensive income and equity investments that were not elected to recognise fair value gains and losses through other comprehensive income.

Refer to note 19 for amounts recognised in profit or loss and other comprehensive income.

Movement in investments at fair value through profit and loss

	2020 Rm	2019 Rm
Beginning of year	1,008	671
Disposals of investments	(499)	(265)
Acquisitions of investments	646	524
Net fair value gains/(losses)	71	78
End of year	**1,226**	**1,008**

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Recognised fair value measurements

The following table explains the judgements and estimates made in determining the fair values of the financial assets that are recognised and measured at fair value. To provide an indication on the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed by the accounting standards. An explanation of each level follows underneath the table.

Financial Assets	**Level 1 Rm**	**Level 2 Rm**	**Level 3 Rm**	**Total 2020 Rm**	**Total 2019 Rm**
Equity and unit trusts	**163**	**-**	**-**	**163**	**16**
Local cash	13	-	-	13	15
Local collective investments	149	-	-	149	-
Other	1	-	-	1	1
Bonds	**76**	**987**	**-**	**1,063**	**993**
Local bonds	75	336	-	411	382
Foreign bonds	1	-	-	1	1
SA credit bonds	-	651	-	651	610
Total	**239**	**987**	**-**	**1,226**	**1,009**

The fair value of listed shares and commodities is determined with reference to quoted market prices.

For an analysis of the sensitivity of the assets to price and credit risks refer to note 29.

Level 1: 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.

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

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

4.3 Investments at amortised cost

	2020 Rm	**2019 Rm**
Current assets		
Call investment account	3	-

Investments at amortised cost include debt investments where the objective is to collect the contractual cash flows and that are solely payments of principal and interest.

The year-end balances of other financial assets which are subsequently measured at amortised cost approximates their fair value at year-end.

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5. Loans and receivables

	2020 Rm	2019 Rm
Financial assets		
Student Loans	129	123
Provision for credit losses	(114)	(106)
	15	17
Non-financial assets		
Other	1	1
	16	**18**

The current University policy is that all student loans are due within five years from completion of studies or deregistration. The weighted average interest rate applied for student loans was 7.21% (2019: 7.66%).

The fair value of student loans amounts to R13.0m (2019: R12.9m) at year end, discounted at the prime rate of 7% over 5 years.

Credit risk of student loans

To measure the expected credit losses, student loans have been grouped together based on shared credit risk characteristics and days past due.

The expected loss rates are based on the historical payment profiles of loans and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the students to settle the loans.

On that basis, the credit loss allowance as at 31 December 2020 was determined as indicated below for student loans.

As at 31 December 2020, a provision for credit losses of R113.4m (2019: R105.8m) was raised. The provision mainly relates to UP NSFAS loans that have a history of poor recovery as well as students who are experiencing financial difficulties.

Expected credit loss rate: 2020	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Students enrolled for current year	24	18	75%
Students enrolled for previous years (experiencing financial difficulties)	21	11	52%
UP NSFAS loans	84	84	100%
	129	113	

Expected credit loss rate: 2019	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Students enrolled for current year	24	18	75%
Students enrolled for previous years (experiencing financial difficulties)	14	3	23%
UP NSFAS loans	85	85	100%
	123	106	

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Movements in the provision for credit losses are as follows:

	2020 Rm	2019 Rm
Beginning of year	106	95
Provision for credit losses	7	12
Receivables written off during the year	-	(1)
End of year	113	106

All outstanding student loans are secured by two guarantees, with each guarantor earning more that R5000 per month.

6. Inventories

	2020 Rm	2019 Rm
Laboratory and medical	5	2
Stationery	7	7
Technical	15	11
Study materials	-	1
Food	1	1
Other	4	3
	32	**25**

Inventory carried at net realisable value is R nil (2019: R nil). The cost of inventories recognised as an expense and included in 'other operating expenses' amounted to R62,7m (2019: R111,1m).

7. Receivables and prepayments

	2020 Rm	2019 Rm
Financial assets		
Student receivables	492	426
Student receivables – NSFAS	23	27
Provision for credit losses	(214)	(184)
	301	269
Other trade receivables	218	215
Provision for credit losses	(36)	(31)
	182	184
Non-financial assets	25	11
Prepayments	2	22
Payroll debtors	1	-
Other	28	33
	511	**486**

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

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Credit risk of student receivables

To measure the expected credit losses, student receivables have been grouped together based on shared credit risk characteristics and days past due.

The expected loss rates are based on the historical payment profiles of tuition fees and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

As at 31 December 2020, a 91% expected loss rate was applied to student receivables – enrolled for previous years and no expected loss rate was applied to student receivables – enrolled for the current year. All other provisioning is in line with previous years.

On that basis, the credit loss allowance as at 31 December 2020 was determined as indicated below for student receivables.

As at 31 December 2020, a provision for credit losses of R214,1m (2019: R184,3m) was raised. The provision mainly relates to students who are experiencing financial difficulties.

Expected credit loss rate: 2020	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Students receivables – NSFAS	23	-	-
Students receivables – enrolled for current year	257	-	-
Students receivables – enrolled for previous years	235	214	91%
	515	214	

Expected credit loss rate: 2019	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Students receivables – NSFAS	27	-	-
Students receivables – enrolled for current year	228	5	2%
Students receivables – enrolled for previous years	198	179	90%
	453	184	

Movements in the provision for credit losses are as follows:

	2020 Rm	2019 Rm
Beginning of year	184	161
Provision for credit losses	40	35
Receivables written off during the year	(10)	(12)
End of year	214	184

The creation and release of credit losses on student receivables have been included in 'other operating expenses' in the statement of profit or loss. Amounts charged to the statement of profit or loss are generally written off when there is no expectation of recovering any additional amounts. No collateral is held as security.

For additional disclosure of the credit risk relating to student receivables, refer to note 29.1.B.

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Credit risk of other trade receivables

To measure the expected credit losses, other trade receivables have been grouped together based on shared credit risk characteristics and days past due.

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macro-economic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance was determined as follows for other trade receivables:

Expected credit loss rate: 2020	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Current	39	3	8%
1 to 6 moths past due	114	2	1%
6 months + past due	65	32	49%
	218	37	

Expected credit loss rate: 2019	Estimated gross carrying amount at default Rm	Expected credit loss Rm	Percentage expected credit loss %
Current	14	1	7%
1 to 6 moths past due	137	2	1%
6 months + past due	64	28	44%
	215	31	

Movements in the provision for credit losses are as follows:

	2020 Rm	2019 Rm
Beginning of year	31	25
Provision for credit losses	6	8
Receivables written off during the year	(1)	(2)
End of year	36	31

Other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group and a failure to make contractual payments for a period of greater than 120 days past due.

Credit losses on other receivables are presented within ‘other operating expenses’ in the statement of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value. No collateral is held as security.

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8. Cash and cash equivalents

	2020 Rm	2019 Rm
Net cash on hand and at bank	383	338
Short-term investments		
Cash with fund managers	1,978	1,241
Short-term deposits	112	120
	2,090	1,361
	2,473	**1,699**

The weighted average effective interest rate on short-term bank deposits was 5.89% (2019: 7.66%).

Cash balances held by the University of R5.5m (2019: R5.5m) are not available for general use as they are secured as bank guarantees. The carrying amounts of cash and cash equivalent approximate their fair value.

Cash with fund managers includes short-term, highly liquid investments with original maturities of three months or less that are readily convertible and which are subject to an insignificant risk of changes in value.

9. Post-employment benefits

9.1 Defined benefit pension plan

In terms of section 1 of the Income Tax Act of 1962 and registration in terms of the Financial Sector Conduct Authority, the UP Pension Fund is classified as a pension fund. The Fund provides defined benefits payable in a combination of lump sums and pensions on disability, death or retirement. A lump sum is payable on withdrawal. The assets of the UP Pension Fund are held independently of the University's assets in a separate trustee-administered fund. The responsibility for governance of the plan, including investment decisions and contribution schedules, is with the Board of Trustees. The UP Pension Fund is wholly funded and is limited to the existing members. The UP Pension Fund is valued by an independent actuary at least every three years as required by the Pension Fund Act. The latest statutory actuarial valuation was carried out at 31 December 2018. Based on the actuarial valuation the assets of the fund are adequate to cover the liabilities associated with the fund.

The asset allocation between the main asset classes is determined by the Fund's Trustees. The investments within each asset class are managed by external investment managers in diversified investment portfolios.

The Fund ensures that the investment positions are managed within an asset-liability matching framework that has been developed to have long term investments that are in line with the associated obligations. Within this framework, the Fund has invested in equities, bonds (local and international), as well as listed property and fixed interest investments whose maturities will match the obligations as they fall due. The Fund does not make use of derivatives to manage its risk. Investments are well diversified to mitigate associated investment risk. There are no entity-specific or plan-specific risks, other than those detailed below, and no significant concentrations of risk.

Asset volatility:
The plan liability is calculated using a discount rate set with reference to government bond yields. If plan assets perform below this yield, this will create a deficit.

Changes in bond yields:
A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Inflation risk:
The University's pension obligation is linked to inflation and higher inflation will lead to a higher liability. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, therefore an increase in inflation will also increase the obligation.

Life expectancy:
The majority of the plan's obligations are to provide benefits for the life of the member, spouse and dependents, so increases in life expectancy will result in an increase in the plan's liability.

The University accounts for post-employment benefits according to its accounting policy note 14.

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	2020 Rm	2019 Rm
Balance at the end of the year		
Present value of funded obligations	(1,871)	(1,968)
Fair value of plan assets	2,116	2,230
Defined benefit asset recognised	**245**	**262**

The movement in the defined benefit obligation over the year is as follows:

	2020 Rm	2019 Rm
Present value of obligation at the beginning of the period	1,968	1,995
Interest expense	206	195
Current service cost	25	32
Members contributions	11	13
Past service cost	4	18
Benefits paid	(210)	(152)
Remeasurements*	(133)	(133)
Present value of obligation at the end of the period	1,871	1,968

As at the last valuation date, the present value of the defined benefit obligation comprised of approximately R763.7m (2019: R822.3m) relating to active employees, R1,084.3m (2019: R1,075.6m) relating to pensioners and R22.6m (2019: R69.8m) relating to the notional pensioner account.

*Re-measurements on the obligation are made up of the following:

	2020 Rm	2019 Rm
Gains from change in financial assumptions	(39)	(100)
Experience (gains)	(94)	(33)
	(133)	(133)

The movement in the fair value of plan assets over the year is as follows:

	2020 Rm	2019 Rm
Fair value of plan assets at the beginning of the period	2,230	2,178
Interest income	234	212
Member contributions	11	13
Employer contributions	23	25
Benefits paid	(210)	(152)
Remeasurements: return on plan assets (excluding amounts included in interest income)	(172)	(46)
Fair value of plan assets at the end of the period	2,116	2,230

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The amounts recognised in the statement of profit or loss and the statement of comprehensive income are as follows:

	2020 Rm	2019 Rm
Current service cost	25	32
Past service cost	4	18
Interest expense	206	195
Interest income	(234)	(212)
Remeasurements on the obligation	(133)	(133)
Remeasurements on the plan assets	172	46
	(40)	(54)
In profit or loss:		
Net interest (income) on defined benefit plan	(28)	(17)
Personnel costs: Current service costs	25	32
In other comprehensive income:		
Remeasurements on defined benefit plan	39	(87)
Past service costs	4	18
	(40)	(54)

The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	12.7%	10.9%
Pension increase rate	6.0%	6.0%
Inflation rate	6.0%	6.0%
Salary inflation at age 35	9.5%	9.5%
Salary inflation at age 40	9.0%	9.0%
Salary inflation at age 45	8.5%	8.5%
Salary inflation at age 60	7.0%	7.0%
Number of employees who are members of the UP Pension Fund	162	181
Number of pensioners of the UP Pension Fund	675	670
Post-retirement mortality – tables	PA(90)	PA(90)

The asset allocation of the plan assets as at the valuation date is as follows:

	2020 %	2019 %
SA Equity	8.2	22.5
SA Bonds	59.0	35.8
Listed property, cash and cash equivalents and other	5.7	11.9
International Equity	27.1	29.8

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Sensitivity analysis

The defined benefit obligation would be affected by changes in the following actuarial assumptions:

	Change in assumption	Increase assumption	Decrease assumption
Discount rate	1%	Decrease by 9.0%	Increase by 10.6%
Salary growth	1%	Increase by 1.6%	Decrease by 1.5%
Pension growth	1%	Increase by 7.7%	Decrease by 3.5%
		2 years older	**2 years younger**
Post retirement mortality assumption		Decrease by 1.8%	Increase by 4.3%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the pension liability recognised within the statement of financial position.

Estimated employer contributions to be paid for the financial year ending 31 December 2021 is expected to be R23.3m.

There are no special funding arrangements that will affect future contributions.

The weighted average duration of the defined benefit obligation is estimated at 13.0 years.

9.2 Defined Benefit Medical Plan

The University of Pretoria operates one post-employment medical benefit scheme. In accordance with the existing personnel practice, the Council has undertaken to make certain medical fund contributions on behalf of retired staff and future retirees. The fund is not open to employees joining the University after 1 August 2002. The method of accounting and the frequency of valuations are similar to those used for defined benefit pension schemes. The responsibility for governance of the plan, including investment and contribution schedules, is with the University.

The asset allocation between the main asset classes is determined by the Investment Committee of Council. The investments within each asset class are managed by external investment managers in diversified investment portfolios.

The Fund ensures that the investment positions are managed within an asset-liability matching framework that has been developed to have long term investments that are in line with the associated obligations. Within this framework, the Plan has invested in equities, bonds (local and international) as well as fixed interest investments whose maturities will match the obligations as they fall due. The Plan does not make use of derivatives to manage its risk. Investments are well diversified to mitigate associated investment risk. There are no entity-specific or plan-specific risks, other than those detailed below, and no significant concentrations of risk.

Asset volatility:
The plan liability is calculated using a discount rate set with reference to government bond yields. If plan assets perform below this yield, this will create a deficit.

Changes in bond yields:
A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the Plan's bond holdings.

Inflation risk:
The University's medical obligation is linked to inflation, and higher inflation will lead to a higher liability. The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with inflation, meaning that an increase in inflation will also increase the obligation.

Life expectancy:
The majority of the plan's obligation is to provide benefits for the life of the member, spouse and dependents, so increases in life expectancy will result in an increase in the plan's liability.

The University accounts for post-employment benefits according to its accounting policy note 14.

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Balance at the end of the year:

	2020 Rm	2019 Rm
Present value of funded obligations	(1,223)	(1,244)
Fair value of plan assets	1,447	1,501
Defined benefit asset recognised	224	257

The movement in the defined benefit obligation over the year is as follows:

	2020 Rm	2019 Rm
Present value of obligation at the beginning of the period	1,244	1,248
Interest expense	121	122
Current service cost	15	17
Benefits paid	(89)	(82)
Remeasurements*	(68)	(61)
Present value of obligation at the end of the period	1,223	1,244

As at the last valuation date, the present value of the defined benefit obligation comprised of approximately R337.8m (2019: R359.9m) relating to active employees and approximately R885.1m (2019: R884.2m) relating to pensioners.

*** Remeasurements on the obligation are made up of the following:**

	2020 Rm	2019 Rm
(Gains) from change in financial assumptions	(79)	(62)
Losses from change in demographic assumptions	11	1
	(68)	(61)

The movement in the fair value of plan assets over the year is as follows:

	2020 Rm	2019 Rm
Fair value of plan assets at the beginning of the period	1,501	1,433
Interest income	150	145
Benefits paid	(89)	(82)
Remeasurements: Return on plan assets (excluding amounts included in interest income)	(116)	5
Fair value of plan assets at the end of the period	1,446	1,501

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The amounts recognised in the statement of profit or loss and the statement of comprehensive income are as follows:

	2020 Rm	2019 Rm
Current service cost	15	17
Interest expense	121	122
Interest income	(150)	(145)
Re-measurements on the obligation	(68)	(61)
Re-measurements on the plan assets	116	(5)
	34	(72)
In profit or loss:		
Net interest (income) on defined benefit plan	(29)	(23)
Personnel costs: Current service costs	15	17
In other comprehensive income:		
Re-measurements on defined benefit plan	48	(66)
	34	(72)

The principal actuarial assumptions used were as follows:

	2020	2019
Medical cost inflation	9.3%	8.1%
Discount rate	11.6%	10.0%
Members – active	561	599
Members – pensioner	1,261	1,250
Retirement age	65 years	65 years

Mortality rate

Pre-retirement mortality

	2020	2019
Males	SA 72-77	SA 72-77
Females (Rated down by 3 years)	SA 72-77	SA 72-77

Post-retirement mortality

	2020	2019
Males (Rated down by 1 year)	PA (90)	PA (90)
Females (Rated down by 1 year)	PA (90)	PA (90)

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Rate of ill-health early retirement

	2020	2019
Rate of ill-health early retirement	40% (SA 56-62)	40% (SA 56-62)

Mortality for ill-health retirements = a normal pensioner 10 years older

The asset allocation of the plan assets as at the valuation date is as follows:

	2020 %	2019 %
SA Equity	14.5%	16.2%
SA Bonds	52.4%	51.2%
International Equity	33.1%	32.6%

The defined benefit obligation would be affected by changes in the following actuarial assumptions:

	Change in assumption	Increase assumption	Decrease assumption
Discount rate	1%	Decrease by 8.6%	Increase by 10.1%
Healthcare cost inflation	1%	Increase by 9.8%	Decrease by 8.5%

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the medical liability recognised within the statement of financial position.

There are no special funding arrangements that will affect future contributions.

Expected employer contributions to post employment medical benefits plans for the year ending 31 December 2021 is R14.0m.

The discounted weighted average duration of the defined benefit obligation is estimated at 11.2 years.

9.3 Defined contribution provident plan

In terms of section 1 of the Income Tax Act of 1962 and registration in terms of the Financial Sector Conduct Authority, the UP Provident Fund is classified as a provident fund. The Fund provides lump sum payments to members on retirement, retrenchment and withdrawal. The benefits payable on retirement, retrenchment and withdrawal are defined contribution benefits. The Fund also provides lump sum benefits payable as lifelong pensions on death and recognised disability. The benefits payable on death and on recognised disability are defined benefits. The University of Pretoria Provident Fund is a defined contribution plan but it also contains a defined benefit component. The responsibility for governance of the Fund, including investment and contribution schedules, is with the Board of Trustees. During 2019, the University established an alternative benefit structure (retirement funding and risk benefits) for employees to adopt on a voluntary basis. Staff were afforded a once-off opportunity to join the FundsAtWork (FAW) Umbrella Provident Fund. The FAW Umbrella Fund is a "defined contribution" fund.

The assets of the UP Provident Fund are held independently of the University's assets in a separate trustee-administered fund. The UP Provident Fund is valued by an independent actuary at least every three years as required by the Pension Fund Act. The latest statutory actuarial valuation was carried out at 31 December 2018. Based on the actuarial valuation the assets of the fund are adequate to cover the liabilities associated with the fund.

The asset allocation between the main asset classes is determined by the Fund's Trustees. The investments within each asset class are managed by external investment managers in diversified investment portfolios.

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The Fund ensures that the investment positions are managed within an asset-liability matching framework that has been developed to achieve long term investments that are in line with the associated obligations. Within this framework, the Fund has invested in equities, bonds (local and international) as well as listed property and fixed interest investments whose maturities will match the obligations as they fall due. The Fund does not make use of derivatives to manage its risk. Investments are well diversified to mitigate associated investment risk. There are no entity-specific or plan-specific risks, other than those detailed below, and no significant concentrations of risk.

Asset volatility:
The plan liability is calculated using a discount rate set with reference to government bond yields. If plan assets perform below this yield, this will create a deficit.

Changes in bond yields:
A decrease in government bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings."

Inflation risk:
The University's pension obligation is linked to inflation, and higher inflation will lead to a higher liability. The majority of the plan's assets are either unaffected by fixed (interest bonds) or loosely correlated with inflation, meaning that an increase in inflation will also increase the obligation.

Life expectancy:
The majority of the plan's obligation is to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability. "

The University accounts for post-employment benefits according to its accounting policy note 14.

Balance at the end of the year:

	2020 Rm	2019 Rm
Present value of funded obligations	(3,376)	(3,959)
Fair value of plan assets	3,386	3,959
Defined benefit asset recognised	10	-

The movement in the defined benefit obligation over the year is as follows:

	2020 Rm	2019 Rm
Present value of obligation at the beginning of the period	3,959	3,545
Interest expense	382	353
Current service cost	285	334
Member contributions – transfer values	28	20
Benefits paid*	(1,036)	(319)
Remeasurements**	(242)	26
Present value of obligation at the end of the period	3,376	3,959

As at the last valuation date, the present value of the defined benefit obligation comprised of approximately R2,984.7m (2019: R3,595.4m) relating to active employees, approximately R247.1m (2019: R263.4m) relating to pensioners, approximately R54.4m (2019: R55.0m) relating to reserves and approximately R89.3m (2019: R44.7m) relating to the notional pensioner account.

* Benefits paid includes R695.0m which was transferred out of the Fund through Section 14 transfers to the FundsAtWork umbrella provident fund during the valuation period. This was in respect of members who elected to join the umbrella fund retirement option made available by the University.

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****Remeasurements on the obligation are made up of the following:**

	2020 Rm	2019 Rm
Experience adjustments	(242)	26
	(242)	26

The movement in the fair value of plan assets over the year is as follows:

	2020 Rm	2019 Rm
Fair value of plan assets at the beginning of the period	3,959	3,545
Interest income	382	353
Employer contributions	155	182
Member contributions	129	152
Member contributions – transfer values	28	20
Benefits paid*	(1,036)	(319)
Re-measurements: Return on plan assets (excluding amounts included in interest income)	(231)	26
Fair value of plan assets at the end of the period	3,386	3,959

The amounts recognised in the statement of profit or loss and the statement of comprehensive income are as follows:

	2020 Rm	2019 Rm
Current service cost	285	334
Interest expense	382	353
Interest income	(382)	(353)
Remeasurements on obligation	(242)	26
Remeasurements on plan assets	231	(26)
	274	334
In profit or loss:		
Personnel costs: Current service costs	285	334
In other comprehensive income:		
Remeasurements on defined benefit plan	(11)	-
	274	334

The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	11.9%	10.6%
Pension increase rate	6.0%	6.0%
Inflation rate	6.0%	6.0%
Number of employees who are members of the UP Provident Fund	3 302	4 538
Number of pensioners of the UP Provident Fund	308	296
Post-retirement mortality tables (-1 year plus mortality improvements of 0,5% from 2007)	PA(90)	PA(90)

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The asset allocation of the plan assets as at the valuation date are as follows:

	2020 %	2019 %
SA Equity	27.7%	28.4%
SA Bonds	17.4%	17.7%
Listed property, cash and cash equivalents and other	31.9%	28.2%
International Equity	23.0%	25.7%

The defined benefit obligation would be affected by changes in the following actuarial assumptions:

	Change in assumption	Increase assumption	Decrease assumption
Discount rate	1%	No effect	No effect
Pension growth	1%	No effect	No effect
		2 years older	**2 years younger**
Post retirement mortality assumption		No effect	No effect

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit calculated with the projected unit credit method at the end of the reporting period) has been applied when calculating the provident liability recognised within the statement of financial position.

Estimated employer contributions to be paid for the financial year ending 31 December 2021 is R168,5m.

The University has approved annual increases, effective 1 April 2017, in contributions to the provident fund of 1% (0,5% contribution by the University and 0,5% contribution by employees) for a period of 5 years. Employees were requested to take up this option on or before 28 February 2017. The total increase in contribution, phased in over 5 years will therefore be 5% per employee.

The weighted average duration of the defined benefit obligation is estimated at 11.75 years.

9.4 Group life assurance liability

The University provides an insured group life benefit of 4 times annual salary for all employees, payable on the death of the employee. When an employee retires, he/she can elect to remain on the scheme from retirement up to age 70 years. The post retirement benefit remains at 4 times annual salary until age 65. Between age 65 and 70, the benefit however reduces to 1 times annual salary. The employer pays 75% of the scheme premium and the employee pays 25%.

There are no entity-specific or plan-specific risks, other than those detailed below, and no significant concentrations of risk.

Inflation risk:
The University's obligation is linked to inflation, and higher inflation will lead to a higher liability.

Life expectancy:
The majority of the obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liability.

The University accounts for post-employment benefits according to its accounting policy note 14.

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Balance at the end of the year:

	2020 Rm	2019 Rm
Present value of funded obligations	40	42
Investments designated to cover Group life assurance liability	(40)	(42)
Net obligation	-	-

The University designates investments to the full value of the present value of the obligation at 31 December (refer note 4).

The movement in the defined benefit obligation over the year is as follows:

	2020 Rm	2019 Rm
Present value of obligation at the beginning of the period	42	39
Interest expense	4	4
Current service cost	3	3
Benefits paid	(2)	(2)
Remeasurements on obligation *	(7)	(2)
Present value of obligation at the end of the period	40	42

As at the last valuation date, the present value of the obligation comprised of approximately R29.1m (2019: R31.0m) relating to active employees and R10.5m (2019: R10.9m) relating to retired employees.

***Re-measurements on the obligation are made up of the following:**

	2020 Rm	2019 Rm
(Gains) from change in financial assumptions	(5)	(1)
Experience (gains)	(2)	(1)
	(7)	(2)

The amounts recognised in the statement of profit or loss and the statement of comprehensive income are as follows:

	2020 Rm	2019 Rm
Employer contribution	3	3
Interest expense	4	4
Re-measurements on the obligation	(7)	(2)
	-	5
In profit or loss:		
Net interest expense	4	4
Personnel costs: Current service costs	3	3
In other comprehensive income:		
Remeasurements on obligation	(7)	(2)
	-	5

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The principal actuarial assumptions used were as follows:

	2020	2019
Discount rate	12.0%	10.4%
Pension increase rate	6.0%	6.0%
Inflation rate	6.0%	6.0%
Salary inflation at age 35	9.5%	9.5%
Salary inflation at age 40	9.0%	9.0%
Salary inflation at age 45	8.5%	8.5%
Salary inflation at age 65	7.0%	7.0%
Number of employees who are expected to take up the GLA benefit	5 017	5 036
Number of retirees	446	436
Post-retirement mortality tables	PA(90)	PA(90)

The group life assurance obligation would be affected by changes in the following actuarial assumptions:

	Change in assumption	Increase assumption	Decrease assumption
Interest rate	1%	Decrease by 7.1%	Increase by 8.1%
Premium rate	10%	Increase by 10%	Decrease by 10%

Reducing the resignation rate assumption by 50% results in an increase to the obligation of 4.5%.

The above sensitivity analyses are based on a change in one assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

Estimated employer contributions to be paid for the financial year ending 31 December 2021 is R2.8m.

The weighted average duration of the defined benefit obligation is estimated at 12.0 years.

9.5 Fair value of post-employment benefit obligation

The following table analyses the obligation on post-employment benefits carried at fair value by valuation method. The different levels have been defined as follows:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1). Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2). Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

	Level 1 Rm	Level 2 Rm	Level 3 Rm	Total 2020 Rm
Post-employment benefit obligation	**-**	**-**	**(6,509)**	**(6,509)**
Pension plan obligation	-	-	(1,870)	(1,870)
Medical plan obligation	-	-	(1,223)	(1,223)
Group life assurance obligation	-	-	(40)	(40)
Provident plan obligation	-	-	(3,376)	(3,376)

The present value of the defined benefit calculated with the projected unit credit method at the end of the reporting period has been applied when calculating the pension, medical, provident and group life liabilities recognised within the statement of financial position.

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The following table outlines the effect of unobservable inputs on the fair value of the post-employment benefit obligations:

Description	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationships of unobservable inputs to fair value
Pension plan obligation	Projected unit credit method	Discount rate	12.7% per annum (13-year Government bond)	The higher the discount rate, the lower the obligation
		Inflation rate	6.0% per annum	The higher the inflation rate, the higher the obligation
		Salary increase rate	7.0% per annum	The higher the salary growth, the higher the obligation
		Pension increase rate	6.0% per annum	The higher the pension growth, the higher the obligation
		Duration of the fund obligation	Estimated at 13 years	The higher the duration of the fund liabilities, the lower the obligation
Post-employment medical plan obligation	Projected unit credit method	Discount rate	11.6% per annum	The higher the discount rate, the lower the obligation
		Medical cost inflation	9.3% per annum	The higher the inflation rate, the higher the obligation
		Duration of the fund obligation	Estimated at 11.2 years	The higher the duration of the fund liabilities, the lower the obligation
Provident plan obligation	Projected unit credit method	Discount rate	11.9% per annum (11.75-year Government bond)	The higher the discount rate, the lower the obligation
		Inflation rate	6.0% per annum	The higher the inflation rate, the higher the obligation
		Pension increase rate	6.0% per annum	The higher the pension growth, the higher the obligation
		Duration of the fund obligation	Estimated at 11.75 years	The higher the duration of the fund liabilities, the lower the obligation
Group life assurance obligation	Projected unit credit method	Discount rate	12.0% per annum	The higher the discount rate, the lower the obligation
		Inflation rate	6.0% per annum	The higher the inflation rate, the higher the obligation
		Salary increase rate	7.0% per annum	The higher the salary growth, the higher the obligation

10. Lease liabilities

	2020 Rm	2019 Rm
Non-current liabilities	1	-
Current liabilities	2	4
	3	4

It is group policy to lease office equipment under leases. The average lease term is two to three years for office equipment and the average effective borrowing rate is 9.0%.

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11. Trade payables, accruals and other liabilities

	2020 Rm	2019 Rm
Financial liabilities	307	364
Trade payables	163	174
Accrued expenses	470	538
Non-financial liabilities	10	9
Leave with gratuity value	277	213
Non-accumulative leave	3	3
Bonus accrual	3	1
SARS	22	21
Department of Health: Joint appointments	6	2
Deposits held in custody for others	321	249
	791	**787**

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Leave accrual

Members of staff with leave with gratuity value to their credit at the end of 2006 had a choice of either disbursing the accumulated leave (as at 31 December 2006) to them at the end of March 2007 or to retain such leave credits in the system at the value as determined above. Leave credits retained will be disbursed to the relative staff member upon termination of service or on request at any time after March 2007, at the value as at 31 December 2006. As it is difficult to predict which portion of the liability will be disbursed to staff in future periods, the total accrual is treated as current.

The portion of non-accumulative leave that is not used within a period of twelve months, expires at the end of the period. For this reason, the non-accumulative leave is treated as current.

Due to COVID-19 the University extended the leave forfeiture period by a further three months limited to a maximum of 20% of each employee's leave balance.

12. Deferred income

	Asset Grants Rm	Other Grants Rm	2020 Rm	2019 Rm
At 1 January	1,506	808	2,314	2,007
Deferred:				
Income received during the year	169	823	992	1,067
Income recognised during the year	(15)	(732)	(747)	(760)
As at 31 December	**1,660**	**899**	**2,559**	**2,314**
Current	15	899	914	820
Non-current	1,645	-	1,645	1,494
	1,660	**899**	**2,559**	**2,314**

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Asset grant income
Grants relating to infrastructure are received in advance. Once the infrastructure is complete and "ready for use" the grant is recognised as income over the expected useful life of the asset. The balance is recognised as deferred income in the statement of financial position.

Other grant income
The group recognises grants received to compensate for expenses incurred, as income. These grants are subject to different requirements and are recognised over a period per the terms of the grant. The recognition of this income is limited to the expenses incurred. The balance is recognised as deferred income in the statement of financial position.

13. Contract liabilities

	Contractual Income Rm	Tuition Income Rm	Total 2020 Rm	Total 2019 Rm
At 1 January	71	52	123	85
Deferred:				
Income received during the year	101	114	215	150
Income recognised during the year	(66)	(38)	(104)	(112)
As at 31 December	**106**	**128**	**234**	**123**

Commercial contract income is recognised when the performance obligations have been met in the financial period in which the service is rendered. If the services rendered exceed the payments, a contract asset is recognised. If the payment exceeds the services rendered, a contract liability is recognised.

Tuition fee income is recognised over a period of time, based on services rendered as a percentage of total services to be rendered. If at the end of the annual financial year performance obligations remain outstanding a contract liability is recognised for any consideration received for such services.

Transaction price allocated to:

The aggregate amount of the transaction price allocated to long-term contracts with customers, that are partially fulfilled at the end of the accounting period, is expected to be fulfilled during the following financial years:

	2020 Rm	2019 Rm
Transaction price allocated to:		
2020	-	61
2021	215	61
2022	6	1
2023	13	-
	234	**123**

14. Student credits and deposits

	2020 Rm	2019 Rm
Students enrolled for current year	237	203
Students enrolled for previous years	111	88
Student deposits	1	1
Other deposits	2	-
	351	**292**

Refer to note 29.1 for an analyses of student credits and deposits into relevant maturity groupings based on the remaining period.

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15. Agency funds

	2020 Rm	2019 Rm
Estate funds	13	16
SRC Club Assets	7	5
External bursaries	28	22
DHET monitoring and evaluation funds	43	33
Other	6	5
	97	**81**

16. Revenue

The group disaggregates the revenue from customers as follows:

16.1 State appropriations – subsidies and grants

	2020 Rm	2019 Rm
Subsidy – Block grant	2,795	2,604
Veterinary Sciences grant	169	160
Foundation grant	20	20
Clinical Training grant	81	61
University Capacity Development grant	28	23
nGap Lecturer grant	17	10
	3,110	**2,878**

The total amount of state subsidies deferred during the year was R89.9m (2019: R109.6m). State appropriations – subsidies and grants received by the University are accounted for as grants related to income.

16.2 Tuition fee income

	2020 Rm	2019 Rm
Tuition fee income		
Undergraduate	1,562	1,550
Postgraduate	299	297
	1,861	1847
Accommodation and food income	421	539
	2,282	2,386

The sector was limited to a 5.4% increase in tuition fees and a 7.4% increase in accommodation fees for 2020.

As a result of COVID-19 the University granted a rebate on tuition and accommodation fees. Many students also cancelled accommodation placements during 2020 as a result of the pandemic.

Bursaries amounting to R128.8m were offset against tuition fee income. In prior periods these costs were included in other operating expenses (2019: R128.3m). Total bursaries and loans awarded, controlled and administered by the University, on behalf of third parties and the University amounts to R1,868m (2019: R1,667m). The prior year was not restated as it was not considered material.

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16.3 Income from contracts and services

	2020 Rm	2019 Rm
Training services	252	214
Research services	722	629
Other services	277	578
	1,251	**1,421**

16.4 Donations and gifts

	2020 Rm	2019 Rm
Donations and gifts received from external parties	**201**	**216**

16.5 Timing of revenue recognition

	2020 Rm	2019 Rm
At a point in time	224	297
Over a period of time	6,620	6,603
	6,844	**6,900**

17. Interest and dividends

	2020 Rm	2019 Rm
Interest income	150	174
Dividend income	172	172
	322	**346**

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18. Net interest income on defined benefit/contribution plans

	2020 Rm	2019 Rm
Defined benefit pension plan		
Interest expense	206	195
Interest (income)	(234)	(212)
Net interest (income)	(28)	(17)
Post-employment medical plan		
Interest expense	121	122
Interest (income)	(150)	(145)
Net interest (income)	(29)	(23)
Defined contribution provident plan		
Interest expense	382	353
Interest (income)	(382)	(353)
Net interest (income)	-	-
Group life assurance scheme		
Interest expense	4	4
Net interest expense	4	4
Net interest (income) recognised in the statement of profit or loss	**(53)**	**(36)**

19. Net fair value gains/(losses) on financial assets

Amounts reported in profit or loss and other comprehensive income are as follows:

	2020 Rm	2019 Rm
Statement of profit or loss:		
Net fair value gains/(losses) on financial assets	71	78
	71	**78**
Other comprehensive income:		
Net fair value gains/(losses) on financial assets	787	1,156
	787	**1,156**

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20. Personnel costs

	2020 Rm	2019 Rm
Salaries and wages	3,685	3,413
Current service costs: defined benefit pension plan (note 9.1)	29	32
Current service costs: defined benefit medical plan (note 9.2)	15	17
Current service costs: defined contribution provident plan (note 9.3)	285	334
Current service costs: group life assurance scheme (note 9.4)	4	3
	4,018	**3,799**
Personnel costs	3,952	3,778
Non-accumulative leave accrual	66	21
	4,018	**3,799**

The number of persons employed by the University on 31 December is:

	2020	2019
Full-time	6,377	6,409
Part-time (more than 15 hours per week)	373	428
Joint appointments – Full-time	442	465
Joint appointments – Part-time (more than 15 hours per week)	11	11
	7,203	7,313

21. Other operating expenses

The following items have been included in other operating expenses:

	2020 Rm	2019 Rm
Auditor's remuneration		
– as auditor	8	7
– other	3	7
Bad debts	56	50
Consultants	123	138
Consumables	32	35
Foreign exchange differences	2	1
Inventory expensed during the year	63	111
IT related expenditure	169	211
Library material and online educational resources*	111	-
Municipal charges – rates, taxes water and electricity	192	210
Repairs and maintenance	169	172
Research expenses	74	75
Travel and subsistence	43	161

* Library material was previously capitalised and depreciated in the year of acquisition, see accounting policy note 6.

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22. Contingent liabilities

22.1 Legal actions

Management are not aware of any ongoing significant legal matters.

23. Contractual obligations in respect of expenses

The following commitments existed on 31 December in respect of contracts concluded and orders placed:

	2020 Rm	2019 Rm
Buildings	88	91
Operating expenditure, including movable assets	74	64

24. Cash generated from operations

	2020 Rm	2019 Rm
Reconciliation of surplus to cash generated from operations:		
Surplus before tax	1,017	588
Adjustments for:		
Depreciation	229	313
Amortisation	8	6
Net interest income on defined benefit/contribution plans	(53)	(36)
Current service cost on defined benefit/contribution plans	328	386
Past service cost on defined benefit/contribution plans	5	18
Contributions on defined benefit/contribution plans	(308)	(359)
Benefits paid on group life liability	(3)	(2)
Loss on disposal of property, plant and equipment	5	9
Dividend income	(172)	(172)
Interest income	(150)	(173)
Finance expense	-	1
Fair value adjustment on investments	(71)	(78)
Changes in working capital	403	454
Decrease/ (Increase) in trade and other receivables	(24)	16
Decrease in non-current loans and receivables	1	31
(Increase) in inventories	(7)	(1)
(Increase) in contract assets	-	-
Increase in trade and other payables and other liabilities	417	393
Increase in agency funds	16	15
Cash generated from operations	**1,238**	**955**

* See note 31 for details regarding the restatement of fair value gains/losses and accounting policy notes 2.4 and 8 regarding the recognition of gains/losses from equity investments.

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25. Related parties

25.1 Key management personnel

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

- University Council members; and
- Management, comprising the Executive, Deans of faculties, Directors of professional service departments and Directors of subsidiaries.

Compensation paid to key management and members of Council

	Members of Council Rm	Management Rm	2020 Rm	2019 Rm
Salaries and other short-term employee benefits	1	98	99	97
Post-employment benefits	-	9	9	8

25.2 Subsidiaries

The University of Pretoria controls and owns 100% of the shares of the following companies:
- Enterprises University of Pretoria (Pty) Ltd
- Marti TB Diagnostics (Pty) Ltd
- Stratoscience (Pty) Ltd (dormant)
- TuksSport (Pty) Ltd
- University of Pretoria Clinical Services (Pty) Ltd
- Venture Laboratories (Pty) Ltd (dormant)

The University of Pretoria controls and owns 27.22% of the shares of Insiava (Pty) Ltd.

The University of Pretoria owns 50% of the shares of SERA (Pty) Ltd.

The University of Pretoria is the sole beneficiary of the following Trusts:
- Arts Centre Foundation Trust
- Eduardo Villa Trust
- Enterprises @ University of Pretoria Trust (dormant)
- Gauteng Software Incubator Trust (dormant)
- Tuks FM Trust (deregistered on 17 March 2021)

The University of Pretoria controls the following Non-Profit entities:
- Nuclear Medicine Research Infrastructure NPC
- The Gordon Institute of Business Science (dormant)
- The National Exotic Leather Cluster (SA)
- TuksSport Study Centre
- TuksNovation

The University of Pretoria controls 100% of the University of Pretoria Foundation – Delaware (USA).

Enterprises University of Pretoria (Pty) Ltd owns the following shareholding:
- 30% in Bookmark at UP (Pty) Ltd
- 100% in Medical Services (Pty) Ltd (dormant)

TuksSport (Pty) Ltd owns 100% of the shares of the following companies:
- Play 4 Sport (Pty) Ltd (dormant)
- TS Soccer (Pty) Ltd

SERA (Pty) Ltd owns 50% of the shares of the following company:
- SERA Fund Managers (Pty) Ltd (dormant)

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25.3 Post-employment contribution/benefit plans
- University of Pretoria Pension Fund
- University of Pretoria Post-employment Medical Benefit Fund
- University of Pretoria Provident Fund
- FundsAtWork Umbrella Provident Fund
- University of Pretoria Post Retirement Group Life Assurance Fund

25.4 Transactions with related parties
No transactions other than loans, lease of offices, administration fees and management contracts have taken place between the University of Pretoria and its subsidiaries. All inter-group transactions were eliminated on consolidation.

	2020 Rm	2019 Rm
The following transactions were carried out with related parties:		
Income received from subsidiaries/trusts:		
Administration and other fee income	5	6
Rental	5	5
Distributions	25	38
Expenses paid to subsidiaries/trusts:		
Administration and other expenses	11	16
Employer contributions paid to:		
University of Pretoria Provident Fund	155	182
University of Pretoria Pension Fund	23	24
Amounts receivable at year end:		
Associates		
Insiava (Pty) Ltd	1	1
Subsidiaries		
Enterprises University of Pretoria (Pty) Ltd	-	1
TuksSport (Pty) Ltd	13	10
Amounts payable at year end:		
Subsidiaries		
Enterprises University of Pretoria (Pty) Ltd	3	1
TuksSport (Pty) Ltd	7	11
Loan accounts:		
Associates		
Insiava (Pty) Ltd	16	61
SERA (Pty) Ltd (Associate)	18	18
Subsidiaries		
Marti TB Diagnostics (Pty) Ltd	3	3
TS Soccer (Pty) Ltd	21	17
TuksSport (Pty) Ltd	30	22
Provision for impairment:		
Associates		
Insiava (Pty) Ltd	16	61
SERA (Pty) Ltd (Associate)	18	18
Subsidiaries		
Marti TB Diagnostics (Pty) Ltd	3	3
TuksSport (Pty) Ltd (Subsidiary)	52	39

The loans are unsecured, bear no interest and do not have defined repayment terms. An amount of R44,9m owing by Insiava (Pty) Ltd was written-off during the year due to termination of a licence agreement as the company was unable to exploit the commercialisation of the licenced technology.

University of Pretoria and its subsidiaries
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26. Investment in associate companies

	2020 R	2019 R
Shares at cost		
SERA (Pty) Ltd – Unlisted	50	50
Bookmark at UP (Pty) Ltd – Unlisted	429	429
Insiava (Pty) Ltd – Unlisted	5.000.750	5.000.750
Share of accumulated profit/(loss) since acquisition		
SERA (Pty) Ltd – Unlisted	(50)	(50)
Bookmark at UP (Pty) Ltd – Unlisted	1,812,285	2,891,741
	1,812,235	2,891,691

The group's share of losses in Insiava (Pty) Ltd exceeds its interest in the associate (including unsecured receivables). The group does not recognise further losses.

	Percentage Holding		Number of shares held	
	2020	2019	2020	2019
SERA (Pty) Ltd – Unlisted	50%	50%	50	50
Bookmark at UP (Pty) Ltd – Unlisted	30%	30%	429	429
Insiava (Pty) Ltd – Unlisted	27%	27%	100,915	100,915

- The University's interests in Bookmark at UP (Pty) Ltd is accounted for using the equity method.
- The University has significant influence but not control over the SERA (Pty) Ltd.

The aggregate assets, liabilities and results of operations of associate companies for the financial year ended 31 December 2020 are summarised as follows:

	Insiava (Pty) Ltd* Rm	SERA (Pty) Ltd** Rm	Bookmark at UP (Pty) Ltd*** Rm	2020 Rm
Total assets	3	2	3	8
Total liabilities	23	(18)	1	6
Revenue	-	-	4	5
(Loss) or Profit/Total comprehensive income from continuing operations	(2)	-	-	(2)

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The aggregate assets, liabilities and results of operations of associate companies for the financial year ended 31 December 2019 are summarised as follows:

	Insiava (Pty) Ltd* Rm	SERA (Pty) Ltd** Rm	Bookmark at UP (Pty) Ltd*** Rm	2019 Rm
Total assets	17	2	4	23
Total liabilities	36	(18)	-	18
Revenue	1	-	7	8
(Loss) or Profit/Total comprehensive income from continuing operations	(2)	-	-	(2)

* The financial year-end of Insiava (Pty) Ltd is 31 December. Results indicated above are based on audited financial statements for the year ended 31 December 2020.

** The financial year-end of SERA (Pty) Ltd is 31 March. Results indicated above are based on unaudited financial statements for the year ended 31 March 2020.

*** The financial year-end of Bookmark (Pty) Ltd is 30 September. Results indicated above are based on financial statements for the year ended 30 September 2020.

27. Financial assets and financial liabilities by category

	Loans and receivables Rm	Investments at amortised cost Rm	Investments at fair value through P&L Rm	Investments at fair value through OCI Rm	Total Rm
31 December 2020					
Assets as per statement of financial position					
Investments (refer note 4)*	-	3	1,226	11,117	12,346
Non-current loans and receivables (refer note 5)**	16	-	-	-	16
Trade and other receivables (refer note 7)**	482	-	-	-	482
Cash and cash equivalents (refer note 8)**	2,473	-	-	-	2,473
Total	**2,971**	**3**	**1,226**	**11,117**	**15,317**

	Financial liabilities at amortised cost Rm	Total Rm
Liabilities as per statement of financial position		
Lease liabilities (refer to note 10)**	3	3
Trade payables, accruals and other liabilities (refer note 11)**	470	470
Student credits and deposits (refer to note 14)**	352	352
Agency funds (refer to note 15)**	97	97
Total	**922**	**922**

Level in fair value hierarchy:
* Levels 1, 2 and 3
** Level 3

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	Loans and receivables Rm	Investments at amortised cost Rm	Investments at fair value through P&L Rm	Investments at fair value through OCI Rm	Total Rm
31 December 2019					
Assets as per statement of financial position					
Investments (refer note 4)*	-	-	1,009	10,119	11,128
Non-current loans and receivables (refer note 5)**	17	-	-	-	17
Trade and other receivables (refer note 7)**	453	-	-	-	453
Cash and cash equivalents (refer note 8)**	1,699	-	-	-	1,699
Total	2,169	-	1,009	10,119	13,297

	Financial liabilities at amortised cost Rm	Total Rm
Liabilities as per statement of financial position		
Lease liabilities (refer to note 10)**	4	4
Trade payables, accruals and other liabilities (refer note 11)**	538	538
Student credits and deposits (refer to note 14)**	293	293
Agency funds (refer to note 15)**	81	81
Total	916	916

Level in fair value hierarchy:
* Levels 1, 2 and 3
** Level 3

28. Credit quality of financial assets

	2020 Rm	2019 Rm
Cash at bank and short-term deposits		
Fitch Ratings or equivalent: F1+	2,473	1,699
Total cash and cash equivalents (refer note 8)	**2,473**	**1,699**

	2020 Rm	2019 Rm
Listed bonds and other		
Government	30	32
AAA (Non-Government)	15	69
AA	310	226
A	399	362
BBB	89	84
BB	109	143
B	78	38
Unrated	12	20
Total bonds and other (refer note 4.2)	**1,042**	**974**

Bonds are placed with Ninety One, Coronation Fund Managers and Futuregrowth Asset Management, and consist of South African government, parastatal, corporate and inflation-linked bonds, as well as infrastructure and development bonds.

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29. Risk management

The group is exposed to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), capital risk, credit risk and liquidity risk.

A Risk Management Committee, comprising members of the Executive Committee, identifies, evaluates and co-ordinates the management of strategic risks faced by the University. Risk management processes are reviewed regularly for continuing relevance and effectiveness. The Risk Management Committee reports to the Executive Committee and to the Audit, IT and Risk Management Committee of Council. A report on the risk management process that is being followed, as well as a summary of the risk register, are presented to the Audit, IT and Risk Management Committee and to the Council of the University on a regular basis.

The group varies its investment philosophy based on longer term investment and liability requirements and the risk profile. To this end two portfolios have been established, namely:
- Long Term Capital (LTC) Portfolio – Long term investing (at least 5 years) where the investment objective and risk constraint is set relative to consumer price inflation.
- Money Market Portfolio – Short-term investing (2 years and less) where the investment objective and risk constraint is set relative to short term interest rates and a high degree of capital security.

29.1 Financial risk factors

A. Market risk

(i) Foreign currency risk

The group has limited foreign exchange exposure in respect of normal operating activities. Foreign investments and foreign bank balances are subject to exchange rate fluctuations. The carrying amount of financial instruments that are exposed to foreign currency risk are as follows:

	2020 Rm	2019 Rm
Foreign securities (USD)	6,991	5,920
Foreign securities (EURO)	240	256
Total	7,231	6,176

Foreign currency sensitivity analysis	**± 10%**	**± 10%**
Foreign investments (USD)	699	592
Foreign investments (EURO)	24	26
Total	723	618

At 31 December 2020, if the USD and the EURO had strengthened by 10% against the Rand with all other variables held constant, the surplus for the year would have been R723,06m (2019: R617,6m) higher, as a result of a Rand increase in the fair value of USD and EURO denominated investments. If the USD and EURO had weakened by 10% against the Rand with all other variables held constant, the surplus for the year would have been R723,06m (2019: R617,6m) lower, as a result of a Rand decrease in the fair value of USD and EURO denominated investments. The 10% variation in the exchange rate is based on the average forward rate for 12 months in respect of the underlying currencies.

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(ii) Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified as investments at fair value through other comprehensive income. The group is not directly exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee of Council.

Price sensitivity analysis

	2020 Rm	2019 Rm
	± 10%	**± 10%**
Listed equities	1,087	993

At 31 December 2020, if the FTSE/JSE CAPI index increased/decreased by 10% with all other variables held constant and all the group's equity instruments moved according to the historical correlation with the index, the other comprehensive income for the year would have been R1,087,3m (2019: R993,2m) higher/lower. Due to the unpredictability of equity market returns, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments.

(iii) Interest rate risk

The group has significant interest-bearing assets but no significant interest-bearing liabilities. The group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk is mitigated by means of a diversified investment portfolio comprising of various different asset classes and investment managers.

Interest rate sensitivity analysis

	2020 Rm	2019 Rm
	± 50 basis points	**± 50 basis points**
Cash, bank and cash equivalents (variable rate financial assets)	12	8

At 31 December 2020, if the interest rate had been 50 basis points higher/lower, the surplus would have been R12.3m (2019: R8.5m) higher/lower. The increase/decrease of 50 basis points in the interest rate is based on the assumption that interest rates on average may increase/decrease in increments of 50 basis points at a time.

B. Credit risk

Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments, student loans, trade receivables, other receivables, debt securities classified as investments at fair value through profit and loss and investments carried at amortised cost. The maximum exposure to credit risk is represented by the carrying amount of all financial assets subject to credit risk.

(i) Loans and receivables

Receivables comprise outstanding student fees, student loans and various customers, dispersed across different industries and geographical areas. The group is exposed to credit risk arising from student receivables related to outstanding fees. This risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration, the regular monitoring of outstanding fees and the institution of debt collection action in cases of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a formal payment arrangement.

The University assists a limited number of financially needy students with loans. Although this represents a credit risk, the risk is mitigated by means of two guarantees required per student loan agreement. Credit valuations are performed on the financial condition of customers other than students.

The group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information such as actual or expected significant adverse changes in the sector, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations and macroeconomic information (interest rates and unemployment data).

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A default on a financial asset is when the debtor fails to make contractual payments within 30 days of when they fall due.

A significant increase in credit risk is presumed if a student is overdue in making contractual payments and has completed their studies or has deregistered.

For detail regarding the nature of credit risk and expected credit losses of loans and receivables, refer to notes 5 and 7.

(ii) Investments and cash and cash equivalents

The group places long-term and short-term investments with reputable financial institutions and a multi-manager approach to the management of investments is followed in order to limit investment risk. Funds are invested with twenty divergent portfolio managers (eleven local and nine foreign), with specialist mandates developed to contain risk within set parameters. In order to hedge investment funds against fluctuations, the portfolio managers strive to invest some of the available funds abroad.

The group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration. Refer to note 28 for detail on the credit quality of financial assets. Other instruments are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. The maximum exposure at the end of the reporting period is the carrying amount of these investments, R1,041,809 (2019: R974,372).

Cash and cash equivalents, investments at fair value through profit or loss and investments carried at amortised cost are subject to the impairment requirements of IFRS 9. The identified impairment loss was immaterial as these are held at reputable financial institutions with a low probability of default. No impairment losses have been recognised for these assets.

C. Liquidity risk

The group has minimised liquidity risk through substantial balances of cash and cash equivalents. The group manages a cash budget that is continually updated and reported to the Investment Committee of Council.

Cash requirements are based on a working capital budget, which in-turn is based on a break-even Council approved annual budget. Spending within the University structure is controlled through fund accounting and commitment control, which limits overall spending to the budgeted figures as approved by Council.

Management monitors rolling forecasts of cash and cash equivalents on the basis of expected cash in-flows and out-flows, while considering the level of liquid assets available to meet these requirements. A portfolio of long-term and short-term investments are strategically managed to ensure accessibility to cash funding.

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

At 31 December 2020	Less than 1 year Rm	Between 2-3 years Rm	Between 4-5 years Rm	More than 5 years Rm
Agency funds	97	-	-	-
Lease liabilities	2	1	-	-
Student credits and deposits	351	-	-	-
Trade payables, accruals and other liabilities	791	-	-	-
	1,241	**1**	**-**	**-**

At 31 December 2019	Less than 1 year Rm	Between 2-3 years Rm	Between 4-5 years Rm	More than 5 years Rm
Agency funds	81	-	-	-
Lease liabilities	2	3	-	-
Student credits and deposits	293	-	-	-
Trade payables, accruals and other liabilities	787	-	-	-
	1,163	**3**	**-**	**-**

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D. Capital risk management

The group's objectives when managing capital (which include all items of capital and funds as presented on the statement of financial position) are to safeguard the ability of the University of Pretoria and its subsidiaries to continue as a going concern and to maintain an optimal structure to reduce the cost of capital.

In order to maintain the capital structure, the group has ensured a sound financial position by limiting exposure to debt and increasing investment and cash balances. This objective is met by a well-planned budget process each year in which the critical strategic objectives of the group is addressed.

The capital of the University comprises both restricted funds designated for specific purposes and unrestricted funds, being funds that can be employed by Council at its discretion.

The University has a satisfactory ratio of reserves to assets, however it must be remembered that much of the asset base is held in designated investments and in property which has restricted alienability.

The group’s policy is to apply conservative financing. Internal loans are used for managerial purposes at a rate appropriate to the inherent risk. Debt is avoided but, where utilised, the policy is to settle in as short a period as possible.

30. Remuneration of executive management

The remuneration of Executive Management is approved by the Human Resources Committee of Council. Members of Council are given access to this information by the Chairperson of the Remuneration Committee on request. Council delegated the signing-off of the information to the Chairperson of Council before submission to the Department of Higher Education and Training.

31. Change in recognition of fair value gains through other comprehensive income

Changes in the fair value of equity investments are recognised in other comprehensive income, for equity investments that the group has elected, at initial recognition, to recognise in this category. In prior periods when these investments were sold, the accumulated fair value adjustments recognised in equity were included in the statement of profit or loss as ‘profit/loss on disposal of investments’. In terms of IFRS 9, there should be no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Refer to accounting policy notes 2.4 and 8 regarding the recognition of gains/losses from equity investments.

The has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	2019 Rm	Increase/ (Decrease) Rm	2019 Restated Rm
Consolidated Statement of Profit or Loss			
Profit on sale of investments*	273	(252)	21
Fair value adjustment on investments*	57	-	57
Net fair value gains/(losses) on financial assets	330	(252)	78
Surplus/(Loss) for the year	**840**	**(252)**	**588**
Consolidated Statement of Comprehensive Income			
Surplus/(Loss) for the year	840	(252)	588
Fair value adjustment on investments	905	(252)	1,156
Total Comprehensive (Loss)/Income for the year	**1,881**	**-**	**1,881**

* Profit on sale of investments and Fair value adjustments on investments have been combined as “Net fair value gains/(losses)” in the Consolidated Statement of Profit or Loss.

Notes

Notes

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