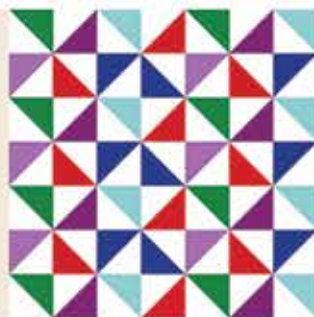




DURBAN UNIVERSITY OF TECHNOLOGY
ANNUAL REPORT 2017





VISION

A preferred University for developing leadership in technology and productive citizenship

MISSION STATEMENT

The University's mission is to excel through:

- A teaching and learning environment that values and supports the University community
- Promoting excellence in learning and teaching, technology transfer and applied research
- External engagement that promotes innovation and entrepreneurship through collaboration and partnership.

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LIST OF ACRONYMS

AAR	Advancement and Alumni Relations
ACCORD	African Centre for the Constructive Resolution of Disputes
APP	Annual Performance Plan
BTech	Bachelor of Technology
BUSSE	Beginning University Survey of Student Engagement
CCPE	Centre for Continuing and Professional Education
CELT	Centre for Excellence in Learning and Teaching
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CHE	Council on Higher Education
CI	Confucius Institute
CLASSE	Classroom Survey of Student Engagement
COIL	Collaborative Online International Learning
CRP	Curriculum Renewal Project
CSE	Centre for Social Entrepreneurship
CSIR	Centre for Scientific and Industrial Research
DGC	DUT Gatekeeper's Committee
DHET	Department of Higher Education and Training
DRC	Democratic Republic of Congo
DST	Department of Science and Technology
DUT	Durban University of Technology
DVC	Deputy Vice-Chancellor
EAPP	Extended Annual Performance Plan
EDTEA	Economic Development, Tourism and Environmental Affairs
EDU	Enterprise Development Unit
EIP	Employment Improvement Project
EMC	Executive Management Committee
EW SETA	Energy and Water SETA
EXCO	Executive Committee of Council

FAFU	Fujian Agriculture and Forestry University
FTE	Full-time equivalent
FYA	First Year Academy
HEAIDS	Higher Education AIDS project
HEQSF	Higher Education Qualifications Framework
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
HU ADVANCE-IT	The Howard University ADVANCE-IT
HURSAP	Howard University Republic of South Africa Project
ICON	International Centre of NonViolence
ICT	Information and Communication Technology
ICTL	Information and Communication Technology Literacy
ICTL	Microsoft Skills Literacy Certificate
IEC	Independent Electoral Commission
IEETR	Industrial Energy Efficient Training and Resource Centre
IEP	International Education and Partnerships
IOP	Institutional Operational Plan
IR	Institutional Researcher
IRBA	Independent Regulatory Board for Auditors
IREC	Institutional Research Ethics Committee
ITSS	Information Technology Support Services
JICA	Japanese International Co-operation Agency
JST	Japan Science and Technology Agency
KZN	KwaZulu-Natal
KZNR-OTT	KwaZulu-Natal Regional Office of Technology Transfer
MOU	Memorandum of Understanding
NACMA	National Choral Music Awards



NEHAWU	National Educational Health and Allied Workers Union
NEMISA	National Electronic Media Institute of South Africa
NIPMO	National Intellectual Property Management Office
NQF	National Qualifications Framework
NRF	National Research Foundation
NSFAS	National Student Financial Aid Scheme
NTEU	National Tertiary Education Union
PFMA	Public Finance Management Act
PG	Postgraduate
PhD	Doctor of Philosophy
PoP	Point-of-Presence
PPPFA	Preferential Procurement Policy Framework Act
PQM	Programme Qualification Mix
PWC	PriceWaterhouse Coopers
RDG	Research Development Grant
RFAs	Research Focus Areas
RIE	Research, Innovation and Engagement
SADC	Southern African Development Community
SAHDIs	South African Historically Disadvantaged Institutions
SAHRC	South African Human Rights Commission
SANAS	South African National Accreditation System
SANReN	South African National research network
SARCHI	South African Research Chair Initiative
SATICA	South African Tertiary Institution Choral Association
SATREPS	Science Technology Research Partnership for Sustainable Development
SEDA	Small Enterprises Development Agency
SET	Science, Engineering and Technology

SETA	Sector Education and Training Authority
SFA	Strategic Focus Area
SRC	Students' Representative Council
STEM	Science Technology Engineering and Mathematics
STIs	Sexually Transmitted Infections
SUNY	State University of New York
TB	Tuberculosis
TENUSA	Tertiary Education National Union of South Africa
TIA	Technology Innovation Agency
TTI	Technology Transfer and Innovation
TVET	Technical and Vocational Education and Training
UG	Undergraduate
UKZN	University of KwaZulu-Natal
UPRF	University Planning and Resources Forum
W&R SETA	Wholesale and Retail SETA
WIL	Work Integrated Learning

REPORT OF THE CHAIR OF COUNCIL

Strengthening Good Governance

In 2009, Council took a decision “to have its performance periodically evaluated”. Pursuant to this decision, there has been external evaluation of the DUT Council every two years. The King IV Report (2016) affirms that it is good governance practice to conduct such evaluations, as a part of an organisation’s expression of integrity and possessing the quality of being honest and having strong moral principles. Council, at its meeting of 21 April 2017 appointed Prof Itumeleng Mosala to serve as the Council Evaluator. The evaluation had a broad attention on ‘Council effectiveness’ and its role on Transformation in and of the University, with core eleven (11) and additional variables used to collect data.

These variables, listed below form the basis of the Mosala report presented to Council, namely,

- i. Evaluation of the Transformation Plan and Process of the University;
- ii. Evaluation of the Transformation Policies of the University;
- iii. Assessment of the functioning of the Committees of the Council;
- iv. Assessment of the demographic profiles of the University Council, Committees of Council, Executive Leadership of the University;
- v. Assessment of the University Strategy and its relationship to the Transformation Agenda of the Council;
- vi. Assessment of the Council’s long-term vision of the University;
- vii. Assessment of the External Environment of the University;
- viii. Assessment of the implications of Regulatory Environment of the University on its transformation strategy, effectiveness and efficiency;
- ix. Assessment of the government funding policies, private funding strategies and socio-economic background of the University stakeholders,

especially students, on the efficiency, effectiveness and transformation plan of the University;

- x. Assessment of the portfolio of skills and competencies of Council members in relation to the requirements of an effective and efficient Council;
- xi. Assessment of the attractiveness of service on the Council for the members in general and internal members in particular.

Towards strengthening governance within the University and solidifying relation with one of our statutory structures, on 02 June 2017, members of the Institutional Forum were invited to join the Council for dinner and a presentation by Mr Hugh Amooore, retired University of Cape Town Registrar. Amooore presented an analysis of the higher education regulatory environment, with particular emphasis on The Higher Education Act of 1997 as amended in 2016.

Reinforcing Council Status and Membership

Ms Dudu Hlatshwayo, a seasoned cooperative governance and organisational strategist was confirmed in her appointment as Vice-Chairperson of the Council for the period 03 June 2017 until 20 July 2018, when her term of office as a member of Council expires. In 2017 Council acquired essential members who are external to DUT and who have brought in essential governance skills. In line with the terms of office of certain Council members ending on 17 March 2017, two persons were appointed for a four-year term (18 March 2017 to the date of the first scheduled Council meeting in March 2021), namely Professor L Molamu, the previous registrar of UNISA and Mr N Chonco, the HOD of KZN’s Department of Arts and Culture. They bring in a wealth of administrative and cooperative governance experience. With these appointments, the DUT Council has a full complement of the required Council membership, as determined by the University statute.



Innovative Excellence Awards

At the Council Awards function held on Friday, 17 November 2017, in recognition of innovative excellence in different categories and fields, the following staff members received awards:

- *Engagement Kenneth Gardens Community Project:* Professor Monique Marks and Dr Kira Erwin (Urban Futures Centre);
- *Engagement Community Engagement: Design as Partnership Project:* Mr Khaya Mchunu (Faculty of Arts and Design);
- *Student Centredness DUT Economic Open Textbook Project:* Professor Alex van der Merwe (awarded posthumously) (Faculty of Management Sciences);
- *The Knowledge Project Imagine a City Without Walls Project:* Professor Monique Marks (Urban Futures Centre);
- *Internationalising the University Much Ado: An African Shakespeare Project:* Professor Deborah Arlene Lutge (Faculty of Arts and Design).

Professor Nokuthula Sibiyi, Ms Lucille Webster and Mr Simon Ndlovu were commended for the following projects:

- Enhancing postgraduate (PG) supervision of students: Professor Nokuthula Sibiyi (Faculty of Health Sciences) commended for the turnaround in student progression and completion;
- Space repurposing of Brickfield library: Lucille Webster: Director Library Services commended for the approach that was adopted;
- Technology On Campus: Simon Ndlovu (Centre for Learning and Teaching Excellence) commended for a project that recognises the support gap needed for our students.

Solidification of Executive Management

The Executive Management capacity was solidified by two new executive appointments, namely Professor Khehla Ndlovu as Deputy Vice-Chancellor: People and Operations (as from 01 April 2017) and Professor Sibusiso Moyo as Deputy Vice-Chancellor: Research, Innovation and Engagement (as from 01 June 2017). Due to a family commitment Prof Ndlovu had to leave DUT. I applaud Council for promptly filling-in this crucial position. The 18th November 2017 Council meeting accepted the resignation of Professor Ndlovu and approved the appointment of Dr IZ Machi to the position of the Deputy Vice-Chancellor: People and Operations. Council contracted Dr IZ Machi for a period of five years, with effect from 01 January 2018. These appointments complete the full complement of what will be DUT's leadership

over the next five years. At its June 2017 meeting, Council approved the refined and nuanced DUT Strategic Plan 2017 – 2019, which the Planning Office had produced after actively engaging a number of University constituencies. The reviewed plan and Council's approval of a report on the Performance Review of the Vice-Chancellor; the DUT executive management is now set on a path of realising key strategic objectives of the University.

Advancing Engagement within and beyond the University

Driven by one of the Durban University of Technology's signatures, i.e. ENGAGEMENT, we continue to make progress in setting DUT on strengthening long-standing relations with our partners as well as forming new partnerships. These are highlighted in more detail in the Vice-Chancellor's Report (see SFA 2), and the Report of the Senate (Research, Innovation and Engagement).

At an international level, the DUT Confucius Institute (CI) is a vehicle that promotes friendship between China and South Africa. DUT's CI stood out in 2017 with the receipt of the "Global Advanced Confucius Institute" award at the 12th Global Confucius Institute Conference. We regard this achievement as a sterling feat for the DUT's CI as there are only 25 Advanced Confucius Institutes and five Advanced Confucius Classes from 525 Confucius Institutes and 1113 Confucius classes in Primary and Secondary schools selected to receive this award.

In 2017, DUT enjoyed stability, in the context of a volatile higher education sector. Relative to the previous years there were fewer disruptions on our campuses. Council commends Management and the Students Representative Council for indeed living out DUT's ENGAGEMENT signature by ensuring that a number of challenges were resolved around the table. Council appreciates that DUT internal stakeholders realise this value, which corresponds with Council's tradition and commitment of constantly connecting with the DUT Community at least four times a year. We use a quarterly Council Communiqué, which is a communication piece distributed by the Office of the Registrar at the request of the DUT Council as a means of apprising staff and students of the resolutions and matters discussed at each Council meeting.

Council regards honorary appointments crucial and as one of the agencies of advancing University engagement and connections to the external world. It is to this end that Council was pleased to welcome two internationally acclaimed South Africans to the DUT community; Judge Navi Pillay, a prominent international Judge and human rights activist, and Dr Kumi Naidoo a renowned human rights activist and environmentalist.

Enhancing DUT's Entrepreneurial Muscle

In 2017, DUT engaged all entities involved in entrepreneurship to come together and have a coordinated approach in supporting both our staff and students. The University provided strategic seed funding that helped host the inaugural event for students in the Midlands (with approximately 1000 students attending and participating in the event). This event was co-hosted through the Applied Management department in the Management Sciences Faculty and the Research, Innovation and Engagement (RIE) sector. In addition, DUT declared August 2017 the Entrepreneurial month with key activities, which took place in collaboration with the Centre for Social Entrepreneurship (CSE), DHET and other major partners (the Report of the Vice-Chancellor and Principal expands on the University's entrepreneurial efforts).

Concluding Remarks

As indicated in this report, I am confident that the Durban University of Technology has demonstrated that, despite a complex and ever-changing higher education sector, the University remains focussed on its core activities of teaching and learning, research and societal engagement. I congratulate Council leadership, executive management, academic staff, administration and technical staff as well as students for a successful 2017. Council has undertaken its fiduciary responsibilities in a constructive manner in overseeing the core activities of the institution while providing the space for the leadership and management to carry out the vision, mission and strategic plan of the University. Council is confident that the University remains on a sound developmental trajectory and will continue to provide the country with high-level skilled and educated personnel for its transformative mission.



Mr NZW Madinane
Chairperson: Council

REPORT OF THE VICE-CHANCELLOR AND PRINCIPAL ON MANAGEMENT AND ADMINISTRATION

Overview

The twenty-first century is characterised by a growing number of challenges that continually affirm the complex nature of problems that society and its institutions confront. Indeed, the World Economic Forum, at its annual 2016 meeting in Durban, noted that complex problem solving skills are required to navigate the chaos in our political, economic and social landscapes, domestically and globally, at least until 2020. The year 2017 in the life of our country was indeed buffered by political and socio-economic turmoil and challenges which in turn affected the University. Foremost in the minds of many was the impact of the 2016#FeesMustFall student campaigns and protests.

While the start to the year was characterised for many universities by student protests (2016#FeesMustFall) and considerations around insourcing issues, Durban University of Technology remained relatively stable. The few disruptions to the academic programme were contained through careful engagement with the student leadership. This could be attributed, in part, to the type of engagement between the University management and our student leaders (see more in the section on Student Services, contained in the Strategic Focus Area I, Sustainable student communities of living and learning).

This report of the Vice-Chancellor and Principal on Management and Administration of the University for 2017, is drafted according to the four strategic focus areas (SFA) of the University's strategic plan, viz.

SFA 1 Building sustainable student communities of living and learning (Student Services, Infrastructure);

SFA 2 Building research and innovation for development (Engagement);

SFA 3 Building a learning organisation (Staffing, equity, systems alignment and integration);

SFA 4 Building a sustainable University (Finances, enrolment, third stream income, other resources).

Strategic Direction

The University reached the mid-term of its five-year strategic plan, Towards relevance, responsiveness and resilience, in 2017. Beginning 2017, a process was undertaken to nuance and refine the Plan for the remainder of its life. This has resulted in clearly identified objectives, outcomes and targets that will pull the University's efforts together in achieving the aspirations of the Plan. Council approved what is known as the Strategic Plan 2.0 at its June meeting. This nuanced Plan has unequivocal objectives, targets, performance indicators, and much clearer responsibilities and accountabilities. We will be able to monitor and evaluate our performance much better, henceforth.

Given that the Annual Performance Plan (APP), a prescript of DHET, is rather limited on what should be reported, we re-introduced the idea of an Institutional Operational Plan (IOP). To ensure it is aligned with the APP, we simply call our IOP the Extended Annual Performance Plan (EAPP). It incorporates many more objectives of the Strategic Plan 2.0 that do not relate to those on which DHET focuses.

SFA I: Sustainable Student Communities of Living and Learning

In this report of the Vice-Chancellor, this Strategic Focus Area (SFA) focuses largely on student services and development, and infrastructure matters. Matters pertaining to academic provision, and teaching and learning are contained in the section: Senate Report.

Student services

The Student Services and Development Division enhances the quality of student life at the University and plays a critical role in ensuring a positive student experience. Student Services comprises the following departments: Student Counselling, Student Health, Student Housing, Student Life and Sports, and Student Governance.

The division supports the achievement of institutional objectives in relation to teaching and learning and the institutional development plans relating thereto. It actively operates as a leader within the University to create a highly desirable and supportive student environment. Its focus is on offering quality holistic student support. Such support is structured on DUT's DNA strands of student-centredness, engagement and, as refined in 2017, a people focused orientation with students being part of our people and not just treated as clients or customers.

Student Services has engaged in a series of rigorous processes such as panel reviews, student services indabas, the quality enhancement project and the DUT graduate attributes to develop and align the divisional strategic plan. It further seeks to intentionally engage the pathways methodology to promote high impact practices such as orientation, the first year experience and communities of learning into the educational experiences of students. This is premised on the tenets of interdepartmental collaboration, integrated service delivery and the second curriculum as an approach to holistic learning.

In meeting the University's and the division's strategic objectives the departments offer the following core activities:

Psychotherapy, Career Counselling and Assessments, Psycho Educational Training and Development and Campaigns, Primary Health Assessments, Health Education Programmes, Management of Emergencies and Referrals, HIV and AIDs Testing and Counselling and ARV Down Referral Programmes, HIV/AIDS Peer Educator Programmes, Competitive and Recreational Sport Programmes, Co-Curricular Programmes, General Orientation Programmes, SRC Elections, Leadership Development Programmes, First Year Student Experience and Community Outreach.

These programmes adhere to the University's core values such as such respect, diversity, recognition, opportunity, professionalism and responsibility. Further they are aligned to strategic institutional projects such as the second curriculum as a site of learning, strengthening student activism, building a culture of nonviolence, tolerance and peace, improving student safety and wellness, designing the first year experience, developing improved communication with students and using technology systems for continuous student feedback. The programmes also engage with DUT graduate attributes.

Student Services has also expanded its research publications and conference presentations interface with one journal article published and three conference papers presented. The Acting Dean of Students also attended a three-day workshop on student advising in

the USA, supported by the Kresge Foundation as part of the Siyaphumelela project. This is significant for the new project on how the University supports its students through an advising system.

Student leadership development

The Vice-Chancellor and the Registrar, together with the SRC, organised two student leadership indabas to discuss at institutional level, issues raised by the student leadership to facilitate better communication between student leaders and the University and to minimise conflict and student unrest. Further, the SRC as the anchor of student leadership was taken through a workshop on the intricacies of leading. Other structures of student leadership such as student house committees were involved in periodic series of training aimed at enhancing their leadership skills.

The Durban leadership Initiative a multidisciplinary partnership between DUT, International Centre of Nonviolence (ICON) and the African Centre for the Constructive Resolution of Disputes (ACCORD) seeks to empower students by developing leadership skills and creating opportunities to be mentored and engaged with community projects. Several members of the SRC as well as the general student body have graduated from this excellent programme.

A successful SRC Consultative Process was held for the full SRC with regards to the Co-Curriculum and bringing the student voice from the margins closer to the centre. Student Services continues to engage with Pathways Methodology in order to focus on the lived experiences of students and to intentionally design encounters for student success.

The department also delivered successful SRC Elections for 2017/2018, with the assistance of the IEC who facilitated a series of activities, including voter education and training of candidates.

Student achievements

Ms DUT Asilungile Ngcobo a Midlands student won the Ms SA Campus Competition in May 2017 and qualified to represent South Africa in the World Ms Universities Competition held in Cambodia South Korea in November 2017. She won awards for the best dressed category and the peace emissary.



The Midlands Choir is an award winning Choir and has won high acclaim and more than 40 trophies in the SATICA Choral Festivals. They were recently honoured for achievement in the following categories: second position



western piece rendition, second position HIV/AIDS awareness rendition and second position overall winner in the gold category. As a result of this they were nominated for the NACMA (National Choral Music Awards) awards.

Various students have excelled in Sports and the SASOL League created to develop women's soccer is growing from strength to strength.

Student scholarly achievements are reflected in the relevant sections of the Senate Report, and those relating to student innovation and entrepreneurship are contained later in this report, under SFA 2.

Accredited training sites

The Student Counselling Centres are accredited by the Health Professionals Council as accredited internship training sites for Educational and Counselling Psychology. These are sought after internship sites.

Community Engagement has been foregrounded in the schools outreach programme of the internship, creating access to psychological services for disadvantaged youth.

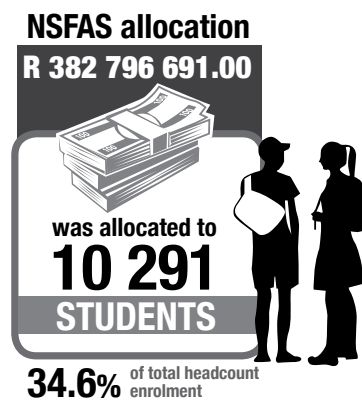
Student financial support

It is a matter of common cause that the majority of DUT students come from poor backgrounds. We recognise and appreciate the scholarships and bursaries provided by government agencies, private companies and corporates that support some of our deserving students either individually or towards specific courses and programmes, or students with specific characteristics, such as differently abled students. In 2017, the Vice-Chancellor used his discretionary fund to help needy and academically deserving students. The University itself provides support for students in three main schemes below which are shown below.

Table 1: University's financial assistance to students

UNIVERSITY'S ASSISTANCE 2017	NO. STUDENTS	AMOUNT
MASTERS AND DOCTORATES		
Masters	148	R1 955 567.00
Doctorate	31	R644 750.00
Project 500	167	R2 903 760.00
UNDERGRADUATE SCHOLARSHIP AWARD SCHEME (USAS)*		
USAS	2 431	R20 394 942.05

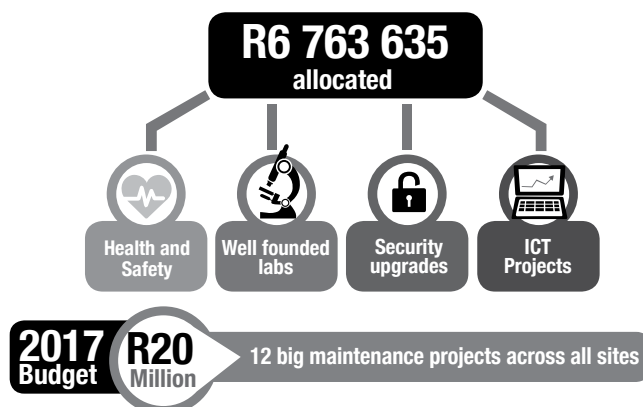
* USAS is the Undergraduate Scholarship Award Scheme awarded to students who obtain excellent results in the various levels of undergraduate study.



As it concerns NSFAS, an amount of R 382 796 691.00 was allocated to 10 291 students (34.6 % of total headcount enrolment).

Facilities and the plant

Given the number of campuses spread over Durban and the Midlands, maintenance of the plant remains challenging. However, inroads are now being made through DHET infrastructure funding and additional funds being set aside by the institution to begin progress towards addressing our maintenance backlogs. Funding of R6 763 635 was allocated over and above infrastructure grants towards areas of health and safety, particularly where compliance issues place the University at risk, well founded laboratories, security upgrades and ICT projects. These four University priority programmes, agreed upon by the University Planning and Resources Forum, are underway.



A number of large infrastructure projects have been completed, including the Student Village on the Steve Biko Campus, the new Engineering block and the new library at the Midlands campus (both Indumiso) and the new premises of the Institute for Water and Wastewater Technology situated on the Steve Biko Campus. Renovations to some student residences has commenced, including Corlo Court and Statford, both in Durban.

In addition to the infrastructure projects, the budget for 2017 was reframed to allocate an additional R20 000 000 towards twelve major maintenance projects across all sites.

SFA 2: Research and Innovation for Development

Most of the focus on this SFA pertaining to research and innovation is contained in the section Senate Report.

Innovation, entrepreneurship education and development

In 2017, DUT engaged all entities involved in innovation and entrepreneurship to come together to develop a coordinated approach in supporting both our staff and students. The University provided strategic seed funding that helped host the inaugural entrepreneurship events for students in the Midlands and Durban. DUT declared August 2017 to be the Entrepreneurial Month with key activities that took place in collaboration with the Centre for Social Entrepreneurship (CSE), DHET and other major partners. Students from both the Midlands and Durban were recruited as part of the 2017/18 incubation programme.

The Wadhwani Foundation has chosen DUT as one of the five Southern African institutions to work with on Entrepreneurial training on a formal programme. SEDA has continued funding our projects through the Centre for Social Entrepreneurship where all the student enterprisers who are registered with the CSE (approximately 200) are being incubated for 18 months using the SEDA Service Model Flow – taking a prospective enterprise from concept to commercialisation.

The Vice-Chancellor hosted the annual Dr Richard Maponya Lecture on Entrepreneurship on 05 September 2017, where Mr Moses Tembe, local entrepreneur and co-chair of the KZN Growth Coalition, delivered the address. The Chair of DUT Council, Mr Wiseman Madinane, and Mr Roy Maponya, CEO of the Dr Richard Maponya Institute for Entrepreneurship and Skills Development, also attended the lecture.



The year ended with a Research, Innovation and Engagement summit held at the ICC with our partners, the Technology Innovation Agency and the DUT Renewable Energy Technology Station to discuss Entrepreneurship and Innovation. Parallel to this were exhibits from both our Midlands and Durban Students. This provided emerging entrepreneurs, students, educators and supporters from around the province the opportunity to engage in dialogues on how to develop new skills while energising their entrepreneurial spirit and learning from

outstanding speakers, entrepreneurs, and mentors. We were honoured to have some icons as guest speakers in our programme, namely Judge V Tshabalala, Mr T Toogun and Prof KO Ampomoh.

It was exciting to showcase a number of DUT student projects that the University currently supports though a number of interventions, for example, networking opportunities, business training, and Intellectual property information sessions. Some of the student projects showcased included Wi-Solve Software Applications; Turn Up Speakers; Amadumbe Chips; Accessories; Enactus; Waste Water Institute and Waste Management; Industrial Energy Efficient Technology (exhibit truck functioning on Solar Panels from the Renewable Energy Technology Station).

Being a student-centred University concerned with the employability and preparation of our students to become active citizens, two entrepreneurial desks were approved as part of the new Research, Innovation and Engagement portfolio, to support University operations both in Durban and the Midlands.

Through the Enterprises Development Unit as part of the eSkills project, 100 community Entrepreneurs in Mooi River, Umzinyathi and Durban were trained on the Start-Your-Business registered course.

Community engagement

Durban leadership programme

This is an annual programme open to DUT students (with up to three places available to those outside DUT). It involves a series of sessions on leadership, involvement in a community project, reading and presentations. In 2017 the number of participants was 55, though it was agreed late in the year that these numbers are excessive for what we are trying to do, as in the end because of problems of non-participation only 38 students received Certificates of Achievement.

Innovation in approaches to education arrangements

The *Imbali Education Precinct project* is a project that emanates largely from a vision of the former Minister of Higher Education and Training, Dr B E Nzimande to build on a unique mix of educational institutions (including preschool, special education, primary and high schools, TVETs and universities adult based education offerings) in a relatively confined geographic space within Imbali, Pietermaritzburg. It aims to make education relevant to the learning needs of the City and establish the Precinct as a place of innovation in education that is relevant on a national scale. DUT is a key partner in this initiative. The project has not moved as expected due to technical and legal challenges regarding the relocation of tenants currently occupying the Transnet Building. For the project



DUT Dialogues School Engagements



Open dialogues organised and facilitated by the University's International Centre of NonViolence (ICON) were held on and off campus during the year. These drew in members of the DUT community as well as members of the public.

These included the following:

- » Change in a context of violence: a dialogue across generations
- » Can men and women find common ground? A DUT Campus Dialogue on gender-based violence
- » School bullying and violence, Masakhane Programme, Edgewood campus, UKZN

A number of school engagements, also under the auspices of ICON, included a series of co-counselling workshops for Grade 10 learners at Sithengile High School, Chesterville and a series of meetings and a workshop for teachers at Kainon School, Westville on developing emotional awareness/addressing bullying.

to take off, we will need all stakeholders to commit on the definite deadlines of who has to do what.

Engagement with industry

There is continual engagement with the SETAs, particularly through the Cooperative Education Unit that applies to most SETAs for funding, particularly for stipends for Work Integrated Learning (WIL) students and Graduate internships. These stipends also benefitted many DUT departments who were able to host WIL students or graduates. Funding approved and received from SETAs for 2017 was R17 541 000.

The DUT Retail Institute has been operating out of the Cooperative Education Unit, with Dr Hennie Zwarts as the Acting Head. The Institute ran pivotal programmes for retailers and a NQF Level 5 Management Programme for the Retailers that was funded by the W&R Seta. This Seta awarded DUT a Retail Leadership Chair; this will be worth close to R20 million over three years. The Retail Chair will be located in the Faculty of Management Sciences. The Retail Institute will also be re-located to the ambit of the Retail Chair.

Employment Improvement Project (EIP)

The national EIP project is being run through the Cooperative Education departments at all universities of technology and the University of Johannesburg. It is run

in partnership with DHET and the Japanese International Co-operation Agency (JICA) and is funded through the National Skills Fund. This provides work-readiness training through which students are exposed to various world-of-work related issues such as ethics, productivity and efficiency.

In 2017, 441 students and 30 staff undertook training on the programme. In 2018, staff will participate in two further workshops which will result in their accreditation by JICA as EIP trainers. Reports from industry indicate that student undergoing this training tend to be more productive in the workplace and are better able to manage their time.

SFA 3: A Learning Organisation

Staffing

October 2017 marked a full year in which Professor Mthembu headed the University as Vice-Chancellor and Principal. The Executive Management capacity was strengthened by two new executive appointments, namely Professor Khehla Ndlovu as Deputy Vice-Chancellor: People and Operations (as from 01 April 2017; subsequently resigned with effect from 30 November 2017) and Professor Sibusiso Moyo as Deputy Vice-Chancellor: Research, Innovation and Engagement (RIE) (as from 01 June 2017). Although we lost the Deputy Vice-Chancellor: People and Operations in November due to unforeseen circumstances, Council moved with speed to replace him, thus safeguarding the stability of University managerial leadership. These appointments completed the long-term executive management structure as approved by Council with the commencement of duties in 2017.

Professors Nokuthula Sibiya and Oludayo Olugbara were appointed as the Executive Deans of the Faculties of Health Sciences and Accounting and Informatics respectively. Mr David Mohale was appointed as Director Special Projects in the Office of the Vice-Chancellor.

To consolidate the building of the executive team, a team building and training session for the Executive Management team was held in July as a start to a series of capacity building, mentoring and coaching sessions to build the leadership capacity of the University.

The RIE consolidated structure and 3rd stream income coordinating structure was approved in November 2017 after a series of engagements internally and benchmarking. The result will see the Advancement and Alumni Relations (AAR), Corporate Affairs Division, and International Education and Partnerships (IEP) moving across from the DVC People and Operations and DVC Teaching and Learning respectively to the DVC RIE from January 2018. Council has approved 14 human resources policies

(including implementation guidelines and standard operating procedures) which had undergone a consultative review process with various University structures.

Equity

The Employment Equity Consultative Forum achieved many milestones in the transformation arena. The following initiatives were initiated:

- The timeous submission of the Employment Equity Report to the Department of Labour.
- The approval of the Employment Equity plan for the period 2018 – 2020.
- The reconstitution of the Employment Equity Forum

by collapsing the Employment Equity Committee into to allow room to deal more effectively with matters.

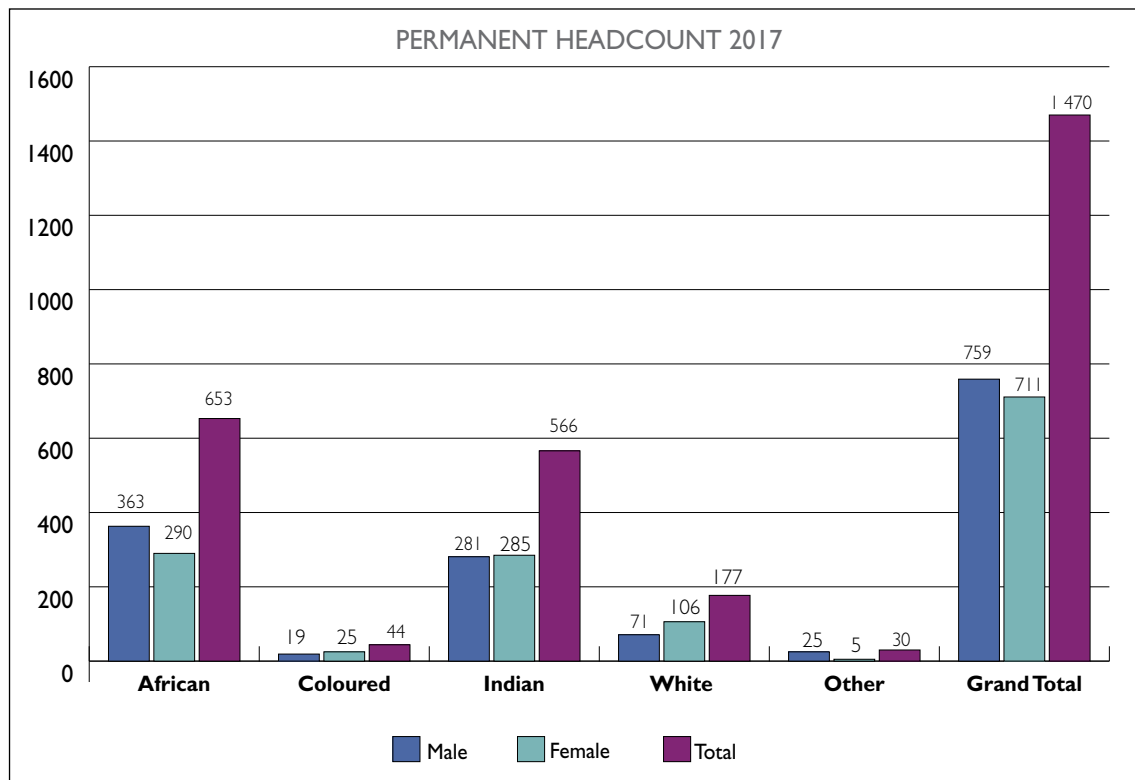
- The development of strong professional relationships with the Department of Labour.

Size and shape of the workforce

Figure 1 reflects the permanent workforce as at 31st of December 2017.

The University has a low rate of labour turnover as well as a low growth rate. This poses a challenge in achieving the Employment Equity initiatives.

Figure 1: Staff headcount – gender and race

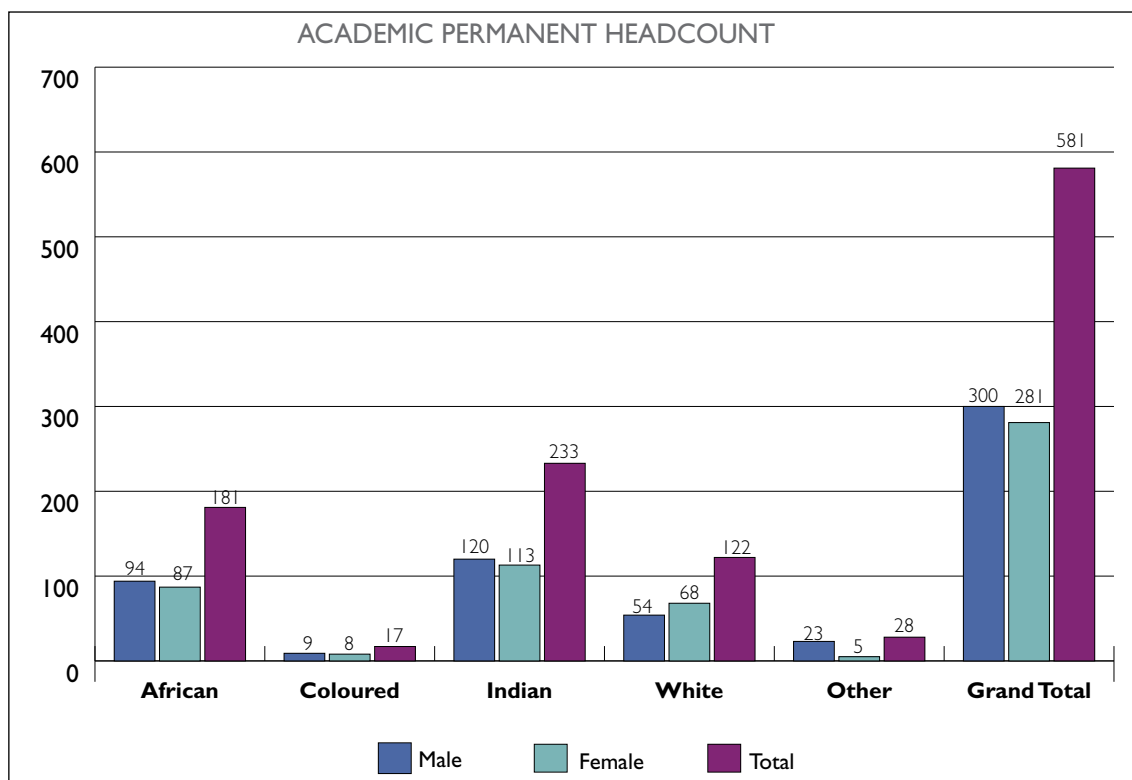


The academic sector in particular, as shown in figure 2 below, still requires considerable transformation in attracting African and Coloured staff to join the ambit. Evidence has shown that there is a shortage of suitably qualified and experienced candidates for academic and senior positions in most of the designated groups. Some

disciplines within the academic ambit specifically do not attract persons from the African and Coloured race groups. This has posed a challenge to the University in making a discernable change to the Employment Equity goals and targets.



Figure 2: Permanent academic staff – gender and race



Strategic and functional alignment

The consolidation of planning, budgeting and risk management ensures that all the inter-related matters in these fields are discussed holistically; that as much as possible, budget allocations shall follow function, strategy and set principles or criteria. A new planning cycle was approved by Council in April 2017. It identifies important planning and meeting events at mainly Council and Management levels. Through this cycle, all internal processes and their outputs are clearly 'dated' and are linked directly with submission dates to external stakeholders such as DHET.

Through the UPRF the University has a platform that simultaneously deals with planning, budgeting and risk management. One of the significant outcomes of this body is the democratisation of the strategic decisions of the University as it also allows all middle managers as major implementers of our objectives to fully understand where are going have some influence in the direction set.

A number of review of operational areas commenced in 2017, notably focusing on financial management, real estate management, procurement and 3rd stream income. These followed the Human Resources review whose proposed recommendations were considered by Executive Management and a process of restructuring and implementation took place in 2017 to be concluded

in 2018. A broad-based institution-wide review and alignment will start in 2018 to ensure that we extract more efficiencies in our new systems and from our people. This review will delve deeper into the following, amongst others: functional categories and their necessity (or otherwise) for us to run the University; the workflows that emanate from them; the inadequacy or superfluity of the posts allocated to those workflows; and, the fitness-for-purpose of the staff (in qualifications and experience) who administer and manage these.

A review of the functioning of the University's statutory bodies and committees to assure better alignment and crisper decision-making was begun in 2017 and will be concluded in early 2018.

SFA 4: A Sustainable University

Financial principles and models

A new principle/criteria/parameter based approach to financial management was introduced in late 2016 and it was used to prepare DUT's three-year rolling budget: 2018-2020. This was presented to Council at its September meeting, earlier than the usual November meeting. The new system uses seven parameters for allocating University resources to various pockets of activity. Amongst others, it ensures that an acceptable proportion is allocated to salaries in line with DHET's

guidelines. It ensures that we have an acceptable salary expenditure ratio on instructional/research staff versus support services staff. It ensures that we have a reasonable percentage allocated to maintenance, infrastructure and the rest of capital expenditure. In addition to these seven parameters, at its April 2017 meeting, Council approved six sustainability principles for salary negotiations. These principles constitute an open and transparent way of sharing Council's strategy to manage the salary budget.

The supply chain policy and practice was amended to align with the Preferential Procurement Policy Framework Act (PPPFA) and the Treasury Regulations to ensure that it becomes a catalyst for our developmental and transformational objectives. This was done as part of pursuing best practice even though the University is not obliged to follow the prescripts of the PPPFA and the Public Finance Management Act (PFMA).

Diversifying and maximising income streams

This remains a high priority in terms of sustainability is our high reliance on subsidies and fee income. We continuously aim to maximise and diversify income even for the 1st and 2nd stream income sources. In 2017, our focus was on 3rd stream income structures and strategic policies. This project has started with draft guidelines on third stream income that defines 3rd stream income and identifies the various streams of such income. Council approved, as an interim measure, this document at its June 2017 meeting and the related policy was approved at the September Council meeting.

An internal assessment on the capacity of the University to increase its 3rd stream income generation particularly from short courses showed the need to consolidate the EDU and CCPE into one Unit focusing on short course offerings both to meet internal and external demands. Faculty engagements and identification of a basket of courses that could be added to the bouquet of courses and expanding the online visibility and website activity will be the focus of the Director for the combined short courses unit in 2018.

Insourcing

At its June meeting Council agreed, after extensive discussion, not to insource cleaning and security services. The Council deliberations were based on a year's worth of investigation by Management, Council and its sub-committees. This decision was taken after considering a number of factors, including a huge risk to the financial sustainability of the University and the risks in the level of service associated with insourcing these services. Management was requested to negotiate and secure improved benefits/conditions of service for workers with potential service providers.

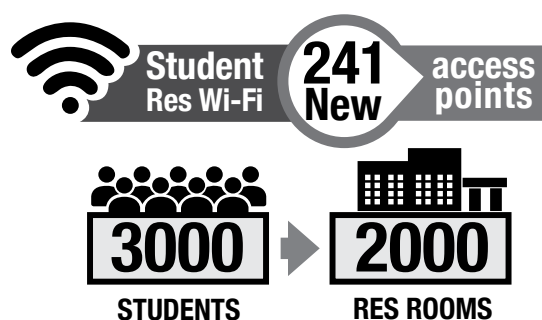
Enrolment plan review

The Minister of Higher Education and Training approved the revised Enrolment Plan for the years 2017 – 2019 arising out of the mid-term review; Council further approved the revised research output targets contained in the plan, as per the Minister's request.

Information technology provision

Networking and connectivity

The student residence WiFi project was completed in mid-2017, and now provides complete coverage in all DUT-owned residences in Durban and in the Midlands. This deployment added an additional 241 WiFi access points to the DUT campus networks, and covers approximately 3 000 students in 2 000 residence rooms. The challenge going forward is to find creative ways to provide improved Internet access to our students living in leased residences and private homes.



Data and analytics

One of the core focuses of the Siyaphumelela/Student Success project is to develop capacity for the use of data/analytics that is focused on improving student success at the University. The project has an active Data Working Group that has developed a project plan to implement an integrated data warehouse solution that will enable an integrated view of diverse data sources and support improved self-service analytics and reporting. This project plan has been awarded funding from the Kresge Foundation and aims to implement the foundations of a data warehouse and reporting/dashboarding stack during 2018.

Additionally, part of the project to develop data and analytics capacity (through the Kresge funded Siyaphumelela project) has been to implement the AutoScholar system as a pilot for several departments in the Faculty of Engineering and the Built Environment and the Faculty of Management Science. AutoScholar is a locally-developed system that uses novel machine-learning approaches to analyse student performance data and indicate potential issues with curriculum structure and to provide identification of students at risk as well as to advise students, through real-time alerts on issues that can impact their path to graduation.



Initial deployment and integration work for AutoScholar was completed at the end of 2017, and the system is able to pull real-time data from the DUT ITS database and generate meaningful reports on curriculum issues.

Cybersecurity and risk issues

Cybersecurity is an ongoing focus and the University has extended the development of its in-house database and reporting system for tracking network vulnerability scan results. Additionally, the Information Technology Support Services (ITSS) department began the process of evaluating service providers to provide capacity for the development of both a revised IT governance framework and a Cybersecurity strategy and maturity roadmap.

Business continuity simulation exercises with PWC during 2017 highlighted a key vulnerability in our disaster recovery/business continuity plans. The University is now in a position to provide redundant connectivity as SANReN has a second point-of-presence (PoP) at UKZN. Planning and scoping for this redundant breakout and additional campus network redundancy is a key project for 2018.

Statement of Self-assessment of the Vice-Chancellor and Principal

In summary, and as pointed out earlier in this section and other relevant sections of this report, the year 2017 is one during which the Vice-Chancellor and Principal methodically instituted many processes at strategic, governance and management levels as summarised below. In so many ways as demonstrated below, DUT started to change course substantially in 2017.

SFA 1: Building sustainable student communities of living and learning (Student Services, Infrastructure)

- A new executive management structure, approved by Council in November 2016, was introduced in 2017, with the Registrar becoming the single executive responsible for all aspects of student services including student housing; the latter having been reporting to another division previously.
- A further review of student services across our campuses in Durban and the Midlands that will deal with day to day transactions and the relevance/adequacy of provision of student services has been conceptualised and will be done in 2018.
- The Executive Management Committee (EMC) has prioritised academic and social infrastructure, maintenance and general capital expenditure contrary to the previous practice of siphoning off funds from these to salaries. To this end, in 2017 the budget for these was increased substantially. Given the challenges we still have in our real estate

management function, whose review started in 2017 and will be concluded in 2018, it will take some time before some of the approved projects are initiated and completed (see Infrastructure under SFA 1 above).

- DUT's 20-year Maintenance Plan, produced in 2014, is taking centre-stage with a five-year plan and annual plans emanating from it having been prepared and being implemented as of 2017. (see Infrastructure under SFA 1 above).

SFA 2: Building research and innovation for development (Engagement)

- In addition to a push to increase research outputs, innovation for societal development, especially within the cities and the region/province in which DUT is located, was invigorated. Coupled with this development, was the focus on entrepreneurship education given the dearth of jobs in South Africa and the need for our graduates to create jobs for themselves and others less fortunate and knowledgeable than they are (see SFA 2 above).
- There was a renewed focus on enhancing key research fields that have relevance to our cities and the region/province and pursue new ones we may have ignored over the years (see Senate Report).
- Engagement as one of DUT's DNA strands took shape through ensuring that DUT participates fully and strategically in city and regional level structures. The province's Growth and Development Strategy and the Human Resources strategy were two areas of focus of our engagement. With the focus on innovation and entrepreneurship education and DUT's activities in these areas, a review was commissioned with a report expected in 2018. Our hope is that in partnership with the cities, the province, other universities in the region and business/industry, a regional innovation strategy that aligns with DST's national innovation strategy will be devised under the province's leadership (See Senate Report).
- Other forms of engagement were refocused: with the broader community through various projects; with our alumni through a reviewed and dedicated Development and Alumni Office; with business/industry and research/innovation related projects DUT implements with their support; and internally with the student leadership and staff thorough various forums and communication platforms.

SFA 3: Building a learning organisation (Staffing, equity, systems alignment and integration)

- DUT's Strategic Plan: 2015-2019 was nuanced and revised with much sharper objectives, targets, key performance indicators and responsibilities for the second half-life between July 2017 and December

2019. One of the refinements of the Strategic Plan involved identifying people as a fundamental anchor of our DNA strands of engagement and student centredness (See SFA 3 above).

- A number of institutional systems of governance, management and administration, including functions and processes were reviewed and realigned. To mention just a few, how efficiently and effectively executive management processes its work; how that work translates into Council papers for final approval, where applicable; the different functions of Council, Senate and Management and how these are delegated to sub-committees of these structures. To this effect a task team, whose work will be concluded in 2018, has been hard at work to produce new terms of reference or remits for the various committees (See SFA 3 above).
- DUT's failure to keep its staff establishment within acceptable, affordable and sustainable levels is legendary, with salary budgets that edge on 70% of the total income from tuition fees and the block grant. A number of financial ratios and sustainability principles were approved by Council in 2017. They will guide budget allocations and negotiations with Unions on salary increases, henceforth (See SFA 4 above).
- The employment equity function at DUT has been sub-optimal in terms of the structures that should guide it, like the Employment Equity Committee, the preparation of Employment Equity Plans and the implementation thereof across the University. Work was done to streamline these processes. The year 2018 will see the start of implementation of strategies to realign the equity profiles and close monitoring of the targets.
- With Council having approved a new executive management structure in November 2016, the full complement of the executive team was in place by June 2017. Of the five (5) executives who report to the Vice-Chancellor and Principal, three (3) are female. Of the six (6) Executive Dean of faculties, two (2) are now female. The Executive Management Committee (EMC) was reviewed and now includes executive deans to ensure a more substantial representation of our top academic managers at the colface of our core business.

SFA 4: Building a sustainable University (Finances, enrolment, third stream income, other resources)

- Whilst DUT has achieved unqualified audits from year to year, its strategic financial management systems leave much to be desired. The Vice-Chancellor and Principal's focus has been to ensure that the finances are managed strategically and sustainably (See SFA 4 above).
- To this effect, under SFA 4 above, reference was made to the use of particular financial ratios and sustainability principles to ensure that allocations to important budget envelopes are assured, away from salaries being the most important allocation way above the DHET norms and guidelines. The big challenge of how best to reduce the salary bill from the current almost 70% to a maximum of 62% will be tackled in 2018.
- A number of reviews of critical areas like finance, procurement, real estate management and 3rd stream income, were conducted in 2017 to ensure that DUT extracts real value from them. In some of these, policies have been reviewed, amended or completely overhauled (see SFA 3 above).
- A number of cost containment and reduction exercises were initiated in 2017, major among them having been the analysis of the top 20 cost drivers and what savings could be extracted from them.
- General capital expenditure in terms of laboratory and other equipment, IT and online systems including for internal transactions, the University fleet and so forth have been starved of funding over the years. Budget 2017 could not allow for more funds to be directed this way. However, preparatory work was done in 2017 to ensure a renewed focus on general capital expenditure.

Whilst the year 2017 saw the introduction of many new systems and processes, it is acknowledged that inertia to change will be the biggest challenge from 2018 onwards. In fact, the year 2018 should see a number of the new systems and processes beginning to bear outputs and outcomes, despite concerted resistance that may be encountered.

It has been a great privilege to lead a University as historically and contemporarily complex as DUT.



Professor TZ Mthembu
Vice-Chancellor and Principal



ANNUAL PERFORMANCE ASSESSMENT REPORT

Student, staff, sustainability targets


STRATEGIC FOCUS AREA	KEY PERFORMANCE INDICATORS	ACTUAL YEAR N-2 2016 - AUDITED	TARGET YEAR N-1 2017	ACHIEVED TARGET YEAR N-1 2017	REASONS FOR DEVIATION
I. Communities of living and learning	Access				
	First-time entering undergraduates	6 874	7 157	7 512	A concerted effort to manage and track enrolments by all faculties, supported by the Registrar's division, ensured that enrolment targets were met, and exceeded.
	Headcount enrolments	28 377	27 656	29 761	
	Headcount enrolments (Foundation Provisioning)	1 700	1 620	1 711	
	Headcount enrolments total UG	27 194	26 495	28 510	
	Headcount enrolments total PG	1 183	1 161	1 251	
	Enrolments by major field of study				
	Science, Engineering, Technology	13 434	12 651	13 490	The University is shifting its shape towards a greater SET representation.
	Business/management	9 875	9 846	10 952	The continued growth in this category is attributed largely to the enrolment of postgraduate students in the Faculty of Management Sciences.
	Education	1 004	1 184	1 169	Student applicants in this category come from low-income groups and without funding they are not able to take up the offers made to them. This matter has been raised t Faculty Quality Committee meetings and as a matter of concern in Annual Quality Monitoring reports for the past three years. Revised enrolment plans have reduced the size of this field of study. However, as a percentage of the University's shape, the target was met.
	Other humanities	4 064	3 975	4 150	Target exceeded.
	% Science, Engineering, Technology	47%	46%	45%	At the expense of increased number in Business/management.
	% Business/management	35%	36%	37%	Percentage shape exceeded at the expense of SET.
	% Education	4%	4%	4%	Target met.
	% Other humanities	14%	14%	14%	Target met.
	FTE enrolment	20 700	20 189	21 997	Target exceeded.

STRATEGIC FOCUS AREA	KEY PERFORMANCE INDICATORS	ACTUAL YEAR N-2 2016 - AUDITED	TARGET YEAR N-1 2017	ACHIEVED TARGET YEAR N-1 2017	REASONS FOR DEVIATION
1. Communities of living and learning	Enrolments by major field of study (cont.)				
	Number of students in residences	Sem 1: 6 880 Sem 2: 6 545	7 118	8 581	A concerted effort has been made to increase the number of beds available for students, towards meeting the DHET established target of 50% of student enrolment provision. The mechanism employed is to source private accommodation over and above the University's formal provision through its own residences.
	% Students in residence	Sem 1: 24.3% Sem 2: 23.1%	25%	29%	
	First year students as % of total residence population	Sem 1: 19.6% Sem 2: 20.6%	15.9%	24.6%	A concerted effort has been made to increase the intake of first year students as per DHET prescriptions.
	% DUT courses with an online component on Blackboard	57.1%	63%	68%	The increase is due to (a) the introduction of the DUT e-Learning Policy, (b) the automatic enrolment of all students into online classrooms during the 2017 registration periods, and (c) reliable support by the Blackboard technical staff.
	Success				
	Graduates UG	6 768	6 445	7 623	University interventions for improving pass and graduation rates are bearing fruit in improved student success.
	Graduation rate	24.5%	24%	26%	
	Undergraduate output by scarce skills				
	Engineering	1 190	1 164	1 313	University interventions for improving pass and graduation rates are bearing fruit in improved student success.
2. Research and Innovation for Development	Life and physical sciences	142	122	153	
	Animal and human health	675	690	694	
	Teacher education	223	205	221	
	Success rate	83.7%	83%	85%	
	Efficiency				
	Instructional/Research Professional Staff				
	Headcount of permanent instructional/research professional staff	583	586	581	The deviance in headcount can be attributed to part-time appointments, contract appointments and unfilled vacancies.
	FTEs of permanent instructional/research professional staff	657	651	697	This can be attributed to part-time and contract appointments.
2. Research and Innovation for Development	% Staff with doctoral degrees	23%	22%	23%	Specific interventions to support staff towards Doctoral qualifications.
	% Growth rate of instructional and research staff with doctoral qualifications	1.3%	5%	0.4%	Specific interventions to support staff towards Doctoral qualifications.



STRATEGIC FOCUS AREA	KEY PERFORMANCE INDICATORS	ACTUAL YEAR N-2 2016 - AUDITED	TARGET YEAR N-1 2017	ACHIEVED TARGET YEAR N-1 2017	REASONS FOR DEVIATION
2. Research and Innovation for Development	Number of nGap staff	2	6	6	Target met.
	Ratio of FTE students to FTE instructional/ research staff	31.5 :1	31:1	31.6:1	Staff fluctuations exacerbate a situation of increased student numbers without concomitant staff growth.
	Research output				
	Publication units per FTE staff	0.32	0.31	0.32	The RDG and Faculty capacity building initiatives encourage staff to publish.
	Publication output	209,12	205	220	This achievement links to a number of capacity building initiatives, research focus area outputs and student outputs.
	% Growth in publication outputs	-11.25%	-15%	5%	Growth is expected but is also a high risk area needing close monitoring and interventions through UCDG and Faculty strategies.
	Research masters graduates	138	135	128.5	Additional supervision resources are required to ensure accelerated outputs. A shortage in supervisory capacity implies longer waiting periods for students.
	Doctoral graduates	40	28	34	The number increased and is Faculty and Research Focus Area dependent. Needs closer monitoring as there is room for improvement.
	Number of research outputs	467.12	424	450.5	Improved but also needs closer analysis and quality checks.
	Research output per instructional and research staff	0.8	0.72	0.78	Huge jump from the target of 0.565 for UoTs. It is linked to outputs and PG graduations.
	% Growth rate of postgraduate students	0.6%	1%	0	Monitoring of enrolment plans for PG intakes per faculty as part of performance planning are crucial as admissions are handled by faculties. This stagnant growth will be communicated with faculties on a 2018 turnaround strategy to include marketing of programmes.
	Graduates PG	193	203	181	Linked to supervision capacity and subsequent dip in PG enrolments.
	External funding for research and innovation	R81 745 065	R40 000 000	R64 025 984	There was an increase in the application for external funding by researchers.
	International collaborations – research	26	66 collaborations out of 35 countries	30	This is dependent on the take up by researchers as targeted calls are shared with the DUT community.
	Number of postdoctoral fellows	25	20	26	Additional funding allocated to support the postdoc programme.
	Number of research associates	17	7	0	Limited availability of funding for international fellows.
	Number of research fellows	3	2	0	Limited availability of funding for international fellows.

STRATEGIC FOCUS AREA	KEY PERFORMANCE INDICATORS	ACTUAL YEAR N-2 2016 - AUDITED	TARGET YEAR N-1 2017	ACHIEVED TARGET YEAR N-1 2017	REASONS FOR DEVIATION
3. A Learning Organisation	Number of staff in a learning programme funded by DUT	696	650	617	The ETDP Seta only confirmed the award of the Discretionary Funding in August 2017 resulting in a late take-up of the training that commenced in October 2017 and was expected to conclude in February 2018. By that time, a number of expected participants had withdrawn for various work related reasons.
	Management/Leadership mentoring	169	90	68	MOU/SLA signed by the ETDP Seta in respect of the Leadership Management Development Programme confirmed 68 employees. Whilst provision was made for 68 staff to be trained, some participants dropped out due for various reasons. A makeup class will be held for those who were unable to attend in order to ensure that the target of 68 is achieved.
4. A Sustainable University	Ratio of instructional and research to support staff	1:1.48	1:1.45	1:1.53	
	3rd stream income	R10 438 896	R15 000 000	R17 002 093	The University has met the target of Third Stream Retained Income amounting to R17 million. The University received other ring fenced funding from donors for student bursaries, contract research and projects which amounted in total to R87 million.
	Staff compensation: recurrent income	0.63	0.7	0.58	There was an increase in Recurrent Income that resulted in a decrease in the percentage. • Subsidy increased by R45m • Tuition increased by R41m
	Total operating expenses as % of total income		26%	20.7%	The decrease was due to savings realised in Operating Expenses.
	Ratio of total full-time staff to part-time staff		99%:1%	99%:1%	Target met.
	Ratio of staff to Senior Executive		95%:5%	94%:6%	Target met.



Professor TZ Mthembu
Vice-Chancellor and Principal



Mr NZW Madinane
Chairperson: Council

REPORT OF THE SENATE TO COUNCIL

Changes to Academic Structure

There were no changes to the academic structure in 2017.

Composition of the Senate

Voting

1. Vice-Chancellor (Chairperson of Senate)
2. Deputy Vice-Chancellors
3. Executive Deans of Faculties
4. Deputy Deans of Faculties
5. Heads of Academic Departments or Schools
6. Senior Academic Staff (that is, all appointments above Senior Lecturer)
7. Staff membership in accordance with the Institutional Rules as approved by Senate and Council, namely:
 - i. Director: Research and Postgraduate Support
 - ii. Director: Technology Transfer and Innovation
 - iii. Director: Library Services
 - iv. Director: Centre for Excellence in Learning and Teaching
 - v. Director: International Education and Partnerships
 - vi. Director: Co-operative Education
 - vii. Director: Centre for Quality Promotion and Assurance
 - viii. Director: Enterprise Development Unit
 - ix. Director: Midlands Campus
 - x. Director: Centre for Continuing and Professional Education
 - xi. Dean of Students
 - xii. Senior Director: Policy, Planning and Projects
8. One Academic Staff Member of each Trade Union elected respectively by each Trade Union
9. Three students appointed by the SRC, at least one of whom must be a postgraduate student, and at least one of whom must be a member of the SRC
10. Two members of Council elected by Council who are neither staff nor students

Non-Voting

11. Chief Risk Officer
12. Director: International Centre for Non-Violence
13. Registrar (Secretary to Senate)

Significant Developments and Achievements in Teaching and Learning

The year 2017 was marked by a number of significant developments and achievements. Importantly, work on the curriculum renewal project was intensified with the growth in General Education enrolments and a number of new HEQSF aligned programmes receiving accreditation and approval by CHE and SAQA respectively. Work on increasing uptake on e-Learning, internationalisation of the curriculum and provision of a total student experience continued.

The Curriculum Renewal Project

The Curriculum Renewal Project (CRP), launched in 2011, continues to be a major transformational project at DUT. Significant achievements with respect to the CRP in 2017 were as follows:

- General Education is one of DUT's strategic projects. Enriching the students' educational experience beyond particular professional and or technical requirements is critical in order to prepare our students for the 21st century and/or 4th economy work experience. To this end 30% General Education component constitutes all new HEQSF aligned qualifications. Concomitant to the implementation of additional new programmes in 2017, the number of students registered for the institutional General Education modules was 5 598 and 4 096 in the first and second semesters respectively. The flagship module of this project is the Cornerstone module and had a significant increase in student enrolment in 2017 from approximately 2 000 students in 2016 to approximately 3 300 students. The High Impact Practices implemented in this module have assisted with students successfully completing the module and the overall pass rate for the first semester in 2017 was 81%.
- As part of General Education, DUT successfully completed the HEAIDS HIV/AIDS curriculum integration project within the compulsory first year Institutional General Education Module, Cornerstone, and in two other modules offered by each of the Faculties of Applied Sciences, Health Sciences and Management Sciences. A publication

by HEAIDS, *University Narratives – HIV Curriculum Integration: A Unique strength in the National HIV Response* is available with our DUT narrative amongst those of the other universities that participated in the project. A further publication on the Critical evaluation of *Critical Diversity Literacy workshops* by HEAIDS that included significant contribution by DUT staff was also published. Posters on the work completed in HEAIDS project were also presented at the annual HIV/AIDS conference held at the ICC in Durban.

Successful implementation of Information Literacy in General Education modules was a major achievement for the Library. Changes in human resources, facilities and resources were made in an effort to connect the Library with the curriculum in a way that demonstrates impact and value. Information Literacy was integrated into the Cornerstone module on Blackboard as well as the Business Communication and Information Literacy module in the Faculty of Management Sciences.

- Higher Education Qualifications Sub Framework (HEQSF) alignment is a big part of the Curriculum Renewal Project. More than 90% of replacement undergraduate (diplomas/first degrees) programmes have been accredited by CHE and form part of the new Programme Qualification Mix (PQM) approved by DHET.
- New HEQSF aligned qualifications were implemented in a number of faculties. For instance, the faculties of Arts and Design, Engineering and the Built Environment and Health Sciences implemented a number the new programmes in 2017.
 - » The Faculty of Engineering and the Built Environment admitted its first cohort of students in the Bachelor of Engineering Technology Degree in Chemical Engineering, the Bachelor of Built Environment in Town and Regional Planning and a 240 credit Diploma in Civil Engineering. The Faculty is gearing up to offer a whole suite of new B. Eng. Tech. degrees in 2018.
 - » The Faculty of Arts and Design implemented new 360 credit diplomas in 2017. These include Diploma in Fine Art and Diploma in Jewellery Design and Manufacture.
 - » The Faculty of Health Sciences has made significant progress in the curriculum renewal project with the majority of new four-year degree programmes being implemented in 2017. Furthermore, the Department of Medical Orthotics and Prosthetics graduated its first cohort of 27 students, the majority of whom have secured employment in the KwaZulu-Natal Department of Health.

- Entrepreneurship features very strongly among DUT's strategic priorities. It is not surprising therefore, that 2017 saw some strides with respect to the integration of entrepreneurship into the curriculum. Plans are underway to drive this strategic priority.
 - » In fact, the Faculty of Arts and Design hosted very successful Entrepreneurship Day in 2017 aimed at exposing students and staff to entrepreneurship success stories from DUT's alumni such as:
 - Siyanda Mbhele (Interior Design)
 - Casey J Walters (Fashion Design)
 - Amanda Mathe (Journalism)
 - » From the Faculty of Management Sciences, the Department of Applied Management based in the Midlands, hosted an Entrepreneurial Day on the Midlands Open Day.

E-Learning

The e-Learning Project remains one of DUT's priority projects. An increase from 57.1% 2016 uptake of e-Learning to 68% in 2017 was achieved. Enhancing staff capacity to teach online remains an integral part of the e-Learning project. Having started small, by the end of 2017, 47 staff members had completed the Faculty Certificate in Online Learning.

Faculty-based online teaching development courses alongside institutional efforts were evident in the Faculty of Arts and Design, while the Faculty of Engineering and the Built Environment reports expansion of the use of the online platform Edmodo, with a number of lecturers including videos of their lectures to aid in the learning process. In addition Blackboard is widely used for self-evaluation, assessments, student access to learning materials, educational videos and online seminars.

Led by the office of International Education and Partnerships, Collaborative Online International Learning (COIL) involving DUT staff and students, staff and students from international universities, such as SUNY, Buffalo University, USA; SUNY Ulster, USA; Monroe Community College, and Nassau Community College, grew from just one department and one staff member participating in 2016 to six departments involving nine academic staff and students. This project has opened a novel avenue to facilitate internationalisation of the curriculum.

As part of the First Year Student Experience, a project aimed at helping first year students' transition into the University gained momentum in 2017, with participation reaching 23% of the first year student population at DUT. The Centre for Excellence in Learning and Teaching (CELT) launched two more projects, the First Year Academy (FYA) and the Technology for Learning Project. Whilst the FYA focuses on enhancing academic staff involved in teaching first year students to develop as



digital teachers, the Technology for Learning Projects is aimed at helping first year students navigate the digital world of e-Learning.

The Information Technology Department in the Faculty of Accounting and Informatics engaged with Microsoft to arrange an online Microsoft Skills Literacy Certificate (ICTL) as part of a training initiative for first year students. A total of 430 students completed this online course and obtained the certification, which required minimum pass of 80%.

Student success interventions

Spearheaded by the Siyaphumelela Project, efforts to facilitate student success through the work of the Siyaphumelela Student Success Task Team continued. Strengthened by its commitment to breaking down the walls whilst building bridges across support, administrative and academic division, a number of interventions were implemented in 2017.

- Appointment of Institutional Researcher (IR) to lead data analytics and evidence based work on student success interventions. To this end six faculty Data Jedi, and one placed in the Centre for General Education work closely with Academic Development Practitioners and Quality Promotion Officers in analysing and interpreting student success data obtained from Analysis of Cohort Studies, Student Engagement Surveys, Classroom Survey of Student Engagement (CLASSE) and the Beginning University Survey of Student Engagement (BUSSE). In addition, much effort was placed on tracking high-risk modules, retention rates for first-time entering students and success rates in undergraduate programmes.
- Some of the Siyaphumelela Project activities in 2017 focused on identifying low and high performing modules, with the aim of learning from the high performing modules. It is believed that lessons learned from the teaching, learning and assessment practices in these modules could help inform interventions in the institution's efforts at improving student success.

Faculties continue to place emphasis on student success. The Faculty of Management Sciences has 'appointed' four Student Success Facilitators tasked with the responsibility to track student performance and liaise with relevant Heads of Department and the Academic Development Practitioner to identify areas of need whether academic and/or psychosocial. Similar strategies such as supplemental instruction, mentoring, tutoring academic literacy sessions exist in the Faculties of Health Sciences, Applied Sciences, Accounting and Informatics and Arts and Design, and Engineering and the Built Environment. Appearing below is a snapshot of faculty interventions aimed at improving student success.

- The Faculty of Applied Sciences reports that the Department of Sport Studies initiated a compulsory tutorship and mentorship programme targeting students at academic risk as well those on the brink of academic exclusion. All the students who participated in this programme caught up with their studies and were eligible to sit for examinations. Furthermore, the faculty piloted a workshop titled "Transformation Life Coaching Workshop" targeting students at academic risk as well those on the brink of academic exclusion. Students were not made aware of the reason they were selected to attend this workshop. Of 37 students selected to participate 70% passed two or more of the modules they were registered for while 41% of these students passed all of the modules for which they were registered in 2017.
- In recognising the impact of social and economic context on students, the Faculty of Engineering and the Built Environment academic departments provide additional support through identifying students at academic risk and providing support through institutional counselling; monitoring individual students improvement plans through programme coordinators and monitoring students' progress through subject committees.
- The Faculty of Health Sciences continued its focus on identifying 'bottleneck' modules that impact negatively on student success and throughput. The Faculty's Academic Development Unit refined its systems for student monitoring and intensified its pursuit of faculty goals in respect of student success.
- The Faculty of Arts and Design held an At-Risk Workshop, to develop capacity within the faculty in dealing with students who are at risk of failing. The workshop was facilitated by Mr K Naidoo from the School of Education and a data Jedi for the faculty, and Dr M Rajkoomar, the Academic Development Practitioner of the faculty. The outcome of the workshop was to develop appropriate intervention strategies in order to assist the students who are at-risk of failure. The intervention strategies include early detection of students who are at risk and then the offering of tutor support, peer-tutoring, revision exercises and mentoring to reduce the at-risk profile for modules within programmes.

Provision of total student experience is one of DUT's goals. The work conducted by the academic support divisions and faculties is very valuable in this regard. For instance,

- The Library continued its work on repurposing library spaces toward becoming an innovative academic library. Two libraries, in particular the Brickfield and City libraries were re-vamped to afford students and staff social/discussion spaces as

well as quiet spaces. The repurposed library spaces contribute to the goal of providing a total student experience at DUT.

- It is no secret that academic writing is a learned skill. Providing students with academic writing support is crucial to student success. 2017 saw the planning and the establishment of a new Writing Centre at the Ritson Campus. The Ritson Campus is home to approximately 9 500 students from the Faculties of Accounting and Informatics and Health Sciences. The Ritson Campus Writing Centre brings the total number of Writing Centres at DUT to six; four of which are at the various Durban Campuses and two in the Midlands Centre. At the back of a huge jump from 9 181 users in 2015, to 11 185 in 2016, a total of 11 646 staff and students used the Services of the Writing Centre in 2017.
- The Faculty of Accounting and Informatics established a 54-seater world class HiTech laboratory to provide students with 24-hour access to state of the art technology resources.
- One of the main highlights for 2017 was the launch of a newly revamped and re-branded Lenovo Technology Centre. The Centre was re-branded by Lenovo and fitted with the latest computers and land hand held devices.

Cultural, environmental and social awareness within a local and global context is one of DUT's graduate attributes. To this end, international mobility is a vehicle through which the attainment of this graduate attribute is facilitated. Hence, 2017 saw a number of outward and inbound mobility for staff and students. In addition:

- DUT hosted approximately 90 international students in 2017 through its student mobility programmes. These students were mainly from the German Universities of Ravensburg, Lorrach, Koblenz, and Munich. The students spent 90 days at DUT.
- Luca Woëger, a student from the University of Ludwigsburg spent six months working as an intern in the Human Resources division.
- The Department of Food and Nutrition hosted short-term exchange programmes with students Kira Friehe and Pia Hoffner, Sophia Neuendorf, Lea Reckers and Svenja Berker from the Munster University of Applied Sciences in Germany and Weiwei Sun from the Fujian Agriculture and Forestry University in China.
- Two students, Sphiwe William from the Department of Hospitality and Tourism and Prince Nene from Industrial Engineering attended programmes at Munich University of Applied Sciences.
- Gomolemo Mohapi from the Department of Information Technology and DUT Microsoft Student Partner (MSP) was selected by the United States Embassy to study in the USA until May 2018.

- The following students attended programmes at the University of Valladolid:
 - » Marta Chollom – PhD: Chemical Engineering
 - » Elvis Ganda – Masters: Chemical Engineering
 - » Olusegun Olaganju – Masters: Chemical Engineering
 - » Mthobisi Ndebele – Masters: Chemical Engineering
 - » Sinenhlanhla Siya Thokosa – Masters: Chemical Engineering
 - » Baldwin Mutsvene – Masters Chemical Engineering
- Six students from the Department of Maritime Studies in the Faculty of Applied Sciences attended a four-week Summer School at Shanghai Maritime University
- The Faculty of Engineering and the Built Environment reported 10 outbound students in 2017. Countries involved were Spain, Poland, France, and Thailand. Inbound students included seven (7) French Master's students from the Conservatoire National des Arts et Metiers (le CNAM) of Region Champagne-Ardenne in France (close to Paris) realised an Interdisciplinary Project Workshop (hosted under the auspices of the eThekweni Chair in Urban Infrastructure MOU) at DUT's Faculty of Engineering and the Built Environment. The project aimed at conceptualising an academic building, combining the civil engineering and architectural perspectives, and then considering the various planning aspects of the building and comparing local design codes and standards with those from Europe.

Mobility opportunity opportunities for staff in 2017 include:

- Mr Miguel Angel Nuevo from the University of Valladolid visited DUT for two weeks in November. He is a mobility coordinator and his visit at DUT has strengthened our ties with Valladolid.
- The following DUT staff visited Munich University of Applied Sciences on short term lecturing engagements.
 - » Mr Lewis Kaplan: Department Entrepreneurial Studies and Management
 - » Mr Mendon Dewa: Department of Industrial Engineering
 - » Mrs Bibi Mall: Department of Media, Language and Communication
- The Departments of Architecture and Construction Management and Quantity Surveying hosted a visiting panel of academic and management staff from the Leretholi Polytechnic, Lesotho for a benchmark exercise.
- Staff from the Department of Clothing and Textiles in the Faculty of Applied Sciences visited New York State University to establish joint academic development projects.



- Professor C. Pastore, a Fulbright Specialist from Thomas Jefferson University visited the Department of Clothing and Textiles as a guest lecturer for six weeks. During his visit he participated in various activities including curriculum development, conducting lectures, and visiting a number of local textile companies to explore collaborations.

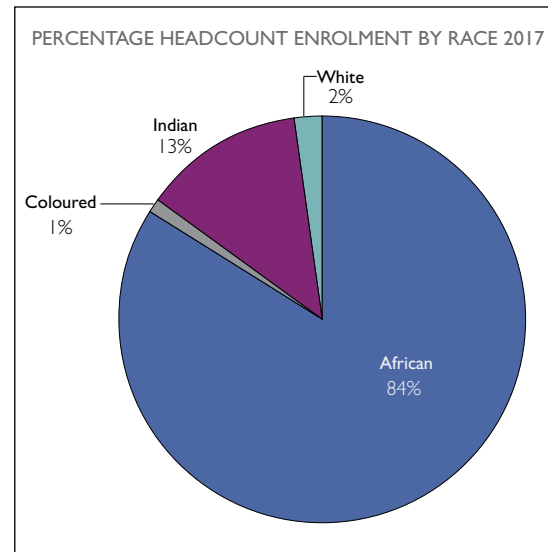
Size and Composition of the Student Body

The size of the student body as measured by headcount enrolment was 29 761 in 2017. This represents an increase of 4.88% relative to 2016 when the headcount enrolment was 28 377. A contributory factor to this difference was the relatively larger increase in postgraduate enrolments (5.75%) compared to undergraduate enrolments (4.84%). The composition of the student body with respect to race, gender and major field of study will be outlined next.

Race

The racial demographics of the student body in 2017 are given in Figure 3 below. In 2017, African students comprised 84% of the student body, Indian students 13%, Coloured students 1% and White students 2% respectively. While the racial composition of the other groups is unchanged, there was a small increase in African enrolments (82% in 2016) and a decrease in Indian enrolments (14% in 2016).

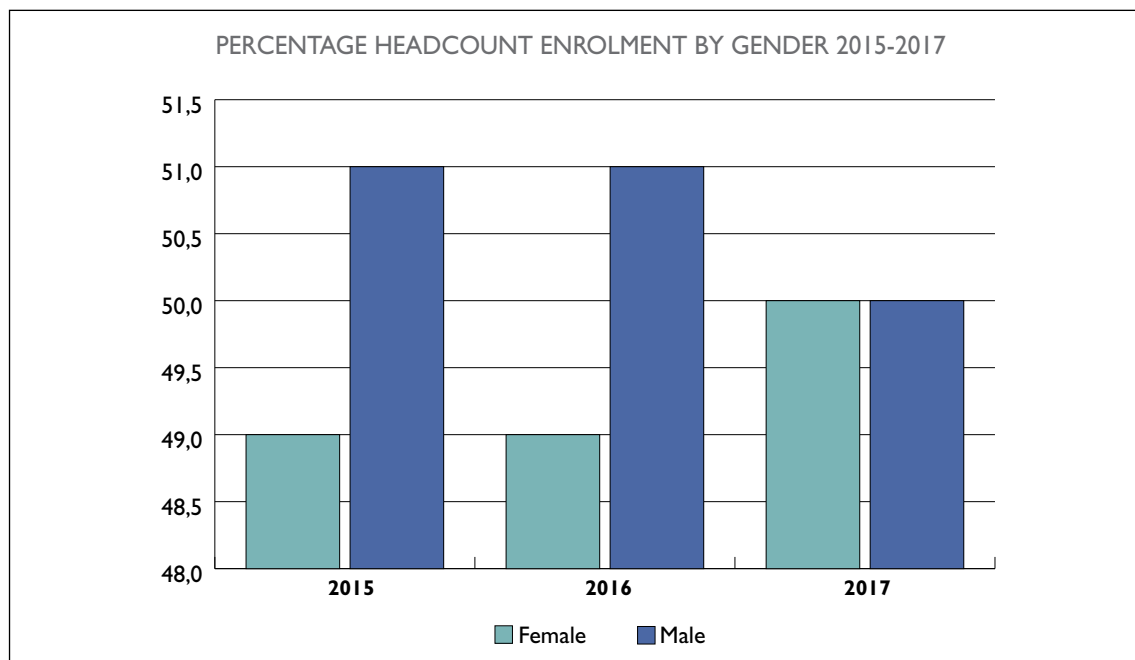
Figure 3: Percentage headcount enrolment by race 2017



Gender

After remaining unchanged in 2015 and 2016, at 49% female and 51% male respectively, the gender breakdown in student enrolments showed a marginal increase in female students to 50% in 2017. Male and female students are now equally represented at DUT (Figure 4). One of the reasons accounting for this increase is higher female enrolment in the Business field of study in 2017.

Figure 4: Percentage headcount enrolment by gender 2015-2017



Enrolments by field of study

Enrolments by field of study are an important metric in the UoT sector. The combined undergraduate and postgraduate Science, Engineering and Technology (SET) enrolment decreased from 49% of headcount enrolment in 2015, to 47% in 2016, with a further decline to 45% in 2017. This is disturbing given the historical significance of SET in the UoT sector. Enrolment in the Business/Commerce major fields of study increased from 35% in 2016 to 37% in 2017. The remaining 18% of headcount enrolments comprised Humanities and Education students (Figure 5).

Gender differences in enrolment in the various fields of study are indicated in Figure 6. Male students dominated the SET field in 2016 at 28% of total headcount enrolments compared to 19% female students. In 2017, the number of males studying in the SET field as a percentage of headcount enrolments decreased to 26%, driven by a decline in male undergraduate enrolments and an increase in the overall number of female students enrolling at DUT. Note that in terms of the gender composition of enrolments within a particular field of study, the percentage of females enrolled in undergraduate SET programmes increased from 39% in 2016 to 41% in 2017.

Figure 5: Percentage headcount enrolment by major field of study 2017

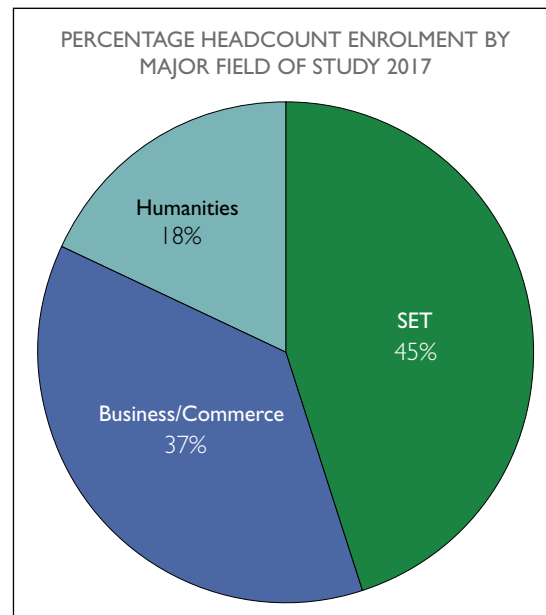
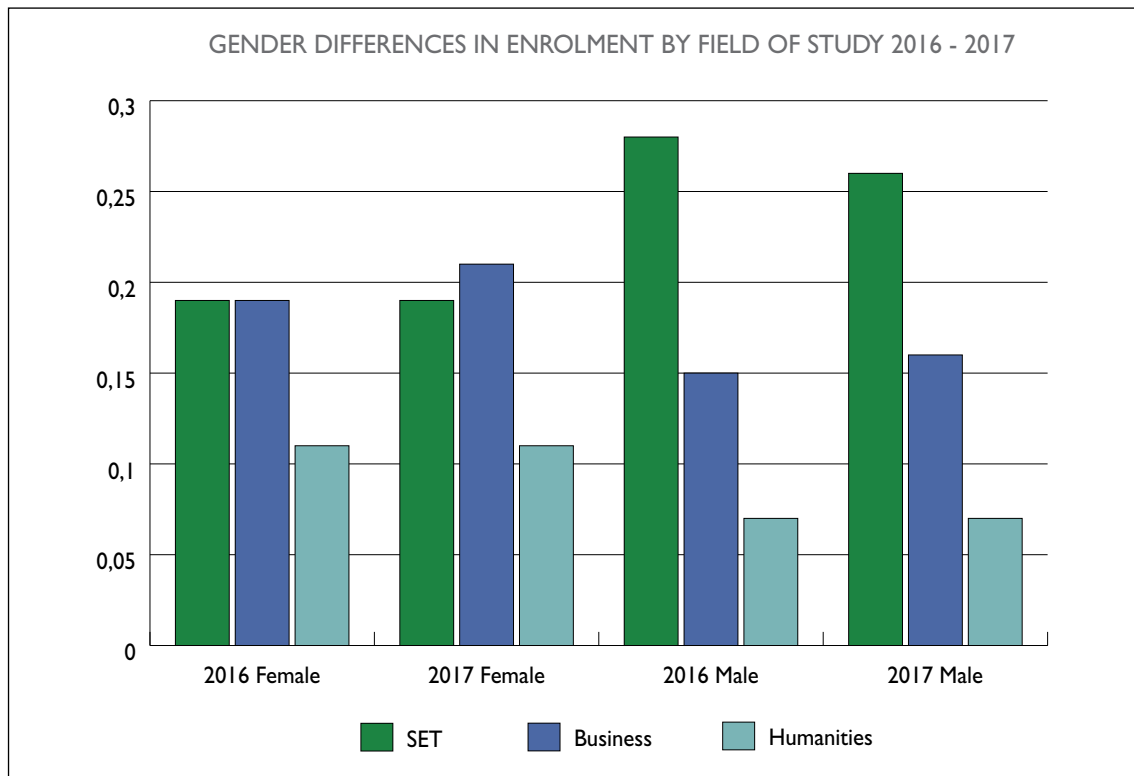


Figure 6: Gender differences in enrolment by field of study 2016 - 2017

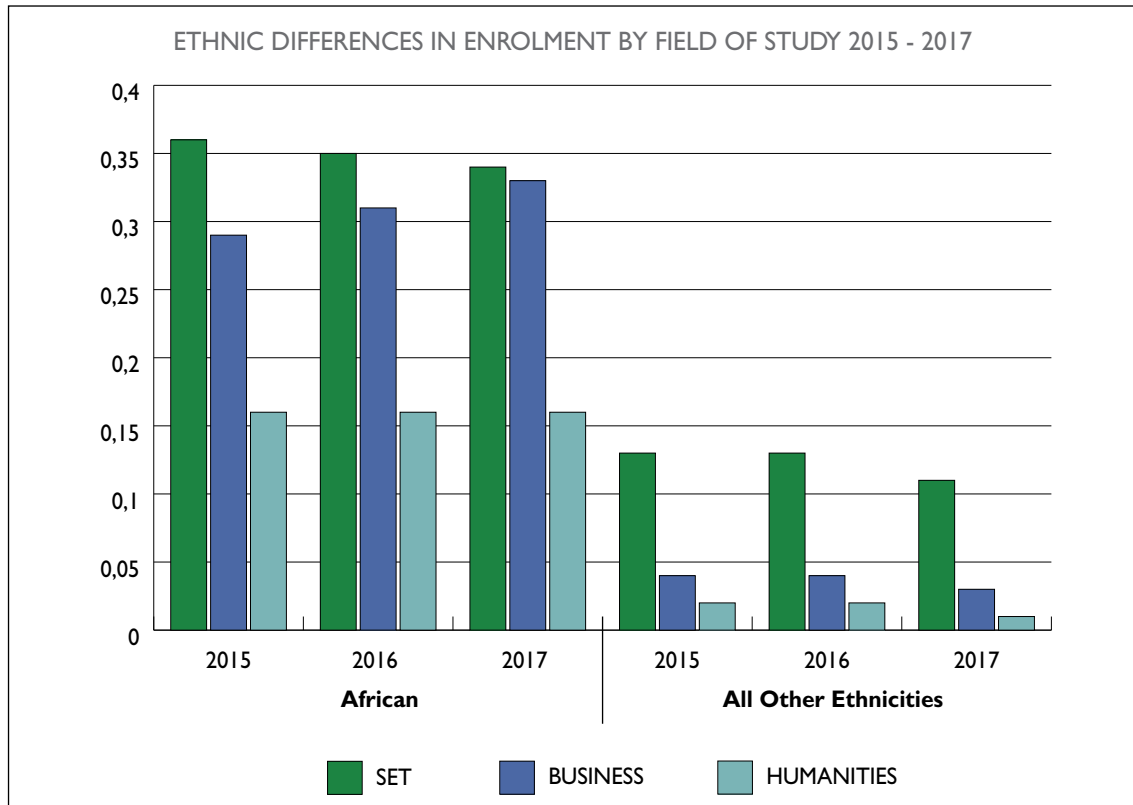




Differences in enrolments in the major fields of study by ethnicity are indicated in Figure 7. African enrolments in SET declined slightly from 36% in 2015 to 35% in 2016, driven by a decline in undergraduate enrolments. On the other hand, enrolments in the Business/Commerce field increased by 2% mainly due to higher undergraduate

enrolments between 2015 and 2016. There were no changes in percentage enrolments for all other race groups over the same period. In 2017, the declining trend in African SET enrolments continued to 34% whereas enrolments in the Business field increased from 31% in 2016 to 33% in 2017.

Figure 7: Ethnic differences in enrolment by field of study 2015 – 2017



Postgraduate Enrolment

Postgraduate enrolment as a percentage of total enrolment has remained constant over the past three years (4% of total enrolments 2015-2017). About half of total postgraduate enrolments are within the SET field.

International student enrolments

Enrolment of international students shows a declining trend up to 2014. Since then (2015-2017), international student enrolment as a percentage of total enrolments has remained constant at 2%. Of the 600 international students enrolled at DUT in 2017, the majority (73%) is from SADC countries. The highest enrolments are from Zimbabwe and the DRC at nearly 47% of total international enrolments.

Students with disabilities

There was a notable decline in the enrolment of students with disabilities from 163 in 2015 to 154 in 2016. In 2017, the number of enrolled students with disabilities increased to 174 and comprises 1% of headcount enrolments.

Levels of Academic Progress

This section of the report focuses on levels of academic progress. There has been noticeable improvement in student academic success at DUT over the years. The year 2017 continued with this positive trend. This section of the report covers (a) limitations to access, (b) success rates (2017), (c) graduation rates (2015), and (d) cohort studies up to the 2015 first time entering students.

Limitations to access to certain courses

The Faculty of Engineering and the Built environment reports on the following key areas that have been identified as areas of concern in terms of access to some of our courses. Some of the interventions will be assessed in 2018.

- While every effort was made to make the new Bachelors qualifications more easily accessible to students, research indicated that by having a minimum entry score of 120 for Mathematics and Physics combined would impact positively on

module pass rates in the engineering programs. This will be evaluated after a cohort passes through the program.

- In response to Validation Board comments, the department of Architecture piloted the use of integrated studios, with students across the different years of studies sharing individual studio spaces. The exercise had some anecdotally good results, but due mainly to security concerns and the difficulty of facilitation of specific years within a mixed environment, the practice will be rescinded in 2018.
- Engagement with the online system is being expanded to include online assessments. This is proving to be particularly useful with B. Tech students when considering the distances that they travel to attend to an assessment. Problems identified with the Blackboard platform include (1) late registering students cannot access the classrooms; (2) Students repeating the subject can only access the previous semester's blackboard classroom. This has been brought to the attention of the Blackboard administrators.
- The Urban Futures Centre has found that the greatest barrier for our Doctoral students is the very small amount of funding available to them while they are studying. We expect our students to study full time but this is extremely difficult on NRF awards that they (some) have received.

For the Writing Centre, the challenges that have had impact on learning in 2017 were high tutor turnover due to low remuneration and limited space for group consultations.

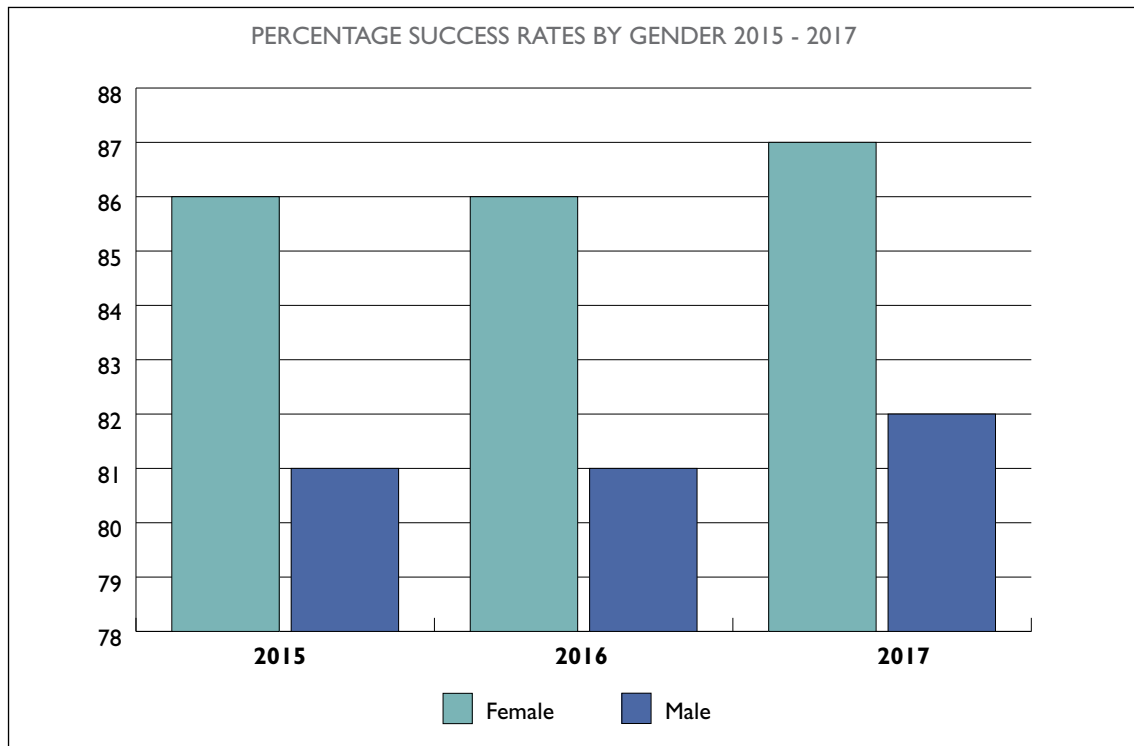
Success Rates

Success rate is defined as the completed full-time equivalents (FTEs) expressed as a percentage of the enrolled full-time equivalents. Data on student performance show that DUT continues to meet DHET approved targets of 80% in respect of success rates, with success rates at 83% in 2015 and 2016, and increasing to 85% in 2017. The University has implemented a number of interventions aimed at helping undergraduate students in particular to succeed. These measures include, but are not limited to, identifying and tracking students at academic risk, tutoring and mentoring, First Year Student Experience and the Residence Education Programme.

Gender

At DUT, female students generally out-perform male students. Since 2015, success rates for female students stood at 86% compared to that of male students (81%). Figure 8 refers. In 2017, these figures stood at 87% for female students and 82% for male students. From 2015 to 2016, the success rate of female students in the SET field showed an improvement from 84% to 86%.

Figure 8: Percentage success rates by gender 2015-2017





Race

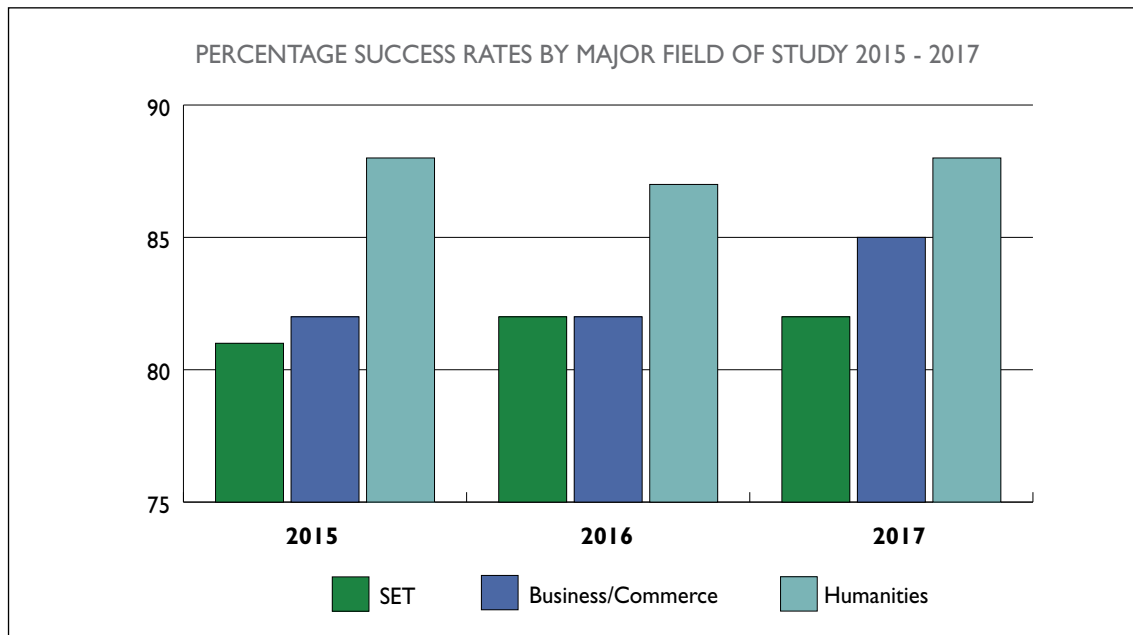
Overall, there is very little difference in success rates in the last three years among the four major race groups in South Africa, although Coloured students tend to have the lowest, and White students the highest success rates respectively. Delving deeper, there are more marked differences both within a given race group and among the various race groups by field of study. For example, success rates in the Humanities tend to be the highest relative to the other disciplines for all race groups. In 2016 African, Coloured and Indian students out-performed White students in the Business/Commerce field. The 2017 success rates were: Africans (85%), Coloureds (86%), Indians (83%) and Whites (82%). Success rates for those classified as “Other” in terms of race (which may include foreign nationals) remain low at 42%, 64% and 73% in 2015, 2016 and 2017 respectively. While the enrolments of this

category is a very small proportion of total enrolments with 31 students classified as “Other” enrolled in 2016 and 27 in 2017 respectively, the much lower success rates for this group need further investigation. Further, success rates are calculated for total enrolments of all students, and the fact that undergraduate enrolments appear to be increasing at a slower rate than postgraduate enrolments, should be considered when analysing success rate trends and determining appropriate policy.

Fields of study

DUT's overall success rates continue to be higher than 80% in all major fields of study. This data show 82%, 85% and 88% for SET, Business/Commerce and Humanities respectively in 2017. Figure 9 below shows success rates by Major Field of Study for 2015 - 2017.

Figure 9: Percentage success rates by major field of study 2015-2017

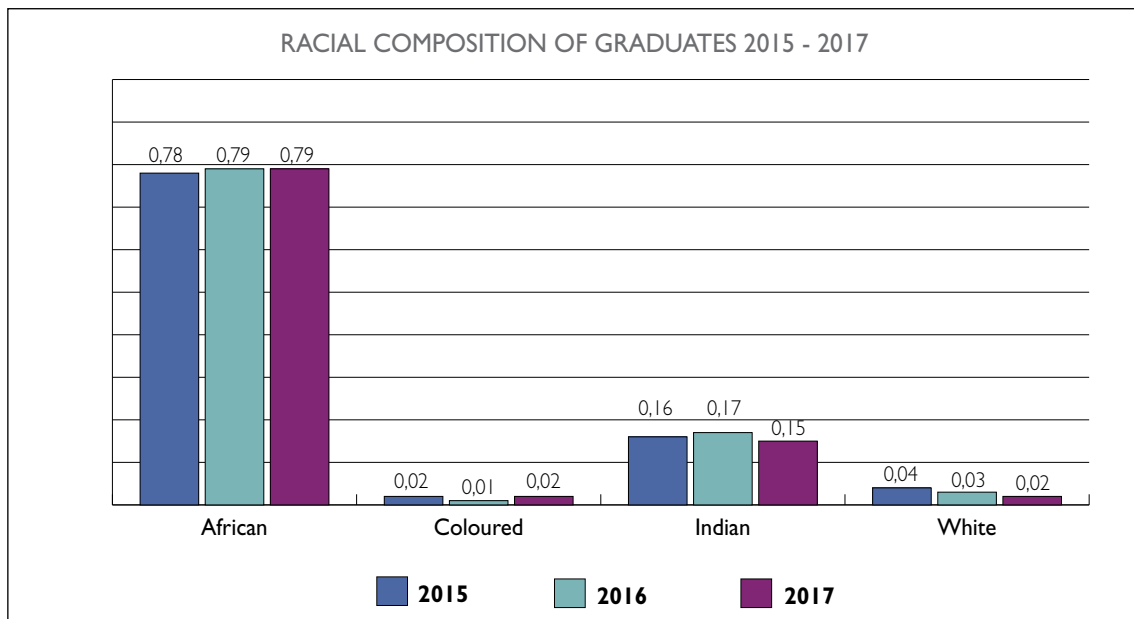


Graduation Rates

The Graduation Rate is the number of graduates as a percentage of the headcount enrolled in a reporting year. Of the 29 761 students registered for various undergraduate and postgraduate qualifications at DUT in 2017, 7804 (26%) completed their studies at the end of 2017. This exceeds the 22.5% target set by DHET for DUT. This indicator has remained between 24% and 26% for the years 2015-2017. More female students (54%)

completed their studies compared to male students (46%) in 2017. Therefore, the higher success rates for females are translating into higher completion rates as well. Racial composition of the completing students in 2017 was as follows: Africans 79%, Coloureds 2%, Indians 15% and Whites 2%. Changes in the racial composition of graduates for the period 2015-2017 appears in Figure 8.

Figure 10: Racial composition of graduates 2015-2017

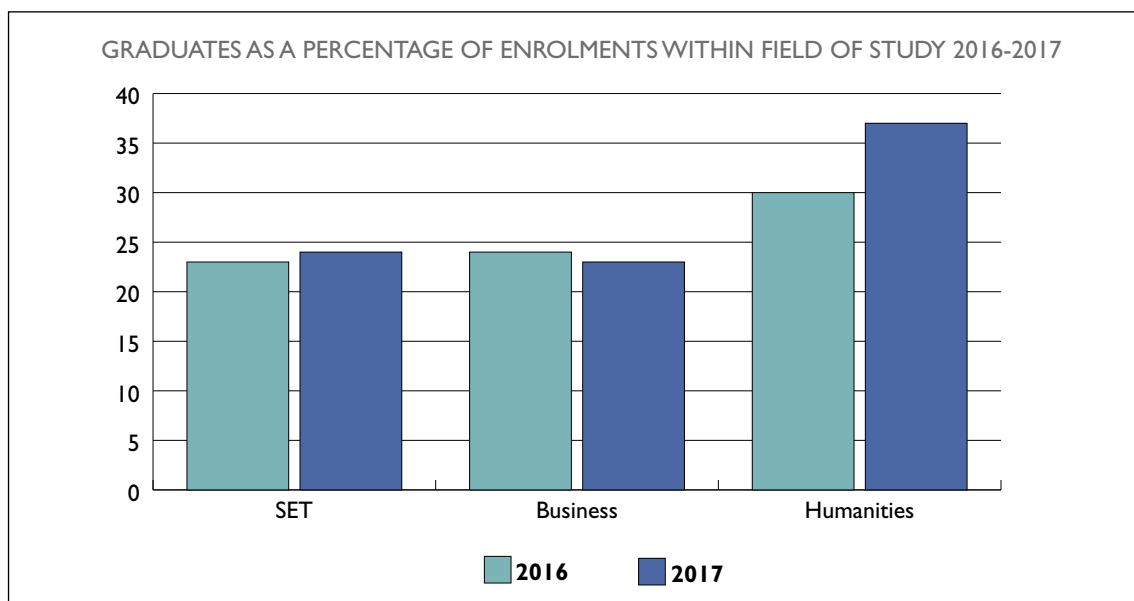


Of the 7 804 students who completed their studies at the end of 2017, the majority were in SET (42%) followed by Business/Commerce at 33%, and Humanities at 25%. This is in line with the Institution's enrolment by major field of study. Of the 42% 2017 SET graduates, 22% were males and 20% were females.

reporting year, it is interesting to consider the number of graduates in a particular field of study as a percentage of enrolments within that particular field in a reporting year. Figure 11 refers. Between 2016 and 2017, there was an increase in the number of graduates as a percentage of enrolments within the SET and particularly the Humanities fields of study, respectively.

Whereas the graduation rate is the number of graduates as a percentage of the total headcount enrolments in a

Figure 11: Graduates as a percentage of enrolments within field of study 2016-2017





Cohort Studies

Figure 12 shows completion rates by cohorts of students registered for a National Diploma from 2013-2015 for minimum time completion (three years) and minimum time plus one year (4 years). Half (50%) of the 2013 and 2014 cohorts had graduated in at least 4 years. National Diploma cumulative completion in five years for the 2013 cohort was 57% with 3% of students still in progress.

There was a steady increase in the dropout rate between 2011 and 2014, reaching a high of 41% for the 2014 cohort. The dropout rate has remained at 41% for the 2015 cohort with 25% of these students still in progress in 2018, an indication that this cohort's dropout rate may still increase beyond 41%. There is a need to interrogate this data in an effort to identify predictors of dropout, success and persistence at DUT.

It is interesting to note that throughput rates for B. Degree students are much higher overall than those for National Diploma students. Figure 13 refers. However, there was a significant dip in minimum time throughput from the 2012 (67%) to the 2014 (62%) cohorts respectively. The reasons for these differences need to be understood. One possible factor is that more qualifications came on line and students in these programmes may not have performed to the same level as earlier cohorts. Further, throughput rates for B.Tech. students (ranging from 33% to 39% for the 2015 – 2017 cohorts) are very similar to those of National Diploma students and this is surprising considering these are mature students who hold a prior tertiary qualification and who should be able to cope with their studies. It is possible that part-time status may be a factor but this has to be explored.

Figure 12: Throughput rates for three-year National Diploma students (2013 – 2015 cohorts)

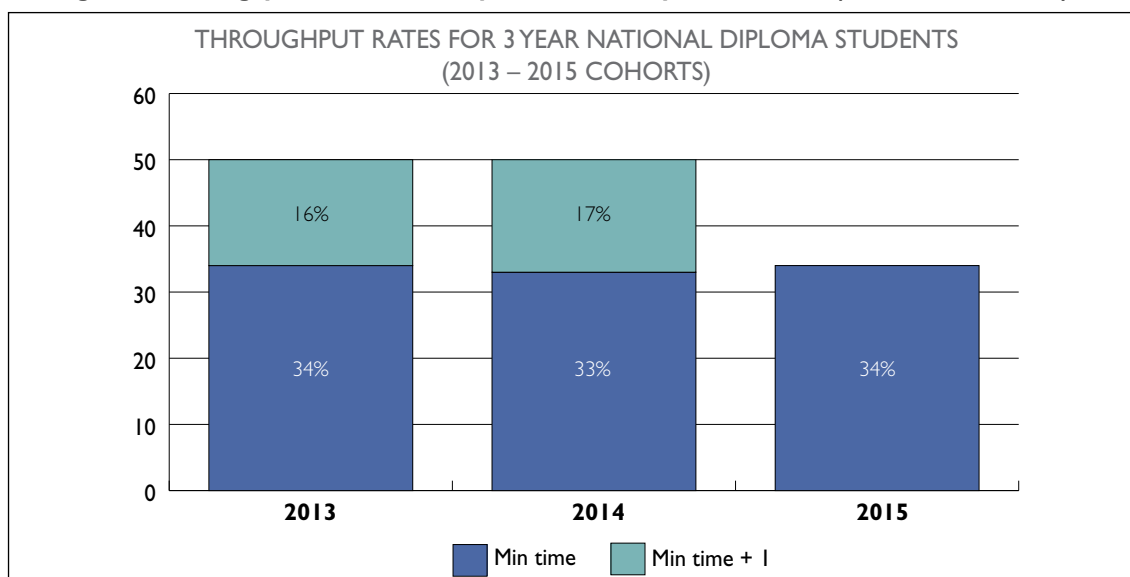
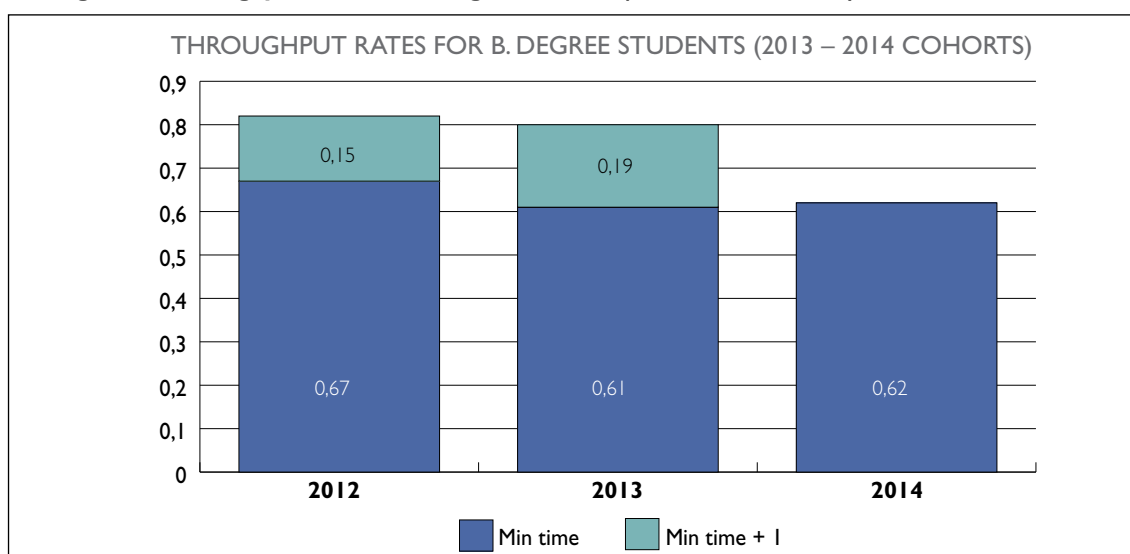


Figure 13: Throughput rates for B. Degree students (2013 – 2014 cohorts)



Postgraduate enrolments and graduations

Table 2: 2017 Postgraduate enrolment and graduations by faculty

FACULTY	HEADCOUNT		HEADCOUNT TOTAL	GRADUATES		GRADUATE TOTAL
	MASTERS	DOCTORATE		MASTERS	DOCTORATE	
Accounting and Informatics	75	15	90	12	0	12
Applied Sciences	117	39	156	24	7	31
Arts and Design	62	30	92	2	1	3
Engineering and the Built Environment	136	29	165	13	0	13
Health Sciences	241	35	276	57	6	63
Management Sciences	265	207	472	39	20	59
Grand Total	896	355	1251	147	34	181

While these numbers mark an increase from the previous years it is important to note that there is a need for a strategic recruitment plan for postgraduate students with matching resources for both supervision and competitive scholarship funding for deserving students in order to grow the postgraduate enterprise and to ensure improved graduation rates.

Awards and Achievements

A number of DUT staff and students were awarded for their hard work, passion and creativity. These were mainly in the Faculties of Arts and Design, Engineering and the Built Environment and Accounting and Informatics.

The Faculty of Arts and Design staff and students scooped a number of awards at various local, national and international events. The awards were as follows:

- Graphic Design students continued to win important industry-standard national competitions, like the Goldpack Student Awards. They won a bronze award and were part of 12 finalists out of 28, selected in South Africa. At the Loeries, they won top 2 portfolios in the online category.
- An Interior Design student was chosen as a top ten finalist in the most prestigious interior design national student competition, PG Bison.
- A part-time staff member in Photography was selected as one of the top ten in an international awards competition.
- Anke van Linden won the Angloplat design competition in Jewellery Design
- There were a number of winners in Fashion Design:
 - » Vodacom Durban July – winners in the first 3 places in the Young Designer Category
 - » Annual Fashion show: 6 categories of winners
 - » BTech exhibition. KZNFC: awarded a R5000.00 award to a 3rd year student

- Drama Department staff and students were winners in a number of competitions in 2017. The following are Prof Lutge's awards and achievements in 2017:
 - » The Vice Chancellor's Award for Internationalising the University.
 - » Invited to become a founding member of a new group of writers, Durban Creative Artists Network.
 - » Hosted two books launches at the Courtyard Theatre, one for Dr Emma Durden and Roel Twijnstra – Theatre Direction in South Africa: Skills and Inspirations and the other for Ashwin Singh's new anthology of plays 'Durban Dialogues, Then and Now.
 - » Siza Mthembu and Prof Lutge serve as Durban Theatre Awards Judges for Professional Theatre awards in Durban
- Standard Bank Young Artist Winner Neil Coppen directed his work *Migration and the Inclusive City Project*, a documentary theatre project focused on the narratives of migrant woman from throughout Africa and rural areas in KZN; an Urban Futures Centre facilitated the project.

The main achievements of the Faculty of Engineering and the Built Environment include improved staff qualifications and active participation in professional bodies.

- Mr SN Jonker received an award in 2017 from the South African Institution of Civil Engineering for being the best final year student in 2016 in the Department of Civil Engineering and Surveying.
- Dr N Pillay, Lecturer in the Department of Electronic Engineering graduated with a Doctorate in Engineering (Electronic Engineering) at the May 2017 graduation ceremony.
- Miss Thaveshni Govender, a BTech student in the department of Electronic Engineering was chosen to participate in the Seeds for the Future Programme



2017 in China from the 16-27 October 2017. This programme with Huawei entailed training in ICT.

The International Education and Partnerships office facilitated DUT's participation in the COCREATEMYCITY initiative in partnership with the Netherlands Embassy. Students from DUT and the University of KwaZulu-Natal were selected to participate in teams together with students from Delft University in Holland over a two-week period to solve problems identified by the eThekweni Municipality. The competition between student groups culminated in a grand event where different projects were presented. A DUT Environmental Health student won a visit to the Netherlands.

Research and Innovation

Research focus areas

Research focus areas¹ are places where young, novice and emerging researchers can be mentored to develop their own niche focus areas so that they can also become established, mentor others and apply for NRF ratings. The postdoctoral forum and pool of postgraduate

students form a community of emerging researchers who also contribute significantly to the University's research profile and research culture. To this end, we delineate the various research and postgraduate indicators that we are required to report on as well as others like grant acquisitions, NRF ratings, research impact, collaborations and partnerships.

There has been considerable focused attention on strengthening the few Research Focus Areas (RFAs) which the University identified. Attention has also been given to increasing the number of instruments and grants to support the University's research capacity development programme, pre-Doctoral mentoring programme, research ethics and integrity training, grantsmanship, science communication and research skills training. In terms of science and communication and creating a number of engagement platforms, the first interdisciplinary postgraduate conference at DUT was held and attended by both internal and external stakeholders. This is envisaged to become an annual event.

Table 3: Research Focus Areas 2017

RESEARCH FOCUS AREA	LEADER	HOST
Established Areas		
1. Water	Prof Faizal Bux	Institute for Water and Wastewater Technology
2. Enzyme Technology	Prof Suren Singh	Faculty of Applied Sciences
3. Nanotechnology	Prof Krishnan Kanny	Department of Mechanical Engineering
4. Food and Nutrition Security	Prof Carin Napier	Faculty of Applied Sciences
5. Computational Modelling and BioAnalytical Chemistry	Prof Krishna Bisetty	Department of Chemistry
6. Systems Science	Prof Kevin J Duffy	Institute of Systems Science
7. Urban Futures	Prof Monique M Marks	Faculty of Engineering and the Built Environment
8. Peace Studies (ICON)	Prof Geoffrey Harris	Faculty of Management Sciences: ICON
9. Indigenous Knowledge Systems and Drug Delivery Systems	Prof Bharti Odhav Prof Nceba Gqaleni	Faculty of Applied Sciences
a. Plant Biotechnology		
b. Indigenous Knowledge Systems		
Emerging Areas		
1. Management Studies	Prof Renitha Rampersad	Faculty of Management Sciences
2. Energy	Dr Ian J Lazarus	Department of Mathematics, Statistics and Physics
3. ICT and Society	Prof Oludayo O Olugbara	Faculty of Accounting and Informatics
4. Health Studies	Prof Nokuthula Sibiya	Faculty of Health Sciences
5. Transformation through Arts and Design	Dr Ernestina Maleshoane Rapeane-Mathonsi	Faculty of Arts and Design

1. Research Focus areas at DUT, <http://ddt72ar9zv4px.cloudfront.net/wp-content/uploads/2015/11/Research-Focus-Areas.pdf>.

Research productivity

This section relates to the 2017 DHET submission on the University's 2016 research outputs including publications. The University has once again exceeded the weighted full-time equivalent research productivity ratio that considers productivity per weighted capita. It is important at this stage to acknowledge those who continue to push boundaries and dedicate their time and effort to producing these outputs despite the various challenges and circumstances around research and innovation infrastructure and support which we will continue to improve on. DUT is now above the 0.565 ratio per FTE and is currently at 0.778. This is based on the overall outputs (publications, masters, doctorates) that increased from 443.62 in 2015 to 466.87 in 2016 (reported to DHET in 2017).

Publications

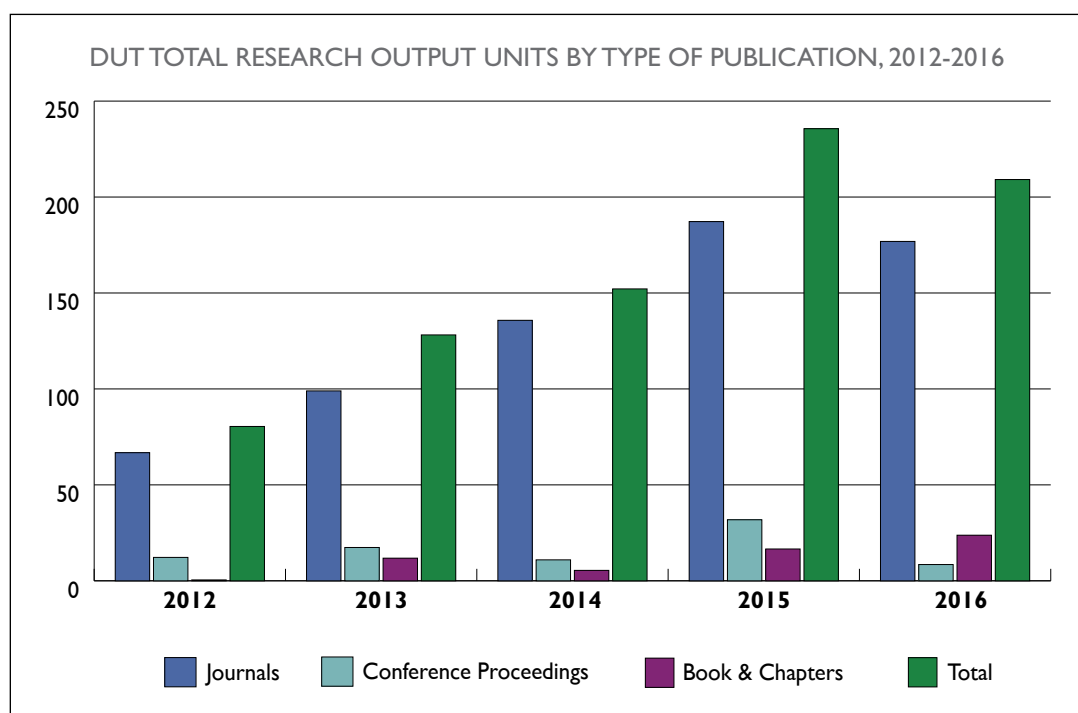
Adjustments are to be made in the 2016 DUT allocation for publication units, as part of the 2017 submissions. These adjustments relate to the issue of publications in

predatory journals and DHET advised that these should be claimed as part of the 2017 submissions.

The University's 2016 publications output awarded was a total of 209.12 units, a decrease of 26.5 units from the 235.62 units awarded for 2015 publications. DUT submitted a claim for 192.03 units and was awarded 176.87 units for publications in accredited journals. A total of 15.16 units were rejected for articles published in predatory journals but DHET this is to be corrected in the 2017 submissions' allocations. Whilst the overall units awarded to DUT are 209.12, the Department has acknowledged an underpayment of 0.25 units which will be included in the 2018 financial award.

The institutional publication trend for all publications (books, journals and conference proceedings) over the past five years (2012-2016) is shown in Figure 1 (taking into account the error in the allocation for purposes of this report).

Figure 14: DUT total research output units by type of publication, 2012-2016



(Source: DHET 2017 Report to Institutions)



Research income (publications, Masters and Doctoral outputs)

The total income from the subsidy derived from the Research Publications and Masters and Doctoral outputs is R47 863 000 based on the total of 466.87 units.

Table 4: 2016 Publications, Masters and Doctoral outputs

RESEARCH OUTPUTS	
Research Output Units	466.87
Publication Units	208.87
Masters	138.00
Doctoral	120.00
Research Output Grant (R'000)	47 863
Publication Units (R'000)	21 413
Masters (R'000)	14 148
Doctorals (R'000)	12 302
Grant per Research Output (R'000)	102.51

The University recognises the importance of focusing on postgraduate completion rates as these would help the institution maximise this income stream. Higher enrolment rates at postgraduate level are essential but must also be coupled with quality assurance, provision of adequate supervision and monitoring and evaluation of throughput and success rates.

Research capacity building and Research Development Grant (RDG) close out for 2017

The University has relied heavily in the past years on the RDG grant to support research and innovation activities which have led to transforming the research profile from a very low productivity base of less than 100 units (in 2010) to 466.87 units in 2016/17 (see DHET Report to Institutions in 2018). The RDG projects in 2017 consisted of eight interlinked packages that fell under the six projects that were also listed as part of the phase out plan from 01 April 2017 to 31 December 2017. These areas of support still address the seven main key areas that the University's Research Strategic Plan sets out to accomplish. The RDG has played a critical role in increasing the DUT research base and transforming the research cohort. We acknowledge that there is still attention needed to ensure our staff completes their doctorates and that the University puts in place mechanisms to retain excellent talent and those that complete. Part of these is linked to ensuring internal enabling environments with relevant research and innovation infrastructure to support further research growth. To this end the programmes under the grant focused on creating opportunities for academic staff and researcher development to complete their Masters and Doctoral degrees and to support those that have completed through the postdoctoral track as part of

the researcher development framework. The University during this period also created research focus areas that are seen as places where emerging researchers can launch their careers and receive mentorship under the supervision and guidance of more established researchers.

The key basic ingredient for the University to produce knowledge both in the basic and applied fields is the people, that is, researchers who are able to initiate, research and perform these functions. Based on this argument, the University focused heavily, within 2017, on staff capacity building. The staff profile and shape consists of staff with doctorate, masters and other qualifications. There has also been an increase in the number of NRF rated researchers and the first rating of at least one Black South African female in the Health Sciences with a C-Rating who was developed within the DUT track. There are a number of Y-Ratings as well which we see as a positive measure of the quality work being produced through the support of the grant to enable the research focus areas execute their research and innovation mandates through a raft of measures both at faculty and institutional level (see Table 4 for further information).

A three-year credit bearing course run through Rhodes University, continued in 2017. This comprises three phases and a competence certificate is issued from Rhodes University after participants have submitted their portfolios which complied with their requirements. This also consisted of the following research interlinked capacity building activities which will form part of the University Capacity Development Grant initiatives in 2018.

1. Research skills training for identified staff registered for their masters and doctoral qualifications – this included pre-doctoral programmes to support startup grants and completion grants (for writing up and submission of thesis) for degrees.
2. Postdoctoral programme for staff who have completed their doctorates and support for their research plans within established University research focus areas. This programme is linked with identifying emerging researchers, developing researchers and those qualifying for Thuthuka programmes and other developmental grants.
3. The Postdoctoral research fellowship support for new postdoctoral fellows aims to add capacity to existing research focus areas. This programme is focused on increasing the pool of researchers and supervision capacity for both staff and postgraduate students. It is also the main source of support within the University as only 23% of the academic establishment has doctorates. High calibre candidates are retained to contribute to continued research

capacity building initiatives and co-supervision of postgraduate projects. The postdoctoral programme has had real impact in improving the quality of the work produced and co-supervision of BTech, masters and doctoral students.

4. Mentorship programme which involved recruiting experienced and established professors to mentor staff in both research design, planning, research skills and writing for publication. This is linked to the academic exchange programme to enhance staff and postgraduate student research skills.
5. Academic exchange and mobility programmes involving outgoing and incoming mobility. This relates to the University's visiting scientist programme to enhance research skills and enhance the University's research culture.
6. Developmental grants and NRF supplementation. These supported staff who were successful in their grant applications, as well as supporting research focus area initiatives where a group of staff identify the need for interdisciplinary projects that will lead to staff completing their qualifications, emerging researchers who have just completed their doctorates to fund their research running costs that will lead to postdoctoral outputs and postdoctoral research linked to high quality publications.
7. Directed research focus area funding to support research project running costs for postgraduate research as our staff are also students.

The impact of the research capacity building programme in the reporting year includes:

- shifting the percentage of all academic staff currently having doctoral qualification from 22.98% in 2016 to 23.41% in 2017..
- Increasing the staff pool with Masters qualifications from 49.06% in 2016 to 49.91% in 2017 of all academic staff.
- Increasing the PG enrolments from 4.17% in 2016 to 4.2% in 2017.
- Increasing the research outputs units per capita from 0.565 units to 0.778.
- Increased participation rates in authorship and publishing.
- Increased capacity for supervision even though needing more investment especially on project 500 within the Management Sciences Faculty where there is significant demand for the PhD in Management Sciences degrees.
- Key research focus areas as launching pads for researcher development, through internal grant calls specifically for designated research focus areas.
- Research skills training programme that now forms part of the DUT predoctoral programme for masters and doctoral candidates.

- Increased NRF Ratings of both established and emerging researchers.
- Increased Grant Acquisitions, from 24 in 2016 to 36 in 2017.
- Increased collaborations through the academic exchange programmes.

Engagements, partnerships and grants

DUT and NEMISA Memorandum of Understanding

The DUT-NEMISA MOU remains the main thrust of the merged Enterprise Development Unit and the Centre for Continuing Professional Education.

The National Electronic Media Institute of South Africa (NEMISA) that has been supporting the e-skills hub at DUT is estimated to increase this support to approximately R7 393 417.00 in 2018. The amount allocated in 2017 was used to largely support training offerings that included training offerings to various target groups as part of the e-Skills deliverables for 2017/18.

- E-Literacy Learners trained: 419 (Start your Business, Web 2.0, Email Netiquette, Creative Writing and Editing, Strategic Marketing, Journalism for Communicators, Media Management, Sub-Editing and Proof-Reading, Unit Standards from End User Computing)
- Number of Sector Users Trained: 536 (Stats SA, Higher Certificate in public Admin, End User Computing, Generic Management Development Programme, Strategic Marketing)
- Number ICT Practitioners Trained: 41 (Big Data, Online Journalism)
- Institute Brand Visibility Platforms Leveraged: 16 (Newspaper Articles, Campaigns, etc).

Science Technology Research Partnership for Sustainable Development (SATREPS)

DUT participates in the SATREPS programme, a Japanese Government programme hosted by the Japanese International Co-operation Agency (JICA) and the Japan Science and Technology Agency (JST). The aim of the programme is to promote international joint research targeting global problems. The project is an inter-governmental agreement between Japan and South Africa with the MOU being signed by JICA and the Department of Science and Technology (South Africa) respectively. The project was one of ten awarded globally in 2016. The joint coordinating meeting was held at DUT in November 2017 with a focus on Production of Biofuels using Algal Biomass over a five-year period. The project hosts are DUT's Institute for Water and Wastewater Technology, DUT headed by Professor Faizal Bux.



SARCHI five-year review

The University undertook its five-year SARCHI (South African Research Chair Initiative) Review for the Chair in Water and Wastewater Technology in 2017. The review period showed a substantial increase in the number of Masters and Doctoral students enrolled on the SARCHI programme within the Institute and a large number of outputs. Grant acquisitions and key regional and international partnerships have been a feature and impact of the SARCHI Chair. Based on this performance, the NRF approved the renewal of the SARCHI Chair for the next five-year cycle awarded at Tier 1 renewable for a further five years.

CSIR partnership

The CSIR (Centre for Scientific and Industrial Research) awarded DUT a grant to investigate the “Development of hybrid composite material flange management”; this will be disbursed in three milestone achievement tranches.

GSO Technologies

GSO Technologies and DUT partnered on a joint project that could prove to be fruitful for both parties and open the doors for DUT to work in the banking sector with respect to commissioned research. One of the projects within the bigger project involves conducting research on the impact of the 4th Industrial revolution on the South African Banking Sector.

PGC group

DUT has partnered with the PGC group in order to deliver on the skills development agenda. The PGC group is a registered employer with INSETA and benefits from grants to undertake learnerships and internship programmes. The partnership involves collaboration on delivery of programmes for skills training.

Howard University Republic of South Africa Project (HURSAP)

The Howard University ADVANCE-IT (HU ADVANCE-IT) and the Howard University Republic of South Africa Project (HURSAP) hosted the Women in Science Technology Engineering and Mathematics (STEM) Conference in October 2017 in Washington, DC. A number of USA Historically Black CU's and South African HDIs participated in order to foster collaborations and partnerships as well as establish joint mobility and exchange programmes for Black South African Women students in STEM who are studying at South African Historically Disadvantaged Institutions.

Technology transfer and innovation

The University's Technology Transfer and Innovation Office is a member of the KwaZulu-Natal Regional Office of Technology Transfer (KZNR-OTT). This office is a NIPMO (National Intellectual Property Management Office) funded initiative by the Department of Science

and Technology (DST) to support staff and students with Intellectual Property development and technology commercialisation in the KwaZulu-Natal region. With support from the KZNR-OTT, the DUT TTI supports inventors, companies, entrepreneurs and postgraduate students by facilitating Intellectual Property analysis of technologies proposed for commercialisation.

This partnership also opens up project Seed Funding opportunities for research projects at the DUT. One project was successfully funded through the Economic Development, Tourism and Environmental Affairs (EDTEA). The project was led by Professor Eric Amonsou, on the production and commercialisation of two ready-to-eat products.

TIA seed funded projects

Two TIA projects were funded in 2017. Firstly, an Information Technology project whose purpose is to develop experimental computing artefacts that can later on be developed and used on a larger scale for teaching, the learning and the revitalisation of indigenous languages (DIAL-APP, leader Professor E Obono). Secondly a project (Gold nanoparticles, leader Dr PS Mdluli) that aims to convert Lovibond comparator colorimetric sensors into more viable products for marketing, opportunities and commercialisation.

The DUT Energy Technology Station operates as a unit within the Faculty of Applied Sciences. It is partly funded by the Technology Innovation Agency (TIA) and is known as the KZN Industrial Energy Efficient Training and Resource Centre (IEETR). Established as one of many TIA technology stations based within South African Universities, this unit responds to the need for energy awareness, innovation, development, empowerment, research and technology, and provide subsidized services in energy efficiency and energy projects to government organisation, companies, small businesses, entrepreneurs and post-graduate students. A key focus area of the technology station is to assist the government, commercial, residential and industrial sectors in the field of energy and renewable energy, in particular, energy efficiency, energy conservation, energy monitoring and energy management. During 2017 the unit succeeded in becoming an Energy and Water SETA (EWSETA) accredited training centre, offering a variety of training courses at various exit levels in energy and water. The Technology Station and partners are in process of registering for SANAS Accreditation in order to provide SARS Accredited Measurement and Verification services in the energy sector. The flagship project of the unit, namely the GreenDrive project, performed exceptionally well in the current financial year. This community development project involved demonstration of energy and renewable energy to schools, colleges and the public, thus creating awareness of energy and water savings throughout the country.

Rated Researchers

Table 5: DUT rated researchers 2017 by category rating

RATING AS AT 2017	NAME		SPECIALISATION
A2 Leading international researcher	Chapman	Prof MJF	Literary criticism, Literary culture, English literature
B2 Internationally acclaimed researcher	Marks	Prof M	Community development, Community based research, Policing Studies, Security management, Ethnography, Community engagement, Urban studies
B3 Internationally acclaimed researcher	Bux	Prof F	Wastewater technology, Algal biotechnology, Wastewater bioremediation, Biological wastewater treatment
	Preece	Prof J	Adult education, Lifelong learning, Community engagement
	Stenstrom	Prof TA	Applied and Environmental Microbiology, Environmental Impacts, Applied environmental science, Advanced microbiology
C1 Established researcher	Singh	Prof S	Environmental enzymology
C2 Established researcher	Bharuth-Ram	Prof K	Nuclear Physics, Materials Research, Ion implantation in diamond and related materials, Emission channeling, Radioactive ion beams, Hyperfine Interactions, Nuclear Physics, Materials Research and technology, Ion implantation, Hyperfine Interactions, ion irradiation
	Collins	Prof AJL	Critical psychology, Gender studies, Media studies, Counselling psychology, Cultural studies
	Deenadayalu	Prof N	Thermodynamics, Ionic liquids, Pulp and paper, Solvent extraction, Phase equilibria, Chemical thermodynamics, Activity coefficients, Lignocellulose, Pulp and paper Biotechnology, Chemical biotechnology
	Govender	Prof M	Relativistic astrophysics, Thermodynamics, Gravitation, General relativity (Physics)
	Harris	Prof GT	Development studies, Economics, Education, Development economics, Peace studies
	Kanny	Prof K	Nanomaterials, Conductive polymer nanocomposites, Analytical polymer science, Natural fibre reinforced composites, Robotics, Nanoclay polymers, Nanostructures, Plastic design of structures, Fatigue and fracture
	Permaul	Prof K	Enzyme application in biocatalysis, Microbial enzymes, Directed evolution, Enzymes - Industrial application
C3 Established researcher	Bisetty	Prof K	Computational chemistry, Bioanalytical chemistry
	Dorasamy	Prof N	Governance and public management, Public administration Ethics, Values based leadership
	Duffy	Prof KJ	Mathematical modelling, Ecological modelling, Monte Carlo methods, Computational mathematics
	Gqaleni	Prof N	African traditional medicine, Indigenous health system, African traditional medicine
	Kuttan Pillai	Dr SK	Applied and Environmental Microbiology, Biological wastewater treatment, Biohydrogen, Microalgae
	Meyiwa	Prof T	Gender and culture, Self-directed learning
	Odhav	Prof BO	Antimalarial drugs, Anticancer drug development, Biochemistry (Medicinal plant), Cellular and molecular biology, Food - Nutrition, Anti-tb compound tests, Anti-diabetic drugs - Research, HIV drugs, Plant tissue culture, Algae biotechnology
	Olugbara	Prof OO	Information Technology
	Sibiya	Prof N	Health Sciences
	Zloschastiev	Dr KG	Superfluidity, Gravitation, Quantum physics, Degenerate quantum gases, Open quantum systems, Quantum field theory, Elementary particles, Cosmology, Differential equations, Nonlinear and complex systems



RATING AS AT 2017	NAME		SPECIALISATION
Y2 Promising young researcher	Amonsou	Dr EO	Food processing, Food chemistry- specialising in legume proteins: functional characterisation of protein-polysaccharide complexes
	Erwin	Dr K	Sociology, Urban, Community based research, Ethnography, Sociology - Race, Class and Gender, Urban housing, Race
	Kudanga	Prof T	Biocatalysis, Bioactive compounds, Antioxidants, Biotransformations, Antimicrobials, Environmental biotechnology, Lignocellulose
	Pillay	Dr JD	Physical activity and public health
	Venugopala	Dr K	Antimicrobial screening, Pharmaceutical sciences, Antimalarial compounds, Antituberculosis drugs, X-ray crystallography, Anticancer plant products, Antimicrobial peptides, Isolation and structural elucidation, Antioxidants, Anticancer drug development

Research Ethics

Research ethics and integrity is also one of the focus areas that, we believe, will help our researchers carry out responsible research that protects research participants and adds value to the well-being of our communities. It also influences the research culture of the University and promotes ethical behaviour. We thank the Institutional Research Ethics Committee (IREC) for all its work and the DUT Gatekeeper's Committee (DGC) for the role they play to ensure that the institutional reputation is maintained.

Conclusion

The year 2017 was a busy but productive year at DUT. This is especially so with respect to curriculum renewal, e-Learning and student success initiatives. We continue to show slow, yet noticeable improvement in our efforts to help students succeed. The graduation and success rates in particular have shown improvement. It is clear though, that we still have considerable work to do with respect to improving retention and work with postgraduate students' attraction and throughput.

Professor TZ Mthembu
Chairperson: Senate

REPORT OF THE INSTITUTIONAL FORUM

The Institutional Forum in the early stages of 2017 saw a change in representation from the SRC and Convocation. The Forum held four scheduled meetings.

The Forum held a successful year-end staff dinner and dance and the excess funds obtained from this initiative have been earmarked to fund a transformation dialogue at the University.

The transformation task team identified areas such as: the curriculum, teaching and learning, student-centredness and employment equity as aspects that should be part of the transformation debate, a dialogue that was planned to take place in 2017 but was postponed to 2018.

The Draft Social Media Policy was sent to faculties and the Student Services Board for input and comment. A consolidated policy will be compiled for submission to Council for approval.

The Institutional Forum Language policy task team has not finalised the draft policy for circulation to stakeholders. The challenge in obtaining attendance from the SRC Transformation sector has been addressed. The team nevertheless drafted the policy taking into consideration that aspects related to signage must be incorporated.

With the assistance of the Senior Director Human Resources and the Acting DVC Operations and People, the Forum members spent considerable time and energy to reviewing a number of Human Resources policies. The task was accomplished and fourteen policies were presented to the Human Resources Committee of Council for approval in June 2017.

The Forum identified a need to establish and draft a statement and a plan on the reporting system for sexual assault. The aim is to draft a policy to serve at this Forum for discussion and thereafter be circulated to the various structures for comment.

A workshop facilitated between Council, the Institutional Forum and Executive Management clarified the roles and functions of each of the structures and made the interactions and engagements more productive.



Dr Naresh Sentoo
Chairperson: Institutional Forum

COUNCIL STATEMENT ON SUSTAINABILITY

The Council-approved nuanced DUT Strategic Plan 2017 – 2019 presents an opportunity to shape DUT as an institution that speaks directly and indirectly to sustainability, specifically as it relates to the life of its students, as well as of its immediate community. Universities are social institutions embedded in the contexts in which they find themselves and as such they have multiple purposes.

DUT considers sustainability in a serious light hence the University's inclusion of sustainability in two of the four Strategic Focus Areas of the University's Strategic Plan, i.e.

- Building a sustainable University;
- Building sustainable student communities of living and learning.

These two elements are underpinned by what we refer to as DUT's DNA; namely, *Student-Centredness and Engagement*. Various projects carried out by the University's research centres and within academic faculties, engagement with communities, industries, government and the not-for-profit sector were carried out in 2017, centralising the engagement strand. Engrained in these activities is the idea of enhancing the employability of our students. Council is of the view that it is imperative for the relevance of DUT that there is ongoing engagement on its strategic orientation, hence these external and internal alignments.

Further, as a form of good governance as required by the King III Report principles, Council has received reports on the University's drives of greening the campus, one of the priorities of the reviewed 2017-2019 Strategic Plan. However, Council is cognisant of the economic challenges faced by the South African society at large. Through our programmes and projects it is crucial that we work towards producing the human resources and knowledge that matches the needs of the country.

Council's approval of a suite of human resources policies registers its recognition of the significance of our people, the human resources that ensure that the University exists and is functional. Council approved the following policies (including implementation guidelines and standard

operating procedures) which had undergone a consultative review process with various University structures:

- i. Adjunct Appointment Policy
- ii. Administrative and Academic Support Promotion Policy
- iii. Discounting of Fees Policy
- iv. Employee Wellness Policy
- v. Exit/Termination of Employment Policy
- vi. Group Life Policy
- vii. Human Resources Training and Development Policy
- viii. Internal Mobility of Staff Policy (Acting, Secondment, Redeployment and Placement)
- ix. Leave Policy
- x. Long Service Awards Policy
- xi. Medical Aid Policy
- xii. Probation Policy
- xiii. Recruitment, Selection and Appointment Policy
- xiv. Staff Higher Education Subsidy Policy

DUT Finances and Salaries

Cognisant of the significance of achieving financial sustainability and staying within the Department of Higher and Training's norms of good governance for budgetary oversight, the DUT budget process is underpinned by principles of a balanced budget, financial sustainability, supporting infrastructure and ensuring alignment to the Strategic Plan of the University. The University produced a balanced budget for the 2017 financial year-end and received an unqualified financial audit by the University's external auditors, Ernst and Young. At its 18 March 2017 meeting Council however expressed concern that the University's expenditure budget was escalating at a much faster rate than the income. Subsequently, Council at the 18 November 2017 workshop put a concerted effort into unpacking and finding solutions to this challenge.

Following engagements between Executive Committee of Council and Management in January 2017, Council ratified a decision regarding the agreement pre-signed by Management and the Unions. Further, acknowledging that there will be further engagement with the Unions, Council adopted six sustainability principles that were to guide salary negotiations, namely:

Principle 1: Total salary increases may not exceed the percentage increase in the total guaranteed FTE government block grant for the year under consideration.

Principle 2: The impact of salary increases on the salary budget per grade have to align with the University's independently determined market position for the sector.

Principle 3: Salary increases will be comparable to salary increases in the sector on a total guaranteed package basis.

Principle 4: Salary increases shall not compromise necessary allocations to essential services in the budget, such as maintenance and capital expenditure.

Principle 5: The overall salary bill of the University may not exacerbate the current 70.5% salary to revenue ratio; and the trend must show that the University is moving towards the DHET prescription of a maximum of 62% of revenue.

Principle 6: The collective percentage salary increase will be based on the collective total guaranteed package and not only the basic salary part of this.

Council noted that the Unions requested for the broadening of the principles to include other areas of expenditure beyond just the salary bill.

Annual Council Workshop

Pursuant on exercising its oversight role and providing strategic guidance to the executive management, Council convenes an annual workshop. While conducting such a workshop is a requirement by the Department of Higher Education (DHET) and Training, in addition, Council views this as a crucial good governance activity of consulting

with all stakeholders on matters related to developing a DUT sustainability plan, with targets and evidence-based statistics. Council's workshop was held on 17 November 2017 under the theme: "*Transforming DUT Towards a Sustainable University*", and a number of strategic issues considered, mainly listed as follows:

1. Strategic Plan v 2.0 July 2017 – December 2019: comprising reflections and progress on Strat Plan v2.0, as well as managing and operationalising the plan and the Council-approved Performance Management System;
2. Risk Management and Quality Assurance: comprising risks and opportunities in respect of the top ten risks, finance plan and budgets, human resources plans and impact of risks on DUT;
3. Impact of risks on DUT academic programmes and DUT research; and
4. Presentation, analysis and implications for DUT Council of the DHET proposal regarding the Code of Good Governance and Governance Indicators

Insourcing of Services

In line with the DUT budget processes underpinned by principles of a balanced budget and financial sustainability, Council agreed, after extensive discussion, not to insource cleaning and security services. This decision was taken after considering a number of factors, including risks in the level of service associated with insourcing these services as well as the huge risk to the financial sustainability of the University. Henceforth, Management was requested to negotiate with potential service providers to secure improved benefits/conditions of service for workers, as a form of reducing the desire to be formally affiliated within the University, often inherent within the staff of outsourced services.



Professor TZ Mthembu
Vice-Chancellor and Principal



Mr NZW Madinane
Chairperson: Council

COUNCIL STATEMENT ON TRANSFORMATION

The Strategic Plan of DUT bears the 'mantra' of *Transforming Institutional Culture* as one of its underpinning drivers. Council is committed to this drive as demonstrated first through its membership that is comprised largely of individuals from previously disadvantaged designated groups. Council continues to actively fix its eyes on matters of transformation, intensely so dating back from 2015. In 2015 through a Council initiative of self-evaluation and the Council Human Resources Committee, Council monitored and was kept abreast of the University's transformation plans. From these reports Council is aware of how far we have come, particularly in the University's student population showing growth in female and black students. However, it also shows how far we have to go in the demographic representation of the academic staff. DUT seeks to promote diversity and transformation in growing the next generation of academics. Council acknowledges that the inception of the 2015 student-led campaigns of 2016#FeesMustFall Movement brought home to all of us how strongly students feel about issues of transformation. This is an area that is receiving attention through the formation of task teams, on Insourcing/Outsourcing and through the Institutional Forum's Transformation Committee. In addition, it was in 2015 that Institutional Forum formed a task team to look into issues related to the review of the language policy, and in 2017, a concerted effort was put on infusing the policy with sensitivity to the needs of the differently abled students.

Through the Executive Management's reports, Council is kept continuously abreast of transformation at faculty levels, related to the Curriculum Renewal Project, which seeks to expand the curriculum to connect with students.

Council approved the University's Transformation Report and Plan at its March 2017 meeting. This is in response to the requirement by DHET for such a report and plan, following the SAHRC's report on the state of transformation in public higher education institutions. Most of these issues identified in the plan are now incorporated into the University's extended annual performance plan (institutional operational plan).

As it relates to the Executive Management appointments, the 2017 appointment of a second female Deputy Vice-Chancellor registered an important milestone with regard to DUT's transformation agenda. Council is pleased to report that out of five top executives that report direct to the Vice-Chancellor, the University now has three female executives at the University, namely, the Registrar (Professor T Meyiwa), Deputy Vice-Chancellor: Teaching and Learning (Professor N Gwele) and Deputy Vice-Chancellor: Research, Innovation and Engagement (Professor S Moyo).

Strengthened Disability Rights Unit

Acknowledging that we still have a long wait to go, Council regards 2017 as the year in which DUT reinforced its support for the Disability Rights Units. DUT had a nuanced focus on our students as demonstrated in the following achievements, which are regarded as a 'Council statement':

1. An Information Technology student, who is visually impaired, received a full bursary from SABT SA Bulk Terminal in Maydon Wharf and was offered an internship by the company;
2. Staff members from Student Services attended a sign language course and they are now able to communicate in basic sign-language with DEAF students;
3. Entered a relationship with Ster-Kinekor whereby disabled students are able to watch movies and create a space for them to relax and mingle;
4. Formed relations with Saint Giles for students to use their Remedial Gym for free;
5. Hosted a successful 'Disability Awareness Day' attended by differently abled, able-bodied students and the event was sponsored by external sponsors;
6. Hosted 'Talk Sign Campaign' where DEAF students were teaching abled students to sign.

However, Council would have failed in its honest oversight responsibility if the following challenges were not taken into cognisance:

1. Students with disabilities are not getting their assistive devices on time, to an extent that some had to drop out. Promising on-going talks with NSFAS might alleviate this challenge;
2. Students not receiving their allowances on time thus increasing their stress and challenges, which further strains the already-marginalised student cohort;
3. The Disability Office is situated in a less-than-ideal space with inherent challenges of steep location and inadequate space and access conversions to accommodate the needs of students living with disabilities;
4. Unavailability of resources such as specialised software for visual impaired and blind students.

Curriculum Transformation and Relevance

The curriculum is central to the responsiveness of an institution to the various drivers of transformation. Two discussion forums on developing a DUT understanding of decolonisation were hosted in the third quarter, with participation by staff, students and external stakeholders. Alongside the development of a draft paper emanating from these discussions, a paper outlining the University's position on the inherently contentious issues of institutional autonomy and academic freedom was drafted. Both these papers are to serve at Senate and other relevant bodies in 2018 to result in a DUT position paper. The decolonisation considerations have, at the heart, the implications for the curriculum; faculties have as a focus for 2018 the responsibility of identifying areas within their programmes that require review.

We have made considerable progress towards the implementation of our new programmes as part of both our curriculum transformation project and the HEQSF alignment process. Our target is to have all the undergraduate programmes submitted to CHE by the end of this year.

Curriculum transformation also focuses on aligning our programmes to 21st century needs, considering the extent of entrepreneurship activities, and integrating HIV/AIDS into the curriculum. The HEAIDS project has come to an

end; three faculties participated in this project from 2015-2017 and as a result there is vibrant engagement across the University and incorporation into the curriculum, minimally of which is through the offering of a General Education module on HIV/AIDS. The purpose of this module is to inform and/or broaden the knowledge and understanding of students about HIV/AIDS tuberculosis (TB) and sexually transmitted infections (STIs) and their impact on health and that of the community at a local, national and international level. It prepares students to understand the psychosocial impacts of these diseases in the context of their career choices and its effect on society and contribute towards developing students into socially responsible citizens.

Another aspect of curriculum transformation and relevance focuses on our programmes being relevant for graduate employability as well as a focus on entrepreneurship education. We are planning to conduct a marketplace review in 2018 on our graduate employability. Our stagnant local economy requires that we also responsibly prepare our students to be able to take up the challenge of becoming entrepreneurs, rather than being job seekers. We are preparing an audit of all entrepreneurial offerings and engagements at the University in the second semester of 2017, to determine the level and integration of offerings, prior to developing a strategy and a model to identify, support and mentor students with potential entrepreneurial aspirations/intent. A survey instrument has been developed, and in the second half of the year, the audit will be undertaken. In addition, MOUs have been signed with various parties associated with the University to assist students with their business plans and projects.

A programme of structured second curriculum projects and activities that contribute to the holistic development of our students is also underway. The University is on a firm path of establishing the baseline regarding the co-curricula offerings, which would lead to a process of developing clear outcomes and considering the contribution these offerings make to the development of our students' graduate attributes. This project is being coordinated under the auspices of the Siyaphumelela project.



Professor TZ Mthembu
Vice-Chancellor and Principal



Mr NZW Madinane
Chairperson: Council

COUNCIL STATEMENT ON GOVERNANCE

Council

The Durban University of Technology Council is responsible for ensuring that, as a collective, we conduct University business in accordance with the law and proper standards; that finances are safeguarded and properly accounted for, and used economically and efficiently. The Chair of Council's Report explains how the University has complied with the stipulated governance framework for the year 2017. In accordance with Regulations for Annual Reporting by Public Higher Education Institutions published in Government Notice No. R. 464 in Government Gazette No 37726 of 09 June 2014, the DUT Council is required to present this report. The Council considers that it has materially complied with these reporting requirements. In this statement, we provide a brief overview of the University's governance structures, legal status and corporate governance practice.

The composition, powers and responsibilities of the Council are in accordance with the Higher Education Act No 101 of 1997 (as amended in 2016), the Durban University of Technology's Statute, Code of Ethics and Code of Conduct for Council members. The Council's responsibilities include the ongoing strategic direction of the University, approval of the budget, major developments and policies and the receipt of regular reports from Executive Management on the day-to-day operations of the University. Council comprises thirty members, nineteen of whom (63%) are external members who are neither employees nor students of DUT. The role of the Chairperson of the Council is clearly separated from that of the University's Chief Executive, the Vice-Chancellor.

A Council workshop held in 2017, attended by Council members and the Executive Management interrogated the University's Strategic Plan, its financial stability and new developments. Council regards the workshop as a significant forum to closely engage and guide the University Executive and Executive Management on key governance matters (see Council Statement on Sustainability for more information regarding this workshop).

In accordance with scheduled times, Council met four times in 2017, and had two additional special meetings related to the milestone of any University, the appointment of the Vice Chancellor and Principal. The first 2017 Council meeting, of 18 March 2017, was preceded by a Council awards annual function on the evening before the meeting at which Council acknowledged staff and students who had excelled in their various University activities in the previous year (The Chair of Council's report refers). Three Council scheduled meetings were preceded by talks by guest speakers on matters particularly related to DUT activities and the higher education. Council regards these talks significant as a platform through which Council is kept abreast of some of the University's activities as well as matters within the higher education sector. With anxieties associated with the 2016#FeesMustFall campaigns, in a concerted effort Council seeks to ensure good governance. Accordingly, Council and in particular the Executive Management held special meetings to advise and provide guidance to the University Management.

Council Committees

In discharging its overall responsibility, DUT Council is also responsible for putting in place proper arrangements for the governance of University affairs and facilitating the effective exercise of its functions through Council Committees. Through Committees the Council secures good governance and continuous improvement in the way in which the University exercises its functions

All Council Committees are formally constituted with terms of reference and comprise mainly external members of Council. In addition, one external Council member serves on each of the University's Student Services Board, the Vice-Chancellor's Risk Management Committee; two external Council members serve on the Senate, Institutional Forum and Professorial Appeals Committee, respectively; and the Chairperson of Council and three external and two internal members of Council serve on the Electoral College for Chancellor.

Details of the Council Committees are as follows:

Executive Committee of Council (Exco) was injected with its operation and effectiveness.

At the 09 September 2017 meeting, Council approved the revised terms of reference of the Executive Committee of Council, which involved the changing of membership. The overarching goal for such change is to enhance the performance of the committee. All Chairpersons of the Sub-Committees of Council will now form part of the new membership. The Executive Committee comprises the following members:

- i. Mr NZW Madinane: Chairperson of the Executive Committee and the DUT Council.
- ii. Ms D Hlatshwayo: Chairperson of Human Resources Committee and Vice Chairperson of the DUT Council.
- iii. Prof TZ Mthembu: Vice-Chancellor and Principal.
- iv. Mr R Harichunder: Chairperson of Finance Committee.
- v. Mr S Sibiya: Chairperson of the Audit Committee.
- vi. Deputy Vice-Chancellor (People and Operations).

Audit Committee that provides assistance to Council with regard to inter alia:

- a. ensuring compliance with applicable legislation, the requirements of regulatory authorities and matters relating to financial management and internal control, accounting policies, reporting and disclosure;
- b. reviewing and recommending to Council all external audit plans, findings, problems, reports and fees;
- c. reviewing and recommending to Council all internal audit plans, findings, problems, reports and fees;
- d. reviewing the annual financial statements for fair presentation and conformity with international financial reporting standards and assessing whether they reflect appropriate accounting practices and principles;
- e. reviewing accounting policies;
- f. recommending to Council the appointment of the internal and external auditors;
- g. ensuring compliance with all areas of risk and the management thereof. The Council Risk Committee reports to the Audit Committee;
- h. ensuring adherence to the Internal Audit Charter.

Both the internal and external auditors have unrestricted access to the Audit Committee, which ensures unimpaired independence. They attend Audit Committee meetings and are also afforded separate opportunities to meet with the Committee. The Chairperson of Council is not a member of the Audit Committee.

The following is a **Committee of the Audit Committee** and is chaired by an elected external member of the Audit Committee:

Council Risk Committee, which:

- a. recommends to the Audit Committee the risk philosophy, strategy, and policy and ensures compliance with such policy;
- b. recommends to the Audit Committee concerning the levels of risk tolerance and risk appetite and ensures that risks are managed within the levels of tolerance and appetite;
- c. reviews and assesses the integrity of the risk management systems and ensures that the risk policies and strategies result in a thorough understanding of risks faced by the University in the pursuance of its objectives, together with the methods employed to mitigate the impact of those risks;
- d. monitors the reporting of risk by management with particular emphasis on significant risks or exposures and the appropriateness of the steps management has taken to reduce the risk to a tolerable level;
- e. monitors external developments relating to risk management including emerging risks and their potential impact;
- f. ensures that management also has a focus on “upside risk” i.e. making sure that the University takes advantage of opportunities;
- g. ensures that a formal risk register is maintained with an indication of how the risk is managed and mitigated;
- h. oversees that the risk management plan is widely disseminated throughout the University and integrated in the day-to-day activities of the University;
- i. ensures that risk management assessments are performed on a continuous basis;
- j. reviews reporting concerning risk management, that is to be included in the integrated report, for it being timely, comprehensive and relevant;
- k. considers the result of work performed and the conclusions of the internal Audit Function in relation to the risk management;
- l. liaises closely with the Audit Committee to exchange information relevant to risk.

To fulfil its responsibilities and duties in respect of IT Governance, the Committee:-

- a. reviews the adequacy and effectiveness of the control framework and governance structures implemented within the IT environment;
- b. satisfies itself that the risk management process sufficiently covers the IT environment and provides appropriate oversight of the risks identified within that environment;
- c. reviews the arrangements management has implemented for disaster recovery and business continuity;
- d. considers and reviews the reliance of the University on IT systems and obtains assurance that:



- risk assessments were conducted to understand the risks; and
- controls are in place to govern the IT risks within the environments that are highly dependent on systems ; and
- e. considers the adequacy of controls around the management of information and the protection of personal information processed by the University.

Finance Committee, which:

- a. recommends to Council the University's annual revenue and capital budgets which includes students' residences;
- b. monitors performance, in relation to the approved budgets for Council.

The Finance Committee must, *inter alia*:-

- a. formulate, develop, maintain and recommend to Council all policies in respect of all matters pertaining to the financial management and administration of the University;
- b. recommend to Council all matters of a financial nature;
- c. appoint and mandate signatories to all documents, cheques and agreements of approved transactions of a financial nature;
- d. recommend to the Audit Committee any amendments to the financial rules with a view to enhancing financial control and administrative efficiency;
- e. ratify all tenders approved by the Tender Committee.

Further, the **Investment Committee** which is a **Committee of the Finance Committee** is chaired by the Chairperson of the Finance Committee:-

Investment Committee which is responsible, for:-

- a. recommending an Investment Strategy to the Finance Committee;
- b. setting benchmarks for the Portfolio Managers;
- c. ensuring that the long term investments will adequately cover appropriate long term liabilities and capital commitments;
- d. providing guidance to the Portfolio Managers;
- e. making decisions on the Investment Portfolio based on recommendations made by the Portfolio Managers.

Tender Committee, which is responsible, *inter alia*, for:-

- a. approving and awarding tenders over R1 million, excluding VAT, per purchase;
- b. setting the criteria for evaluating tenders from time to time.

This committee was reviewed and revised, leading to it being a DUT Management committee, and in essence an internal committee.

Joint Audit and Finance Committee which:

- a. recommends the Annual Financial Statements for the preceding year to Council for approval;
- b. such other matters stipulated by Council from time to time or as stipulated by the Finance or Audit Committee from time to time.

Human Resources Committee which, *inter alia*:

- a. formulates the conditions of service of employees of the University in accordance with the Higher Education Act (Act No. 101 of 1997) for approval by the Council;
- b. recommends to Council to amend the conditions of service in accordance with the Basic Condition of Employment Act, the Labour Relations Act and related legislation;
- c. ensures compliance with all labour related legislation;
- d. develops, creates, reviews and amends all policy relating to conditions of employment at the University for approval by Council;
- e. ensures that there is a mechanism developed to allow for all statistics and data to do with human resources which reflect the current situation and remuneration matters, and that a report on these is submitted at each meeting;
- f. ensures that the best practice, as appropriate for the University, is established and operating efficiently within the University, including job grading systems and performance management systems;
- g. develops and submits to Council a remuneration policy appropriate for the University;
- h. considers and recommends to Council matters relating to, *inter alia*, a remuneration policy.

Remuneration Committee which determines the salary mandate to enable Executive Management to proceed with negotiations with labour.

Code of Conduct Committee which has the power to exercise the following functions in relation to a particular investigation:

- a. make written recommendations to Council proposing amendments to the Council Code of Conduct;
- b. require from a member of Council, in respect of whom a complaint of misconduct has been lodged, to appear before the Code of Conduct Committee, to answer such questions as may be put to him/her by the Committee and to make representations to the Committee. Any other person can be called to give evidence or provide information to the Committee.
- c. make a finding after the conclusion of an investigation and to submit such a finding to Council, either with or without a recommendation as to what action, if any, should be taken in pursuance of such finding.

- d. if the Committee is convinced that continued participation by the member, against whom a complaint has been lodged, will compromise its investigation, the Committee must recommend to Council that the member be suspended from the activities of Council and its committees until the timely finalisation of its investigation and finding. Such recommendation to suspend will be taken by EXCO of Council. If it is against a member of the EXCO of Council, such a member will be excluded from the EXCO when suspension is decided upon.

Selection Committee for Senior Management

which is constituted on an ad hoc basis whenever it is necessary to fill the position of Vice-Chancellor and Principal or that of any Deputy Vice-Chancellor.

Staff and Student Participation

The Durban University of Technology uses a variety of participating structures for issues which affect employees and students directly and materially.

Insofar as staff members are concerned, three trade unions enjoy organisational rights, namely the National Tertiary Education Union (NTEU), the National Educational Health and Allied Workers Union (NEHAWU) and the Tertiary Education National Union of South Africa (TENUSA).

Each trade union elects one academic staff member to sit on Senate, one staff member to sit on the Safety/Health and Environmental Committee, Employment Equity Committee and the Skills and Professional Development Committee, two staff members to sit on the Institutional Forum and five staff members to sit on the Labour Management Consultative Forum respectively. The Unions also have observer status on the Selection Committees for all staff and have membership of the Selection Committee for Senior Management and on the Professorial Committee.

In addition, three seats on Council, one on each of the Finance Committee and the Human Resources Committee of Council and four on the Institutional Forum are reserved for elected staff members.

The participation by students in decision-making is ensured by the membership afforded to the Students' Representative Council (SRC) of various formal and working committees. In terms of the highest decision-making bodies, the SRC appoints two members on the Council, three members on the Senate, four members on the Institutional Forum, one member on each of the Executive Committees of Council and Senate, one member on the Finance Committee of Council, one member on the Safety/Health and Environmental Committee and four members on the Student Services Board. In addition one student representative from each Faculty and two student members on the Central Housing Council from the Durban and Midlands Campuses respectively sit on the Student Services Board.

Furthermore, one SRC member sits on each of the Library Committee, the Selection Committees for Executive Managers, the Student Disciplinary Tribunal and the Vice Chancellor's Student Appeals Tribunal. They also serve on the HIV/Aids, Financial Aid, Fees and House Committees. Students also have representation on all Faculty Boards.

Statement on Ethics

The University's Code of Ethics, as approved by Council, is a statement of the ethical principles, values and behaviours expected of the staff and individuals associated with the University. Such persons are required to be careful, honest, responsible and efficient and to avoid impropriety or the appearance of impropriety in order to preserve the resources and assets of the University for the Public Good. The Code also seeks to promote the highest standards of scientific and professional integrity and to give due consideration to the ethical issues arising from the activities of the University.



Professor Thenjiwe Meyiwa
Registrar and Secretary: Council

COUNCIL AND COMMITTEES OF COUNCIL

COUNCIL MEMBERS AS AT 1 JANUARY 2017 – 20 JULY 2017

NAME OF MEMBER	CONSTITUENCY
1. Prof T Z Mthembu	Principal and Vice-Chancellor
2. Prof N Gwele	Deputy Vice-Chancellors
3. Prof K S Ndlovu	
4. Dr L Samuels	Senate
5. Dr R Smith	
6. Mr P Moodley	Academic Staff
7. Ms N Patchiappen	Professional and Administrative Staff
8. Ms R Pankhurst	Support and Service Staff
9. Ms Z Mncube	Students' Representative Council
10. Ms Y Manele	
11. Mr M Estrice	Institutional Forum
12. Ms K P M Baloyi	Minister's Nominees
13. Ms D Hlatshwayo	
14. Mr T B Hlongwa	
15. Mr S Johaar	
16. Dr N Makhanya	eThekweni Municipality Nominee
17. Cllr W L Mapena	
18. Mr N Z W Madinane	Convocation
19. Mr M Shange	
20. Mr S H Vezi	M L Sultan Charitable and Educational Trust
21. Mr L K T Mehta	
22. Mr N Chonco	Council appointees
23. Mr Z S Gumede	
24. Mr R Harichunder	
25. Prof L Molamu	
26. Ms B Ntombela	
27. Mr S Sibiya	
28. Mr B Singh	
29. Ms G Twala	
30. Dr J Volmink	

COUNCIL MEMBERS AS AT 21 JULY 2017 – 31 DECEMBER 2017

NAME OF MEMBER	CONSTITUENCY
1. Prof T Z Mthembu	Principal and Vice-Chancellor
2. Prof N Gwele	Deputy Vice-Chancellors
3. Prof K S Ndlovu	
4. Dr L Samuels	Senate
5. Dr R Smith	
6. Mr P Moodley	Academic Staff
7. Mr N Patchiappen	Professional and Administrative Staff
8. Ms R Pankhurst	Support and Service Staff
9. Mr S Mthembu	Students' Representative Council
10. Mr N Ngema	
11. Mr M Estrice	Institutional Forum
12. Ms K P M Baloyi	Minister's Nominees
13. Ms D Hlatshwayo	
14. Mr T B Hlongwa	
15. Mr S Johaar	
16. Dr N Makhanya	eThekweni Municipality Nominee
17. Cllr. W L Mapena	
18. Mr N Z W Madinane	Convocation
19. Mr M Shange	
20. Mr S H Vezi	M L Sultan Charitable and Educational Trust
21. Mr L K T Mehta	
22. Mr N Chonco	Council appointees
23. Mr Z S Gumede	
24. Mr R Harichuder	
25. Prof L Molamu	
26. Ms B Ntombela	
27. Mr S Sibiya	
28. Mr B Singh	
29. Ms G Twala	
30. Dr J Volmink	



MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES

AS AT 01 JANUARY 2017 – 20 JULY 2017

Office Bearers of Council

Chairperson: Mr N Z W Madinane

Vice-Chairperson: Ms D Hlatshwayo

1. EXECUTIVE COMMITTEE

Mr N Z W Madinane: **Chairperson** of the Council and Executive Committee
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Prof T Z Mthembu: Vice-Chancellor
 Mr R Harichunder: Chairperson of Finance Committee
 Mr Z S Gumede: External Council Member
 Ms B Ntombela: External Council Member
 Ms G Twala: External Council Member
 Dr L Samuels: Senate member on Council
 Ms Z Mncube: Students' Representative Council

2. FINANCE COMMITTEE

Mr R Harichunder: **Chairperson** of the Finance Committee
 Mr N Z W Madinane: Chairperson of the Council
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Prof T Z Mthembu: Vice-Chancellor
 Mr Z S Gumede: External Council Member
 Mr T B Hlongwa: External Council Member
 Ms K P M Baloyi: External Council Member
 Ms R Pankhurst: Internal Council Member
 Ms Z Mncube: Students' Representative Council

Advisory Members

Prof N Gwele: Deputy Vice-Chancellor
 Deputy Vice-Chancellor: Operations
 Deputy Vice-Chancellor: Engagement
 Chief Financial Officer

2.1. INVESTMENT COMMITTEE

Mr R Harichunder: **Chairperson** of the Investment Committee
 Ms K P M Baloyi: External Council Member
 Ms D Hlongwa: External Council Member

2.2. TENDER COMMITTEE

Mr R Harichunder: **Chairperson** of the Tender Committee

3. AUDIT COMMITTEE

Mr S Sibiyi: **Chairperson** of the Audit Committee
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Mr R Harichunder: Chairperson of Finance Committee
 Ms K P M Baloyi: External Council Member
 Mr B Singh: External Council Member

Advisory Members

Vice-Chancellor and Deputy Vice-Chancellors
 Chief Financial Officer
 Chief Risk Officer

By Invitation

A representative of the External Auditors
 A representative of the Internal Auditors
 A representative from the Office of the Auditor General of SA

3.1 COUNCIL RISK COMMITTEE

Voting Members

Prof T Z Mtembu: Vice-Chancellor

Mr S Sibiyi: Audit Committee Member
 Mr R Harichunder: Chairperson of the Risk Committee
 Mr L K T Mehta: External Council Member

Advisory Members (Non-Voting)

Dr R Smith
 Dr M Mandew
 The Chief Risk Officer

4. HUMAN RESOURCES COMMITTEE

Voting Members

Ms D Hlatshwayo: Vice-Chairperson of the Council and **Chairperson** of the Council Human Resources Committee
 Mr N Z W Madinane: Chairperson of the Council
 Cllr W L Mapena: External Council Member
 Dr N Makhanya: External Council Member
 Ms G G Twala: External Council Member
 Prof T Z Mthembu: Vice-Chancellor
 Mr N Patchiappen: Staff representative on Council

Non-Voting Members

Deputy Vice-Chancellor
 Dr R Smith: Senate representative on Council
 Dr L Samuels: Chairperson of the IF
 Chief Financial Officer
 Administrative Head of Human Resources Department

5. REMUNERATION COMMITTEE

Voting Members

Ms K P M Baloyi: Finance Committee Member
 Mr Z S Gumede: Finance Committee Member
 Mr R Harichunder: Finance Committee Member
 Ms D Hlatshwayo: Finance and Human Resources Committees Member
 Mr T B Hlongwa: Finance Committee Member
 Mr N Z W Madinane: Finance and Human Resources Committees Member
 Dr N Makhanya: Human Resources Committee Member
 Cllr W L Mapena: Human Resources Committee Member

Ms G G Twala: Human Resources Committee Member

Non-Voting Member

Prof T Z Mthembu: Vice-Chancellor

6. SENATE

Dr N Makhanya: External Council Member
 Vacant: External Council Member
 Mr Z S Gumede: External Council Member (Alternate member)

7. INSTITUTIONAL FORUM

Mr L K T Mehta: External Council Member
 Ms G G Twala: External Council Member

8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member

MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES

AS AT 21 JULY 2017 – 03 SEPTEMBER 2017

Office Bearers of Council

Chairperson: Mr N Z W Madinane

Vice-Chairperson: Ms D Hlatshwayo

1. EXECUTIVE COMMITTEE

Mr N Z W Madinane: **Chairperson** of the Council and Executive Committee
Ms D Hlatshwayo: Vice-Chairperson of the Council
Prof T Z Mthembu: Vice-Chancellor
Mr R Harichunder: Chairperson of Finance Committee
Mr Z S Gumede: External Council Member
Ms B Ntombela: External Council Member
Ms G Twala: External Council Member
Dr L Samuels: Senate member on Council
Ms Z Mncube: Students' Representative Council

2. FINANCE COMMITTEE

Mr R Harichunder: **Chairperson** of the Finance Committee
Mr N Z W Madinane: Chairperson of the Council
Ms D Hlatshwayo: Vice-Chairperson of the Council
Prof T Z Mthembu: Vice-Chancellor
Mr Z S Gumede: External Council Member
Mr T B Hlongwa: External Council Member
Ms K P M Baloyi: External Council Member
Ms R Pankhurst: Internal Council Member
Ms Z Mncube: Students' Representative Council

Advisory Members

Prof N Gwele: DVC Teaching and Learning
Prof K S Ndlovu: DVC People and Operations
Prof S Moyo: Research, Innovation and Engagement
Chief Financial Officer

2.1. INVESTMENT COMMITTEE

Mr R Harichunder: **Chairperson** of the Investment Committee
Mr T B Hlongwa: External Council Member
Mr B Singh: External Council Member

2.2. TENDER COMMITTEE

Mr R Harichunder: Chairperson of the Tender Committee

3. AUDIT COMMITTEE

Mr S Sibiya: **Chairperson** of the Audit Committee
Ms D Hlatshwayo: Vice-Chairperson of the Council
Mr R Harichunder: Chairperson of Finance Committee
Ms K P M Baloyi: External Council Member
Mr B Singh: External Council Member

Advisory Members

Vice-Chancellor and Deputy Vice-Chancellors
Chief Financial Officer
Chief Risk Officer

By Invitation

A representative of the External Auditors
A representative of the Internal Auditors
A representative from the Office of the Auditor General of SA

3.1 COUNCIL RISK COMMITTEE

Voting Members

Mr R Harichunder: **Chairperson** of the Risk Committee

Prof T Z Mthembu: Vice-Chancellor
Mr S Sibiya: Audit Committee Member
Mr L K T Mehta: External Council Member

Advisory Members (Non-Voting)

Dr R Smith
Dr M Mandew
The Chief Risk Officer

4. HUMAN RESOURCES COMMITTEE

Voting Members

Ms D Hlatshwayo: Vice-Chairperson of the Council and **Chairperson** of the Council Human Resources Committee
Mr N Z W Madinane: Chairperson of the Council
Cllr W L Mapena: External Council Member
Ms G G Twala: External Council Member
Prof T Z Mthembu: Interim Vice-Chancellor
Mr N Patchiappen: Staff representative on Council

Non-Voting Members

Deputy Vice-Chancellor
Dr R Smith: Senate representative on Council
Dr L Samuels: Chairperson of the IF
Chief Financial Officer
Administrative Head of Human Resources Department

5. REMUNERATION COMMITTEE

Voting Members

Ms K P M Baloyi: Finance Committee Member
Mr Z S Gumede: Finance Committee Member
Mr R Harichunder: Finance Committee Member
Mr T B Hlongwa: Finance Committee Member
Mr N Z W Madinane: Finance and Human Resources Committees Member
Dr N Makhanya: Human Resources Committee Member
Cllr W L Mapena: Human Resources Committee Member
Dr J Reddy: Finance and Human Resources Committees Member
Ms G G Twala: Human Resources Committee Member

Non-Voting Member

Prof T Z Mthembu: Vice-Chancellor

6. SENATE

Dr N Makhanya: External Council Member
Mr Gumede: External Council Member
Mr S H Zezi: External Council Member
(Alternate member)

7. INSTITUTIONAL FORUM

Mr L K T Mehta: External Council Member
Ms G G Twala: External Council Member

8. STUDENT SERVICES BOARD

Mr S H Zezi: External Council Member



MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES

AS AT 04 SEPTEMBER 2017 – 31 DECEMBER 2017

Office Bearers of Council

Chairperson: Mr N Z W Madinane

Vice-Chairperson: Ms D Hlatshwayo

1. EXECUTIVE COMMITTEE

Mr N Z W Madinane: **Chairperson** of the Council and Executive Committee
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Mr R Harichunder: Chairperson of Finance Committee
 Mr S Sibiya: Chairperson of Audit Committee
 Prof T Z Mthembu: Vice-Chancellor and Principal
 Prof S K Ndlovu: DVC People and Operations

2. FINANCE COMMITTEE

Mr R Harichunder: **Chairperson** of the Finance Committee
 Mr N Z W Madinane: Chairperson of the Council
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Prof T Z Mthembu: Vice-Chancellor and Principal
 Ms K P M Baloyi: External Council Member
 Mr Z S Gumede: External Council Member
 Mr T B Hlongwa: External Council Member
 Mr S Mthembu: Students' Representative Council
 Ms R Pankhurst: Internal Council Member

Advisory Members

Deputy Vice-Chancellors
 Chief Financial Officer
 Chief Risk Officer

2.1. INVESTMENT COMMITTEE

Mr R Harichunder: **Chairperson** of the Investment Committee
 Ms K P M Baloyi: External Council Member
 Mr T B Hlongwa: External Council Member
 Prof T Z Mthembu: Vice-Chancellor and Principal
 Chief Financial Officer

3. AUDIT COMMITTEE

Mr S Sibiya: **Chairperson** of the Audit Committee
 Ms D Hlatshwayo: Vice-Chairperson of the Council
 Mr R Harichunder: Chairperson of Finance Committee
 Ms K P M Baloyi: External Council Member
 Mr B Singh: External Council Member

Advisory Members

Vice-Chancellor and Deputy Vice-Chancellors
 Chief Financial Officer
 Chief Risk Officer

By Invitation

A representative of the External Auditors
 A representative of the Internal Auditors
 A representative from the Office of the Auditor General of SA

3.1 COUNCIL RISK COMMITTEE

Voting Members

Mr R Harichunder: Chairperson of the Risk Committee
 Mr L K T Mehta: External Council Member
 Mr S Sibiya: Audit Committee Member
 Prof T Z Mthembu: Vice-Chancellor and Principal

Advisory Members (Non-Voting)

Dr R Smith
 Dr M Mandew
 Chief Risk Officer

4. HUMAN RESOURCES COMMITTEE

Voting Members

Ms D Hlatshwayo: Vice-Chairperson of the Council and Chairperson of the Human Resources Committee
 Mr N Z W Madinane: Chairperson of the Council
 Dr N Makhanya: External Council Member
 Cllr W L Mapena: External Council Member
 Ms G G Twala: External Council Member
 Prof T Z Mthembu: Vice-Chancellor
 Mr N Patchiappen: Staff representative on Council

Non-Voting Members

Deputy Vice-Chancellors
 Dr R Smith: Senate representative on Council
 Dr L Samuels: Chairperson of the IF
 Chief Financial Officer
 Administrative Head of Human Resources Department

6. SENATE

Mr Z S Gumede: External Council Member
 Mr S H Vezi: External Council Member
 (Alternate member)
 Vacant: External Council Member

7. INSTITUTIONAL FORUM

Mr L K T Mehta: External Council Member
 Ms G G Twala: External Council Member

8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member

Council and Committees of Council: Meetings and Attendance: 2017

NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	Council	Council W/Shop	Audit	Joint Audit and Finance	Finance	Exco	Human Resources
NO. OF MEETINGS IN 2017	5	1	5	1	4	4	4
NO. OF MEETINGS ATTENDED BY INDIVIDUAL COUNCIL MEMBERS IN 2016							
Prof T Andrew	0 [1 mtg held before end of term of office on Council]		Advisory		Advisory	2 [2 mtgs held before end of term on Committee]	Non-voting
Ms K P M Baloyi	3	1	5	1	4		
Mr N Chonco	2 [3 mtgs held since app to Council]	0					
Mr M Estrice	5	1					
Mr Z S Gumede	5	1		1	4	2 [2 mtgs held before end of term on Committee]	
Prof N Gwele	5	1	Advisory	Advisory	Advisory		
Mr R Harichunder	2	1	4	1	4	3	
Ms D Hlatshwayo	4	0	1	1	2	0	3
Mr T B Hlongwa	3	0		0	0		
Mr S Johaar	1	0					
Mr N Z W Madinane	5	1		1	3	4	4
Dr J N Makhanya	3 [4 mtgs held before end of term on Council]						4
Ms Y Manele	2 [4 mtgs held before end of term on Council]						
Cllr W L Mapena	1	0					3
Mr L K T Mehta	3	1					
Prof T Z Mthembu	5	1	Advisory	Advisory	3	3	4
Mr S Mthembu	1 [1 mtg held since app to Council]	1					
Ms Z Mncube	3 [4 mtgs held before end of term on Council]			0 [1 mtg held before end of term on Committee]	2 [3 mtgs held before end of term on Committee]	2 [2 mtgs held before end of term on Committee]	
Prof L Molamu	4 [4 mtgs held since app to Council]						
Mr P Moodley	3 [3 mtgs held since app to Council]	1					
Prof S K Ndlovu	4 [4 mtgs held since app to Council]	1	Advisory	Advisory		1 [2 mtgs held before end of term on Committee]	



NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	Council	Council W/Shop	Audit	Joint Audit and Finance	Finance	Exco	Human Resources
NO. OF MEETINGS IN 2017	5	1	5	1	4	4	4
NO. OF MEETINGS ATTENDED BY INDIVIDUAL COUNCIL MEMBERS IN 2016							
Mr N Ngema	1 [1 mtg held since app to Council]	1					
Ms B B Ntombela	5	1				1 [2 mtgs held before end of term on Committee]	
Mr N Patchiappen	3	1					4
Ms R Pankhurst	3	0		0	3		
Dr L Samuels	4	0				0 [2 mtgs held before end of term on Committee]	
Mr S Sibiya	4	0	4	1		2 [2 mtgs held since app to Committee]	
Mr B Singh	5	1	4	0			
Dr R Smith	4	1					Non-voting
Ms G G Twala	4	0				0 [2 mtgs held before end of term on Committee]	4
Mr S H Vezi	5	1					
Dr J Volmink	0	0					
Average Percentage of Attendance	73%	64%	80%	60%	71%	62%	93%

Key:  Not applicable

REPORT ON INTERNAL ADMINISTRATIVE/ OPERATIONAL STRUCTURES AND CONTROLS FOR THE YEAR ENDED 31 DECEMBER 2017

Durban University of Technology (DUT) maintains systems of internal control over financial reporting and the safeguarding of its assets. Such systems are designed to provide reasonable assurance to Council and the University in respect of its operational environment. These include among others, well documented organisational structures setting out the division of responsibilities, established policies and procedures, including a Code of Ethics to foster a strong ethical climate and the careful selection, training and development of its people.

Information technology systems are in use throughout the organisation. These have been developed, tested and implemented according to defined standards to achieve efficiency, effectiveness, reliability and security. Established standards are applied to protect privacy and ensure controls over all data, including disaster recovery and "backup" procedures. Systems are designed to promote ease of access for all users. The development, maintenance and operation of all systems are under the control of trained staff and where necessary, reputable outsourced entities. The use of electronic technology to conduct transactions with staff and third parties necessitates close scrutiny and this is achieved through control procedures that are designed and implemented to minimise the risk of fraud or error and unauthorised access.

Internal auditors review the internal control systems and policies and report findings and recommendations

to management and the Audit Committee of Council. Corrective actions are taken to address control deficiencies and other opportunities for improving systems when identified. The Council, operating through its Audit and Finance Committees, provides oversight of the financial reporting process.

However, it is recognised that there are inherent limitations to the effectiveness of any system of internal control which include the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore, the effectiveness of an internal control system can change with circumstances.

DUT reviewed its internal control requirements in conjunction with the internal auditors and developed a programme of internal audits to examine the systems, procedures and controls in those areas considered as high risk. The University believes that during the year ended 31 December 2017, its system of internal control over its operational environment, information reporting and safeguarding its assets met the requirements of its Internal Control Manual.

The Audit Committee approved this report at its meeting on 29 May 2018.



Mr S Sibiya
Chairperson: Audit Committee
May 2018



Mr S Kharwa
Chief Risk Officer

REPORT ON RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT THEREOF FOR THE YEAR ENDED 31 DECEMBER 2017

Oversight of the risk management function is exercised by the Council Risk Committee. The Council Risk Committee is a Sub-Committee of the Council Audit Committee.

The Committee's purpose is to assist the Council in fulfilling its oversight responsibilities with regard to the identification and management of risks within its risk appetite, both upside and downside and which may affect the University's ability to achieve its strategic goals and objectives. The Council Risk Committee membership is the Vice-Chancellor, two members of the Audit Committee, one external member of Council who is not a member of the Audit Committee and the Chief Risk Officer.

At an operational level the Executive Management Committee and the University Planning and Resources Forum are responsible for overseeing the regular review and updating of the University's risk register. The risk register is the outcome of an annual risk assessment workshop.

The University recognises that identifying and managing risks are critical in ensuring that its strategic and operational objectives are met. In this regard the University has identified its top financial and non-financial risks as follows:

- **Financial risks**

- » Financial targets may not be achieved and inefficient use financial resources;
- » Research and innovation targets are not met;

- » Programmes aligned to the HEQSF for first time entering students are not completed by DHET's 31 December 2019 deadline;
- » Deficiency in DUT processes for enrolment;
- » Inefficient use of physical resources.

- **Non-financial risks**

- » DUT does not meet the expected curriculum requirements;
- » Human Resources processes do not support the strategic objectives of the University;
- » The University academic programme is affected by protests;
- » IT does not support the strategic imperatives of DUT;
- » DUT facilities are inadequate to support effective learning and the wellbeing of students and staff;

The University is adequately covered by insurance policies against fire and allied perils, business disruption, theft, money, fidelity, public liability, accidental damage and employer's liability.

Further information on the University's financial risk exposure is reflected in the notes to the Consolidated Financial Statements.

The University is satisfied there are appropriate control measures and other interventions in place to mitigate both the financial and non-financial risks to tolerable levels. In addition, the risk register has been used to inform both the University's annual and rolling three year internal audit plans.



Mr R Harichunder
Chairperson: Risk Committee



Mr S Kharwa
Chief Risk Officer

REPORT OF THE AUDIT COMMITTEE ON HOW IT FULFILLED ITS DUTIES FOR THE YEAR ENDED 31 DECEMBER 2017

1. Audit Committee Charter

The Audit Committee has adopted a formal charter that was approved by DUT's Council. The Committee has conducted its affairs in compliance with this charter and has discharged its responsibilities contained therein. The overall objective of the Audit Committee is to assist the Council in fulfilling its oversight responsibilities in regard to financial reporting processes, risk management, systems of internal control, audit processes and compliance with laws and regulations.

2. Council Audit Committee Members and Attendance at Meetings

The Committee comprises of five external members of Council who are all voting members. The Committee also consists of non-voting advisory members. They are the Vice-Chancellor, all Deputy Vice-Chancellors, the Chief Financial Officer and the Chief Risk Officer. External Auditors, Internal Auditors and a representative from the Auditor General's office also attend meetings

by invitation. The Chairperson is appointed from among the external Council members. These members have the necessary skills and experience to serve on the Committee. The Committee meets at least three times per annum as is required by the charter. Both the internal and external auditors have unrestricted access to the Audit Committee.

During the year under review three scheduled and two special meeting were held. In addition, a joint meeting between the Finance Committee of Council and the Audit Committee was held to approve the financial statements. The table below is a schedule of meetings and attendance for the year.

3. Roles and Responsibilities

The Audit Committee's roles and responsibility include statutory responsibility in terms of DUT's Statute and the Higher Education Act (101 of 1997) which include the Regulations for reporting by Public Higher Education Institutions.

MEMBER	APPOINTED	07 FEB 2016	04 MAY 2017 Joint Finance and Audit Committee	17 AUG 2017	09 SEPT 2017 Special Audit Committee	01 NOV 2017	18 NOV 2017 Special Audit Committee
Mr R Harichunder B.Com; CTA; CA(SA)	21 July 2015 Chair: Finance Committee	✓	✓	✓	Apology*	✓	✓
Mr S Sibiya B.Com(Hons); CA(SA) Appointed Chair: 05 Sept 2015	21 July 2014	✓	✓	✓	✓	✓	✓
Mr B Singh B.Com; B.Com(Hons); Advanced Credit Dip. and Certified Associate in Banking (CAIB); MBA; International Executive Development Programme (Wits)	05 September 2015	Apology*	Apology*	Apology*	✓	✓ Teleconference	✓
Ms D Hlatshwayo B Soc Sc (Hons); MBA; Wits Senior Executive Development Programme	12 July 2014	Apology*	✓	Apology*	✓	Apology*	Apology*
Ms KPM Baloyi B.Com; HED; Cert: Engineering Bus Management	21 July 2014	✓	✓	✓	✓	✓	✓

* Apologies submitted and accepted



The Committee performed the following statutory duties for the year under review:

- Reviewed the terms of engagement including the audit scope of the external auditors – Deloitte and SM Xulu Inc Consortium.
- Reviewed the audit scope, approach and extent of reliance on the work of the internal auditors.
- Reviewed and confirmed the independence of the external auditors.
- Reviewed and approved the budget for the fees to be paid to the external auditor.
- Ensured that the appointment of the external auditor complies with the Higher Education Act 101 of 1997, as amended.

3.1. External auditor

The Audit Committee has satisfied itself that the external auditors are independent of the University. This includes compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors (IRBA). The external auditors have given assurance that their internal governance processes support and demonstrate their independence.

The Committee, in consultation with Executive Management, agreed to the engagement letter, its terms, audit plan and budgeted fees for the 2017 year.

The Committee is satisfied that the audit firm and designated engagement partner is accredited with Independent Regulatory Board for Auditors (IRBA).

3.2. Financial statements and accounting practices

The Audit Committee reviewed the accounting policies and the financial statements and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the requirements of the Higher Education Act (101 of 1997) and reporting guidelines published by the Department of Higher Education and Training.

3.3. Internal financial controls

In addition to the report on internal operational structures and controls found elsewhere in the annual report, the Committee reviewed the formal reports submitted by the internal auditors of the University. Based on these reports, the Committee is of the opinion that the University's system of internal financial controls is effective and forms the basis for the preparation of reliable financial statements.

3.4. Duties assigned by Council

The Audit Committee fulfils an oversight role on behalf of Council. It is responsible for ensuring that the University's

outsourced internal audit function has the necessary resources, standing and authority to discharge its duties. The committee also oversees co-operation between the internal and external auditors and serves as a link between Council and these functions.

During the year under review, the Committee met both the external auditors and internal auditors without management being present in order to provide comfort that the auditors are satisfied with the role and performance of management in fulfilling their functions.

3.5. Risk management

The Audit Committee has assigned risk management oversight to a separate Risk Committee. The chairperson of the Risk Committee also serves on the Audit Committee. The Risk Committee reports to the Audit Committee which in turn reports to the Council. The Audit Committee reviews the minutes of the Risk Committee and considers the impact of risks related to financial reporting, financial controls, information technology and fraud.

3.6. Internal audit

The Committee considered and approved the internal audit plan for 2016. The internal audit function is outsourced to PWC and Ukukhanya Advisory Services who have responsibility for reviewing and providing assurance on the adequacy of the internal control environment across the University's operations. The internal auditors have direct access to the Chairperson. The Chief Risk Officer is responsible for monitoring the internal audit work against the agreed internal audit plan. Progress regarding findings are tracked and reported on regularly.

3.7. Expertise and experience of the Chief Financial Officer (CFO) and finance function

The Committee has satisfied itself that the CFO has appropriate expertise and experience. In addition, the Committee has considered and satisfied itself of the appropriateness of the expertise and adequacy of resources of the finance function and experience of the senior members of management responsible for the financial function.

3.8. Sustainability reporting

The Committee considered the University's sustainability information disclosed in the Annual Report and has assessed its consistency with the annual financial statements and with operational and other information known to Committee members. The Committee is satisfied that the sustainability information is reliable and consistent with financial results.

Mr S Sibiya
Chairperson: Audit Committee
May 2018

Mr NZW Madinane
Chairperson: Council
May 2018

REPORT OF THE CHIEF FINANCIAL OFFICER AND THE CHAIRPERSON OF THE FINANCE COMMITTEE

This report provides an overview of the financial results and budgetary processes of the University for the 2017 financial year.

The Budget Process

Principles that underpin the budget process

- The Ministerial Statement on University funding;
- Alignment to the strategic plan of the University.

A key strategic focus area is the financial sustainability of the University. We practice conservative financial management by ensuring that there are effective mechanisms in place to maintain fiscal discipline.

Overview of the Budget Process

The budgets are prepared generally on zero based principles with each operating division providing input into the budget preparation.

Comments on the Financial Results

Unqualified Audit Opinion

The auditors have issued an unqualified opinion on the consolidated financial statements of the University for the financial year ended on 31 December 2017.

Income

Subsidy Income: (Council Controlled- Recurrent)

Subsidy income increased from R767.963m in 2016 to R855.758m in 2017, an increase of 11.43%. The increase in subsidy income is mainly attributable to the following:

1. Research output Units increased by 83; and
2. Increase in the Teaching input, Teaching output and Institutional Factor Unit values to cater for the tuition fee adjustments.

Fee Income: (Council Controlled- Recurrent)

Tuition Fee (Recurrent)

Tuition fees increased by 17.43% from R499.946m in 2016 to R587.100m in 2017. Tuition fees is dependent on two variables, i.e. Annual student fee adjustments and head count enrolment. In this context, the tuition fee increase is attributed largely to the increase in head count enrolment of students from 28 377 in 2016 to 29 761 in 2017.

Expenditure

Academic and Other Staff Compensation (Council Controlled - Recurrent)

The above costs increased by R43.275m from 803.707 to R846.981. The effective increase in personnel compensation costs was 5.38 %. This includes salary adjustments of 5% for grades 1-5 and 7% for grades 7-16 for the year under review. The reason for the non-correlation between the effective increase in personnel compensation costs and the salary adjustment is due to certain posts remaining vacant during the year.

Ratio of Staff costs to Recurrent income

The ratio of staff costs to recurrent income for the year under review was 58.7% (2016: 63.31%). Recurrent income is defined as state subsidy and fee income.

Post-Retirement Benefits

Pension:

Members who transferred from the AIPF (Government Pension fund) to NTRF in 1994 are entitled to a minimum defined benefit, which is guaranteed upon normal retirement age (60 years).

This is a closed scheme.

Medical Aid

The Post-Retirement Medical Aid (PRMA) Scheme of the University applies to eligible members who are former Technikon Natal staff who entered the medical aid scheme before 1 January 2000. No benefit is payable upon withdrawal.

This Scheme currently has 133 employed and 178 retired members.

The Actuarial Valuation of the post retirement benefit obligation as at 31 December 2017 was R159m (2016: R160m).



This is a closed scheme.

The above liabilities are unfunded and has been provided for in the Annual Financial Statements.

The total unfunded balance of Post-Retirement Benefits as at 31 December 2017, amounted to R148.301m (2016: R161.396m).

Other Operating Costs

Other operating costs increased by 28% representing a net increase from R297.621m in 2016 to R380.973m in 2017. This is mainly attributed to the increase in the following:

- Water and electricity;
- Rates;
- Repairs and maintenance; and
- Other operating costs in respect of student accommodation increased by 14.12% from R125.329m in 2016 to R143.023m in 2017. This is attributed largely to the increase in repairs and maintenance due to refurbishment of the student residences.

Receivables and Pre-payments

A cumulative provision of R315.46m (2016: R306.29m) for tuition and residence fee student debtors has been provided for as at 31 December 2017. Student debt, after the above provision, is R183.8m. The other major component of receivables is interest accrued (R71m).

Student Debtors Provision

Student debt provision increased by 3% compared to a 5.23% increase in 2016. The main reason for the minimal increase is that Government made additional funds available in order to fund historical NSFAS student debt. The risk relating to student fees 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 addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either settling their outstanding debt or the conclusion of a formal payment arrangement.

National Student Financial Aid Scheme (NSFAS)

The University received R430m from NSFAS in 2017 compared to R262.37m received in 2016, representing an increase of 63.89%. Included in the 2017 amount of R430m was R47.2m, which related to 2016 NSFAS allocations. During the previous financial year concessions were awarded to a category of students who received full funding for the 2016 academic year, but had accrued debt over the previous years.

Student Loans

The University has advanced loans to students to the value of R62.445m over the years. These loans are administered by NSFAS. The terms and conditions of the loans are identical to the loans granted by NSFAS, except that these are interest free loans and have no bursary element. The value of student loans after fair value adjustment and provision for impairment is R20.018m (2016:21.48m).

Total liabilities

- Deferred grants comprise 63% of total liabilities. The major portion of deferred grants are State funded projects. These comprise of the unspent cash portion of grants and the deferred revenue for grant funded projects.
- Retirement benefit obligation make up 10% and trade and other payables, borrowings and provisions, 26.7% of liabilities.

Net Surplus

The net surplus after transfers from the University's operations i.e. Council Controlled Funds is R339.86m (2016:R240.73m).

Included in the surplus are realised gains on disposal of investments of R2.96m, interest and dividends from long-term Investments R20m and interest on student accounts R8.33m. The University has also received R35.10m more interest income from short-term investments in 2017, which is attributed to:

- An increase in the effective interest rates for a sustained period, and
- Improved cash flow, due to the University recovering funding for historical debt through NSFAS students and savings in the Personnel compensation and operating budget for 2017.

Cash Flow and Liquidity

The University's cash flow continues to be positive. Cash and cash equivalents as at year-end increased from R1257.292m to R1701.781m.

The significant portion of cash relates to committed funds for the following:

- Unspent restricted Government grants and Research funds – R430.1m;
- Unspent funds designated to departments – R216.6m;
- Accounts payable – R220.9m; and
- The remaining R834m includes an unencumbered R412.7m retained for three months' working capital as required by DUT practice.

Cash Flow Planning

The cash flow cycle at DUT has a low point at the end of January and peaks in October/November after a percentage of the fees and most subsidies have been received. Careful planning and management of our cash is crucial in maximising interest income.

The University's objective is to hold enough cash to fund at least three months operations at any point in time. After taking into account infrastructure costs, earmarked and restricted funds, the University is well placed to meet this objective.

Liquidity Ratio

The University's liquidity ratio is 6.19:1 (norm 1:1), which indicates the University's short-term financial strength. This compares total current assets (excluding inventory) to total current liabilities(excluding current debt).

The current ratio is 6.02:1 which exceeds the accepted norm of 2:1. This compares total current assets to total current liabilities.

Solvency Ratio

The University's solvency ratio is 1.67:1, which is indicative of the financial soundness of the University. The formula used for this calculation is Total Assets less Property Plant and Equipment (PPE)/Total Liabilities.

Debt Equity Ratio

The debt equity ratio is 4.48%, which is well below the 50% borrowing limit, as per the University's policy.

CONCLUSION

State subsidies in respect of Council controlled activities, in particular subsidies relating to cost units continue to lag inflation. The economic circumstances are such that this trend is likely to continue and possible worsen. This, together with the regulation of fee adjustments poses significant challenges to University.

Increasing the University's third stream income and containing costs must continue to be a key strategic objective for all stakeholders in order to ensure the financial sustainability of the University.



Mr M R Mthethwa
Interim Chief Financial Officer



Mr R Harichunder
Chairperson: Finance Committee of Council



DURBAN UNIVERSITY OF TECHNOLOGY
AUDITED ANNUAL FINANCIAL STATEMENTS
31 DECEMBER 2017



DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

NATURE OF BUSINESS	Public higher education institution
AUDITOR	Deloitte & Touche and SM Xulu Incorporated
BANKERS	Standard Bank of South Africa Limited First National Bank of South Africa Limited
DOMICILE AND COUNTRY OF INCORPORATION	Republic of South Africa

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DURBAN UNIVERSITY OF TECHNOLOGY

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Council is responsible for the preparation, integrity, and fair presentation of the consolidated annual financial statements of the Durban University of Technology ("the University/DUT"). The responsibility for the preparation and presentation of the consolidated annual financial statements has been delegated to management.

The consolidated annual financial statements presented on pages 70 to 135 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as prescribed by the Minister of Higher Education and Training in the regulations in terms of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on the judgments and estimates made by management. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations. The estimates and underlying assumptions are reviewed on an ongoing basis.

Council considers that in preparing the consolidated annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all IFRSs that they consider to be applicable have been followed. Council is satisfied that the information contained in the consolidated annual financial statements fairly presents the results of operations for the year and the financial position of the University at year-end.

Council has the responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the University to enable the Council to ensure that the consolidated annual financial statements comply with relevant legislation.

Durban University of Technology and its subsidiaries operate in a well-established control environment, which is well documented and regularly reviewed. This incorporates risk management and internal control procedures, which are designed to provide reasonable, but not absolute, assurance that the assets are safeguarded and the risks facing the University are being controlled.

The 'going-concern' basis has been adopted in preparing the consolidated annual financial statements. Council has no reason to believe that the University will not be a going concern in the foreseeable future, based on the forecasts and available cash resources. These consolidated annual financial statements support the viability of the University.

The University's external auditors, Deloitte & Touche and SM Xulu Incorporated, audited the consolidated annual financial statements, and their report is presented on pages 66 to 69. Council believes that all representations made to the independent auditors during the audit were valid and appropriate.

Between the year-end date and the date of this report, no material facts or circumstances have arisen that materially affect the financial position of the University.

APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements set out on pages 70 to 135 were approved by the Council on 23 June 2018 and are signed on its behalf by:

VICE CHANCELLOR AND PRINCIPAL

CHAIRPERSON OF COUNCIL

INTERIM CHIEF FINANCIAL OFFICER

INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE DURBAN UNIVERSITY OF TECHNOLOGY

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of the Durban University of Technology and its subsidiaries (the Group) set out on pages 70 to 135, which comprise the consolidated statement of financial position as at 31 December 2017 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Durban University of Technology as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa.

Basis for Opinion

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

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

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

Other matter

The consolidated financial statements of the Durban University of Technology for the year ended 31 December 2016, were audited by another auditor who expressed an unmodified opinion on those statements on 5 June 2017.

Responsibilities of the Council for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, the Council is responsible for assessing the Durban University of Technology's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the consolidated financial statements

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



INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE DURBAN UNIVERSITY OF TECHNOLOGY (continued)

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators/measures included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the annual performance report of the University for the year ended 31 December 2017:

Strategic focus area	Pages in the annual performance report
Building sustainable student communities of living and learning	7 to 10

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents.

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

We did not identify any material findings on the usefulness and reliability of the reported performance information for the selected strategic focus area mentioned above.

Other matter: achievement of planned targets

Refer to the annual report on pages 17 to 20 for information on the achievement of the planned targets for the year.

REPORT ON THE AUDIT OF THE COMPLIANCE WITH LEGISLATION

Introduction and scope

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

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

Other information

The Council is responsible for the other information. The other information comprises the information included in the annual report which includes the report of the Chair of Council, the report of the Vice-Chancellor, the report of the Senate, the report of the Institutional Forum, report of the Audit Committee, report of the Chief Financial Officer and report of the Chair of Finance Committee. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected strategic focus areas presented in the annual performance report that have been specifically reported on in this auditor's report.

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

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

INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE DURBAN UNIVERSITY OF TECHNOLOGY (continued)

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

Internal control deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation, however, our objective was not to express any form of assurance thereon. We did not identify any significant deficiencies in internal control.

Other reports

We draw attention to the following engagements conducted that are either in progress or have been completed. These reports did not form part of our opinion on the consolidated financial statements, reported performance information or compliance with applicable legislation.

Audit related services and agreed upon procedures

The following agreed-upon procedures were completed in terms of International Standard on Related Services (ISRS) 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information".

- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Research and Development grant for the period 1 April 2017 to 31 December 2017. This report was signed on the 16 February 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Teaching and Development grant for the period 1 April 2017 to 31 December 2017. This report was signed on the 28 February 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the National Research Foundation for the year ended 31 December 2017. This report was signed on the 19 March 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from Universities South Africa regarding the HEAIDS Grant - grant award number: HEAIDS NDOH 2017-DUT-03 for the period 15 January 2017 to 15 November 2017. This report was signed on the 27 March 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Technology Information Agency regarding the Technology Station for the period 1 April 2017 to 31 March 2018. This report was signed on the 14 May 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Research Outputs Publications for the 2016 approved journals. This report was signed on the 15 May 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Clinical Training grant for the period 1 April 2017 to 31 March 2018. This report was signed on the 15 June 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Foundation Provision grant for the period 1 April 2017 to 31 March 2018. This report was signed on the 21 June 2018.

Deloitte & Touche
Registered Auditors
Per: M Luthuli CA (SA), RA
Partner

26 June 2018

SM Xulu Incorporated
Registered Auditors
Per: S Xulu CA (SA), RA
Partner

26 June 2018



INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE DURBAN UNIVERSITY OF TECHNOLOGY (continued)

Annexure A– Auditors' responsibility for the audit

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

Consolidated financial statements

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

- identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- conclude on the appropriateness of the Council's use of the going concern basis of accounting in the preparation of the consolidated financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Durban University of Technology and its subsidiaries 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 consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated financial statements. Our conclusions are based on the information available to us at the date of this auditor's report. However, future events or conditions may cause the University to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the 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.

Communication with those charged with governance

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also confirm to the Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.

DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2017

	NOTE	2017 R'000	2016 R'000 Restated*
ASSETS			
NON-CURRENT ASSETS		1 752 527	1 549 611
Property, plant and equipment	2	1 201 281	1 034 274
Intangible assets	3	2 728	4 092
Investments	4	528 500	489 763
Non-current receivables	6	20 018	21 482
CURRENT ASSETS		1 971 436	1 490 340
Inventories	7	2 806	2 850
Receivables and prepayments	8	266 849	230 198
Cash and cash equivalents	9	1 701 781	1 257 292
TOTAL ASSETS		3 723 963	3 039 951
ACCUMULATED FUNDS AND LIABILITIES			
ACCUMULATED FUNDS		2 208 959	1 739 623
Unrestricted use funds – undesignated		1 007 486	713 764
Unrestricted use funds – designated		986 605	861 682
Residence funds		12 580	(16 262)
Restricted use funds		74 111	65 499
Fair value reserve		128 177	114 940
NON-CURRENT LIABILITIES		1 187 708	1 045 363
Borrowings	10	89 816	96 624
Finance lease liability	25	-	1 880
Retirement benefit obligations	11	148 301	161 396
Deferred tax	12	1 650	2 729
Deferred grants	15	947 941	782 734
CURRENT LIABILITIES		327 296	254 965
Trade and other payables	13	261 349	187 142
Current portion of deferred grants	15	13 355	15 682
Provisions	14	43 542	41 355
Current portion of interest bearing borrowings	10	7 170	6 677
Current portion of non-interest bearing borrowings	10	-	1 072
Current portion of finance lease liability	25	1 880	3 037
TOTAL EQUITY AND LIABILITIES		3 723 963	3 039 951

*Refer to Note 29 for Restatement/Reclassification information.

DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	NOTE	COUNCIL CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED ACTIVITIES RESTRICTED	SUB- TOTAL	STUDENT AND STAFF ACCOMMODATION RESTRICTED	2017	2016 Restated*
			R'000	R'000	R'000	R'000	R'000	R'000
RECURRENT ITEMS								
INCOME			1 604 539	63 195	1 667 734	189 148	1 856 882	1 610 735
State appropriations - subsidies and grants			855 758	-	855 758	-	855 758	776 963
Tuition fee and other income			587 100	-	587 100	185 264	772 364	645 087
Income from contracts			-	62 756	62 756	-	62 756	69 365
- For research			-	62 756	62 756	-	62 756	69 365
- For other activities			-	-	-	-	-	-
Sales of goods and services			21 872	-	21 872	3 869	25 741	19 512
Private gifts and grants			-	-	-	-	-	-
INCOME SUB-TOTAL			1 464 730	62 756	1 527 486	189 133	1 716 619	1 510 927
Investment income	16.1		139 809	439	140 248	15	140 263	99 808
EXPENDITURE			1 240 286	74 137	1 314 423	160 315	1 474 738	1 330 268
Personnel	17		846 981	10 662	857 643	9 455	867 098	827 136
- Academic professional			474 001	(190)	473 811	-	473 811	450 220
- Other personnel			372 980	10 852	383 832	9 455	393 287	376 916
Other current operating expenses	18		331 732	49 241	380 973	143 023	523 996	422 990
Depreciation and amortisation	2&3		39 002	14 234	53 236	141	53 377	50 387
EXPENDITURE SUB-TOTAL			1 217 715	74 137	1 291 852	152 619	1 444 471	1 300 513
Finance costs	19		2 338	-	2 338	7 696	10 034	8 274
Minor capital items expensed			20 233	-	20 233	-	20 233	21 481
Surplus - Recurrent items			364 253	(10 942)	353 311	28 833	382 144	280 467
NON-RECURRENT ITEMS								
INCOME			32 562	113 294	145 856	-	145 856	161 661
State grants			-	64 077	64 077	-	64 077	63 768
Private gifts and grants			134	13 465	13 599	-	13 599	6 333
Realised cumulative net fair value gain on the disposal of investments	16.2		2958	159	3 117	-	3 117	29 979
Income from contracts	20		-	29 755	29 755	-	29 755	28 789
Investment income	16.1		-	5 694	5 694	-	5 694	4 203
Other income			29 470	144	29 614	-	29 614	28 589
EXPENDITURE			3 091	95 205	98 296	-	98 296	129 095
Personnel	17		1 913	40 258	42 171	-	42 171	27 330
- Academic professional			386	21 985	22 371	-	22 371	17 775
- Administration			1 527	18 273	19 800	-	19 800	9 555
Other current operating expenses	18		822	54 947	55 769	-	55 769	100 841
Loss on disposal of property, plant & equipment			356	-	356	-	356	924
Surplus/(deficit) - Non-Recurent items			29 471	18 089	47 560	-	47 560	32 566
NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION			393 724	7 147	400 871	28 833	429 704	313 033
Amounts spent from prior year receipts : From funds			-	(5 025)	(5 025)	-	(5 025)	(7 004)
Taxation	5&12		1 071	-	1 071	8	1 079	(705)
NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION			394 795	2 122	396 917	28 841	425 758	305 324
Less: Income allocated to departments			(54 935)	-	(54 935)	-	(54 935)	(44 422)
NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS			339 860	2 122	341 982	28 841	370 823	260 902

DURBAN UNIVERSITY OF TECHNOLOGY CONSOLIDATED PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2016

	NOTE	COUNCIL CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED ACTIVITIES RESTRICTED	SUB-TOTAL	STUDENT AND STAFF ACCOMMODATION RESTRICTED	2016 Restated*
		R'000	R'000	R'000	R'000	R'000
RECURRENT ITEMS						
INCOME		1 381 899	69 394	1 451 293	159 442	1 610 735
State appropriations - subsidies and grants		767 963	-	767 963	9 000	776 963
Tuition fee and other income		499 946	-	499 946	145 141	645 087
Income from contracts		-	69 365	69 365	-	69 365
- For research		-	69 365	69 365	-	69 365
- For other activities		-	-	-	-	-
Sales of goods and services		14 233	-	14 233	5 279	19 512
Private gifts and grants		-	-	-	-	-
INCOME SUB-TOTAL		1 282 142	69 365	1 351 507	159 420	1 510 927
Investment income	16.1	99 757	29	99 786	22	99 808
EXPENDITURE		1 149 648	40 338	1 189 986	140 282	1 330 268
Personnel	17	803 707	14 105	817 812	9 324	827 136
- Academic professional		449 409	811	450 220	-	450 220
- Other personnel		354 298	13 294	367 592	9 324	376 916
Other current operating expenses	18	289 319	8 342	297 661	125 329	422 990
Depreciation and amortisation	2&3	32 315	17 891	50 206	181	50 387
EXPENDITURE SUB-TOTAL		1 125 341	40 338	1 165 679	134 834	1 300 513
Finance costs	19	2 826	-	2 826	5 448	8 274
Minor capital items expensed		21 481	-	21 481	-	21 481
Surplus - Recurrent items		232 251	29 056	261 307	19 160	280 467
NON-RECURRENT ITEMS						
INCOME		60 137	101 524	161 661	-	161 661
State grants		-	63 768	63 768	-	63 768
Private gifts and grants		5 912	421	6 333	-	6 333
Realised cumulative net fair value gain on the disposal of investments	16.2	26 204	3 775	29 979	-	29 979
Income from contracts	20	-	28 789	28 789	-	28 789
Investment income	16.1	-	4 203	4 203	-	4 203
Other income		28 021	568	28 589	-	28 589
EXPENDITURE		6 563	122 532	129 095	-	129 095
Personnel	17	79	27 251	27 330	-	27 330
- Academic professional		-	17 775	17 775	-	17 775
- Administration		79	9 476	9 555	-	9 555
Other current operating expenses	18	5 560	95 281	100 841	-	100 841
Loss on disposal of property, plant & equipment		924	-	924	-	924
Surplus/(deficit) - Non-Recurent items		53 574	(21 008)	32 566	-	32 566
RESTATED NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION		285 825	8 048	293 873	19 160	313 033
Amounts spent from prior year receipts : From funds		-	(7 004)	(7 004)	-	(7 004)
Taxation	5&12	(673)	-	(673)	(32)	(705)
RESTATED NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION		285 152	1 044	286 196	19 128	305 324
Less: Income allocated to departments		(44 422)	-	(44 422)	-	(44 422)
RESTATED NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS		240 730	1 044	241 774	19 128	260 902

Refer to Note 29 for Restatement/Reclassification information.



DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2017

	NOTE	2017 R'000	2016 R'000 Restated*
Operating revenue		1 716 619	1 510 927
Less: Operating expenses		(1 506 875)	(1 349 324)
- Staff costs	17	(909 269)	(854 466)
- Other operating expenses	18	(544 229)	(444 471)
- Depreciation and amortisation	2&3	(53 377)	(50 387)
Net surplus from operations		209 744	161 603
Income from investments	16.1	145 957	104 011
Loss on disposal of property, plant and equipment		(356)	(924)
Other income	20	140 162	157 458
Finance costs	19	(10 034)	(8 274)
Other expenses	18	(55 769)	(100 841)
Surplus for the year before transfers and taxation		429 704	313 033
Amounts spent from prior year receipts: from funds		(5 025)	(7 004)
Taxation	12	1 079	(705)
Surplus for the year after transfers		425 758	305 324
Other comprehensive income /(loss)		39 128	(20 095)
To be reclassified to profit or (loss) in subsequent periods:			
Fair value adjustment on available for sale investments		16 106	(34 164)
Not to be reclassified to profit in subsequent periods:			
Actuarial gain on defined benefit plan		23 022	14 069
Total comprehensive income for the year		464 886	285 229

*Refer to Note 29 for Restatement/Reclassification information.

DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

DESCRIPTION (R'000)	Council controlled funds					Restricted funds			Fair value reserve	GRAND-TOTAL
	Undesignated/ Accumulated funds	Designated funds		SUB-TOTAL	Residence funds	Restricted use funds	SUB-TOTAL			
		Operational funds	Property, plant and equipment funds							
Balance at January 1, 2017(as previously reported)*	764 237	168 979	628 716	1 561 932	(16 083)	65 499	49 416	114 940	1 726 288	
Accumulative impact of restatements/reclassifications*	(50 473)	22 683	41 304	13 514	(179)	-	(179)	-	13 335	
Restated balance at January 1, 2017*	713 764	191 662	670 020	1 575 446	(16 262)	65 499	49 237	114 940	1 739 623	
Surplus for the year	393 910	3 007	-	396 917	28 841	-	28 841	-	425 758	
Other comprehensive income/(loss)	23 022	-	-	23 022	-	2 869	2 869	13 237	39 128	
Balance at December 31, 2017 before fund transfer	1 130 696	194 669	670 020	1 995 385	12 579	68 368	80 947	128 177	2 204 509	
Transfers of funds	(55 977)	46 872	8 105	(1 000)	1	1 000	1 001	-	1	
Transfer of Research Output Publications net surplus	3 007	(3 007)	-	-	-	-	-	-	-	
Total transfer of funds	(52 970)	43 865	8 105	(1 000)	1	1 000	1 001	-	1	
Other transfers	(70 240)	7 269	62 677	(294)	-	4 743	4 743	-	4 449	
Balance at December 31, 2017	1 007 486	245 803	740 802	1 994 091	12 580	74 111	86 691	128 177	2 208 959	

* Refer to note 29 for further details on the restatement/reclassification

DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2016

DESCRIPTION (R'000)	Council controlled funds				Restricted funds			Fair value reserve	GRAND-TOTAL
	Undesignated/ Accumulated funds	Designated funds		SUB-TOTAL	Residence funds	Restricted use funds	SUB-TOTAL		
		Operational funds	Property, plant and equipment funds						
Balance at January 1, 2016(as previously reported)*	511 494	149 004	602 880	1 263 378	(30 016)	63 934	33 918	144 641	1 441 937
Accumulative impact of restatements/reclassifications*	30 137	15 826	(39 485)	6 478	-	-	-	-	6 478
Restated balance at January 1, 2016*	541 631	164 830	563 395	1 269 856	(30 016)	63 934	33 918	144 641	1 448 415
Surplus for the year(as previously reported)	278 895	-	-	278 895	19 128	-	19 128	-	298 023
Accumulative impact of restatements*	-	7 301	-	7 301	-	-	-	-	7 301
Restated surplus for the year	278 895	7 301	-	286 196	19 128	-	19 128	-	305 324
Other comprehensive income/(loss)	14 069	-	-	14 069	-	(4 463)	(4 463)	(29 701)	(20 095)
Restated balance at December 31, 2016 before fund transfer*	834 595	172 131	563 395	1 570 121	(10 888)	59 471	48 583	114 940	1 733 644
Transfers of funds	(37 803)	22 778	15 025	-	-	-	-	-	-
Other transfers(as previously reported)	(2 418)	(2 803)	10 811	5 590	(5 195)	6 028	833	-	6 423
Accumulative impact of restatements/reclassifications on other transfers*	(80 610)	444	80 789	(265)	(179)	-	(179)	-	(444)
Restated balance at December 31, 2016*	713 764	191 662	670 020	1 575 446	(16 262)	65 499	49 237	114 940	1 739 623

* Refer to note 29 for further details on the restatement/reclassification



DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2017

	Note	2017 <i>R'000</i>	2016 <i>(Restated)*</i> <i>R'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations*	26.1	586 715	323 365
Investment income	16.1	105 183	80 695
Finance costs	19	(10 083)	(8 434)
		681 815	395 626
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of PPE and intangible assets	2&3	(219 561)	(188 027)
Purchase of non-current investments		(44 026)	(71 720)
Proceeds from disposal of property plant and equipment		184	983
Proceeds from disposal of non-current investments		36 452	105 534
		(226 951)	(153 230)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings		-	64 572
Payment on finance lease liability		(3 037)	(2 815)
Payments on long-term borrowings	26.2	(7 338)	(15 222)
		(10 375)	46 535
INCREASE IN CASH AND CASH EQUIVALENTS		444 489	288 931
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1 257 292	968 361
CASH AND CASH EQUIVALENTS AT END OF YEAR	9	1 701 781	1 257 292

*Refer to Note 29.3 for further details on the restatement.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES

1.1 University Information

The consolidated financial statements of the University and its subsidiaries for the year ended December 31, 2017 were approved for issue in accordance with a resolution of Council on 23 June 2018.

The principal activities of the University and its subsidiaries relate to teaching, research and the providing of residential accommodation to students.

1.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for available for sale financial instruments, which are measured at fair value. The consolidated financial statements are presented in South African Rands (R), and all values are rounded to the nearest thousand (R'000) except where otherwise indicated.

These policies have been consistently applied to all the years presented, except where otherwise stated.

1.3 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") 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 No 101 of 1997) as amended.

1.4 Presentation of consolidated statement of profit or loss

In terms of IFRS and the Higher Education Act, 1997 (Act No 101 of 1997) as amended, the statement of profit or loss is required to include disclosure up to the line item "net surplus/(deficit) for the year after transfers". The University has included the line items "Income allocated to departments" and "net surplus after income allocated to departments" over and above the minimum requirements as it considers this to be improved disclosure.

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the University's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgements

In the process of applying the University's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments - University as lessor

The University has entered into commercial property leases on its property portfolio. The University has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

1. ACCOUNTING POLICIES (continued)

1.5 Significant accounting judgements, estimates and assumptions (continued)

Student residence

Buildings owned by the University that are used to provide the students with accommodation have not been classified as Investment Property. The student accommodation buildings are held to assist the University in the provision of student accommodation. The primary objective of the University is not to earn rentals nor for capital appreciation but rather to provide accommodation to students to ensure that, the students are able to enrol at the University. For this reason, the generation of income from rentals is considered ancillary in relation to the generation of tuition income and hence not the primary objective of the University. Furthermore, a portion of the buildings are leased to non-students. This portion of rental income has been assessed as not significant in relation to student rental. The buildings used for student accommodation are classified as property, plant and equipment.

Investments

All investments are considered to be available-for-sale investments as the intention is to grow the value of the investment portfolios over a long-term horizon. Cash held in money market accounts are included in long-term investments, as it is management's intention to fund long-term projects and obligations as opposed to the day-to-day activities of the University. Management determines the classification of its financial assets at initial recognition. Further details on investment are disclosed in Note 4.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Depreciation/amortisation and impairment of property, plant and equipment and intangible assets

The University depreciates/amortises its assets over their estimated useful lives taking into account residual values, where appropriate. The appropriateness of its assets' estimated useful lives, residual values and their depreciation/amortisation methods are re-assessed on an annual basis. The actual lives of these assets and their respective residual values may vary depending on a variety of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Management used their judgement in applying the internal and external impairment indicators to its assets. No impairment indicators were identified and as such, the recoverable amounts of the aforementioned assets were not calculated.

Retirement benefit obligations

The University's future obligations in respect of its defined benefit pension plan and its post-retirement medical aid benefit plan are determined using actuarial valuations on the projected unit credit method. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Details of these assumptions are provided in Note 11. The defined benefit pension plan and post-retirement medical aid benefit plan are actuarially valued annually.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.5 Significant accounting judgements, estimates and assumptions (continued)

Student fees receivable

At year-end management makes an estimate of the amount of total outstanding student fee debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over, prior experience and a historic handed over collection trend. The impairment charge relating to student debt that is not handed over is based on the recovery percentage for the student loans noted below with slight amendments (when considered necessary). A provision for impairment is based on these estimates. A detailed breakdown of the student fee receivable is provided in Note 8.

Student loans

Student loans are recognised initially at fair value plus any directly attributable transaction costs. Market and client specific actuarial assumptions were used in the estimate of the fair value of the student loans at initial recognition. Subsequent to initial recognition student loans are measured at amortised cost using the effective interest method, less any impairment allowances. Student loans are actuarially valued on an ad hoc basis depending on the significance of new loans.

The University does not have sufficient volume of history that can generate a reliable set of assumptions in isolation to reliably determine the amortised cost of the student loans of which would take into account the fair value adjustment on initial recognition of the student debt and potential impairments. Consequently, reference was made to the actual experience of the National Students Financial Aid Scheme ("NSFAS") whom have been providing loans to students of similar demographics over the past 20 years. 20 years of data collection was assessed as sufficient to build a reliable valuation model. DUT has adopted the NSFAS valuation model but has amended the model due to differences (specifically interest rate and date of loan issue) in the loan terms. The valuation is based on a multi-state valuation methodology.

The following assumptions were considered key in determining the amortised cost of the student loan book:

Transition from being a registered student to graduation or exit does not exceed 10 years. The students are classified in three transition probability categories (student, paying, non-paying) of which each are valued separately. All loans are issued on the first day of the loan year. Payments are applied to the earliest loan outstanding.

Other key assumptions are the demographics, payment patterns, payment profiles and mortality rates of the students. Assumptions regarding future mortality experience in South Africa are set based on published South African actuarial information. Allowance for morbidity and AIDS has not been made as it does not have a material impact and it is not standard market practice to make allowance for this during credit modelling.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.5 Significant accounting judgements, estimates and assumptions (continued)

Student loans (continued)

Certain assumptions were also made in preparing the data to be used in the valuation model. This included setting parameters for the exit dates.

It should be noted that the payment profile has been based on the percentage of outstanding balance repaid by student debtors in each month. This approach combines a number of inherent features of the NSFAS loans. The most significant of these are an employment profile, a salary profile (since repayment is a function of salary) and student debtors making irregular payment due to loss of employment. These elements could be affected by economic conditions and NSFAS's own debt collection practices.

Based on the actuarial calculation of fair value on initial recognition and subsequently the amortised cost utilising historical actual data spanning a 20-year period and recognised actuarial standards, a verifiable impairment of the loan book at each reporting date is calculated. A detailed breakdown of the student loans amortised cost is provided in Note 6.

Value added taxation

The University is an educational institution that provides educational services as envisaged in section 12(h) of the Value-Added Tax Act No 89 of 1991 ("the VAT Act"). Accordingly, the fees charged by the University for teaching and incidental goods and services are exempt from Value-Added Tax ("VAT") in terms of section 12(h) of the VAT Act, with the result that the University is not entitled to an input tax credit on its purchases of goods and services to the extent these goods or services are used or consumed in the course of rendering educational services. Where the University makes exempt supplies during its year of assessment, the provisions of section 7(1)(c) read together with section 7(2) of the VAT Act need to be considered, namely that VAT at the rate of 14% should be levied and paid on the supply of any "imported services" by the recipient of the imported services. This essentially results in what is referred to as a "reverse VAT charge" (i.e. no VAT has actually been levied by the vendor on behalf of the South African Revenue Services ("SARS") but an amount of output tax becomes payable in addition to the charge for the service. The University applies the Variable input method for the measurement of VAT.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the financial statements cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at December 31, 2017.

Subsidiaries are entities controlled by the University. Control exists when the University has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The separate financial statements of the subsidiaries are prepared for the same reporting period as the University, using consistent accounting policies.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements incorporate the assets, liabilities and trading operations of the following University wholly owned controlled entities:

- Maxelect Investments Proprietary Limited
- Melrose Properties Proprietary Limited
- Durban University of Technology Proprietary Limited

1.7 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the date of acquisition, irrespective of the extent of any minority interest.

Goodwill is initially measured at cost being the excess of the cost of the business combination over the University's share in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. If the cost of acquisitions is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the University's cash-generating units that are expected to benefit from the synergies of this combination, irrespective of whether those assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operations within the unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of at the portion of the cash-generating unit retained.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

1. **ACCOUNTING POLICIES** (continued)

1.8 **Standards, interpretations and amendments to published standards**

The following amendments to standards and early adoptions are only those, which are applicable to the University.

1.8.1 **Standards early adopted by the University**

There were no standards or interpretations that were early adopted by the University.

1.8.2 **Standards, interpretations and amendments that are not yet effective**

- *IAS 40 Investment Property :Transfers of Investment Property (Amendments to IAS 40)*
- The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 9 Financial Instruments:*
- The standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, as well as hedging and impairment. The effect of this standard on the University's financial statements is in the process of being evaluated. *(Effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 15 Revenue from Contracts with Customers*
- This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. This new standard that requires entities to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five-step methodology that is required to be applied to all contracts with customers. The new standard will also result in extensive and enhanced disclosures about revenue; provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.
- The University has performed a high-level assessment of the impact in the adoption of this standard. The University has the following main revenue streams, but not limited to;
 - a) State appropriations and grants: The income is recognised in the financial year to which the subsidy relates provided there are no conditions. There is no anticipated change to the recognition of income as all income is recognised at the point in time, where there are no performance obligations.
 - b) Tuition and residence fees: The income is recognised in the financial year to which the tuition relates provided there are no conditions. There is no anticipated change to the recognition of income as all income is recognised at the point in time, where there are no performance obligations.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.8.2 Standards, interpretations and amendments that are not yet effective(continued)

- IFRS 15 Revenue from Contracts with Customer

- c) Fee remissions: The fee remission is recognised, generally, in the financial period after the tuition fee is recognised, i.e. in the financial year in which the student registers. In the adoption of the new standard, the University will have to determine the history of remissions and develop a prediction to determine the impact of the remission in income. The impact of this will potentially reduce the extent of fee income recognised. Management is currently conducting this historical analysis in advance of formalising the prediction model in the recognition of fee remissions.
- d) Deferred Grants -Government Grants: There is no significant change to the recognition of income, under the current recognition method applied. Currently, Income that is intended to compensate capital assets is released to surplus and deficit on a straight-line basis over the expected useful lives of the related assets. This is compliance with IAS 20: Government grants recognition.
- e) Designated income from contracts and non-government grants
There may be a significant change in the extent of income recognised, for these revenue streams. Income intended to compensate future operating expenditure, is currently released to surplus and deficit over the period necessary to match the income with the operating expenditure that the income is intended to compensate. Under the new standard, the income will be required to be released based on the performance obligations in the underlying contracts. Management are currently engaged in assessing all related contracts and quantifying the impact.

The University plans to adopt the new standard on the required effective date for annual periods beginning on or after 1 January 2018

- IAS 19 Employee benefits -*Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*:
 - The amendments require an entity to use the updated assumptions from a remeasurement net defined benefit liability or asset resulting from a plan amendment, curtailment or settlement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. This is not expected to have an impact on the University's financial statements (*Effective for annual periods beginning on or after 1 January 2019*).
- IAS 23 Borrowing costs:
 - The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. This is not expected to have an impact on the University's financial statements. (*Effective for annual periods beginning on or after 1 January 2019*).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.8.2 Standards, interpretations and amendments that are not yet effective(continued)

- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*
- The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 16 Leases:*
- A new standard that introduces a single lease model for the accounting treatment of leases for lessees. It applies to all leases for lessees and requires a lessee to recognize assets and liabilities for leases with a term greater than twelve months, unless the underlying asset is of a low value. The standard also provides for extended disclosure, to give effect to the impact of the leases on the financial statements. A lessee will be required to recognize a right of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Extensive disclosures will be required, including interest expense on the lease liability and depreciation expense on the right of-use asset; classification of cash repayments of the lease liability into the principal portion and an interest portion, present them in the statement of cash flows applying IAS 7 as well as key judgements and estimates. There are no substantial changes to lessor accounting other than risk exposure disclosure requirements. The effect of this standard on the University's financial statements is in the process of being evaluated. *(Effective for annual periods beginning on or after 1 January 2019).*

There are various new and amended IFRS and IFRIC interpretations that have been issued but are not effective, however they have not been disclosed as they will have no material impact as they are not applicable to its current activities.

1.8.3 Standards, interpretations and amendments adopted during the year

IAS 7 Statement of Cash Flows

Disclosure Initiative: Amendments requiring entities to disclose information about changes in their financing liabilities. The additional disclosures will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses). Refer to Note 26.2 for the disclosure.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.9 Property, plant and equipment

Property, plant and equipment are initially stated at cost. The cost of an asset comprises the purchase price and costs directly attributable to bringing the asset to the location and condition necessary for it to operate as intended by management.

Land and buildings, which have been adapted to specialised functions, and all other land and buildings which are used for general purposes, plant and equipment are recorded at cost net of accumulated depreciation and accumulated impairment losses, if any, except for donations, which are valued by externally independent valuers at fair value on initial recognition.

No depreciation is provided on freehold land as it is deemed to have an indefinite life. Assets that are expected to be used for more than one reporting period of which have a negligible cost are written off in the year of acquisition. Property, plant and equipment are depreciated on a straight-line basis estimated to write each asset down to its estimated residual value over the estimated useful lives of the asset which range as follows:

Buildings	50 - 100 years
Motor vehicles	8 - 15 years
Computer equipment	4 - 8 years
Equipment	10 - 15 years
Furniture	20 years
Air conditioners	10 - 20 years
Lifts	30 - 40 years

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.

Routine maintenance costs are charged against income as incurred. Costs of major maintenance or overhaul of an item of property, plant or equipment are recognised as an expense, except if the cost had been recognised as a separate part of the cost of the asset, and that amount has already been depreciated to reflect the benefits that had been replaced or restored. An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on de-recognition of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating surplus.

Library acquisitions

New library books, journals and collections are written off in the year of acquisition.

1.10 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after the inception of the lease only if one of the following applies:

- a. There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c. There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d. There is a substantial change to the asset.

1. ACCOUNTING POLICIES (continued)

1.10 Leases (continued)

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

University as a lessee

Operating lease payments are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

Finance leases, which transfer to the University substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss and other comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the University will obtain ownership by the end of the lease term.

University as a lessor

Leases where the University does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments received under operating leases are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

1.11 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that the University incurs in connection with the borrowing of funds.

1.12 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Intangible assets with indefinite useful lives are tested for impairment annually as at December 31, as appropriate and when circumstances indicate that the carrying value may be impaired.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. The amortisation periods are as follows:

Right to internet usage	20 years
Computer software	4 - 6 years
Research and development costs are expensed when incurred.	



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

1.14 Impairment of non-financial assets

The University assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the University makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

1.15 Financial assets

Initial recognition and measurement

The University's financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as loans and receivables, and available-for-sale financial assets. The University determines the classification of its financial assets at initial recognition. All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through surplus or deficit, any directly attributable transaction costs. The University has not designated any financial assets upon initial recognition as at fair value through surplus or deficit.

1. ACCOUNTING POLICIES (continued)

1.15 Financial assets

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables consist of non-current receivables, receivables, cash and cash equivalents.

Receivables

Receivables are subsequently measured at amortised cost using the effective interest rate method ("EIR"), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR.

A provision for impairment of receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within 'other current operating expenses'. Subsequent recoveries of amounts previously impaired, are credited against the provision account in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents are subsequently carried in the statement of financial position at amortised cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments and bank overdrafts. Bank overdrafts are included in current liabilities on the statement of financial position and are carried at amortised cost.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets in the statement of financial position unless management intends to dispose of the investment within 12 months of the reporting date.

Such assets are comprised of investments in listed equity shares, quoted interest bearing corporate and government bonds, quoted unit trusts and money market deposits.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.15 Financial assets (continued)

Available-for-sale financial assets (continued)

After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealised gains or losses recognised as other comprehensive income in the fair value reserve until the investment is derecognised, at which time the cumulative gain or loss is reclassified to other income in the surplus or deficit, or determined to be impaired, at which time the cumulative loss is recognised in other operating expenses in the surplus or deficit and removed from the fair value reserve.

The fair value of marketable securities is market value. Market value is calculated by reference to Stock Exchange quoted selling prices at the close of business on the reporting date. If the fair value of an investment cannot be determined, the investment is measured at cost where there is no fixed maturity, or at amortised cost if there is fixed maturity.

De-recognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired; and

The University has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the University has transferred substantially all the risks and rewards of the asset, or (b) the University has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the University has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the University's continuing involvement in the asset.

In that case, the University also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the University has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the University could be required to repay.

1.16 Impairment of financial assets

The University assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principle payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

1. ACCOUNTING POLICIES (continued)

1.16 Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost the University first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the University determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income in the statement of comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the University.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in the statement of comprehensive income.

Available-for-sale financial investments

For available-for-sale financial investments, the University assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of comprehensive income - is removed from other comprehensive income and recognised in surplus or deficit. Impairment losses on equity investments are not reversed through surplus or deficit; increases in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in surplus or deficit.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.16 Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of investment income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in surplus and deficit, the impairment loss is reversed through surplus or deficit.

1.17 Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings. The University determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

The University's financial liabilities include trade and other payables and borrowings.

The subsequent measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the liabilities are de-recognised as well as through the amortisation process.

Deposits provided by prospective and current students are treated as current liabilities until the amount is billed as due. Student deposits are initially measured at fair value. They are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in income when the liabilities are de-recognised as well as through the amortisation process.

Interest bearing borrowings

All interest bearing loans and borrowings are initially recognised at the fair value of the consideration received plus directly attributable transaction costs.

Subsequent to initial recognition, interest-bearing loans and borrowings are measured at amortised cost using the effective interest method. Gains and losses are recognised in net surplus or deficit when the liabilities are de-recognised as well as through the amortisation process.

De-recognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus and deficit.

1. ACCOUNTING POLICIES (continued)

1.17 Financial liabilities (continued)

1.17.1 Fair value measurement

The University measures financial instruments, such as available for sale investments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 21.4. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assessment is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or
In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the University. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described further in Note 21.4, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the University determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the University has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as further detailed in Note 21.4.

1.18 Provisions

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the University expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in surplus and deficit net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions comprise the short-term portion of employee benefit obligation and vacation leave pay. Accumulated leave pay represents the leave staff are entitled to for unutilised leave prior to 2008.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.19 Pension obligations

The University operates defined contribution and defined benefit (National Tertiary Retirement Fund) pension schemes in accordance with the Pension Funds Act, 1956. The assets of both schemes are held separately from those of the University and are administered, in the case of the defined benefit plan by trustees of the Fund and in the case of the defined contribution plan by the insurance company selected by the trustees of the Fund.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method. Under this method the cost of providing pensions is charged to surplus or deficit.

The pension obligation is measured at the present value of the estimated future cash outflows using interest rates of government securities that have terms to maturity approximating the terms of the related liability. The net difference between the expected return on plan assets and the interest factor arising from discounting the obligation is recognised under personnel costs. The obligation is valued annually by independent qualified actuaries. Actuarial gains and losses are recognised immediately in other comprehensive income.

Contributions to the defined contribution scheme are charged to the surplus or deficit as incurred.

1.20 Post-retirement medical aid benefits

The University provides post-retirement medical aid benefits to certain of its employees. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that of defined benefit pension plans. These obligations are valued annually by independent qualified actuaries. Actuarial gains and losses are recognised immediately in other comprehensive income.

The interest factor arising from discounting the obligation is recognised under personnel costs. The obligation is valued annually by independent qualified actuaries. Actuarial gains and losses are recognised immediately in other comprehensive income.

1.21 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the University and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, taking into account discounts, rebates, and other Value Added Tax or duty.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.21 Revenue recognition (continued)

State appropriations - subsidies and grants

State appropriation and grants are recognised at their fair value where there is reasonable assurance that the grant will be received and the University will comply with all attached conditions.

General purpose:

State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates provided there are no conditions. These typically take the form of state appropriations or grants that becomes receivable as compensation for expenses already incurred or for the purpose of providing immediate financial support to the University with no future related costs.

Specific purpose:

State appropriations and grants that are conditional and received in advance of the conditions being met is recognised as deferred grants. State appropriations and grants relating to capital assets are included in non-current liabilities as deferred grants and are released to surplus and deficit on a straight-line basis over the expected useful lives of the related assets. The portion of the grants that will be released to surplus and deficit during the next 12 months is included in current liabilities as deferred grants. The University adopts the income approach whereby the grant is not credited to the carrying amount of the capital asset. Appropriations and grants from government that is intended to compensate future operating expenditure is released to surplus and deficit over the period necessary to match the income with the operating expenditure that the income is intended to compensate. Only once conditions are met, will there be a charge to surplus and deficit.

Designated income from contracts, grants and donations

Income received for designated specific purposes will arise from contracts, grants, donations and income on specific purpose endowments. In all instances, any such income is recognised in surplus and deficit in the financial period when entitled to the use of those funds or when the conditions are met. Thus, income which will not be used until some specified future period or occurrence or condition is recognised as deferred grants (under current or non-current liabilities) provided that if the conditions are not met, the income is returnable. If the income is not returnable to the source in the absence of an event or future occurrence or condition and in the case of a trust or agency money, the income is recognised as equity. Income that is intended to compensate capital assets will be released to surplus and deficit on a straight-line basis over the expected useful lives of the related assets. Income intended to compensate future operating expenditure is released to surplus and deficit over the period necessary to match the income with the operating expenditure that the income is intended to compensate.

Tuition and residence fees

Tuition and residence fees are recognised in income in the period to which they relate and at the time, these are formally billed. The income must be recognised as realisable and, to the extent that it is not, provision is realistically made for the estimated unrealisable amount. Deposits provided by prospective students are treated as current liabilities until the amount is billed as due.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principle outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the University. Dividends are recognised when the right to receive payment is established.



1. ACCOUNTING POLICIES (continued)

1.21 Revenue recognition (continued)

Interest, dividends and other income received or due on assets representing endowment and trust funds are recognised as income in the statement of comprehensive income. Amounts are transferred to the respective funds and the amounts appropriately re-invested, if required in terms of the establishment of the respective funds.

Rendering of services

Revenue, involving the rendering of services, is recognised to the extent that the service has been provided and it is probable and can be reliably measured. Revenue includes rentals earned, short course fees and club subscriptions. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

1.22 Normal tax and deferred tax

Current income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable of previous years.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill, or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised; except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

1. ACCOUNTING POLICIES (continued)

1.22 Normal tax and deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised directly in equity through other comprehensive income is recognised in equity through other comprehensive income and not in the surplus or deficit for the year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added tax

Revenue, expenses and assets are recognised net of the amount of value-added tax except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable, and
- Receivables and payables that are stated with the amount of value-added tax included.

The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or trade and other payables in the statement of financial position.

1.23 Foreign currency translation

The University's financial statements are presented in Rands, which is also the University's functional currency. Transactions in foreign currencies are initially recorded by the University at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to surplus and deficit.

1.24 Accumulated funds

The Consolidated Income Statement and the Statement of Changes in Funds are prepared on a segmented basis in the manner required in terms of section 41 of the Higher Education Act, (Act No. 101 of 1997), as amended. This is not in terms of IFRS 8: Operating Segments.

Accumulated funds is the equity of the University and is categorised as follows:

- Council controlled funds
- Restricted funds (including residence funds)
- Fair value reserve

Council controlled funds

These funds arise from income or surplus, which is available to the Council to fund activities of the University. These funds are under the absolute discretion and control of Council. These funds are divided into two categories:

- Designated use funds - which have been committed by Council for capital and operational projects.
- Undesignated use funds - which are funds available to Council to resource activities of the University.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

1. ACCOUNTING POLICIES (continued)

1.24 Accumulated funds (continued)

Restricted use funds

These funds comprise of income received by the University from external sources, the use of which is legally beyond the control of Council. Such funds include specific donations and other income where the use of these funds are directed and specified.

Residence funds

Residence funds comprise all income and expenditure from the provision of staff and student residence accommodation. The availability of this accommodation is an initiative aimed at ensuring that students adopt the University as their preferred place of study.

Fair value reserve

Fair value reserve comprises the movement in the fair value of investments that are classified as available for sale.

1.25 Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University. Such contingent assets are only recognised in the financial statements where the realisation of income is virtually certain. If the inflow of economic benefits is only probable, the contingent asset is disclosed as a claim in favour of the University but not recognised in the statement of financial position.

1.26 Contingent liability

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the University, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

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

DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)

2016	Land and buildings	Furniture, equipment and computers	Capital work in progress	Capital leased assets	Vehicles	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening cost as at January 1, 2016	651 308	386 220	188 066	33 386	16 832	1 275 812
Opening accumulated depreciation as at January 1, 2016	(155 157)	(195 703)	-	(16 008)	(6 903)	(373 771)
Opening net carrying amount as at January 1, 2016	496 151	190 517	188 066	17 378	9 929	902 041
Additions	26 687	32 387	121 083	78	3 045	183 280
Work in progress transferred	85 633	4 053	(90 867)	-	1 181	-
Disposals	(211)	(144)	-	(3)	(1 549)	(1 907)
- cost	(555)	(2 916)	-	(8)	(2 571)	(6 050)
- accumulated depreciation	344	2 772	-	5	1 022	4 143
Depreciation charge	(8 412)	(32 458)	-	(6 733)	(1 537)	(49 140)
Closing net carrying amount as at December 31, 2016	599 848	194 355	218 282	10 720	11 069	1 034 274
As at December 31, 2016						
- cost	763 073	419 744	218 282	33 456	18 487	1 453 042
- accumulated depreciation	(163 225)	(225 389)	-	(22 736)	(7 418)	(418 768)
Net carrying amount	599 848	194 355	218 282	10 720	11 069	1 034 274



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

2. PROPERTY, PLANT AND EQUIPMENT (continued)	2017 R'000	2016 R'000
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Included in capital leased assets are the following assets that relate to:

1. Department of Health grant

Leased land and buildings

- Cost

7 386

7 386

- Accumulated depreciation

(6 682)

(6 539)

Net book value as at 31 December

704

847

Leased furniture, equipment and computers

- Cost

12 559

12 540

- Accumulated depreciation

(11 407)

(11 179)

Net book value as at 31 December

1 152

1 361

Total net book value as at 31 December

1 856

2 208

The University received a government incentive from the Department of Health (DOH) to the value of R25.280million in 2013. These funds were for the initial capital and operational costs of the Orthotics and Prosthetics training programme which extended over a four-year period. Ownership of these assets were to remain with the DOH until the end of the four-year period. This agreement has subsequently been extended to 30 November 2022.

The University is not obliged to purchase the assets, but has the first right to purchase the assets. The University has exclusive right to use of the assets for the purposes of conducting training for the duration of the incentive period.

2. Financed asset: computer network system	2017 R'000	2016 R'000
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Cost

13 530

13 530

Accumulated depreciation

(6 419)

(5 018)

Net book value as at 31 December

7 111

8 512

The computer network system is financed by an unsecured ABSA loan for R13.705 million. Refer to note 25.

Total capital leased assets

8 967

10 720



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

3. INTANGIBLE ASSETS

	<i>Right to internet usage* R'000</i>	<i>Computer Software R'000</i>	<i>Total R'000</i>
2017			
Cost	1 383	13 003	14 386
Accumulated amortisation	(1 223)	(9 071)	(10 294)
Opening net carrying amount as at January 1, 2017	160	3 932	4 092
Amortisation	(8)	(1 356)	(1 364)
Closing net carrying amount as at December 31, 2017	152	2 576	2 728
Made up as follows:			
Cost	1 383	13 003	14 386
Accumulated amortisation	(1 231)	(10 427)	(11 658)
Net carrying amount	152	2 576	2 728
INTANGIBLE ASSETS	<i>Right to internet usage* R'000</i>	<i>Computer Software R'000</i>	<i>Total R'000</i>
2016			
Cost	1 383	8 256	9 639
Accumulated amortisation	(1 215)	(7 832)	(9 047)
Opening net carrying amount as at January 1, 2016	168	424	592
Additions	-	4 747	4 747
Amortisation	(8)	(1 239)	(1 247)
Closing net carrying amount as at December 31, 2016	160	3 932	4 092
Made up as follows:			
Cost	1 383	13 003	14 386
Accumulated amortisation	(1 223)	(9 071)	(10 294)
Net carrying amount	160	3 932	4 092

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

3. INTANGIBLE ASSETS (continued)

*This intangible asset represents the right of use of internet bandwidth in terms of an agreement with the Tertiary Education and Research Network of South Africa (TENET) and was initially recognised at the present value of the future benefit to the University, discounted at 14.17% p.a. (2016: 14.17%) in terms of the agreement. It is amortised over a useful life of 20 years and the amortisation expense is included in 'depreciation and amortisation'. The amortisation is also impacted by the reassessment of the expected internet usage. As at December 31, 2017, the remaining amortisation period is 12.5 years.

	2017 R'000	2016 R'000
4. INVESTMENTS		
Available for sale investments:		
<i>At cost</i>		
Listed shares at cost	168 519	146 462
Bonds, annuities and unit trusts	171 636	171 171
Foreign investments	48 777	48 777
	388 932	366 410
<i>At fair value</i>		
Market value of listed shares	231 284	194 394
Market value of bonds, annuities and unit trusts	218 410	215 611
Market value of foreign investments	78 806	79 758
	528 500	489 763

The University has investments in listed equity and debt securities. The fair value of the quoted debt securities and equity shares is determined by reference to published price quotations in an active market.

There were no impairment provisions on available-for-sale financial assets during 2017 or 2016.

The maximum exposure to credit risk at the reporting date is the fair value of the bonds classified as available-for-sale. These financial assets are neither past due nor impaired and are of acceptable credit quality.

Foreign investments are held by a portfolio manager and the equities are denominated in South African Rands. Cash held in money market accounts are included in long-term investments as it is management's intention to fund long-term projects and obligations as opposed to the day-to-day activities of the University.

The University's exposure to credit, currency and interest rate risks relating to Investments is disclosed in Note 21.

5. TAXATION

The University, with the exception of its subsidiaries (immaterial), is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 R'000	2016 R'000
6. NON-CURRENT RECEIVABLES		
<i>Student loans</i>		
Nominal value	62 445	63 755
Fair value adjustment due to initial recognition and impairment	(42 427)	(42 273)
Carrying value	20 018	21 482
Opening balance	21 482	21 558
Interest	1 777	1 779
Payments	(966)	(215)
Fair value adjustments	(2 275)	(1 640)
Closing balance	20 018	21 482

The repayment of the student loans commences after completion of studies and commencement of employment by the student. The amount receivable each year is indirectly based on a formula determined by National Students Financial Aid Scheme ("NSFAS") which is linked to the salary earned by the student and is net of the estimated uncollectable portion as supported by historical trends and experience. In determining the fair value of the student loans, the following key assumptions were made in addition to those disclosed under accounting policy 1.5.

The expected future cash flows anticipated to arise from the loan book are reassessed each year. They take into account the status of the individual loan book and the adjusted assumptions based on an analysis of the historic experience of the loans. As the data related to the loan book changes with the passage of time, the value of the loan book will be reassessed and the cumulative impairment adjusted accordingly.

A collective loss is established for groups of similar financial assets in respect of losses that may have been incurred but not yet identified, on an individual basis. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets and in the case of the student loan portfolio based on the mortality over the following year.

The impairment is calculated as the difference between the expected cash flow profile and the experience adjustment, transitions from the student state and mortality.

The student transition probabilities which form the basis of the valuation are primarily classified as:

- Student to graduate or drop-out
- Graduate to paying or non-paying
- Drop-out to paying or non-paying

	2017 R'000	2016 R'000
7. INVENTORIES		
Consumables	2 806	2 850

Inventories include stationery, technical inventories and study materials. There were no write-downs of inventories during the year (2016: R nil).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

8. RECEIVABLES AND PREPAYMENTS

	2017 R'000	2016 R'000
Student debtors	499 293	463 571
Less: Provision for impairment	(315 464)	(306 285)
Sub-total	183 829	157 286
NSFAS receivable	592	592
Staff debtors	187	178
Other receivables	77 533	67 331
Deposits	1474	1 474
Prepayments	3 234	3 337
	266 849	230 198

All student debtors (after provision for impairment) at year-end are past due but not considered impaired. These student debtors are over 120 days. Amounts past due (after provision for impairment) are not considered impaired due to the University's experience in collecting amounts when students renew their registration in the next academic period and based on handed over collection trends. Amounts past due but not impaired represent fees billed in the current year. Other receivables are impaired where necessary. No collateral is held with regard to receivables and prepayments.

All NSFAS debtors at year-end are past due but are not impaired. The amounts past due are not considered impaired as NSFAS is a government organisation that pays the University based on valid claims made by the student. NSFAS pays the University based on claims within 12 months or less thus all amounts raised are based on valid claims approved by NSFAS.

All loans to employees at year-end are not past due, not considered impaired and are of an acceptable credit quality. These loans to employees are repaid by deductions from the employee's salary based on a payment plan.

Movement in the provision for impairment of student receivables is as follows:

	2017 R'000	2016 R'000
At beginning of the year	306 285	291 056
Raised during the year	9 179	15 229
At end of the year	315 464	306 285

The movement in the provision for impaired student receivables has been included in 'other current operating expenses' in the statement of profit or loss and other comprehensive income.

Receivables and prepayments are classified as loans and receivables and their carrying values approximate fair value.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

9. CASH AND CASH EQUIVALENTS	2017 R '000	2016 R '000
Cash at bank and on hand	25 480	20 873
Short term deposits	1 676 301	1 236 419
	1 701 781	1 257 292

9.1. Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months depending on the requirements of the University and earn interest at the respective short-term deposit rates.

- 9.2. Cash and cash equivalents includes funds committed for the following;
- Unspent restricted government grants and research funds –R405.313million (2016:R378.819million);
 - Unspent funds designated to departments –R216.588million (2016: R168.979million);
 - Accounts payable – R220.933million (2016: R145.588million); and
 - The remaining R858.975million (2016: R563.905million) includes an unencumbered R412.701million retained for three months' working capital as required by the University.

9.3. Guarantees issued by the University's bankers:

	2017 R '000	2016 R '000
City treasurer	39	39
SA Post Office Limited	120	120
Ethekwini Municipality	25	25
Msunduzi Municipality	42	42
Eskom Holdings Limited	377	377
	603	603

10. BORROWINGS

	2017 R'000	2016 R'000
Non-current borrowings	89 816	96 624
State Guaranteed Loans	3 492	4 268
Development Bank of Southern Africa	86 324	92 356
Current portion of borrowings	7 170	7 749
Current portion of interest bearing borrowings	7 170	6 677
Current portion of non-interest bearing borrowings	-	1 072
Total borrowings	96 986	104 373

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**
10. BORROWINGS (continued)

Name of entity	<i>Fixed interest rate %</i>	<i>Maturity</i>
State Guaranteed Loans	9.8 - 13.45	1 July 2022
Development Bank of Southern Africa - Loan 1	5.0	31 March 2023
Development Bank of Southern Africa - Loan 2	8.7	31 March 2023
Development Bank of Southern Africa - Loan 3	10.14	31 December 2029

State Guaranteed and Development Bank of Southern Africa loans

The State Guaranteed Loans and the Development Bank of Southern Africa loans are unsecured. The State Guaranteed Loans, the subsidies of which range between 50% and 85% reflect the balance owing on loans raised to finance the acquisition of property, plant and equipment. The annual cost of interest and redemption, together with the state subsidy on these payments, are included in surplus for the year in the statement of profit or loss and other comprehensive income.

Interest bearing borrowings are held to maturity at amortised cost.

11. RETIREMENT BENEFIT OBLIGATIONS

	<i>2017 R'000</i>	<i>2016 R'000</i>
Statement of financial position obligations for:		
- Pension benefits	(10 454)	1 945
- Post employment medical benefits	158 755	159 451
	148 301	161 396

11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF")

Employees are entitled to defined contribution pension benefits under the NTRF. Members who transferred from a government fund to the NTRF in 1994 are entitled to a defined benefit minimum guarantee upon retirement at a normal retirement age of 60. DUT has a contract with the NTRF under which it has an obligation to cover the deficit between accumulated defined contribution funds and the costs of the defined benefit underpin at retirement (payable to NTRF). The liability that is valued represents the net present value of future shortfall amounts that the Durban University of Technology needs to cover. This is a closed scheme with 153 active members and is funded. The entire defined benefit obligation relates to active members and is essentially a contribution-based plan with a guarantee that takes into account final salaries.

The fund is financed by employer contributions and investment income. It is a funded plan. The only asset in the fund is the employer surplus account. This asset is creditor remote. Employer contributions equate to the benefits paid and are based on actuarial advice. The expense or income recorded in the surplus or deficit component of the statement of comprehensive income is determined by the sum of the current service cost, interest income on plan assets and interest expense.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

11. RETIREMENT BENEFIT OBLIGATIONS (continued)

11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)

Exposure to actuarial risks

Investment risk

The actuarial funding valuations make assumptions about the returns that may be available on invested assets. If the actual return on plan assets is below this rate, it may lead to a strain on the fund, which over time, may result in a higher obligation for which the University would need to set aside additional funds.

Inflation and pension increase risk

Benefits in the plan are to some extent tied to inflation, so increased inflation levels represent a risk that could increase the costs of paying the fund's guaranteed benefits.

Longevity risk

If pensioners live longer than expected then that will, all else equal, increase the University's obligation as benefits will be paid for a longer term.

Salary risk

An increase in the salary of the plan participants will increase the plan's liability. This risk has been limited to an extent as the fund is a closed scheme.

Measurement risk

The IAS 19 liabilities are determined using various assumptions about future experience. One of the most important assumptions is the discount rate derived from prevailing bond yields. A decrease in the discount rate will, all else equal, increase the plan liability; this may be partially offset by an increase in the value of assets. Other important assumptions are the, rate of return on assets, inflation, pension increase, salary increase and the longevity assumption and changes in those could affect the measured value of liabilities significantly. Changes in other assumptions used, such as demographics, mortality, withdrawal rate, ill health retirement, expected retirement age, age of spouses, average future working life of active members and the percentage of members married at retirement could also affect the measured liabilities.

Regulatory risk

The fund's benefits are governed by the rules of the fund, operating within the relevant regulatory framework. To the extent that the government can change that regulatory framework, the University is exposed to a risk. In particular, regulations introducing issues like minimum benefits or minimum pension increases may result in higher benefits to members and a higher associated cost.

Expected top up payments over the next 4 years commencing 1 January 2019 are as follows:

Year ending 31 December 2019 – R 7 202 000
Year ending 31 December 2020 – R 15 212 000
Year ending 31 December 2021 – R 19 058 000
Year ending 31 December 2022 – R 17 986 000

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**

11. RETIREMENT BENEFIT OBLIGATIONS (continued)	<i>2017</i>	<i>2016</i>
	<i>R'000</i>	<i>R'000</i>
11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)		
Defined pension benefits	(10 454)	1 945
Made up as follows:		
Defined benefit obligation	98 223	112 922
Plan assets at fair value	(108 677)	(110 977)
Net (asset)/liability	(10 454)	1 945
The movement in the net defined benefit obligation over the year is as follows:		
At beginning of year	1 945	14 487
Interest costs	9 627	11 002
Service costs	3 356	2 818
Contributions by plan participants	(2 766)	(14 251)
Actuarial gain	(13 338)	(2 106)
Expected return on plan assets	(9 278)	(10 005)
At end of year	(10 454)	1 945
The amounts recognised in the statement of profit or loss and other comprehensive income are as follows:		
Interest and service costs	12 983	13 820
Expected return on plan assets	(9 278)	(10 005)
Total, included in personnel (staff costs)	3 705	3 815
The amounts recognised in other comprehensive income are as follows:		
Net actuarial gains recognised during the year	(13 338)	(2 106)
The principal actuarial assumptions used were as follows:		
Discount rate	8.10%	8.90%
Inflation rate	5.20%	6.20%
Expected return on plan assets		
- For pension expense	8.10%	8.90%
- For member's share	8.10%	8.90%
Future salary increases	6.20%	7.20%
Future pension increases	2.86%	3.40%
Average retirement age	63	63



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

11. RETIREMENT BENEFIT OBLIGATIONS (continued)

11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)

The sensitivity analysis shows how the defined benefit obligation would have been affected by changes in actuarial assumptions. The sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the Statement of Financial Position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

	2017 R'000	2016 R'000
Assumptions regarding future mortality experience are set based on advice, published statistics and experience.		
The effect of a 1% increase in the discount rate is as follows:		
Effect on the obligation	(47 706)	(53 196)
The effect of a 1% decrease in the discount rate is as follows:		
Effect on the obligation	81 158	83 064
The effect of a 1% increase in the inflation rate is as follows:		
Effect on the obligation	52 170	55 275
The effect of a 1% decrease in the inflation rate is as follows:		
Effect on the obligation	(36 336)	(40 447)
The effect of a 1% increase in the pension increase rate of the defined benefit obligation:	51 730	51 955
The effect of a 1% decrease in the pension increase rate of the defined benefit obligation:	(36 496)	(38 685)
The effect of an expected retirement age of 65 years, as opposed to 61 years, on the defined benefit obligation:	(29 505)	(29 342)
The movement in the defined benefit obligation for the year is as follows:		
Beginning of the year	112 922	119 241
Service cost	3 356	2 818
Interest cost	9 627	11 002
Actuarial gain	(11 459)	(554)
Benefits paid	(16 223)	(19 585)
End of the year	<u>98 223</u>	<u>112 922</u>

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017

11. RETIREMENT BENEFIT OBLIGATIONS (continued)	2017 R'000	2016 R'000
11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)		
The movement in the fair value of plan assets for the year is as follows:		
Beginning of the year	110 977	104 754
Expected return on plan assets	9 278	10 005
Employee contribution	2 766	14 251
Benefits paid	(16 223)	(19 585)
Actuarial gain/(loss)	1 879	1 552
End of the year	108 677	110 977
Actual return on plan assets	10%	11%

Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined contribution plan in 2018 approximates.

11.2 Post-retirement medical aid benefits

DUT offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover. Upon retirement, an employee may continue membership of the medical scheme. Upon a member's death-in-service or death-in-retirement, the surviving dependants may continue membership of the medical scheme.

Former Natal Technikon staff who were employed before 1 January 2000 qualify for a post-employment medical aid subsidy. If they retire or die in service after 1 January 2006 they receive a subsidy of 60% of the contributions payable (for members and their dependants). If they retired before 1 January 2006, they receive a subsidy of between 60% and 100% of the contributions payable, as specified in the data provided. Post-employment subsidies are based on the contributions applicable to the scheme and benefit option selected by a member, but are limited to the contributions payable to Discovery's Classic Comprehensive benefit option. There is no benefit on resignation, retrenchment or retirement before the normal retirement age of 60. Upon a member's death-in-service or death-after-retirement, the surviving dependants will continue to receive the same subsidy. The fund is a closed scheme and is unfunded. There are 133 in-service members and 178 continuation members.

	2017 R'000	2016 R'000
Post-retirement medical aid benefit obligation by member category:		
In service members	66 313	67 396
Continuation members	92 442	92 055
Total post-retirement medical aid benefit obligation	158 755	159 451



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

11. RETIREMENT BENEFIT OBLIGATIONS (continued)

11.2 Post-retirement medical aid benefits (continued)

Exposure to actuarial risks

The defined benefit medical aid fund exposes the University to the risk that the subsidies payable in the fund will fluctuate and ultimately will require additional funding from the University. This risk can be categorised into a number of actuarial risks such as:

Investment risk

The actuarial funding valuations make assumptions about the returns that may be available on invested assets. However, with the defined benefit medical aid fund being unfunded there is no exposure to investment risk.

Inflation and health care cost inflation

Benefits in the plan are to some extent tied to inflation, so increased inflation levels and increased cost of medical care represents a risk that could increase the costs of paying the fund's benefits. This risk has been limited to an extent as the fund is a closed scheme.

Longevity risk

If retired members live longer than expected then that will, all else equal, increase the University's obligation as benefits will be paid for a longer term.

Measurement risk

The IAS 19 liabilities are determined using various assumptions about future experience. One of the most important assumptions is the discount rate derived from prevailing bond yields. A decrease in the discount rate will, all else equal, increase the plan liability. Other important assumptions are the health care cost inflation and the longevity assumption and changes in those could affect the measured value of liabilities significantly. Changes in other assumptions used, such as demographics, mortality, withdrawal rate, average retirement age, average age of dependents, number of dependents, average future working life of active members, average age of members, proportion of continuation of membership at retirement and proportion of members married at retirement could also affect the measured liabilities.

Regulatory risk

The fund's benefits are governed by the rules of the fund, operating within the relevant regulatory framework. To the extent that the government can change that regulatory framework, the University is exposed to a risk. In particular, regulations introducing issues like minimum benefits or minimum medical subsidy increases may result in higher benefits to members and a higher associated cost.

DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

11. RETIREMENT BENEFIT OBLIGATIONS (continued)	2017	2016
	R'000	R'000
11.2 Post-retirement medical aid benefits (continued)		
Movement in the defined benefit obligation is as follows:		
At beginning of year	159 451	159 847
Current service cost	2 406	2 661
Interest cost	14 348	15 821
Actuarial (gain)/loss	(9 685)	(11 963)
Benefits paid	(7 765)	(6 915)
At end of year	158 755	159 451
The amounts recognised in the statement of profit or loss are as follows:		
Current service cost	2 406	2 661
Interest cost	14 348	15 821
Total, included in personnel (staff costs)	16 754	18 482
The amounts recognised in other comprehensive income are as follows:		
Net actuarial gain recognised during the year	(9 685)	(11 963)
The principal assumptions used are as follows:		
Discount rate	9.17%	9.22%
Medical inflation	7.35%	7.95%
Average retirement age	60 years	60 years
Net discount rate – health care cost inflation	1.70%	1.18%

The sensitivity analysis shows how the defined benefit obligation would have been affected by changes in actuarial assumptions. The sensitivities may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the Statement of Financial Position. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Sensitivity analysis on the defined benefit obligation/statement of profit or loss:

Assumptions	Increase/ Decrease	2017 R'000	2016 R'000
Health care inflation	1%	19 484	20 543
	-1%	(16 363)	(17 150)
Discount rate	1%	(16 621)	(17 469)
	-1%	20 134	21 307
Post-retirement mortality	-1 year	5 752	6 100
Average retirement age	-1 year	3 994	4 386
Continuation of membership at retirement	-10	6 469	6 576
Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined benefit medical aid plan in 2018 approximates R 8.163million.			



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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

12. DEFERRED TAX		2017 R'000	2016 R'000
Deferred tax asset		475	456
Deferred tax liabilities		(2 125)	(3 185)
		(1 650)	(2 729)
		<i>Charged through surplus or deficit</i>	
2017	<i>Balance 31/12/2016 R'000</i>		<i>Balance 31/12/2017 R'000</i>
The balance of the deferred tax is made up as follows:			
Property, plant and equipment	(3 177)	1 053	(2 124)
Rent expense accrual	(8)	7	(1)
Assessed losses	456	19	475
	(2 729)	1 079	(1 650)
		<i>Charged through surplus or deficit</i>	
2016	<i>Balance 31/12/2015 R'000</i>		<i>Balance 31/12/2016 R'000</i>
The balance of the deferred tax is made up as follows:			
Property, plant and equipment	(2 968)	(209)	(3 177)
Rent expense accrual	(8)	-	(8)
Assessed losses	952	(496)	456
	(2 024)	(705)	(2 729)

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**

	2017 R'000	2016 R'000
13. TRADE AND OTHER PAYABLES		
Trade payables (including accruals)	237 281	167 065
Student deposits	3 455	545
Other payables	20 613	19 532
Total	261 349	187 142

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing
- Trade payables are normally settled on 30 day terms
- Other payables includes an accrual for employee bonuses of R20.27 million (2016: R19.24 million).

Trade and other payables are carried at amortised cost and their carrying value approximates their fair value.

	2017 R'000	2016 R'000
14. PROVISIONS		
Made up as follows:		
Accumulated leave	643	687
Vacation leave pay	42 899	40 668
	43 542	41 355

Movement in provision for defined accumulated leave pay and vacation leave pay is as follows:

At beginning of the year	41 355	35 233
Raised during the year	3 875	8 070
Utilised during the year	(1 688)	(1 948)
At end of the year	43 542	41 355

Vacation leave

The provision for leave pay represents the potential liability for leave days accrued, and not utilised by staff members at year-end. The current portion of the accumulated leave pay represents the estimated amount of the capped benefit to be paid out to employees during the following year.

Accumulated leave

Durban University of Technology provided a leave benefit scheme where employees could opt to accumulate any leave not taken during a year into a fund that accumulates over the working lifetime of the employee and gets paid out in cash to the employee upon termination (be it resignation, dismissal, retirement, early retirement or death). The leave benefit scheme is closed to Durban University of Technology employees and no further leave benefits can be accrued. Staff are only entitled to utilise the leave days and cannot encash the accumulated leave.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 R'000	2016 (Restated)* R'000
15. DEFERRED GRANTS		
Research grant	57 097	64 343
Clinical training grant	8 555	8 640
Contract grant	29 010	29 469
Foundation grant	25 067	15 770
Infrastructure grant	757 004	593 093
Other grants	13 748	15 146
Private grant	34 066	39 719
NGAP	20 867	15 862
Teacher development grant	1 105	1 597
Research and development grant	9 415	12 176
Education development unit project	5 362	2 601
Total of deferred grants	961 296	798 416
Current portion	13 355	15 682
Non-current portion	947 941	782 734
	961 296	798 416
Reconciliation of the movement for the year:		
Opening balance	798 416	715 330
New grants received	176 235	98 768
Released to surplus	(13 355)	(15 682)
Closing balance	961 296	798 416

Deferred grants include an amount of R 553.605 million (2016(Restated): R 421.126 million) relating to assets constructed or purchased of which will be amortised over the remaining useful life of the related asset.

*Refer to Note 29.3.1,3.2 and 3.4 for restatement on deferred grants.

	2017 R'000	2016 R'000
16. INVESTMENT INCOME		
16.1 Investment income		
Recurrent investment income	140 263	99 808
- Income from investments	10 054	8 562
- Interest received - call accounts and short term deposits	111 093	76 898
- Interest received - other	9 109	8 205
- Dividends received	10 007	6 143
Non-recurrent investment income	5 694	4 203
Total investment income	145 957	104 011
16.2 Realised cumulative net fair value gains and losses from the disposal of investments		
- fair value gain on disposal	7 891	31 515
- fair value loss on disposal	(4 774)	(1 536)
	3 117	29 979

DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 R'000	2016 R'000
17. PERSONNEL (staff costs)		
Recurrent staff costs	867 098	827 136
Academic professional	473 811	450 220
Other personnel	393 287	376 916
Non-recurrent staff costs	42 171	27 330
Total staff costs	909 269	854 466
The following expense is included in the personnel costs:		
- Defined benefit plan	2 940	2 890
Average number of employees employed during the year:		
- Academic	606	606
- Non academic	807	800
Total	1 413	1 406
18. OTHER OPERATING EXPENSES		
The following expenses are included in arriving at other current operating expenses:		
Supplies and services	347 178	301 076
Movement in the bad debts provision	9 179	15 229
Repairs and maintenance	44 664	39 671
Included in supplies and services are the following expenses:		
- Auditors' remuneration	2 502	2 406
- Fees paid to internal auditors	1816	2 214
- Fees paid to forensic auditors	288	153
- Operating lease expenses(Includes student housing)	81 752	72 645
- Contract services	59 754	52 051
19. FINANCE COSTS		
Interest bearing borrowings	10 034	8 274
20. OTHER INCOME		
The following income is included in arriving at other income:		
Clinics	916	1 069
Conferences and Restaurants	944	1 722
Department and Central Co-op	12 549	12 066
Transport Levy	1 552	1 461
Marking centre rental	77	965



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

21. RISK MANAGEMENT

The University's principle financial instruments comprise available-for-sale investments, non-current receivables in the form of student loans, current receivables, cash, short-term deposits, borrowings and trade and other payables.

The University manages a substantial portfolio of financial assets with a long-term view to grow the portfolio in order to provide financial stability, settlement of longer-term liabilities, support for new initiatives and strategic objectives.

The main purpose of the borrowings is to raise finance for the University's infrastructure. The University's other financial assets and liabilities arise directly from its operations.

The main risks arising from the University's financial instruments are market risk, credit risk and liquidity risk. The subsidiaries do not have significant financial instruments.

The University's Council has overall responsibility for the establishment and oversight of the University's risk profile. Council, through its finance, risk and investment committees, reviews and agrees policies for managing each of these risks.

21.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market Risk comprises three types of risk; Price, Currency and Interest rate risk. The Universities exposure to market risk relates primarily to its available for sale financial assets.

The financial assets are invested in terms of a considered strategy adopted by the University's Council and advised by the Investment Committee. Portfolios are allocated to selected portfolio managers who operate under defined mandates. The investment decisions made and performances of these managers are closely monitored by the Investment Committee.

The Investment Committee meets quarterly and receives reports from investment managers on a cyclical basis. In addition, the Investment Committee may co-opt any individual, consultant or specialist in the event of their expertise being required.

Internal checks are performed to confirm the income received and the purchase and sale of investments are reflected on the portfolio statements.

Price risk

The University and its subsidiaries are exposed to equity securities price risk because of the listed investments held by the University and these are classified in the notes to the financial statements (Refer to Note 4).

At December 31, 2017, if the JSE index increased/decreased by 10% with all other variables held constant and all the University's equity instruments moved according to the historical correlation with the index, funds would have been R 23 129 million (2016: R19.394) million higher or lower.

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**
21. RISK MANAGEMENT (continued)
21.1 Market risk(continued)
Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is not exposed to cash flow interest rate risk on borrowings as the majority of their borrowings have fixed interest rates. The University and its subsidiaries are not exposed to cash flow interest rate risk on funds on call as the rate of interest was fixed on these investments at the year end.

As at December 31, 2017, if interest rates on the fixed term deposits had been entered into at rates 1% higher/lower, the surplus for the year would have been R16 763 million(2016:R12.364 million) higher/lower as a result of higher/lower interest income.

The University has a number of receivables (i.e. student fees) where interest rates charged are at a fixed rate of 2% per month. The amounts of interest owed by staff are negligible.

The University holds a substantial amount of interest bearing investments and interest earning bank deposits. Interest risks relating to the University's investments are managed and monitored by the Investment Committee and management in the same manner as outlined above.

The following tables demonstrate the sensitivity of the University's financial assets and financial liabilities that are subject to interest rate risk to a reasonable possible change in interest rates, with all other variables held constant.

Interest rate changes on basis points (BP)	Impact of interest changes on funds employed in R' millions					
	-200BP	-100BP	-50BP	50BP	100BP	200BP

December 31, 2017

Local capital market interest bearing Investments	(4.37)	(2.18)	(1.09)	1.09	2.18	4.37
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December 31, 2016

Local capital market interest bearing Investments	(4.31)	(2.16)	(1.08)	1.08	2.16	4.31
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Interest rate changes in basis points (BP)	Impact of interest changes on net surplus in R' millions					
	-200BP	-100BP	-50BP	50BP	100BP	200BP

December 31, 2017

Money market and call deposits	(33.53)	(16.76)	(8.38)	(8.38)	16.76	33.53
Cash and cash equivalents	(0.51)	(0.25)	(0.13)	0.13	0.25	0.51

December 31, 2016

Money market and call deposits	(24.73)	(12.36)	(6.18)	6.18	12.36	24.73
Cash and cash equivalents	(0.42)	(0.21)	(0.10)	0.10	0.21	0.42



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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

21. RISK MANAGEMENT (continued)

21.1 Market risk(continued)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The University enters into foreign currency transactions sporadically through the period however; its exposure to foreign currency risk is negligible.

21.2 Credit risk

Credit risk is the risk of financial loss to the University if a student, employee or counter party to a financial instrument fails to meet its contractual obligations. The University is exposed to credit risk primarily from the Universities receivables from students, cash and cash equivalents as well as other receivables.

Cash and cash equivalents:

The University places cash and cash equivalents with reputable financial institutions. The University places its portfolio and unit trust investments with reputable fund managers. Multi-manager approach to the management of investments is followed in order to limit investment risk.

The maximum exposure to credit risk at the reporting date of cash and cash equivalents and receivables is the carrying amount as reflected in the Statement of Financial Position. No collateral is held as security for financial assets.

Student fees receivable

Receivables comprise outstanding student fees and student loans. The University is exposed to credit risk arising from student loans and outstanding student fees. The risk relating to student fees 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 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.

Receivables includes outstanding student fees amounting to R183.829 million (2016: R157.286 million) that are past due and not impaired. The University has stringent policies with respect to not allowing students with outstanding fee balances to receive their results or to register for the new academic year. The outstanding fees balance at year-end is widely spread amongst numerous students indicating no particular concentration of credit risk.

The University provides for impairment losses in respect of student receivables to the extent that these can be reliably and conservatively determined.

The collection of student loans is administrated by the National Students Financial Aid Scheme ("NSFAS").

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**21. RISK MANAGEMENT** (continued)**21.2 Credit risk**(continued)

	2017 R'000	2016 R'000
<i>Receivables</i>		
Counterparties without external credit rating:		
Group 1 - NSFAS	592	592
Group 2 - Student loans	20 018	21 482
Group 3 - Student fees	183 829	157 286
Total receivables	204 439	179 360

Group 1 - Amounts outstanding in respect of NSFAS, high credit quality

Group 2 - Student loans, moderate credit quality

Group 3 - Existing student accounts, moderate credit quality

Credit risk

	2017 R '000	2016 R '000
<i>Cash at bank and short term deposits</i>	1 701 781	1 257 292

All cash and short-term deposits are held with major banks in South Africa.

21.3 Liquidity risk

Liquidity is the risk that the University will encounter difficulty in meeting obligations associated with financial liabilities.

The University's operations are mainly cash driven.

The timing and nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through either its holding of short-term bank deposits or the un-endowed investments portfolio in the event that any unforeseen events occur. The cash flow position is monitored by management on a monthly basis.

The University has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

Banking facilities

The University has the following facilities with its bankers,:

- Credit card facility of R0.12 million
- Performance guarantees of R 1.5 million
- Trading Facilities of R 1 million



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

21. RISK MANAGEMENT (continued)

21.3 Liquidity risk(continued)

Contractual maturity profile

The table below summarises the maturity profile of the University's non-derivative financial liabilities, based on contractual undiscounted payments:

	<i>Less than 3 months R'000</i>	<i>3 to 12 Months R'000</i>	<i>1 to 5 years R'000</i>	<i>Greater than 5 years R'000</i>	<i>Total R'000</i>
<i>At December 31,2017</i>					
Borrowings*	-	16 027	76 279	64 497	156 803
Finance lease liability*	-	1 927	-	-	1 927
Trade and other payables	-	261 349	-	-	261 349
<i>At December 31,2016</i>					
Borrowings*	1 072	16 032	81 396	77 334	179 138
Finance lease liability*	-	3 304	1 927	-	5 231
Trade and other payables	-	187 141	-	-	187 141

*The Borrowings, reflects the total remaining total contractual payments, including interest payments.

The table below summarises the maturity profile of the University's non-derivative financial liabilities, based on contractual discounted payments:

	<i>Less than 3 months R'000</i>	<i>3 to 12 Months R'000</i>	<i>1 to 5 years R'000</i>	<i>Greater than 5 years R'000</i>	<i>Total R'000</i>
<i>At December 31,2017</i>					
Borrowings**	-	7 170	41 673	48 143	96 986
Finance lease liability**	-	1 880	-	-	1 880
Trade and other payables	-	261 349	-	-	261 349
<i>At December 31,2016</i>					
Borrowings**	1 072	6 677	42 912	53 713	104 374
Finance lease liability**	-	3 037	1 880	-	4 917
Trade and other payables	-	187 141	-	-	187 141

**The Borrowings, reflects the total remaining discounted total contractual payments,

21. RISK MANAGEMENT (continued)

21.4 Fair value estimation (continued)

When the fair values of financial assets and financial liabilities recorded in the statement of financial position or disclosed in the financial statements cannot be measured based on quoted prices in active markets, the fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management have assessed that cash, short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Where necessary, student loans and trade receivable are discounted to approximate their fair value on initial recognition.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate borrowings are evaluated by the University based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project (where applicable). Fair values of the University's interest-bearing borrowings and loans are determined by using discounted cash flows method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The non-performance risk as at 31 December 2017 was assessed to be insignificant. As at year-end, the carrying amounts of such borrowings were not materially different from their calculated fair values. This is mainly supported by the fact that these financial instruments are similar to instruments in the public tertiary education sector.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value of financial instruments traded in active markets (such as available for sale quoted equity securities, quoted bonds and unit trusts) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the University is the current bid price at year-end.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

21. RISK MANAGEMENT (continued)

21.4 Fair value estimation (continued)

Fair value hierarchy

The University uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.
- Level 3 Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, the following financial assets are measured at fair value:

	<i>Level 1 R'000</i>	<i>Level 2 R'000</i>	<i>Level 3 R'000</i>	<i>Total R'000</i>
Non-current investments				
2017	<u>528 500</u>	<u></u>	<u></u>	<u>528 500</u>
2016	<u>489 763</u>	<u>-</u>	<u>-</u>	<u>489 763</u>

Financial assets for which fair values are disclosed:

Student Loans

2017	<u>-</u>	<u>-</u>	<u>20 018</u>	<u>20 018</u>
2016	<u>-</u>	<u>-</u>	<u>21 558</u>	<u>21 558</u>

Financial liabilities for which fair values are disclosed:

Fixed interest-bearings borrowings

2017	<u>-</u>	<u>-</u>	<u>98 866</u>	<u>98 866</u>
2016	<u>-</u>	<u>-</u>	<u>109 290</u>	<u>109 290</u>

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR
ENDED DECEMBER 31, 2017**
21. RISK MANAGEMENT (continued)**21.4 Fair value estimation** (continued)

<i>Financial assets by category</i>	<i>Loans and receivables R'000</i>	<i>Available for sale R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>
DECEMBER 31, 2017				
Financial assets				
Investments		528 500	528 500	528 500
Receivables – current	263 615		263 615	263 615
Receivables - non-current	20 018		20 018	20 018
Cash and cash equivalents	1 701 781		1 701 781	1 701 781
Total	1 985 414	528 500	2 513 914	2 513 914
December 31, 2016				
Financial assets				
Investments	-	489 763	489 763	489 763
Receivables - current	226 861	-	226 861	226 861
Receivables - non-current	21 482	-	21 482	21 482
Cash and cash equivalents	1 257 292	-	1 257 292	1 257 292
Total	1 505 635	489 763	1 995 398	1 995 398
<i>Financial liabilities by category</i>		<i>Amortised Cost R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>
DECEMBER 31, 2017				
Financial liabilities				
Borrowings		96 986	96 986	96 986
Finance lease liability		1 880	1 880	1 880
Trade and other payables		261 349	261 349	261 349
Total		360 215	360 215	360 215
December 31, 2016				
Financial liabilities				
Borrowings		104 373	104 373	104 373
Finance lease liability		4 917	4 917	4 917
Trade and other payables		187 142	187 142	187 143
Total		296 432	296 432	296 432



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

21. RISK MANAGEMENT (continued)

21.5 Capital risk management

The capital of the University comprises restricted funds designated for specific purposes, fair value reserves and Council controlled funds.

The University's objectives when managing capital are to safeguard the ability of itself 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 University has ensured a sound financial position by limiting exposure to debt and increasing investments and cash balances. This objective is met by a well-planned budget process each year.

22. CONTINGENT LIABILITIES

During the ordinary course of its business, the University enters into a wide range of programmes, contracts and transactions that expose it to varying types and degrees of risk. As far as it is practicable to do so, provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow will result, are noted as contingent liabilities in accordance with International Financial Reporting Standard IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The most significant contingent liabilities in respect of 2017 are described briefly below. Claims against the University are either pending or in progress.

22.1 Indumiso College of Education

The Department of Education and Training handed over the Indumiso College of Education to the former Natal Technikon. The operations of this college have been incorporated into the Durban University of Technology subsequent to the merger. The land and buildings have been capitalised in the accounting records of the University and no liability has been raised for the land and buildings.

The Department of Education has not given an undertaking to indemnify the University against any liability in respect of land and buildings of this college or against any future claims or liabilities that may exist in respect of this college.

The Department of Education is currently in the process of subdividing the property and transferring this property in the name of the Durban University of Technology. Management is uncertain if the subdivision will result in any possible obligations, which may have to be settled in the future from the University's resources. Furthermore, management is unable to determine the quantum of such a liability and has been unable to obtain any further clarity from the Department of Higher Education and Training in this regard.

22.2. RMA Business Trust

RMA Business Trust served summons on the University claiming payment of R 5.2m for work allegedly done. The current High Court matter is being defended by DUT.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2017**23. Associated Institutions Pension Fund ("AIPF")**

72 employees (2016: 72) of the University are members of the AIPF. The AIPF is a state fund established in terms of the Associated Institutions Pension Fund Act No 41, 1963 and is a defined benefit plan with the state being the sponsoring employer responsible for any shortfall of benefits payable to members of the fund. Accordingly, the University is not required to recognise any proportionate share of the AIPF's defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

24. COMMITMENTS

2017
R'000

2016
R'000

24.1 Capital commitments

Capital expenditure contracted for at reporting date but not recognised in the financial statements is as follows:

Property, plant and equipment	104 637	232 678
-------------------------------	----------------	----------------

Capital expenditure contracted as at December 31, 2017 relates largely to additions and alterations to the Block 7 building (Indumiso Campus), Straford House, Corlo Court, IWWT building and lift block & paraplegic ablutions to Tromso Building, Riverside Campus(Phase 1) and the new student village.

24.2 Operating lease commitments

The future minimum lease payments under operating leases are as follows:

Not later than 1 year	95 841	90 823
Later than 1 year and not later than 5 years	96 690	173 302
	192 531	264 125

Operating lease commitments are in respect of lease agreements for residence properties, photocopy machines and other office equipment.

The average lease term for residential buildings is 1 to 3 years (2016: 1 to 3 years) with an average escalation clause linked to the Consumer Price Index ("CPI"), (2016: CPI).

The average lease term for equipment is 5 years (2016: 5 years) with no escalation clause.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

	2017 R'000	2016 R'000
25. FINANCE LEASE LIABILITY		
The future minimum lease payments under finance leases are as follows:		
Not later than 1 year	1 927	3 304
Later than 1 year and not later than 5 years	-	1 927
Total minimum lease payments	1 927	5 231
Less finance charge	(47)	(314)
Present value of minimum lease payments	1 880	4 917
Not later than 1 year	1880	3 037
Later than 1 year and not later than 5 years	-	1 880
	1 880	4 917
Non-current liability	-	1 880
Current liability	1880	3 037
	1 880	4 917

ABSA finance lease

The ABSA lease relates to an unsecured amount of R13.705 million which was used to purchase a computer network system. The interest rate is fixed at 7.56% per annum with monthly instalments of R0.275million for a period of five years, ending in July 2018. The ownership of the computer network system will transfer to the University upon the final instalment paid. The amount outstanding is secured against the carrying amount of the computer equipment as detailed in Note 2.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2017

26.1 CASH GENERATED FROM OPERATIONS	2017 R '000	2016 R '000 (Restated)*
Reconciliation of net surplus before taxation to cash generated from operations:		
Net surplus for the year before tax	424 679	306 029
Adjustments for:		
(Decrease) in retirement benefit obligations	(13 095)	(12 938)
Increase in provisions	2 187	6 122
Depreciation and amortisation	53 377	50 387
Loss on disposal of property, plant and equipment	356	924
Realised fair value net gain on disposal of investments	(3 117)	(29 979)
Investment income	(145 957)	(104 011)
Finance cost	10 034	8 274
Decrease in non-cash portion of investment	(7 585)	(14 577)
Prescribed debtors	(6 577)	(2 960)
Operating surplus before working capital changes	314 302	207 271
Changes in working capital	272 413	116 094
Increase /(Decrease) in funds*	23 115	(14 115)
Decrease in receivables and prepayments	12 164	10 980
Decrease/(Increase) in inventories	45	(594)
Increase in deferred grants	162 880	83 086
Increase in accounts payable and accruals	74 209	36 737
	586 715	323 365

26.2 CHANGES FROM FINANCING CASHFLOWS

Reconciliation of cash flows for financial liabilities

	2016 R '000	Cash flows	Non-Cash flows Accruals	2017 R '000
Long-term borrowings	104 373	(7 338)	(49)	96 986
Finance lease liability	4 917	(3 037)	-	1 880
Total liabilities from financing liabilities	109 290	(10 375)	(49)	98 866

*Refer to Note 29.2 for information on the restatement.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

27. SENIOR MANAGEMENT COMPENSATION

The following disclosures relates to compensation paid to executive staff. Remuneration is based on the cost of employment to the University. These members of executive staff are considered to be key management personnel of the University.

Gross remuneration – 2017

DETAILS	OFFICE HELD	BASIC SALARY	EMPLOYMENT BENEFITS	OTHER ALLOWANCES	TOTAL COST
		R	R	R	R
EXECUTIVE MANAGEMENT:					
Prof T Z Mthembu	Vice Chancellor & Principal	1 929 504	442 171	877 196	3 248 871
Prof S Moyo	Deputy Vice Chancellor – Research,Innovation & Engagement	1 241 034	317 618	102 425	1 661 077
Prof N S Gwele	Deputy Vice Chancellor -Teaching & learning	2 282 292	249 607	17 400	2 549 299
Prof S K Ndlovu*	Deputy Vice Chancellor - People & Operations	1 662 936	439 256	17 400	2 119 592
		7 115 766	1 448 652	1 014 421	9 578 839
EXECUTIVE DEANS:					
Prof T N Andrew	Executive Dean - Faculty of Engineering & Built Environment	1 610 730	476 021	99 383	2 186 134
Dr R A Smith	Executive Dean - Faculty of Arts & Design	1 101 864	326 397	27 600	1 455 861
Prof O O Olugbara**	Executive Dean - Faculty of Accounting & Informatics	879 726	265 202	207 372	1 352 300
Assoc R Balkaran	Executive Dean - Faculty of Management Sciences	1 219 620	391 989	27 600	1 639 209
Prof S Singh	Executive Dean - Faculty of Applied Sciences	1 246 404	378 872	29 017	1 654 293
Prof M N Sibiya***	Executive Dean - Faculty of Health Sciences	894 172	257 042	66 928	1 218 142
Assoc AHA Ross****	Acting Executive Dean-Faculty of Health Sciences	600 036	536 736	245 878	1 382 650
		7 552 552	2 632 259	703 778	10 888 589
GRAND TOTAL		14 668 318	4 080 911	1 718 199	20 467 428

NOTES: * Salary annualised appointed 3 April 2017 to 30 November 2017.

** Appointed Executive Dean 1 July 2017.

*** Appointed Executive Dean- 1 June 2017.

**** Acting Executive Dean-1 January 2017 to 31 May 2017.

DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

27. SENIOR MANAGEMENT COMPENSATION (continued) Gross remuneration – 2016

DETAILS	OFFICE HELD	BASIC SALARY	EMPLOYMENT BENEFITS	OTHER ALLOWANCES	TOTAL COST
		R	R	R	R
EXECUTIVE MANAGEMENT:					
Prof A Bawa*	Vice Chancellor and Principal	2 129 964	521 214	125 400	2 776 578
Prof T Z Mthembu**	Vice Chancellor and Principal	1 929 504	1 201 963	125 400	3 256 867
Dr J D Volmink***	Interim Vice Chancellor and Principal	1 824 194	82 114	-	1 906 308
Prof N S Gwele	Deputy Vice Chancellor – Teaching and Learning	2 175 360	248 666	17 400	2 441 426
Associate S Moyo	Acting Deputy Vice Chancellor – Research, Innovation and Engagement	1 061 472	311 653	106 552	1 479 677
Prof T N Andrew	Acting Deputy Vice Chancellor –People and Operations	1 492 884	451 704	225 506	2 170 094
		10 613 378	2 817 314	600 258	14 030 950
EXECUTIVE DEANS:					
Dr R A Smith	Executive Dean - Faculty of Arts & Design	1 010 400	311 254	27 600	1 349 254
Dr. R Balkaran	Executive Dean - Faculty of Management Sciences	1 098 132	383 914	27 600	1 509 646
Prof S Singh	Executive Dean - Faculty of Applied Sciences	1 142 964	360 817	27 818	1 531 599
Prof T Puckree	Executive Dean - Faculty of Health Sciences	1 208 844	336 608	27 600	1 573 052
Prof O O Olugbara	Acting Executive Dean - Faculty of Accounting & Informatics	664 632	234 530	361 620	1 260 782
Prof M Walker	Acting Executive Dean - Faculty of Engineering & Built Environment	664 632	218 420	367 920	1 250 972
		5 789 604	1 845 543	840 158	8 475 305
GRAND TOTAL		16 402 982	4 662 857	1 440 416	22 506 255

NOTES: * Salary annualised. Resigned 30 April 2016.

** Salary annualised. Appointed 1 October 2016.

*** Salary annualised. Appointed 1 May 2016 to 30 September 2016.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

28. COUNCIL COMMITTEE COMPENSATION

Payments for attendance at meetings of the Council and its committees

2017

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
		R	R
Chair of Council	1	12 000	-
Chairs of Committees	3	30 500	15 494
Members of Council	17	97 000	15 876
Members of Committees	21	139 500	31 370

2016

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
		R	R
Chair of Council	1	24 000	3 601
Chairs of Committees	3	27 500	12 197
Members of Council	17	124 250	20 759
Members of Committees	21	175 750	36 557

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2017**
29. RECLASSIFICATIONS AND PRIOR YEAR ADJUSTMENTS
29.1 Reclassification: Consolidated statement of changes in funds

The reclassification arises as a result of the incorrect inclusion of additions of property, plant and equipment in the accumulated funds balance and residence funds balance in the consolidated statement of changes in funds. The additions of property, plant and equipment are funded from designated funds and are to be disclosed in the property, plant and equipment funds balance in the consolidated statement of changes in funds.

This reclassification has no impact on the net surplus for the year, as previously reported.

Reclassification of property, plant and equipment funds balance on 2016 opening balances:

	Effect of reclassification
	R'000
Accumulated funds	30 137 ^{1&2}
Designated funds: Property, plant and equipment	(30 137) ^{1&2}

Reclassification of property, plant and equipment funds balance on 2016 closing balances:

	Effect of reclassification
	R'000
Accumulated funds	(41 125) ²
Designated funds: Property, plant and equipment	41 304 ²
Restricted funds: Residence funds	(179) ²

¹ Reclassification of additions of property, plant and equipment on the 2016 opening balances, refer to Note 29.3.4, for the Accumulative Net impact of reclassifications.

² Reclassification of additions of property, plant and equipment on the 2016 closing balances, refer to Note 29.3.4, for the Accumulative Net impact of reclassifications.



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

29. RECLASSIFICATIONS AND PRIOR YEAR ADJUSTMENTS(continued)

29.2 Reclassification: Consolidated statement of cash flows

The movement in the changes in cash flows related to funds was previously recognised in cash flows from financing activities. In the current year, the movement in cash flows related to funds have been reclassified to cash flows from operating activities to ensure correct classification in terms of International Accounting Standards (IAS) 7: Statement of cash flows.

This reclassification has no impact on the net cash and cash equivalents as previously reported.

	2016 previously reported	Effect of reclassification	2016 restated
	R'000	R'000	R'000
Cash flows from financing activities	32 863	13 672	46 535
Cash flows from operating activities	409 298	(13 672)	395 626

29.3 Restatement: Deferred grants

29.3.1 The restatement of the deferred grants liability arises as a result of the 2014, other government funded additions for moveable assets, being incorrectly excluded from the 2014 deferred grant liability reconciliation. These additions were previously included in the property, plant and equipment funds balance in the consolidated statement of changes in funds.

The earliest comparative period has been restated. This restatement has no impact on the net surplus for the year, as previously reported.

	Effect of reclassification
	R'000
Designated funds: Property, plant and equipment	(9 348) ³
Non-current liability: Deferred grants	9 348 ³

³ Restatement of deferred grants and designated funds: property, plant and equipment on the 2016 opening balances, refer to Note 29.3.4 Accumulative Net impact of reclassifications.

29.3.2. Block grants received from the Department of Higher Education and Training are not conditional and are recognised as income in the financial year to which it relates. The net surplus from this grant will then flow into the operational funds balance in the consolidated statement of changes in funds.

A portion of the block grant previously received was allocated to research output publications and was recognised on the deferral income approach which recognised the grant as a deferred grant liability in the consolidated statement of financial position (SOFP) when received and released to the consolidated statement of profit or loss (SOPL) when the expenses was incurred.

	Non-current liability: Deferred grants	Designated funds: Operational funds
	R'000	R'000
Transfer of 2016 opening balance of Research output publications grant	(15 826) ⁴	15 826 ⁴
Transfer of 2016 Deferred grant surplus*	(7 301) ⁵	7 301 ⁵
Transfer from Deferred grant 2016	444 ⁶	(444) ⁶

^{4,5,6} Restatement of deferred grants and designated funds: operational funds on the 2016 closing balances, refer to Note 29.3.4 Accumulative Net impact of reclassifications.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

29. RECLASSIFICATIONS AND PRIOR YEAR ADJUSTMENTS(continued)

29.3.3 Net Impact of Transfer of the 2016 Deferred Grant Surplus:

*The impact of the transfer of the 2016 deferred grant surplus in the SOPF are as follows:

	2016 previously reported	Effect of reclassification	2016 restated
	R'000	R'000	R'000
Net surplus for the year after transfers and taxation	298 023	7 301 ⁵	305 324

The following expenditure accounts were restated to account for the above transfer:

	2016 previously reported	Effect of reclassification	2016 restated
	R'000	R'000	R'000
Personnel – Academic professional	448 419	990	449 409
Personnel – Other personnel	354 287	11	354 298
Other current operating expenses	297 621	(8 302)	289 319
Total	1 100 327	(7 301) ⁵	1 093 026

29.3.4 Accumulative Net impact of reclassifications and restatements:

The table below reflects the net impact of the reclassifications and restatements of the above:

	Non-current liability: deferred grants	Accumulated funds	Designated funds: operational funds	Designated funds: property, plant and equipment	Restricted funds: residence funds
Opening balance 2016 as previously reported	708 158	511 494	149 004	602 880	(30 016)
Reclassification of PPE funds	-	30 137 ¹	-	(30 137) ¹	-
Transfer of 2016 opening balance of research grant	(15 826) ⁴	-	15 826 ⁴	-	-
Restatement of deferred grants	9 348 ³	-	-	(9 348) ³	-
Restated 2016 opening balance	701 680	541 631	164 830	563 395	(30 106)
Surplus for the year as previously reported	-	278 895	-	-	19 128
Other comprehensive income/(loss) as previously reported	-	14 069	-	-	-
2016 movements as previously reported	87 911	-	-	-	-
Transfer of 2016 deferred grant surplus*	(7 301) ⁵	7 301 ⁵			
Transfer to operational funds		(7 301) ⁵	7 301 ⁵		
Transfer from deferred grant 2016	444 ⁶	-	(444) ⁶		
Reclassification of PPE funds	-	(80 610) ²	-	80 789	(179) ²
Transfer of funds as previously reported	-	(37 803)	22 778	15 025	-
Other transfers as previously reported	-	(2 418)	(2 803)	10 811	(5 195)
Restated 2016 closing balance	782 734	713 764	191 662	670 020	(16 162)



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

30. RELATED PARTIES

The related party relationships of the Durban University of Technology in terms of IAS 24 are as follows:

- Subsidiary entities (refer to Note 1.6 – Basis of consolidation);
- Related party transactions exist between the University and its subsidiaries. Related party transactions comprise interest, rent, insurance, administration fees and royalties. Related party transactions and balances are eliminated on consolidation.
- Key management personnel, which comprises members of both Council and the University executive management team (refer Note 27 and Note 28); and
- National Government (refer to Note 1.22).

31. EVENTS SUBSEQUENT TO YEAR END

There were no events, which were material to the financial affairs of the University, which has occurred between the financial year-end and the date of approval of the University's financial statements that required additional disclosures and amendments to these financial statements.

32. GOING CONCERN

The Council had adopted the 'going concern' basis in the preparation of the consolidated annual financial statements. The Council has no reason to believe that the Durban University of Technology is not a going concern in the foreseeable future based on the forecasts and available cash resources. The Council believes that consolidated annual financial statements confirm the viability of the University.

ACKNOWLEDGEMENTS

This report was compiled by the Institutional Planning Office and the Division of Corporate Affairs of the Durban University of Technology.

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