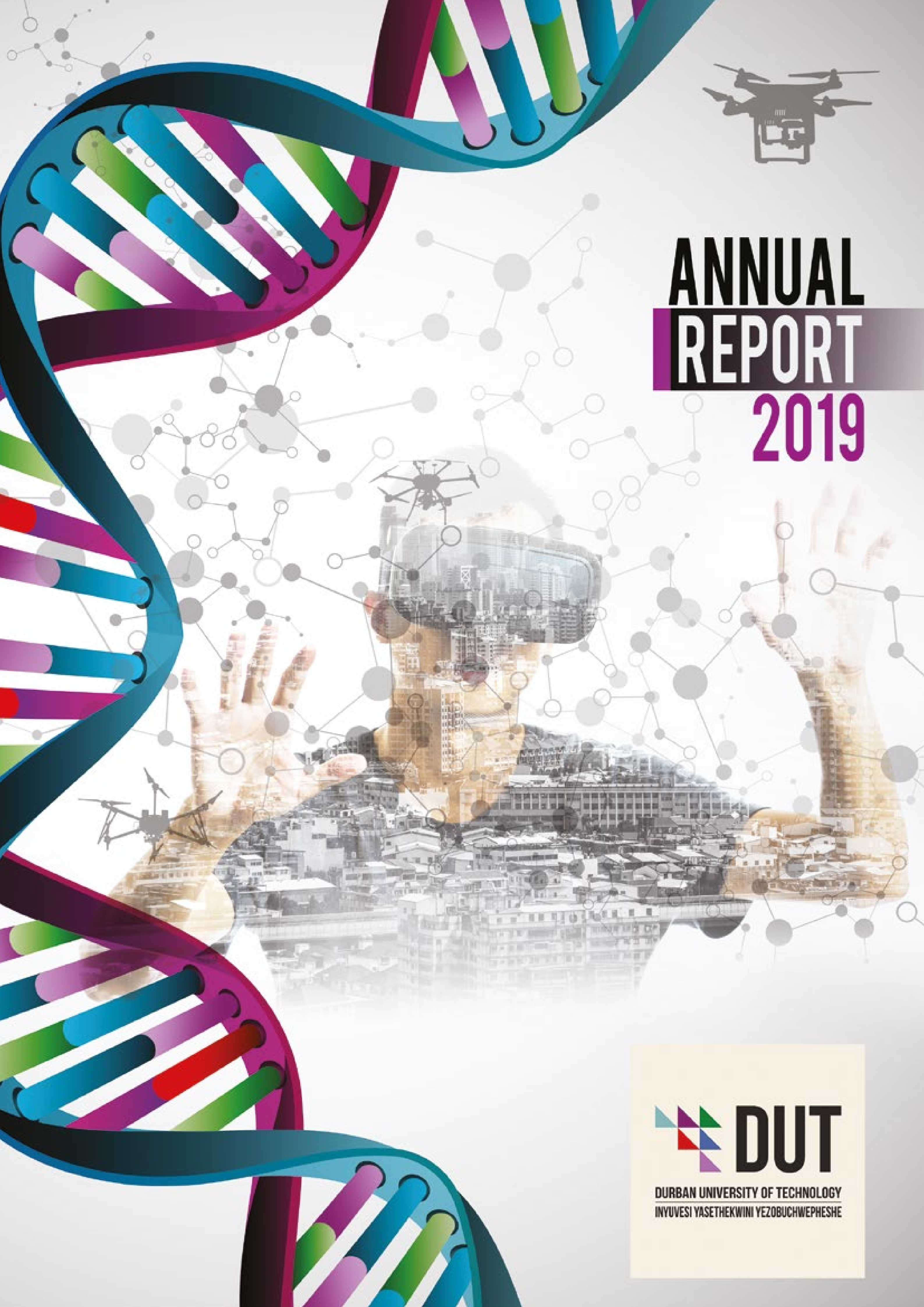


# ANNUAL REPORT 2019

DURBAN UNIVERSITY OF TECHNOLOGY
INYUVESI YASETHEKWINI YEZOBUCHWEPHESHE

DUT

DURBAN UNIVERSITY OF TECHNOLOGY
INYUVESI YASETHEKWINI YEZOBUCHWEPHESHE

## 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.

# CONTENTS

# LIST OF ACRONYMS

| | |
|---|---|
| **AA** | Actual Achieved |
| **AAR** | Advancement and Alumni Relations |
| **APP** | Annual Performance Plan |
| **ATD** | Achieving the Dream |
| **BAC** | Bid Adjudication Committee |
| **BBBEE** | Broad-Based Black Economic Empowerment |
| **BEC** | Bid Evaluation Committee |
| **BSC** | Bid Specification Committee |
| **B Tech** | Bachelor of Technology |
| **BUSSE** | Beginning University Survey of Student Engagement |
| **CCMA** | Commission for Conciliation, Mediation and Arbitration |
| **CAPEX** | Capital Expenditure |
| **CELT** | Centre for Excellence in Learning and Teaching |
| **CFO** | Chief Financial Officer |
| **CHE** | Council on Higher Education |
| **CI** | Confucius Institute |
| **CIO** | Chief Information Officer |
| **COIL** | Collaborative Online International Learning |
| **DHET** | Department of Higher Education and Training |
| **DNA** | Deoxyribon Nucleic Acid |
| **DRC** | Democratic Republic of Congo |
| **DSI** | Department of Science and Innovation |
| **DST** | Department of Science and Technology |
| **DUT** | Durban University of Technology |
| **DVC** | Deputy Vice-Chancellor |
| **EAP** | Economically Active Population |
| **EAPP** | Extended Annual Performance Plan |
| **ECSA** | Engineering Council of South Africa |
| **EDHE** | Entrepreneurial Development in Higher Education |

| | |
|---|---|
| **EFFSC** | Economic Freedom Front Student Command |
| **EMC** | Executive Management Committee |
| **EMEA** | Europe, Middle East, and Africa |
| **EMES** | Environmental Monitoring and Evaluation System |
| **EXCO** | Executive Committee of Council |
| **FAFU** | Fujian Agriculture and Forestry University |
| **FTE** | Full-time Equivalent |
| **FTENs** | First Time Entering Students |
| **FWCI** | Field-Weighted Citation Impact |
| **FYSE** | First-Year Student Experience |
| **FYSS** | First-Year Student Survey |
| **GBV** | Gender-based Violence |
| **GenEd** | General Education |
| **GJHHD** | Gender Justice, Health and Human Development |
| **HE** | Higher Education |
| **HEPA** | Higher Education Partners – Africa |
| **HEQSF** | Higher Education Qualifications Sub-Framework |
| **HoDs** | Heads of Departments |
| **HPCSA** | Health Professionals Council of South Africa |
| **HSS** | Holistic Student Support |
| **ICM** | Information and Corporate Management |
| **ICON** | International Centre of Nonviolence |
| **IEG** | Infrastructure and Efficiency Grant |
| **IF** | Institutional Forum |
| **INSETA** | Insurance SETA |
| **IRBA** | Independent Regulatory Board for Auditors |
| **IRIC** | Institutional Research and Innovation Committee |
| **IS** | Information Systems |

| | |
|---|---|
| **IT** | Information Technology |
| **ITSS** | Information Technology Support Services |
| **KPI** | Key Performance Indicator |
| **KZN** | KwaZulu-Natal |
| **LJMU** | Liverpool John Moores University |
| **LMS** | Learning Management System |
| **MILE** | Municipal Institute for Learning |
| **MOU** | Memorandum of Understanding |
| **MSP** | Microsoft Student Partners |
| **NDP** | National Development Plan |
| **NEHAWU** | National Educational Health and Allied Workers Union |
| **NQF** | National Qualifications Framework |
| **NRF** | National Research Foundation |
| **NSFAS** | National Student Financial Aid Scheme |
| **NTEU** | National Tertiary Education Union |
| **OPM** | Online Programme Management |
| **OU** | Operational Unit |
| **PBL** | Project Based Learning |
| **PBR** | Patents and Plant Breeders' Rights |
| **PG** | Postgraduate |
| **PGDP** | Provincial Growth Development Plan |
| **PhD** | Doctor of Philosophy |
| **PMO** | Project Management Office |
| **PMS** | Performance Management System |
| **PoP** | Point-of-Presence |
| **QSEs** | Qualifying Small Enterprises |
| **R&I** | Research and Innovation |
| **RAM** | Resource Allocation Model |
| **REMCO** | Remuneration Committee |
| **REP** | Residence Education Programme |
| **RFAs** | Research Focus Areas |
| **RIE** | Research, Innovation and Entrepreneurship |
| **SANReN** | The South African National Research Network |
| **SAQA** | South African Qualification Authority |
| **SARChI** | The South African Research Chairs Initiative |
| **SAUS** | South African Union of Students |
| **SciVal** | Scopus data analytics tool |
| **SCM** | Supply Chain Management |
| **SDGs** | Sustainable Development Goals |
| **SET** | Science, Engineering and Technology |
| **SETA** | Sector Education and Training Authority |
| **SFAs** | Strategic Focus Areas |
| **SMMEs** | Small Medium and Micro Enterprises |
| **SRC** | Students' Representative Council |
| **TENUSA** | Tertiary Education National Union of South Africa |
| **TVET** | Technical and Vocational Education Training |
| **UCDP** | University Capacity Development Programme |
| **UCDG** | University Capacity Development Grant |
| **UG** | Undergraduate |
| **UNESCO** | United Nations Education, Scientific and Cultural Organisation |
| **UNEVOC** | International Centre for Technical and Vocational Education Training |
| **UoT** | University of Technology |
| **USAf** | Universities South Africa |
| **USAS** | Undergraduate Scholarship Award Scheme |
| **USSA** | University Sports South Africa |
| **WIG** | Wildly Important Goal |
| **WIL** | Work Integrated Learning |
| **WOW** | World of Work |

# REPORT OF THE CHAIR OF COUNCIL

> The Council of the Durban University of Technology (DUT) derives its authority from the Higher Education Act of 1997 (No. 101 of 1997), as amended. This Act provides the governance and oversight framework for Council. The provisions in the Act, and the regulations published in terms of the Act on 9 June 2014, Government Gazette No. 37726, stipulate that the Council is required to submit an annual report.

This report of the Chair of Council, presented collectively with its various subsections, complies with the requirements stipulated in the regulations.

## Introduction

The 2019 academic calendar commenced on a tumultuous note for higher education institutions, with student unrest and resultant destabilisation of a violent nature which tested the resolve of many University councils and their executive leadership in the country.

At the DUT, the unrest resulted in the tragic death of one of our students, when he was shot in a violent encounter between a group of students and private security personnel. Many questions over the incident remain unanswered because the law enforcement agencies, at the time of the incident, declined to prosecute the individuals involved. The University did not receive an official report on the incident.

The Council, in expressing its deep concern regarding this tragedy and the increasing level of violence at the University during student protests, established an independent inquiry to determine the circumstances that led to the tragedy and the factors that led to the 2019 student unrest. The inquiry, headed by Judge Kenneth Mthiyane, assisted by Prof M Nkondo, commenced its work in the latter part of 2019. A report is expected to be presented to Council soon.

## Infrastructure Projects and Spatial Planning

Despite the unfortunate start to the year, there were many significant developments at the University in 2019. One of these developments was the rollout of the much-needed infrastructure projects at the University at a cost of over R1 billion. The completion of these projects will not only enhance the appearance of the entire University but will also provide essential and improved facilities for students and staff. The details of these developments will be presented in the "Report on Management and Administration" by the Vice-Chancellor, in the next section of this report.

In addition to the Council's approval of the abovementioned urgently needed facilities and upgrades, a "Long-Term Spatial Plan (Master Plan 2020 - 2040)" was approved by the Council in 2019. The Long-Term Spatial Plan is a document that reconciles the planned growth of the University with the necessary measures to achieve such growth. The plan also makes provision for interconnectedness between different parts of the University, and for modern, environmentally friendly buildings and facilities, befitting a national asset, which will provide a better service to the University community.


> **"THE MIND IS NOT A VESSEL TO BE FILLED, BUT A FIRE TO BE KINDLED."**
>
> Plutarch

## Annual Performance Plan

As prescribed by the *Regulations for Reporting by Public Higher Education Institutions* in terms of section 41, read with section 69 of the Higher Education Act, 1997, Council approved the 2019 Annual Performance Plan as well as the Mid-Year Review.

The Council also approved the University's Extended Annual Performance Plan (EAPP) which represents the University Executive's high-level contract with Council with respect to its undertaking of strategic priorities articulated in the Annual Performance Plan. The EAPP is the University's operational plan, from which divisional plans and performance agreements are formulated. The performance of the University, evaluated against the Annual Performance Plan, is presented in the University's Performance Assessment Report further on in this report.

## Policy Development and Review

A vital part of the Council's governance role is to ensure that the University's internal policy framework is reviewed and updated regularly to keep abreast of the various changes impacting on a complex organisation such as the University. In this regard, the Council initiated a review of the University's Statute by appointing a Task Team, which comprises members appointed by the Council and individuals appointed by the Executive Management of the University. Proposed amendments will be presented to the Council, followed by the necessary consultative and legal processes before submission to the Minister of Higher Education, Science and Technology for approval.

Following on Council's governance role with respect to the policy framework, it is encouraging to note that the University Management has undertaken a review of critical policies. This initiative has given Council the assurance that the University is responsive to best practices and to the sweeping legislative and societal changes and expectations. Following a consultative process on revisions to policies, Council approved the following revised policies and official documents:

a. Employment Equity Policy
b. Harassment, Gender-Based Violence and Bullying Policy
c. Recruitment, Selection and Appointment Policy
d. Social Media Policy
e. Communications Policy
f. Student Disciplinary Code

## Oversight of Student Governance

Regarding student services, Council has appointed one of its members to serve on the statutory Student Services Board. It also exercises oversight of the work of the Board through noting minutes of the Board meetings at Council meetings.

In respect of student discipline, Council was advised that a Task Team, appointed by Management, had reviewed the Student Disciplinary Code to streamline the various disciplinary tribunals and update penalties in line with best practice. Noting that the Students Representative Council (SRC) had been consulted on the amended Code, Council approved the revised Disciplinary Code at the end of 2019, for implementation in 2020.

There have been some gaps and flaws in the governance framework of the SRC which will be addressed in the course of 2020. This will include a critical review of provisions of the University's Statute, as indicated earlier.

## Revision to Council Code of Conduct

Managing conflicts of interest has always been an important issue for the Council. In 2019, the Executive Committee of Council finalised a set of recommendations for amendments to the Code of Conduct for Council members. The revised Code of Conduct, which was approved by Council, has strengthened Council's ability to manage conflicts of interest and to deal with breaches, including those by internal Council members whose conduct is also subject to the staff disciplinary code.

The revised Code of Conduct includes measures to curb absenteeism from Council meetings. This will prevent members' non-attendance of meetings by simply submitting apologies for absence. A separate report, which forms part of the Annual Report, on how Council and its committees conduct their work indicates Council members' attendance at meetings (see Council Statement on Governance). Meetings were generally conducted efficiently, except for misunderstanding of conflict of interest by a few internal members. These transgressions were investigated and resolved.

All meetings of Council had a quorum, and dates and times of meetings are communicated to members well in advance. Generally, the DHET *Guidelines on Good Governance Practice and Governance Indicators for Councils* in respect of orderly meeting procedures are adhered to.

## Strategy 2030

The University's current strategic plan comes to an end in December 2019. In late 2018, a Strategic Planning Workshop Group, led by the Vice-Chancellor, was established to help drive the process of formulating, the University's strategic direction. The work of the group has resulted in a conceptual depiction of the strategic intent of the University, using a Strategy Map.

Council was pleased to receive the finalised "Strategy 2030", a visionary document which had been previously workshopped with a number of stakeholders at the University. A workshop on the strategy document was held with Council, after which Council approved this significant document. Council looks forward to the formulation of the University's detailed strategic plan, including divisional plans that will emanate from "Strategy 2030" in 2020.

## Management of Risk

Management of risk is a priority function of the Council. A separate statement on this function is included, namely the Report on Risk Exposure Assessment and the Management thereof.

The fact that the Risk Committee is now a standalone committee of Council, and not a sub-committee of the Audit Committee, indicates our alignment with best practice. In the course of 2019, Council approved the Strategic Risk Report as well as the Strategic Risk Register for the Year 2020.

Our scrutiny of risk is aimed at intensifying the risk culture of the institution by reflecting deeply on factors that could prevent the DUT from delivering on the DUT Strategy 2030. It also serves as a basis for engaging with other key initiatives, such as the risk appetite (and tolerance) framework and the combined assurance model.

## Self-Assessment of Council

Council requested Management to prepare a status report on the implementation of all recommendations made by external assessors in previous years. This matter formed part of the deliberations at the 2019 June Council meeting. It was noted that the suggested improvements were indeed being complied with.

The 2019 institutional scoreboard was also discussed, completed by Council members and submitted to the DHET as requested.

## Council Awards

A suite of Research and Innovation Awards are made annually to recognise excellent work of staff and students. These are reported in the Senate Report to Council.

As a part of the Council's commitment to recognise the excellent work done by staff towards moving the University forward in relation to its strategy, the following awards were made in 2019, as detailed below:

| Award | Category | Project | Project Driver/s |
|---|---|---|---|
| **Chancellor's Award** | Engagement | Department community interaction | Ms C Korporaal, Masters Students in the Chiropractic Programme and Clinical Supervisors |
| | | Power of change | Ms T Ndlovu, Ecotourism Students |
| | | Community engagement: science practicals | Dr M Sabela, Prof PS Mdluli, Mr S Sithole, Dr T Makhanya, Mr Z Miya, Mr B Hloma, Mr L Naidoo and Mr N Gumede |
| | Student Centeredness | CSE Rapid business incubation programme | Dr P Pillay, Mr S Nyamurima, Ms N Nyawose, Ms S Hlongwane, Mr T Banda and Ms N Mkhwanazi |
| **Council Award** | Building sustainable student communities | DUT Student Volunteers Champions Programme | Prof R Bhagwan/K Chetty |
| **Vice Chancellor's Award** | Internationalising the University | ISEA 2018/DIGIFEST 5 | Dr E Maleshoane Obo, Faculty of Art and Design |
| | Networking the University | The 4 Ps of digital business practices in Dental Technology: an online pedagogical intervention to enrich student learning | Dr A Vahed |
| | Transforming institutional culture | Siyaphumelela – Transforming data analytics capacity at DUT | Mr A Maherry, Dr K Parker, Ms A Chain |
| **Council Commendation** | Building a learning organisation | Staff Training and Development | Mr S Moodley, Ms L Webster |
| **Vice Chancellor's Commendation** | The knowledge project | Getting ready for 4IR | Mr E Asmal, Mr R Govender |

Mr NZW Madinane
Chairperson of Council

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

"The 2019 annual report of the Durban University of Technology (DUT) is presented in accordance with the University's four Strategic Focus Areas (SFAs) contained in its Strategic Plan (2015-2019), as revised in 2017. The report is sequenced in terms of these SFAs, taking into account the core business of the University and the numerous national imperatives arising out of the current policy and regulatory framework."

## Introduction

The change process that commenced in 2017, following Council approval of the nuanced strategy, continued earnestly in the period under review. The revision led to a significant reduction of more than 100 objectives/drivers to a smaller and manageable number. It also resulted in establishing clearer performance indicators and setting achievable targets. To support the strategy, executive management portfolios were restructured, particularly those reporting to the Vice-Chancellor and Principal. In addition, some structures were established, and others reviewed in our quest to give effect to the nuanced strategy. In the last quarter of 2018 and during 2019, there was great determination and effort to finalise the new 2030 Strategy. Council approved the strategy at its meeting on 30 November 2019, which coincided with the timelines set in the strategy formulation process in 2018.

The beginning of the year, 2019 was extremely sad for DUT. On the eve of the commencement of the academic programme, scheduled for 04 February 2019, there were calls for total shutdown of all four KwaZulu-Natal universities. This demand emanated from the Economic Freedom Front Student Command (EFFSC), as witnessed previously, during the #Fallist Movement of 2015 and onwards. None of the universities in the province could start their academic programmes, as scheduled, because of sporadic and violent protests that occurred since Monday, 4 February 2019. Reasons for student protests included NSFAS funding, dissatisfaction with residences and registration-related processes.

Ostensibly, there had been confusion or misunderstanding regarding the interpretation of 'free higher education' as pronounced in 2017 and implemented by government through the national bursary system. This posture of confusion was clearly exploited to destabilise the sector in the country, with many universities experiencing violent student protests. The protests were prevalent in KwaZulu-Natal. Academic programmes were suspended for two weeks (4-15 February 2019) in the Midlands and for three weeks (4-22 February 2019) at the Durban-based campuses. During this time, the University attempted to resolve issues students had raised during their protest march in a memorandum of demands submitted on 4 February 2019.

One of the issues that students raised was funding for postgraduate students, especially those in B Tech programmes. DUT participated in meetings held between the Department of Higher Education and Training (DHET), the NSFAS Administrator and his team, the South African Union of Students (SAUS) and SRC Presidents in attempts to coordinate a common approach to the problems presented. There was a separate meeting convened by the Minister of Higher Education and Training with the same role players. Subsequently, students were informed that the current NSFAS policy only caters for the first/primary qualification and that, if there were to be any change in policy it would not be effected overnight. Students remained unconvinced and demanded an immediate change in the policy. This partly explains why the protests continued even though DUT had resolved the majority of student grievances, within its control.

On 5 February 2019, there was an unexplained protest by a small group of students that culminated in aggression between the group and security guards just outside the Steve Biko Campus.


Sadly, the aggression led to injury and death of a student, Mlungi Madonsela a few hours later, at one of the local hospitals. Management reported extensively on the circumstances that led to the death of Mr Mlungisi Madonsela on 5 February 2019. Reports were submitted to numerous structures, including the Executive Committee of Council, Council, the Portfolio Committee on Higher Education and Training on 11 March 2019, during their visit, and to DHET and the Minister through regular updates.

A few staff members were attacked and were injured during this violent protest. Ms Nombali Ntoza, a staff member, was seriously injured when she was pelted with bricks and stones by a group of protesting students during the strife. She was immediately taken to hospital for an assessment, and surgery on her face was recommended. She was discharged after five days and was referred to a psychologist for critical supportive recovery therapy due to the traumatic incident which significantly and adversely affected her functioning. The traumatic experience disrupted her ability to work, to perform her other daily activities and to engage in satisfying personal and work relationships.

There are two important contextual elements that influence the work of the University. In this report, a section below deals with employee relations and how this affects the University's progress. The estranged relations between Management and Unions are a cause for concern. The reality is that some staff members and stakeholders expect the current management team to maintain the status quo that bordered on co-management and co-governance, in place of cooperative governance. They do not accept policies approved by Council unless they have been co-signed by them.

A preponderance of exogenous factors also influence our performance. Since my assumption of duty in October 2016, I have been approached by many individuals, within and outside DUT, with a common narrative of how each of them played a central role in my appointment. Based on their claims, they state that they are entitled to some form of payback from me or DUT's resources. Sometimes, these incessant and strident demands are accompanied by threats of damning dossiers that exist, and which subsequently will be exposed if we do not meet their demands.

Demands range from business opportunities, employment at DUT, and funding for party political or factional activities. If I am unable to honour these demands, the relevant staff and I are told that we are not loyal to some (often political) grouping, or an agreement and/or understanding that was reached in 2016, among those who were convinced that my appointment would improve their individual or group situation.

We have refused to bow down to pressure, but those who are making these demands are resolute and will persevere. The continuation of such harassment may, at some stage, present a risk to myself and my management team. Various allegations are made against a few members of my management team which are designed to malign and drive wedges among us.

I have reported this matter to Council which has been sympathetic and has fully supported me and my team. Based on what Council mandated us to do, there is evidence of indisputable change and transformation at the University, as evidenced in this Report.

## SFA 1 Sustainable Student Communities of Living and Learning

### Infrastructure for Living and Learning and a Safe Environment

The University has a responsibility to deliver and maintain livable and hospitable infrastructure that is safe and secure for its staff and students. This goal has been difficult to achieve because of the past legacy of deferred maintenance, especially of very old buildings which, currently, are not adequate and suitable for the student numbers which have grown exponentially over the years. To address these challenges of infrastructural incapacity that were identified, the Project Management Office (PMO) was strengthened and the Infrastructure Steering Committee was established, chaired by the Vice-Chancellor. This Committee meets regularly to ensure the University is responsive to project deadlines set by DHET.

**ALLOCATIONS TO CAPITAL EXPENDITURE, MAINTENANCE AND BROADER INFRASTRUCTURE**

**R246m** **320% INCREASE**

As of 2019, allocations to capital expenditure, maintenance and broader infrastructure stood at R246 million, which represented approximately 320% increase from the paltry R76.5 million allocated in 2017. In addition to this, a further R420 million, with R39 million of Council's own funds was granted to DUT by DHET in 2018, as part of the 5th cycle of the Infrastructure and Efficiency Grant (IEG).

Construction of two major building projects, at Indumiso campus (the Engineering Building Phase 2) and Steve Biko campus (the Student Centre and the Entrepreneurship Centre), worth R476 million, broke ground. The jump from R420 million to R476 million was courtesy to Council controlled funds that were added to cater for some underground parking at the Steve Biko Campus where land is scarce. A number of small and old buildings have already been demolished at Steve Biko campus to make way for our state-of-the-art Student Centre and Entrepreneurship Centre. This multipurpose centre will also house our one-stop-shop academic administration facilities that facilitate admission and registration processes.

At its 30 November 2019 meeting, Council approved the Long-Term Spatial Plan, which is essentially a revised 2014 Master Plan. It includes new buildings that will be constructed on the ruins of many smaller and older structures that will be demolished at the Steve Biko Campus. Various options will be considered to fund the infrastructure development for the period, 2020 to 2024 in response to the University's Spatial Plan. Funds will be raised for a few developments which include a consolidation of buildings, and new buildings for the Faculties of Arts and Design and Health Sciences, a new Business School, new lecture halls, an innovation hub, and a new administration building.

A budget of R44 million was approved in October 2019 for major deferred maintenance and renovation of DUT-owned residences to ensure that they are compliant with DHET norms and standards. This was over and above the R13.7 million which had already been spent on three residences in Durban. The maintenance function was consolidated to ensure that this task is well coordinated and that efficiency and accountability is improved.

Council set aside a budget of R30 million to introduce more state-of-the-art security technologies, in response to a comprehensive security assessment report that was produced by an external independent expert. The process of acquiring these technologies has already begun. A closer alignment with security teams has also been established to ensure that security provision is better coordinated.

As pointed out in the introduction of this report, DUT community will always remember the week of 4-10 February 2019 with heavy hearts. The double tragedy of losing a student, Mr Mlungisi Madonsela, and a staff member, Dr Euvette Taylor, a young academic and Residence Advisor, the latter having been allegedly killed in his residence by an acquaintance, will remain indelible. In addition, staff members who were severely injured and many other students and staff who were victims of violence, meted out by our own students, remains a sorry blot on our sense of community. The circumstances surrounding all the events mentioned above are currently the subject of an Independent Investigation Commission established by Council. The Commission is scheduled to complete its work by the end of the first quarter of 2020.

Regrettably, one of our students, Mr Sandile Ndlovu, was bludgeoned to death by an outsider on our premises in September 2019. Sandile Ndlovu's life was taken away gruesomely and so prematurely. The Security Manager was suspended after ascertaining that there were security lapses which should not have been in the system. Since then an effective system is in place to apprehend the criminals. The arrest and the resultant life sentence of the perpetrator was effected by the investigative capacity of our current system.

### Student Services and Development

The Student Services and Development (Student Services) section comprises the following departments: Student Counselling, Student Health, Student Housing, Student Life and Sports, and Student Governance.

Student Services enhances the quality of student life at the University and plays a critical role in ensuring a positive student experience. Student Services has been identified as the custodian of Holistic Student Support (HSS) to be piloted in 2020 through the Siyaphumelela project, in conjunction with Achieving the Dream project. To this end, collaborations are underway with our Centre for Excellence in Learning and Teaching (CELT) to ensure the roll-out of activities that will assure "access with success" for the 2020 first year cohort. These initiatives will ensure student retention and minimize attrition and dropout rates.

Through collaboration with the General Education Centre (GenEd), the Student Governance department seeks to design modules to pilot the Student Leadership Academy as contemplated at the 2018 Student Services Strategic Planning session. As part of this nascent academy, ten members of the broader student leadership visited one of our partner universities, Fujian Agriculture and Forestry University (FAFU) in China, in November 2019. Great lessons were learned in the fields of student governance and co-curricular programmes.

These interventions are part of a series of activities that the University will be implementing from 2020 onwards. Collectively, they support our pursuit of the strategic objective of producing adaptive graduates who will have a positive impact in their communities, and society.

## Student accommodation

A far-reaching and perennial problem is the provision of adequate and quality student accommodation. The increase in numbers of students funded by NSFAS has resulted in a concomitant increase in demand for accommodation. Thanks to the hybrid model of accommodation supply and the August 2018 tender modelled after it, 14 598 (41%) students, out of 35 259, who had been registered by then, were allocated to residences. This represents at least a 100% increase in the number of beds that DUT has made available since 2017, and 33% growth from 2018. Of the total number of beds, quoted above, a total 9 915 students are being accommodated in Durban, of which 3 952 are first years and 4 683 students are being accommodated in Pietermaritzburg, of which 1 411 are first years. We have also registered increases in the intake of students with disability in both our Durban and Midlands Campus residences, from a total of 74 in 2018 to 130 in 2019. While the intake of FTENs in residences had stabilised at 38% for the past two years, it came down to 37% because of the huge increase of returning students because of the implementation of the government bursary scheme via NSFAS.

Student services and transport capacity had to be extended because of this huge increase of students in residence. However, the process of increasing transport capacity was delayed due to external factors and threats which had to be considered to protect our students. A few bus and taxi operators have vested interests in the provision of transport, for example, in the routes they claim to own, but who eschew due process.

## Student Leadership Development

When the Student Representative Council (SRC) was elected in 2018, it was given an in-house induction over a period of three days culminating in a luncheon hosted by the Vice-Chancellor. A team-building session followed closely after the induction, focusing on team dynamics and the development of the 2019 Operational Plan. To improve the SRC operational efficiency, based on past experience, the second team-building session was organised around mid-term. Additionally, the SRC undertook its annual tour, during the winter recess, as part of its cultural exposure and benchmarking exercise.

In the interest of transparency, accountability, honesty and integrity amongst many values and principles we espouse as DUT, I need to point out that relations between the SRC and management have been strained, which reversed a lot of good work which was done until 2017. Once in office, the new members who mainly came from a different student political formation made demands that would have breached existing contractual obligations and effectively annulled council decisions. For example, they demanded that the University must insource security and cleaning staff of private companies. They also wanted to impose some landlords to provide student accommodation to the University without following any due procedure. Management obviously rejected these demands. Our correct rejection of these demands pitted the SRC against management, with clear indications that some of the members were working with outside forces to create instability within the University. This attitude continued with the new incumbents that came into office in August 2019.

A few events confirmed management's assumption that members of the SRC were being influenced by some powerful individuals, from the outside. On many occasions, the SRC reneged on joint decisions taken by them and management. They often lacked convincing explanation on why they had changed their position. This sub-culture compromises the integrity of cooperative governance as enshrined in the Higher Education Act. Another example of the SRC being controlled from outside relates to an inexplicable situation in which some of them demanded a re-shuffle of portfolios within a day after appointments into their respective positions.

In keeping with our commitment to people development and holistic student development, and as reported earlier, a group of 10 students comprising former and current SRC members were sent on a learning tour to China. University management has also allocated resources that will be used to facilitate holistic student development in 2020.

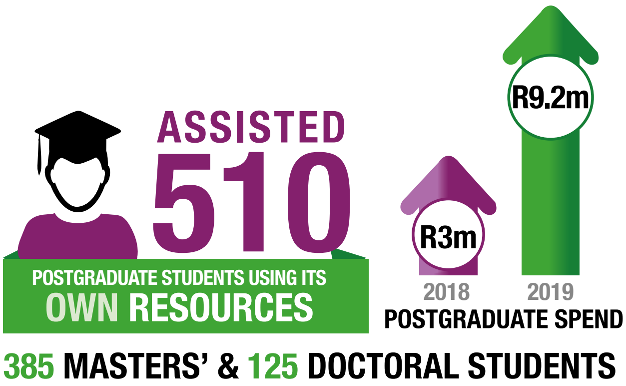
Two attempts to re-establish the student parliament were foiled by deep-seated divisions within the student body, with instances of some students mobilizing external people to disrupt the meetings. Management of Student Services decided to engage chairpersons of clubs and societies to re-establish the Student Parliament in 2020. The preparation process included a few workshops focusing on tolerance and democracy. To prevent further disruptions, the chairpersons of all student clubs were invited to a meeting where it was agreed that the Student Parliament would not be further pursued during the year under review. Any matter escalated to the Student Parliament would be dealt with in the Chairpersons forum.

## Student Financial Support

It is 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 or students with other challenges, such as differently abled students, either individually or towards specific programmes.

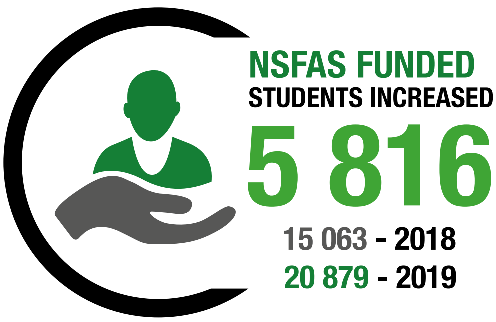
*Table 1: Financial Assistance to Students 2018 and 2019*

| Source | 2018 | | 2019 | |
|---|---|---|---|---|
| | No of Students | Amount | No of Students | Amount |
| University's Assistance | 144 Masters | R2 086 020.00 | 385 Masters | R6 003 793.00 |
| | 48 Doctorate | R1 044 690.00 | 125 Doctorate | R3 226 643.00 |
| Undergraduate Scholarship Award Scheme (USAS) | 1 221 | R10 847 565.00 | 579 | R7 234 149.40 |
| NSFAS | 15 063 | R577 819 403.00 | 20 879 | R1 093 017 728.84 |
| Business & industry | 1 471 | R53 115 064.00 | 236 | R6 883 000.00 |
| SRC-administered assistance for registration | 142 | R363 910.00 | 159 | R618 268.00 |
| Sector Education and Training Authorities (SETAs), third stream income and DUT bursaries | 818 | R16 700 947.00 | 694 | R19 044.00 |
| NRF | 353 | R21 591 826.95 | 401 | R24 432 642.53 |
| SETAs for WIL and graduate stipends | 4 421 | R17 000 000.00 | 4 150 | R22 264 500.00 |




The University assisted a total of 510 postgraduate students, using its own resources. This is an increase of 318 students compared to 192 students assisted last year. While in 2018, 144 Masters' students and 48 doctoral students received financial assistance, in 2019, the numbers sharply increased to 385 and 125 respectively. A total amount of R9.2 million was spent on our postgraduate students in 2019, which was R6 million more than 2018, when only R3 million was spent.

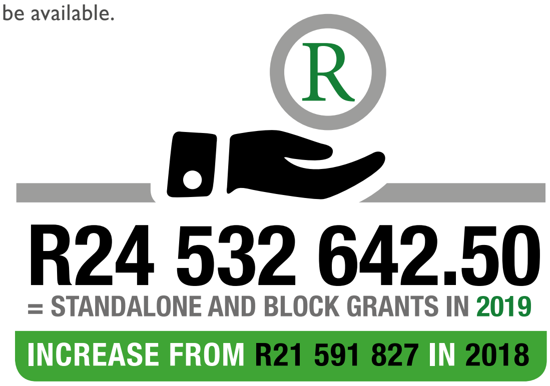
The increase in postgraduate spending in 2019 resulted in a decrease in the Undergraduate Scholarship Award Scheme, due to the provision of the bursary scheme funded by NSFAS. R10 million was spent in 2018 to support 1 221 students who complied with our merit system. That number dropped to 579 students in 2019, with just R7.2 million spent.




On the other hand, the number of students funded by NSFAS increased by 5 816 from 15 063 in 2018 to 20 879 in 2019. This represents an increase from 48% to 69.5% of our students who are being supported by NSFAS for registration, tuition fees, books, food, transport, and housing. These statistics are important to underscore the fact that an increasing number of students are NSFAS beneficiaries. Consequently, any inefficiency on the part of NSFAS to honour its contractual commitments to students often results in protests at universities.

## National Research Foundation (NRF) Scholarships

The NRF grants which were awarded to DUT as blocks and grant holder-linked bursaries were awarded to students by DUT staff who held NRF grants that allowed for and included scholarships. For 2019, R24 532 642.50 was acquired through standalone and block grants. This is an increase in comparison to the R21 591 827 acquired in 2018. It is important to note that there is an expected decrease in scholarship funding in 2020/21 due to the phasing out of B Tech programmes which attracted the bulk of the funding. Engagements with the NRF clearly indicated that Advanced Diplomas/Postgraduate certificates would not be funded in future. Just as funding for B Techs had been a challenge, there will continue to be funding challenges with respect to the new qualifications. At least, with B Techs, some NRF funding used to be available.



## Student Counselling and Health

In pursuit of *"Building sustainable student communities of living and learning"*, this department provided psycho-social, emotional and health support to students. It also contributed to the review of the sexual harassment policy as it pertains to students, in response to renewed calls for HE institutions to be responsive to GBV. In pursuit of *"Building a learning organisation"*, the University is positioned nationally and locally through its intern psychologist training programme. This programme provides ongoing quality supervision to maintain DUT accreditation as a training site for HPCSA.

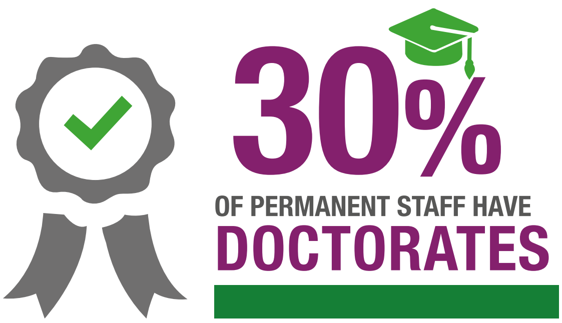
## Sports

A number of our students participate in different sporting codes in University Sports South Africa (USSA). In addition, the Sports department hosted the inaugural launch of USSA Staff Sports programme on Saturday 26th October 2019 with 14 of 26 public universities in attendance. The University has set aside funds to augment the co-curricular funding for 2020 which will contribute to holistic student development.

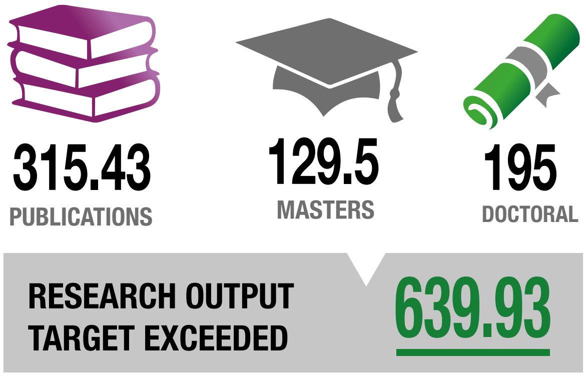
# SFA 2 Research and Innovation for Development

## Research and Innovation

On a strategic level, research and innovation (R&I) are key characteristics of universities which are expected to transform lives through the pursuit of knowledge and production of graduates who are responsive to societal needs and are able to contribute to development and social upliftment. According to scival.com (a research analytics tool), between 2016-2019, DUT produced 1437 articles from 697 authors, with a field-weighted citation impact (FWCI) of 2.84, which is above the global norm of 1. This entitles DUT to apply for a global ranking if it wishes to. The FWCI is a metric that measures the citations received relative to the expected world average for the subject field, publication type and year. Herein, some highlights are presented. Details on a number of deliverables are presented in the Senate Report.




In terms of researcher development, it is important to note that academic staff form the core team of researchers amongst other support categories like postdoctoral fellows, research associates and research fellows. Out of the 611 permanent instructional/




research staff in 2019, 183 (30%) have doctorates. This marks a slight percentage increase from 2018, where 179 (29.6%) out of 605 had doctorates, which was up from 24% in 2017. Measures have been instituted to reduce the number of lecturers who do not have the minimum Masters' degree which is, quite alarmingly, over 20% of our academic staff. Unions remain uncomfortable with these changes.

The aim is to ensure that our recruitment strategy attracts academic staff with the requisite qualifications and quality levels in 2020. The intention is to increase the number of staff with Masters' and PhDs by the end of 2020. The increase in this percentage will be partly attributed to some staff graduating with their PhDs in 2020 and a number of interventions through the University Capacity Development (UCDP) Programme. In the reporting year, UCDP focussed on supporting staff to complete their qualifications through researcher development workshops that included publication writing workshops, focus area funding and postdoctoral funding, amongst other activities.

For 2019, the University exceeded the research output target it had set by 55.32 units. The target was 230. The unaudited data stood at 285.32 on the last day of collating data reported here. The last day to evaluate the 2019 publications is 31 March 2020. At this stage, it is evident that we will have surpassed our target by a figure higher than what is currently reported.

The audited data, based on 2018 research output units reported to institutions in 2020, shows a remarkable increase. The total units for 2018, reported in 2020, inclusive of publications (315.43), Masters Units (129.5) and Doctoral units (195) amount to 639.93. This gives the productivity per FTE of 1.058 which exceeds the expected norm for universities of technology which is 0.565. We note here that growth in research outputs involves a raft of measures, ranging from initiatives within existing research focus areas, the research capacity building programmes and incentives, the role of postdoctoral fellows, research associates and fellows as well as the role of postgraduate students. However, only 30% of staff have doctorates which is a low research base and constrains the pool for supervision capacity. In 2019, there was a total of 45 postdoctoral fellows combined with research associates and fellows in comparison to 37 in 2018.

37
NRF-RATED RESEARCHERS

RESEARCH AND INNOVATION GRANT ACQUISITIONS
R66 524 022

3RD STREAM INCOME
R104 305 179
EXCEEDED 2019 TARGET BY 14%

In terms of research quality and impact, DUT increased its National Research Foundation (NRF)-rated researchers to 37 from a baseline of 31 in 2018. There was also a marked increase in Research and Innovation grant acquisitions to R66 524 022 from R52 202 173 in the previous year. According to the 2019 Annual Performance Plan (APP), the target for 3rd stream income was R89 794 933. DUT was able to achieve R104 305 179 (subject to audit) which exceeds our 2019 target by 14%. Although we exceeded our target, we fell short of the 2018 baseline of R115 697 802. The lower target for 2019 had already been approved by Council prior to the actual 2018 audited baseline figure was known and was not subsequently adjusted.

## Research Focus Areas (RFAs) and Alignment to SDGs

The University focused on establishing new RFAs that were aligned to the SDGs during the year under review. Two key new areas were identified and established for future growth via Institutional Research and Innovation Committee (IRIC) and Senate. These areas are in green engineering and process sustainability and Smart grids. The Space Science Programme (DST funded this building, based on national interest and strengths at DUT in Engineering, Maritime, IT and Management Sciences) has been earmarked for growth, and has a steering committee that involves DUT representatives and the DST. Management Sciences, Tourism and Hospitality were identified as areas that need strengthening. The GenderJustice, Health and Human Development (GJHHD) area has also been established to increase capacity and focus on dealing with issues around gender and human development in general.

## Engagement through Education, Innovation and Entrepreneurship

Universities throughout the country engaged rapidly in processes and debates to define what decolonisation meant for their particular institution in reaction to #Fallist Movement calls for decolonisation of higher education in South Africa. DUT advanced this discourse by embarking on a "decolonisation project" that would give meaning to all sectors at the University, but with a focus on transforming the curriculum. A position paper entitled *"Decolonising Higher Education in South Africa: A Durban University of Technology Introspection"* was developed by a group of champions at DUT, led by the DVC Teaching and Learning and the DVC Research, Innovation and Engagement. The University subsequently adopted the paper in 2018, following consultations with stakeholders.

The paper essentially provides a framework for engaging in the decolonisation debate and identified ten key issues around decolonisation of the University, namely changing the nature of knowledge, decolonising the curriculum, deconstructing teaching and learning, the hidden curriculum of institutional identity, architecture and culture, patterns of socialisation, Africanist perspectives, multilingualism, the contribution of internationalisation to the decolonisation of the curriculum, economic transformation, and community engagement. The adoption of these themes set impetus for the redesign of some parts of the curriculum, making it a strategic academic project for the University.

Some of the direct outcomes of the decolonisation project include a book entitled *'Decolonising Higher Education in the Era of Globalisation and Internationalisation'* consisting of contributions from DUT staff, students and contributors from elsewhere. The book was published after a rigorous peer review and was edited by one of our Research Associates, specialising in decolonisation; a paper titled *"Decolonisation of the curriculum: A case study of the Durban University of Technology in South Africa"* published in the *South African Journal of Education*, Volume 38, Number 4, November 2018, and presented at national and international conferences, namely the launch of the Annual Learning and Teaching Conference in October 2019, focusing on the critique of the notion of epistemic justice in African Higher Education. Another spin-off was the approval of the bilingual DUT logo, incorporating the name of the University in isiZulu.

At the beginning of 2019, a more focused curriculum transformation project was initiated. Each of the six faculties committed and identified several modules, within each programme offered, for redesign in accordance with the principles enunciated in the DUT position paper. In total, 115 modules were identified across all undergraduate programmes. The redesign project is at various stages of completion. The number of modules identified and committed for decolonisation, per faculty is as follows:

| | |
|---|---|
| ▶ Accounting and Informatics | 11 |
| ▶ Applied Sciences | 22 |
| ▶ Art and Design | 14 |
| ▶ Engineering and the Built Environment | 16 |
| ▶ Health Sciences | 38 |
| ▶ Management Sciences | 14 |

In 2019, DUT prioritised Entrepreneurial Training with 2 500 students and 500 community members trained through DUT's entrepreneurial entities in Durban, Midlands and through Invotech, an independent entity that DUT established some years ago. With this baseline, we expect to reach 3500 students in 2020. Over 35 startups (student SMMEs) were supported. For our efforts, DUT was awarded the first Entrepreneurial Development in Higher Education (EDHE) Leadership Award for facilitating exceptional institutional support for student entrepreneurship.

Our ENACTUS Chapter, a student organisation that focuses on innovation and entrepreneurship, made DUT proud again for two years in succession when they defended their national crown in August 2019 in Gauteng. The organisation represented South Africa internationally in 2018 after earning third position in their first year of competition in 2017. In October 2019, they once again hoisted the South African flag high when they jetted off to California, United States, to represent the country again and compete with other great young innovators of the world. A total of 38 students travelled as part of the ENACTUS team which also contributed to the student outward mobility and exposure in terms of internationalisation and cultural exchange.

Services of a professor from our partner university in Germany (Munich University of Applied Sciences), Prof Christoph Maurer, were enlisted to teach Project Based Learning (PBL) to our DUT academics in order to embed this creative teaching methodology into the various subjects. A total of 11 academics were trained during the year under review. We have plans to increase the number of staff that will be trained in 2020. This will help embed entrepreneurship and innovation into the curriculum in line with our Strategy 2030. On the student side, DUT engaged the Wadhwani Foundation on their online programmes for student training.

## Engagement with Local and Regional Government and Industry

DUT aspires to be an anchor University in the local and regional contexts. We strengthened our relationship with the Municipal Institute for Learning (MILE), an eThekwini Metro entity. At provincial level, DUT is highly engaged in the action working groups set up through the Office of the Premier to allow for inputs and collaboration in terms of the implementation and monitoring of the Provincial Development Goals and Strategy. The MoU between Universities and the Provincial Government is expected to be signed off in 2020, in addition to many others DUT currently has, for example, with the Provincial Department of Economic Development, Tourism and Environmental Affairs. Further, a few of our staff members were appointed to several public sector boards, task teams and advisory bodies to assist government in its quest for improved public policy efficiency and effectiveness.

The annual World of Work (WOW), held annually in August, brought together over 170 companies on campus for students to engage with and find work placements or work where possible. This was one of the largest high impact functions hosted by our Cooperative Education Unit.

## International Engagements

We continued to integrate internationalisation in teaching and learning and research and innovation. The University hosted international visitors (staff and students) and also sent both its students and staff on international engagements through various programmes, such as the Erasmus Mundus programmes in collaboration with other European Institutions and Chinese partnership programmes, mainly initiated via the Confucius Institute and Research and Innovation exchange programmes.

Collaborative Online International Learning (COIL) continued to be an area of strong growth with participation extending into new disciplines. Dr Ruth Cross from Leeds Beckett University participated in a curriculum development workshop with the Department of Basic Medical Sciences together with the DUT International Office. DUT continued engagements with Liverpool John Moores University (LJMU) around partnerships, collaboration and COIL/VE projects.

The African-German Digital Education Hub Workshop was held in October 2019 and was attended by delegates from DUT, Flensburg University of Applied Sciences, Wismar University of Applied Sciences, Namibia University of Sciences and Technology and Jomo Kenyatta University of Agriculture and Technology. Additionally, DUT hosted the Hogeschool Rotterdam: Business School delegation. The MoU between DUT and the Hogeschool Rotterdam Business School was signed during the visit.

DUT also participated in the prestigious Abe Bailey Travel Bursary scheme, and one of their scholarships was won by Ms Izanne Jacobs from the Chiropractic Department. A number of MoUs were signed with international partners. Four of these included agreements with Athlone University of Technology, Galway Mayo Institute of Technology, Leeds Beckett University and Metropolia University of Applied Sciences.

DUT, in collaboration with DHET, also launched the DUT-TVET UNESCO UNEVOC engagement forum in 2019. DUT is one of the two South African UNEVOC (International Centre for Technical and Vocational Education Training) Centres that are expected to promote vocational skills training and collaborate with the TVET sector. A number of our staff members have participated in activities and engagements organised by UNESCO to promote TVET skills and to undertake research on gender considerations in TVET skills uptake.

The DUT Confucius Institute (CI) actively explored the innovate-cooperation models and deepened the multi-level and comprehensive exchanges and cooperation between DUT and other universities in China. In 2019, under the auspices of CI, DUT efficiently implemented 16 different cooperation projects with Beijing Institute of Fashion Technology, Beijing Foreign Studies University, Yunnan University, Shandong Normal University, Zhengzhou University, Minjiang University, Fujian Sports Vocational Technology Institute, Zhejiang Normal University, Tianjin Science and Technology University, Tianjin Vocational Institute and other universities in China. These cooperation projects include scholar exchange, short-term student exchange, cultural and educational tour, and short-term vocational skills training. In addition, CI has also established contacts with the University of KwaZulu-Natal, the Central University of Technology in Bloemfontein, and the University of the North West, to expand cooperation channels and integrate into the local society.

The highlight for 2019 was the establishment and launch of the Luban Workshop in partnership with Tianjin Vocational Institute, a first of its kind in South Africa. This is a 3D printing facility and an Internet of Things (IoT) laboratory, based at the Ritson campus, providing opportunity for a number of faculties to collaborate. In terms of the 4th Industrial Revolution (4IR), skills training is critical in these areas and the facility will be open to both DUT students and external stakeholders.

## SFA 3 A Learning Organisation

### Staffing

In 2019, a number of changes occurred at Executive and Senior Management levels of the University. Council appointed Dr Thiru Pillay as Registrar with effect from 1 September 2019, after the post had become vacant in 2018. Professors Bhekisipho Twala and Fulufhelo Netswera were appointed as Executive Deans of Engineering and Built Environment and Management Sciences, respectively, although Prof Netswera will only assume office on 1 January 2020. Dr Joe Molete was appointed as the Director: Midlands Campuses, after the position had become vacant in 2018. He too will only commence with his duties on 1 January 2020. A special appointment in the Office of the Vice-Chancellor was created to help with historical organisational and structural pathologies that date back to the 2002 merger, which have not been managed successfully, if at all, over the years. Professor Theo Andrew, who had just stepped down as Executive Dean: Engineering and the Built Environment at the end of 2018, was appointed for this purpose. Some of the tensions between the Unions and Management emanate from changes and transformation that have been effected through our institutional review processes.

The University also appointed Mr Sikhuthali Nyangintsimbi as Chief Risk Officer, Mr Mxolisi Msomi as Director: Employee Relations, Dr Progress Mtshali as Chief Information Officer; and Dr Karen Lazenby as the Deputy Registrar. Both Management and Council receive quarterly reports from Human Resources on staff equity, staff movements, and all other important milestones of employment from recruitment to exit. During 2019, the revised policy for the appointment of academic Heads of Departments (HoDs) was finalised. A number of HoDs were appointed as a result of this policy to professionalise and improve the quality of leadership of academic departments. In effect, this change ended headships by unqualified people. Adding to the tensions, Unions have referred changes like these to the CCMA.

### Employee Relations

During 2019, Unions have continued to drag their feet with respect to the mandatory consultative forum engagements. This has continued despite the optimism of Management and Council that the three-year agreement signed last year would lay good ground for rekindling cordial, collegial and progressive relations between Management and Unions, through a series of engagements. Our hope is that these engagements will help us to understand our respective roles and boundaries in running the University.
Fundamentally, there is a lack of common understanding of governance and management principles that undergird higher education. Years of neglecting these principles has led to many labour-related pathologies at DUT, including the idea, as referred to earlier, that Council should co-govern through co-signing policies and that bonuses must be paid without any performance management system in place. Having challenged these principles, the Unions have received strike certificates from the CCMA, even though no strike materialised in 2019.

The CCMA, being approached so frequently, decided to facilitate an engagement process between Management and Unions. After several cancellations by the Unions since the beginning of the second quarter of 2019, we finally had a CCMA-facilitated engagement at the end of 2019. During the bilateral, both sides identified four thematic areas/categories that laid the foundation for the next round of engagement which would take place without any pre-conditions by any of the parties. The engagements will continue in 2020 to find a common ground for cooperation, without necessarily compromising the well-established management and governance principles and prescripts.

### Employment Equity

DUT recognises imbalances that were created not only by the history of the country but also by the merger of the institutions. This will require purposeful interventions and commitments from all stakeholders if this university intends to attain a status of being transformed and reflective of the provincial Economically Active Population (EAP) targets. Plans are in place not only to recruit in accordance with the transformation trajectory the institution has taken, but also to ensure that the environment is conducive to all, including access to our premises, and integration. With reference to the latter, resources have been set aside to improve infrastructure and facilities, including provisions for people with disabilities, especially staff and students.

Table 2 reflects the Workplace Profile within the Institution as well as Race/Gender representation at all occupational levels. In addition, these figures are compared to both National and Provincial Economically Active Population (EAP) as indicated in Table 3.

*Table 2: DUT Workplace Profile*

| WORKFORCE PROFILE AS AT 31 DECEMBER 2019 | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Occupational Levels** | **Male** | | | | **Female** | | | | **Foreign Nationals** | | **Total** |
| | **A** | **C** | **I** | **W** | **A** | **C** | **I** | **W** | **Male** | **Female** | |
| Top Management | 2 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 1 | 5 |
| Senior Management | 9 | 0 | 10 | 1 | 3 | 2 | 4 | 2 | 1 | 0 | 32 |
| Professionally qualified and experienced specialists and mid management | 41 | 3 | 89 | 24 | 38 | 3 | 73 | 29 | 24 | 4 | 328 |
| Skilled technical and academically qualified workers, junior management | 152 | 6 | 129 | 43 | 151 | 14 | 129 | 46 | 20 | 10 | 700 |
| Semi-skilled and discretionary decision making | 62 | 3 | 31 | 0 | 97 | 9 | 68 | 11 | 0 | 0 | 281 |
| Unskilled and defined decision making | 117 | 2 | 14 | 1 | 31 | 0 | 8 | 1 | 3 | 0 | 177 |
| **TOTAL PERMANENT** | **383** | **14** | **274** | **69** | **321** | **28** | **282** | **89** | **48** | **15** | **1 523** |
| *Temporary employees | 700 | 14 | 245 | 161 | 679 | 26 | 266 | 146 | 129 | 47 | 2 413 |
| **GRAND TOTAL** | **1 083** | **28** | **519** | **230** | **1 000** | **54** | **548** | **235** | **77** | **62** | **3 936** |

* Temporary employees quoted here include those appointed seasonally for very short periods like during registrations and examinations.

*Table 3: Employment Targets compared with Economically Active Population*

| EAP vs EE Targets | AM | CM | IM | WM | AF | CF | IF | WF | FN |
|---|---|---|---|---|---|---|---|---|---|
| National Percentage | 42.8 | 5.2 | 1.7 | 5.0 | 36 | 4.5 | 2.6 | 3.8 | 0 |
| Provincial Percentage (KZN) | 43.7 | 0.8 | 5.5 | 2.2 | 42.7 | 0.7 | 3.1 | 1.4 | 0 |
| Percentage (%) 2019 Target EE Plan (2018-2020) | 26.80 | 1.53 | 17 | 6.69 | 19.13 | 1.46 | 16.27 | 8.15 | 0 |
| Actual December 2018 | 26.46 | 0.84 | 14.26 | 6.65 | 22.61 | 1.24 | 15.14 | 7.16 | 5.60 |
| Actual December 2019 | 27.51 | 0.71 | 13.18 | 5.84 | 24.40 | 1.37 | 13.92 | 5.97 | 6.07 |

One of the key stumbling blocks in our success with transformation is the high reliance on fixed-term contracts specific to temporary appointments, some of which are renewed into permanence. Some people who are appointed in this category are not necessarily part of designated groups, and if they are, then they fall into over-represented designated groups. A determined focus on correcting this has commenced, including but not limited to:

a. A moratorium placed on short-term contracts, with exceptional cases necessitating motivations that are approved at the executive level.
b. Review and correction of the appointment of short-term appointments for people below the income threshold.
c. Automated processes and monitoring tools introduced to facilitate the fast-tracking of recruitment processes to improve efficiencies in appointments.
d. Incorporation of a clause on skills transfer in fixed-term contracts for Foreign Nationals.
e. A review on the amalgamation of the Skills development committee with the Employment Equity Forum, to increase more skills development initiatives to the transformational objectives, however not at the exclusion of non-designated groups.

With all these drastic measures, it is no wonder that Unions remain uncomfortable, as reported earlier.

In 2019, DUT made progress with our B-BBEE scorecard, having improved from Level 9 in our scorecard to Level 8. Areas that would help the institution in progressing further on the scorecard would be an overhaul of the procurement database, focus on enterprise development, improving the recording of skills development and training, targeted recruitment and the use of specialist agents focusing on people with disabilities. These issues will be addressed in 2020.

## Implementation of Performance Management

Performance and excellence are cardinal in our quest to meet the set strategic objectives and become a great university. We finally made headway on the implementation of the Performance Management System (PMS), albeit, a year behind the planned timeframe. The 2018 performance reviews of executive and other senior managers on Peromnes levels P1-P5were conducted, which augurs well for the future of the system. As decided by Council at its 22 June 2019 meeting, and using the rewards framework approved at the 14 September 2019 meeting, incentives will be paid to all those who participated in the PMS and performed beyond expectations. This year, substantial incentives were given to staff and top research award winners. Management hopes that more staff members from Peromnes levels P6-P16 will participate in the evaluation process, as planned for 2020. This is the only way to earn bonuses, as opposed to the old practice, at the University, of awarding annual bonuses to all staff, regardless of performance.

Performance management training was instituted for the rest of the staff, resulting in 86% (1 238) of employees trained as of December 2019. This training continued despite numerous challenges from the Unions, largely informed by their dissatisfaction with the application of the Performance Management Policy approved by Council in 2008, and the new organisational structures and job profiles, most of which had not been reviewed since 2002.

Council resolved that the implementation of performance management for Peromnes levels P6-P16 must commence in 2020. For this purpose, a framework for performance management implementation has been drafted and will be duly consulted, hopefully, culminating in its approval by Council. It should be noted that the implementation of performance management will continue to be challenged by the Unions. The consultation process will be necessary to minimise disruptions. The performance management tool has been reviewed to ensure its direct alignment with Strategy 2030, our new ten-year strategy, and the overall extended annual performance plan.

### Institutional Review

A number of departmental reviews were completed in 2018. However, the review process was then put on hold until a few relevant documents and strategies, such as the framework and criteria for institutional reviews, were finalised.

Departmental reviews are used to evaluate our fitness for purpose in a number of fields, including but not limited to financial sustainability, academic programme viability and staff provision. These evaluations will assist in ensuring that Strategy 2030 is successfully implemented. Interventions were introduced to jettison a few pathologies that have become part of our culture at DUT. Some of these include temporary and contract appointments that either become permanent surreptitiously or by legislative fiat as already noted above; selective requests for upward (hardly ever downward) re-grading of some positions; continuing inability to fill vacant positions within the shortest possible period.

These malpractices add to the many deleterious legacies of the, largely, one-plus-one-is-two merger of 2002 that continue to haunt us. Collectively and unguarded, these pathologies threaten our sustainability, academic viability, and equitable staff provision, to mention just a few critical areas. These behaviours and practices surface during change interventions, such as new strategies to transform DUT, institutional/departmental reviews meant to extract efficiencies, new HEQSF-aligned programmes and broader academic commitments like reducing the high staff to student ratios. Council has, repeatedly, expressed grave concern over these matters. We have confronted these issues albeit with much opposition from those who have benefited from the past system.

Confronting and rectifying such malpractices and jettisoning deleterious legacies require dedicated attention, not least from my office. They are no longer just discrete divisional (HR, Finance, Teaching and Learning, etc.) matters, but complex systemic organizational matters; hence, the appointment of Prof Theo Andrew to assist me in this regard, as pointed out earlier.

### Strategy 2030

The year 2019 was the terminal year of our DUT Strategic Plan: 2015-2019. Engagements and preparations for our new strategic plan to guide the progress of the University beyond 2020 started in earnest during the last quarter of 2018 and continued vigorously in 2019. Discussions started with a workshop of Council that was held in September 2018.

At its last meeting of the year, held on 30 November 2019, Council approved our strategy. The development of the new strategy was coordinated by a small team of colleagues and professionals who consulted widely with all stakeholders, external experts and visited selected international universities for benchmarking. Given that this strategy is outcomes- and impact-oriented, the year 2020 which we call Year Zero, will be used to carefully identify all the baselines, impact-oriented measures, targets and performance indicators that will be employed as we implement our strategy. A number of our new perspectives and strategic objectives have already been infused in our 2020 Annual Performance Plan.

## SFA 4 A Sustainable University

### Strategic Financial Management

The financial sustainability of the University is one of the key concerns of Council and its Finance Committee. It goes without saying that financial sustainability reflects the institution's capacity to fulfil current obligations without compromising its ability to meet future financial obligations.

The Resource Allocation Model (RAM) was finalised for implementation in 2020. This will ensure that resources are allocated transparently, in line with the strategic objectives set out in the new strategy. The process of institutional review will ensure that posts created support the Strategy 2030 and our 2020-2025 Enrolment Plan. Management continues to be guided by the six sustainability principles that Council approved in 2017, which include containment of the salary bill within DHET-approved norm.

The personnel expenditure, as a percentage of revenue, was reduced below 60% in the year under review, indicating that it was below the norm set by DHET. There was a slight increase of academic personnel cost compared to other personnel, from 55% to 56%. The expenditure on infrastructure, including commitments, increased from 18% in 2018 to 93% in 2019. This is a significant improvement because of coordination between procurement, real estate management and finance. The cashflow projections indicate that the University is sustainable in the foreseeable future.

## Enrolment Plan

Attraction of first time entering (FTE) students in Science, Engineering and Technology (SET) programmes remains a key challenge for DUT, while oversubscription of returning students continued during the year under review. It is always difficult to plan for returning students because of a number of factors, often socio-economic in nature, that cause our students to stop-out, and return when they are ready. It is assumed that the concessions made by DHET as a result of the roll-out of the national bursary scheme allowed many former students to return to universities. However, there could be many other reasons for students returning. A few plans are being implemented to manage this problem to maintain the quality of teaching and learning. Some of these are already contained in the Enrolment Plan: 2020-2025 submitted to DHET. A new strategic structure, the Enrolment Planning and Management Committee (EPMC), a sub-committee of Senate, has been created to assist the University manage its enrolment efficiency, focusing on access and success of its students.

Ironically, the implementation of free higher education has dealt a blow to the past competitive advantage of universities, like DUT, which students chose because of their relatively affordable fees. This new policy allows students the freedom to choose any university. This is a real threat to our continued capacity to attract top learners and meet our FTEN enrolment targets, especially in SET.

## Advancement

The University has been associated with the Kresge Foundation through two important projects that the Foundation has funded, namely the advancement project and the Siyaphumelela (we succeed) project. The Kresge-Inyathelo Advancement Initiative was geared towards developing the University's capacity in what has now come to be known as Institutional Advancement. The funding has assisted the University in transforming the Convocation Office. This office, which was in existence pre-2013, dealing primarily with matters pertaining to the statutory convocation structure, currently also focuses on fundraising and alumni relations and other activities associated with mobilising external resources and support for the University.

The Siyaphumelela project has focused on student success through the use of data to inform interventions. DUT was one of five partner institutions in this South African higher education-focused project, with the project ending in 2019. The primary aims of this project for DUT were: to address the University's data landscape in developing capacity of staff to use relevant data for appropriate interventions to help students succeed; to provide a data infrastructure in the form of a data warehouse with associated dashboards; and to develop or implement appropriate tracking tools to inform student academic progress.

The University has submitted a proposal to the Kresge Foundation for participation in its extension of the Siyaphumelela project, now known as Siyaphumelela 2.0, and expects an outcome on this proposal early in 2020.

An amount of R1.2 million (from various donors including staff and alumni) was awarded to 50 students in 2019 to assist them with tuition fees. R200 000 was allocated to the food security programme. In addition to this, the Advancement and Alumni Relations (AAR) office, in collaboration with the Financial Aid Office, disbursed bursaries awarded by ABSA to the value of R5,4 million to 179 students. The Engineering Educational Trust also funded seven black female students studying towards an Engineering qualification to the value of R283 000. This amounts to a total of R6.8 million which assisted 236 students in 2019, through bursaries disbursed by the AAR office.

The eighth edition of the President's Cup Golf Day was held at the Country Club Johannesburg on 4 October 2019. The event is a fundraiser with the two primary beneficiaries being the DUT Alumni Bursary and the One Meal Once a Day food security initiative. The event received support from the participation of 100 players. The funds raised from this event in 2019 were the highest since its inception in 2012.

The *DUTConnect* networking platform was launched in May 2019 as an alumni networking platform that allows DUT to stay connected with its alumni through integration with various social media platforms. To date, 722 alumni have registered on the platform with a total of 994 people, including current students and staff.

## Information Technology Provision

Cyber security 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. For this purpose, the High bond software was acquired and implemented in 2019. The software allows our Information Technology Support Services (ITSS) department's internal auditor/risk assessor to consolidate all the audit findings from external and internal auditors into a central repository. The software keeps track of the resolution timelines and sends reminders to staff when the due dates are closer. The user-stakeholders have been granted read-only access to the software so that they can check the status of all the audit findings at any time. ITSS also acquired the F5 firewall to address cyber security and related audit findings. The firewall was installed and configured to prevent cyber-attacks.

The Chief Information Officer (CIO) intends to use a third party to perform penetration testing to determine if the firewall is configured correctly. Additionally, the 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. ITSS adopted the COBIT-2019 IT governance framework as the standard framework for DUT. An external company will be providing training to the ITSS staff in the first quarter of 2020. Business continuity simulation exercises, during 2017, highlighted a key vulnerability in our disaster recovery/business continuity plans. The University is now able to provide redundant connectivity as SANReN has a second point-of-presence (PoP) at the University of KwaZulu-

Natal. Planning and scoping for this redundant breakout and additional campus network redundancy was a key project for 2018 and continued into 2019. ITSS is also planning on running a PoP to use the Dube Tradeport for disaster recovery. A vulnerability finding determined that using the Steve Biko campus for disaster recovery violated the 2km distance requirement. In other words, the disaster recovery site, needs to be more than 2km away. The Dube Tradeport is about 30km away.

### Data management

In terms of statutory reporting requirements, the Valpac software is utilised to provide information to the Department of Higher Education and Training (DHET) for national higher education planning and determination of the institution's subsidy.

The Kresge Foundation's Siyaphumelela bonus grant was used towards improving the data landscape at the University, significantly through the development of the University's data warehouse, from which a number of critical real-time dashboards have been developed. This contributes to the aim of integrating data from multiple data streams, and thus helping to transform data into useful information for the purpose of evidence-led decision making. The development of the data warehouse and increased utilisation of the services emanating from it, alongside the data capacity development training that has been undertaken, is helping to move the University towards a culture of evidence-led decision making.

Similarly, the various and varied data sets that exist across the University were exposed through an exhibition of such data, by the data owners, at the University's first DUT Data Day. This event also saw the launch of the University's data warehouse, utilising the PowerHEDA platform, and the student tracking system, AutoScholar. AutoScholar was used extensively in the Faculty of Engineering and the Built Environment to show students' attainment of the exit level outcomes, as required by the Engineering Council of South Africa (ECSA), for the faculty's accreditation in 2019.

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

The changes that I have introduced since my appointment in late 2016 are beginning to bear fruit, notwithstanding the resilient pathologies that I have outlined. However, as I pointed out in the preceding sections, we have strategies to deal with these historical legacies, particularly if our new Strategy 2030 is to succeed. The minimal reviews we introduced in selected departments in 2018 have built a strong foundation for internal efficiency. This largely derives from my insistence and practice that only the right people should be appointed in the right positions to fulfil their rightful roles. Although, initially there was organised inertia to this new approach, some DUT stakeholders are beginning to warm up to the new business processes that they see are elevating the University's status.

I am happy that DUT is confidently and incrementally ascending to its rightful and respected place among its peers. In addition to internal efficiencies, the recognition of the University is evident in the growing number of our staff, appointed to the boards and task teams of the state and other entities to provide their expert services, and the growing number of our staff and students scooping national and international awards. The considerable increase in applications for 2020 indicates that the public has confidence in our teaching and learning, and research and innovation capabilities. DUT is on the rise. The challenge is that we, individually and collectively, must ensure that we continue to rise.

I wish to take this opportunity to thank Council, under the able leadership of Mr Wiseman Madinane, for yet another year of unwavering support. We read that everything rises and falls on leadership. We are getting better because of the visionary and agile leadership we enjoy from this important governance structure. I must also thank members of the Executive Team for all the hard work, robust and honest conversations we have in our formal meetings and during my one-on-one engagements with them. None of us is born a genius; but, together, we achieve it.

Professor TZ Mthembu
Vice-Chancellor and Principal

# PERFORMANCE ASSESSMENT REPORT 2019

This Report considers the University's Performance against the targets set for the year in question. A positive achievement – meeting the target or exceeding it positively – is reflected as an upward arrow; an achievement that is within 2% of the target is reflected as a horizontal arrow, while a deviation of greater than 2% is reflected as a downward arrow.

The University's challenge of managing enrolments is reflected in the numerous instances of over-enrolment below. As indicated in the reasons for deviation, this is something the University is taking seriously; a strategic enrolment planning and management committee has been established to help guide the University towards achieving the correct balance in its enrolments.

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-2 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 1. Communities of living and learning | **Access** | | | | | |
| | First-time entering undergraduates | 7 553 | 8 314 | 8 032 | ↓ | DUT has strategically re-aligned all its programmes with the HEQC. This project included the design of new programmes that included, certificates, diplomas, undergraduate degrees and post graduate degrees. The current enrolment plan was based on the expectation that many of the undergraduate programmes would have been approved by the CHE, SAQA and professional councils where applicable. There were/are delays up to two years with the approval process. |
| | Headcount enrolments | 31 211 | 30 070 | 35 272 | ↓ | Outside the 2% accepted deviation range for the set target. Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out. Especially in the B Tech programmes that did not have an equivalent replacement programme. |
| | Headcount enrolments (Foundation Provisioning) | 1 705 | 1 718 | 1 771 | → | DUT was requested to consider increasing the ECP enrolments. In addition, there were applicants who did not meet the programme criteria for access for the mainstream but were offered admission into the ECP. |
| | Headcount enrolments total UG | 29 897 | 28 645 | 33 484 | ↓ | Outside the 2% accepted deviation range. Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out. Especially in the B Tech programmes that did not have an equivalent replacement programme. |
| | Headcount enrolments total PG | 1 314 | 1 425 | 1 788 | ↓ | Outside the 2% accepted deviation range. There is a high demand for M and D qualifications at DUT. The increase in PG enrolments was a strategic decision to grow the scholarship programme of the University. Many of the PG enrolments were from staff members. |

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-2 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 1. Communities of living and learning | **Enrolments by major field of study** | | | | | |
| | Science, Engineering, Technology | 13 764 | 13 387 | 15 413 | ↑ | Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out, particular in the B Tech programmes that did not have an equivalent replacement programme. Whilst this is outside the 2% accepted deviation range, these fields of study are important for the University's shape. |
| | Business/ management | 12 064 | 10 819 | 13 837 | ↓ | Outside the 2% accepted deviation range. Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out. Especially in the B Tech programmes that did not have an equivalent replacement programme. |
| | Education | 1 193 | 1 459 | 1 317 | ↓ | There was an administration/management issue in the department which is now resolved and rectified by the SENATE. |
| | Other humanities | 4 190 | 4 405 | 4 705 | ↓ | Outside the 2% accepted deviation range. Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out. Especially in the B Tech programmes that did not have an equivalent replacement programme. |
| | % Science, Engineering, Technology | 44% | 45% | 44% | → | Within deviation range but below target. The numbers above under enrolments indicate a significant increase in absolute terms. Due to the overall increase in enrolments for reasons explained above, it is a challenge to steer the percentages accurately, especially when the demand is high in phased out programmes. |
| | % Business/ management | 39% | 36% | 39% | ↓ | This is reflected as a downward arrow as the achievement is higher than the 2% deviation acceptance. This has a significant impact on skewing the University's shape. Non-aligned programmes were phased out in December 2019. DUT was obliged to enrol as many students as possible in the programmes that would be phased out. Especially in the B Tech programmes that did not have an equivalent replacement programme. There was also an increase in PG enrolments in this discipline as explained above. |
| | % Education | 4% | 5% | 4% | → | Within 2% deviation range but below target. There was an administration/management issue in the department which is now resolved and rectified by the Senate. |

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-2 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 1. Communities of living and learning | % Other humanities | 13% | 15% | 13% | → | Within 2% deviation range but below target. DUT has strategically re-aligned all its programmes with the HEQC. This project included the design of new programmes that included, certificates, diplomas, undergraduate degrees and post graduate degrees. The current enrolment plan was based on the expectation that many of the undergraduate programmes would have been approved by the CHE, SAQA and professional councils where applicable. There were/are delays up to two years with the approval process. |
| | FTE enrolment | 23 432 | 22 101 | 26 713 | ↓ | Outside the 2% deviation range, and that is a concern for quality provision of programmes and facilities for a larger number of students than planned. This naturally follows the increased headcount enrolments which is explained above. |
| | Number of students in residences | 10 230 | 13 696[1] | 14 598 | ↑ | Due to the increase in the number of students that were funded BY NSFAS. |
| | % Students in residence | 35.66% | 45.6% | 41.4% | ↓ | Unexpected over-enrolment of returning students |
| | First year students as % of total residence population | 28.77% | 37% | 37% | ↑ | Focus on provision to first year students. |
| | % DUT courses with an online component on Blackboard | 70% | 73% | 35% | ↓ | The auto-enrolment process was not in place from 2019 as access to SIS data was no longer available. This could have led to lower accuracy of student enrolments thus resulting in less activity overall. |
| | **Success** | | | | | |
| | Graduates UG | 7 770 | 6 821 | 9 014 | ↑ | This is the result of the strategic teaching and learning interventions over the years |
| | Graduation rate | 25.6% | 23.5% | 26.2 % | ↑ | This is the result of the strategic teaching and learning interventions over the years. Maintaining a linear increase is not possible and should therefore be averaged over a three-year period. |
| | **Undergraduate output by scarce skills** | | | | | |
| | Engineering | 1 346 | 1 191 | 1 491 | ↑ | There has been an increase in the B Tech graduations due to the increase in B Tech enrolments in the previous year. |
| | Life and physical sciences | 185 | 145 | 143 | → | Some programmes were not approved or only conditionally approved by the CHE and therefore enrolment targets were not met in the undergraduate admissions. |
| | Animal and human health | 658 | 748 | 753 | ↑ | Target exceeded. |
| | Teacher education | 222 | 228 | 199 | ↓ | Certain students were pending graduation due to a variance in the compliance with the approved requirements. |
| | Success rate | 86.1% | 83.0% | 84.6% | ↑ | This is the result of the strategic teaching and learning interventions over the years. |

1. Aim: 4 303 Midlands + 9 393 Durban

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-2 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 2. Research and Innovation for Development | **Efficiency** | | | | | |
| | **Instructional/Research Professional Staff** | | | | | |
| | Headcount of permanent instructional/ research professional staff | 605 | 686 | 611 | | A number of newly created academic posts were in the process of being filled, approximately 60 posts, in addition to vacant posts. |
| | FTEs of permanent instructional/ research professional staff | 704 | 762 | 705 | | A number of newly created academic posts were in the process of being filled, approximately 60 posts, in addition to vacant posts. |
| | % Staff with doctoral degrees | 29.6% | 24.1% | 30.0% | | In 2018 the percentage of staff with Doctorates was 29.6% (179/605) which was already well above the 24.1% target set for 2019. While 30% shows a slight increase from the 2018 target, there is more focus the University is putting in this area in terms of:<br>i. UCDG programmes to support staff get PhDs;<br>ii. Thuthuka funding support through the NRF to support emerging Researchers;<br>iii. Recruitment strategy to attract PhDs and strategies to retain talent;<br>iv. nGAP and NESP programmes which DUT aims to participate in. |
| | % Growth rate of instructional and research staff with doctoral qualifications | 5.5% | 1.0% | 0.4% | | The target achieved in 2018 was already higher than the 1% target. Hence, we are on the upward trajectory. However, the University plans to increase performance here to move towards the 35% target. |
| | Ratio of FTE students to FTE instructional/ research staff | 33 : 1 | 29 : 1 | 38 : 1 | | Two factors impact on this indicator, viz. the increased student FTE, and the number of academic post vacancies, together with a slow recruitment and filling of new and vacant posts. |
| | **Research output** | | | | | |
| | Publication units per FTE staff | 0.45 | 0.30 | 0 .44 | | In 2018 output we had already achieved 0.57 (above the 0.45 audited before DHET approval due to time lag) in the audited approved units. This increased due to the increase in publications, an area where there are a number of interventions through UCDG, planned publication writing workshops, book projects through the researcher in residence programme and incentives and support for emerging researchers. |
| | Publication output | 315.43 | 230 | 313 | | The actual in 2018 had already reached 345.43 (above 315.43 audited before DHET approval due to time lag) and hence we had to exceed the performance for 2017. Here we have had a number of initiatives to encourage our researchers to publish. Also, performance is linked to outputs for researchers. It is recognised through awards and incentives. Promotions also take publication profile into account. UCDG programmes for emerging researchers, special issues through the PG forum and conferences hosted by Faculty which also produce high quality outputs. |

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-2 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 2. Research and Innovation for Development | **Research output** | | | | | |
| | % Growth in publication outputs | 15% | 7% | -1 % | | Related to the increase in publication outputs also considering that there was already a 15% increase and these targets had already been set before we knew what the actuals were for the n-2 audited data. This percentage is bound to change once DHET has pronounced on the records submitted as books and conference proceedings can only be confirmed through DHET reviews in year n+1 (2020). |
| | Research masters' graduates | 129.5 | 165 | 168 | | The Masters' graduates increased in 2019 mainly due to the Faculty of Management Science's Project 500. |
| | Doctoral graduates | 65 | 32 | 45 | | We exceeded the 2019 target but not the actual achievement recorded in 2018. The outputs rely heavily on faculty inputs and supervision capacity. Project 500 which focussed mainly on growing the Postgraduate cohort was being restructured in 2019 due to change in administrators of the initiative and pursuit to tighten processes. This would then have impacted the difference in outputs between 2019 and 2018. |
| | Number of research outputs | 639.93 | 491 | 616 | | This is the total of all outputs and is due as mentioned above to the publications, PhD outputs and Masters graduations. The 2019 target was exceeded, but a decrease from the 2018 achievement. |
| | Research output per instructional and research staff | 1.06 | 0.72 | 1 .01 | | The 2019 target was exceeded, but a decrease from the 2018 achievement. |
| | % Growth rate of postgraduate students | 0.0% | 0.1% | 0.9% | | There is a drive to increase this to reach 10% of total enrolments over 10 years. |
| | Graduates PG | 211 | 224 | 227 | | There was emphasis on supporting our supervisors and encouraging students to complete as there are funding implications for many students who exceed their registration time. |
| | External funding for research and innovation | R56 202 000 | R45 000 000 | R66 524 022 | | Dependent on the number of funding opportunities available and pursued by researchers. |
| | International collaborations | 41 | 50[2] | 49 | | These are dependent on each researcher pursuing relevant networks. |
| | Number of postdoctoral fellows | 23 | 25 | 44 | | Opportunities are advertised and DUT has allocated funds to support the postdoctoral programme. Also had some successfully get NRF grants as well. This is a competitive programme that also provides a pool for co-supervision of projects from B Tech, M & D levels plus grant applications. |
| | Number of research associates | 17 | 10 | 11 | | Target met. |
| | Number of research fellows | 3 | 7 | 7 | | Target met. |

2. International collaboration targets include Research focused collaborations (40) and collaborations through International Educational Partnerships (10)

| Strategic Focus Area | Key Performance Indicators | Achieved Year n-1 Audited | Target year n-1 2019 | Achieved Target year n-1 2019 | Achievement | Reasons for Deviation |
|---|---|---|---|---|---|---|
| 3. A Learning Organisation | Number of staff in a learning programme funded by DUT | 450 | 450 | 903 | ↑ | Training for four hundred and fifty (450) employees was planned in 2019. The target was exceeded by an additional four hundred and fifty-eight (458). This was because of increased training in Performance Management. The 62 is included in the ATR. |
| | Management/ Leadership mentoring | 68 | 50 | 62 | ↑ | |
| | Ratio of instructional and research to support staff | 1:1.46 | 1:1.30 | 1:1.46 | ↓ | There are multiple potential reasons for deviation, one of which could be the backlog in recruitment for the approved posts, with responsibility falling in both the academic departments and the Human Resources department. There is a sharpened focus on correcting the staffing shape and size. |
| 4. A Sustainable University | Retained 3rd stream income | R16 500 000 | R18 150 000 | R19 389 928 | ↑ | There was an increase in contract projects and additional income from the 30% levy share as you earn income. |
| | Gross 3rd stream income | | R89 794 832 | R104 305 179 | ↑ | There was greater success in grant applications. Even though we reached this target, it was lower than the previous year, 2018. |
| | Staff compensation: recurrent income | 0.67 | 0.62 | 0.51 | ↑ | Savings realised from vacant posts and non-timeous appointments. Increase in Tuition and related fees. |
| | Total operating expenses as % of total income | 33% | 38% | 22% | ↑ | Increase in Tuition and related fees and Investment income compared to budget. |
| | Ratio of total full-time staff to part-time staff | 99%:1% | 99%:1% | 98%:2% | ↑ | Aligned to target |
| | Ratio of staff to Senior Executives | 95%:5% | 94%:6% | 93%:7% | ↑ | Aligned to target |

Professor TZ Mthembu
Vice-Chancellor and Principal

Mr NZW Madinane
Chairperson of Council

# REPORT OF THE SENATE 2019

The Senate Report is organised largely in accordance with the legislative precepts of the 2014 Regulations for Reporting by Public Higher Education Institutions. It comprises the composition of the Senate, an overview of significant developments in teaching and learning, outline of the student body (size and shape, academic progress), staff and student achievements. It also includes the research and innovation reports of research outputs and achievements, rated researchers and research focus areas and finally, entrepreneurial and innovation capacity.

## Composition of the Senate

### Voting

1. Vice-Chancellor and Principal (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. All academic staff at the level of directors who are not already represented on Senate
8. All academic staff at the level of associate director who are not already represented on Senate
9. All full professors who are not already represented on Senate
10. All associate professors who are not already represented on Senate
11. All adjunct professors who are not already represented on Senate
12. Staff membership in accordance with the Institutional Rules as approved by Senate and Council, namely:
    (i) Dean of Students
    (ii) Director: Research and Postgraduate Support
    (iii) Director: Technology Transfer and Innovation
    (iv) Director: Library Services
    (v) Director: Centre for Excellence in Learning and Teaching
    (vi) Director: International Education and Partnerships
    (vii) Director: Co-operative Education
    (viii) Director: Centre for Quality Promotion and Assurance
    (ix) Director: Enterprise Development Unit
    (x) Director: Midlands Campus
    (xi) Director: Centre for Continuing and Professional Education
    (xii) Senior Director: Policy, Planning and Projects
13. One academic staff member of each trade union, elected respectively by the trade union
114. 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
15. Two members of Council, who are neither staff nor students, elected by Council

*Such persons as invited by Senate who shall be non-voting members:*

16. Chief Risk Officer
17. Director: International Centre for Non-Violence
18. Director: Institutional Planning

*In attendance (Non-voting):*

19. Registrar (Secretary to Senate)
20. Deputy Registrar
21. Committee Officer

## Significant Developments in Teaching and Learning

### Enhanced Academic Structure and Infrastructure

There were two Council approved restructured academic enterprises in 2019:

- The former departments of Information and Corporate Management (ICM) and Information Technology (IT) were restructured into three departments viz. Information and Corporate Management (ICM), Information Technology (IT) and Information Systems (IS). These new structures are in line with international practice and allow for a more focused pursuit of the individual disciplines.
- The Department of Chiropractic and Somatology were split into two departments to reflect the individual professional practices of Chiropractic and Somatology. The former single department was a merger legacy based on financial sustainability. The individual departments are now sustainable on their own.

### Strategic Teaching and Learning Enhancement

DUT advanced the **"de-colonisation discourse"** by developing a position paper entitled *"Decolonising Higher Education in South Africa: A Durban University of Technology Introspection"* which was adopted in 2018. The paper, which essentially provides a framework for engaging in the decolonisation debate, identified ten key issues around decolonisation of the University. These are: changing the nature of knowledge, decolonising the curriculum, deconstructing teaching and learning, the hidden curriculum of institutional identity, architecture and culture, patterns of socialisation, Africanist perspectives, multilingualism, and the contribution of internationalisation to the decolonisation of the curriculum, economic transformation, and community engagement. Adopting the principal themes proposed in the paper and finally applying these in the redesign of the curriculum or parts of it became a strategic academic project of DUT. To deepen the discourse and build capacity, the University hosted its 1st *Annual Learning and Teaching Conference* in October 2019 with the theme: *"Critiquing the Notion Epistemic Justice in African Higher Education"*. Scholars from various South African universities presented keynote addresses.

At the beginning of 2019, a more focused curriculum transformation project was initiated. Each of the six faculties identified several modules, within each programme offered, for redesign in accordance with the principles enunciated in the DUT position paper. In total, 115 modules were identified across all undergraduate programmes. The redesign project is at various stages of completion.

In addition, through engagement sessions with various sectors of the University, the University, as part of its decolonisation engagement produced a book entitled[3] *"Decolonising Higher Education in the Era of Globalisation and Internationalisation"* which brings together multi-layered perspectives from a transdisciplinarity and pluriversality context. These perspectives and contributions came from various DUT staff and students as well as other external experts on decolonisation in higher education. Professor of English and editor of *Critical Essays on Barack Obama: Re-affirming the Hope, Re-vitalizing the Dream*, Melvin B Rahming, defines it in a recent review as *"a book that deserves a special place on curricula throughout the world of higher education"*. The contributions of the staff and students are acknowledged as it is encouraging to know that our local knowledge has a global impact as well.

**Technology-assisted learning** in various forms, including digitalisation of the teaching, learning and assessment process is a strategic objective of the University. A partnership agreement between DUT and Higher Education Partners – Africa (HEPA), was signed by both partners in October 2019. This decision was based on the premise that the online learning provision may be enhanced by enlisting the services of HEPA as recognised online programme management providers (OPM). Online distance education would facilitate the expansion of the University's footprint and provide education to working adults who would not have time to enrol as full-time students. These goals are also aligned with national directives and DUT's Strategy 2030, focusing on 'improved lives and livelihoods".

In keeping with its earlier decision to subscribe to as many open source resources as possible, the Senate approved the changeover project from Blackboard to Moodle as the official learning management system (LMS) for DUT. The University has completed the changeover process and Moodle is now fully operational as the LMS. In addition, Microsoft Teams is available to the University community for collaboration, including online meetings and seminars.

- The phase-in of a revised draft strategic plan, the latest pedagogical discourses, and the curriculum alignment project, have led to a revised **DUT Learning and Teaching Strategy (2020-2024)**, which was approved by the Senate in November 2019.
- The **Postgraduate Diploma in Higher Education, PG Dip (HE)** which received accreditation from the CHE will commence in 2021. This programme serves a strategic purpose as it also provides a formal avenue for our lecturing staff to enhance their pedagogical skills.

## Student and Staff Awards

Our staff and students continue to receive numerous prestigious awards. The following list provides a sample of these awards:

**Student Achievements:**

- Fine Art Masters student, Luyanda Zindela took second place in the Sasol New Signatures Competition.
- Video Technology students, Khanyiso Mbalane and Mamello Hlongwane win Interpret Durban Competition in the short film category.
- Fashion's Sicelo Maphumulo won the 2019 World University Student Fashion Design Competition.
- Fashion's Andile Nsele was awarded Excellence Achievement Award at the 6th International Youth Design Competition hosted by the Beijing Institute of Technology.
- Fashion's Nirma Madhoo received a special commendation at the PPC Imaginarium Awards for her Virtual Reality short film, Azimuth.
- Fine Art student, Kenneth Shandu was runner up in the PPC Imaginarium Awards in the sculpture category.
- Fashion students, Siphiwo Treasure Buthelezi and Tanyaradzwa Tirivanhu, were part of the top three 2019 Vodacom Durban July Young Designer Award presented by Durban Fashion Fair.
- Mr Gomolemo Mohapi was selected by Microsoft to attend the Microsoft Student Partners (MSP) Europe, Middle East, and Africa (EMEA) Regional Summit held in March 2019 in Amsterdam, Netherlands. Mohapi was the only South African student to be part of the prestigious Microsoft Student Partner programme and was selected as part of only 20 MSPs to attend this Summit. He also participated in and attended Microsoft Build 2019 in Seattle, May 2019.

**Staff Achievements:**

- Mrs Margaret Masuku of the Department of Maritime Studies won the Women in Transport Award for the Best Skills Contributor during the Maritime Week conference at the ICC.
- Mr M R Schroder received the South African Institution of Civil Engineering best final year student award in Civil Engineering in the Department.
- Professor Ian Lazarus was awarded the SANEA (South African National Energy Award) and the Energy Globe National Award and is the Head of the Energy Technology Station - KwaZulu-Natal Industrial Energy Efficient Training and Resource Centre at DUT. He also received the South African National Energy Education Award for its community-based work towards educating young learners about energy through lectures, demonstrations and training.

3. **Decolonising Higher Education in the Era of Globalisation and Internationalisation,** 2019, (African Sun Media, South Africa), ISBN: 9781928424277, Editor: KG Fomunyam.

- Dr David Mohale was appointed by President Cyril Ramaphosa to the Municipal Demarcation Board, for a period of five years.
- Dr Sheena Kumari was chosen as First runner-up in the Distinguished Young Women Researchers for research in the Natural (Life and Physical) and Engineering Sciences at the 2019 South African Women in Science Awards.
- Professor Ashley Ross was the winner of the prestigious MedscapeIndia 2019 Award for Excellence in Homoeopathy at the 8th Medscape India National Awards. The Medscape India Awards recognises the contributions made by doctors, institutions in the healthcare sector and eminent personalities in social work supporting the 'Save the Girl Child' movement, the empowerment of women and community health.
- Executive Dean at the Faculty of Health Sciences, Professor Nokuthula Sibiya was crowned the 2019 KwaZulu-Natal Forum for Professional Nurse Leaders (FPNL) Award winner for her contributions in the field of nursing leadership.
- Dr Surendra Thakur was appointed as the InSeta Research Chair: Digitalisation. The aim of the partnership is firstly mitigating the 4IR retrenchment wave through research training, retraining, and cross training. A Centre of Excellence will be implemented with concepts such as Data Science and Artificial Intelligence services at the heart.

**Some noteworthy University engagements include:**

- The launch, in collaboration with Tianjin Vocational Institute (TVI) of China, of the first Luban Workshop, in South Africa on Monday, 16 December 2019 at DUT's Ritson campus. The MEC for KwaZulu-Natal (KZN) Education, Hon Kwazi Mshengu and Hon Bai Hailli, Deputy Director of Tianjin Municipal Education Commission presided over the official opening of the Luban Workshop at DUT. The Vice-Chancellor and Principal of DUT, Professor Thandwa Mthembu hosted a high level delegation that included the Chinese Consul General, Mr Fei Mingxing and the Chinese delegation from China made up of the Deputy Director of Vocational Education, Professor Li Li, and Deputy Director of International Exchange, Professor Junyan Wang, both from Tianjin Municipal Education Commission. The delegation also included the President of Tianjin Vocational Institute (TVI), Professor Liu Bin and his high-level team of Professors and Technical team.
- The Department of Information Technology oversaw the creation of IOT and VR Laboratories. These Laboratories are equipped with drones, robots, Adrino Kits,VR Oculus Go and Oculus Go headsets, HTC Vive, Lenovo Mirage Headsets, Chromecast devices, Alexa and Google Home, Raspberry PIs, 360 degree camera for VR Lab, GoPros, Fusion Camera, Routing and Switching labs for training, entrepreneurship and innovation.
- The Faculty of Arts and Design co-hosted the 2019 Entrepreneurship Development in Higher Education Lekgotla in Durban.
- DIGIFEST6/digifest2019 – Theme: 4IR included multidisciplinary involvement from across the University.
- DUT co-hosted the launch of the BRICS – Best (Bioenergy from Eco-Sustainable Technology) Conference, to discuss the future of biotechnology between five major emerging national economies which are Brazil, Russia, India, China and South Africa (BRICS).

## Noteworthy New Programmes

In addition to the many new programmes that were approved in 2019, including bachelor's degrees and bachelor's (honours) degrees, the following doctoral degrees are noteworthy for DUT:

- Council of Higher Education (CHE) and the South African Qualification Authority (SAQA) confirmed the full accreditation of Doctor of Philosophy in Business and Information Management. The PhD in BIM will be the third PhD programme to be offered in the Faculty of Accounting and Informatics in 2020 and the first programme with such a designation in South Africa.
- The Department of Community Health Studies also received full accreditation to offer a Doctor of Environmental Health.

## Limitations of Access to Certain Courses

Learning and teaching infrastructure which includes physical resources and teaching staff will always be the main internal constraint that limits enrolments in certain resource-intensive programmes. However, DUT together with DHET has committed major investments in its physical infrastructure expansion projects on campuses in Pietermaritzburg and Durban that include appropriate access for differently abled people.

A major extraneous constraint to access in certain programmes, especially in the health sciences, are the restrictions placed by certain professional boards. The restrictions are two-fold namely, prescription on academic admission criteria and limitation on enrolment. The instrument used to control this is the power to pronounce on the professional accreditation of the qualification. Unfortunately, with the promulgation of the NQF Act, the various professional councils' relevant Acts were not simultaneously reviewed.

## Industry Placement and Work Integrated Learning (WIL)

The intent of Work Integrated Learning is to develop the competencies of our students through the integration and application of knowledge, skills and values in an authentic work context. WIL has been a significant distinctive feature of DUT's integrated curriculum offerings; with the HEQSF alignment and recurriculation process, many programmes have restructured their WIL offerings. The extent of WIL placements is reflected in Table 4.

***Table 4: WIL placements 2017 – 2019***

| 2017 | 2018 | 2019 |
|---|---|---|
| 5 470 | 4 064 | 4 150 |

Advisory Boards are an important means of ensuring relevance of our curricular, and of collaboration between academics and

4. Unless presented otherwise, the data in this report have been "rounded-off" to the nearest whole number and the race group "Other" has been omitted due its comprising 0.7% of total headcount enrolments in 2019. Note that rounding off may result in totals not summing to 100% in all cases (e.g. Figure 5).

industry. These Boards are a feature of most programmes at DUT and 40% of the academic staff participate in these. This helps ensure our curricula are kept abreast with developments in the relevant industry sectors.

## Size and Composition of the Student Body

This section of the report provides descriptive data about the student population in terms of headcount enrolment, qualification level and selected demographic characteristics.[4] The size of the student body as measured by headcount enrolment was 35 272 in 2019. This represents a 13% increase relative to 2018 when the headcount enrolment was 31 211. Total undergraduate enrolments increased by 12% and there was a 36% increase in the number of postgraduate students enrolled in 2019. The 3-year trend in total headcount enrolments is illustrated in Figure 1.

The composition of the student body with respect to race, gender and major field of study will be considered next.

### Race

The racial demographics of the student body in 2019 are given in Figure 2 below. Compared to 2018, enrolments of African students increased by 2% to 87% of the student body while that of Indian students decreased by 2% to 10% of total enrolments. White students' enrolments also declined to 1% of the student body. In 2019 Coloured students comprised 1% of total headcount enrolments and was unchanged from 2018.

### Gender

In 2019, there were 1 024 more female students than male students, 91% of whom were enrolled in undergraduate programmes. As a percentage of total enrolments, the small majority that females held in 2018 (50.52%) grew to 51.45% in 2019. Figure 3 shows the 7-year trend in the gender composition of enrolments at the University.

***Figure 1: Total Headcount Enrolment 2017 – 2019***

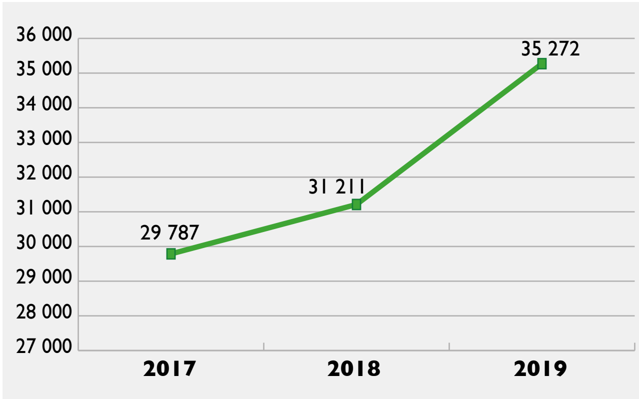



***Figure 2: Percentage Headcount Enrolment by Race 2019***

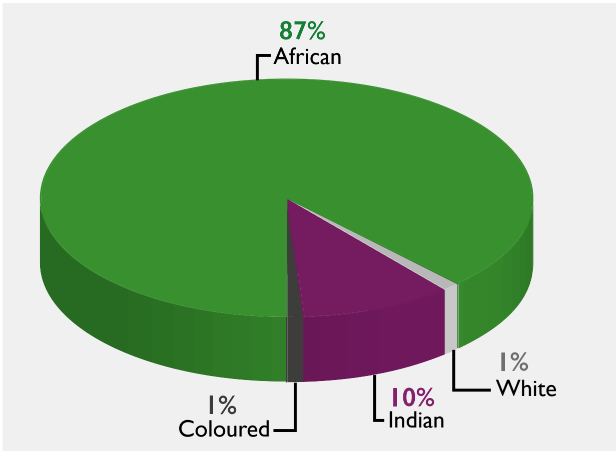
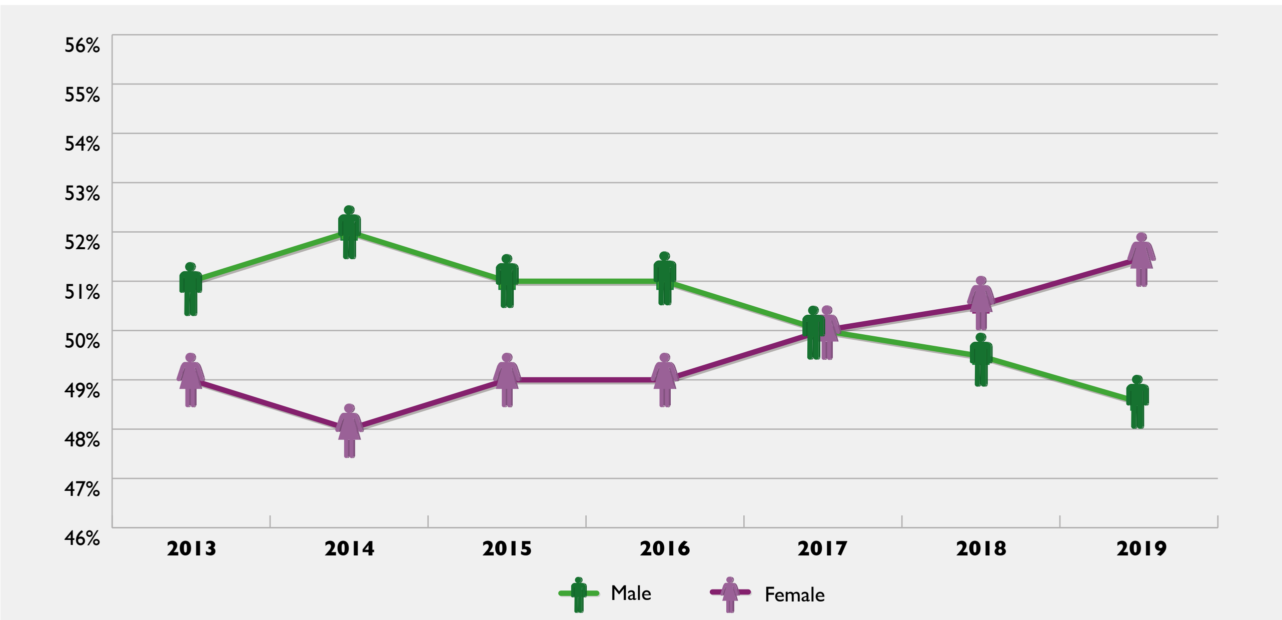


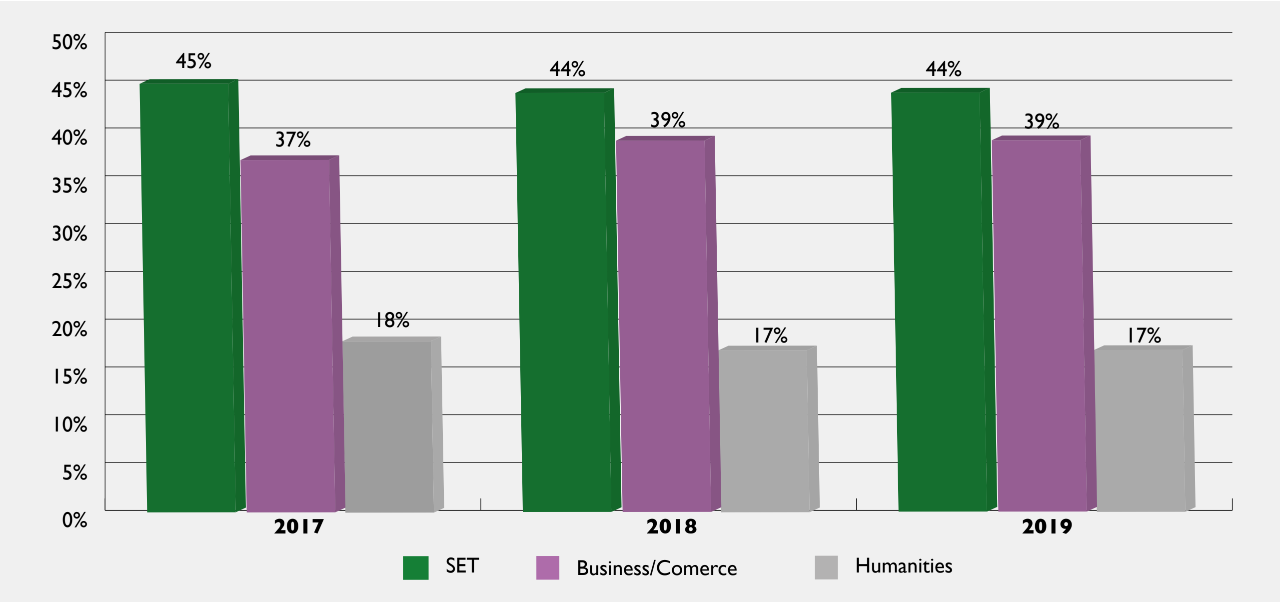

***Figure 3: Percentage Gender Composition in Enrolment 2013 – 2019***



## Enrolments by field of study

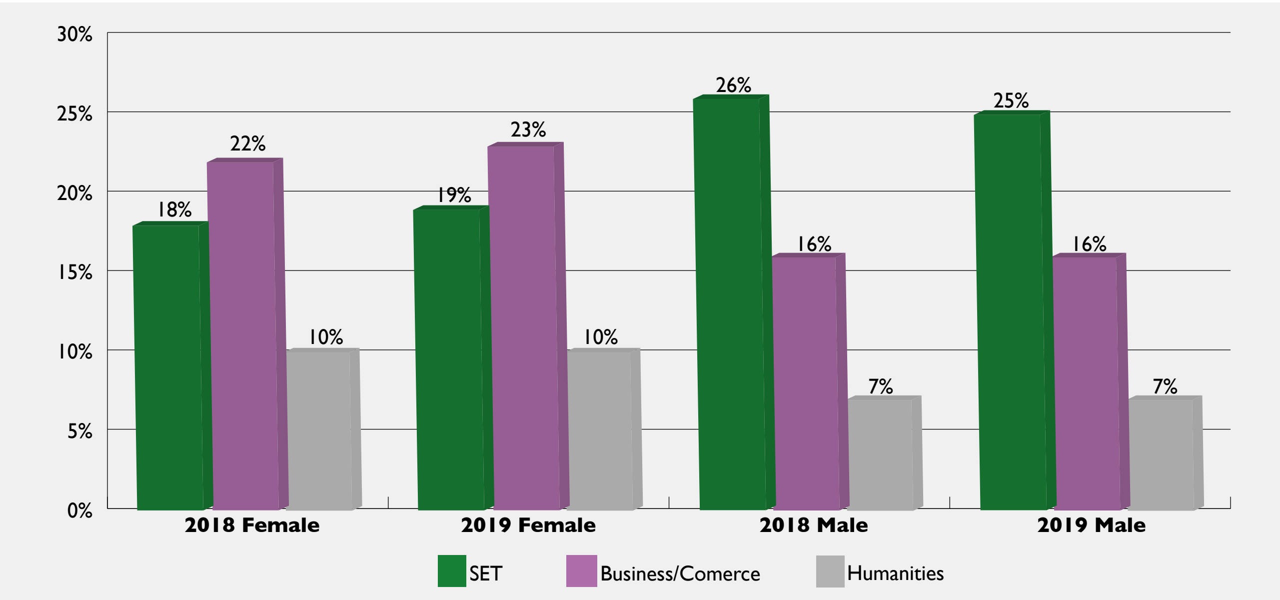
Enrolments by field of study is an important metric in the University of Technology (UoT) Sector. The year 2019 saw no change in the composition of enrolments by field of study relative to 2018 (Figure 4). The combined undergraduate and postgraduate Science, Engineering and Technology (SET) enrolment was 44%, that of Humanities and Education students was 17%, and Business/Commerce students comprised 39% of enrolments.

***Figure 4: Percentage Headcount enrolment by major field of study 2017 – 2019***




The number of male and female students in each of the three fields of study, as a proportion of total enrolments, is given in Figure 5. The increase in female enrolments noted earlier in the report translated into a 1% increase in the proportion of female students in the SET and Business/Commerce fields of study in 2019. The percentage enrolment of male students in SET decreased from 26% in 2018 to 25% in 2019. There was no change in the gender composition of enrolments in the Humanities, which is 10% for females and 7% for males. However, fewer females have been enrolling in the Humanities since 2017 when females in this field comprised 11% of total headcount enrolments.

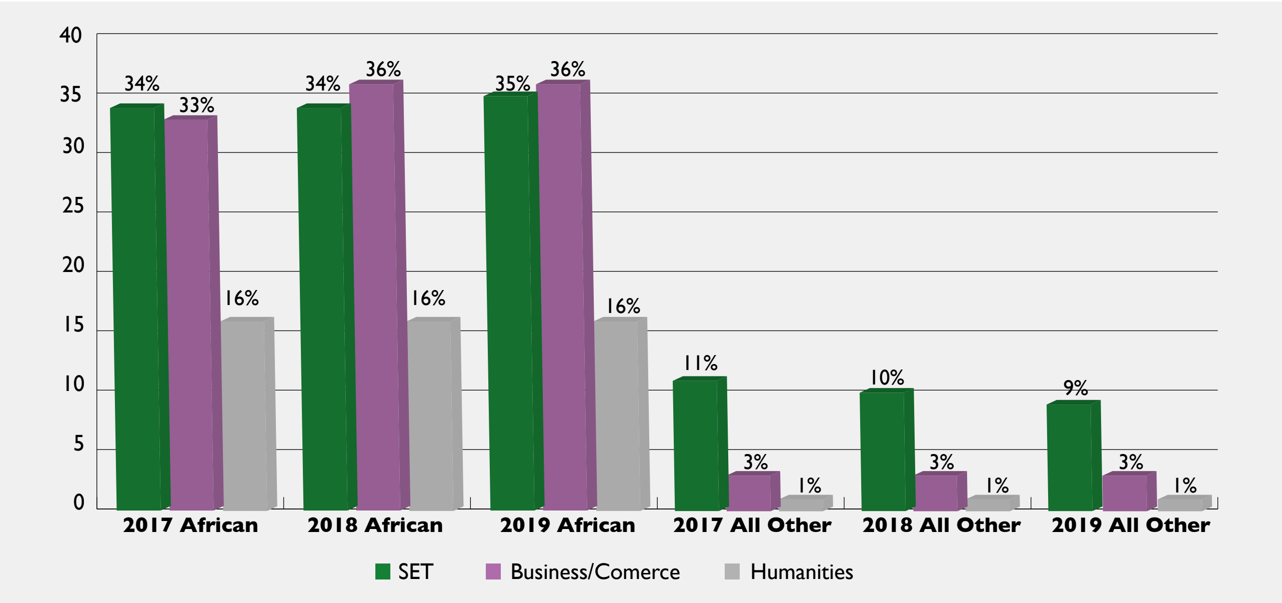
***Figure 5: Gender as a proportion of Headcount enrolment by field of study 2018 – 2019***



Minor changes in gender enrolments within the three fields of study were observed in 2019. Females comprised 42% of undergraduate SET programmes in 2019, up from 41% in 2018. An increase of 1% was also observed in Business. The gender composition within the Humanities was unchanged from 2018, which is 59% female and 41% male students. Regarding postgraduate enrolments, there was a 2% increase in the proportion of males in Business to 53%, but a decrease by the same magnitude in Humanities, where male students comprised 48% of enrolments.

Similar to the gender analysis indicated in Figure 5, differences in enrolments in the major fields of study by race are reflected in Figure 6 for 2017 to 2019.

***Figure 6 Race as proportion of Headcount enrolment by field of study 2017 – 2019***




African student enrolments in SET increased by 1% to 35% in 2019, while those in Business (36%) and Humanities (16%) remained unchanged. The percentage SET enrolments for all other race groups continued the declining trend from 11% in 2017 to 9% in 2019.

## Postgraduate Enrolment

Table 5 below presents the Masters and Doctorate enrolments by faculty for 2017 – 2019.

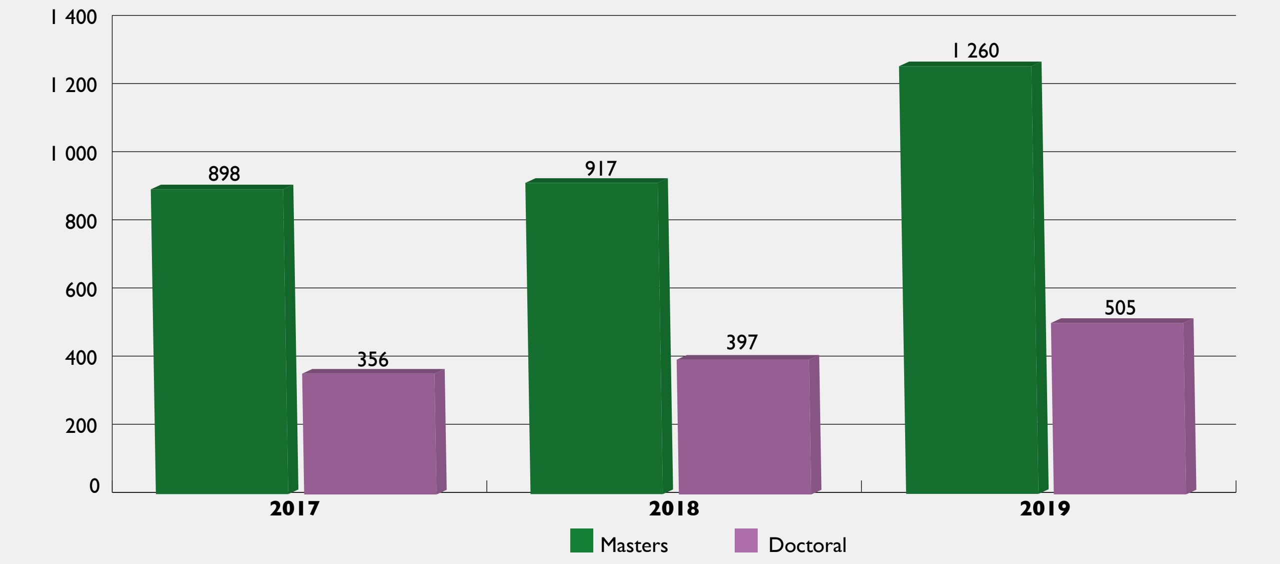
***Table 5: Masters and Doctorate enrolments by faculty for 2017 – 2019***

| Faculty | Masters' Headcount | | | Doctoral Headcount | | |
|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| Accounting and Informatics | 75 | 101 | 139 | 15 | 26 | 24 |
| Applied Sciences | 117 | 99 | 103 | 40 | 40 | 46 |
| Arts and Design | 62 | 73 | 88 | 30 | 38 | 55 |
| Engineering and the Built Environment | 135 | 152 | 184 | 29 | 41 | 47 |
| Health Sciences | 241 | 243 | 315 | 35 | 35 | 56 |
| Management Sciences | 268 | 249 | 431 | 207 | 217 | 277 |
| **Total** | **898** | **917** | **1260** | **356** | **397** | **505** |

Postgraduate enrolments in 2019 comprised those studying towards an Honours in Education (23), Masters (1 260) and Doctorate (505) respectively, totalling 1 788 students. This represents a 36% increase from 2018. Students in the SET field comprise the majority of postgraduate enrolments (45%) in 2019 followed by Business/Commerce (29%) and Humanities (26%). Postgraduate enrolments in SET have declined by 5% from their 2018 level (50%). After remaining stable at 4% since 2015, postgraduate enrolment as a percentage of total Headcount enrolment increased to 5% in 2019.

Figure below shows the headcount enrolment for Masters' and Doctoral students.

*Figure 7: Postgraduate headcount enrolments 2017 – 2019*




### International Student Enrolments

The declining trend in the enrolment of international students since 2014 was reversed in 2019, with enrolments increasing from 544 (2018) to 560 in 2019. This translated into a 2% increase from 2018 enrolments. Since 2015, international student enrolment, as a percentage of total enrolments, has remained constant at 2% (1.59% in 2019). Of the 560 international students enrolled at DUT in 2019, over half (51%) are from SADC countries and 42% from other countries on the African continent. The highest enrolments are from Zimbabwe and the DRC, comprising 51% of total international enrolments.

### Students with Disabilities

The enrolment of students with disabilities has increased over the past three years. In 2019, the number of enrolled students with disabilities was 209, an increase of 12% from 2018. Disabled students comprised 0.6% of headcount enrolments. Almost 40% of disability is attributed to problems with sight. In 2019, there was a 21% increase in the number of physically disabled students who experience challenges moving, standing etc. As indicated earlier, under Limitations of access, we recognise that our physical infrastructure is not suitable for differently abled students. Our physical infrastructure expansion projects on our campuses in Pietermaritzburg and Durban have included a focus on ensuring appropriate access for differently abled people.

## Academic Progress

This section of the report focuses on academic progress measured in terms of success rates, graduation rates (2019), and throughput rates for various National Diploma, Bachelor's Degree and B Tech student cohorts.

### 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. Since this report uses data rounded up/down to the nearest whole numbers, Figure 8 presents, for clarification purposes, unrounded success rates.

*Figure 8: Percentage success rates 2013 – 2019*

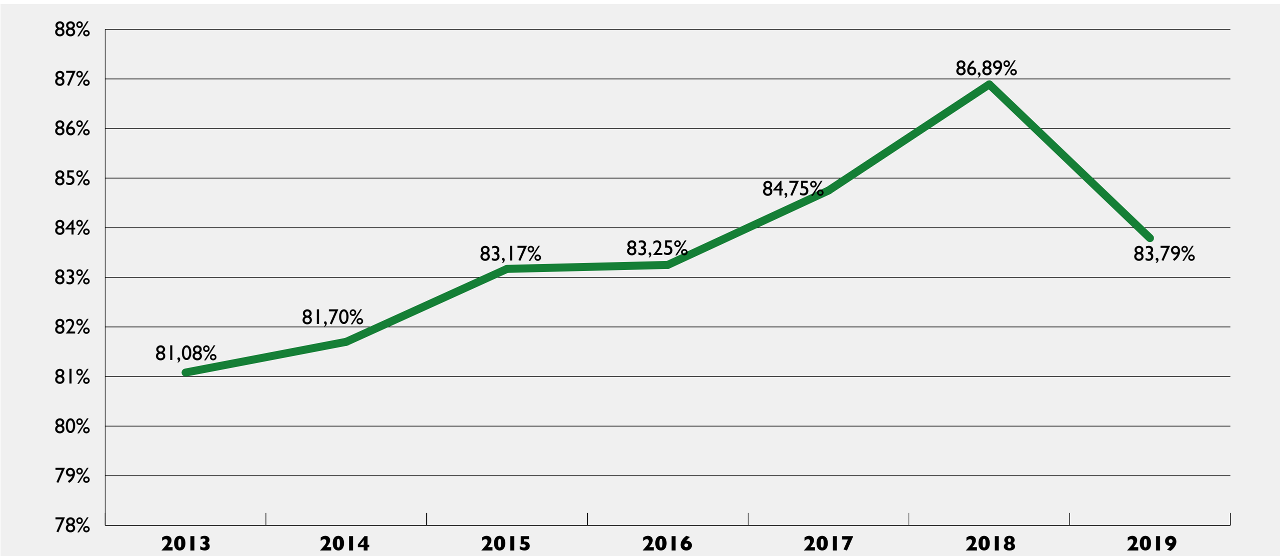
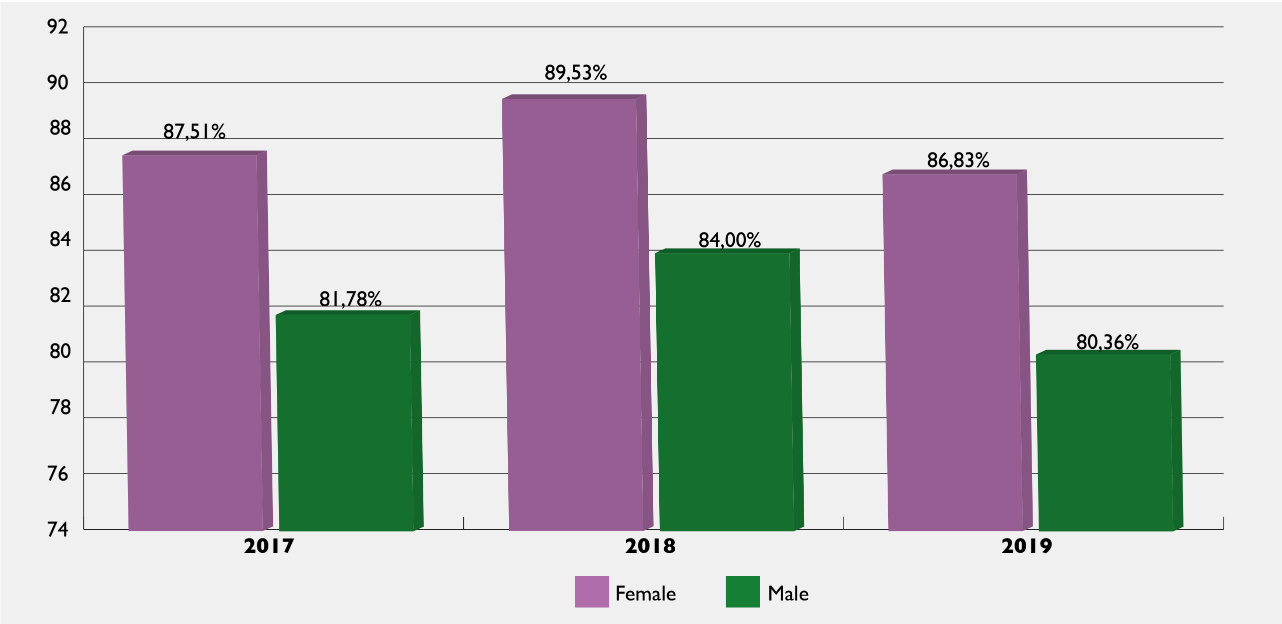


Figure 8 shows that, having been on an upward trajectory since 2013, success rates dipped in 2019 from almost 87% in 2018 to 84% in 2019. The various interventions implemented over the years include tutoring and mentoring, First Year Student Experience (FYSE) and the Residence Education Programme (REP) which are aimed at helping undergraduate students, to succeed. In 2019, 27 academic departments across all six faculties participated in FYSE. In addition, staff training in the use of the University's student tracking system, AutoScholar, was rolled out in selected programmes and faculties in 2019. Various training sessions were held for academic staff and student support staff namely, academic advisors. The School of Education held an AutoScholar training session that was attended by over 20 staff members. Participants found that the identification of students at risk and the notion of using data in their teaching scholarship most informative and useful.

## Gender

Females continued to outperform males in 2019, with the gender gap in performance widening from almost 6% in 2018 to 7% in 2019. Whereas male success rates had increased between 2017 and 2018, there was a sharp decline by 4% in 2019. Although female success rates also declined in 2019, this was by a smaller magnitude of 3%. Closer analysis by field of study, indicates that male Business students' success rates declined by 2% in 2019 whereas those of females were unchanged. In SET, male success rates declined by 4% compared to the 5% fall in female success rates. In the Humanities, both genders success rates fell by the same magnitude (2%).

***Figure 9: Percentage success rates by gender 2017 – 2019***




## Race

The generally positive trend for African students' success rates since 2013 was reversed in 2019 with a 3% drop to 84% (Figure 10). A decline of 3% was also evident for Coloured students who achieved an 82% success rate this year. However, the biggest declines were experienced in the success rates of Indian (7%) and White students (13%) who achieved 80% and 77% success rates respectively in 2019. Although there has been a decrease in Coloured, Indian and White students as a percentage of total headcount enrolments, their declining success rates are a source of concern.

Race differences in success rates exist across the major fields of study. While success rates declined across all race groups, African students tended to experience the lowest declines. For example, the success rate of African Humanities and Business/Commerce students declined by only 2% in 2019 to 86% and 89% respectively, while that in SET decreased by 5% to 80%. For the first time since 2017, the DHET target of 80% success rates was not met by White students across all fields of study, by Coloured students in Business/Commerce (79%) and by Indian students in the Humanities (77%).

The combined enrolments of Whites, Coloureds and Indians have been falling over time and in 2019 comprised about 13% of the total headcount enrolments. However, reasons for the declining success rates need to be identified and remedial action taken.

*Figure 10: Success rates by race 2017 – 2019*

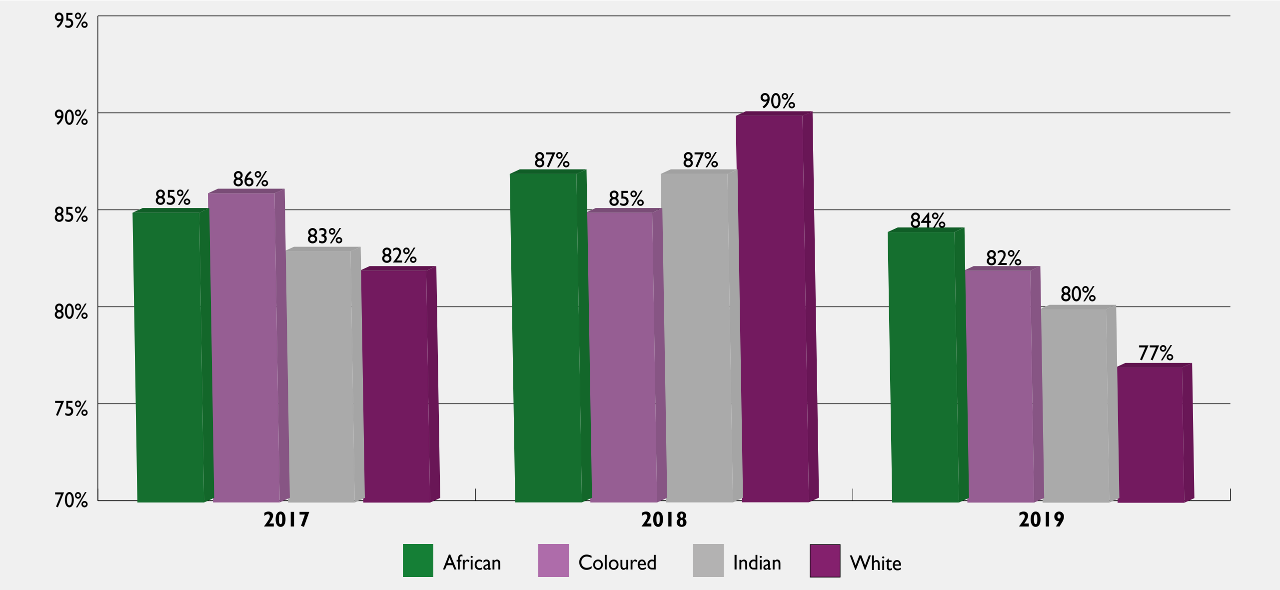
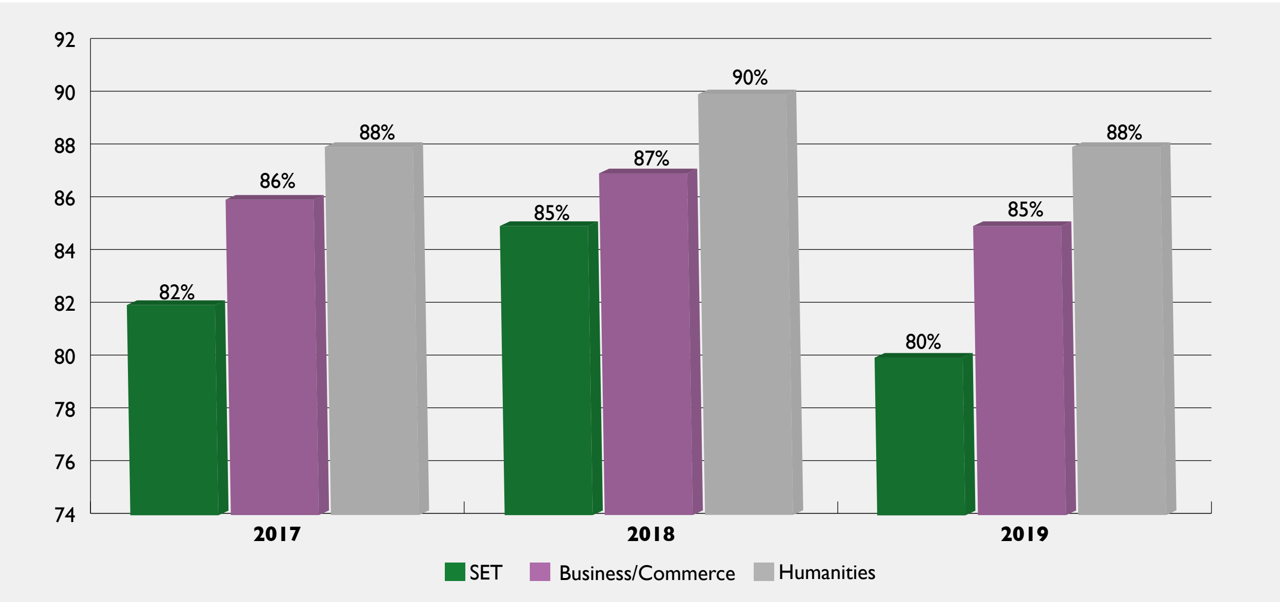



*Figure 11: Percentage success rates by major field of study 2017 – 2019*




## Fields of study

Although the DHET target of 80% was not reached by Coloured, Indian and White students in certain fields of study this year, DUT's overall success rates continue to meet the target (Figure 11).

After increasing from 2017 to 2018, success rates in Business/ Commerce and the Humanities decreased in 2019 to 85% and 88% respectively. The biggest decline, however, was experienced in SET where success rates fell by 5% to 80% in 2019. This requires further analysis for 2020 actioning.

## Graduation Rates

The Graduation Rate is calculated as the number of graduates as a percentage of the total headcount enrolled in a reporting year. Of the 35 272 students registered for various undergraduate and postgraduate qualifications at DUT in 2019, 9 241 (26%) completed their studies and graduated at the end of 2019. This indicator has remained between 24% and 26% for the years 2015-2019. While the graduation rate has remained roughly constant, the number of graduates has increased from 7 981 in 2018 to 9 241 in 2019, an increase of almost 16%. In 2019, 23 new undergraduate qualifications were offered with a total headcount of 3 262. Around 98% of 2019 graduates were completing undergraduate studies.

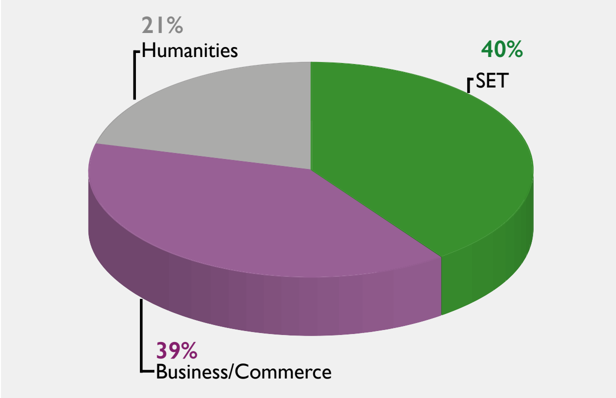
## Graduation by Gender and Race

The higher success rates for females are translating into higher completion rates as more female students (55%) completed their studies compared to male students (45%) in 2019. The majority of female graduates were in Business/Commerce (42%) and constituted 23% of total graduates. Of the 4 121 male students who graduated in 2019, almost half (49%) were in the SET field. The composition of the graduate students by race in 2019 was as follows: Africans 83%, Coloureds 1%, Indians 13%, and Whites 2% (Figure 12). Over the past two years, only African students have exhibited improved graduation rates increasing from 81% of total graduates in 2018 to 83% in 2019.

## Graduation by Major Field of Study

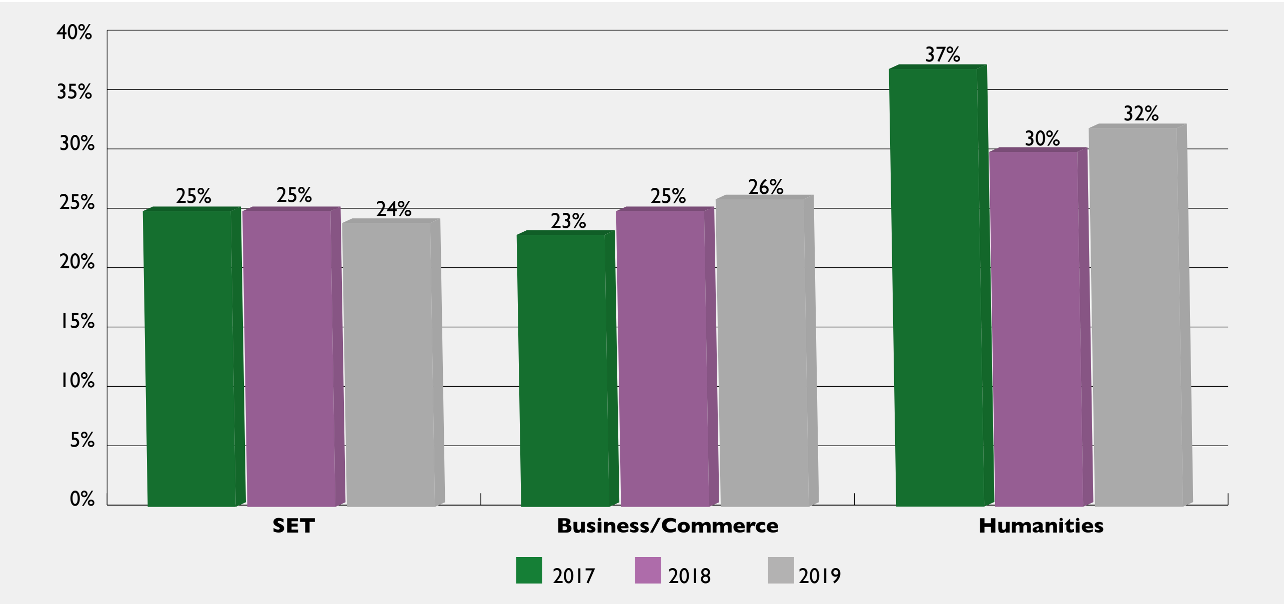
Of the 9 241 students who completed their studies at the end of 2019, 40% were in SET, 39% in Business/Commerce and 21% in the Humanities (Figure 12). Compared to 2018, SET has decreased by 2%, whereas Business/Commerce and Humanities have both increased by 1%. Of the 3 719 total SET graduates in 2019, 1 179 (46%) were female.

***Figure 12: Graduates by major field of study 2019***




Whereas the graduation rate is the number of graduates as a percentage of the total headcount enrolments in a 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 13 refers.

***Figure 13: Graduates as a percentage of enrolments within field of study 2017 – 2019***

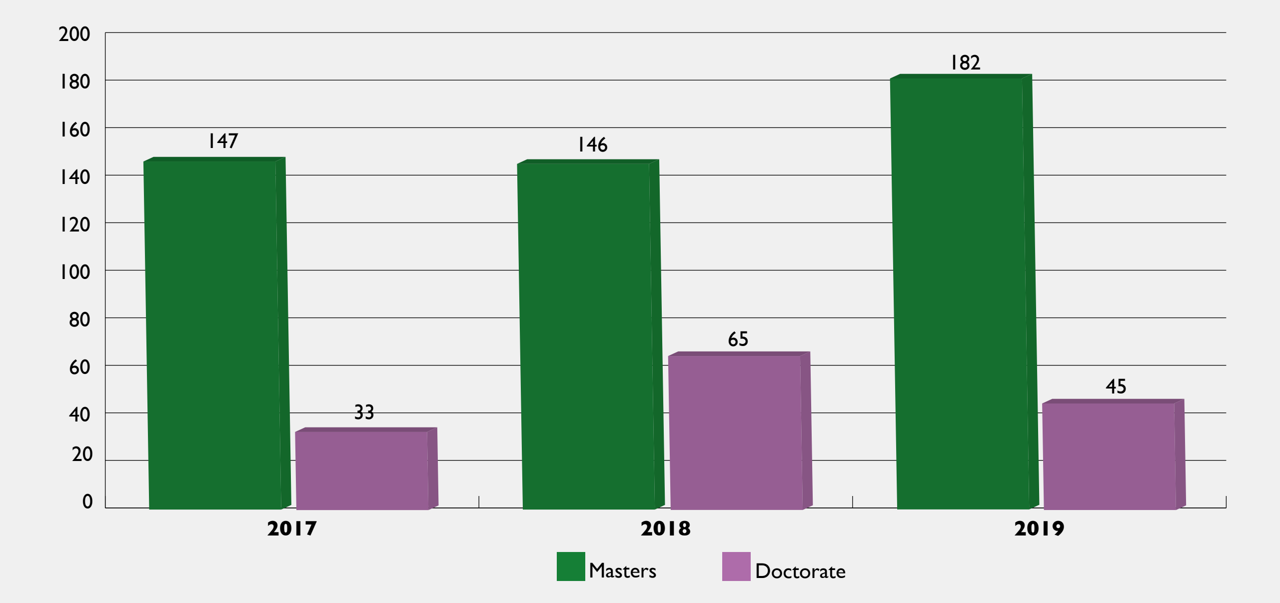



The ratio of graduates to enrolments in SET and Business/Commerce was roughly 1:4 over the past two years. There was a 1% decrease in the ratio of SET graduates to SET enrolments, but a 1% increase in the same metric in Business/Commerce in 2019. A 2% improvement was noted in the Humanities this year with a graduate: enrolment ratio of 32%.

## Postgraduate Graduation

Figure 14 shows the graduation data for Masters' and Doctorate students at the University, 2017-2019.

*Figure 14: Masters and Doctorate graduation 2017 – 2019*




The graduation rate for Masters' students has averaged 16% of enrolled Masters' students over the past 2 years but decreased to 14% in 2019. There is little difference in the graduation rates of full-time and part-time students, respectively. For example, in 2019, the graduation rate of full-time Masters' students was 15% compared to 14% for those enrolled part-time. Full-time doctorates' graduation rate was 10% compared to 7% for part-time students. However, it must be noted though that some students enrol as full-time for funding purposes but are studying part-time. Table 6 gives the number of Masters' and Doctorate graduates by faculty for 2017-2019.

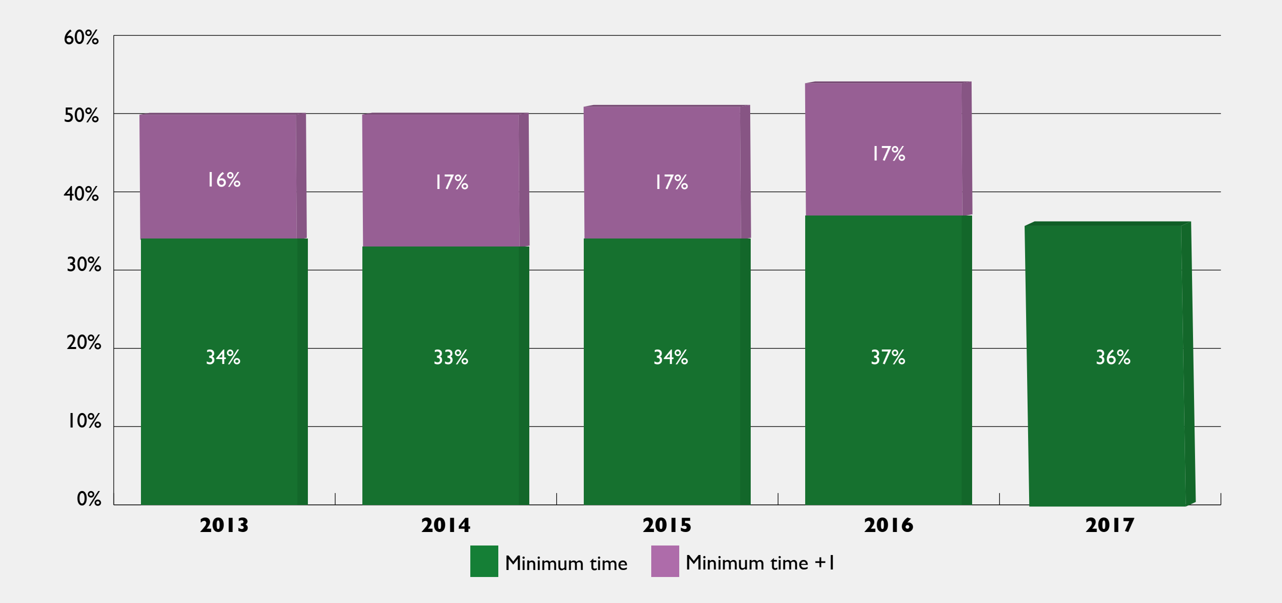
*Table 6: Postgraduate graduation by faculty (2017 – 2019)*

| Faculty | Number of Masters Graduates | | | Number of Doctoral Graduates | | |
|---|---|---|---|---|---|---|
| | 2017 | 2018 | 2019 | 2017 | 2018 | 2019 |
| Accounting and Informatics | 12 | 13 | 14 | | 6 | |
| Applied Sciences | 24 | 15 | 23 | 7 | 10 | 4 |
| Arts and Design | 2 | | | | | |
| Engineering and the Built Environment | 13 | 14 | 18 | | 6 | 2 |
| Health Sciences | 57 | | | | | |
| Management Sciences | 39 | 50 | 60 | 20 | 36 | 31 |
| **Total** | **147** | **146** | **182** | **33** | **65** | **45** |

## Cohort Studies

Figure 15 shows completion rates for the 2013-2017 cohorts of first-time entering students registered for a 3-year Diploma or Degree for minimum time completion (3 years) and minimum time plus one year (4 years). The similarity in performance is evident, with around 50% of students taking at least 4 years to complete their studies, and roughly one in three completing in minimum time. For certain programmes in Engineering, first-time entering students who enrol in June and successfully complete in minimum time are counted in the minimum time plus one year. There was a slight decrease in minimum throughput to 36% with the 2017 cohort. However, this decline has been offset by an improvement in persistence with dropout rates having fallen significantly over the past two years (Figure 15).

***Figure 15: Throughput rates for 3-year Diploma/Degree programmes (2013 – 2017 cohorts)***




It is possible that cohort throughput data may be distorted since 2013, as the curriculum renewal project unfolded in the University. As the renewal project is scheduled to be concluded in 2019 (pending CHE approval of the replacement programmes), it is hoped that a much clearer picture of cohort throughput rates will be forthcoming.

***Figure 16: Dropout rates for 3-year Diploma/Degree programmes (2013 – 2017 cohorts)***

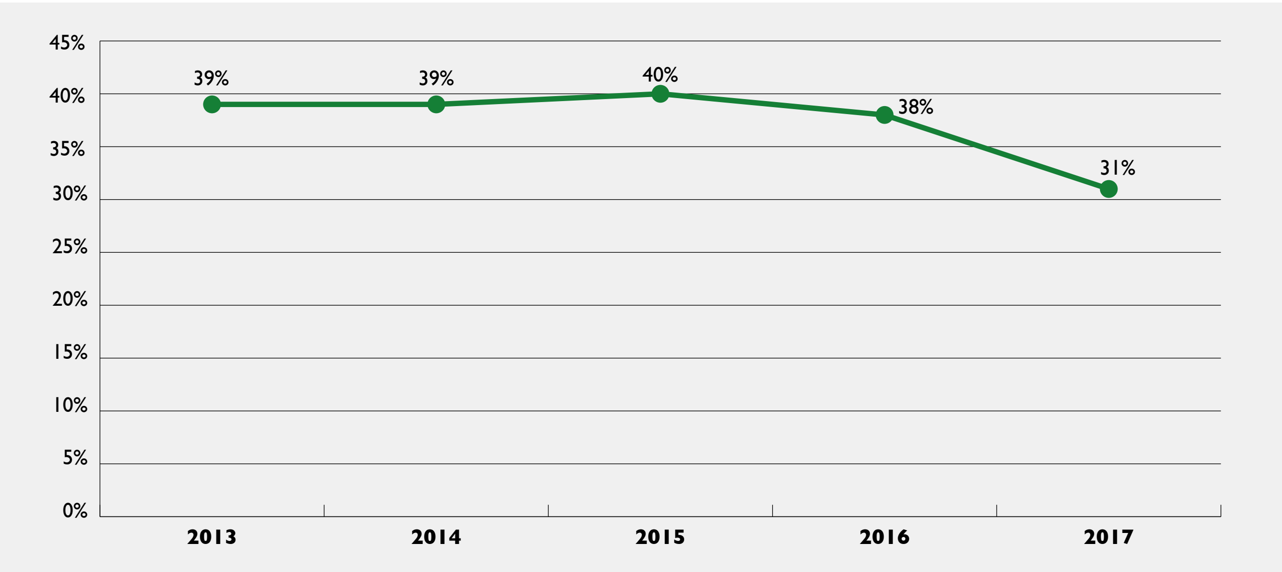
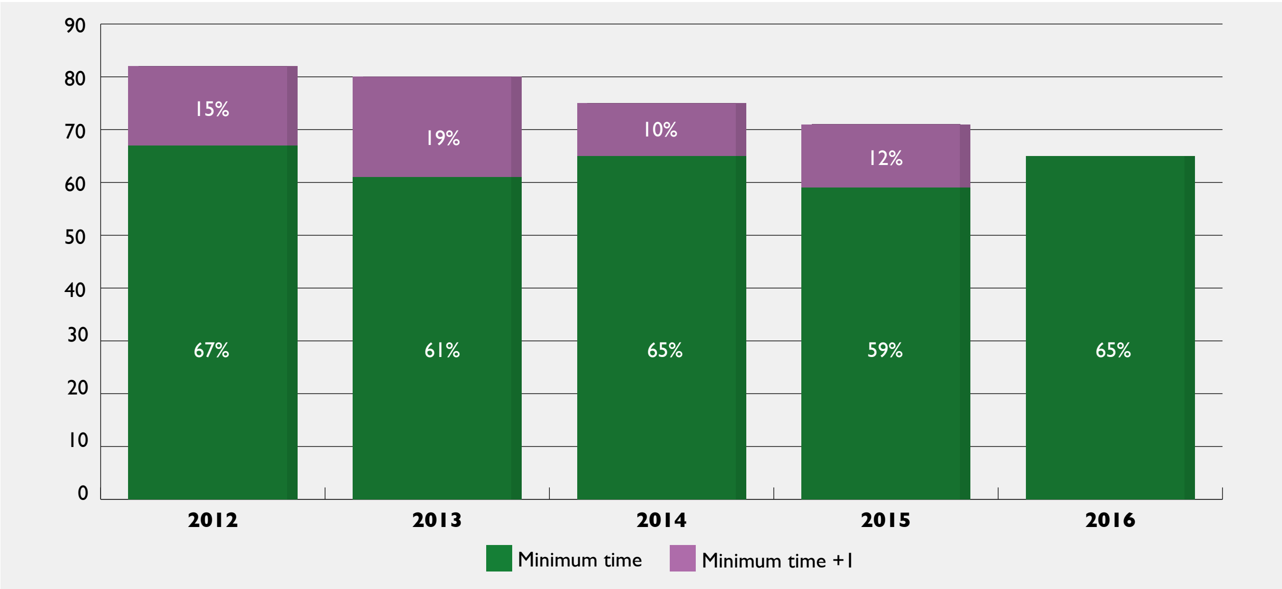



Figure 16 indicates that dropout rates have declined since 2015. While many factors may be responsible, this is a promising result as it bodes well for throughput albeit not in minimum time. It should also be remembered that many students may be forced to "stop out" as they await work-integrated learning placements, or for other reasons, such as earning money to pay for their studies.

Throughput rates for 4-year Bachelor's Degree students are much higher overall (Figure 17) than those for the 3-year Diploma/ Degree students. The decrease in minimum time throughput of the 2015 cohort was reversed with the most recent data available for the 2016 cohort. On average, minimum time throughput for 4-year Bachelor's Degree programmes has averaged 63% since 2014.

*Figure 17: Throughput rates for 4-year Bachelor Degree students (2012 – 2016 cohorts)*




The last group of undergraduate students considered is the B Tech cohort. After peaking in 2017, throughput has decreased for this group from 37% last year to 35% in 2019. However, as with the 3-year Diploma students, dropout rates decreased for the 2019 cohort.

## Siyaphumelela Project – Key Findings for Teaching and Learning

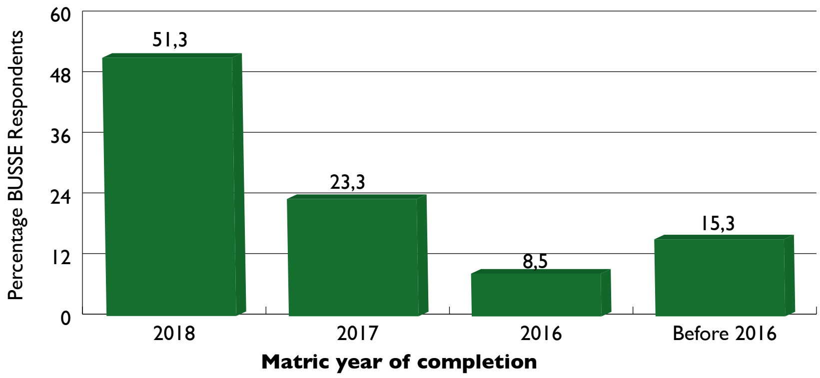
The year 2019 saw the University's Siyaphumelela (Student Success) Project draw to a close. One of the teaching and learning focus areas of the Siyaphumelela Project, during the first half of the 2019 academic year, was on understanding the experiences and challenges faced by our first-time entering students. The University's continued participation in the national Beginning University Survey of Student Engagement (BUSSE) provided useful data on our first-year students' prior high-school experiences and behaviours, and their expectations about university studies. Data from this survey was complemented by a new survey, the First-Year Student Survey (FYSS) that was designed by the DUT Siyaphumelela team to focus on students' experiences during the intake and registration process, in their first months at the University. The infographics below are a snapshot of some of these data.

In 2019, it was confirmed that DUT would collaborate with Achieving the Dream (ATD) to design and pilot a Holistic Students Support model for Southern African universities, using the ATD tools and expertise. Data from our BUSSE, FYSS and other sources will inform our planning, design and implementation of Holistic Students Supports at DUT in 2020. Other teaching and learning highlights included the official launch of AutoScholar, DUT's student tracking system, at DUT Data Day and the University's data warehouse, using the PowerHEDA platform. DUT Data Day is a revisioning of our biennial Institutional Research Day into an exhibition that showcases different data and the use of data to inform decision making across the University. In terms of teaching and learning, and the improvement of throughput, AutoScholar holds great promise for identifying at-risk students and intervening timeously through academic advising and other student support mechanisms.

One of the DUT Siyaphumelela Project's Wildly Important Goals (WIG), established at the outset of the project, was to improve the throughput rate (minimum time to graduation) of our three-year programmes, from the then 33% to 40% by 2020. The throughput rate for the 2016 cohort shows a move to 36%.

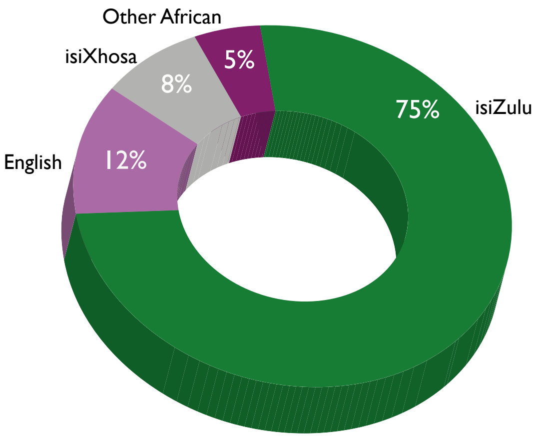
### Gap Year

BUSSE data indicates that the gap period has been declining. This implies a younger, possibly less mature first-time entering student cohort who may require greater academic and psychological support to deal with the potential challenges of higher education.

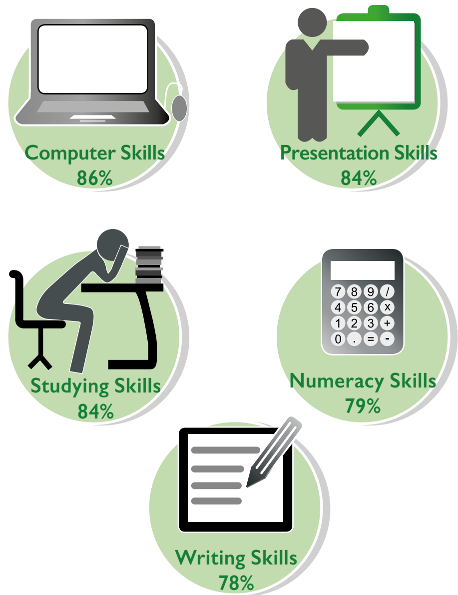


## Home Language

A student's home language, primary language of instruction at school and the language in which he or she is taught at university may act as impediments to student success.

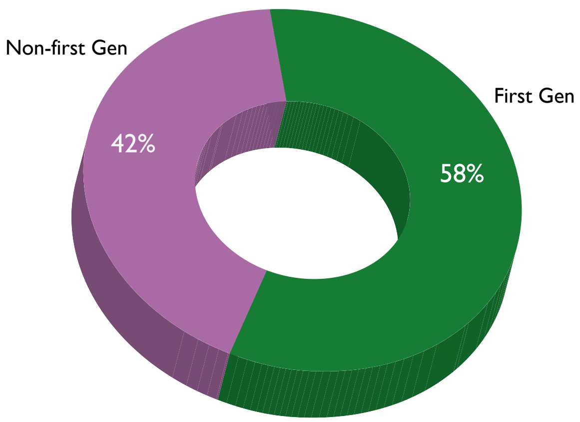



## The Skills Identified by FYSS Respondents as the Most Important to Improve at DUT




## First Generation Status

First-generation students are less-likely to have adult psycho-social support structures in the home environment.

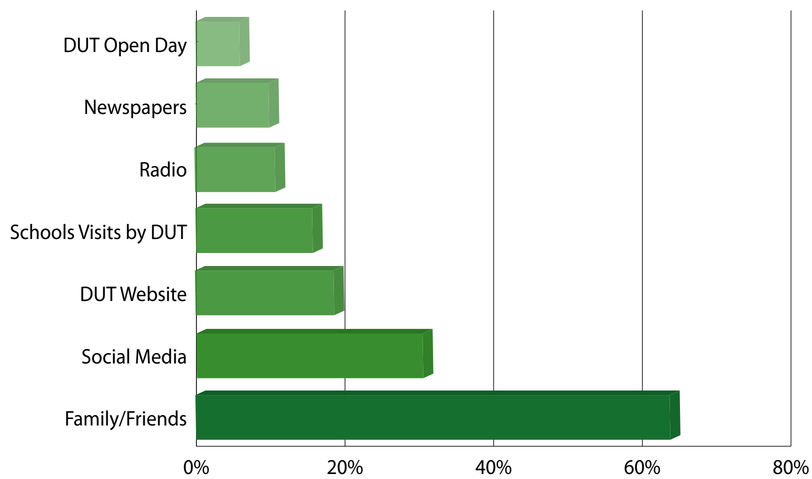



## Response: "Not at all Difficult" Getting Academic Help

Male students underestimate the amount of effort required in transitioning to higher education successfully, are less likely to seek guidance and expect more difficulty getting academic assistance when needed.


## "How Did You Hear About DUT?"

Financial viability requires that the University recruit both sufficient numbers of students each year and provide the necessary support for them to succeed.



## Research and Innovation

### Research and Innovation Focus Areas

In 2019, the University started the process of reviewing and realigning its Research Focus Areas (RFAs) to the Sustainable Development Goals (SDGs), the Provincial Growth Development Plan (PGDP) and the University's Extended Annual Performance Plan (EAPP) for 2019. This process is expected to continue in 2020. This resulted in the establishment of two new RFAs from the Faculty of Engineering and Built Environment. These are the Green Engineering and Process Sustainability RFA that is aligned to SDGs 6 and 11, and the Smart Grids RFA, aligned to SDG 7.

This brings our total of RFAs to 18 in 2019, although a review process may reduce the number depending on performance over the last five years and the need to realign the research and innovation focus to Strategy 2030 (the University's new strategy), the National Development Plan (NDP) and the Provincial Growth Development Plans (PGDP). Nine of these RFAs are emerging entities. Most of the RFAs are interdisciplinary, with cross-departmental/faculty/institutional collaboration.

***Table 7: Research Focus Areas 2019***

| Research Focus Area (RFA) | RFA Administrative Leader | RFA Administrative Leader's Department/ Faculty/Institute |
|---|---|---|
| 1. Water | Prof F Bux | Institute for Water and Wastewater Technology |
| 2. Enzyme Technology | Prof S Singh | Applied Sciences |
| 3. Nanotechnology | Prof K Kanny | Engineering and the Built Environment (Mechanical Engineering) |
| 4. Food and Nutrition Security | Prof EO Amonsou (from 1st April 2020) | Applied Sciences |
| 5. Computational Modelling and Bio Analytical Chemistry | Prof K Bisetty | Department of Chemistry |
| 6. Systems Science | Prof K Duffy | Institute of Systems Science |
| 7. Urban Futures | Prof M Marks | Urban Futures Centre |
| 8. Peace Studies | Prof G Harris | International Centre of Nonviolence (ICON) & Management Sciences |
| 9. Indigenous Knowledge Systems and Drug Delivery Systems – Plant Biotechnology | Prof B Odhav & Dr V Mohanlal | Faculty of Applied Sciences |
| 10. Management Studies | Prof R Rampersad | Faculty of Management Sciences |
| 11. Energy | Dr I Lazarus | Department of Physics |
| 12. ICT and Society | Prof OO Olugbara | Faculty of Accounting and Informatics |
| 13. Health Studies | Prof N Sibiya | Faculty of Health Sciences |
| 14. Gender Justice and Human Development | Prof C Potgieter | Arts and Design<br>Research and Postgraduate Support<br>(Coordinated by the Office of the DVC RIE) |
| 15. Transformation through the Arts and Design | Dr E Rapeane-Mathonsi | Faculty of Arts and Design |
| 16. Space Science Programme | Prof I Davidson (Re: Prof D Ilcev) | Accounting & Informatics<br>Management Sciences<br>Engineering & the Built Environment<br>(Coordinated by Office of the DVC RIE) |
| 17. Green Engineering and Process Sustainability | Prof S Rathilal | Engineering and the Built Environment (Chemical Engineering) |
| 18. Smart Grids | Prof I Davidson | Faculty of Engineering and the Built Environment (Electrical Power Engineering) |

## Research Output Indicators and Measurement

The Department of Higher Education and Training (DHET) released its 2018 report[5] *"Evaluation of Universities' Research Output"*. Details of how research outputs are measured are based on the 2015 Research Outputs Policy[6] which aims to encourage research productivity by rewarding quality research outputs at public institutions. Table 8 shows the weighting per research output indicator and the associated Rand value. While the focus here is on publications, masters and doctoral outputs, the Department of Higher Education and Training (DHET) also introduced the policy on the evaluation of creative outputs and innovations produced by South African Public Higher Education Institutions (gazetted in 2017) for implementation in 2018[7]. This policy measures creative outputs in the Fine Arts and Visual Arts, Music, Theatre, Performance and Dance, Design and Innovations that include Patents and Plant Breeders Rights (PBR).

***Table 8: Weighting and Rand value per Research Output 2018***

| Output Type | Weighting | Rand Value |
|---|---|---|
| Journal Publication | 1 | R130 294 |
| Book | Up to a maximum of 10 (for 300 pages and above) (depending on page numbers) | R1 302 294 (maximum) |
| Book Chapter | 1 | R130 294 |
| Conference Proceeding | 0.5 | R65 147 |
| Research Masters Graduates | 2 | R130 294 |
| Doctorate Graduates | 3 | R390 882 |

According to the DHET "Report on the Evaluation of the 2018 Universities' Research Outputs," DUT produced a total of 345.43 publication units in 2018 which is a 1.8% share of the total overall sector publication units. This ranks DUT in first position amongst universities of technology in South Africa on this indicator and 13th out of the 26 public institutions. In terms of conference proceedings, DUT produced 18.46 units (9th position), 0.57 per capita research publication outputs (17th position). In terms of the weighted per capita research output, the University ranked 15th, based on 605 academics, 345.43 publication units, 130 masters and 195 doctoral units, a total of 669.93 units. This translates to a weighted research output per capita ratio of 1.11 which is well above the norm for Universities of Technology. This is a remarkable improvement from the weighted research output per capita ratio of 0.8 that existed in 2016.

Table 9 shows the DUT performance on all (six) 6 indicators in relation to its number of permanently employed academics. This measures the efficiency of the institution on this indicator and is used to rank institutions, at least nationally. It is also clear from a strategic point of view that increasing both the intakes and graduations at masters and doctoral levels is essential to maximise on the subsidy, while contributing to human capital development.

***Table 9: DUT Weighted per Capita Research Output (2018)***

| | |
|---|---|
| HC of permanently employed academics (a) | 605 |
| Research Publication Units (1) | 345.43 |
| Research Masters' Graduates Units (2) | 130 |
| Doctorate Graduates (3) | 195 |
| Overall Research Output (1+2+3) | 666.93 |
| Weighted per capita research output (1+2+3)/a | 1.11 |

(**Source:** DHET Report 2018 Research Outputs)

The area still needing improvement is the percentage of staff with PhDs which was at 29.6% in 2018, appearing 22nd on the list, although this was a significant improvement from 23% in 2016. The national average of academics with PhDs is 48%, while the national goal is 45%. Despite this deficit, DUT was placed 6th (0.36) in terms of the ratio of doctoral graduates per doctorate staff. This increased from 0.29 in 2016.

Our research impact, in terms of SciVal (Scopus data analytics tool), shows that the DUT field-weighted citation impact from 2016 to-date is 2.74. This means that DUT's publications have been cited 174% more than the global average of 1 on the Scopus database. The three-year trend in publications, Masters and Doctorate outputs is indicated in Figure 18.

5. https://www.up.ac.za/media/shared/1/2020/May%202020/report-on-the-evaluation-of-the-2018-universities-research-output_april_2020.doc.zp189504.pdf
6. Research Outputs Policy, 2015, http://www.dhet.gov.za/Policy%20and%20Development%20Support/Research%20Outputs%20policy_2015.pdf (Accessed 15th May 2020).
7. http://www.sun.ac.za/english/research-innovation/Research-Development/Documents/Research%20Outputs/Government%20Gazette%20Policy%20Evaluation%20Creative%20Ouputs%202017.pdf

*Figure 18: Total Research Outputs 2016 – 2018*

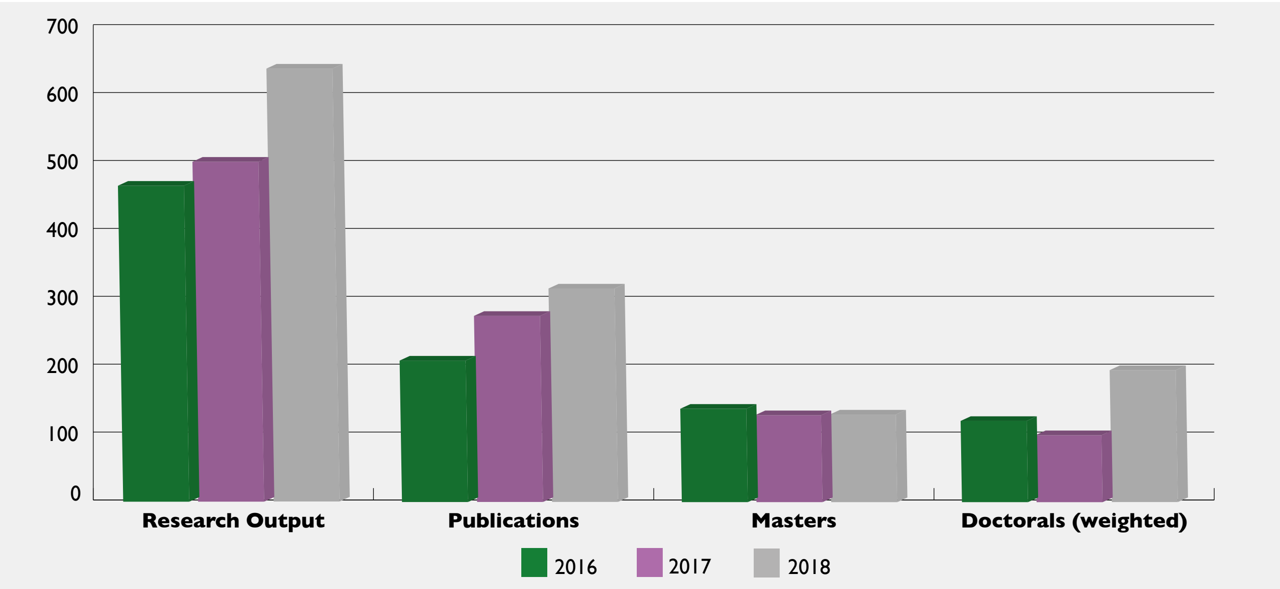
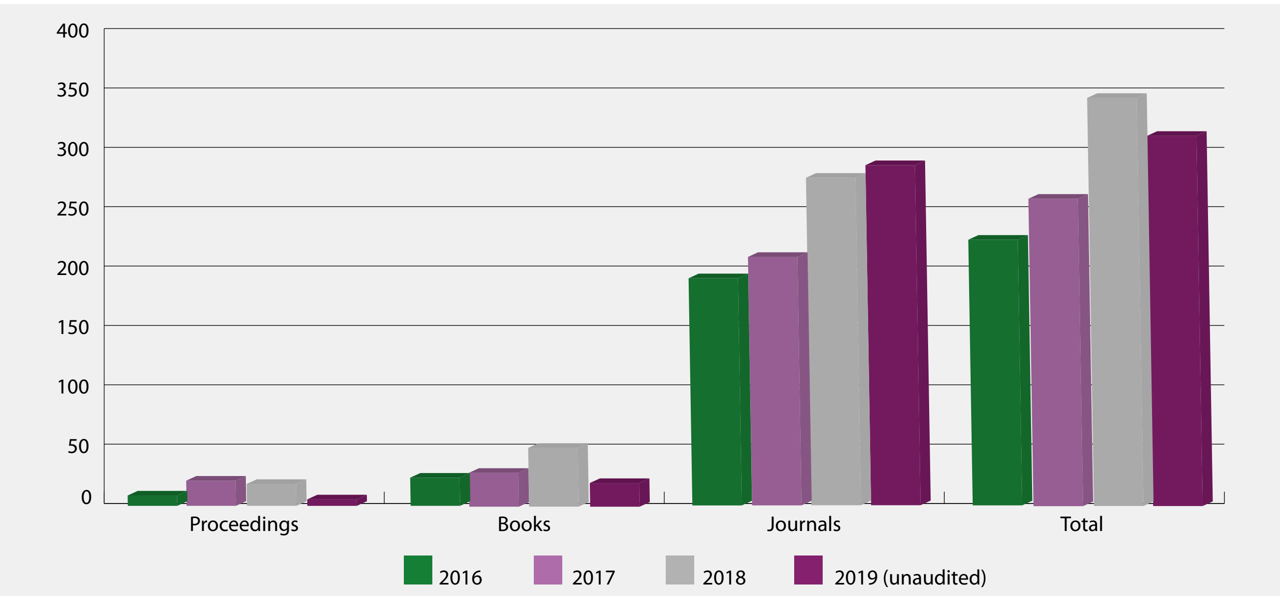



Table 10 disaggregates the research publications output into proceedings, books and journals. While proceedings outputs decreased in 2018 (compared to 2017), the outputs derived from books and journal publications increased significantly by 21.08 and 66.78 units respectively. The unaudited journal publication units for 2019 are estimated as 287.47 representing a 4% increase on 2018. The decrease in total research publication outputs from 344.93 (2018) to 312.92 (2019) is due to a substantial decrease in proceedings and books. However, final confirmed units for 2019 will only be completed by DHET in the course of 2020 (see Figure 19 below).

*Figure 19: Research Publication Outputs 2016 – 2018*




In 2017, there were approximately 155 active staff publishing, with this increasing to 170 in 2018, approximately 28% of the 605 academic staff and approximately 180, which is 30% in 2019. This ratio is closely linked to the percentage of staff with PhDs and increasing the pool of staff with PhDs will have a direct impact on staff being engaged in publishing, disseminating new knowledge and/or producing creative outputs and innovations. The role played by postdoctoral fellows who are based in various research and innovation focus areas, contributing to the output pool of the University, are also recognised. By the end of 2019 there were approximately 262* authors recorded as contributing authors which included staff, students and postdoctoral fellows.

*Table 10: Finalised Audited Data based on the DHET Report 2018 compared to 2019* (*Still being audited)*

| Research Outputs (2018-2019) | 2018 Actual Achieved (AA) as per DHET 2018 Report | 2018 DUT audited achievement | 2019* |
|---|---|---|---|
| Research Output Units | 669.93 | 639.93 | 615.92 |
| Publications | 345.43 | 315.43 | 312.92 |
| Masters | 130 | 129.5 | 168 |
| Doctorals (weighted) | 195 | 65 | 45 |
| Research output grant | 87 287 859 | 83 379 039 | 80 250 680 |

Table 10 shows actual data as awarded finally by DHET for 2018 publication outputs5 in comparison to 2019. We have included the final audited data that was captured by the University before the final DHET awards for the three categories of research outputs (publications, masters and doctoral outputs) as well. Note the unit value is R130 294 for 2018 outputs. Maximizing these outputs contributes to maximizing our income streams that would then make the University sustainable as well as contribute to human capital development and economic growth.

## National Research Foundation (NRF) Rated Researchers

The total number of NRF-rated researchers at DUT increased to 37 in 2019, up from 31 in 2018, an overall increase of 19% (Table 11). The six additional researchers comprise one Indian female, one White female and four African male researchers respectively. Other key changes in the number and composition of NRF-rated researchers, observed in 2019, included the following:

- One researcher previously rated at A2 was re-rated to B1, and one researcher whose rating had lapsed in 2018 was reinstated as C1 in 2019. Researchers' ratings generally run for five years, after which they have to apply to NRF for re-rating.
- Three new researchers achieved Y2 (promising young researcher) rating, taking this number up to 8 in 2019 from 8 in 2018. The greatest rating improvement was observed in category C2 (established researcher). Figure 21 refers.
- The 67% increase in the number of African male rated researchers in 2019 was distributed equally between the C2 and Y2 categories.

*Table 11: NRF Rated Researchers 2019*

| NRF Category (January 2019) | Researcher | Specialisation |
|---|---|---|
| **B1** | Prof MJF Chapman | South African literature |
| **B2** | Prof M Marks | Community development, Community based research, Policing - Studies, Security management, Ethnography, Community engagement, Urban studies, Drug use disorders and drug policy |
| | Prof J Preece | Adult education, Lifelong learning, Community engagement |
| **B3** | Prof F Bux | Wastewater technology, Algal biotechnology, Wastewater bioremediation, Biological wastewater treatment |
| | Prof S Singh | Environmental enzymology |
| | Prof TA Stenstrom | Applied and Environmental Microbiology, Environmental Impacts, Applied environmental science, Advanced microbiology |
| **C1** | Prof K Bharuth-Ram | Nanomaterial science, Nuclear solid state physics, Hyperfine interactions, Crystal lattice defects, Magnetic materials, Emission channeling, Mossbauer spectroscopy |
| | Prof K Kanny | Nanomaterials, Conductive polymer nanocomposites, Analytical polymer science, Natural fibre reinforced composites, Robotics, Nanoclay polymers, Nanostructures, Plastic design of structures, Fatigue and fracture |
| | Prof JO Ojo | Electric power, Clean and renewable energy, Electrical motor drives, Renewable energy technologies, Power electronics and machines, Solar energy (Photovoltaics), High voltage direct current, Advanced control methods, Distributed generation of electric power, Electric current converters |

8. Research Outputs Policy, 2015, http://www.dhet.gov.za/Policy%20and%20Development%20Support/Research%20Outputs%20policy_2015.pdf (Accessed 15th May 2020).

| NRF Category (January 2019) | Researcher | Specialisation |
|---|---|---|
| C2 | Prof AJL Collins | Critical psychology, Gender studies, Media studies, Counselling psychology, Cultural studies |
| | Prof N Deenadayalu | Thermodynamics, Ionic liquids, Pulp and paper, Solvent extraction, Phase equilibria, Chemical thermodynamics, Activity coefficients, Lignocellulose, Pulp and paper - Biotechnology, Chemical biotechnology |
| | Prof M Govender | Relativistic astrophysics, Thermodynamics, Gravitation, General relativity (Physics) |
| | Prof GT Harris | Peace studies - Africa |
| | Prof OA Ijabadeniyi | Basic and Applied Microbiology |
| | Prof D Jaganyi | Kinetics, Kinetics/reaction mechanisms, Academic management, Analysis, Postgraduate supervision |
| | Prof T Kudanga | Biocatalysis, Bioactive compounds, Antioxidants, Biotransformations, Antimicrobials, Environmental biotechnology, Lignocellulose, Biomaterials |
| | Dr M Moyo | Plant sciences, Plant biotechnology, Plant tissue culture, Plant growth regulators, Plant growth and development |
| | Prof CE Napier | Public Health Sciences |
| | Prof K Permaul | Enzyme application in biocatalysis, Microbial enzymes, Directed evolution, Enzymes – Industrial application |
| C3 | Prof K Bisetty | Computational chemistry, ElectroAnanlytical Chemistry, Biosenors |
| | Prof N Dorasamy | Governance and public management, Public administration - Ethics, Values based leadership |
| | Prof KJ Duffy | Mathematical modelling, Ecological modelling, Monte Carlo methods, Computational mathematics |
| | Prof RM Gengan | Bio-organic chemistry, Organic synthesis, Natural products – Isolation characterization, Nanochemistry |
| | Dr SK Kuttan Pillai | Applied and Environmental Microbiology, Biological wastewater treatment, Biohydrogen, Microalgae, Waterborne diseases, Drug resistance, Antibiotic and metal resistance |
| | Prof B Odhav | 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 |
| | Prof OO Olugbara | Computer science, Information technology, Computer science, Information technology, Information technology – Applications |
| | Prof CA Potgieter | Lesbianism, gay and lesbian psychology |
| | Prof N Sibiya | Primary health care, Maternal and child health |
| | Dr KG Zloschastiev | Superfluidity, Gravitation, Quantum physics, Degenerate quantum gases, Open quantum systems, Quantum field theory, Elementary particles, Cosmology, Differential equations, Nonlinear and complex systems |
| Y2 | Prof EO Amonsou | Food processing, Food chemistry |
| | Dr K Erwin | Sociology, Urban, Community based research, Ethnography, Sociology – Race, Class and Gender, Urban housing, Race |
| | Dr L Madikizela | Analytical chemistry |
| | Dr OA Olanrewaju | Energy modelling |
| | Dr JD Pillay | Community public health, Health Promotion through physical activity, Physical activity in the workplace, Physical activity and health, Physical activity measurement, Physical activity and non-communicable diseases, Physical activity epidemiology |
| | Dr S Sabiu | Biochemical toxicology, Molecular and cell biology, Reactive oxygen species and antioxidants, Advanced Human Genetics, Ethnobotany – Medicinal plants, Phytomedicine and Phytopharmacology |
| | Dr A Vahed | Metallographic structure of newly developed dental materials, and the teaching, learning and assessment |
| | Dr K Venugopala | Antimicrobial screening, Pharmaceutical sciences, Antimalarial compounds, Antituberculosis drugs, X-ray crystallography, Anticancer plant products, Antimicrobial peptides, Isolation and structural elucidation, Antioxidants, Anticancer drug development |

Figure 20 presents the number and ratings of the NRF-rated researchers for 2019. C2 and C3 are the categories with the greatest number of researchers (10 each), followed by Y2 with 8 researchers. The "C" rating represents more established researchers with a sustained recent record of producing quality work and ongoing engagement within their field. The "Y" rating represents emerging researchers as noted earlier.

Figure 21 presents the trend in the number of NRF rated researchers from 2016 to 2019. Over the past two years, the biggest improvements are observed in the C2 and Y2 ratings. The racial composition of researchers by broad rating category for 2019 is presented in Figure 22 and changes in the overall ethnic composition of NRF-rated researchers are illustrated in Figure 23. Although Indian researchers have dominated the pool of NRF-rated researchers since 2015, the highest growth rate between 2018 and 2019 was that of African researchers (58%). Figure 23 refers.

***Figure 20: NRF Rated researchers 2019***

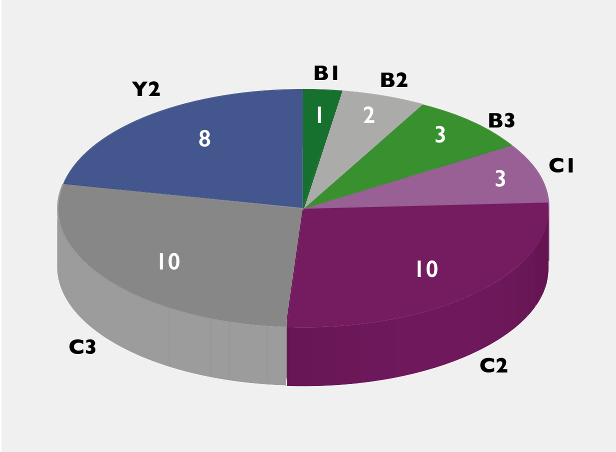



***Figure 21: NRF rated researchers 2016 – 2019***

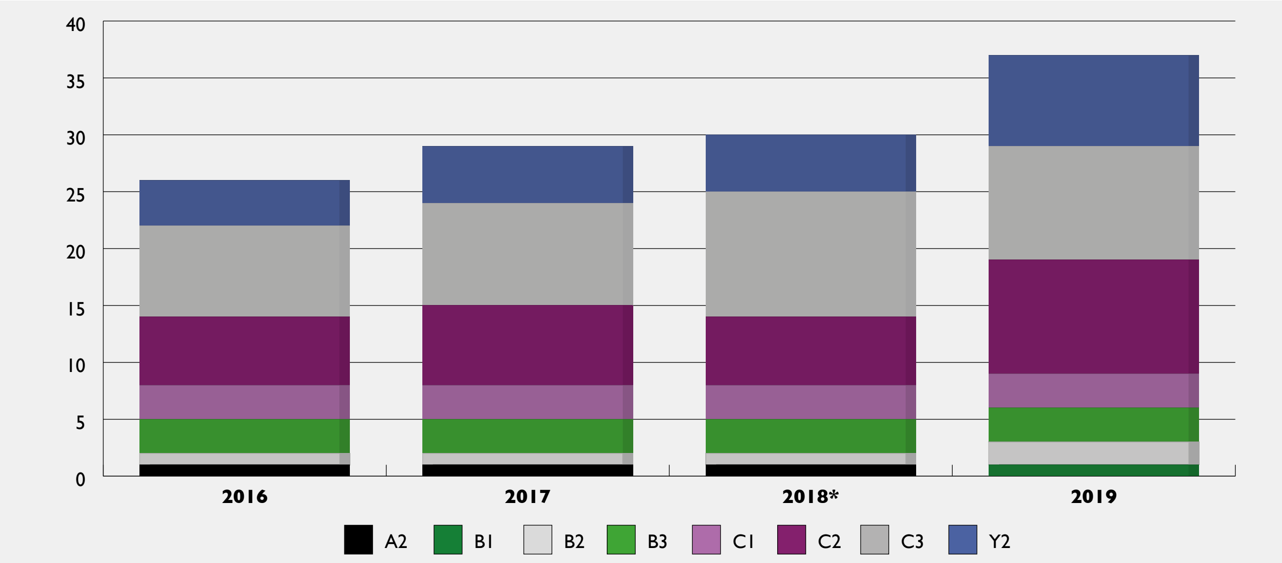



***Figure 22: NRF rated researchers by broad rating category 2019***

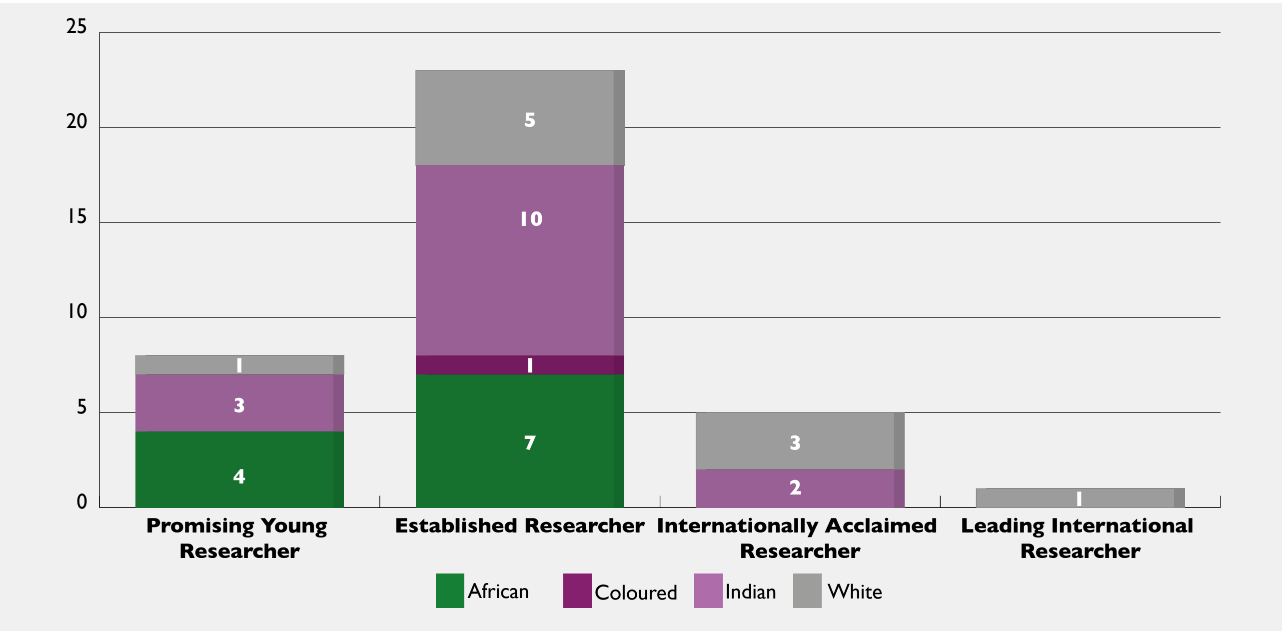
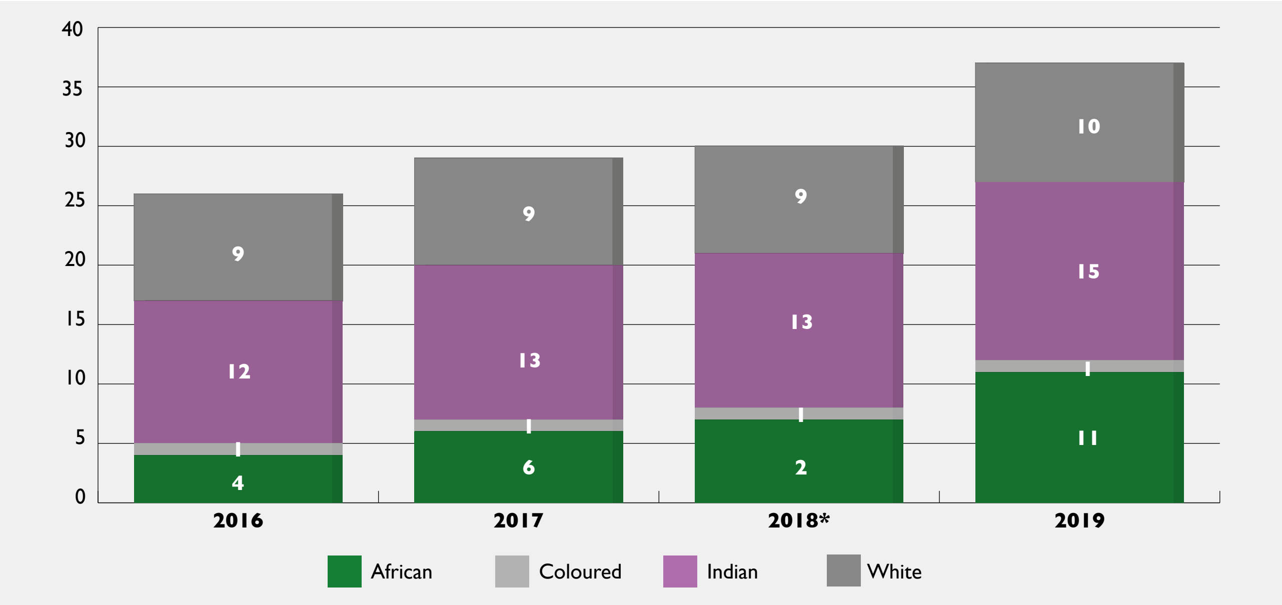
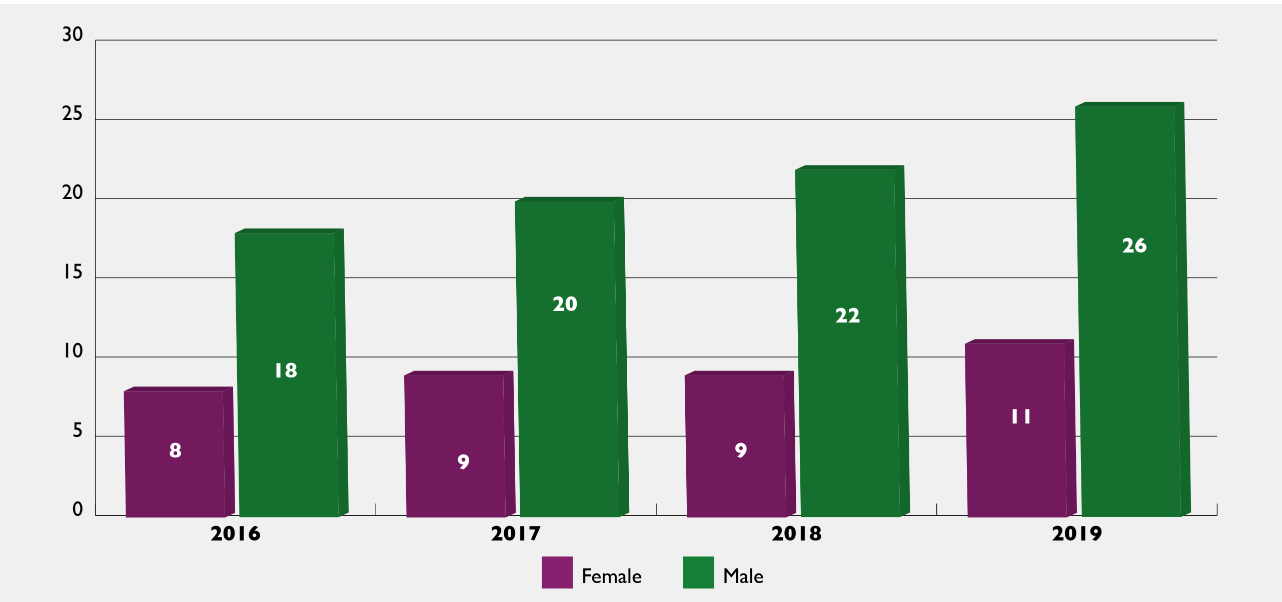


*Figure 23: Racial composition of NRF-rated researchers 2016 – 2019*




In terms of the gender composition of NRF-rated researchers, the number of male researchers increased from 22 in 2018 to 26 in 2019, while females increased from 9 to 11, respectively. This shows that both the number and the growth rate of male researchers have tended to outstrip that of females since 2016 (Figure 24). These noticeable trends are mainly a reflection of DUT's underlying staffing in general and doctoral mentoring programmes in particular, since candidates for NRF rating must have a doctorate. As an intervention in increasing the pool of female rated researchers and researchers from previously under-represented groups, DUT has applied for a targeted NRF customised grant, which, if successful, will be used to nurture female black staff members towards applying for rating. A very structured and targeted process of mentoring and assisting staff members to publish in high impact journals for a minimum period of three years takes place before staff apply for rating. On the other hand, while males easily form social support groups, historically females are challenged for socialised support and thus require targeted on-the-job mentorship, especially for rating and any other research and innovation-oriented development. Additionally, the DVC RIE sector started a rating mentorship programme in 2019, with some of the candidates having already applied for 2021 NRF rating. The mentorship programme for 2020 will form part of the launch of the Research Academic Leadership Programme (RALP), co-funded by the NRF grant (if successful), UCDG (for certain components) and the Research Capacity Development Grants. This will be strengthened to also target female mentees with the aim of increasing female researchers at DUT. Furthermore, low female numbers are also a reflection of the Faculty structuring, for example, in the Faculty of Engineering and the Built Environment, there are very few females with engineering doctorates, thereby impacting the potential number of female rated researchers.

*Figure 24: NRF rated researchers by gender 2016 – 2019*



## NRF Grantsmanship

Each year, the National Research Foundation (NRF) calls for eligible researchers and students (current and prospective) to apply for funding under several of its programmes. Figure 25 indicates that, of the 302 total submissions by DUT to NRF in 2019, student scholarships (253) accounted for the bulk of applications. The latter comprised 41% Masters, 31% B Tech and 28% Doctorate applications.

The Balance (adjusted funding at 05 June 2020) to DUT emanating from these awards for 2020, is approximately R10 million (R9 872 000) (Table 12).

***Figure 25: NRF Grant Applications 2019***

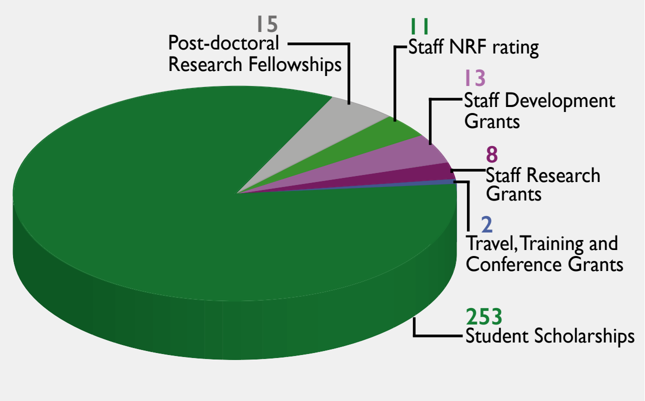
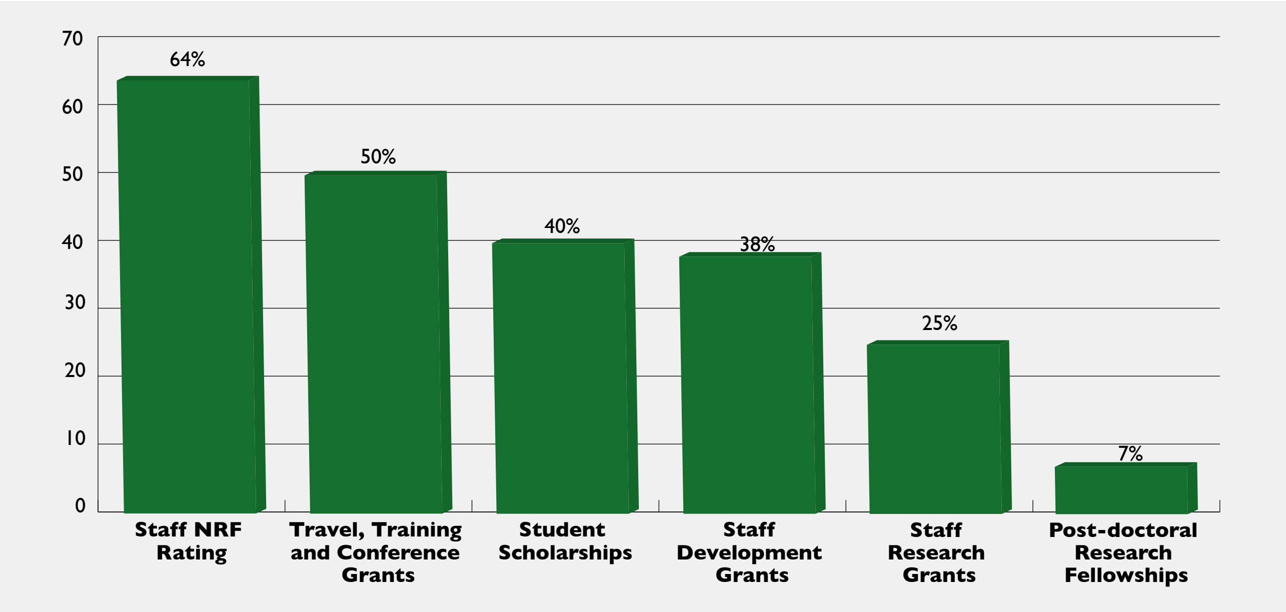



***Table 12: NRF Grant applications and income***

| Funding Broad Category | No. of Applications submitted to NRF | No. of Successful applications | Application success rate (%) | Income to DUT in year 2020 (R'000) |
|---|---|---|---|---|
| Student Scholarships | 253 | 101 | 40% | 7 547 |
| Post-doctoral Research Fellowships | 15 | 1 | 7% | 305 |
| Staff NRF rating | 11 | 7 | 64% | 160 |
| Staff Development Grants | 13 | 5 | 38% | 785 |
| Staff Research Grants | 8 | 2 | 25% | 1 040 |
| Travel, Training and Conference Grants | 2 | 1 | 50% | 35 |
| **Total** | **302** | **117** | **39%** | **9 872** |

The awarding/non-awarding of grants depends on many factors which are provided by the Funding Agency as feedback to the applicants. Hence, determining the "application success rate" (i.e. the percentage of submitted applications that are awarded grants) is open to interpretation (Figure 26).

***Figure 26: Success rate of NRF Grant Applications 2019***



## Staff Qualifications

The University has been making a determined effort, over the past few years, to ensure that any new instructional/research staff who are appointed have doctoral qualifications, and to encourage existing staff to improve their qualifications to doctoral level. The proportion of instructional/research staff with doctoral qualifications increased marginally from 29.6% of total instructional/research staff in 2018 to 30% in 2019, having made a significant improvement in 2018, from the 2017 figure of 24%. Including the number of doctorate qualified staff in the Research Directorate, this takes the number up from 179 in 2018 to 183 in 2019.

Data available at the time of writing this report indicate that the number of staff with Masters as the highest qualification has seen significant growth between 2018 and 2019, rising from 282 to 302 or 49.4% of total instructional/research staff. There were 126 staff who were not in possession of a Masters in 2019. While there may be various reasons for this, for example NGap appointments, faculty feedback indicates that at least half of these staff were studying towards a Masters in 2019 with 28 expecting to complete their studies in 2020, and a further 27 anticipating completing in 2021.

Figure 27 compares the number of staff with doctoral qualifications to the number of doctorate graduates per year for the 2015-2019 period. In this regard, after almost doubling from 33 to 65 graduates in 2018, the number of doctorate graduates decreased to 45 in 2019.

***Figure 27: Doctorate staff and doctorate graduates 2015 – 2019***

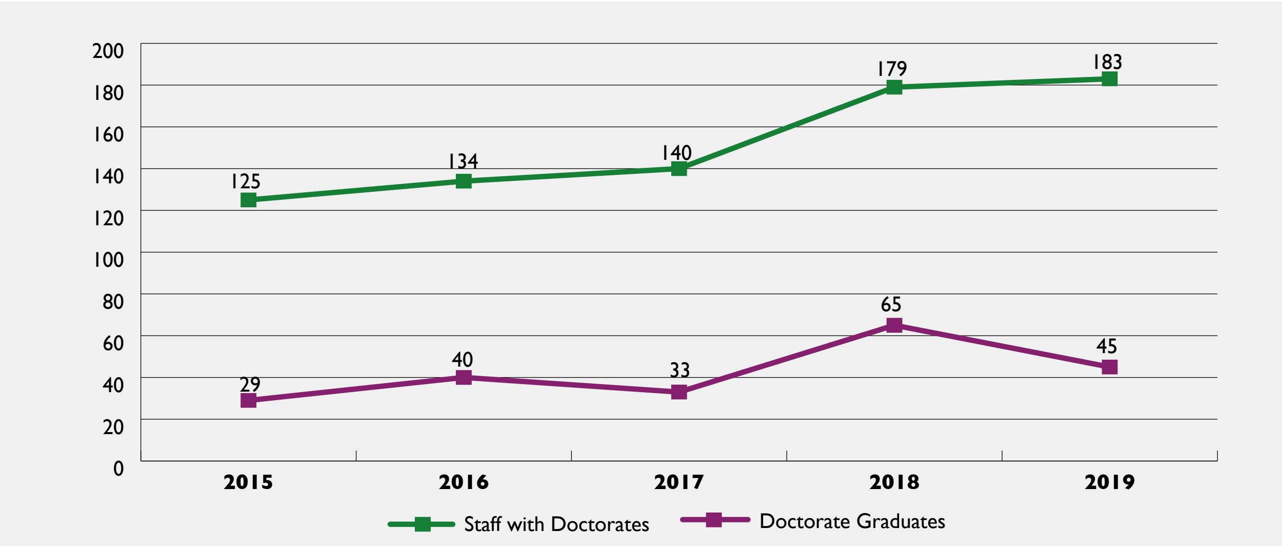



***Figure 28 Ratio of doctorate graduates to doctorate staff 2015 – 2019***

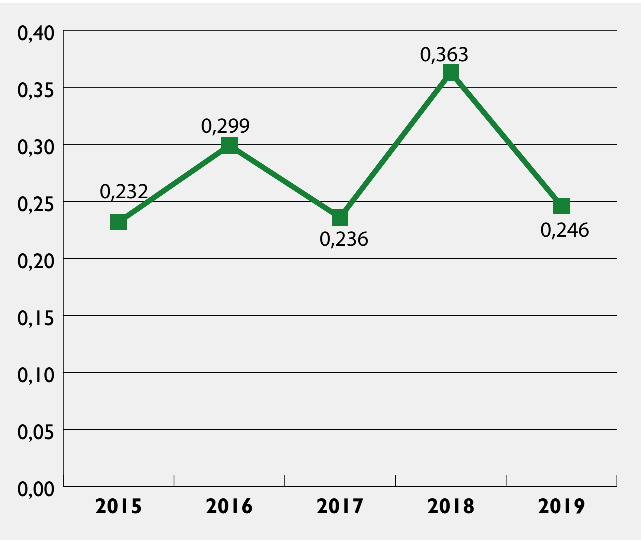



Figure 28 shows that the "productivity" in terms of the number of doctorate students graduated, per instructional/research staff with a doctorate qualification, has increased marginally since 2015. In 2015, for example, the average ratio of doctorate graduates to instructional/research staff holding a doctorate was 0.23, rising to 0,36 in 2018 and declining to 0,25 in 2019 (Figure 28).

## Institutional Joint Conferences Organised

In 2019, DUT co-hosted five international conferences and two national conferences. These conferences provide a platform for sharing and dissemination of research results plus networking for both emerging and established researchers. The proceedings of the conference are peer reviewed and published as either conference proceedings or in selected special issues of journals. This contributes to the units that the University generates.

The following conferences were co-hosted:

1. DUT and eThekwini Municipality and the International Sociological Association hosted the 2nd International Conference on Public Participation. https://www.dut.ac.za/the-public-participation-conference-a-great-success/.

2. 2019 International Conference on Foreign Language Teaching (DUT-CI, UKZN). https://www.dut.ac.za/conference-explores-effective-ways-of-advancing-the-teaching-and-learning-of-foreign-languages-to-promote-global-mobility
3. ICTAS 2019 (the ICT and Society Conference) hosted annually and certified by IEEE. See http://www.ictas2019.com. Partners – Computer Mania, IEEE Xplore, NRF, Oracle Academy. (Accredited Proceedings).
4. 2019 International Conference on Advances in Big Data, Computing and Data Communication Systems (icABCD 2019), with support from IEEE South Africa. http://icabcd.org/2019/
5. Modern Treatment of Symmetries, Differential Equations and Applications (Symmetry 2019), Suranaree University of Technology (SUT), DUT and Lavrentyev Institute of Hydrodynamics Russian Academy of Sciences.
6. Intra-Africa participation: DUT's 4th Annual Interdisciplinary Research and Innovation Conference. https://academicadvice.net/4th-interdisciplinary-research-and-innovation-conference-2019/
7. DUT national hosting of the Entrepreneurial Development in Higher Education (EDHE) Lekgotla 2019, in collaboration with the British Council, USAf and DHET. https://edhe.co.za/edhe-lekgotla-2019/

Apart from hosting these conferences, the University sponsored staff to attend both national and international conferences to the value of approximately R1.3 million. All sponsored staff are expected to publish, preferably in accredited journals and not just conference proceedings.

## University Capacity Development Grant (Research Component) 2019

The research component of the University Capacity Development Programme (UCDG) is part of Project 5 of a set of initiatives to support emerging researchers complete their qualifications and become active researchers and good scholars. In 2019, a number of staff and students were supported for the following programmes:

***Table 13: UCDG Research Development support***

| UCDG Project 5: Research Development | No. of staff supported |
|---|---|
| Activity 5.1: Postdoctoral Programme | 14 |
| Activity 5.2: Mentorship Programme (PhD & masters support) | 16 |
| Activity 5.3: Academic Exchange and Mobility Programmes | 21 |
| Activity 5.4: Supplementation of developmental grants | 12 |
| Activity 5.5: Directed research focus area funding | 25 |
| Activity 5.6: Research and Postgraduate skills training | 9 completion grants<br>9 start-up grants<br>10 skills development workshops |

DUT offers many opportunities for Research and Innovation development together with opportunities for International Exchanges facilitated through our International Office. Most emerging researchers struggle with time management and balancing teaching and learning commitments with research. Hence mentorship programmes help to assist researchers plan a research career and also make use of their teaching platforms to contribute to scholarship.

### Research and Innovation Chairs in 2019

The South African Research Chairs Initiative (SARChI), established by the Department of Science and Innovation (DSI) and the National Research Foundation (NRF), makes awards on a competitive basis and is reviewed every five years. DUT's Chair was renewed for the period 2018- 2022 for cycle 2 and is based on five-yearly reviews. The Chair is meant to attract and retain research and innovation in South African universities. The DUT Chair is strongly embedded in the local context and has solid networks both nationally and internationally. It also attracts a large cohort of emerging researchers in inter- and multi-disciplinary teams. DUT hosted one SARChI Chair in the Institute for Water and Wastewater Technology (IWWT). The value of this Chair, currently held by Professor Faizal Bux, is R3 450 000 per year and hosts 13 students who received SARChI linked scholarships, five students with freestanding scholarships and seven researchers working on SARChI related projects. This Chair provides a platform for interdisciplinary teams to come together and collaborate. In addition, it has strong industrial links that provide opportunities for commissioned research from the region.

### Additional Chairs held during 2019 include the following:

i. The Bankesta Chair in Digitisation, valued at R3.97m for 2019 (up to March 2020). This Chair had to offer training as well as embark on research for the banking sector and was held by Dr Surendra Thakur.

ii. A second Chair was awarded through the Insurance SETA (Inseta) for the period December 2019 -2021 with a value of R7.2m, also awarded to Dr Surendra Thakur.

These Research Chairs contribute to the total Research and Innovation income, which for 2019 was R66 524 022, marking an increase of 18.4% from the R56 202 173 baseline reached in 2018.

### Internationalisation

Internationalisation strategies focused on both internationalisation at home and abroad. We are unable to present actual numbers as DUT is working towards a central repository of internationalisation efforts and staff and student mobility (both incoming and outgoing). Data available at present do not portray the full extent of the University's performance in this area.

Two key strategic initiatives of the 2019 were:

a. Collaborative Online International Learning (COIL), involving academics and students. This was developed as a model for fostering cross-cultural student competence through the development of multicultural learning environments that link university or college classes in different countries online. This initiative has grown with more of the DUT Faculty and students participating, and includes collaboration with institutions in countries such as Mexico, Brazil, the Netherlands and the United States of America.

b. Academic mobility and exchanges, both incoming and outgoing is largely organised through the Office of the International Education and Partnerships. Some of the countries in which the University has a strong collaborative partner, include Germany, China, the United Kingdom, Spain and Reunion Island, to name but a few. The Erasmus+ Programme saw mobility exchanges between DUT and partner institutions in the United Kingdom, Germany and Finland. We have been fortunate to enjoy the visits of a number of Fulbright scholars, for example, Prof Peter Glendinning, in the Journalism programme, who worked with photojournalism students on a project entitled 'Attached to the soil'. The University's links with China, through the Confucius Institute, allowed staff and student exchanges in the departments of Clothing and Textiles, Maritime Studies, Visual Design and Communication, Fashion, Media and Languages, while artists in residence and other types of academic arrangements have given staff and students opportunities both at home and abroad, for international engagements.

### Research and Innovation Awards 2019

The 2019 Research and Innovation Awards recognised excellence and achievements of the DUT researchers and innovators. The University has experienced rapid growth in its research performance over the last five years, achieving above its planned targets for the period 2015-2019, in terms of the impact of the publications (according to Scival accessed 31st October 2019), DUT performed above the global average of 1.This increase is due to the efforts of those staff who strive for excellence, completed their doctorates, published in high impact journals, supervised pools of postgraduate students and competed for external grants to support the Research and Innovation activities. The host of these awards, the Vice-Chancellor and Principal, Professor TZ Mthembu, emphasised the importance of performance management and how the Research and Innovation awards measure precisely key indicators which can identify staff who perform above the average. For 2019, the staff who had excelled above average in the Research and Innovation areas were incentivised. This was the first time the University had recognised Research and Innovation performance significantly and in line with benchmarked values.

Amongst other awards, the top two awards went to Professor Faizal Bux who was awarded the Vice-Chancellor's award and Professor Nokuthula Maureen Sibiya who was awarded the Senior Researcher of the Year award. Details on the rest of the 43 award categories made can be found on https://www.dut.ac.za/research-and-innovation-awards-ceremony/.

## Conclusion

It is evident from the foregoing statistics that the University has performed above its 2019 research KPI targets and awaits final approved and confirmed values after the DHET research output panel reviews in 2020, for its 2019 research output performance.

Our enrolment management is currently challenged; the Performance Report elsewhere in this Annual Report shows poor performance in many of the enrolment indicators including over-enrolment (size considerations) and a shift in the shape of our offerings, where there is a growth of the Management Business fields of study at the expense of our Science Engineering and Technology (SET) fields. Over-enrolment is a complex challenge that requires some diligent and careful attention. We are also at risk of losing the distinctiveness of a diverse student body, where we see a continued decrease in Indian and White student enrolments.

It is pleasing to note, however, that since 2015, international student enrolment, as a percentage of total enrolments, has remained constant at 2%, while the enrolment of students with disabilities has increased over the past three years. In 2019, the number of enrolled students with disabilities was 209, an increase of 12% from 2018.

Our students continue to perform in line with DHET benchmarks, and it is particularly pleasing to see an upward improvement in the throughput rate in minimum time. Female students continued to outperform males in 2019, with the gender gap in performance widening from almost 6% in 2018 to 7% in 2019. The higher success rates for females also translate into higher completion rates as more female students (55%) completed their studies compared to male students (45%) in 2019.

Despite good progress, the University recognises the need to continue increasing the pool of academics with doctoral qualifications in line with the University's approved enrolment and efficiency plan to improve not only teaching-learning and research-innovation outcomes, but also students' academic experience. Further, it is also noted that a concerted effort is being made to upskill staff to at least a Master's qualification, with about 55 staff who were not in possession of a Master's qualification in 2019 anticipating completing studies by 2021.

Having completed the onerous HEQSF alignment process, we hope that our academics can focus on bringing life to new knowledge creation and developing our students as lifelong learners. There has been satisfactory progress in maintaining or improving relevant teaching-learning success indicators, and we look forward to strengthening our academic force to cope with whatever the future brings.

Professor TZ Mthembu
Chairperson: Senate

# REPORT OF THE INSTITUTIONAL FORUM

The Institutional Forum of the Durban University of Technology, in its capacity as a statutory institutional governance structure, established in terms of section 26 (2) of the Higher Education Act No. 101 of 1997 as amended by the Statute No 34953 of 20 January 2012, hereby presents this 2019 Annual Report.

The Institutional Forum advises council on issues affecting the Institution. Issues referred to must include:

a. the implementation of the Act and the national policy on higher education;
b. race and gender equity policies;
c. the selection of candidates for senior management positions;
d. codes of conduct, mediation and dispute resolution procedures; and
e. the fostering of an institutional culture which promotes tolerance and respect for fundamental human rights and creates an appropriate environment for instruction, research and learning.

### Membership – composition, representation and office bearers for period under review

| Name | Constituency | Term Of Office |
|---|---|---|
| 1. Dr IZ Machi | Deputy Vice-Chancellor: People and Operations<br>Representative: Management | As determined by the Vice-Chancellor.<br>[As per the Statute: 30(3)] |
| 2. Dr D Mohale | Director: Special Projects<br>Representative: Management | As determined by the Vice-Chancellor.<br>[As per the Statute: 30(3)] |
| 3. Mr LKT Mehta | Representative: Council | 15 September 2018 – 20 July 2022 |
| 4. Mr L Longwe | Representative: Council | 15 September 2018 – 20 July 2022 |
| 5. Dr EM Mnguni | Representative: Senate | 1 January 2019 – 31 December 2021 |
| 6. Dr FM Mwangi | Representative: Senate | 1 January 2019 – 31 December 2021 |
| 7. Mr B Daweti | Representative: Academic Employees | 1 January 2019 – 31 December 2021 |
| 8. Mr R Ramlall | Representative: Academic Employees | 1 January 2019 – 31 December 2021 |
| 9. Ms A Moonasar | Representative: Professional, Administrative, Support & Service Employees | 1 January 2019 – 31 December 2021 |
| 10. Mr NG Munsamy (Vice-Chairperson) | Representative: Professional, Administrative, Support & Service Employees | 1 January 2019 – 31 December 2021 |
| 11. Dr KSV Ngwane (Chairperson) | Representative: Employee Organisation (Nteu) | 1 January 2019 – 31 December 2021 |
| 12. Mr A Malinga | Representative: Employee Organisation (Nteu) | 1 January 2019 – 31 December 2021 |
| 13. Mr L Khumalo | Representative: Employee Organisation (Nteu) | 1 January 2019 – 31 December 2021 |
| 14. Mr M Estrice | Representative: Employee Organisation (Nehawu) | 1 January 2019 – 31 December 2021 |
| 15. Mr N Patchiappen | Representative: Employee Organisation (Tenusa) | 1 January 2019 – 31 December 2021 |
| 16. Mr S Dhanny | Representative: Employee Organisation (Tenusa) | 1 January 2019 – 31 December 2021 |
| 17. Mr N Sangweni | Representative: SRC [President] | One calendar year |
| 18. Mr A Xayiya | Representative: SRC | One calendar year |
| 19. Ms A Dyantyi | Representative: SRC | One calendar year |
| 20. Vacant | Representative: Postgraduate Students | One calendar year |
| 21. Dr R Govender | Representative: Gender Forum | 1 January 2019 – 31 December 2021 |
| 22. Mr SA Ngidi (Secretary) | Representative: Convocation | 5 November 2016 – November 2019 |
| 23. Vacant | Representative: Convocation | 16 March 2019 – November 2019 |
| **By Invitation** | | |
| 24. Mr M Msomi | Director: Employee Relations | |
| **Secretariat** | | |
| 25. Ms P Perumal | Committee Officer | |


There were four scheduled meetings in 2019 that took place according to the planned dates; however, the first quarter meeting was not quorate and hence the election of new office bearers was deferred for the second quarter Institutional Forum meeting. Mr LAS Khumalo was unanimously elected as interim Chairperson. Mr Khumalo thanked the previous IF Chairperson (Dr Naresh Sentoo) and Vice-Chairperson (Dr Knowledge Ngwane) whose three-year term came to an end in December 2018 and welcomed the new Institutional Forum Members elected from various constituencies who started their term as at end February 2019.

In considering its role in building a transformation agenda for the University, the IF Exco agreed to arrange a workshop with an invitation to relevant stakeholders, including the University's Planning Office, with the aim of constituting a Task Team to drive transformation initiatives thereafter. This workshop is yet to be held.

The IF noted that Council had constituted a committee to review the DUT Statute and requested that one member of the IF serve on this committee, as an internal representative. This request was made through the office of the Registrar, and a response is awaited. The Terms of Reference of the IF were reviewed at one of its meetings and it was agreed that a statement relating to the need for "a new Chairperson, Vice-Chairperson and Secretary to IF be elected at the commencement of every new term of office" should be included in the DUT Statute, as part of the review process.

Various legislated University documents served at the IF during the year for its information or input, including the 2020 Annual Performance Plan and the University's proposed Strategy 2030. In some instances, for example, the 2019 Mid-Year Report, the IF expressed its concern that there was no engagement on the actual report and that they could not comment thereon. There was likewise concern relating to the Council Code of Conduct document, given that the Forum was requested to comment on an already approved document. The Forum advised Council that it was willing to deliberate on the original Council Code of Conduct prior to it being amended, together with the revised Code of Conduct.

The Forum further agreed to advise Council on the Review of HR Policies processes and procedures, following a submission by combined labour (NEHAWU, NTEU and TENUSA), that there should be a policy development standard (mind map for each policy) which clarifies the processes for the approval of policies, and that the Registrar be requested to provide guidelines as to which policies should serve at the Forum prior to serving at Council.

Dr Ngwane wished Mr Ngidi (IF Secretary) well as his term as Convocation Representative to IF comes to an end on 31 December 2019.

Dr Knowledge Siyabonga Ngwane
Chairperson: Institutional Forum

# COUNCIL STATEMENT ON SUSTAINABILITY

## Sustainability – A Central Theme of DUT's Strategic Direction

Sustainability theory typically points to three pillars namely, Society, Economy and Environment. DUT is acutely aware of the "triple-context" within which it operates and sees its commitment to these contexts as a long-term project. These pillars, with their multifarious influences, serve to remind us of why we exist. Hence, considerations of sustainability remain paramount to DUT, as encapsulated in the University's strategic direction to 2030, Strategy 2030. This strategic intention is formulated as a strategy map, with four perspectives of Stewardship, Systems & Processes, Sustainability, and Society. The first two perspectives are those that are enabling, while the perspectives of Sustainability and Society, are those that have an impact on society. The perspective of Stewardship points to our collective responsibility as custodians of our resources, for future generations.

The enrolment and efficiency plan, our contract with the Minister of Higher Education and Training, guides our activities towards ensuring access to and through higher education, as well as the successful completion of our students' academic commitments. Progress towards meeting these objectives, including student success are presented in the Senate Report.

In addition to meeting numerical targets as per our enrolment plan, DUT views its role as not solely limited to the needs of the labour market, but also one that extends to the need for societal transformation as a whole. Our emphasis on graduate attributes, as well as infusing the curriculum with modules in "general education" in our re-curriculation processes, to use a single example, acknowledges our commitment in this regard. The merits of such interventions are evident when our graduates make a contribution to the economy and the leadership qualities they bring into society for the purpose of fostering such ideals as social justice and ethics.

Our focus has shifted from solely enskilling our students 'for the workplace' to developing their problem solving skills and acumen to initiate and/or respond to change. Through the enhancement of current and new programmes, which focus on entrepreneurship and entrepreneurial thinking, DUT is poised to make a substantial contribution to the economy at local and regional levels, and has already been recognised for its efforts by receiving the inaugural Entrepreneurship Development in Higher Education (EHE) leadership award in 2019.

In 2019, through regular internal reporting, the University monitored the attainment of objectives of sustainability. The report by the Vice-Chancellor and Principal on management and administration, as well as the Annual Performance Assessment Report, included in this Annual Report, clearly indicate our achievements in this area.

## Financial Sustainability

Sustainable growth can be defined as the "rate at which an institution can grow while keeping its profitability and financial policies unchanged". Financial sustainability comprises all aspects of the University's mission and its plans to appropriately shape resource allocation to achieve its objectives.

As financial sustainability becomes more ingrained in the framework of the University, the importance of effectively monitoring our progress increases. The University needs to be financially accountable in responding to a changing society and to the various imperatives of the Department of Higher Education and Training.

### Our Financial Sustainability Approach

Sustainability is clearly embedded within our new strategy, Strategy 2030. At an operational level, the University adopts a cross-institutional approach to support the management and delivery of financial, social and environmental sustainability activity across our operations, research, and teaching and learning activities. Our greatest impact lies in delivering world-leading research, supporting solutions for local, regional and national problems; innovative teaching and learning that equips our graduates with the attributes and competencies necessary for applying sustainability principles in their social welfare and professional lives; ensuring that we operate a sustainable university. The financial sustainability and performance of DUT is regularly reviewed by Council along with reviewing objectives as part of an annual review of DUT's action plan.

### Redesigning DUT's Operating Model that is Fit for Purpose

With a medium to long-term view, DUT may be required to change its business and operating models to strengthen its financial sustainability. The first step to achieving this is to review the strategy and business model against which the operating model can be aligned and redesigned. The costs of DUT's activities are rising and hence the financial sustainability of the mission will certainly be the primary issue of concern in the medium to long-term. In responding to these pressures, the University, needs to firstly identify the real costs of planned activities. Consequently, the Resource Allocation Model was established to determine the full cost of all activities in the University.

### Ensuring DUT's Future Financial Sustainability

The following key strategies have been identified to secure the University's financial sustainability:

- Reduce overheads relative to the core functions of the University
- Collaborate with other universities to reduce costs
- Improve debt collection
- Source donor funding
- Establish processes to generate additional third-stream funding

> **AN INVESTMENT IN KNOWLEDGE PAYS THE BEST INTEREST.**
>
> Benjamin Franklin

## Key Impacts and Opportunities

Our key opportunities and area of impact lie within our research capabilities, our students and the wider University's contribution to society. In addition to this, is our plan to develop our infrastructure and increase the profile of our built estate activities. With approximately 3 000 staff and 34 000 students in the cities of Durban and Pietermaritzburg, the University has the potential for a strong positive impact upon society and the economy.

## Infrastructure, Maintenance, and Greening of the Plant

The University's infrastructure and maintenance of its establishment has, after some years of neglect, received an injection of finances to rejuvenate the look and feel of our campuses, to complete outstanding infrastructure projects and to source expert advice on the management of large infrastructure and maintenance projects. This is evident in the 2019 budget, where a significant increase (about 320% compared to the 2017 allocation) in allocations was made in favour of capex, as well as maintenance of infrastructure and facilities to ensure smooth delivery of academic programmes. The Principal's statement on management and administration details the significant amount of funds and forward planning regarding the spatial plan and attendant financial provisioning.

The provision of occupancy sensors in all new buildings, the installation of heat pumps in many of our residences, two greening projects, namely a solar panel project and a water harvesting project, were initiated in 2019. The solar panel project will provide power to the library complex on the Steve Biko Campus, ensuring sustainability during load shedding periods. The water harvesting project aims to harvest water from two boreholes for irrigation requirements on the adjacent campuses.

## Staffing and Academic Programme Viability

The University's new strategy, Strategy 2030, is systemic in nature and underpinned by a particular societal philosophy; however, the current state of its anatomy and physiology needs careful redesign. This is being urgently pursued, firstly, at a systemic level with a dominant focus on functionality and secondly, by redesign/realignment at an operational unit (OU) level. This revitalisation project builds on the 2018 review of human capital provision, cost effective and sustainable operations, whilst ensuring that the academic enterprise always remains a focal point.

As with most universities, the sustainability of DUT is largely dependent on three areas, namely academic programme viability, financial sustainability, and human capacity planning. The goal is to ensure that the business operates profitably by finding a balance between strategic and viable programmes and understanding the driving forces that would inform hard choices that we cannot escape in order to safeguard the sustainability of the University. Our high student to staff ratios cannot continue if we expect our staff and students to work in conditions that are optimal for quality delivery and valuable learning environments. To this end, the enrolment and efficiency plans for 2020-2025 envisaged a radical shift in this important ratio, with the intent of improving the ratio from its current 1:38 to 1:25 in 2025. This has required, as a start, a strategic provisioning of funds for new academic posts.

Professor TZ Mthembu
Vice-Chancellor and Principal

Mr NZW Madinane
Chairperson of Council

# COUNCIL STATEMENT ON TRANSFORMATION

The DUT Council is committed to ensuring that transformation is approached in its broadest understanding, not only pertaining to equity matters but also to the way in which the University conducts its business, responds to its communities and its students, and how it builds relationships with government at all levels, community organisations, and business and industry. To this end, various strategies and projects on transformation are underway, in our attempt to become a South African university, rather than being simply a university in South Africa. We spent the last few years, including 2019, working on refining our systems and processes, and cultivating an institutional sense of agency that enables us to meet the expectations of all our stakeholders, while simultaneously responding to the imperative of the broader public good expected of a public university.

Teaching and learning are the central pillars from which the University draws its intellectual imagination, together with research and innovation in focused and targeted areas. Through engagements, the outputs from these two sets of the University's core business should, in turn, result in outcomes and impacts in the broader society.

A student-centred focus ensures that all endeavours are geared to the holistic development of its students, adequately prepared to repair discernible societal dysfunctions through innovation and creativity. Transformation plans were drafted for the University and approved by Council at its 18 March 2017 meeting. Most of the issues identified in the plan are now incorporated into the University's Extended Annual Performance Plan, and regular quarterly reports are provided at the University's Planning and Resources Forum by the respective executives, if not through the quarterly Human Resources Plan that serves at the Human Resources Committee of Council.

The following seven areas form the core of our Transformation Plan, and we briefly report on the 2019 achievements and challenges:

## Institutional Culture

The transformation aspirations concerning institutional culture are captured in the University's 2015-2019 Strategic Plan and include:

- Transforming the institutional culture to embrace the centrality of the intellectual, social, and emotional development of its students as its core purpose
- Shaping an institution which embraces our context, differences, and diversities, and places student growth and development and learning at its centre
- Engaging in activities of imagination and action to shape an institutional culture, embracing the richness of our many diversities and differences
- Working deliberately to eradicate all forms of prejudice, intolerance, and discrimination
- Working towards anti-racism and anti-sexism
- Strengthening DUT's resolve to build an institutional culture of non-violence and caring
- Embracing the talents, dedication, and commitment of the staff and to build capacity continuously
- Imagining an institution that builds a culture of giving amongst its staff and students.

## Students, Student Success and Student Life

A student-centred focus ensures that all endeavours are geared to the holistic development of the University's students. Student-centred activities include developing an emphasis on students in control of their destiny, improving student support services and the need to re-centre the student within a more caring university environment. The First Year Student Experience programme (FYSE), as one such agent, is being rolled out further, with involvement of faculties and student support services. This project focuses on assisting first year students' transition to university life and its challenges. Plans have been formulated to extend this programme in 2020 to second year students as, the Second Year Student Experience programme. Additionally, the Extended Curriculum Programmes (ECP), in most faculties, have provided an access opportunity for students from previously disadvantaged backgrounds into university education.

We continued to invest heavily in our student exchange programme which enables students to go to our partner universities in various parts of the world. We also continued to receive staff and students from other parts of the world. In November, we sent a small group of student leaders to China to learn about the Chinese experience and approach to leadership and a sense of civic duty. This internationalisation programme helps to cross-pollinate ideas, research, innovation and practices, including values and cultures. There is emerging evidence that participants in these programmes broaden their perspectives and horizons.

## Curriculum

Curriculum renewal and revision (incorporating the introduction of General Education modules), concomitant academic staff development and the alignment and accreditation of programmes in accordance with the current Higher Education Qualification Sub-Framework (HEQSF), form the core of the transformative academic project. This project is also finding ways to enhance the influence of the industry advisory boards that serve all programmes offered at DUT. In addition, Senate has worked tirelessly since 2016 to institute a DUT framework for decolonised curricula, leading to our programmes being reviewed to incorporate some elements of decolonisation. To this end, an institutional position document which has been produced with a set of criteria to

assess all our curricula has been approved by Senate. For further information relating to the transformative curriculum approaches refer to the Senate Report to Council.

The research and innovation focus has been on research and innovation projects and engagements that speak to the Sustainable Development Goals (SDGs), as a means of contributing to society in a real and impactful manner.

## Human Resources

DUT is no different to other institutions of higher learning regarding issues of transformation and equity. This is a historical phenomenon, persistently justified using a number of untruths such as the country lacks persons with requisite skills to excel in academia, Blacks (and in particular Africans) have no interest in lecturing, and that universities could not compete with the private sector in terms of remuneration; hence, many Black professionals are leaving the academic space, despite the fact that these perceptions have not been substantiated.

However, DUT has not allowed the status quo to persist. It has implemented strategies and plans that will assist in mitigating the situation which is an abomination of the laws and priorities of the country. Strategies that were adopted in the last few years are described below.

The University has set targets that prefer Black Africans (females in particular) to senior, professional and technical positions. Employment of this category has been made a norm and justified in terms of Employment Equity. Targets are set every year and included in Department of Labour and Employment reporting. Progress is evident in the remarkable increase in African academics and managers who are employed throughout the University. This is not a goal that can be achieved in the short term as it is heavily dependent on the availability of vacant positions. DUT is made up of a young workforce, which makes natural attrition not an immediate result. To achieve the goal of recruiting according to right gender and race requires a vacant position, and to achieve equity requires utilization of vacant and new positions and/or a retirement. DUT offers better conditions of service in this province, a reality that makes staff mobility to other institutions difficult.

In addressing equity, DUT has adopted guidelines in the quest to achieve transformation. These were approved by the institution and are used as a baseline when attracting talent. Again, Black Africans are a priority in all DUT recruitment, as well as people with disabilities. Where there is a person with disability, DUT will ensure that that such a person is given preference when he or she has the requisite skills set for the position. In addition, to attract people with disabilities, a position has been taken to cast the net wider in search of this category, including targeting recruitment agencies that specialize in people with disabilities.

Achieving equity and the ideals of transformation requires a concerted effort and understanding from all those who are in positions of leadership by ensuring that any appointment addresses equity, whether acting or contract positions.
Merging of monitoring structures has assisted in creating synergies that will advance issues of transformation, equity, and development. EMC has approved the consolidation of the Skills Development Committee and the Employment Equity Committee to monitor the implementation of equity and skills development. There is value in merging these committees as they interlink if they have to deliver on their mandates.

Skills development does not operate in a vacuum but includes addressing and enhancing promotability, mobility, and increasing development of capacity to take the country forward. Equity and transformation in the workplace require persons with right skills which can only be achieved if there is a sustained and targeted skills development programme. There is value in the Employment Equity Committee which ensures that issues of development, career pathing and succession, mentoring and coaching are prioritized. This Committee also ensures that DUT has the right people with the requisite skills who are prepared to assume positions of substance whilst advancing equity and transformation. This approach further achieves the prioritization of skills development, causally linked to transformation.

More detailed information pertaining to employment equity are presented in the Vice-Chancellor's Report.

DUT's Enrolment and Efficiency Plan 2020-2025, approved by the Minister of Higher Education and Training in 2019, contains a series of commitments that will, amongst others, improve staff to student ratios significantly and increase the proportion of staff with Masters' and Doctoral degrees. We enhanced academic leadership in departments by appointing Heads of Departments, following more stringent criteria that we approved early in the year.

## Policies

Human resources policies must advance issues of transformation, legal compliance, and good practice. DUT policies and processes are barely addressing these ideals, and at worst are inadequate, outdated, and developed/approved to advance a sectoral agenda, not linked to transformation and equity. This point is linked to the history of the institution, which is a result of a merger of two entities that were designed to serve the interests of two groups. By their nature, and the result of the merged entity, there was no intention to address the community that was formed in 1994, and residues of this past are still very evident.

To rectify these historical inadequacies, DUT has embarked on a review of policies to address transformation and comply with the law. This is a laborious process that requires benchmarking with good practice and consultations with the wider DUT community for broad acceptance. Between 2017 and 2019, a total of 13 policies were approved.

### Sexual Harassment and Gender-based Violence (GBV)

Council approved a Gender Based Violence policy (GBV), which incorporated the former distinct Sexual Harassment Policy and some sections of student rules from the General Handbook. This new policy incorporates a focus on staff and students. It states that DUT:

> *"seeks to preserve the fundamental rights, dignity, integrity and privacy of all individuals and will not tolerate any threat or act that directly or indirectly interferes with an individual's performance at work or in study, or creates an intimidating, hostile or demeaning work or study environment for anyone, on any of the following grounds: gender, religion/conscience/belief/opinion, sexual orientation, ethnic group, group membership or non-membership, physical characteristics/disabilities, Aids/HIV status or any other health related issues, personal differences/characteristics, any other ground that may be recognised from time to time by the conviction of the DUT community".*

The policy outlines the procedures for dealing with gender-based violence and other associated misdemeanours such as intimidation, sexual assault and exploitation, transgender violence as well as issues of power in the classroom, residences, and general workspace. The University seeks to increase people's awareness by creating credible and even-handed mechanisms to deal with such incidents. The University thus takes any incidents of harassment and violence seriously. However, more education and awareness are required in advancing the understanding of the values we wish to entrench. We will use the opportunity presented by the launch of our new strategy in 2020 to teach our staff and students about the values and principles that make up our DNA.

Over and above the policies, the Senate Rules sub-committee has undertaken a review of general and departmental rules to ensure that there is consistency of rules across departments, and a fair and balanced approach that protects both the academic integrity of the institution, as well as students' welfare and progress.

## Transformation of Procurement Processes

Since 2017, when Council approved major changes to the Supply Chain Management Policy, important transformative initiatives have occurred in relation to DUT's procurement system, especially with regard to the three procurement committees, namely the Bid Specifications Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC). While previously, the roles of Management vis-à-vis Council in procurement matters were not defined clearly, these committees are now management-run committees and assist in achieving the transformation initiatives of the University in respect of appointing service providers as well as ensuring that procurement processes are transparent, fair, equitable, competitive, derive value for money and are accountable. Council exercises oversight in approving the procurement plan for each year, receiving quarterly reports on the procurement processes, receiving information about how much spend is attributable to SMMEs, EMEs and QSEs and proposals and plans for large scale infrastructure, which Council needs to approve.

A number of improvements in the actual bid processes have been affected including, but not limited to incorporation of the pre-qualifying criteria to ensure alignment with BBBEE stipulations, improvements in processes of submission of tender documentation, making these processes more transparent, ensuring that criteria for functionality/quality of bids are more measurable so subjectivity could be eliminated, ensuring that tenders for student accommodation are run transparently and in accordance with the SCM policy. These measures have eradicated the irregular and corrupt practices of the past.

Especially since 2018, there has been a renewed focus on stamping out serious irregularities and corruption. A number of staff members were disciplined as a result of non-compliance with the policy, resulting in continued tumultuous relations with the unions who feel that management is being heavy-handed. As part of the transformation, we have had to effect a move from a culture of impunity to one where everyone is responsible and accountable for their actions or inactions.

## Governance, Monitoring and Accountability

Council requires that all reports, inclusive of DUT's transformation efforts, are presented at its quarterly meetings. These reports inform Council on what happens at the operational level of the University and assists in monitoring transformation. The reports often highlight achievements, particularly in the University's student population, showing growth in female and black students. However, the demographic representation of academic staff still requires attention. This will be attended to, in part, in growing the next generation of academics.

A comprehensive report, detailing the University's progress towards attaining the goals set out in the 2017-2019 Transformation Plan, is being drafted and will serve at Council as part of the monitoring and accountability mechanisms. The work of drafting a new Transformation Plan that builds on what has already been achieved will be undertaken by a small task team identified by the Vice-Chancellor, working with relevant stakeholders, and in alignment with the University's new 2030 strategy.

Professor TZ Mthembu
Vice-Chancellor and Principal

Mr NZW Madinane
Chairperson of Council

# COUNCIL STATEMENT ON GOVERNANCE

## Council

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 statement on governance. 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 legal framework provided by the Higher Education Act No 101 of 1997 (as amended in 2016), the Durban University of Technology's Statute. In addition, relevant legislation and approved internal governance of the use of public finances are adhered to. The Code of Conduct for Council members serves to regulate the conduct of members of Council, particularly in relation to conflicts of interest. The Code is applied should there be lapses or perceived lapses of good conduct on the part of members of Council.

Adherence to this framework ensures 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 2019.

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.

In accordance with scheduled times, Council met four times in 2019.

## Council Committees

In discharging its overall responsibility, DUT Council is also responsible for efficient arrangements of 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, 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)

EXCO functions in accordance with the authority delegated to it by Council, with subsequent reporting to Council. The specific functions of EXCO are as follows:

a. To take decisions on behalf of Council that, by virtue of their urgency, cannot be delayed.
b. Deliberate on any matter that, in the opinion of the chairperson (which may be in consultation with the Vice-Chancellor) should serve at EXCO for consideration prior to serving at Council.
c. Monitor the functionality of Council Committees on behalf of Council, in an appropriate manner.
d. Act as the Remuneration Committee (REMCOM) of Council.

**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.

**Council Risk Committee**

This committee was previously a sub-committee of the Audit Committee. However, because of the prominence attached to the management of risk by all entities, as emphasised by the King IV Code of Governance, Council agreed, in the course of 2019, to make the Risk Committee a standalone Council committee. Nevertheless, there is much interaction between the Risk and Audit Committees. The functions of the Risk Committee are:

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 emphasis on significant risks or exposures and the appropriateness of the steps that 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" that is, 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;
    - Controls are in place to govern the IT risks within the environments that are highly dependent on systems.
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.
c. Formulates, develops, maintains, and recommends to Council all policies in respect of all matters pertaining to the financial management and administration of the University.
d. Recommends to Council all matters of a financial nature.
e. Appoints and mandates signatories to all documents, cheques, and agreements of approved transactions of a financial nature.
f. Recommends to the Audit Committee any amendments to the financial rules with a view to enhancing financial control and administrative efficiency.
g. Has oversight of the University's investments (previously a function of the Investment Committee, which was dissolved).

**Joint Audit and Finance Committee** which:

a. Recommends the Annual Financial Statements for the preceding year to Council for approval.
b. Deals with 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 any amendments to the conditions of employment in accordance with the Basic Condition of Employment Act, the Labour Relations Act and any other related legislation.
c. Ensures compliance with all labour related legislation.
d. Develops, creates, reviews and amends all policies relating to conditions of employment at the University for approval by Council.
e. Ensures that a mechanism is developed for all statistics and data to do with human resources to be submitted at each meeting
f. Ensures that best practice, as appropriate for the University, is established and operates 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.

**Code of Conduct Committee** which has the power to exercise the following functions in relation to an 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 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 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-Chancellors.

## 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 organizational 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 Human Resources Training and Development Committee respectively, 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 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 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 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.

Dr TS Pillay
Registrar and Secretary of Council

# COUNCIL AND COMMITTEES OF COUNCIL

## Council Members

as at 1 January 2019 – 20 July 2019

| Name of Member | Constituency |
|---|---|
| 1. Prof T Z Mtembu | Principal and Vice-Chancellor |
| 2. Prof. T Andrew | Deputy Vice-Chancellors |
| 3. Dr I Z Machi | |
| 4. Dr S Oyono Obono | Senate |
| 5. Dr L Samuels | |
| 6. Mr P Moodley | Academic Staff |
| 7. Mr L Khumalo | Professional & Administrative Staff |
| 8. Mr S Rampursad | Support & Service Staff |
| 9. Mr S Ngodlimpi | Students' Representative Council |
| 10. Ms Z Ngwabe | |
| 11. Mr M Estrice | Institutional Forum |
| 12. Ms D Hlatshwayo | Minister's Nominees |
| 13. Mr T B Hlongwa | |
| 14. Mr L Longwe | |
| 15. Dr N Makhanya | |
| 16. Ms B Masinga | |
| 17. Cllr. W L Mapena | eThekwini Municipality Nominee |
| 18. Mr M Shange | Convocation |
| 19. Mr T Shezi | |
| 20. Mr S H Vezi | |
| 21. Mr L K T Mehta | M L Sultan Charitable & Educational Trust |
| 22. Mr N Chonco | Council appointees |
| 23. Mr Z S Gumede | |
| 24. Mr R Harichunder | |
| 25. Mr N Z W Madinane | |
| 26. Prof L Molamu | |
| 27. Ms B Ntombela | |
| 28. Mr S Sibiya | |
| 29. Mr B Singh | |
| 30. Ms G Twala | |

## Council Members

as at 21 July 2019 – 31 December 2019

| Name of Member | Constituency |
|---|---|
| 1. Prof T Z Mthembu | Principal and Vice-Chancellor |
| 2. Prof N Gwele | Deputy Vice-Chancellors |
| 3. Dr I Z Machi | |
| 4. Prof N Sibiya | Senate |
| 5. Prof V Rawjee | |
| 6. Mr P Moodley | Academic Staff |
| 7. Mr L Khumalo | Professional & Administrative Staff |
| 8. Mr S Rampursad | Support & Service Staff |
| 9. Mr S Godlimpi | Students' Representative Council |
| 10. Ms Z Ngwabi | |
| 11. Mr M Estrice | Institutional Forum |
| 12. Ms D Hlatshwayo | Minister's Nominees |
| 13. Mr T B Hlongwa | |
| 14. Mr L Longwe | |
| 15. Ms B Masinga | |
| 16. Dr N Makhanya | |
| 17. Cllr. W L Mapena | eThekwini Municipality Nominee |
| 18. Mr M Shange | Convocation |
| 19. Mr T Shezi | |
| 20. Mr S H Vezi | |
| 21. Mr L K T Mehta | M L Sultan Charitable & Educational Trust |
| 22. Ms B Chiliza | Council appointees |
| 23. Mr N Chonco | |
| 24. Mr Z S Gumede | |
| 25. Mr N Z W Madinane | |
| 26. Prof L Molamu | |
| 27. Ms B Ntombela | |
| 28. Mr S Sibiya | |
| 29. Mr B Singh | |
| 30. Ms G Twala | |

# Membership of Council Committees and Council Members on Other University Committees

as at 01 January 2019 – 20 July 2019

**Office Bearers of Council**

**Chairperson:** Mr N Z W Madinane **Vice-Chairperson:** Ms D Hlatshwayo

**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
Dr I Z Machi: DVC-People and Operations

**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
Mr B Singh: External Council Member
Mr L Khumalo: Internal Council Member
Mr S Godlimpi: Students' Representative Council

***Advisory Members***
Deputy Vice-Chancellors
Chief Financial Officer
Chief Risk Officer

**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 S Masinga: 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

**Council Risk Committee**
***Voting Members***
Prof T Z Mtembu: Vice-Chancellor
Mr S Sibiya: Audit Committee Member
Mr R Harichunder: Chairperson of the Risk Committee
Mr L K T Mehta: External Council Member

***Advisory Members (Non-Voting)***
The Chief Risk Officer

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

**Senate**
Mr Z S Gumede: External Council Member
Mr M Shange: External Council Member
Mr S Vezi: External Council Member
(Alternate member)

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

**Student Services Board**
Mr S H Vezi: External Council Member

## Membership of Council Committees and Council Members on Other University Committees

as at 15 September 2019 – 31 December 2019

**Office Bearers of Council**

**Chairperson:** Mr N Z W Madinane **Vice-Chairperson:** Ms D Hlatshwayo

**Executive Committee**
Mr N Z W Madinane: **Chairperson** of the Council and Executive Committee
Ms D Hlathwayo: Vice-Chairperson of the Council
Mr Z S Gumede: Chairperson of Council Risk Committee
Mr S Sibiya: Chairperson of Audit Committee
Mr B Singh: Chairperson of Finance Committee
Prof T Z Mthembu: Vice-Chancellor and Principal
Dr I Z Machi: DVC People and Operations

**Finance Committee**
Mr B Singh: **Chairperson** of the Finance Committee
Mr N Z W Madiane: Chairperson of the Council
Ms D Hlatshwayo: Vice-Chairperson of the Council
Ms B Chiliza: External Council Member
Mr Z S Gumede: External Council Member
Mr T B Hlongwa: External Council Member
Prof T Z Mthembu: Vice-Chancellor and Principal
Mr S Khumalo: Internal Council Member
Mr S Godlimpi: Students' Representative Council

***Advisory Members***
Deputy Vice-Chancellors
Chief Financial Officer
Chief Risk Officer

**Audit Committee**
Mr S Sibiya: **Chairperson** of the Audit Committee
Ms D Hlatshwayo: Vice-Chairperson of the Council
Mr B Singh: Chairperson of Finance Committee
Ms B Chiliza: External Council Member
Ms B Masinga: 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

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

***Advisory Members (Non-Voting)***
The Chief Risk Officer

**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
Ms B Ntombela: External Council Member
Cllr W L Mapena: External Council Member
Ms G G Twala: External Council Member
Prof T Z Mthembu: Vice-Chancellor
Mr P Moodley: Staff representative on Council

***Non-Voting Members***
Deputy Vice-Chancellors
Prof V Rawjee: Senate representative on Council
Dr K S Ngwane: Chairperson of the IF
Chief Financial Officer
Administrative Head of Human Resources Department

**Senate**
Mr Z S Gumede: External Council Member
Mr M Shange: External Council Member
Mr S H Vezi: External Council Member (Alternate member)

**Institutional Forum**
Mr L K T Mehta: External Council Member
Mr L Longwe: External Council Member

**Student Services Board**
Mr S H Vezi: External Council Member

## Meetings and Attendance: 2019

| Name of Council Member | Council Committees | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Council** | **Council W/Shop** | **Council Risk** | **Audit** | **Joint Audit & Finance** | **Finance** | **Exco** | **Human Resources** |
| | **Number of Meetings In 2019** | | | | | | | |
| | **4** | **2** | **1** | **3** | **1** | **5** | **6** | **4** |
| Prof T Andrew | 2 [2 mtgs held before end of term on Council] | 1 [1 Workshop held before end of term on Council] | | 1 [1 mtg held before end of term on Committee] | 1 | 3 [3 mtgs held before end of term on Committee] | | |
| Ms Ms B Chiliza | 2 [2 mtgs held since app to Council] | 0 [1 Workshop held since app to Council] | | 1 [1 mtg held since app to Committee] | | 1 [1 mtg held since app to Committee] | | |
| Mr N Chonco | 1 | 1 | | | | | | |
| Mr M Estrice | 4 | 2 | | | | | | |
| Prof S Eyono Obono | 2 [2 mtgs held before end of term on Council] | 1 [1 Workshop held before end of term on Council] | | | | | | |
| Ms Z Ngwabi | 1 [2 mtgs held before end of term on Council] | 0 [1 Workshop held before end of term on Council] | | | | | | |
| Mr N Sithole | 1 [1 mtg held before end of term on Council] | | | | | | | |
| Mr S Godlimpi | 1 [1 mtg held before end of term on Council] | 0 [1 Workshop held before end of term on Council] | | | | 0 [3 mtgs held before end of term on Committee] | | |
| Mr ZS Gumede | 4 | 2 | 1 | | 1 | 5 | 2 [2 mtgs held since app to Committee] | |
| Prof N Gwele | 2 [2 mtgs held before end of term on Council] | 1 [1 Workshop held before end of term on Council] | | Advisory | Advisory | Advisory | | |
| Mr R Harichunder | 2 [2 mtgs held before end of term on Council] | 1 [1 Workshop held before end of term on Council] | | 1 [1 mtg held before end of term on Committee] | 1 | 3 [3 mtgs held before end of term on Committee] | 2 [3 mtgs held before end of term on Committee] | |

## Meetings and Attendance: 2019 (continued)

| Name of Council Member | Council Committees | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Council** | **Council W/Shop** | **Council Risk** | **Audit** | **Joint Audit & Finance** | **Finance** | **Exco** | **Human Resources** |
| | **Number of Meetings In 2019** | | | | | | | |
| | **4** | **2** | **1** | **3** | **1** | **5** | **6** | **4** |
| Ms D Hlatshwayo | 2 | 2 | | 1 | 1 | 2 | 4 | 3 |
| Mr T B Hlongwa | 2 | 1 | | | 1 | 2 | | |
| Mr L A S Khumalo | 3 | 2 | | | 1 | 4 | | |
| Mr L Longwe | 4 | 2 | | | | | | |
| Dr I Z Machi | 4 | 2 | Advisory | Advisory | Advisory | Advisory | 6 | Non-voting |
| Mr N Z W Madinane | 4 | 1 | | | 1 | 3 | 4 | 2 |
| Dr J N Makhanya | 3 | 2 | | | | | | |
| Cllr W L Mapena | 3 | 2 | 0 | | | | | 3 |
| Ms B Masinga | 2 | 1 | | 2 | 0 | | | |
| Mr L K T Mehta | 3 | 2 | | | | | | |
| Prof T Z Mthembu | 4 | 2 | 1 | Advisory | 1 | 5 | 6 | 3 |
| Prof L Molamu | 4 | 2 | | | | | | |
| Mr P Moodley | 4 | 2 | | | | | | 4 |
| Prof S Moyo | 3 | 2 | Advisory | Advisory | Advisory | Advisory | | |
| Ms B B Ntombela | 4 | 2 | | | | | | 3 |
| Mr S Rampursad | 4 | 2 | | | | | | |
| Prof V Rawjee | 1 [1 mtg held since app to Council] | 1 [1 Workshop held since app to Council] | | | | | | |
| Dr L Samuels | 2 [2 mtgs held before end of term on Council] | 1 [1 Workshop held before end of term on Council] | | | | | | |
| Mr M Shange | 4 | 1 | | | | | | |
| Prof N Sibiya | 1 [1 mtg held since app to Council] | 1 [1 Workshop held since app to Council] | | | | | | |
| Mr S Sibiya | 1 | 1 | 1 | 2 | 1 | | 4 | |
| Mr B Singh | 3 | 1 | | 3 | 1 | 4 | 2 [2 mtgs held since app to Committee] | |
| Mr T Shezi | 3 | 1 | | | | | | |
| Ms G G Twala | 3 | 0 | 1 | | | | | 2 |
| Mr S H Vezi | 3 | 1 | | | | | | |
| **Average Percentage of Attendance** | **84%** | **75%** | **80%** | **89%** | **90%** | **74%** | **83%** | **71%** |

**Key:** ☐ Not Applicable

# STATEMENT ON INTERNAL ADMINISTRATION/OPERATIONAL STRUCTURAL CONTROL

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 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 University. 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 scrutiny, and this is achieved through control procedures that are designed and implemented to minimize 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 2019, its system of internal control over the operational environment, information reporting and safeguarding of assets met the requirements of its Internal Control Manual.

The Audit Committee approved this report at its meeting on 29 May 2020.

S Sibiya
Chairperson Audit Committee

S Nyangintsimbi
Chief Risk Officer

# REPORT ON
# RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT THEREOF
## FOR THE YEAR ENDED 31 DECEMBER 2019

Hierarchically, Council continued to have ultimate responsibility for risks pertaining to the University. Committed to dedicating sufficient review of this critical area, the Council Risk Committee served as a platform where intensive elaborate deliberation occurred. With its membership including two external members, namely one chairing this committee and the other being a chairperson of the Audit Committee, we believe these deliberations are sufficiently sensitive to market best practices. Further, the positioning of the Chief Risk Officer role, which reports to a DVC, with access to both the entire leadership team, as well as the Audit Committee and Council Risk Committee, has once again helped towards deepening the risk culture of our institution. Naturally, the Vice-Chancellor and Principal, who is the first point of accountability for Council and a member of both committees, serves as the key architect for the bridge between Council and its sub-committees, as well as the broader university community.

Attuned to the reality that an integral component of organisational strategic agility is the ability to learn, our institution undertook an environmental scan to understand the external environment better as well as to inform the strategic risk outlook for Year 2020. Inherently, this exercise also served to provide a broad sense of the relevance of the institution to key risks we face. Hence, the Year 2020 outlook, which is an outcome of the strategic risk workshop held in October, is punctuated by merely a change in complexion for some of the risks.

Focused largely on the Top Ten Risks for the year, we continued to track the mitigating action on each of these risks and reported thereon at our quarterly governance meetings of the Council Risk Committee as well as the Audit Committee of Council. These risks were as follows:

- Alignment of human resource processes, in support of our strategic objectives.
- Alignment of the IT Infrastructure, in support of the strategic imperatives of the University.
- Adequacy of the physical infrastructure/facilities in relation to effective support of learning.
- Incidents of Student and Staff Unrest.
- Safety and security on campus.
- Achievement of research and innovation targets.
- Adequacy of financial viability.
- Alignment of Programmes to HEQSF, as required by DHET.
- Fraud, bribery, and corruption.
- Achievement of enrolment targets.

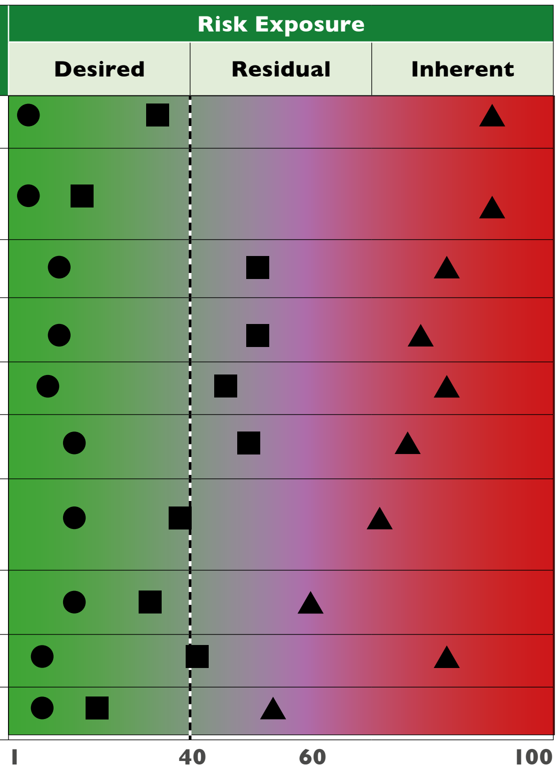
Our decision not to separate these into financial and non-financial categories, is informed by the reality that even those risks believed to be operational tend to ultimately have a financial implication. Further, the University is adequately covered by insurance policies against fire and allied perils, business disruption, theft, money, fidelity, public liability, accidental damage and employer's liability. In addition, information pertaining to the University's financial risk exposure is reflected in the notes to the Consolidated Financial Statements.

The Whistle blowing hotline, as administered by an external service provider, supplemented our existing policies and procedures within the University. Decisive in terms of our stance against misdemeanor, we have continued to take appropriate action whenever evidence pointed in this direction, in so far as our staff and stakeholders are concerned. Hence, this talks to the Fraud, Bribery and Corruption risk, which became part of the Top Ten list effective this current year. Of course, the second risk that made it to this list as well namely, Security Incidents on Campus, has already covered elsewhere in this broader report, by both the Chairperson of Council as well as our Vice Chancellor and Principal, in their respective reports.

Whilst we continue to believe that risk management is the responsibility of everyone, and our leadership deliberates on these risks continually, we have assigned accountability to a specific senior executive member for these key risks, respectively. This is to ensure that appropriate focus and a prudent sense of priority is accorded to risk management. Our enterprise risk management framework, which guides the risk profiling process, was reviewed during the year and approved by Council in September 2019.

Depicted below, is a heat-map illustrating how each of the Top Ten Risks featured in terms of their ranking.

| Risk Ranking # | Risk Movement Δ | Risk Description |
|---|---|---|
| 1 | → | DUT's financial viability is negatively impacted |
| 2 | ↓ | DUT does not meet DHET's 31 December 2019 deadline for programmes aligned to the HEQSF for the first time entering students |
| 3 | ↑ | Incidents of student and staff unrests |
| 4 | → | HR processes do not support the strategic objectives of the University |
| 5 | → | The risk of security incidents on DUT campuses |
| 6 | → | IT does not support the strategic imperatives of DUT |
| 7 | → | DUT facilities are inadequate to support effective learning and wellbeing of students and staff |
| 8 | → | DUT will not achieve its research and innovation targets |
| 9 | → | Fraud, bribery and corruption |
| 10 | → | Inability to meet enrolment targets |




▲ **Inherent Risk** ■ **Residual Risk** ● **Desired Risk/Target**

| | | | |
|---|---|---|---|
| **61-100** | Unacceptable | Red | |
| **41-60** | Cautionary | Purple | |
| **1-40** | Acceptable | Green | |

The objective is to maintain sufficient controls to be able to move the risk exposure from the red (unacceptable) area to the green area (desired)

→ Stable/No change
↑ Increased risk exposure
↓ Decreased risk exposure

**Inherent Risk is measured assuming there are not controls in place.**
**Residual Risk is measured after taking into consideration controls that are currently in place and which mitigate the risk**
**Desired Risk is where DUT would like to be in terms of its risk exposure.**

Finally, 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 as one of the components informing both the university's annual and rolling three-year internal audit plans, as developed by our external service providers who have been aboard since the beginning of this current financial year.

Z Gumede
Chairperson: Risk Committee

S Nyangintsimbi
Chief Risk Officer

# REPORT OF THE AUDIT COMMITTEE ON HOW IT FULFILLED ITS DUTIES FOR THE YEAR ENDED 31 DECEMBER 2019

## 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 with regard to financial reporting, risk management, internal control, audit processes and compliance with laws and regulations.

## Council Audit Committee Members and Attendance at Meetings

The Committee comprises five external members of Council who are voting members. The Vice Chancellor, all Deputy Vice-Chancellors, the Chief Financial Officer and the Chief Risk Officer are non-voting advisory members. 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 required by the charter. Both the internal and external auditors have unrestricted access to the Audit Committee.

During the year under review, three scheduled meetings 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 following is a schedule of meetings and attendance for the year:

| Member | Appointed | 26 Feb 2019 Audit Committee | 29 May 2019 Joint Finance & Audit Committee | 28 Aug 2019 Audit Committee | 05 Nov 2019 Audit Committee |
|---|---|---|---|---|---|
| **Mr R Harichunder**<br>B.Com; CTA; CA(SA) | 21 July 2015<br>Chair: Finance Committee | √ | √ | | |
| **Mr S Sibiya**<br>B.Com(Hons); CA (SA)<br>Appointed Chair: 05 Sept 2015 | 21 July 2014 | √ | √ | √ | √ |
| **Mr B Singh**<br>B.Com; .Com(Hons);Advanced Credit Dip. and Certified Associate in Banking (CAIB); MBA; International Executive Development Programme (Wits) | 14 September 2019<br>Chair: Finance Committee | √ | √ | √ | √ |
| **Ms D Hlatshwayo**<br>B Soc Sc (Hons); MBA; Wits Senior Executive Development Programme | 12 July 2014 | Apology* | Apology* | Apology* | √ |
| **Ms KPM Baloyi**<br>B.Com; HED; Cert: Engineering Bus Management; | 21 July 2014 | | | | |
| **Ms B Masinga**<br>Bachelor of Commerce Degree in Accounting and Financial Management (Warton School of Business) United States | | Apology* | Apology* | √ | √ |
| **Mr TB Hlongwa**<br>B.Com (Honours Accounting) (University of Natal) CA (SA) | | | √ | Apology* | |
| **Ms B Chiliza**<br>Honours Bachelor of Commerce in Accounting (University of Natal) CA (SA) | | | | | √ |

* Apologies submitted and accepted

## 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.

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 namely, Deloitte and SM Xulu Inc Consortium
- Reviewed the audit scope, approach and budget
- Reviewed and confirmed the independence of the external auditors
- Reviewed and approved the budget for the fees to be paid to the external auditors
- Ensured that the appointment of the external auditors complies with the Higher Education Act 101 of 1997, as amended

### External Auditors

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 2019 year.

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

### 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.

### 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.

### 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, to provide comfort that the auditors are satisfied with the role and performance of management in fulfilling their functions.

### Risk Management

Council has assigned risk management oversight to a separate Risk Committee. The chairperson of the Risk Committee also serves on the Audit Committee, in line with best practice. The Risk Committee reports to the Council and where necessary informs the Audit Committee of matters that need the attention of the Audit Committee.

### Internal Audit

The Committee considered and approved the internal audit plan for 2019. The internal audit function is outsourced to a consortium led by SNG-GT and empowerment partners, namely Kgotlhetsa Consulting Services and HTB Consulting, who have the responsibility of reviewing and providing assurance on the adequacy of the internal control environment across the University's operations. The Chief Risk Officer is responsible for coordinating the internal audit work, including delivery of the agreed internal audit plan. Progress regarding findings are tracked and reported on regularly.

### 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 within the Finance function and experience of the senior members of management responsible for the Finance function.

### 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.

S Sibiya
Chairperson Audit Committee

Mr NZW Madinane
Chairperson of Council

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

## ANNUAL FINANCIAL REVIEW

This report provides an overview of the financial results of the University for the 2019 financial year, the budget process allocation of limited resources and control mechanisms in place to maintain financial discipline.

Despite continued pressure on its financial resources, the University had a positive financial year achieving a net surplus from its operations. This may be attributed primarily to vacancies against certain budgeted academic and administration staff positions, cost containment measures and fiscal discipline.

### Overview of Budget Process

The Executive Management Committee oversees the allocation of resources for the University and ensures that governance processes are followed so as to promote the attainment of the strategic objectives of the institution including medium and long-term sustainability. The annual budget process captures the growing needs of the University placed against scarce financial resources.

The budget process starts in April and ends in September when the overall budget for the ensuing year is approved by Council before the commencement of the following financial year on the recommendation of the Finance Committee. The Income and Salary budgets are prepared applying zero based budgeting principles based on inputs from each operating division.

Budgetary control and oversight is performed through monitoring and reporting of budget versus actual results on a quarterly basis with explanation and interrogation of variances at the Senior Executive Management meetings and thereafter presented at meetings of Finance Committee and Council.

The following principles underpin the budget process:

- The Ministerial Statement on University funding;
- Alignment to the strategic plan of the University;
- Strategically balanced budget; and
- Financial sustainability.

A key strategic focus is underpinned by the need to ensure the financial sustainability of the University. In this regard, conservative financial management is practiced by ensuring that there are effective mechanisms in place to maintain financial discipline.

### Salient Features of the Consolidated Annual Financial Statements for the year ended 31 December 2019

The University has obtained an unqualified audit opinion on the consolidated annual financial statements for the year ended 31 December 2019. The consolidated annual financial statements set out on pages 83 to 163 of the annual report include the results of the Group and the University. The accounting policies applied in the preparation of the annual financial statements are consistent, in all material respects, with those applied in the previous financial year except where otherwise stated.

### Summary of Financial Performance

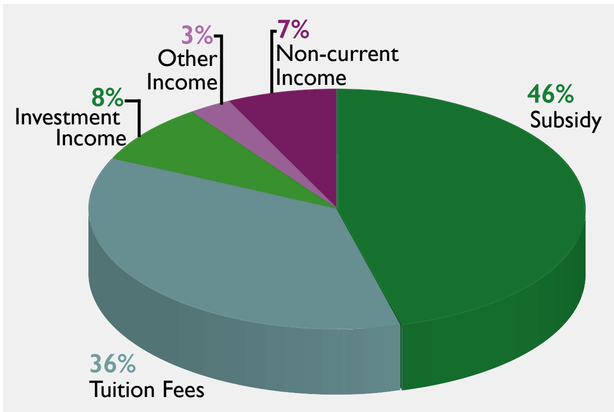
The group reported a net surplus before taxation and the transfer of restricted funds to reserves, of R709m (2018: R585m). This is attributable to the following:

- Council controlled funds R654m (2018: R562m)
- Student accommodation R55m (2018: R23m)

### Council Controlled Income and Expenditure

#### Income

The University is highly reliant on the first and second stream income which is State Subsidy and Tuition fees. The university income for the year is the State Subsidy 46% (2018: 48%), tuition and other fees 36%, (2018: 34%) which make up 82% (2018: 82%), and other income split into investment income 8% (2018: 8%) and other income 4% (2018: 4%). Non-recurrent income accounted for 7% (2018: 6%) of total income.



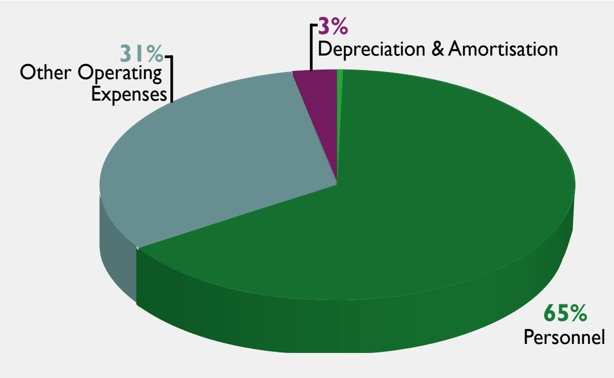

The subsidy income increased by 10.13% from R1 001m in 2018 to R1 103m. The increase in subsidy income is mainly attributable to the following:

- Research output units increased from 466.87 units in 2018 to 502.52 units which reflects an effective increase of 35.65 units.
- Increase in the teaching input. Teaching output and Institutional Factor Unit values to cater for the tuition fee adjustments.

Tuition fee increased from R704m in 2018 to R867m; an increase of 23.12%. In the current year the tuition fee increase is attributable mainly to the increase in head-count enrolment of students from 31 203 in 2018 to 35 442 and annual fee adjustment.

Investment income comprises of interest earned on short-term investments and interest charged on student accounts as well as dividends received on long-term investments. Investment income increased by 20.14% from R163m in 2018 to R198m. Income from research and other activities represent an increase of 9.92% from R55m in 2018 to R60m. Other income decreased by 46.45% to R11m from R20m in 2018.

## Expenditure




Personnel costs constitute 66% (2018: 69%) of total expenditure, other operating expenses constitute 31% (2018: 28%) while depreciation and amortisation represent 3% (2018: 3%). Total recurrent expenditure increased by 16% from R1 346m in 2018 to R1 557m in 2019. The increase is mainly attributable to the following:

## Personnel costs – Academic and Other staff

Personnel costs increased by 9% to R1 012m (2018: R929). The increase is attributable to the upward adjustment of 5% (2018: 5.6%) for grades 1-5 and 6.5% (2018: 7%) for grades 6-16 for the year under review. The reason for the non-correlation between the effective increase in personnel compensation and the salary adjustments is due to filling of vacant posts during the year and notch adjustments for qualifying staff.

### *Ratio of Staff costs to Re-current income*

The ratio of staff costs to recurrent income is 51% (2018: 54%). Recurrent income is defined as state subsidy and tuition fee income. The ratio is below the norm due to high number of vacant positions during the year.

### *Post-Retirement Benefits*

- **Pension:**

  Members who transferred from the AIPF (Government Pension Fund) to NTRF in 1994 are entitled to a minimum defined benefits, 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. The Scheme currently has 138 employed and 180 retired members.

The Actuarial Valuation of the post-retirement benefits obligation as at 31 December 2019 was R158m (2018: R156m).

## Other operating expenses

Other operating expenses increased by 33% (2018: 9%) from R362m in 2018 to R482m. This is mainly attributable to the following:

- Increase in utility expenditure (electricity, water, rates etc.)
- Outsourced services comprise security and cleaning costs which have increased by 75% from R53m in 2018 to R93m. The significant increase is primarily attributable to additional security secured during the unrest on campus.

## Student accommodation

Student accommodation is required to cover its costs and provide resources for long-term maintenance. Income for student accommodation increased from R283m in 2018 to R455m which represents an increase of 60% (2018: 50%). This is predominantly due to the legislative changes from government namely free education to qualifying students. Expenditure amounted to R399m (2018: R260m) of which R379m (2018: R240m) was in respect of operating expenditure.

# Statement of Financial Position

## Total assets

Total assets amounted to R5 263m (2018: R4 512m) which is an increase of 17% (2018: 21%) on previous year. The increase is attributable mainly to property, plant and equipment and cash and cash equivalents which increased by 9% and 24% in the previous year respectively.

## Receivables and prepayments

Student debtors before impairment increased to R580m in 2019 from R494m, an increase of 18% (2018: 1% decrease). Student debt after the impairment provision is R345 (2018: R248m). Debt impairment provision decreased by 5% compared to a 22% decrease in 2018. The reason for the drop in provision is due to the bad debt written off from 1981 to 2014. Three debt collection agencies have been appointed to assist with the collection of debt. The collection percentages over the past periods have proved to be favourable.

During the year under review, the University received R1 119m from NSFAS compared to R647m received in 2018, representing an increase of 72.95% (2018: 50.47%). The number of student funded by NSFAS increase from 17962 to 20961 in 2019 and the allowance previously paid directly to students were disbursed through the university. Included in the amount of received is R20,2m which related to 2018 NSFAS allocations, R1,0m which related to 2017 NSFAS allocations, R0,8m which related to 2016 NSFAS allocations and R3,8m related to historic debt for 2013 to 2015.

## Total liabilities

Total liabilities amounted to R1 774m (2018: R1 752m) which is an increase of 1% compared to an increase of 14% in the previous year. The decrease is as a result of the repayment on long term borrowings and reduced trade and other payables commitments.

## Cash flow and liquidity

The net cash flow from operating activities increased to R803m from R785m in the previous year, with the primary reason being that the recurrent revenue exceeded the recurrent expenditure. The increase in investment income is largely the result of a strategic decision taken by management to invest funds not required immediately.

The University's cash resources continue to remain positive. Cash and cash equivalents at year end increased to R2 987m from R2 408m in the previous year. The significant portion of cash and cash equivalents relates to committed funds for the following:

- Unspent restricted government grants and research funds totalling R593m (2018: R544m);
- Unspent funds designated to departments amounting to R378m (2018: R328m);
- Accounts payable R136m (2018: R254m);
- Funds retained for three months' working capital amounting to R491m (2018: R557m) as required by DUT practice;
- Unencumbered amount of R1 881m (2018: R1 283m).

## Financial sustainability

### Liquidity Ratios

The liquidity ratios measure the University's ability to meet its short-term financial obligations as they fall due. A high acid test ratio and current ratio indicates good liquidity position.

### Acid Test Ratio

The acid test ratio compares the total current assets, excluding inventory, to total current liabilities. The acid test ratio of the University is 11.58:1 (2018: 7.26:1) which exceeds the norm of 1:1.

### Current Ratio

The current ratio indicates the University's ability to settle its current liabilities from its current assets. The current ratio of the University is 11.59:1 (2018: 7.27:1) which exceeds the accepted norm of 2:1.

### Cash Ratio

The cash ratio effectively compares cash and cash equivalents with total current liabilities. The University's cash ratio is 10.69:1 (2018: 6.55:1).

### Solvency Ratio

The solvency ratio measures the ability of the University to meet its long-term financial obligations.

Total Assets (less Property, plant and equipment) to Total Liabilities:

The University's ratio is 2.17:1 (2018: 1.83:1). This is greater than the norm of 1:1 which indicative of the financial soundness of the University. The formula used excludes Property, Plant and Equipment (PPE) because it is generally very illiquid.

### Debt Equity Ratio

The ratio indicates the degree of financial leverage being used by the University and includes both short-term and long-term debt. The debt equity is 10% (2018: 16%), which is below the 50% borrowing limit as per the University's policy.

### Debt to Assets

This ratio quantifies the percentage of the University's assets that have been financed with debt. A higher ratio indicates a higher degree of financial leverage, and consequently, financial risk. Total debt to total assets ratio is low at 34% (2018: 39%).

### Interest Cover Ratio

This ratio measures the University's ability to meet the interest expense on debt. The higher the ratio, the better the University's ability to meets its interest obligation. The interest cover is 77 (2018: 62).

### Other Ratios

| | 2019 | 2018 | Norm |
|---|---|---|---|
| Personnel cost to unrestricted re-current income | 51.11% | 54.28% | 58% - 62% |
| Personnel cost as % of total expenditure | 64.64% | 68.76% | - |
| Subsidy as % of total income | 50.67% | 53% | - |
| Academic to non-academic | 56:44 | 57:43 | 60:40 |
| Repairs and maintenance as % of total expenditure | 2.82% | 1.52% | 3% |
| Outsourced services as % of total expenditure | 5.98% | 3.96% | 3.5% |

## Conclusion

The financial sustainability of the University is a key perspective of the University strategy "Envision 2030". We are pleased to report that the University is a going concern and assets fairly valued exceed its liabilities. Based on the strong financial position, the Executive Management is satisfied that the University is adequately funded and will continue to exercise its mandate successfully in 2020 and beyond.

B Singh
Chairperson: Finance Committee

NF Dhumazi
Chief Financial Officer

**“EDUCATION IS NOT THE FILLING OF A PAIL, BUT THE LIGHTING OF A FIRE.”**

WB Yeats

DURBAN UNIVERSITY OF TECHNOLOGY
INYUVESI YASETHEKWINI YEZOBUCHWEPHESHE

Incorporated in terms of the Higher Education Act of 1997

# AUDITED CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED DECEMBER 31, 2019

**DURBAN UNIVERSITY OF TECHNOLOGY**

**CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 20**

| | |
|---|---|
| **NATURE OF BUSINESS** | Public Higher Education Institution |
| **AUDITORS** | Deloitte & Touche and SM Xulu Incorporated |
| **BANKERS** | Standard Bank of South Africa Limited<br>First National Bank of South Africa Limited |
| **DOMICILE AND COUNTRY OF INCORPORATION** | Republic of South Africa |
| **SUBSIDIARIES** | Melrose Properties Proprietary Limited<br>Maxelect Investments Proprietary Limited<br>Durban University of Technology Proprietary Limited |

**CONTENTS** Pages

**DURBAN UNIVERSITY OF TECHNOLOGY**

## COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 84 to 163 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. Attention is drawn to note 34 and 35 of the consolidated annual financial statements in respect of events subsequent to year end and the going concern of the University, respectively.

The University's external auditors, Deloitte & Touche and SM Xulu Incorporated, audited the consolidated annual financial statements, and their report is presented on pages 79 to 83. 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 84 to 163 were approved by the Council on 23 October 2020 and are signed on its behalf by:

**VICE CHANCELLOR AND PRINCIPAL**

**CHAIRPERSON OF COUNCIL**

**CHIEF FINANCIAL OFFICER**

Deloitte.

SMX SM Xulu
ASSURANCE • ADVISORY • TAX

INDEPENDENT AUDITORS' REPORT TO THE MINISTER OF HIGHER EDUCATION, SCIENCE AND TECHNOLOGY 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 University) set out on pages 84 to 163, which comprise the consolidated statement of financial position as at 31 December 2019 and the consolidated income statement, consolidated income statement and other comprehensive income, consolidated statement of changes in funds, and consolidated 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 University as at 31 December 2019, 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 1997 (Act no. 101 of 1997) (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 University in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

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

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 University'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 University 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 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 the auditor's report. This description, which is located at page 83, forms part of our auditors' report.

## 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. Accordingly, we do not express an opinion or conclusion on these matters.

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 2019:

| Strategic focus area | Pages in the annual performance report |
|---|---|
| Sustainable student communities of living and learning | 21 to 23 |
| Research and innovation for development | 24 to 25 |

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 raise any material findings on the usefulness and reliability of the reported performance information for the selected strategic focus areas.

### Other matters

We draw attention to the matter below. Our opinion is not modified in respect of this matter.

### Achievement of planned targets

Refer to the annual performance report on pages 21 to 26 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 identified the following material findings on non-compliance with the specific matters in key legislation as set out in the general notice issued in terms of the PAA:

- The financial statements submitted for auditing were not supported by complete accounting records, as required by section 41(1) (b) of the Higher Education Act of South Africa. Material misstatements of assets, liabilities, equity, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statement were corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

### 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 and Principal, 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 of the consolidated financial statements, 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.

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. We have nothing to report in this regard.

### 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.

These matters reported below are limited to the significant internal control deficiencies that also resulted in findings on compliance with key legislation identified during the audit which indicated material internal control weaknesses at the University.

The following significant internal controls weaknesses were identified:

- Significant deficiencies were identified in internal controls over the financial reporting environment relating to:
    - Significant weaknesses with respect to the preparation and review of accounting records, annual financial statements and the completeness and accuracy of information.
    - There were material corrections and adjustments made to the financial statements for the current and prior periods.

- There were significant deficiencies noted with respect to the implementation of internal controls relating to supply chain management and procurement.
- There was material non-compliance with laws and regulations relating to:
    - Section 41(1) (b) of the Higher Education Act of South Africa.

Other reports

We draw attention to the following engagements conducted by ourselves and other parties that had, or could have, an impact on the matters reported in the University's consolidated financial statements, reported performance information, compliance with applicable legislation and other related matters are either in progress or have been completed. These reports did not form part of our opinion on the consolidated financial statements or our findings on the reported performance information or compliance with legislation.

Investigations

There is a forensic investigation currently being performed by KPMG regarding alleged irregularities around the procurement of goods and services (supply chain management and procurement). The investigation is still in progress.

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".

| No | Grant name | Period coverage | Status | Report date |
|---|---|---|---|---|
| 1 | University Capacity Development Programme (UCDP) | 1 April 2019 to 31 March 2020 | Completed | 14 February 2020 |
| 2 | National Research Foundation Grant | 1 January 2019 to 31 December 2019 | Completed | 12 March 2020 |
| 3 | University Capacity Development Grant (UCDG) | 1 April 2019 to 31 March 2020 | Completed | 20 March 2020 |
| 4 | Research Output Publications | 1 January 2019 to 31 December 2019 | Completed | 24 June 2020 |
| 5 | Reinforced Material and Plastics Technology Station | 1 April 2019 to 31 March 2020 | Completed | 31 July 2020 |
| 6 | Industrial Energy Efficiency Training and Resources (IEETR) | 1 April 2019 to 31 March 2020 | Completed | 19 October 2020 |
| 7 | Clinical Training Grant (CTG) | 1 April 2019 to 31 March 2020 | Completed | 6 August 2020 |
| 8 | Infrastructure and Efficiency Grant | 1 April 2019 to 31 March 2020 | Completed | 11 August 2020 |
| 9 | ECP/ Foundation Provision Grant | 1 April 2019 to 31 March 2020 | Completed | 21 August 2020 |
| 10 | Higher Education Management Information Systems ("HEMIS") | 1 January 2019 to 31 December 2019 | Completed | 31 August 2020 |
| 11 | New Generation of Academics Programme Grant (NGAP) | 1 April 2019 to 31 March 2020 | In-Progress | |
| 12 | Clinical Training Grant - Enrolments | 1 Jan 2019 to 31 December 2019 | In-Progress | |
| 13 | Supplementary Financial data and Performance Indicators | 1 January 2019 to 31 December 2019 | In progress | |

Deloitte & Touche

Deloitte & Touche
Registered Auditors
Per: A Essack CA (SA), RA
Partner

29 October 2020

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

29 October 2020

### 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 University's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 University 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, 2019**

| | NOTE | *2019* *R'000* | *2018 (Restated) R'000* | *2017 (Restated) R'000* |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **NON-CURRENT ASSETS** | | **1 858 043** | **1 711 382** | **1 762 001** |
| Property, plant and equipment** | 2 | 1 414 702 | 1 299 759 | 1 201 819 |
| Intangible assets | 3 | 3 916 | 1 817 | 2 728 |
| Investments** | 4 | 439 425 | 409 806 | 526 982 |
| Retirement benefit asset | | - | - | 10 454 |
| Receivables | 5 | - | - | 20 018 |
| **CURRENT ASSETS** | | **3 405 130** | **2 800 640** | **1 975 937** |
| Inventories | 7 | 2 104 | 2 211 | 2 806 |
| Receivables and prepayments** | 8 | 415 414 | 390 190 | 271 350 |
| Cash and cash equivalents | 9 | 2 987 612 | 2 408 239 | 1 701 781 |
| **TOTAL ASSETS** | | **5 263 173** | **4 512 022** | **3 737 938** |
| **ACCUMULATED FUNDS AND LIABILITIES** | | | | |
| **ACCUMULATED FUNDS** | | **3 488 718** | **2 759 539** | **2 197 786** |
| Unrestricted use funds – undesignated** | | 1 958 335 | 1 414 755 | 991 544 |
| Unrestricted use funds – designated ** | | 1 300 279 | 1 180 118 | 992 892 |
| Residence funds | | 91 255 | 35 839 | 12 580 |
| Restricted use funds** | | 76 499 | 71 231 | 72 593 |
| Fair value reserve | | 62 350 | 57 596 | 128 177 |
| **NON-CURRENT LIABILITIES** | | **1 480 559** | **1 367 018** | **1 195 314** |
| Borrowings | 10 | 74 312 | 82 314 | 89 816 |
| Retirement benefit obligations | 11 | 157 504 | 156 292 | 158 755 |
| Deferred tax | 12 | 2 165 | 1 794 | 1 650 |
| Deferred revenue** | 15 | 1 243 482 | 1 126 618 | 945 093 |
| Lease liabilities* | 26 | 3 096 | - | - |
| **CURRENT LIABILITIES** | | **293 896** | **385 465** | **344 838** |
| Borrowings | 10 | 8 295 | 7 810 | 9 050 |
| Trade and other payables | 13 | 196 023 | 314 564 | 278 899 |
| Provisions | 14 | 49 159 | 40 145 | 43 542 |
| Deferred revenue** | 15 | 39 160 | 22 946 | 13 347 |
| Lease liabilities* | 26 | 1 259 | - | - |
| **TOTAL EQUITY AND LIABILITIES** | | **5 263 173** | **4 512 022** | **3 737 938** |

*Refer to Note 31: Adoption and implementation of IFRS 16 for further details. **Refer to Note 32: Prior period adjustments for further details.

## DURBAN UNIVERSITY OF TECHNOLOGY
## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

| 2019 | NOTE | COUNCIL CONTROLLED UNRESTRICTED | SPECIFICALLY FUNDED ACTIVITIES RESTRICTED | SUB-TOTAL | STUDENT AND STAFF ACCOMMODATION RESTRICTED | 2019 | 2018 (Restated) |
|---|---|---|---|---|---|---|---|
| **RECURRENT ITEMS** | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **INCOME** | | **2 176 489** | **62 382** | **2 238 871** | **454 582** | **2 693 453** | **2 228 716** |
| State appropriations - subsidies and grants | 1.17&21.1 | 1 102 895 | - | 1 102 895 | - | 1 102 895 | 1 001 413 |
| Tuition fee and other income | 1.17&21.1 | 866 211 | 754 | 866 965 | 452 006 | 1 318 971 | 986 935 |
| Income from contracts | | - | 60 132 | 60 132 | - | 60 132 | 54 703 |
| - For research | | - | 60 132 | 60 132 | - | 60 132 | 54 703 |
| Sales of goods and services | | 11 024 | - | 11 024 | 2 566 | 13 590 | 21 781 |
| **INCOME SUB-TOTAL** | | **1 980 130** | **60 886** | **2 041 016** | **454 572** | **2 495 588** | **2 064 832** |
| Investment income | 16.1 | 196 359 | 1 496 | 197 855 | 10 | 197 865 | 163 884 |
| **EXPENDITURE** | | **1 557 027** | **80 544** | **1 637 571** | **399 206** | **2 036 777** | **1 676 519** |
| Personnel | 17 | 1 006 481 | 11 811 | 1 018 292 | 12 088 | 1 030 380 | 950 573 |
| - Academic professional | | 567 515 | 8 155 | 575 670 | - | 575 670 | 527 868 |
| - Other personnel | | 438 966 | 3 656 | 442 622 | 12 088 | 454 710 | 422 705 |
| Other current operating expenses | 18 | 482 483 | 45 780 | 528 263 | 379 887 | 908 150 | 642 248 |
| Depreciation and amortisation | 2,3&20 | 44 246 | 22 953 | 67 199 | 195 | 67 394 | 55 325 |
| **EXPENDITURE SUB-TOTAL** | | **1 533 210** | **80 544** | **1 613 754** | **392 170** | **2 005 924** | **1 648 146** |
| Finance costs | 19 | 2 050 | - | 2 050 | 7 036 | 9 086 | 9 266 |
| Minor capital items expensed | | 21 767 | - | 21 767 | - | 21 767 | 19 107 |
| **Surplus - Recurrent items** | | **619 462** | **(18 162)** | **601 300** | **55 376** | **656 676** | **552 197** |
| | | | | | | | |
| **NON-RECURRENT ITEMS** | | | | | | | |
| **INCOME** | | **45 455** | **124 217** | **169 672** | **-** | **169 672** | **125 699** |
| State grants | | - | 60 131 | 60 131 | - | 60 131 | 67 791 |
| Private gifts and grants | | 6 754 | 1 168 | 7 922 | - | 7 922 | 1 924 |
| Income from contracts | | 11 160 | 52 650 | 63 810 | - | 63 810 | 34 643 |
| Investment income | 16.1 | - | 10 268 | 10 268 | - | 10 268 | 5 786 |
| Other income | 21.2 | 27 541 | - | 27 541 | - | 27 541 | 15 555 |
| **EXPENDITURE** | | **11 538** | **105 617** | **117 155** | **-** | **117 155** | **92 829** |
| Personnel | 17 | 5 585 | 49 943 | 55 528 | - | 55 528 | 46 925 |
| - Academic professional | | 2 496 | 30 882 | 33 378 | - | 33 378 | 24 853 |
| - Administration | | 3 089 | 19 061 | 22 150 | - | 22 150 | 22 072 |
| Other current operating expenses | 18 | 5 577 | 55 674 | 61 251 | - | 61 251 | 45 517 |
| Loss on disposal of property, plant & equipment | | 376 | - | 376 | - | 376 | 387 |
| **Surplus – Non-Recurrent items** | | **33 917** | **18 600** | **52 517** | **-** | **52 517** | **32 870** |
| **NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION** | | **653 379** | **438** | **653 817** | **55 376** | **709 193** | **585 067** |
| Amounts spent from prior year receipts: from funds | | - | (4 396) | (4 396) | - | (4 396) | (1 914) |
| Taxation | 6&12 | (348) | - | (348) | (5) | (353) | (144) |
| **NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION** | | **653 031** | **(3 958)** | **649 073** | **55 371** | **704 444** | **583 009*** |
| Less: Income allocated to departments | | (38 853) | - | (38 853) | - | (38 853) | (46 784) |
| **NET SURPLUS/ ((DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS** | | **614 178** | **(3 958)** | **610 220** | **55 371** | **665 591** | **536 225** |

*Refer to Note 32.1 (2017), 32.2(2018) and 32.5 net surplus adjustments for further details on the prior period adjustment to net surplus.

# DURBAN UNIVERSITY OF TECHNOLOGY
# CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018 (Restated)

| 2018 | NOTE | COUNCIL CONTROLLED UNRESTRICTED | SPECIFICALLY FUNDED ACTIVITIES RESTRICTED | SUB-TOTAL | STUDENT AND STAFF ACCOMMODATION RESTRICTED | 2018 (Restated) | 2017 (Restated) |
|---|---|---|---|---|---|---|---|
| **RECURRENT ITEMS** | | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| **INCOME** | | **1 889 602** | **55 150** | **1 944 752** | **283 964** | **2 228 716** | **1 848 362** |
| State appropriations - subsidies and grants | 1.17&21.1 | 1 001 413 | - | 1 001 413 | - | 1 001 413 | 855 758 |
| Tuition fee and other income | 1.17&21.1 | 704 167 | - | 704 167 | 282 768 | 986 935 | 762 703 |
| Income from contracts | | - | 54 703 | 54 703 | - | 54 703 | 64 047 |
| - For research | | - | 54 703 | 54 703 | - | 54 703 | 64 047 |
| Sales of goods and services | | 20 585 | - | 20 585 | 1 196 | 21 781 | 25 741 |
| **INCOME SUB-TOTAL** | | **1 726 165** | **54 703** | **1 780 868** | **283 964** | **2 064 832** | **1 708 249** |
| Investment income | 16.1 | 163 437 | 447 | 163 884 | - | 163 884 | 140 113 |
| **EXPENDITURE** | | **1 346 395** | **69 346** | **1 415 741** | **260 778** | **1 676 519** | **1 469 022** |
| Personnel | 17 | 925 801 | 12 057 | 937 858 | 12 715 | 950 573 | 867 098 |
| - Academic professional | | 527 868 | - | 527 868 | - | 527 868 | 473 811 |
| - Other personnel | | 397 933 | 12 057 | 409 990 | 12 715 | 422 705 | 393 287 |
| Other current operating expenses | 18 | 362 398 | 39 427 | 401 825 | 240 423 | 642 248 | 518 280 |
| Depreciation and amortisation | 2,3&20 | 37 335 | 17 784 | 55 119 | 206 | 55 325 | 53 377 |
| **EXPENDITURE SUB-TOTAL** | | **1 325 534** | **69 268** | **1 394 802** | **253 344** | **1 648 146** | **1 438 755** |
| Finance costs | 19 | 1 832 | - | 1 832 | 7 434 | 9 266 | 10 034 |
| Minor capital items expensed | | 19 029 | 78 | 19 107 | - | 19 107 | 20 233 |
| **Surplus - Recurrent items** | | **543 207** | **(14 196)** | **529 011** | **23 186** | **552 197** | **379 340** |
| **NON-RECURRENT ITEMS** | | | | | | | |
| **INCOME** | | **18 075** | **107 624** | **125 699** | **-** | **125 699** | **153 500** |
| State grants | | - | 67 791 | 67 791 | - | 67 791 | 64 650 |
| Private gifts and grants | | - | 1 924 | 1 924 | - | 1 924 | 20 693 |
| Realised cumulative net fair value gains on the disposal of investments | | - | - | - | - | - | 3 117 |
| Income from contracts | | 2 585 | 32 058 | 34 643 | - | 34 643 | 29 574 |
| Investment income | 16.1 | 97 | 5 689 | 5 786 | - | 5 786 | 5 808 |
| Other income | 21.2 | 15 393 | 162 | 15 555 | - | 15 555 | 29 658 |
| **EXPENDITURE** | | **4 859** | **87 970** | **92 829** | **-** | **92 829** | **105 564** |
| Personnel | 17 | 3 206 | 43 719 | 46 925 | - | 46 925 | 42 171 |
| - Academic professional | | 724 | 24 129 | 24 853 | - | 24 853 | 22 371 |
| - Administration | | 2 482 | 19 590 | 22 072 | - | 22 072 | 19 800 |
| Other current operating expenses | 18 | 1 266 | 44 251 | 45 517 | - | 45 517 | 63 037 |
| Loss on disposal of property, plant & equipment | | 387 | - | 387 | - | 387 | 356 |
| **Surplus – Non-Recurrent items** | | **13 216** | **19 654** | **32 870** | **-** | **32 870** | **47 936** |
| **NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION** | | **556 423** | **5 458** | **561 881** | **23 186** | **585 067** | **427 276** |
| Amounts spent from prior year receipts: from funds | | - | (1 914) | (1 914) | - | (1 914) | (5 025) |
| Taxation | 6&12 | (118) | - | (118) | (26) | (144) | 1 079 |
| **NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION** | | **556 305** | **3 544** | **559 849** | **23 160** | **583 009*** | **423 330*** |
| Less: Income allocated to departments | | (46 784) | - | (46 784) | - | (46 784) | (52 516) |
| **NET SURPUS/ (DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS** | | **509 521** | **3 544** | **513 065** | **23 160** | **536 225** | **370 814** |

*Refer to Note 32.1 (2017), 32.2(2018) and 32.5 net surplus adjustments for further details on the prior period adjustment to net surplus.

**DURBAN UNIVERSITY OF TECHNOLOGY**

**CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2019**

| | NOTE | 2019 R'000 | 2018 (Restated) R'000 |
|---|---|---|---|
| **Operating revenue** | | **2 495 588** | **2 064 832** |
| Less: Operating expenses | | (2 083 219) | (1 714 178) |
| - Staff costs | 17 | (1 085 908) | (997 498) |
| - Other operating expenses | 18 | (929 917) | (661 355) |
| - Depreciation and amortisation | 2,3 &20 | (67 394) | (55 325) |
| **Net surplus from operations** | | **412 369** | **350 654** |
| Income from investments | 16.1 | 208 133 | 169 670 |
| Loss on disposal of property, plant and equipment | | (376) | (387) |
| Other income | 21.2 | 159 404 | 119 913 |
| Finance expense | 19 | (9 086) | (9 266) |
| Other expenses | 18 | (61 251) | (45 517) |
| **Surplus for the year before transfers and taxation** | | **709 193** | **585 067** |
| Amounts spent from prior year receipts: from funds | | (4 396) | (1 914) |
| Taxation | 12 | (353) | (144) |
| **Surplus for the year after transfers** | | **704 444** | **583 009*** |
| **Other comprehensive income /(loss)** | | 15 385 | (25 075) |
| **Not to be reclassified to profit in subsequent periods:** | | | |
| Fair value remeasurments on investments carried at FVOCI | | 5 920 | (27 603)** |
| Net actuarial gain on defined benefit plan | | 9 465 | 2 528 |
| **Total comprehensive income for the year** | | **719 829** | **557 934** |

*Refer to note 32.5 for further details on the prior period adjustments to net surplus.
**Refer to note 32.2 and 32.4 footnotes 15 and 16 for further details on the prior period adjustments to OCI.

**DURBAN UNIVERSITY OF TECHNOLOGY**

**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2019**

| 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, 2019 (as previously reported)*** | **1 433 347** | **371 379** | **805 828** | **2 610 554** | **35 839** | **71 295** | **107 134** | **59 091** | **2 776 779** |
| Accumulative impact of restatements* | (18 592)@ | (6 262)@ | 9 173@ | (15 681) | - | (64) @ | (64)@ | (1 495)@ | (17 240)@ |
| **Restated balance at January 1, 2019*** | **1 414 755** | **365 117** | **815 001** | **2 594 873** | **35 839** | **71 231** | **107 070** | **57 596** | **2 759 539** |
| | | | | | | | | | |
| Surplus for the year | 653 031 | (3 958) | - | **649 073** | 55 371 | - | **55 371** | - | 704 444 |
| | | | | | | | | | |
| Other comprehensive income/(loss) | 9 465 | - | - | **9 465** | - | 2 803 | **2 803** | 3 117 | 15 385 |
| | | | | | | | | | |
| **Balance at December 31, 2019 before fund transfer** | **2 077 251** | **361 159** | **815 001** | **3 253 411** | **91 210** | **74 034** | **165 244** | **60 713** | **3 479 368** |
| Transfers out of funds | (38 853) | 14 195 | 24 658 | **-** | - | - | - | - | - |
| Other transfers | (80 063) | 12 007 | 73 259 | **5 203** | 45 | 2 465 | **2 510** | 1 637 | 9 350 |
| **Balance at December 31, 2019** | **1 958 335** | **387 361** | **912 918** | **3 258 614** | **91 255** | **76 499** | **167 754** | **62 350** | **3 488 718** |

*Refer to @ note 32.2 – Prior period adjustments for further details on the restatement.

**DURBAN UNIVERSITY OF TECHNOLOGY**
**CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018**

| | Council controlled funds | | | | Restricted funds | | | Fair value reserve | GRAND-TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| **DESCRIPTION (R'000)** | 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)*** | **713 765** | **191 662** | **670 020** | **1 575 447** | **(16 262)** | **65 499** | **49 237** | **114 940** | **1 739 624** |
| Accumulative impact of restatements* | (15 934)[5] | (4 152)[6] | 11 306[7] | (8 780) | - | (1 518)[2] | (1 518) | - | (10 298) |
| **Restated Balance at January 1, 2017** | **697 831** | **187 510** | **681 326** | **1 566 667** | **(16 262)** | **63 981** | **47 719** | **114 940** | **1 729 326** |
| Surplus/(deficit) for the year** | 392 376 | 2 113 | - | 394 489 | 28 841 | - | 28 841 | - | 423 330 |
| Other comprehensive income*** | 23 022 | - | - | 23 022 | - | 2 869 | 2 869 | 13 237 | 39 128 |
| Net Transfers in/(out) of funds** | (121 685) | 49 627 | 72 316 | 258 | 1 | 5 743 | 5 744 | - | 6 002 |
| **Restated balance as at 31 December 2017** | **991 544** | **239 250** | **753 642** | **1 984 436** | **12 580** | **72 593** | **85 173** | **128 177** | **2 197 786** |
| IFRS 15 restatement | 3 040# | 5 773# | - | 8 813 | - | - | - | - | 8 813 |
| **Restated balance at January 1, 2018** | **994 584** | **245 023** | **753 642** | **1 993 249** | **12 580** | **72 593** | **85 173** | **128 177** | **2 206 599** |
| | | | | | | | | | |
| Surplus for the year** | 556 305 | 3 544 | - | 559 849 | 23 160 | - | 23 160 | - | 583 009 |
| Other comprehensive income/(loss)*** | 2 528 | - | - | 2 528 | - | (3 170) | (3 170) | (24 433) | (25 075) |
| | | | | | | | | | |
| **Balance at December 31, 2018 before fund transfer** | **1 553 417** | **248 567** | **753 642** | **2 555 626** | **35 740** | **69 423** | **105 163** | **103 744** | **2 764 533** |
| Transfers of funds ** | (47 565) | 33 615 | 13 950 | - | - | - | - | - | - |
| Other transfers** | (91 097) | 82 935 | 47 409 | 39 247 | 99 | 1 808 | 1 907 | (46 148) | (4 994) |
| **Balance at December 31, 2018(Restated)** | **1 414 755** | **365 117** | **815 001** | **2 594 873** | **35 839** | **71 231** | **107 070** | **57 596** | **2 759 539** |

# Adjustments for IFRS 15 adoption previously recorded in the opening balance.
*Refer to note 32.1. – Prior period adjustments for further details on the restatements.
**Refer to note 32.2. – Prior period adjustments for further details on the restatements.
***Refer to note 32.2 and 32.4 footnote 14 & 15 for further details on the prior period adjustments to OCI and fair value reserve.

## DURBAN UNIVERSITY OF TECHNOLOGY

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2019

| | Note | *2019* | *2018* |
|---|---|---|---|
| | | | *(Restated)** |
| | | *R'000* | *R'000* |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Cash generated from operations | 28.1 | 565 274 | 610 558 |
| Investment income | 16.1 | 245 436 | 183 560 |
| - Interest income | | 236 580 | 174 953 |
| - Dividend income | | 8 856 | 8 607 |
| - Finance costs | | (8 196) | (8 813) |
| **NET CASH FLOWS FROM OPERATING ACTIVITIES** | | **802 514** | **785 305** |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of PPE and intangible assets | 2&3 | (172 498) | (152 940) |
| Purchase of non-current investments | | (89 064) | (92 910) |
| Proceeds from disposal of property plant and equipment | | 1 | 197 |
| Proceeds from disposal of non-current investments | | 46 790 | 175 042 |
| **NET CASH FLOWS USED IN INVESTING ACTIVITIES** | | **(214 771)** | **(70 611)** |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of finance lease liability | | - | (2 142) |
| Payment of principal portion of lease liabilities | 28.2 | (1 203) | - |
| Payments of finance costs of lease liabilities | | (516) | - |
| Payments of principal portion of borrowings | 28.2 | (6 651) | (6 094) |
| **NET CASH FLOWS FROM FINANCING ACTIVITIES** | | **(8 370)** | **(8 236)** |
| **INCREASE IN CASH AND CASH EQUIVALENTS** | | 579 373 | 706 458 |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR** | | 2 408 239 | 1 701 781 |
| **CASH AND CASH EQUIVALENTS AT END OF YEAR** | 9 | **2 987 612** | **2 408 239** |

*Refer to note 32.6. for further details on the restatement.

## 1. ACCOUNTING POLICIES

### 1.1 University Information

The consolidated financial statements of the University and its subsidiaries for the year ended December 31, 2019 were approved for issue in accordance with a resolution of Council on 23 October 2020.

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, unless otherwise stated in the accounting policies. 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 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

#### 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.

## 1. ACCOUNTING POLICIES (continued)

### 1.5 Significant accounting judgements, estimates and assumptions (continued)

*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.

*Student fees receivable*

The total debt receivable is split between debt handed over to the debt collecting agencies and debt not handed over which is deemed to be collectable by the University. Debt that is handed over, comprises student fees receivable from the self – paying and sponsor students who are no longer registered at the University. The handover of the debt usually takes place after the University's graduation ceremony following the year of study. Debt that is not handed over to the collecting agents represents fees receivable from National Student Financial Aid Scheme ("NSFAS") and students who have completed instalment agreements to pay their debt in the following year of their continued study period.
A provision for expected losses is based on these estimates. A detailed breakdown of the student fee receivable is provided in Note 8.

*Provision for expected credit losses of trade receivables*

The University uses a provision matrix to calculate the ECL for the student fee receivable. The provision matrix is initially based on the University's historical observed default rates. The University considers qualitative and quantitative information based on the University's historical experience as well as forward looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year, which can lead to an increased number of defaults in the higher education sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed

The University's historical credit loss experience and forecast of economic conditions may also not be representative of student's actual default in the future. Further information on the University's trade receivables and student fees receivables default rates is disclosed in Note 8.

*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 15% 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.

## 1. ACCOUNTING POLICIES (continued)

### 1.5 Significant accounting judgements, estimates and assumptions (continued)

*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.

*Revenue from contracts with customers*

The University applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

*Principal versus agent considerations*

The University enters into collaborative research agreements between itself, funders and other Universities. Under these agreements, the University receives funds from the funders, and pays it over to other Universities when performance obligations have been met. The University recognises revenue to the extent that it controls the research services to be provided to the funders, and in such instances, the University is the principal. For the services provided by other Universities, the University has determined that it does not control the research services provided by the other Universities before they are transferred to the funders. The following factors indicate that the University does not control the services before they are transferred to the funders.

- The University is not primarily responsible for fulfilling the promise to provide the research services;
- The University has no discretion to determine the price of the services.

Therefore, the University determined that it is an agent in these contracts and did not recognise revenue relating to these contracts.

### 1.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at December 31, 2019.
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; and
- Durban University of Technology Proprietary Limited.

## 1. ACCOUNTING POLICIES (continued)

### 1.7 Standards, interpretations and amendments to published standards

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

### 1.7.1 Standards early adopted by the University

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

### 1.7.2 Standards, interpretations and amendments that are not yet effective

At the date of authorisation of these financial statements, the following new accounting standards and interpretations of accounting standards have been issued but are not yet effective:

| Standard or Interpretation | Effective for years beginning |
|---|---|
| a) **IFRS 17- *Insurance contracts*** | 1 January 2021 |

This standard replaces IFRS 4 – Insurance contracts.
The amendment is not expected to have an impact on the entity's financial statements as the entity is not an insurer.

b) **Amendments to IAS 1 and IAS 8 - Definition of material** — 1 January 2020

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'.

The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the *Conceptual Framework* that contain a definition of material or refer to the term 'material' to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

c) **Conceptual Framework - Amendments to References to the Conceptual Framework in IFRS Standards** — 1 January 2020

Together with the revised Conceptual Framework, which became effective upon publication on 29 March 2018, the IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards.

The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.
Not all amendments, however, update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework.
Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

The University does expect that the adoption of the Standards listed above will have a material impact on the financial statements in future periods,

## 1. ACCOUNTING POLICIES (continued)

### 1.7.3 Standards, interpretations and amendments adopted during the year

**IFRS 16 Leases *("IFRS 16") – lessees***

The University adopted IFRS 16 Leases with a date of initial application of 1 January 2019. As a result, the University has changed its accounting policy for leases as detailed below.

(a) Impact of the new definition of a lease

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease based on whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

Details of these new requirements are described in note 2.2 and note 31.

The date of initial application of IFRS 16 for the University is 1 January 2019.

The University has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standard as an adjustment to the opening balance of accumulated funds at the date of initial application. Therefore, the comparative information has not been restated.

As part of the initial application of IFRS 16 to operating leases entered into by the University, the University has adopted the application of IFRS 16 to contracts that were previously identified as leases under IAS 17 Leases.

The University elected to make use of the retrospective cumulative adjustment option.
On adoption, the University applied the following practical expedients with the adoption of IFRS 16 as allowed by the standard:

- The University accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases and accordingly the University has not recognised right-of-use assets and liabilities for these leases.
- The costs associated with these leases are included in lease expenses as disclosed in note 18.
- The University elected not to separate the non-lease components and accounted for the lease and non-lease components as a single lease component.
- The University used a single discount rate for a portfolio of leases with reasonably similar characteristics.
- Initial direct costs were excluded from the measurement of the right-of-use asset at initial application.

The University did not make use of the practical expedient that allows one to, not revisit the definition of a lease. Based on the review of the transport services contracts, management determined that the University did not have exclusive use of the assets. Therefore, these contracts did not contain separately identifiable assets per the definition of IFRS 16 – leases, and were therefore excluded from the scope the standard.

## DURBAN UNIVERSITY OF TECHNOLOGY

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

### 1. ACCOUNTING POLICIES (continued)

### 1.7.3 Standards, interpretations and amendments adopted during the year

**IFRS 16 Leases (*"IFRS 16"*) – *lessees*** *(continued)*

*Transition impact*

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on the 1 January 2019 is 11%.

The following table shows the operating lease commitments disclosed applying IFRS 17 as at 31 December 2018 discounted using the incremental borrowing rate at the date of application and the lease liabilities recognised in the statement of financial position at the date of initial recognition.

| | *2019* |
|---|---|
| | *R '000* |
| Operating lease commitments as at 2018 (refer to note 25.2) | **280 916** |
| Outsourced residents not capitalised due to variable lease payments | (274 108) |
| Property leases entered into on 1-1-2019 | 261 |
| Equipment (IT Assets) leases not recognised in commitments in 2018 but recognised under IFRS 16 | 2 158 |
| Low value leases (photocopiers) | (2 520) |
| Transport services excluded from IFRS 16 | (467) |
| Total effect of discounting | (1 300) |
| **Total leases as at 1 January 2019** | **4 940** |

The impact of the adoption of IFRS 16 on the consolidated financial statements is described in note 31. The adoption of IFRS 16 has no impact on the prior periods as reflected below:

| **1 January 2019** | *As previously reported R'000* | *IFRS 16 adjustments R'000* | *Total 2019 R'000* |
|---|---|---|---|
| Accumulated funds | - | - | - |
| Right-of use asset | - | 4 940 | 4 940 |
| Lease liability | - | (4 940) | (4 940) |
| **Accumulated funds** | - | - | - |

The University had the following category of leases as at 1 January 2019:

| **Category** | **Description** | **Incremental borrowing rate** |
|---|---|---|
| Outsourced residences | The University enters into contracts with third party service providers for student accommodation over a 36-month period. Based on the IFRS 16 scoping criteria, these contracts are included within the scope of IFRS 16. However, due to the fact that all payments are variable as they are based on the monthly occupancy of each residence, the outsourced residences have not been capitalised under IFRS 16. | *Not applicable* |
| Property | The University leases properties on a fixed monthly rental basis for periods in excess of 12 months. These leases have been capitalized under IFRS 16. | *Prime (10%)* |
| Equipment | The University leases various types of photocopiers on a 5-year basis. Photocopiers that were not classified as low-value assets have been classified under IFRS 16. | Discount rate applied is prime (10%) plus 1.5% fixed for the period which is consistent with that applied by the service provider. |

All leases that end within 12 months of the date of initial application are accounted for as short-term leases and the amounts are expensed to net surplus. Initial direct costs relating to leases under IFRS 16 on the date of initial application have not been capitalised to the right-of-use assets.

**1. ACCOUNTING POLICIES** (continued)
**1.7.3 Standards, interpretations and amendments adopted during the year**(continued)

**IFRS 16 Leases *("IFRS 16") – lessees*** (continued)
On the commencement of the lease, the University recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the carrying amount of the lease liability plus any initial direct costs incurred by the University. Adjustments for lease incentives, payments at or commencement of the lease and restoration obligations are added to the carrying amount of the right-of-use asset where applicable.

After lease commencement, the University measures the right-of-use asset at the cost less accumulated depreciation and impairment. The University assesses whether the right-of-use assets are impaired applying IAS 36 Impairment of Assets on an annual basis.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or, where this cannot be determined, at the University's incremental borrowing rate. After lease commencement, the University measures the lease liability by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made.

Lease modifications are accounted for as separate leases if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. Lease modifications that do not give rise to a separate lease are accounted for by adjusting the right-of-use asset and lease liability.

*Impact on Lessor Accounting*
The requirements for lessor accounting have remained largely unchanged. Under IFRS 16, a lessor continues to classify leases as either finance leases or operating leases and account for those two types of leases.

**1.8 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 valuators 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 -40 years |
| Furniture | 20 years |

The assets' residual values, useful lives and methods of depreciation are reviewed at each reporting date, and adjusted prospectively, if appropriate.
*Library acquisitions*
New library books, journals and collections are written off in the year of acquisition.

## 1. ACCOUNTING POLICIES (continued)

### 1.9 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.

### 1.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average cost method and includes costs incurred in acquiring inventories and bringing them to their existing condition and location. Net realisable value is the estimated selling price of inventory, should it be sold at arm's length, less estimated selling expenses.

Inventories comprise consumables and study materials.

### 1.11 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a 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.

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.
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 surplus or deficit.
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. ACCOUNTING POLICIES (continued)

### 1.12 Financial instruments

Financial assets and financial liabilities are initially recognised in the consolidated statement of financial position when the University becomes party to the contractual provisions of the instrument.
The trade date method of accounting has been adopted for 'regular way' purchase or sale of financial assets. The trade date is the date that the University commits to purchase or sell an asset. A 'regular way' contract is a contract for the purchase or sale of financial assets that requires delivery of the assets within the time frame generally established by regulation or convention in the marketplace concerned.

*Initial recognition*

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through net surplus or deficit) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through net surplus or deficit are recognised immediately in net surplus or deficit.

With the exception of trade and student debtors that do not contain a significant finance component, the University initially measures financial assets and liabilities at fair value plus, in the case of a financial asset or liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

### 1.12.1 Fair value measurement

The University measures financial assets and liabilities at fair value at each reporting date.

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 measurement 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 22.4, based on the lowest level input that is significant to the fair value measurement as a whole.

## 1. ACCOUNTING POLICIES (continued)

### 1.12.1 Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements at fair value 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.

Fair-value related disclosures for financial instruments are disclosed are summarised in the following notes 22.

### 1.12.2 Financial assets

*Classification categories*
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the University's business model for managing them.

*The University classifies financial assets into the following categories:*

| Financial Instrument | Classification under IFRS 9 |
|---|---|
| Investments | Fair value through OCI |
| Non-current receivables | Amortised cost |
| Receivables and prepayments | Amortised cost |
| Cash and cash equivalents | Amortised cost |

*Subsequent measurement*
Financial assets are subsequently measured at either amortised cost or fair value through OCI, depending on the classification of the financial assets.

### 1.12.2.1 Financial assets at amortised cost

*Classification*
The University classifies financial assets at amortised cost if both the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and;
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Initial measurement*
The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

*Subsequent measurement*
Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment.

Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The University's financial assets at amortised cost includes trade receivables and prepayments, student fees receivable, cash, and cash equivalents, which comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments.
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

**1. ACCOUNTING POLICIES** (continued)

**1.12.2.3 Financial assets at fair value through other comprehensive income (FVOCI)**

*Classification of financial assets at FVOCI comprise of the following categories:*

- Equity instruments which are not expected to be sold in the short to medium term, and which the University has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the University considers this classification to be more relevant.
- Debt instruments where the contractual cash flows are solely principal and interest and the objective of the University's business model is achieved both by collecting contractual cash flows and selling financial assets.

*Subsequent measurement*

The University subsequently measures all equity and debt investments at fair value. The changes in fair value are recognised in other comprehensive income, and transferred to the fair value reserve. There is no subsequent reclassification of fair value gains and losses to profit and loss. Impairment losses on equity and debt instruments measured at FVOCI are not reported separately from other changes in fair value

Dividends on these investments is recognised in net surplus or deficit when the University's right to receive payments is established. Dividends are included in the 'investment income - dividends' line item (note 16.1) in net surplus or deficit.

**1.12.2.4. Foreign exchange gains and losses**

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in net surplus or deficit;
- for debt instruments measured at fair value through other comprehensive income that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in net surplus or deficit in the 'other gains and losses' line item;
- for equity instruments measured at FVOCI, exchange differences are recognised in other comprehensive in the fair value reserve.

**1.12.2.5 Impairment of financial assets under IFRS 9**

**1.12.2.5.1 Assets carried at amortised cost**

The University recognises a loss allowance for expected credit losses (ECL) on financial assets that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The University recognises lifetime expected credit losses for receivables and prepayments. The expected credit losses on these financial assets are estimated using a provision matrix based on the University's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

*Measurement and recognition of expected credit losses*

The University applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped together on shared risk characteristics and the days past due. The expected loss rates are based on the underlying make-up of the receivable, payment trends and history of the market, political and social conditions for each category.

## 1. ACCOUNTING POLICIES (continued)

### 1.12.2.5 Impairment of financial assets under IFRS 9 (continued)

#### 1.12.2.5.1 Assets carried at amortised cost (continued)

The measurement of expected credit losses is a function of the probability of default i.e. the magnitude of the loss if there is a default.

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. Default can be defined by the University as a function of verifiable historical data adjusted for expected losses.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the University's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the University in accordance with the contract and all the cash flows that the University expects to receive, discounted at the original effective interest rate.

The University recognises an impairment gain or loss in net surplus or deficit for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

#### 1.12.2.5.2 Write-off policy

The University writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the debt is over five years past due. Financial assets written off may still be subject to enforcement activities under the University's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in net surplus or deficit.

### 1.12.3 Financial liabilities

#### 12.3.1. Classification

*The University classifies financial liabilities into the following categories:*

| Financial Instrument | Classification under IFRS 9 |
|---|---|
| Borrowings | Amortised cost |
| Lease liability | Amortised cost |
| Trade and other payables | Amortised cost |

*Subsequent measurement*

The University's financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Gains and losses are recognised in net surplus or deficit when the liabilities are de-recognised as well as through the amortisation process.

Financial liabilities comprise trade and other payables, student deposits and accrued liabilities, lease liabilities and borrowings.

## 1. ACCOUNTING POLICIES (continued)

### 1.12.3.1. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency, translated at the spot rate at the end of the reporting period, and recognised in net surplus or deficit.

### 1.13. De-recognition of financial assets and liabilities

### 1.13.1 Financial assets

The University derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the University neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the University recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the University retains substantially all the risks and rewards of ownership of a transferred financial asset, the University continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

When the University has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the University continues to recognise the transferred asset to the extent of the University's continuing involvement. 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.

### 1.13.2 Financial assets at amortised costs

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in net surplus or deficit.

### 1.13.1 Financial assets at FVOCI

On derecognition of a financial assets measured at FVOCI the financial instruments are treated in the following manner:

- For investment in a debt instruments classified at FVOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to net surplus or deficit.
- For investment in n equity instruments, the cumulative gain or loss previously accumulated in the investments fair value reserve is not reclassified to net surplus or deficit, but is transferred to accumulated funds.

## 1. ACCOUNTING POLICIES (continued)

### 1.13. De-recognition of financial assets and liabilities (continued)

### 1.13.2 Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where 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 or deficit.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is currently a legally enforceable right to set off the recognised amounts; and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

### 1.14 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.

### 1.15 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. ACCOUNTING POLICIES (continued)

### 1.16 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.

### 1.17 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and revenue is recognised in terms of:

a) IAS 20 when the terms and conditions of the transaction are met.

b) IFRS 15 the performance obligations of the contract have been met under IFRS 15.

- IFRS 15 recognizes revenue over time as well as allocation of transaction prices based the various performance obligations. This reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.
- This standard also requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying the five-step model to contracts with their customers.
- IFRS 15 specifies the accounting for the incremental costs of gaining a contract and the costs directly related to fulfilling a contract.

*Recognition and measurement of revenue from contracts with customers*

- At the inception of a contract with a customer, the University assesses the goods or services promised in the contract and identifies as a performance obligation each promise to transfer to the customer either a good or service (or bundle of goods or services) that is distinct; or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

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

- Transfer of control over a product or service is deemed to have taken place when the performance obligation relating to each specific contract has been satisfied. Performance obligations are satisfied either at a point in time or over time. Where performance obligations are satisfied over time, measurement of completion of the contract is recognised based on the specific performance obligations in the contract. Given the nature of the contracts completed over time, this method provides a faithful depiction of the transfer of goods and services for performance obligations satisfied over time.

## 1. ACCOUNTING POLICIES (continued)

### 1.17 Revenue recognition (continued)

- The performance obligation with respect to the sale of goods is recognized when the University entity has delivered its products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the product. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the University has objective evidence that all criteria for acceptance have been satisfied. The performance obligation with respect to provision of services is recognised when the service has been provided to the customer.

- Payments by students and customers are typically made in cash or within the academic year of registration, based on the fee payment plan chosen by the student. Where payments are deferred for a period beyond 12 months after revenue being recognized, a significant financing component is included in the contract. Revenue is recognized at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The following is a description of the principal activities from which the University generates its revenue:

### 1.17.1 State appropriations - subsidies and grants (IAS 20)

*General purpose:*

State appropriations and grants for general purposes is recognised as income in the financial year to which the subsidy relates to, 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 revenue.

State appropriations and grants relating to capital assets are included in non-current liabilities as deferred revenue and is released to the consolidated income statement on a straight-line basis over the expected useful lives of the related assets. The portion of the grants that will be released to the consolidated income statement during the next 12 months is included in current liabilities as deferred revenue.
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 net surplus or deficit over the period necessary to match the income with the operating expenditure that the income is intended to compensate.

## 1. ACCOUNTING POLICIES (continued)

### 1.17 Revenue recognition

### 1.17.2 *Tuition and residence fees (IFRS 15)*

Tuition income includes the provision of educational services to students through an accredited degree or through short courses. The performance obligation is satisfied over time.

Residence fees includes the provision of residential accommodation to students during the academic year. The performance obligation is satisfied over time.

Payments by students are typically made in cash or within the academic year of registration, based on the fee payment plan chosen by the student. Where payments are deferred for a period beyond 12 months after revenue being recognized, a significant financing component is included in the contract. Revenue is recognised at the present value of the consideration receivable over the contract period with the balance of the consideration being recognised as finance income over time.

The income recognised is limited to the extent that it is considered recoverable. A provision is realistically made for the estimated unrealisable amount. Deposits provided by prospective students are treated as current liabilities.

### 1.17.3 *Designated revenue from contracts, grants and donations*

*-Revenue in the scope of IFRS 15*
Revenue received for designated purposes may arise from contracts, grants, donations and income on specifically purposed endowments. The receipts arising from these transactions are initially brought into the statement of financial as a liability or deferred revenue and later released to restricted revenue on the fulfilment of the applicable performance obligations.

*-Revenue in the scope of IAS 20*
Revenue received for designated purposes may arise from contracts, grants, donations and income on specifically purposed endowments. Such revenue is recognised in the consolidated income statement over time in the financial period in which progress is satisfied in accordance with the relevant agreement terms and conditions

Private gifts, grants and donations with no specific condition in relation to either the expenses they aim to compensate, the period in which they need to be spent or conditions to repay when certain conditions are not fulfilled, etc. but with stipulation that the grant should be used to compensate certain type of expenditure (e.g. bursaries, research (whether in general of within certain areas)) are recognised as revenue at the fair value of the consideration received or receivable in the period in which they are received or the University becomes entitled to it.

### 1.17.4 *Sales of goods and services(IFRS 15)*

Revenue from the sale of services is recognised as the service is rendered and performance obligations are met. Revenue from the sale of products is recognised at the point of sale, or as goods are transferred.

### 1.17.5 *Interest and dividend revenue (IFRS 9)*

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 revenue will accrue to the University. Dividends are recognised when the right to receive payment is established.
Interest, dividends and other revenue received or due on assets representing endowment and trust funds are recognised as revenue 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.

## 1. ACCOUNTING POLICIES (continued)

### 1.17 Revenue recognition

### 1.17.6. *Research revenue*

*-Research revenue in the scope of IAS 20*
Revenue is recognised in the financial period in which the University becomes entitled to the use of those funds. Funds in the possession of the University that it cannot use until some specified future period or occurrence are recognised when the terms and conditions attached to the funds are met.

*-Research revenue in the scope of IFRS 15*
Revenue from research contracts is measured based on the contract value. Progress payments are received over the period of the contract and recognised as revenue as performance obligations are fulfilled or milestones as stipulated in the contract are reached. Where the revenue has been received and the related performance obligations have not yet been fulfilled, a contract liability is created.

### 1.17.7 *Rendering of services*

Revenue, involving the rendering of services, is recognised over time to the extent that the service has been provided. Revenue includes rentals earned, short course fees and club subscriptions. When the University is not able to reasonably measure the outcome of the obligation under the contract but expects to recover the costs incurred in satisfying the obligations to date, revenue shall be recognised only to the extent that expenses incurred are eligible to be recovered.
Rental income includes receipts in respect of operating leases which is recognised in the consolidated income statement on a straight-line basis over the period of the lease.

### 1.17.8 Contract assets and liabilities

*Contract assets*
A contract asset is the right to consideration in exchange for goods or services transferred to the customer only when this right is conditional upon something other than the passage of time. If the University performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.
*Contract liabilities*
A contract liability is the obligation to transfer goods or services to a customer for which the University has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the University transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the University performs under the contract.

### 1.18 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.

## 1. ACCOUNTING POLICIES (continued)

### 1.18 Normal tax and deferred tax

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.

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 valued-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.

# DURBAN UNIVERSITY OF TECHNOLOGY

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

## 1. ACCOUNTING POLICIES (continued)

### 1.19 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.

### 1.20 Accumulated funds

The consolidated income statement and the consolidated 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 are 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 - are funds that have been committed by Council for capital and operational projects.
- Undesignated use funds - are funds available to Council to resource activities of the University.

*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 at fair value through other comprehensive income (FVOCI).

*Operational transfers*
The transfer of funds is required for operational purposes between the three main operational segments namely, 'Specifically-funded activities restricted (Education and General)', 'Council-controlled unrestricted" and 'Student and staff accommodation restricted'. These transfers are reflected in the consolidated statement of changes in funds and the consolidated statement of profit or loss.

Endowment related transfers
These transfers relate primarily to transfers to or from the endowment as a result of its investment activities. These, together with the distributions made and investments received, are reflected in the consolidated statement of profit or loss. The transfers are also reflected in the statement of changes in funds.

## 1. ACCOUNTING POLICIES (continued)

### 1.21 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.

### 1.22 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.

### 1.23 Changes in accounting policy

IFRS 16 – Leases

The University adopted IFRS 16 Leases with a date of initial application of 1 January 2019. As a result, the University has changed its accounting policy for leases as detailed above in note 1.7.3 on the adoption of new standards.

The University has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated.

Refer to note 2.2 Right of use asset and note 26: Lease liability for further details.

### 1.24 Correction of prior period error

IAS 8 prescribes an entity to correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by: (IAS 8.42)

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period). (IAS 8.44).

Further, if it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable. (IAS 8.45).

The University has quantified and disclosed the effect of the prior period error's in the statements presented. The prior period error's that have been identified by virtue of either its significance in monetary value or qualitative characteristics is to ensure the users of the financial statements are notified of these adjustments.

The correction of the prior period errors have occurred within the following areas of reporting:

- Property, plant and equipment;
- Receivables and prepayments;
- Deferred revenue (IAS 20);
- Funds;
- Trade and other payables;
- Investments; and
- Cash flow statement.

While preparing the consolidated annual financial statements of the University for the period ended 31st December 2019, the following errors were noted and were effected in the earliest period.

## 1. ACCOUNTING POLICIES (continued)
## 1.24 Correction of prior period error

### 1.24.1 *Property, plant and equipment (PPE)*

The University adopts IAS 16 in the treatment of Property, plant and equipment.
There has been a correction to the cost of land and buildings and furniture, equipment and software in the prior periods to align the fixed asset register and the PPE recorded.
The financial effect of the correction of the prior period error detailed above is disclosed in note 32.3 footnote 3.

### 1.24.2 *Receivables and prepayments*

***Student debt*** - As part of the IFRS 9 impairment assessment in 2018, long outstanding debt was written off. During the year-end reconciliation process, an error in the debt written off and provision for student debt for 2018 was identified . The financial effect of the correction of the prior period adjustment detailed above is disclosed in note 32.4 footnote 14.

**Deferred revenue (IAS 20)**: During the year-end review of the account balance, grants with debit balances were reclassified to receivables and prepayments. The financial effect of the correction of the prior period error detailed above is disclosed in note 32.1,32. 2 and 32.4, footnote 9.

### 1.24.3 *Deferred revenue (IAS 20)*

The University adopts IAS 20 for the recognition of revenue from external grants, which includes government grants. The University has elected to adopt the asset-based approach for the release of income into the statement of consolidated income for grant funded capital asset.
During the year-end reconciliation of deferred revenue (IAS 20), management identified restricted grant funded capital assets that were excluded and unrestricted funded assets that were included. This has resulted in a correction to deferred revenue (IAS 20), receivables and prepayments, net surplus, funds and the cash flow statement. The financial effect of the correction of the prior period error detailed above is disclosed in note 32.3 footnotes 1, 5,6 and 7 and note 32.4 footnotes 8,9,10,11 and 12.

### 1.24.4 *Investments*

There have been corrections to the investments fair value due to the following:

- Recognition of previously unrecognised prior period-unrealised losses at the initial recognition of equity investments. The financial effect of the correction of the prior period error detailed above is disclosed in note 32.3 footnote 2.
- Correction of the error of the fair value remeasurements and realised gain and loss on equity instruments in 2018 to OCI previously recognised in net surplus and restricted funds. The financial effect of the correction of the prior period error detailed above is disclosed in note 32.4 footnote 15 and 16.

### 1.24.5 *Trade and other payables*

The corrections arose due to the inclusion of non-recoverable debit amounts within trade and other payables relating to the periods 2008 to 2016. The financial effect of the correction of the prior period error detailed above is disclosed in note 32.3 footnote 4.

### 1.25.6 *Cash flow statement*

There has been a restatement to the cash flow statement as a result of the impact of the items mentioned in 1.24.1 to 1.24.4, as well as the reclassification between cash and non-cash components for deferred revenue (IAS 20), investments at FVOCI, investment income accruals, trade and other payables, borrowings, trade receivables and provisions due to prior period misallocations.
The financial effect of the correction of the prior period error detailed above is disclosed in note 32.6.

## 2. PROPERTY, PLANT AND EQUIPMENT

| 2019 | 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 |
| Cost as at January 1, 2019 (restated) | 1 243 164 | 522 097 | 15 922 | 19 997 | 19 168 | 1 820 348 |
| IFRS 16 – Right of use asset adjustments* | 261 | 4 679 | - | - | - | 4 940 |
| Cost as at January 1, 2019 (Restated)** | **1 243 425** | **526 776** | **15 922** | **19 997** | **19 168** | **1 825 288** |
| Accumulated depreciation as at January 1, 2019 | (189 892) | (302 279) | - | (18 466) | (9 952) | (520 589) |
| **Net carrying amount as at January 1, 2019 (restated)** | **1 053 533** | **224 497** | **15 922** | **1 531** | **9 216** | **1 304 699** |
| Additions | 16 968 | 91 430 | 62 893 | 15 | 1 811 | 173 117 |
| Work in progress transferred | 4 715 | 1 075 | (5 790) | | | - |
| Disposals | - | (242) | - | - | (135) | (377) |
| - cost | - | (2 319) | - | - | (182) | (2 501) |
| - accumulated depreciation | - | 2 077 | - | - | 47 | 2 124 |
| Depreciation charge | (14 645) | (45 933) | | (431) | (1 728) | (62 737) |
| **Net carrying amount as at December 31, 2019** | **1 060 571** | **270 827** | **73 025** | **1 115** | **9 164** | **1 414 702** |
| **As at December 31, 2019** | | | | | | |
| - cost | 1 265 107 | 616 962 | 73 025 | 20 013 | 20 797 | 1 995 904 |
| - accumulated depreciation | (204 536) | (346 135) | - | (18 898) | (11 633) | (581 202) |
| **Net carrying amount** | **1 060 571** | **270 827** | **73 025** | **1 115** | **9 164** | **1 414 702** |

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.

*Refer to note 2.2 for further details on right of use asset. **Refer to note 32.1 footnote 3, restatement: PPE for further details.

## 2. PROPERTY, PLANT AND EQUIPMENT

**2018**

| | 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 |
| Cost as at January 1, 2018(as previously reported) | 1 074 417 | 454 141 | 88 059 | 33 475 | 19 479 | 1 669 571 |
| Accumulated restatement* | 328 | 210 | | | | 538 |
| Cost as at January 1, 2018 | **1 074 745** | **454 351** | **88 059** | **33 475** | **19 479** | **1 670 109** |
| Accumulated depreciation as at January 1, 2018 (restated) | (176 042) | (259 094) | - | (24 508) | (8 646) | (468 290) |
| **Net carrying amount as at January 1, 2018** | **898 703** | **195 257** | **88 059** | **8 967** | **10 833** | **1 201 819** |
| **Total Additions** | | | | | | |
| Additions | 87 102 | 55 961 | 9 525 | 52 | - | 152 640 |
| Work in progress transferred | 81 317 | - | (81 662) | - | 344 | - |
| Disposals | - | (334) | - | - | (250) | (584) |
| - cost | - | (1 745) | - | - | (655) | (2 400) |
| - accumulated depreciation | - | 1 411 | - | - | 405 | 1 816 |
| Transfer of Leased computers to owned | | 7 111 | | (7 111) | | |
| - cost | - | 13 530 | - | (13 530) | - | - |
| - accumulated depreciation | - | (6 419) | - | 6 419 | - | - |
| Depreciation charge | (13 850) | (38 177) | - | (377) | (1 711) | (54 114) |
| **Net carrying amount as at December 31, 2018 (restated)** | **1 053 272** | **219 818** | **15 922** | **1 531** | **9 216** | **1 299 759** |
| **As at December 31, 2018** | | | | | | |
| - cost (restated) | 1 243 164 | 522 097 | 15 922 | 19 997 | 19 168 | 1 820 348 |
| - accumulated depreciation | (189 892) | (302 279) | - | (18 466) | (9 952) | (520 589) |
| **Net carrying amount (restated)** | **1 053 272** | **219 818** | **15 922** | **1 531** | **9 216** | **1 299 759** |

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.

*Refer to note 32.1 footnote 3, restatement: PPE for further details of the adjustment.

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## 2. PROPERTY, PLANT AND EQUIPMENT
(continued)

### 2.1 Capital leased assets

| | 2019 R'000 | 2018 R'000 |
|---|---|---|

. Included in capital leased assets are the following assets that relate to:

**1. Department of Health grant**

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Leased land and buildings | | |
| - Cost | 7 386 | 7 386 |
| - Accumulated depreciation | (6 967) | (6 825) |
| **Net book value as at 31 December** | 419 | 561 |
| Leased furniture, equipment and computers | | |
| - Cost | 12 626 | 12 611 |
| - Accumulated depreciation | (11 930) | (11 641) |
| **Net book value as at 31 December** | 696 | 970 |
| **Total net book value as at 31 December** | **1 115** | **1 531** |

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.

### 2.2. Right-of use asset

Included in Land and buildings and Furniture, equipment and computers are the following assets that relate to right-of use assets:

| | *Land and buildings* *R'000* | *Furniture, equipment and computers* *R'000* | 2019 *R'000* | 2018 *R'000* |
|---|---|---|---|---|
| Cost as at January 1, 2019 | 261 | 4 679 | 4 940 | - |
| Accumulated depreciation as at January 1, 2019 | - | - | - | - |
| **Net carrying amount as at January 1, 2019** | 261 | 4 679 | 4940 | - |
| Additions | - | 619 | 619 | - |
| Depreciation | (144) | (1 242) | (1 386) | - |
| **Net book value as at 31 December** | **117** | **4 056** | **4 173** | **-** |
| Cost as at December 31, 2019 | 261 | 5 298 | **5 559** | - |
| Accumulated depreciation as at December 31, 2019 | (144) | (1 242) | **(1 386)** | - |

## 2. PROPERTY, PLANT AND EQUIPMENT (continued)

### 2.2. Right-of use asset

Subsequent to a lease commencement, the University measures the right-of-use asset at the cost less accumulated depreciation and impairment. The University assesses whether the right-of-use assets are impaired applying IAS 36 impairment of assets on an annual basis. Refer to note 31 for further details.

## 3. INTANGIBLE ASSETS

| **2019** | *Right to internet usage* R'000* | *Computer Software R'000* | *Total R'000* |
|---|---|---|---|
| Cost | 1 383 | 13 303 | 14 686 |
| Accumulated Amortisation | (1 239) | (11 630) | (12 869) |
| **Opening net carrying amount as at January 1, 2019** | **144** | **1 673** | **1 817** |
| Additions | | 6 753 | 6 753 |
| Amortisation | (7) | (4 647) | (4 654) |
| **Closing net carrying amount as at December 31, 2019** | **137** | **3 779** | **3 916** |
| Made up as follows: | | | |
| Cost | 1 383 | 20 056 | 21 439 |
| Accumulated amortisation | (1 246) | (16 277) | (17 523) |
| **Net carrying amount** | **137** | **3 779** | **3 916** |

| **2018** | *Right to internet usage* R'000* | *Computer Software R'000* | *Total R'000* |
|---|---|---|---|
| Cost | 1 383 | 13 003 | 14 386 |
| Accumulated amortisation | (1 231) | (10 427) | (11 658) |
| **Opening net carrying amount as at January 1, 2018** | **152** | **2 576** | **2 728** |
| Additions | - | 300 | 300 |
| Amortisation | (8) | (1 203) | (1 211) |
| **Closing net carrying amount as at December 31, 2018** | **144** | **1 673** | **1 817** |
| Made up as follows: | | | |
| Cost | 1 383 | 13 303 | 14 686 |
| Accumulated amortisation | (1 239) | (11 630) | (12 869) |
| **Net carrying amount** | **144** | **1 673** | **1 817** |

## 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. (2018: 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, 2019, the remaining amortisation period is 10.5 years.

| | | *2019* *R'000* | *2018* *R'000* *(Restated)** |
|---|---|---|---|
| **4.** | **INVESTMENTS** | | |
| | Fair value through other comprehensive income | | |
| **4.1** | *At cost* | | |
| | Listed shares at cost | 218 666 | 189 596 |
| | Bonds, annuities and unit trusts | 87 931 | 100 711 |
| | Foreign investments | 57 974 | 52 203 |
| | | **364 571** | **342 510** |
| **4.2** | *At fair value* | | |
| | Market value of listed shares | 240 641 | 218 680 |
| | Market value of bonds, annuities and unit trusts | 90 375 | 100 953 |
| | Market value of foreign investments | 108 409 | 90 173 |
| | | **439 425** | **409 806** |

A register of the investments can be obtained from the Durban University of Technology's Treasury office. The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2019. The valuations are performed by independent fund managers who manage the University's investments under agreed mandates. The investments are managed on a portfolio basis during the year. Refer to note 22 and 22.4 for further details.
The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as fair value through other comprehensive income. There has been a restatement to the prior period investment fair value, refer to note 32.1 footnote 2 for further details.

### 4.3 Amounts recognised in other comprehensive income on disposal of equity investments

| | *2019* *R'000* | *2018* *R'000* *(Restated)** |
|---|---|---|
| - Gain on disposal of investments at FVOCI | 5 981 | 59 816 |
| - Loss on disposal of investments at FVOCI | (8 288) | (15 123) |
| Net fair value gain/(loss) on disposal of investments at FVOCI | **(2 307)** | **44 693** |
| Fair value of equity instruments disposed | **46 790** | **175 042** |

The net gain and loss have been recycled to accumulated funds at year-end in terms of IFRS 9.

There has been a restatement in 2018 due to the inclusion of the net gain and loss on disposal of equity instruments in net surplus. Refer to note 32.2 and 32.4 footnotes 15 and 16 for further details on the adjustments.

## 5. NON-CURRENT RECEIVABLES

| *Student loans* | *2019 R'000* | *2018 R'000* | *2017 R'000* |
|---|---|---|---|
| Opening balance | - | 20 018 | 21 482 |
| Interest | - | - | 1 777 |
| Payments | - | (9 656) | (966) |
| Impairment | - | (10 362) | (2 275) |
| | - | - | **20 018** |

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 consider 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.

## 6. TAXATION

The University, is exempt from taxation in terms of Section 10 (1)(cA) of the Income Tax Act, except for the subsidiaries which are taxable.

## 7. INVENTORIES

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| Consumables | 2 104 | 2 211 |

Inventories include stationery, technical inventories and study materials. There were no write-downs of inventories during the year (2018: R nil)

## 8. RECEIVABLES AND PREPAYMENTS

| | *2019 R'000* | *2018 (restated) R'000* |
|---|---|---|
| Student debtors | 580 409 | 493 683* |
| Less: Provision for impairment | (235 000) | (246 173)* |
| **Sub-total** | 345 409 | 247 510 |
| Staff debtors | 581 | 173 |
| DHET missing middle claim | - | 49 406 |
| Sundry debtors | 46 738 | 70 286 |
| Other receivables | 15 303 | 17 126 |
| Deposits | 1 474 | 1 474 |
| Prepayments | 5 909 | 4 215 |
| | **415 414** | **390 190** |

* There has been a restatement to the prior period receivables and prepayments refer to note 32.2 and 32.4 footnote 14 for further details.

*Student and residence fees receivable*
The student and residence fees receivable is net of the impairment provision.

The University considers the following as constituting an event of default for internal credit risk for management purposes;

- When the financial asset is past due its respective fee instalment plan dates, unless the University has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

The rate of interest charged to self- paying students is charged on overdue instalment amounts at a fixed rate of 2% per month (2018: 2%), in accordance with the National Credit Act, except for NSFAS, staff and sponsored students.

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. No collateral is held with regard to receivables and prepayments.

Included in student and residence fees are NSFAS debtors. This 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 to 24 months or less.

The movement in the provision for impaired student receivables has been included in 'other current operating expenses' in the consolidated income statement.

*Other accounts receivables and prepayments*

The University considers debtors in default when contractual payments are 18 to 24 months past due. These are then individually considered for impairment in order to calculate the expected loss rate per grouping.

Sundry receivables consist of amounts due from societies and organisations, which operate through, the University, but do not form part of the University's activities.

## 8. RECEIVABLES AND PREPAYMENTS(continued)

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

| | *2019* | *2018 (restated)* |
|---|---|---|
| | *R'000* | *R'000* |
| At beginning of the year | 246 173 | 315 464 |
| Raised during the year | 51 801 | 10 749 |
| Utilised during the year | (62 974) | (80 040)* |
| At end of the year | **235 000** | **246 173** |

* There has been an adjustment to the utilised portion of the provision in 2018. Refer to note 32.2 and 32.4 footnote 14, prior period adjustments for further details.

The debtors aging for the University is presented on the outstanding student debt per year as tabled below. Debt that is past due and long outstanding is handed over for collection. The remaining debt is considered recoverable unless the assessment of the expected credit loss model indicates otherwise.

| 2019 | Within one year | Between two to five years | Greater than five years | Total |
|---|---|---|---|---|
| | *R '000* | *R '000* | *R '000* | *R '000* |
| Student Debt Outstanding | 426 760 | 86 864 | 66 785 | 580 409 |
| Debt Past Due and Handed over | 39 306 | 187 713 | 83 806 | 310 825 |

| 2018 | Within one year | Between two to five years | Greater than five years | Total |
|---|---|---|---|---|
| | *R '000* | *R '000* | *R '000* | *R '000* |
| Student Debt Outstanding | 215 499 | 228 837 | 49 347 | 493 683 |
| Debt Past Due and Handed Over | 43 105 | 223 927 | 69 471 | 336 503 |

### Other receivables

Other receivables includes debt due from reputable institutions for various grants, projects and auxiliary activities of the University in accordance with relevant contractual agreements. Due to the nature of these receivables and based on the loss allowance assessments performed, there is no exposure to credit risk and therefore the expected credit loss is 0%.

## 9. CASH AND CASH EQUIVALENTS

| | 2019 R '000 | 2018 R '000 |
|---|---|---|
| Cash at bank and on hand | 25 821 | 11 797 |
| Short term deposits | 2 961 791 | 2 396 442 |
| | **2 987 612** | **2 408 239** |

**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;**

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| **Encumbered cash** | 1 123 243 | 1 125 654 |
| Unspent restricted government grants and research funds | 592 856 | 544 257 |
| Unspent funds designated to departments | 378 349 | 327 696 |
| Trade and other payables | 152 038 | 253 701 |
| **Unencumbered cash:** | **1 864 370** | **1 282 585** |
| Includes | | |
| Approved for not contracted capital projects* | 1 046 690 | - |
| Working capital** | 817 680 | 556 552 |

*Included in unencumbered cash are approved for but not contracted for infrastructure projects amounting to R1,046b. This is part of total infrastructure projects amounting to R1,062b that is committed over the next four years. (Refer to note 25.1 for details on the capital commitments).

**The University has seen an increase in unencumbered cash, which represents good liquidity and investment management. This positive cash position of the University, which includes a working capital reserve that has been increased from 3 months in 2018 to 5 months in 2019, enabled the University to fund its capital projects without any loan finance.

**9.3. Guarantees issued by the University's bankers:**

| | 2019 R'000 | 2018 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

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| **Non-current borrowings** | **74 312** | **82 314** |
| State Guaranteed Loans | 1 662 | 2 640 |
| Development Bank of Southern Africa | 72 650 | 79 674 |
| **Current portion of borrowings** | **8 295** | **7 810** |
| Current portion of interest-bearing borrowings | 8 295 | 7 810 |
| **Total borrowings** | **82 607** | **90 124** |

| **Name of entity** | *Fixed interest rate%* | *Maturity* |
|---|---|---|
| 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 consolidated statement of profit or loss and other comprehensive income.
Borrowings are held to maturity at amortised cost.

## 11. RETIREMENT BENEFIT OBLIGATIONS

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| Statement of financial position obligations for: | | |
| - Pension benefits | 14 471 | 963 |
| - Post employment medical benefits | 143 033 | 155 329 |
| | **157 504** | **156 292** |

### 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 133 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.

## 11. RETIREMENT BENEFIT OBLIGATIONS(continued)

### 11. Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)

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.

The net defined plan asset to be recognised in the University's statement of financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds or reductions in future contributions.

The University matches the defined plan asset to the liability on an annual basis and top-up payments are made to the fund subsequent to valuations.

### 11.1 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, increases 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.

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## 11. RETIREMENT BENEFIT OBLIGATIONS(continued)

## 11. Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)

### 11.1 Exposure to actuarial risks

*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 2021 are as follows:

Year ending 31 December 2021 – R 9 705 000
Year ending 31 December 2022 – R 13 423 000
Year ending 31 December 2023 – R 14 770 000
Year ending 31 December 2024 – R 10 882 000

| | *2019* | *2018* |
|---|---|---|
| | *R'000* | *R'000* |
| Defined pension benefits | **14 471** | **963** |
| Made up as follows: | | |
| Defined benefit obligation | 93 996 | 104 617 |
| Plan assets at fair value | (79 525) | (103 654) |
| Net (asset)/liability | **14 471** | **963** |
| The movement in the net defined benefit obligation over the year is as follows: | | |
| At beginning of year | 963 | (10 454) |
| Interest costs | 7 815 | 7 943 |
| Service costs | 2 902 | 2 962 |
| Contributions by plan participants | 0 | 0 |
| Actuarial loss | 10 274 | 9 062 |
| Expected return on plan assets | (7 483) | (8 550) |
| At end of year | **14 471** | **963** |
| The amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows: | | |
| Interest and service costs | 10 717 | 10 905 |
| Expected return on plan assets | (7 483) | (8 550) |
| Total, included in personnel (staff costs) | **3 234** | **2 355** |
| The amounts recognised in other comprehensive income are as follows: | | |
| Net actuarial gains recognised during the year | **10 274** | **9 062** |

## 11. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

### 11.1 Exposure to actuarial risks

| | | |
|---|---|---|
| The principal actuarial assumptions used were as follows: | | |
| Discount rate | 7.60% | 8.60% |
| Inflation rate | 3.60% | 5.20% |
| | | |
| Expected return on plan assets | | |
| - For pension expense | 7.60% | 8.60% |
| - For member's share | 7.60% | 8.60% |
| Future salary increases | 4.60% | 6.20% |
| Future pension increases | 1.98% | 2.86% |
| Average retirement age | 65 | 63 |

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.

| | *2019 R'000* | *2018 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 | (45 316) | (48 691) |
| The effect of a 1% decrease in the discount rate is as follows: | | |
| Effect on the obligation | 75 207 | 77 783 |
| The effect of a 1% increase in the inflation rate is as follows: | | |
| Effect on the obligation | 46 624 | 49 690 |
| The effect of a 1% decrease in the inflation rate is as follows: | | |
| Effect on the obligation | (32 550) | (36 066) |
| The effect of a 1% increase in the pension increase rate of the defined benefit obligation: | 53 385 | 52 832 |
| The effect of a 1% decrease in the pension increase rate of the defined benefit obligation: | (36 627) | (37 540) |
| The effect of an expected retirement age of 65 years, as opposed to 61 years, on the defined benefit obligation: | (35 491) | (33 918) |
| | | |
| The movement in the defined benefit obligation for the year is as follows: | | |
| Beginning of the year | 104 617 | 98 223 |
| Service cost | 2 902 | 2 962 |
| Interest cost | 7 815 | 7 943 |
| Actuarial(gain)/loss | 11 949 | 1 727 |
| Benefits paid | (33 287) | (6 238) |
| | **93 996** | **104 617** |

## 11. RETIREMENT BENEFIT OBLIGATIONS(continued)

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

## 11.1 Exposure to actuarial risks

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| **The actuarial gain consists of the following :** | | |
| Change in economic assumptions | (2 872) | (36 483) |
| Change in demographic assumptions | Nil | (1 323) |
| Experience adjustments | 14 821 | 39 533 |
| | **11 949** | **1 727** |
| The movement in the fair value of plan assets for the year is as follows: | | |
| Beginning of the year | 103 654 | 108 677 |
| Expected return on plan assets | 7 483 | 8 550 |
| Employee contribution | 0 | 0 |
| Benefits paid | (33 287) | (6 238) |
| Actuarial gain/(loss) | 1 675 | (7 335) |
| End of the year | **79 525** | **103 654** |
| Actual return on plan assets | **9%** | **1%** |

Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined contribution plan in 2019 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 119 in-service members and 167 continuation members.

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| Post-retirement medical aid benefit obligation by member category: | | |
| In service members | 50 204 | 62 110 |
| Continuation members | 92 829 | 93 219 |
| **Total post-retirement medical aid benefit obligation** | **143 033** | **155 329** |

## 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, increases 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

## 11. RETIREMENT BENEFIT OBLIGATIONS (continued)

### 11.2 Post-retirement medical aid benefits (continued)

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Movement in the defined benefit obligation is as follows: | | |
| At beginning of year | 155 329 | 158 755 |
| Current service cost | 1 861 | 2 127 |
| Interest cost | 14 421 | 14 198 |
| Actuarial (gain)/loss | (19 738) | (11 590) |
| Benefits paid | (8 840) | (8 161) |
| At end of year | **143 033** | **155 329** |
| **The Actuarial (gain)/loss consists of the following:** | | |
| Basis Changes: | (14 949) | (11 333) |
| Subsidy Changes: | 5 081 | 2 992 |
| Changes to membership profile: | (9 870) | (3 249) |
| **Total** | **(19 738)** | **(11 590)** |
| The amounts recognised in the statement of profit or loss are as follows: | | |
| Current service cost | 1 861 | 2 127 |
| Interest cost | 14 421 | 14 198 |
| Total, included in personnel (staff costs) | **16 282** | **16 325** |
| The amounts recognised in other comprehensive income are as follows: | | |
| Net actuarial gain recognised during the year | **(19 738)** | **(11 590)** |
| The principal assumptions used are as follows: | | |
| Discount rate | 9.32% | 9.55% |
| Medical inflation | 6.34% | 7.08% |
| Average retirement age | 63 years | 60 years |
| Net discount rate – health care cost inflation | 2.80% | 2.31% |

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.

### 11.2 Post-retirement medical aid benefits (continued)

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

| **Assumptions** | Increase/ Decrease | *2019* *R'000* | *2018* *R'000* |
|---|---|---|---|
| Health care inflation | +1% | 16 347 | 17 723 |
| | -1% | (13 812) | (15 015) |
| Discount rate | +1% | (13 934) | (15 212) |
| | -1% | 16 744 | 18 249 |
| Post-retirement mortality | -1 year | 5 127 | 5 464 |
| Average retirement age | -1 year | 3 709 | 3 688 |
| Continuation of membership at retirement | -10% | (4 838) | (6 073) |

Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined benefit medical aid plan in 2019 approximates R 5.503million.

## 12. DEFERRED TAX

| | *2019* *R'000* | *2018* *R'000* |
|---|---|---|
| Deferred tax asset | 414 | 451 |
| Deferred tax liabilities | (2 579) | (2 245) |
| | **(2 165)** | **(1 794)** |

| ***2019*** | *Balance 31/12/2018* *R'000* | *Charged through surplus or deficit* *R'000* | *Balance 31/12/2019* *R'000* |
|---|---|---|---|
| Deferred tax is made up as follows: | | | |
| Property, plant and equipment | (2 242) | 14 | (2 228) |
| Rent expense accrual | (3) | 19 | 19 |
| Assessed losses | 430 | 386 | 44 |
| | **(1 812)** | **(353)** | **(2 165)** |

| ***2018*** | *Balance 31/12/2017* *R'000* | *Charged through surplus or deficit* *R'000* | *Balance 31/12/2018* *R'000* |
|---|---|---|---|
| Deferred tax is made up as follows: | | | |
| Property, plant and equipment | **(2 124)** | (118) | **(2 242)** |
| Rent expense accrual | **(1)** | (2) | **(3)** |
| Assessed losses | **475** | (24) | **451** |
| | **(1 650)** | **(144)** | **(1 794)** |

A deferred tax asset has been raised on the assessed losses of DUT's subsidiary based on the reasonable expectation that taxable profits will accrue from external parties rental income anticipated to increase in the near future.

## 13. TRADE AND OTHER PAYABLES

| | 2019<br>R'000 | 2018<br>Restated<br>R'000 |
|---|---|---|
| Trade payables (including accruals) | 165 720 | 267 318* |
| Student deposits | 3 209 | 3 429 |
| Other payables | 27 094 | 43 817 |
| | **196 023** | **314 564** |

Terms and conditions of the above financial liabilities:

Trade and other payables are non-interest bearing.
Trade and other payables are normally settled on 30-day terms.
Other payables include an accrual for employee bonuses of R23.95 million (2018: R22.64 million).
*There has been a restatement to trade and other payables refer to note 32.3 footnote 4 for further details.

## 14. PROVISIONS

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| Made up as follows: | | |
| Accumulated leave | 687 | 698 |
| Vacation leave pay | 48 472 | 39 447 |
| | **49 159** | **40 145** |

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

| | 2019<br>R'000 | 2018<br>R'000 |
|---|---|---|
| At beginning of the year | 40 145 | 43 542 |
| Raised during the year | 11 903 | 19 568 |
| Utilised during the year | (2 889) | (22 965) |
| At end of the year | **49 159** | **40 145** |

### 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.

## 15. DEFERRED REVENUE

Deferred revenue consists of deferred revenue (IAS 20) ( Note 15.1), contract liability ( Note 15.2) and income received in advance (Note 15.3); and is summarised below:

| | *2019* *R'000* | *2018 (restated)* *R'000* | *2017 (restated)* *R'000* |
|---|---|---|---|
| Current portion | 39 160 | 22 946 | 13 347 |
| Non-current portion | 1 243 482 | 1 126 618 | 945 093 |
| **Total deferred revenue** | **1 282 642** | **1 149 564** | **958 440** |
| **Current portion consists of:** | | | |
| Deferred revenue (IAS 20-Note 15.1) | 16 563 | 15 983 | 13 347 |
| Contract liability (IFRS 15- Note 15.2) | 3 081 | 6 962 | - |
| Income received in advance (Note 15.3) | 19 516 | - | - |
| | 39 160 | 22 946 | 13 347 |
| **Non-current portion consists of:** | | | |
| Deferred revenue (IAS 20-Note 15.1) | 1 243 482 | 1 126 618 | 945 093 |

### 15.1 Deferred revenue (IAS 20)

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Research grant | 71 602 | 68 751 | 55 280 |
| Clinical training grant | 18 014 | 9 332 | 9 582 |
| Contract grant | 28 380 | 35 304 | 31 095 |
| Foundation grant | 24 742 | 27 766 | 25 138 |
| Infrastructure grant | 1 028 277 | 919 876 | 753 955 |
| Other grants | 10 043 | 6 737 | 11 816 |
| Private grant | 31 946 | 33 278 | 34 076 |
| New Generation of Academics Programme (NGAP) | 34 805 | 28 748 | 20 867 |
| Teacher development grant | - | - | 1 504 |
| Research and development grant | 1 291 | 1 552 | 9 309 |
| Education development unit project | 1 394 | 2 673 | 5 818 |
| University Capacity Development Grant (UCDG) | 9 551 | 8 584 | - |
| Total of deferred revenue (IAS 20) | **1 260 045** | **1 142 601** | **958 440** |
| Current portion | 16 563 | **15 983** | 13 347 |
| Non-current portion | 1 243 482 | **1 126 618** | 945 093 |
| | **1 260 045** | **1 142 601** | **958 440** |
| **Reconciliation of the movement for the year:** | | | |
| Opening balance | 1 142 601 | 958 440 | 790 184 |
| Net grants received | 134 006 | 200 144 | 181 603 |
| Released to surplus | (16 562) | (15 983) | (13 347) |
| Closing balance | **1 260 045** | **1 142 601** | **958 440** |

Deferred revenue includes an amount relating to assets constructed or purchased of which will be amortised over the remaining useful life of the related asset.

**15.1 Deferred revenue (IAS 20)** (continued)

The adjustment to the prior years deferred revenue balance, referenced in note 1.24.3, has resulted in a restatement to the amount included in the balance that relates to the assets constructed or purchased. The following discloses the impact of this restatement.

| | *2019*<br>*R'000* | *2018*<br>*(restated)*<br>*R'000* | *2017*<br>*(restated)*<br>*R'000* |
|---|---|---|---|
| **As previously reported** | | 618 460 | 553 610 |
| **Amounts as at 31 December** | 667 190 | 608 860 | 541 440 |
| | | **(9 600)** | **(12 170)** |

Refer to Note 32.1 & 2 for further details.

| | | | |
|---|---|---|---|
| **15.2 Contract liability** | **3 081** | **6 962** | **-** |

Contract liability relates to income received in advance, relating to projects with external parties. This carries a separate stand-alone transaction price, which is recognised over time as the services are rendered. The contract liability balance represents the transaction price allocated to the unsatisfied portion of the performance obligation pertaining to income received in advance at year-end.

At year end, the significant projects included in this liability are where income has been received in advance but where unsatisfied performance obligations remain as they are expected to occur over a period of time.

- Research studies for the Water Research Commission into water quality, related research (bio-diesel and other by-products) for the Ethekwini Municipality, emanating from the use of the algae technology at Kingsburgh Waste Water Treatment Plant, and banking research project with Bank SETA Sarchi.

  There has been a release of R2,8m income deferred in the prior year to this year's net surplus as performance obligations have been met in terms of the contract requirements.

**15.3 Income received in advance**

| | *2019*<br>*R'000* | *2018*<br>*R'000* |
|---|---|---|
| DHET grant-Pipeline Students | 19 176 | - |
| DHET missing middle | 340 | - |
| | 19 516 | - |

The University received funds for qualifying students based on the criteria as stipulated by the department for provision of financial aid based on a student's financial circumstances and economic background. The funds will be utilised by the University to settle student tuition fees in the future periods of study.

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| **16.** | **INVESTMENT INCOME** | *2019* *R'000* | *2018* *R'000* *(Restated)** |
|---|---|---|---|
| **16.1** | **Investment income** | | |
| | Recurrent investment income | 197 865 | 163 884 |
| | - Income from investments | 13 804 | 8 587 |
| | - Interest received - call accounts and short term deposits | 168 674 | 140 528 |
| | - Interest received – other | 6 531 | 6 162 |
| | - Dividends received** | 8 856 | 8 607 |
| | Non-recurrent investment income | 10 268 | 5 786 |
| | Total investment income | **208 133** | **169 670** |

** All dividends received during the year relates to shares still held by the University as at 31 December 2019.
The restatement in deferred revenue (IAS 20) income release resulted in a restatement to investment income, refer to note 32.5 for further details on the adjustments.

| **17.** | **PERSONNEL (staff costs)** | *2019* *R'000* | *2018* *R'000* |
|---|---|---|---|
| | Recurrent staff costs | **1 030 380** | **950 573** |
| | Academic professional | 575 670 | 527 868 |
| | Other personnel | 454 710 | 422 705 |
| | Non-recurrent staff costs | **55 528** | **46 925** |
| | Academic professional | 33 378 | 24 853 |
| | Other personnel | 22 150 | 22 072 |
| | Total staff costs | **1 085 908** | **997 498** |
| | The following expense is included in the personnel costs: | | |
| | - Defined benefit plan | 2 877 | 2 961 |
| | Average number of employees employed during the year: | | |
| | - Academic | 620 | 627 |
| | - Non academic | 805 | 812 |
| | **Total** | **1 425** | **1 439** |

## 18. OTHER OPERATING EXPENSES

The following expenses are included in arriving at other current operating expenses:

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Impairment of DUT 100% loan | - | 10 362 |
| Supplies and services | 665 126 | 347 178 |
| Included in supplies and services are the following expenses: | | |
| Repairs and maintenance | 61 756 | 40 157 |
| - Auditors' remuneration | 1 960 | 3 319 |
| - Fees paid to internal auditors | 1 047 | 2 323 |
| - Fees paid to forensic auditors | 1 627 | 584 |
| - Security expenses | 74 033 | 35 923 |
| - Advertising | 10 771 | 7 759 |
| - Strategic Imperatives | 20 215 | 8 237 |
| Operating lease expenses(Includes student housing)* | 275 894* | 164 263 |
| Contract services | 115 024 | 73 070 |
| Legal fees | 5 357 | 2 794 |
| * Operating lease expenses consists of: | | |
| -Variable operating leases for student housing | 274 108 | 161 102 |
| -Short term and low value lease expenses | 1 786 | 3 161 |

## 19. FINANCE COSTS

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Borrowings | 8 571 | 9 266 |
| Lease liability | 515 | - |
| | **9 086** | **9 266** |

Refer to note 10 Borrowings and Note 26 Lease Liability for further details.

## 20. DEPRECIATION AND AMORTISATION

**Depreciation and amortisation can be broken up as follows:**

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Depreciation on DUT owned assets | 61 355 | 54 114 |
| Depreciation on right of use assets | 1 385 | - |
| Amortisation on intangible assets | 4 654 | 1 211 |
| | **67 394** | **55 325** |

## 21. REVENUE

### 21.1 Revenue from each category is disaggregated in the following table:

| **Recurrent and non-recurrent:** | 2019 R'000 | 2018 R'000 |
|---|---|---|
| State appropriations - subsidies and grants | 1 170 948 | 1 071 128 |
| Tuition and residence fees | 1 318 971 | 986 935 |
| Designated income from contracts, grants and donations | 123 942 | 89 346 |
| Investment income (note 16) | 208 133 | 169 670 |
| Sales of goods and services | 13 590 | 21 781 |
| | **2 835 584** | **2 338 860** |

### 21.2 Other Income

The following income is included in arriving at other income:

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Clinics | 243 | 24 |
| Conferences and Restaurants | 76 | 12 |
| Department and central co-op | 20 | 9 596 |

## 22. RISK MANAGEMENT

The University's principle financial instruments comprise investments at FVOCI, non-current receivables in the form of student loans, current receivables, cash, short-term deposits, borrowings, lease liabilities 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.

### 22.1 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 University's exposure to market risk relates primarily to its investments at FVOCI 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 is 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, 2019, 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, OCI and fair value reserve would have been R24.064m (2018: R21.868m) higher or lower as a result of the changes in the fair value of the investments.

*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 all borrowings have fixed interest rates. All other variable interest rate financial assets and liabilities are exposed to interest rate risks. Interest rate risk is managed by ensuring that the University's assets are invested in accounts which earn the best possible interest rates.

## 22. RISK MANAGEMENT

### 22.1 Market risk(continued)

As at December 31, 2019, 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 R29.617m (2018: R23.964m) 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 is 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.

| | Impact of interest changes on funds employed in R' millions | | | | | |
|---|---|---|---|---|---|---|
| **Interest rate changes on basis points (BP)** | **-200BP** | **-100BP** | **-50BP** | **50BP** | **100BP** | **200BP** |
| **December 31, 2019** | | | | | | |
| Local capital market interest bearing Investments | (1.81) | (0.9) | (0.05) | 0.05 | 0.9 | 1.81 |
| **December 31, 2018** | | | | | | |
| Local capital market interest bearing Investments | (2.02) | (1.01) | (0.5) | 0.5 | 1.01 | 2.02 |

| | Impact of interest changes on net surplus in R' millions | | | | | |
|---|---|---|---|---|---|---|
| **Interest rate changes on basis points (BP)** | **-200BP** | **-100BP** | **-50BP** | **50BP** | **100BP** | **200BP** |
| **December 31, 2019** | | | | | | |
| Money market and call deposits | (59.24) | (29.62) | (1.48) | 1.48 | 29.62 | 59.24 |
| Cash and cash equivalents | (0.52) | (0.26) | (0.01) | 0.01 | 0.26 | 0.52 |
| **December 31, 2018** | | | | | | |
| Money market and call deposits | (47.93) | (23.96) | (11.98) | 11.98 | 23.96 | 47.93 |
| Cash and cash equivalents | (0.24) | (0.12) | (0.06) | 0.06 | 0.12 | 0.24 |

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 on all financial instruments except the following investments.

## 22. RISK MANAGEMENT (continued)

### 22.1 Market risk(continued)

The only area where the University is exposed to foreign exchange risk at financial position date is in the non-current investments which include international market unit trusts which are exposed to the US dollar. The impact of a 5% increase/decrease in exchange rates with all other variables held constant on the valuation of the investments at reporting date would be R5,420m (2018 : R4,508m) higher/lower.

### 22.2 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 University's 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 R345.409m (2018:R247.510m) 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*

A loss allowance for expected credit losses on financial assets that are measured at amortised cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.
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.

## 22. RISK MANAGEMENT (continued)

### 22.2 Credit risk (continued)

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| *Receivables* | | |
| Counterparties without external credit rating: | | |
| Group 1 – NSFAS | - | 436 |
| Group 2 - Student fees | 345 409 | 247 510 |
| Total receivables | **345 409** | **247 946** |

Group 1 - Amounts outstanding in respect of NSFAS, high credit quality
Group 2 - Existing student accounts, moderate credit quality

**Credit risk**

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| *Cash at bank and short term deposits* | **2 987 612** | **2 408 239** |

All cash and short-term deposits are held with major banks in South Africa.

### 22.3 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 R1.5 million.
- Diners card facility of R0.2 million.
- Fleet facility of R0.6 million.
- Guarantee by the bank of R1.6 million.

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## 22. RISK MANAGEMENT (continued)

### 22.3 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:

| | Less than 3 months R'000 | 3 to 12 Months R'000 | 1 to 5 Years R'000 | Greater than 5 years R'000 | Total R'000 |
|---|---|---|---|---|---|
| *At December 31,2019* | | | | | |
| Borrowings* | - | 15 169 | 52 791 | 56 205 | **124 165** |
| Lease liability* | - | 3 096 | 1 259 | - | **4 355** |
| Trade and other payables | - | 196 023 | - | - | **196 023** |
| *At December 31,2018* | | | | | |
| Borrowings* | - | 16 022 | 71 006 | 53 748 | **140 776** |
| Trade and other payables | - | 314 564 | - | - | **314 564** |

*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:

| | Less than 3 months R'000 | 3 to 12 Months R'000 | 1 to 5 years R'000 | Greater than 5 years R'000 | Total R'000 |
|---|---|---|---|---|---|
| *At December 31,2019* | | | | | |
| Borrowings** | - | 8 295 | 39 078 | 35 234 | 82 607 |
| Lease liability** | - | 3 096 | 1 259 | - | 4 355 |
| Trade and other payables | - | 196 023 | - | - | 196 023 |
| *At December 31,2018* | | | | | |
| Borrowings** | - | 7 810 | 40 279 | 42 035 | 90 124 |
| Trade and other payables | - | 314 564 | - | - | 314 564 |

**The Borrowings, reflects the total remaining discounted total contractual payments,

### 22.4 Fair value estimation

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.

## 22. RISK MANAGEMENT (continued)

### 22.4 Fair value estimation (continued)

Management have assessed that cash, short-term deposits, trade receivables, lease liabilities, trade, payables, and other current liabilities approximate their fair value 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).

The fair value of financial instruments traded in active markets (such as 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.

*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:**

| **Non-current investments** | *Level 1*<br>*R'000* | *Level 2*<br>*R'000* | *Level 3*<br>*R'000* | *Total*<br>*R'000* |
|---|---|---|---|---|
| 2019 | 439 425 | - | - | **439 425** |
| 2018 | 409 806 | - | - | **409 806** |

**Financial liabilities for which fair values are disclosed:**

| Fixed interest-bearings borrowings | | | | |
|---|---|---|---|---|
| 2019 | - | - | 82 607 | **82 607** |
| 2018 | - | - | 90 124 | **90 124** |

## 22. RISK MANAGEMENT (continued)

### 22.4 Fair value estimation (continued)

The following tables shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

**Reconciliation of level 3 financial liabilities: Borrowings**

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Opening Balance at 1 January | 90 124 | 98 866 |
| Payments | (16 088) | (18 008) |
| Interest | 8 571 | 9 266 |
| Closing Balance as at 31 December | **82 607** | **90 124** |

Analysis of level 3 fair value of borrowings:

As at 31 December 2019, the weighted average borrowing rate was determined at 9.72%.
As at 31 December 2019, the average market related government bond rate was determined at 8.23% based on available information obtained from external sources.

**Sensitivity Analysis:**
The following tables demonstrate the sensitivity of the University's borrowings that are subject to interest rate risk to a reasonable possible change in interest rates, with all other variables held constant.

| | Impact of interest changes on net surplus in R' millions | | | | | |
|---|---|---|---|---|---|---|
| | -2% | -1% | -0.5% | 0.5% | 1% | 2% |
| 2019 | (1 652.14) | (826.07) | (413.03) | 413.03 | 1 652.14 | 826.07 |
| 2018 | (1 802.48) | (901.24) | (450.62) | 450.62 | 1 802.48 | 901.24 |

| *Financial assets by category* | *Loans and receivables R'000* | *FVOCI R'000* | *Total R'000* | *Fair value R'000* |
|---|---|---|---|---|
| **DECEMBER 31, 2019** | | | | |
| **Financial assets** | | | | |
| Investments | - | 439 425 | 439 425 | 439 425 |
| Receivables – current | 409 505 | - | 409 505 | 409 505 |
| Cash and cash equivalents | 2 987 612 | - | 2 987 612 | 2 987 612 |
| **Total** | **3 397 117** | **439 425** | **3 836 542** | **3 836 542** |
| **December 31, 2018** | | | | |
| **Financial assets** | | | | |
| Investments | - | 409 806 | 409 806 | 409 806 |
| Receivables – current | 385 979 | - | 385 979 | 385 979 |
| Cash and cash equivalents | 2 408 239 | - | 2 408 239 | 2 408 239 |
| **Total** | **2 794 218** | **409 806** | **3 204 024** | **3 204 024** |

During the reporting period ended 31 December 2019, there were no transfers into and out of financial asset levels.

## 22. RISK MANAGEMENT (continued)

### 22.4 Fair value estimation (continued)

| *Financial liabilities by category* | *Amortised Cost* | *Total* |
|---|---|---|
| **DECEMBER 31, 2019** | *R'000* | *R'000* |
| **Financial liabilities** | | |
| Leases | 4 355 | 4 355 |
| Borrowings | 82 607 | 82 607 |
| Trade and other payables | 196 023 | 196 023 |
| **Total** | **282 985** | **282 985** |

**December 31, 2018**

| | *Amortised Cost* | *Total* |
|---|---|---|
| **Financial liabilities** | *R'000* | *R'000* |
| Borrowings | 90 124 | 90 124 |
| Trade and other payables | 314 564 | 314 564 |
| **Total** | **404 688** | **404 688** |

During the reporting period ended 31 December 2019, there were no transfers into and out of financial liability levels.

### 22.5 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.

## 23. 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.

Contingent liabilities in respect of 2019 financial year is described briefly below. Claims against the University are either pending or in progress.

### 23.1 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.

## 24. Associated Institutions Pension Fund ("AIPF")

61 employees (2018: 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

## 25. COMMITMENTS

### 25.1 Capital commitments

**25.1.1** Capital expenditure contracted for at reporting date but not recognised in the financial statements is as follows:

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| Property, plant and equipment | **406 393** | **68 411** |

Capital expenditure contracted as at 31 December 2019 relates largely to the additions of the Engineering Building at Indumiso Campus as well as the construction of the New Student Centre & Entrepreneurship Building at the Steve Biko Campus.

**25.1.2** Contracts approved for but not contracted for:

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| Infrastructure projects | **1 062 626** | **0** |

The University has committed funds towards fourteen infrastructure projects, which are to be completed over the next four years, which were approved by Council in June 2019. These projects will utilise the University's available unrestricted use funds and unencumbered cash at year-end, (refer to note 9.2.)

### 25.2 Operating lease commitments

| | *2019 R'000* | *2018 R'000* |
|---|---|---|
| The future minimum lease payments under operating leases are as follows: | | |
| Not later than 1 year | 251 398 | 180 981 |
| Later than 1 year and not later than 5 years | 226 914 | 99 935 |
| | **478 312** | **280 916** |

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 (2018: 1 to 3 years) with an average escalation clause linked to the Consumer Price Index ("CPI"), (2018: CPI).
The average lease term for equipment is 5 years (2018: 5 years) with no escalation clause.
The photocopy machines as disclosed in this note relate to assets less than R120,000 classified as low value items. All other photocopy machines have been accounted for in note 2.2.

## 26. LEASE LIABILITY

| | 2019 R'000 | 2018 R'000 |
|---|---|---|
| Opening balance 1 January 2019 | - | - |
| Adoption of IFRS 16 | 4 940 | - |
| Additions during the year | 619 | - |
| Interest expense | 516 | - |
| Payments during the year | (1 720) | |
| Net liability as at 31 December 2019 | **4 355** | **-** |
| Non-current liability | 3 096 | - |
| Current liability | 1 259 | - |
| | **4 355** | **-** |

Lease modifications are accounted for as separate leases if the modification increases the scope of the lease by adding the right to use one or more underlying assets and the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope. Lease modifications that do not give rise to a separate lease are accounted for by adjusting the right-of-use asset

Refer to note 31 for further details on the adoption of IFRS 16 – right of use assets.

## 27. OPERATING LEASES

*University as the lessee*

Upon lease commencement, the University recognizes a right-of-use asset and a finance lease liability. The right-of-use asset is initially measured at the carrying amount of the finance lease liability plus any initial direct costs incurred by the University. Adjustments for lease incentives, payments at or commencement of the lease and restoration obligations are added to the carrying amount of the right-of-use asset where applicable

The finance lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease or, where this cannot be determined, at the University's incremental borrowing rate. After lease commencement, the lessee measures the finance lease liability by increasing the carrying amount to reflect interest on the finance lease liability and reducing the carrying amount to reflect the lease payments made.

The subsequent finance lease liability is remeasured to reflect changes in:

- The lease term using the revised discount rate.
- Assessment of any purchase options.
- Amounts payable or expected to be payable under residual value guarantees.

All subsequent remeasurements are treated as adjustments to the right-of-use assets. Where the right-of-use asset value is nil, any adjustment is recognised in profit and loss.

Expenses relating to short term leases of 12 months or less are written off to profit and loss.

*University as the lessor*

Leases where the University does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

## 28.1 CASH GENERATED FROM OPERATIONS

| | Notes | 2019<br>R '000 | 2018<br>(Restated)*<br>R '000 |
|---|---|---|---|
| **Reconciliation of net surplus before taxation to cash generated from operations:** | | | |
| Net surplus for the year before tax | | 704 797 | 583 153 |
| *Adjustments for non-cash items:* | | | |
| Movement in retirement benefit obligations | | 1 212 | 7 991 |
| Movement in provisions | | 9 014 | (3 397) |
| Depreciation and amortisation | | 67 394 | 55 325 |
| Loss on disposal of property, plant and equipment | | 376 | 387 |
| Investment income | | (199 277) | (161 063) |
| Dividend income | | (8 856) | (8 607) |
| Finance costs | | 9 086 | 9 266 |
| Movement in IFRS 16 - non-cash component | | (619) | - |
| Donation income(intangible asset) | | (6 753) | - |
| Student debt impairment | | 51 801 | 10 749 |
| Movement in borrowings | | (1 235) | (913) |
| Movement in investments | | 27 318 | 11 023 |
| Movement in funds | | - | (8 812) |
| Movement in deferred revenue (IAS 20) | 15 | 58 332 | 67 414 |
| Prescribed debtors | | (2 420) | (8 459) |
| **Operating surplus before working capital changes** | | **710 170** | **554 057** |
| **Changes in working capital** | | **(144 896)** | **56 501** |
| (Decrease)/increase in funds | | 10 699 | 11 536 |
| (Increase) in receivables and prepayments | | (114 325) | (115 005) |
| Decrease in inventories | | 105 | 597 |
| Increase in deferred revenue | 15 | 74 748 | 123 708 |
| (Decrease)/increase in trade and other payables | | (116 123) | 35 665 |
| | | **565 274** | **610 558** |

*Refer to note 32.6 for further details on the restatements

## 28.2 CHANGES FROM FINANCING CASHFLOWS

**Reconciliation of cash flows for financial liabilities**

| | 2018<br>R '000 | Cash flows<br>R '000 | Non-Cash flows<br>R '000 | 2019<br>R '000 |
|---|---|---|---|---|
| Long-term borrowings | 90 124 | (6 651) | (866) | 82 607 |
| Lease liability | - | (1 719) | 6 075 | 4 355 |
| **Total liabilities from financing liabilities** | **90 124** | **(8 370)** | **5 209** | **86 962** |

## 29. 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 – 2019**

| DETAILS | OFFICE HELD | BASIC SALARY | EMPLOYMENT | OTHER | TOTAL |
|---|---|---|---|---|---|
| | | | BENEFIT | ALLOWANCES | COST |
| **EXECUTIVEMANAGEMENT:** | | | | | |
| Prof T Z Mthembu | Vice Chancellor & Principal | 2 234 688 | 848 888 | 1 010 101 | 4 093 677 |
| Prof S Moyo | Deputy Vice Chancellor-Research Innovation & Engagement | 1 725 612 | 461 436 | 36 600 | 2 223 648 |
| Prof N S Gwele* | Deputy Vice Chancellor -Teaching & learning | 2 576 976 | 641 624 | 17 400 | 3 236 000 |
| Dr I Z Machi | Deputy Vice Chancellor -People & Operations | 1 374 816 | 433 890 | 336 600 | 2 145 306 |
| Prof T N Andrew** | Acting Deputy Vice Chancellor -Teaching & learning | 2 406 032 | 25 732 | 17 400 | 2 449 164 |
| **TOTAL** | | **10 318 124** | **2 411 570** | **1 418 101** | **14 147 795** |
| | | | | | |
| **EXECUTIVE DEANS:** | | | | | |
| Prof P Musonge*** | Acting Executive Dean - Faculty of Engineering & Built Environment | 687 000 | 215 173 | 623 916 | 1 526 089 |
| Prof B Twala**** | Executive Dean - Faculty of Engineering & Built Environment | 1 303 392 | 319 785 | 273 600 | 1 896 777 |
| Dr R A Smith | Executive Dean - Faculty of Arts & Design | 1 340 892 | 395 507 | 33 600 | 1 769 999 |
| Prof O O Olugbara | Executive Dean - Faculty of Accounting & Informatics | 1 320 624 | 395 803 | 98 600 | 1 815 027 |
| Prof V P Rawjee | Acting Executive Dean - Faculty of Management Sciences | 687 000 | 272 176 | 536 810 | 1 495 986 |
| Prof S Singh | Executive Dean - Faculty of Applied Sciences | 1 514 568 | 458 733 | 76 012 | 2 049 313 |
| Prof M N Sibiya | Executive Dean - Faculty of Health Sciences | 1 514 836 | 397 805 | 283 100 | 2 195 741 |
| **TOTAL** | | **8 368 312** | **2 454 982** | **1 925 638** | **12 748 932** |
| | | | | | |
| **GRAND TOTAL** | | **18 686 436** | **4 866 552** | **3 343 739** | **26 896 727** |

| | |
|---|---|
| * | On Sabbatical leave from period 01 January 2019 - 30 June 2019 |
| ** | Appointed Acting Deputy Vice Chancellor - Teaching and Learning from period 01 January 2019 - 30 June 2019 (Salary Annualised) |
| *** | Appointed Acting Executive Dean - Faculty of Engineering & Built Environment from period 01 January 2019 to 30 September 2019 (Salary Annualised) |
| **** | Appointed Executive Dean - Faculty of Engineering & Built Environment from period 01 October 2019 to 31 December 2019 (Salary Annualised) |

## 29. SENIOR MANAGEMENT COMPENSATION (continued)

**Gross remuneration – 2018**

| DETAILS | OFFICE HELD | BASIC SALARY | EMPLOYMENT BENEFITS | OTHER ALLOWANCES | TOTAL COST |
|---|---|---|---|---|---|
| | | R | R | R | R |
| **EXECUTIVE MANAGEMENT:** | | | | | |
| | | | | | |
| Prof T Z Mthembu | Vice Chancellor & Principal | 2 164 428 | 492 000 | 987 160 | 3 643 588 |
| Prof S Moyo | Deputy Vice Chancellor – Research, Innovation & Engagement | 1 576 440 | 421 701 | 33 000 | 2 031 141 |
| Prof N S Gwele | Deputy Vice Chancellor -Teaching & learning | 2 441 652 | 267 361 | 17 400 | 2 726 413 |
| Dr I Z Machi | Deputy Vice Chancellor - People & Operations | 1 235 628 | 391 958 | 333 000 | 1 960 586 |
| | | | | | |
| | | **7 418 148** | **1 573 020** | **1 370 560** | **10 361 728** |
| **EXECUTIVE DEANS:** | | | | | |
| | | | | | |
| Prof T N Andrew | Executive Dean - Faculty of Engineering & Built Environment | 1 738 276 | 690 542 | 14 400 | 2 443 218 |
| Dr R A Smith | Executive Dean - Faculty of Arts & Design | 1 224 528 | 361 435 | 30 000 | 1 615 963 |
| Prof O Olugbara | Executive Dean - Faculty of Accounting & Informatics | 1 219 024 | 361 953 | 30 000 | 1 610 977 |
| Assoc Prof R Balkaran | Executive Dean - Faculty of Management Sciences | 1 354 536 | 618 735 | 30 000 | 2 003 271 |
| Prof S Singh | Executive Dean - Faculty of Applied Sciences | 1 384 056 | 419 070 | 33 123 | 1 836 249 |
| Prof M N Sibiya | Executive Dean - Faculty of Health Sciences | 1 365 596 | 361 352 | 30 000 | 1 756 948 |
| | | | | | |
| | | **8 286 016** | **2 813 087** | **167 523** | **11 266 626** |
| **GRAND TOTAL** | | **15 704 164** | **4 386 107** | **1 538 083** | **21 628 354** |

## 30. COUNCIL COMMITTEE COMPENSATION

**Payments for attendance at meetings of the Council and its committees**

**2019**

| TO WHOM PAID | NUMBER OF MEMBERS | ATTENDANCE AT MEETINGS - AGGREGRATE AMOUNT PAID | REIMBURSEMENT OF EXPENSES - AGGREGRATE AMOUNT PAID |
|---|---|---|---|
| | | R | R |
| Chair of Council | 1 | 12 000 | - |
| Chairs of Committees | 4 | 105 250 | 42 091 |
| Members of Council | 19 | 168 000 | 4 889 |
| **Members of Committees** | 24 | **285 250** | **46 980** |

**2018**

| TO WHOM PAID | NUMBER OF MEMBERS | ATTENDANCE AT MEETINGS - AGGREGRATE AMOUNT PAID | REIMBURSEMENT OF EXPENSES - AGGREGRATE AMOUNT PAID |
|---|---|---|---|
| | | R | R |
| Chair of Council | 1 | 12 000 | - |
| Chairs of Committees | 3 | 35 750 | 11 828 |
| Members of Council | 19 | 72 750 | 9 277 |
| **Members of Committees** | 23 | **120 500** | **21 105** |

## 31. ADOPTION AND IMPLEMENTATION OF IFRS 16

The University adopted IFRS 16 during the current year, using the modified retrospective approach and therefore comparative figures have not been adjusted.
The impact of the adoption of IFRS 16 resulted in the recognition of right-of-use assets of R 4,9m and lease liabilities of R4,9m. It also resulted in an increase in other expenses of R0.18m and an increase in depreciation of R1.35m and interest expense of R0.5m.
Building and Equipment under lease arrangements are presented within 'Property, plant and equipment' of R 4.2m is detailed in note 3.1, Right-of-use assets.
The following tables summarise the impact of adopting IFRS 16 on the University's consolidated financial statements:

### 31.1 Impact on accumulated funds

The right-of use asset was equivalent to the lease liability on the 1 January 2019 therefore there is no impact on accumulated funds from the adoption of IFRS 16.

### 31.2 Impact on assets, liabilities and accumulated funds

| | *2019* |
|---|---|
| Net impact on total assets | |
| Right-of use asset | 4 173 |
| | |
| Net impact on total liabilities | |
| Lease liabilities | 4 355 |
| Net impact on accumulated funds | **(182)** |

### 31.3 Impact on profit or loss

| | |
|---|---|
| Increase in depreciation of right-of use asset | (1 385) |
| Increase in finance costs | (516) |
| Decrease in other expenses | - |
| Increase (Decrease) in profit or loss | **(1 901)** |

### 31.4 Reconciliation of lease liability

| | |
|---|---|
| Opening balance | - |
| Adoption of IFRS 16 | (4 940) |
| Additions during the year | (619) |
| Interest expense | (516) |
| Payments during the year | 1 720 |
| Closing balance | **(4 355)** |

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS

The University has identified restatements and reclassifications during the preparation of the current year's financial statements. This resulted in an adjustment to the earliest reporting period as tabled below:

The correction of the prior period adjustments has occurred within the following areas of reporting:

1. Property, plant and equipment (PPE);
2. Receivables and prepayments;
3. Deferred revenue (IAS 20);
4. Funds;
5. Investments;
6. Trade and other payables: and;
7. Cash flow statement (the adjustments arose as a result of the restatements in point 1 to 5 mentioned above as well as a reclassification between cash and non-cash components in deferred revenue, investments at FVOCI, investment income accruals, borrowings, finance lease liabilities, trade receivables, provisions and equity instrument investments.

The impact of these restatements and reclassifications on the cash flow statement for 2018 is disclosed in note 32.6.
The above-mentioned areas have impacted specific financial statement lines items which are disclosed in the following tables, note 32.1 to 32.6.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

### 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.1. Accumulative net impact of reclassifications and restatements -2017

| | Deferred revenue (IAS 20) | Receivables & Prepayments | Investments | Property, plant & equipment | Trade and other payables | Accumulated funds | Designated funds: operational funds | Designated funds: property, plant and equipment (PPE funds) | Residence | Restricted use funds |
|---|---|---|---|---|---|---|---|---|---|---|
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Opening balance 2017 as previously reported | 798 416 | 230 198 | 489 763 | 1 034 274 | 187 141 | 713 765 | 191 662 | 670 020 | (16 262) | 65 499 |
| Accumulated adjustments as at 1 January 2017 | (8 232)[1,5-7] | - | (1 518)[2] | 538[3] | 17 550[4] | (15 934)[5,1,3,4] | (4 152)[6,1] | 11 306[7,1] | - | (1 518)[2] |
| **Restated 2017 opening balance** | **790 184** | **230 198** | **488 245** | **1 034 812** | **204 691** | **697 831** | **187 510** | **681 326** | **(16 262)** | **63 981** |
| Surplus for the year as previously reported | - | - | - | - | - | 394 795 | 2 122 | - | 28 841 | - |
| Transfer of 2017 deferred revenue (IAS 20) surplus | 2 428[8] | - | - | - | - | (2 419)[8] | (9)[8] | - | - | - |
| **Surplus/(deficit) for the year(restated)** | - | - | - | - | - | **392 376** | **2 113** | - | **28 841** | - |
| Other comprehensive income/(loss) as previously reported | - | - | | - | - | **23 022** | - | - | - | **2 869** |
| 2017 movements as previously reported | **162 880** | **36 652** | **38 737** | **167 007** | **74 208** | - | - | - | - | - |
| Correction of error of debit balances in deferred revenue (IAS 20) | 4 500[9] | 4 500[9] | - | - | - | - | - | - | - | - |
| Transfer of funds as previously disclosed | - | - | - | - | - | (52 970) | 43 865 | 8 105 | - | 1 000 |
| Transfer to operational funds(restatement) | - | - | - | - | - | 2 420[12] | (2 420)[12] | - | - | - |
| **Total restated Transfer of funds** | - | - | - | - | - | **(50 550)** | **41 445** | **8 105** | - | **1 000** |
| Other transfers as previously reported | - | - | - | - | - | (71 125) | 8 153 | 62 678 | - | 4 743 |
| Restatement of deferred revenue (IAS 20) | (19)[10] | - | - | - | - | (10)[10] | 29[10] | - | 1[10] | - |
| Impact of deferred revenue (IAS 20) restatement on PPE Funds | (1 533)[11] | - | - | - | - | - | - | 1 533[11] | - | - |
| **Total restated other transfers** | - | - | - | - | - | **(71 135)** | **8 182** | **64 211** | **1** | **4 743** |
| **Restated 2017 closing balance** | **958 440** | **271 350** | **526 982** | **1 201 819** | **278 899** | **991 544** | **239 250** | **753 642** | **12 580** | **72 593** |

**32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS** (continued)

**32.2. Accumulative net impact of reclassifications and restatements -2018**

| | Deferred revenue (IAS 20) | Receivables & Prepayments | Investments | Property, plant & equipment | Trade and other payables | Accumulated funds | Designated funds: operational funds | Designated funds: property, plant and equipment | Fair value reserve | Residence funds | Restricted Use funds |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance 2018 as previously reported** | **961 296** | **266 850** | **528 500** | **1 201 281** | **261 349** | **1 010 526** | **251 575** | **740 802** | **128 177** | **12 580** | **74 111** |
| Accumulated adjustments as at 31 December 2017* | (2 856) | 4 500 | (1 518) | 538 | 17 550 | (15 942) | (6 552) | 12 840 | - | - | (1 518) |
| **Restated 2018 opening balance** | **958 440** | **271 350** | **526 982** | **1 201 819** | **278 899** | **994 584** | **245 023** | **753 642** | **128 177** | **12 580** | **72 593** |
| Surplus for the year as previously reported | - | - | - | - | - | **600 668** | **2 449** | - | - | **23 161** | |
| Investments- disinvestment | - | - | - | - | - | (46 148)[15] | - | - | | - | - |
| Investments- remeasurement | | | | | | 1 495[15] | | | | | |
| Transfer of 2018 deferred revenue (IAS 20) surplus | (1 384)[8] | - | - | - | - | 290[8] | 1095[8] | - | - | (1)[8] | - |
| **Surplus for the year(restated)** | - | - | - | - | - | **556 305** | **3 544** | - | - | **23 160** | |
| Other comprehensive income/(loss) as previously reported | - | - | - | - | - | **2 528** | - | - | **(69 086)** | - | **(3 170)** |
| Investments- disinvestment | - | - | - | - | - | - | - | - | 46 148[15] | | |
| Investments- remeasurement | - | - | - | - | - | - | - | - | (1 495)[15] | | |
| **Total restated other comprehensive income** | - | - | - | - | - | **2 528** | - | - | **(24 433)** | - | **(3 170)** |
| 2018 movements as previously reported | **182 708** | **116 490** | **(117 176)** | **97 940** | **35 665** | - | - | - | - | - | - |
| Correction of error of debit balances in deferred revenue | 2 350[9] | 2 350[9] | - | - | - | - | - | - | - | - | - |
| Transfer of funds as previously disclosed | - | - | - | - | - | (132 690) | 81 657 | 51 033 | - | - | - |
| Reclassification to other transfers | - | - | - | - | - | 85 125[13] | (48 042)[13] | (37 083)[13] | - | - | - |
| **Total restated Transfer of funds** | - | - | - | - | - | **(47 565)** | **33 615** | **13 950** | - | - | - |
| Other transfers as previously reported | - | - | - | - | - | (47 686) | 35 698 | 13 992 | - | 98 | 354 |
| Reclassification from transfer of funds | - | - | - | - | - | (85 125)[13] | 48 042[13] | 37 083[13] | - | - | - |
| Restatement of deferred revenue (IAS 20) | 3 784[10] | - | - | - | - | (2 980)[10] | (805)[10] | - | - | 1[9] | - |
| Investments- OCI correction of error | - | - | - | - | - | 46 148[16] | - | - | (46 148)[16] | - | - |
| | | | | | | (1 454)[16] | | | | | 1 454[16] |
| Restatement of PPE funds | 3 666[11] | - | - | - | - | - | - | (3 666)[11] | - | - | - |
| **Total restated other transfers** | - | - | - | - | - | **(91 097)** | **82 935** | **47 409** | **(46 148)** | **99** | **1 808** |
| **Restated 2018 closing balance** | **1 149 564** | **390 190[14]** | **409 806** | **1 299 759** | **314 564** | **1 414 755** | **365 117** | **815 001** | **57 596** | **35 839** | **71 231** |
| **Accumulated impact of restatement from 2017 and 2018** | 5 560 | 6 850 | (1 518) | 538 | 17 550 | (18 592)[@] | (6 262)[@] | 9 173[@] | (1 495)[@] | - | (64)[@] |
| **Previously reported 2018 closing balance** | **1 144 004** | **383 340** | **411 324** | **1 299 221** | **297 014** | **1 433 347** | **371 379** | **805 828** | **59 091** | **35 839** | **71 295** |

*Accumulated impact of restatements as at 31 December 2017 as previously disclosed in 32.1. [@] Accumulated impact of restatements as at 31 December 2018, refer to consolidated statement of changes in funds.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

In the prior period, there have been restatements to deferred revenue (IAS 20), trade and other payables, investments, property, plant and equipment, funds, receivables and prepayments and reclassification to receivables and prepayments and funds.

### 32.3. Accumulative net impact of reclassifications and restatements- Opening balance in 2017

The following notes relate to the accumulated adjustments in the opening balance in 2017 as disclosed in note 32.1:

*Deferred revenue (IAS 20)*

[1] The cumulative adjustments in deferred revenue (IAS 20) of R8,232m arose due to the following;

- The correction of the funding allocation for capital assets previously included in deferred revenue (IAS 20). This arose due to the incorrect inclusion of unrestricted funded assets. This correction resulted in a decrease of deferred revenue of R11,306m and an increase of PPE funds of R11,306m. (Refer to footnote 7).

- The correction of previously excluded, restricted grant funded capital assets resulted in an increase in deferred revenue (IAS 20) of R0,668m and a decrease in accumulated funds of R0,668m. The incorrect inclusion of restricted funded capital assets within unrestricted funds resulted in a higher release in income in previous periods. (Refer to footnote 5).

- The cumulative net correction of previously excluded restricted grant funded capital assets and included unrestricted funded assets. This correction resulted in an increase of deferred revenue R4,152m and a decrease in designated funds: operational funds. (Refer to footnote 6).

- The correction of funding previously included in deferred revenue (IAS 20) relating to completed infrastructure grant funded capital assets projects in previous periods. This correction resulted in a decrease in deferred revenue (IAS 20) of R1,746m and an increase in accumulated funds of R1,746m (Refer to footnote 5).

*Investments and restricted use funds*

[2] The correction of investment arose due to the difference between the investment fair value at inception and its disclosed fair value. This arose due to previously unrecognised unrealised gains and losses at initial recognition of the investments.

This correction resulted in a decrease in restricted funds of R1,518m and a decrease in investments.

*Property, plant and equipment (PPE)*

[3] There has been a correction to the cost of land, buildings, furniture, & equipment in previous periods. This arose due to a difference between the cost, in the fixed asset register and the cost recorded in the general ledger. This correction resulted in an increase in the cost of, land and buildings of R0,328m and furniture, equipment and computers of R0,210m and an increase in accumulated funds of R0,538m. (Refer to footnote 5).

There were no adjustments for the depreciation and the corresponding accumulated depreciation on the corresponding assets as they were correctly recorded in the prior periods.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.3 Accumulative net impact of reclassifications and restatements- Opening balance in 2017 (continued)

The following notes relate to the accumulated adjustments in the opening balance in 2017 as disclosed in note 32.1: (continued)

*Trade and other payables*

[4]The corrections arose due to the inclusion of non-recoverable debit amounts within trade and other payables relating to prior periods 2008 to 2016. The corrections resulted in an increase in trade and other payables of R17,550m and decrease in accumulated funds of R17,550m. (Refer to footnote 5)

*Accumulated funds*

[5] The decrease in accumulated funds of R15,934m arose due to the following;

- The correction of funding previously included in deferred revenue (IAS 20) relating to completed infrastructure grant funded capital asset projects in previous periods. This correction resulted in an increase in accumulated funds of R1,746m and a decrease in deferred revenue (IAS 20) of R1,746m. (Refer to footnote 1).
- The correction of previously excluded, restricted grant funded capital assets in deferred revenue (IAS 20). This correction resulted in a decrease in accumulated funds of R0,668m and an increase in deferred revenue (IAS 20) of R0,668m. (Refer to footnote 1).
- The correction to the cost of land and buildings and furniture, equipment and computers related to a difference between the fixed asset register and the records. This correction resulted in an increase in accumulated funds of R0,538m and an increase in PPE of R0,538m. (Refer to footnote 3).
- The corrections arose due to the inclusion of non-recoverable amounts within trade and other payables for the prior periods 2008 to 2016. The corrections resulted in a decrease in accumulated funds of R17,550m and an increase in trade and other payables of R17,550m. (Refer to footnote 4).

*Designated funds: operational funds*

[6] The cumulative net correction of previously excluded restricted grant funded capital assets and included unrestricted funded assets in deferred revenue (IAS 20) resulted in a decrease in designated funds: operational funds and an increase of deferred revenue R4,152m. (Refer to footnote 1).

*Designated funds: property, plant and equipment (PPE funds)*

[7] The correction of the funding allocation for assets previously included in deferred revenue (IAS 20) due to the incorrect inclusion of unrestricted funded assets resulted in an increase of PPE funds of R11,306m and a decrease of deferred revenue of R11,306m and. (Refer to footnote 1).

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.4 The following details relate to the adjustments in 2017 and 2018 years (Refer to note 32.1 & 32.2) (continued)

In the 2017 and 2018 periods, there has been restatement to deferred revenue (IAS 20), investments, trade and other payables, funds and property, plant and equipment and reclassifications to, receivables and prepayments, investments at FVOCI and funds.

*Deferred revenue (IAS 20) and Receivables and prepayments*

[8] The correction of deferred revenue (IAS 20) arose due to the incorrect inclusion of unrestricted funded assets and exclusion of restricted grant funded capital assets. This resulted in corrections to the income released to net surplus and had the following impact:

2017: increase in deferred revenue (IAS 20) of R2,428m; decrease in, accumulated funds of R2,419m and designated funds: operational funds of R0,009m.
2018: decrease in deferred revenue (IAS 20) of R1,384m; decrease in residence funds of R0,001m and an increase in, accumulated funds of R0,290m and designated funds: operational funds of R1,095m, respectively.

[9] There has been a correction of error for grants with debit balances from deferred revenue (IAS 20) to receivables and prepayments resulting in increases, of R4,500m in 2017 and R2,350m in 2018.

*Deferred revenue (IAS 20), residence funds, accumulated funds and designated funds: operational funds*

[10] The correction of deferred revenue (IAS 20) arose due to the inclusion of unrestricted and exclusion of restricted grant funded capital assets. The corrections to deferred revenue (IAS 20), accumulated funds and designated funds: operational funds had the following impact:

2017: decrease in deferred revenue (IAS 20) of R0,019m ; decrease in, accumulated funds of R0,10m, increase in designated funds: operational funds of R0,029m, and an increase in residence funds of R0,001m.
2018: increase in deferred revenue (IAS 20) of R3,784m; increase in residence funds of R0,001m and decrease in, accumulated funds of R2,980m and designated funds: operational funds of R0,805m, respectively.

*Designated funds: property, plant and equipment (PPE funds)*

[11] The correction of the funding allocation for assets previously included in deferred revenue (IAS 20) arose due to the incorrect inclusion of unrestricted funded assets and exclusion of restricted grant funded assets. The corrections PPE funds and deferred revenue (IAS 20), had the following impact:

2017: increase in PPE funds of R1,533m and decrease in deferred revenue (IAS 20) of R1,533m;
2018: decrease in PPE funds of R3,666m and increase in deferred revenue (IAS 20) of R3,666m.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.4 The following details relate to the adjustments in 2017 and 2018 years (Refer to note 32.1 & 32.2) (continued)

*Accumulated funds, designated funds: operational funds and designated funds: property, plant and equipment (PPE funds)*

[12] An error that resulted in a reclassification had occurred in the prior year where restricted funds were included in the unrestricted funding. This correction resulted in an increase in accumulated funds of R2,420m and a decrease in designated funds: operational funds of R2,420m.

[13] There has been a reclassification of funds, between other transfers and transfer of funds, within the respective accumulated funds, designated funds: operational funds and PPE funds categories for 2018. This arose due to a prior period classification error between the transfer of funds and other funds in the above-mentioned categories.

This correction of error has had no impact on the accumulated funds, designated funds: operational funds and PPE funds as previously reported.

*Receivables and prepayments*

[14] During the prior period, 2018, there has been a correction of error of the student debt write off and the provision for student debt. This resulted in a decrease in the student debt write off of R5,472m and an increase in the provision for student debt.

The corrections had no impact on the net surplus as previously disclosed.

The impact of the corrections is reflected below;

| The restatement in the student debtor write-off is illustrated below; | *2018* |
|---|---|
| | *R'000* |
| Student debt written of in 2018 as previously reported | 85 512 |
| Restatement | (5 472) |
| Student debt written of in 2018 as restated | **80 040** |

| | Receivables-student debt | Provision for student debt | Total |
|---|---|---|---|
| | *R'000* | *R'000* | *R'000* |
| Total previously reported in 2018 | 488 211 | (240 701) | 247 510 |
| Restatement | 5 472 | (5 472) | - |
| Restated in 2018 | **493 683** | **(246 173)** | **247 510** |

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.4 The following details relate to the adjustments in 2017 and 2018 years (Refer to note 32.1 & 32.2) (continued)

*Investments at FVOCI: correction of error between OCI and net surplus and fair value reserve*

The University adopted IFRS 9 in 2018 and records investments, financial assets, at FVOCI. This includes equity and debt instruments. The fair value remeasurement, on the disposal of equity instruments is recognised in OCI while the realised gains and losses on debt instruments is recognised in net surplus.

[15] There has been a correction of the previously recognised amounts on equity instruments at FVOCI.

The correction arose due to the reclassification of the realised gain and remeasurement loss on equity investments, previously included in net surplus. The correction had the following impact:

- Decrease in net surplus of R46,148m and an increase in OCI of R46,148m from the realised gain on equity investments disposed in 2018.
- Increase in net surplus of R1,495m and a decrease in OCI of R1,495m from the remeasurement of an equity investment.

Refer to note 32.5-footnote b for the impact of the correction of error the net surplus on council controlled unrestricted funds.

[16] There has been a correction of the amount recycled to accumulated funds on the gain and loss on disposal of equity investments, previously included in net surplus and restricted funds. Refer to footnote 15). The correction had the following impact:

- Decrease in fair value reserve fund of R46,148m, relating to gains on disposal of equity investments previously included in net surplus;
- Increase in restricted funds of R1,454m relating to loss on disposal of equity instruments previously included in restricted funds; and
- Increase in accumulated funds of R44,694m.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.5. Restatement: Net surplus

The corrections to net surplus arose due to the restatement of deferred revenue (IAS 20) and the fair value remeasurments on investments recorded at FVOCI. (Refer to note 32.1 and 32.2. The impact of these corrections on the net surplus prior to income allocation to departments for the earliest period, as previously reported, is reflected below;

| | Total as previously reported | Adjustments | Total after adjustments |
|---|---|---|---|
| | *R'000* | *R'000* | *R'000* |
| **2017** | 425 758 | **(2 428)**[a] | 423 330 |
| **2018** | 626 276 | **(43 267)**[b] | 583 009 |

The impact of above restatements on the specific income and expenditure accounts in net surplus prior to income allocation to departments are reflected below;

| | Total as previously reported | Adjustments | Total restated |
|---|---|---|---|
| **2017** | *R'000* | *R'000* | *R'000* |
| Operating revenue | 1 716 619 | (8 370) | 1 708 249 |
| Other operating expenses | (544 229) | 5 716 | (538 513) |
| Income from investments | 145 957 | (36) | 145 921 |
| Other non – recurrent income | 140 162 | 7 530 | 147 692 |
| Other non –recurrent expenses | (55 769) | ( 7 268) | (63 037) |
| **Total** | | **(2 428)**[a] | |
| | | | |
| **2018** | | | |
| Operating revenue | 2 068 343 | (3 511) | 2 064 832 |
| Other operating expenses | (663 934) | 2 579 | (661 355) |
| Income from investments | 169 532 | 138[c] | 169 670 |
| Other non – recurrent income | 157 628 | (37 715) | 119 913 |
| Other non –recurrent expenses | (42 213) | (3 303) | (45 516) |
| Amounts spent from prior year receipts: From funds | (460) | (1 455) | (1 915) |
| **Total** | | **(43 267)**[b] | |

*The following notes relate to the adjustments to net surplus:*

[a] The correction of previously excluded restricted grant funded capital assets resulted in an increase in deferred revenue (IAS 20) of R2,428m and an decrease in the net income release of R2,428m. The incorrect exclusion of restricted funded capital assets resulted in a higher release in income in 2017 as previously disclosed. (Refer to note 32.1, footnote 8 - 2017).

[b] The decrease in net surplus of R43,267m arose due the following;

- The correction of previously included unrestricted funded capital assets resulted in a decrease in deferred revenue (IAS 20) of R1,384m and an increase in the net surplus of R1,384m. (Refer to note 32.2, footnote 8 - 2018).
- The correction of error of IFRS 9 fair value remeasurments and gains and losses on equity instruments at FVOCI resulted in a decrease in net surplus of R44 653m and an increase in OCI of R44,653m. (Refer to note 32.4 footnote 15).

[c] The increase in the net income release which arose due to the corrections in deferred revenue (IAS 20) resulted in an increase in income from investments in 2018.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.6. Restatement: Cash flow statement

The cash flow statement adjustments in 2018 arose due to the following;

- Restatement of deferred revenue (IAS 20):
  The corrections to deferred revenue(IAS 20) arose due to the previous exclusion of restricted grant funded capital assets and inclusion of unrestricted funded assets, as mentioned in note 32.1, footnote 1. The corrections relate to non-cash transactions and resulted in an adjustment to the non-cash component of deferred revenue (IAS 20) as previously reported.

- Reclassification between cash and non-cash components for deferred revenue (IAS 20), investment at FVOCI, investment income accruals, trade receivables, provisions, borrowings and finance lease liabilities. The adjustments arose due to the incorrect classification of non-cash components in the cash components disclosed in the above-mentioned balances.

The above restatements had no impact on the cash and cash equivalents balance as previously reported in 2018.

The following tables illustrate the impact of the restatements on the net cash inflows from operating activities, net cash inflows from financing activities and reconciliation of net surplus before taxation to cash generated from operations at year-end, for the earliest year, 2018, as previously reported.

### 32.6.1 Adjustments to operating and financing activities

| | Total as previously reported (2018) | Restatement | Total after restatement (2018) |
|---|---|---|---|
| | *R'000* | *R'000* | *R'000* |
| Cash generated from operations | 652 929 | (42 371)[#] | 610 558 |
| Investment income | 142 149 | 41 411[a] | 183 560 |
| Finance costs | (9 321) | 508[b] | (8 813) |
| **Net cash inflows from operating activities** | 785 757 | **(452)** | 785 305 |
| Payment of principal portion on long term loans | (6 808) | 714[c] | (6 094) |
| Payment on finance lease liabilities | (1 880) | (262)[d] | (2 142) |
| **Net cash inflows from financing activities** | (8 688) | **452** | (8 236) |

[#] The correction of cash generated from operations is a combination of an increase in operating surplus before working capital changes of R78,301m[^] and a decrease in the changes in working capital of R120,672m[$]. (Refer to note 32.6.2 below).

[a] The increase in the cash inflow for investment income arose due to the correction of error of accrual reversals previously included in the cash component. These reversals reduced the cash component previously disclosed.

[b] The decrease in cash outflow for finance costs arose due to the correction of error of accruals previously included in the cash component.

[c] The decrease in the cash outflow for the principal portion on long term loans arose due to the misallocation of the non-cash component in the principal portion payments.

[d] The increase in cash outflow for financial lease liability payments arose due to the previous exclusion of the cash component.

## 32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS (continued)

### 32.6. Restatement and reclassification: Cash flow statement (continued)

### 32.6.2 Reconciliation of net surplus before taxation to cash generated from operations:

The impact of the following corrections on the net surplus before taxation to cash generated from operations, had the following impact on the following line items and as disclosed in the restated line items in note 28.1.

### 32.6.1 Net surplus for the year before tax

| | *Total as previously reported (2018) R'000* | *Restatement R'000* | *Total after restatement (2018) R'000* |
|---|---|---|---|
| Net surplus for the year before tax | 626 420 | (43 267) [e] | 583 153 |

### 32.6.2 Restatement to the net-surplus adjustments

| | | | |
|---|---|---|---|
| Increase/(decrease) in accruals for leave pay | (3 160) | (237) [f] | (3 397) |
| Increase in provision for receivables | - | 10 749 [g] | 10 749 |
| Realised gain/Loss on disposal of investments | (44 693) | 44 693 [h] | - |
| Investment income (excluding dividend income) | (160 925) | (138) [i] | (161 063) |
| Non-cash movement in borrowings | - | (913) [j] | (913) |
| Non-cash movement in deferred revenue (IAS 20) | - | 67 414 [k] | 67 414 |
| **Operating surplus before working capital changes** | | **78 301** [^] | |
| **Changes in working capital** | | **(120 672)** [$] | |
| - Receivables and prepayments | (60 964) | (54 042) [l] | (115 006) |
| -Funds | 19 167 | (7 631) [m] | 11 536 |
| - Deferred revenue (IAS 20) | 182 707 | (58 999) [n] | 123 708 |

*The following notes relate to the accumulated adjustments to the reconciliation of net surplus before taxation:*

[^,$] The correction of cash generated from operations is a combination of an increase in operating surplus before working capital changes of R78,301m and a decrease in the changes in working capital of R120,672m. (Refer to note 32.6.1, footnote #).

[e] The decrease in net surplus before tax of R43,267m arose due to the restatement of the income release relating to deferred revenue (IAS 20), fair value remeasurement of equity investments and gains and losses on disposal of equity investments, at FVOCI. All movements are entirely non-cash components. (Refer to note 32.5, footnote b).

**32. RECLASSIFICATIONS AND PRIOR PERIOD ADJUSTMENTS** (continued)

**32.6. Restatement and reclassification: Cash flow statement** (continued)
**32.6.2 Restatement to the net-surplus adjustments** (continued)

*The increase in operating surplus before capital working changes of R78,301m arose due to the following adjustments to non-cash components:*

[f] The decrease in operating surplus arose due to the reclassification of leave pay accruals, incorrectly included in the receivables and prepayments.

[g] The increase in operating surplus arose due to the reclassification of the non-cash component of receivables and prepayments previously included in cash receipts.

[h] The increase in operating surplus arose due to the reclassification of the non-cash component of equity investments at FVOCI previously included in net surplus.

[i] The decrease in operating surplus arose due to the restatement in the investment income release in deferred revenue (IAS 20). (Refer to note 32.5.1, footnote c).

[j] The decrease in operating surplus arose due to the reclassification of the cumulative non-cash components for borrowings previously included in the cash payments.

[k] The increase in operating surplus arose due to the reclassification of the non-cash component of deferred revenue (IAS 20) previously included in cash receipts under working capital. This related to income deferred on assets accounted for in terms of IAS 20, a non-cash component.

*The decrease in changes to working capital included in cash generated from operations of R120,672m arose due to the following;*

[l] The increase in the cash outflow relating to receivables and prepayments cash receipts of R54,042m arose as a result of the following;

- net cash outflow of R41,411m from changes in working capital and an increase in the net cash inflows from operating activities of R41,411m. This arose due to the reclassification of investment income accrual reversals previously included in the cash component. This had the impact of increasing the investment income as previously disclosed.
- net cash inflow of R0,237m due to the reclassification of leave pay accruals incorrectly included previously in the cash component of receivables and prepayments.
- net cash outflow of R2,119m due to the reclassification of debit balances previously included in the non-cash component of deferred revenue (IAS 20).
- net cash outflow of R10,749m due to the reclassification of the increase in provision for student debt, previously included in the cash component.

[m] The decrease in the cash inflow in funds of R7,631m arose as a result of the following;

- net cash outflow of R6,067m in operating surplus due to the restatements in deferred revenue (IAS 20). This consisted of a cumulative increase of R0,290m, and R1,095m, (refer to footnote 8) and a cumulative decrease of R3,666m, (refer to footnote 11) and R3,784m (refer to footnote 10). (Refer to note 32.3 for footnotes 8, 10 and 11).
- Net cash outflow of R1,495m due to the reclassification of the fair value remeasurement on equity investments at FVOCI. (Refer to note 32.3.3, footnote 15).
- net cash outflow of R1,523m due to the reclassification of the non-cash component of the income release on the restatement in deferred revenue (IAS 20).
- Net cash inflow of R1,454m due to the reclassification of loss on disposal of equity investments at FVOCI. (Refer to note 32.3.3 footnote 16).

[n] The decrease in the cash inflow in deferred revenue (IAS 20) of R58,999m arose as a result of the following;

- net cash outflow of R67,414m due to the reclassification of the non-cash component from deferred revenue (IAS 20), previously included in the cash component. (Refer to note 36.6.2, footnote k). This relates to the income deferred on grant-funded capital assets at year-end.
- net cash inflow of R8,415m due to the restatement in deferred revenue (IAS 20).

## DURBAN UNIVERSITY OF TECHNOLOGY

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

### 33. 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.
- All related party transactions were made on terms equivalent to those that prevail at arm's length.
- Key management personnel, which comprises members of both Council and the University executive management team (refer Note 29 and Note 30); and
- National Government (refer to Note 1.17.1). For details of transactions of amounts received from National Government refer to note 21.1)

The following related party transactions in respect of the wholly owned subsidiary entities occurred during the year under review:

| | 2019<br>*R'000* | 2018<br>*R'000* |
|---|---|---|
| **Maxelect Investments (Pty)Ltd** | | |
| *Transactions* | | |
| Rental income | 5 843 | 3 723 |
| Interest on loan (income) | 1 291 | 1 223 |
| Insurance (expense) | 156 | 142 |
| *Account balances* | | |
| Loan receivable | 27 263 | 25 816 |
| **Melrose Properties (Pty)Ltd** | | |
| *Transactions* | | |
| Rental income | 214 | 131 |
| Insurance (expenses) | 172 | 156 |
| *Account balances* | | |
| Loan receivable | 4 756 | 4 584 |
| **Durban University of Technology (Pty)Ltd** | | |
| *Transactions* | | |
| Contractor fee reimbursement | 2 191 | 1 874 |
| *Account balances* | | |
| Trade receivables | 2 129 | 1 581 |

## 34. 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

**Consideration of the impact of COVID-19 on the University**

On 30 January 2020, the World Health Organisation announced the outbreak of COVID-19 as a world health emergency of international concern, and on 11 March 2020 the outbreak was classified as a global pandemic. In South Africa, a National State of Disaster was declared in response to the pandemic, which created restrictions on travel and mass gatherings among other things in the country. On 17 March 2020, in response to COVID-19 regulations introduced by government in an effort to combat the virus, the University announced that it would temporarily close its campus. A national lockdown was enforced from 26 March 2020 extended until 30 April 2020. On 23 April 2020, further measures were announced which would allow for the gradual re-opening of the South African economy in stages from 1 May 2020.

The outbreak of COVID-19 and the subsequent measures imposed by Government in an attempt to contain the spread of the virus have caused disruption to businesses and economic activity in the country.

The University has determined that the events of COVID-19 are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2019 have not been adjusted to reflect its impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as its impact on the financial position and results of the University for future periods.

The University also announced that it would continue to pay its staff and provided that those personnel that can work remotely from home continue to do so. Support has been provided by remote access to the computer environment, data allowances.

*Financial impact*

Management cannot reasonably estimate the continued impact of these events, however, at 30 September 2020, the impact is as follows:

*Revenue and recoverability- defaults*

The economic downturn as a result of measures to curb the outbreak of COVID-19, is expected to have a negative impact on the recoverability of the student's fees for the coming year, which may in turn increase the expected credit loss recognised on these debtors.

Management has assessed the recoverability of the student fee receivable as at 31 December 2019 and are satisfied that the provision raised is adequate and appropriate.

## 34. EVENTS SUBSEQUENT TO YEAR END (continued)

*Government subsidy revenue*

Government announced a slight reduction in the government subsidy for 2020 affecting the block grant and reprioritisation of the earmarked grant.

*Student residences and lease agreements*

As a result of the national lockdown, certain residences have been vacant for a period.

The University is also in discussions with landlords regarding lease reprieves and modifying agreed lease periods.

*Investments*

The fair value of the investment portfolio has been impacted as follows:

| | At 31 August 2020 | At 31 December 2019 | Movement |
|---|---|---|---|
| | R'000 | R'000 | R'000 |
| *Investments* | **435 769** | **439 425** | **(3 656)** |

Given the ongoing fluctuations in global financial markets, a price risk sensitivity analysis of the investment carrying values at 31 August 2020 has been presented below, to illustrate the potential impact of fluctuations between 31 August 2020 and the date of approval of the financial statements:

| | +1% | -1% |
|---|---|---|
| | R'000 | R'000 |
| Increase/(decrease) in 31 August 2020 investment carrying value | **4 357** | **(4 357)** |

## 35. GOING CONCERN

The Council undertakes regular assessment of whether the University is a going concern in the light of current economic conditions and all available information about future risks and uncertainties.

The projections for the University have been prepared, covering its liquidity for a period of 12 months from the date of approval of these financial statements. These analyses have been updated to include the ongoing developments related to the COVID-19 pandemic. These pandemic scenarios continue to evolve as the effects of the pandemic continue to extend.

The University projections and sensitivity analysis show that the University has sufficient capital and liquidity to continue to meet its short-term obligations and as a result it is appropriate to prepare these financial statements on a going concern basis, even considering the severe impacts of the COVID-19 pandemic as noted above.

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