

# 2015

ANNUAL REPORT

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# REPORT OF THE CHAIR OF COUNCIL

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The Durban University of Technology had a successful year (2015) as viewed from its student enrolments, graduate outputs and increase in research publication units. There have been a number of major developments on its campuses and these are outlined in this report. In particular given the “Fees Must Fall Campaign”, the outbreaks of violence and the resulting destruction of property across many universities, DUT remained largely peaceful and there was little destruction of property. Students and management are to be commended in the manner in which they have negotiated and dealt with these challenges.

It has become a tradition that Council members would, during the course of the year tour the different campuses and become familiar with the facilities and programmes offered on each of the campuses. To this extent, Council members undertook a tour of the City Campus on Friday, 20 November 2015 and visited the departments of Fine Art, Jewellery Design, Graphic Design, Video Technology, Journalism, Art for Humanity, the Library and the Writing Centre. Council members were duly impressed with the facilities and range of interesting programmes offered at the beautifully renovated heritage building. The final Council meeting for the year was held at the City Campus.

At the Council Awards Function on 6 March 2015, a total of 37 awards were presented to staff in categories of research related work and sports. Council also approved other staff awards:

- Chancellors Awards – student centeredness and engagement;
- Council Awards – research and innovation, learning organisation, sustainable university;
- Vice-Chancellor’s Awards – transforming institutional culture, back to basics, knowledge project, networking, greening the campus and internationalisation.

A Council Workshop was held on 4 September 2015 and attended by Council members and members of the senior executive team of the University. The workshop programme comprised an update on DUT’s Strategic Plan and a report on DUT’s Sustainability Plan and Growth. While conducting such a workshop is a requirement by the Department of Higher Education and Training, it is viewed by Council as a crucial good governance activity of consulting with all stakeholders on matters related to developing a DUT sustainability plan, with targets and evidence-based statistics.

Mr N Z W Madinane was re-elected as Vice-Chairperson of Council for a further period of two years. In addition the following Council members were elected:

- Academic Staff: Mr Z B Ngubane;
- Senate: Dr L Samuels;
- Council Appointees: Mr Z S Gumede, Mr R Harichunder, Ms B Ntombela, Judge C N Patel and Mr B Singh;
- Institutional Forum-Mr M Estrice.
- Council approved the appointments of Professor N Gwele as Deputy Vice-Chancellor (Academic) and Professor A C Bawa as Vice-Chancellor for second term in accordance with the policies of the University.

Council’s latest self evaluation was undertaken by the Centre for Quality Promotion and Assurance. The results were in general positive but included recommendation for strengthening the role of Council.

Council approved the award of an Honorary Doctorate in Arts and Design to Mr A M Kathrada in recognition of his outstanding contribution towards South African human rights and social justice. A Honorary Doctorate in Health Sciences was awarded to Mr Desmond D’Sa who is a leading advocate and an internationally recognized environmental activist. Mr D’Sa is also the winner of the 2014 Goldman Environmental Prize.

The new Engineering Block on the Steve Biko Campus has been completed together with renovations of the Health Clinic and Walsingham Residence. The Transnet Lodge, once transferred to DUT will provide an additional 1200 beds on the Indumiso Campus, Pietermaritzburg. A new student residence with some 800 beds is nearing completion on the Steve Biko Campus and the University should take occupation in the second half of 2016.

The Minister of Higher Education and Training has approved the development of an Education Precinct in Imbali, Pietermaritzburg. This development will represent a new and innovative model for education delivery by linking a range of education and community enterprises to support each other, develop and use shared resources and put in place programmes that are locally and nationally relevant and that articulate with each other.

A number of General Education modules have been completed to date, with the Cornerstone module being piloted this year with first year students in three Health Sciences programmes. The curriculum renewal project has generated an engaged and vibrant process of learning and development for both staff and students.

A number of new programmes in the Health Sciences received accreditation by the Council of Higher Education.



In order for Council to familiarise itself with on-going activities on the different campuses, the following presentations were made during the course of the year:

- Centre for Quality Promotion and Assurance – Ms K Sattar, Director of CQPA
- The Imbali Education Project – Dr M Mandew, Director, Midlands Campus
- Trends in International Mathematics and Science – Dr V Reddy, Executive Director, HSRC
- Dr R Smith, Executive Dean: Faculty of Arts and Design – “Advancing DUT’s Strategic Focus Areas in the Faculty of Arts and Design”.
- The New Planning Office and the New Planning Unit – Dr G Chetty, Senior Director – Special Projects and Planning

A total of 7 045 new students were registered in 2015. A total of 19 971 returning and postgraduate students were also registered making a total of 27 016 students. The Vice-Chancellor reported that three graduation ceremonies were held and 921 students graduated at the Spring Graduation Ceremony.

The research output units have grown from 80 units in 2012 to 128 units in 2013, making a per capita staff output of 0.4 still short of the required 0.56. DUT now has three NRF B rated scientists.

DUT received the following grants in 2015:

- a grant of approximately R4 million from the Kresge Foundation to participate in the Siyaphumelela project, which is aimed to understand how universities can use data to improve the performance of students.
- a grant of approximately R5 million from the Energy and Water SETA for offering short courses, training programmes and level 5 certificates, as well as Master’s and Doctoral programmes in the energy and water sectors. A condition of the grant is that the University also develops a laboratory on wheels for visiting and educating schools and communities on renewable energy and the better management of household energy, respectively.
- The University has also received a grant of R708 396 from Nedbank towards the costs of a mobile laboratory.
- A grant of R450 000 has been received for the HIV/AIDS Programme for integrating it into the curriculum.

International Educational and Partnerships at DUT has enjoyed a successful and comprehensive year which included a number of varied activities. DUT continues to have participants selected for the Abe Bailey prestigious award. This award is available to young lecturers or senior students who display leadership potential and those who are offered places on the tour are selected after an extensive selection process. In 2015, Phindile Simphiwe and Gift Khumalo from the Department of Homoeopathy were selected as participants.

DUT staff and students in 2015 have taken advantage of the AESOP-Erasmus Mundus Programme which offers postgraduate research opportunities as well as staff exchange programmes in 32 European Universities.

In 2015, 622 international students were registered for full time programmes at DUT. This represents 2.3% of the total DUT registrations for 2015. The 458 students came from the SADC countries. The 164 others from countries from all over the world.

DUT has student mobility programmes with a number of international universities. It received approximately 100 students in 2015 on academic mobility programmes. These students come mainly from the German Universities of Ravensburg, Lorrach, Koblenz and Munich.

Thirty five DUT Confucius Institute students participated in winter and summer camps in China during 2015. DUT student exchanges for post graduate studies at FAFU and other Chinese universities were established. In May, a FAFU delegation led by Deputy President Professor Wang Zonghwa visited DUT. This delegation was the forerunner of the current tripartite MoU with FAFU, Mount Saint Vincent University in Canada and DUT.

DUT hosted the BRICS Academic Forum, the Indian Ocean Region Enterprise and the One Belt, One Road initiative with Chinese Government.

The University’s budget process is underpinned by the principles of a balanced budget, financial sustainability, supporting infrastructure and ensuring alignment to the Strategic Plan of the University. DUT produced a balanced budget for the 2015 financial year end. It is pleasing to note that the University has realised a surplus of income over expenditure and this is attributed to the good financial controls and fiscal discipline by Management.

The University has embarked on a few major projects with the Department of Higher Education and Training being the major source of finance. The extension of the S Block at the Steve Biko Campus was completed and handed over to the University in August 2015, at a cost of R78m. One of our Student Residence was completely revamped during 2015 at a cost of approximately R12m. The construction of the new 800 bed student residence will be completed during 2016 and we anticipate taking occupation of the first block, housing 400 students at the beginning of the second semester, in July 2016. The Water and Waste Water Technology building is expected to be completed in 2017 at a cost of R48m.

Phase one of the Indumiso Campus construction project was completed in January 2016 at a cost of R61.373m. This building comprises five lecture venues, a computer laboratory and ablution facilities for students. Phase two of the Indumiso Campus construction project will comprise a new library and engineering faculty. The Riverside Campus construction project will constitute four lecture venues, a major revamp of the library, a new computer laboratory and additional test venues. We anticipate that construction of these projects will begin in 2016.

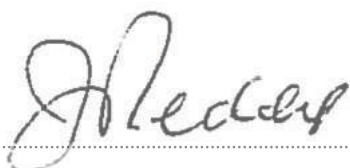
Insufficient funding for NSFAS students continues to pose a huge challenge, considering that a large number of our students come from previously disadvantaged backgrounds. This alone poses a huge risk to the financial sustainability of the University.

Third stream income has been identified as a strategic focus area at the University and Council is monitoring the progress in this area, particularly in light of the "Fees must fall" campaign, the possible regulation of fee adjustments and the Block Grant subsidy income not keeping in line with inflation.

The University sector is under tremendous pressure to insource cleaning and security personnel. A task team is currently working on the feasibility of this exercise and Council will deliberate on this matter during 2016.

## CONCLUDING REMARKS

Considering the internal and external pressures experienced in a volatile and turbulent year, the Durban University of Technology has remained focussed on its core activities of teaching and learning, research and societal engagement. Council wishes to commend the DUT leadership, management, administration, academic staff and students for the considerable achievements which have been delineated above. Council has undertaken its fiduciary responsibilities in a constructive manner in overseeing the core activities of the institution while providing the space for leadership and management to carry out the vision, mission and strategic plan of the University. Council is confident that the University remains on a sound developmental trajectory and will continue to provide the country with high level skilled and educated personnel for its transformative mission.



Dr Jairam Reddy  
**Chairperson of Council**

# COUNCIL AND COMMITTEES OF COUNCIL

## MEETINGS AND ATTENDANCE: 2015

NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	COUNCIL	COUNCIL W/SHOP	AUDIT	JOINT AUDIT & FINANCE	FINANCE	EXCO	HUMAN RESOURCES
	NO. OF MEETINGS IN 2015						
	4	1	4	1	4	4	4
	NO. OF MEETINGS ATTENDED BY INDIVIDUAL COUNCIL MEMBERS IN 2015						
Ms K P M Baloyi	4	1	1 [1 mtg held since app to Committee]			1 [Interim appointment]	1 [Interim appointment]
Prof A C Bawa	4	1	Advisory	1	3	4	4
Mr N Chonco	2	0				2	
Mr M Duma	1 [Interim appointment]				0 [Interim appointment]	1 [2 mtgs held before end of term of office on Council]	
Mr M Estrice	3 [2 mtgs held before end of term of office on Council. 1 mtg held since re-appointment to Council]						2 [2 mtgs held before end of term on Committee]
Mr Z S Gumede	2 [2 mtgs held since app to Council]	1			2 [2 mtg held since app to Committee]		
Prof N Gwele	4	1	Advisory	Advisory	Advisory		
Mr R Harichunder	4	1	3	0	3	3	
Mr R Haripersad	3	1		1	3		
Ms D Hlatshwayo	3	0		1	2		
Mr T B Hlongwa	2	1	1 [Interim appointment]	1	1	1 [Interim appointment]	
Mr S Johaar	2	0					
Dr T Louw	2 [2 mtgs held before end of term on Council]		2 [2 mtgs held before end of term on Committee]	1 [1 mtg held before end of term on Committee]		1 [2 mtgs held before end of term on Committee]	1 [2 mtgs held before end of term on Committee]
Mr N ZW Madinane	4	1	1 [1 mtg held before end of term on Council. 2 mtgs held since re-appointment on Council]		1 3 mtgs held since re-appointment on Council]	2 [1 mtg held before end of term on Council. 2 mtgs held since re-appointment on Council]	3 [1 mtg held before end of term on Council. 2 mtgs held since re-appointment on Council]
Dr J N Makhanya	3	1					0 [1 mtg held since app to Committee]
Clr W L Mapena	4	1					3

# COUNCIL AND COMMITTEES OF COUNCIL

## MEETINGS AND ATTENDANCE: 2015

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NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	COUNCIL	COUNCIL W/SHOP	AUDIT	JOINT AUDIT & FINANCE	FINANCE	EXCO	HUMAN RESOURCES
	NO. OF MEETINGS IN 2015						
	4	1	4	1	4	4	4
	NO. OF MEETINGS ATTENDED BY INDIVIDUAL COUNCIL MEMBERS IN 2015						
Mr L K T Mehta	3	1					
Ms M Mogodi-Dikgetsi	1 [2 mtgs held before end of term on Council]					2 [2 mtgs held before end of term on Committee]	
Mr S Mthembu	2 [2 mtgs held since app to Council]	1			0 [2 mtgs held since app to Committee]	0 [1 mtg held since app to Committee]	
Mr S Nene	2 [2 mtgs held since app to Council]	1					
Mr P M Naidoo	2 [2 mtgs held before end of term on Council]						
Mr M Ngcobo	1 [2 mtgs held before end of term on Council]						
Mr A S Ngidi	0 [2 mtgs held before end of term on Council]			0 [1 mtg held before end of term on Committee]	0 [1 mtg held before end of term on Committee]	0 [2 mtgs held before end of term on Committee]	
Mr Z B Ngubane	1 [2 mtgs held since app to Council]	1					
Ms B B Ntombela	2 [2 mtgs held since app to Council]	1				1 [1 mtg held since app to Committee]	
Mr N Patchiappen	3	1					1 [2 mtgs held since app to Committee]
Judge C N Patel	2 [2 mtgs held since app to Council]	1				1 [1 mtg held since app to Committee]	
Dr J Reddy	4	1		1	4	4	3
Dr V Reddy	2 [2 mtgs held before end of term on Council]						

# COUNCIL AND COMMITTEES OF COUNCIL

## MEETINGS AND ATTENDANCE: 2015

NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	COUNCIL	COUNCIL W/SHOP	AUDIT	JOINT AUDIT & FINANCE	FINANCE	EXCO	HUMAN RESOURCES
	NO. OF MEETINGS IN 2015						
	4	1	4	1	4	4	4
	NO. OF MEETINGS ATTENDED BY INDIVIDUAL COUNCIL MEMBERS IN 2015						
Dr L Samuels	4	1				3 [2 mtgs held before end of term of office on Council. 1 mtg held since re-appointment to Council]	Non-voting
Mr S Sibiya	4	1	3	0			
Mr B Singh	4	1	4	1	2 [2 mtgs held before end of term on Committee]		
Dr R Smith	4	1				1 [Interim appointment]	Non-voting
Ms G G Twala	3	0					4
Mr S H Vezi	3	1					
Dr J Volmink	1	0					
Average Percentage of Attendance	82%	82%	83%	70%	53%	74%	75%

Key:  Not applicable



# COUNCIL MEMBERS AS AT 1 JANUARY 2015 – 20 JULY 2015

NAME OF MEMBER	CONSTITUENCY
1. Prof A C Bawa	Principal and Vice-Chancellor
2. Prof N Gwele 3. Vacant	Deputy Vice-Chancellors
4. Dr L Samuels 5. Dr R Smith	Senate
6. Mr P M Naidoo	Academic Staff
7. Ms N Patchiappen	Professional and Administrative Staff
8. Mr R Haripersad	Support and Service Staff
9. Mr A S Ngidi 10. Mr M Ngcobo	Student Representative Council
11. Mr M Estrice	Institutional Forum
12. Ms K P M Baloyi 13. Ms D Hlatshwayo 14. Mr T B Hlongwa 15. Mr S Johaar 16. Dr N Makhanya	Minister's Nominees
17. Cllr: W L Mapena	eThekweni Municipality Nominee
18. Mr N Z W Madinane 19. Mr N Chonco 20. Mr S H Vezi	Convocation
21. Mr L K T Mehta	M L Sultan Charitable and Educational Trust
22. Mr R Harichunder 23. Dr T Louw 24. Ms M Mogodi-Dikgetsi 25. Ms G G Twala 26. Dr J Reddy 27. Dr V Reddy 28. Ms S Sibiya 29. Mr B Singh 30. Dr J Volmink	Council Appointees

# COUNCIL MEMBERS AS AT 21 JULY 2015 – 31 DECEMBER 2015

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

# MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES AS AT 01 JANUARY 2015 – 20 JULY 2015

## OFFICE BEARERS OF COUNCIL

**CHAIRPERSON: DR J REDDY**

**VICE-CHAIRPERSON: MR N Z W MADINANE**

### 1. EXECUTIVE COMMITTEE

Dr J Reddy: Chairperson of the Council and Executive Committee  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Prof. A C Bawa: Vice-Chancellor  
Mr R Harichunder: Chairperson of Finance Committee  
Mr N Chonco: External Council Member  
Dr T Louw: External Council Member  
Ms M Mogodi-Dikgetsi: External Council Member  
Dr L Samuels: Senate member on Council  
Mr A S Ngidi: Students' Representative Council

### 2. FINANCE COMMITTEE

Mr R Harichunder: Chairperson of the Finance Committee  
Dr J Reddy: Chairperson of the Council  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Prof. A C Bawa: Vice-Chancellor  
Ms D Hlatshwayo: External Council Member  
Mr T B Hlongwa: External Council Member  
Mr B Singh: External Council Member  
Mr R Haripersad: Internal Council Member  
Mr A S Ngidi: Students' Representative Council

#### ADVISORY MEMBERS

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

### 2.1. INVESTMENT COMMITTEE

Mr R Harichunder: Chairperson of the Investment Committee  
Ms D Hlatshwayo: External Council Member  
Mr B Singh: External Council Member

### 2.2. TENDER COMMITTEE

Mr R Harichunder: Chairperson of the Tender Committee

### 3. AUDIT COMMITTEE

Mr B Singh: Chairperson of the Audit Committee  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Mr R Harichunder: Chairperson of Finance Committee  
Dr T Louw: External Council Member  
Mr S Sibiya: External Council Member

#### ADVISORY MEMBERS

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

#### BY INVITATION

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

### 3.1 COUNCIL RISK COMMITTEE

#### VOTING MEMBERS

Prof. A C Bawa: Vice-Chancellor

### COUNCIL RISK COMMITTEE (CONT...)

Dr T Louw: Audit Committee Member  
Mr R Harichunder: Chairperson of the Risk Committee  
Mr S H Vezi: External Council Member

#### ADVISORY MEMBERS (NON-VOTING)

Dr R Smith  
Dr M Mandew  
The Chief Risk Officer

### 4. HUMAN RESOURCES COMMITTEE

#### VOTING MEMBERS

Mr N Z W Madinane: Vice-Chairperson of the Council and Chairperson of the Council Human Resources Committee  
Dr J Reddy: Chairperson of the Council  
Cllr W L Mapena: External Council Member  
Dr T Louw: External Council Member  
Ms G G Twala: External Council Member  
Prof. A C Bawa: Vice-Chancellor  
Mr M Estrice: Staff representative on Council

#### NON-VOTING MEMBERS

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

### 5. REMUNERATION COMMITTEE

#### VOTING MEMBERS

Mr R Harichunder: Finance Committee Member  
Ms D Hlatshwayo: Finance Committee Member  
Mr T B Hlongwa: Finance Committee Member  
Dr T Louw: Human Resources Committee Member  
Mr N Z W Madinane: Finance and Human Resources Committees Member  
Cllr W L Mapena: Human Resources Committee Member  
Dr J Reddy: Finance and Human Resources Committees Member

Mr B Singh: Finance Committee Member  
Ms G G Twala: Human Resources Committee Member

#### NON-VOTING MEMBER

Prof. A C Bawa: Vice-Chancellor

### 6. SENATE

Dr V Reddy: External Council Member  
Ms D Hlatshwayo: External Council Member  
Dr J Reddy: External Council Member  
(Alternate member)

### 7. INSTITUTIONAL FORUM

Ms M Mogodi-Dikgetsi: External Council Member  
Ms G G Twala: External Council Member

### 8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member

# MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES AS AT 5 SEPTEMBER 2015 – 31 DECEMBER 2015

## OFFICE BEARERS OF COUNCIL

**CHAIRPERSON: DR J REDDY**

**VICE-CHAIRPERSON: MR N Z W MADINANE**

### 1. EXECUTIVE COMMITTEE

Dr J Reddy: Chairperson of the Council and Executive Committee  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Prof. A C Bawa: Vice-Chancellor  
Mr R Harichunder: Chairperson of Finance Committee  
Mr N Chonco: External Council Member  
Ms B Ntombela: External Council Member  
Judge C N Patel: External Council Member  
Dr L Samuels: Senate member on Council  
Mr S Mthembu: Students' Representative Council

### 2. FINANCE COMMITTEE

Mr R Harichunder: Chairperson of the Finance Committee  
Dr J Reddy: Chairperson of the Council  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Prof. A C Bawa: Vice-Chancellor  
Mr Z S Gumede: External Council Member  
Ms D Hlatshwayo: External Council Member  
Mr T B Hlongwa: External Council Member  
Mr R Haripersad: Internal Council Member  
Mr S Mthembu: Students' Representative Council

#### ADVISORY MEMBERS

Deputy Vice-Chancellors  
Chief Financial Officer  
Chief Risk Officer

### 2.1. INVESTMENT COMMITTEE

Mr R Harichunder: Chairperson of the Investment Committee  
Ms D Hlatshwayo: External Council Member  
Mr T B Hlongwa: External Council Member  
Prof. A C Bawa: Vice-Chancellor  
Chief Financial Officer

### 2.2. TENDER COMMITTEE

Mr R Harichunder: Chairperson of the Tender Committee  
Prof. A C Bawa: Vice-Chancellor  
Deputy Vice-Chancellors  
Chief Financial Officer

### 3. AUDIT COMMITTEE

Mr S Sibiyi: Chairperson of the Audit Committee  
Mr N Z W Madinane: Vice-Chairperson of the Council  
Mr R Harichunder: Chairperson of Finance Committee  
Ms K P M Baloyi: External Council Member  
Mr B Singh: External Council Member

#### ADVISORY MEMBERS

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

#### BY INVITATION

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

### 3.1 COUNCIL RISK COMMITTEE

#### VOTING MEMBERS

Mr R Harichunder: Chairperson of the Risk Committee  
Prof. A C Bawa: Vice-Chancellor

#### VOTING MEMBERS

Mr L K T Mehta: External Council Member  
Mr S Sibiyi: Audit Committee Member

#### ADVISORY MEMBERS (NON-VOTING)

Dr R Smith  
Dr M Mandew  
Chief Risk Officer

### 4. HUMAN RESOURCES COMMITTEE

#### VOTING MEMBERS

Mr N Z W Madinane: Vice-Chairperson of the Council and Chairperson of the Human Resources Committee  
Dr J Reddy: Chairperson of the Council  
Dr N Makhanya: External Council Member  
Cllr W L Mapena: External Council Member  
Ms G G Twala: External Council Member  
Prof. A C Bawa: Vice-Chancellor  
Mr N Patchiappen: Staff representative on Council

#### NON-VOTING MEMBERS

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

### 5. REMUNERATION COMMITTEE

#### VOTING MEMBERS

Mr Z S Gumede: Finance Committee Member  
Mr R Harichunder: Finance Committee Member  
Ms D Hlatshwayo: Finance Committee Member  
Mr T B Hlongwa: Finance Committee Member  
Mr N Z W Madinane: Finance and Human Resources Committees' Member  
Dr N Makhanya: Human Resources Committee Member  
Cllr W L Mapena: Human Resources Committee Member  
Dr J Reddy: Finance and Human Resources Committees' Member

Ms G G Twala: Human Resources Committee Member

#### NON-VOTING MEMBER

Prof. A C Bawa: Vice-Chancellor

### 6. SENATE

Ms D Hlatshwayo: External Council Member  
Judge C N Patel: External Council Member  
Vacant: External Council Member (Alternate member)

### 7. INSTITUTIONAL FORUM

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

### 8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member

# MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES AS AT 21 JULY 2015 – 4 SEPTEMBER 2015

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## OFFICE BEARERS OF COUNCIL

**CHAIRPERSON: DR J REDDY**

**VICE-CHAIRPERSON: MR N Z W MADINANE**

### 1. EXECUTIVE COMMITTEE

Dr J Reddy: Chairperson of the Council and Executive Committee  
 Ms K P M Baloyi: External Council Member  
 Mr N Z W Madinane: Vice-Chairperson of the Council  
 Prof. A C Bawa: Vice-Chancellor  
 Mr R Harichunder: Chairperson of Finance Committee  
 Mr T B Hlongwa: External Council Member  
 Mr N Chonco: External Council Member  
 Dr L Samuels: Senate member on Council  
 Mr M Duma: Students' Representative Council

### 2. FINANCE COMMITTEE

Mr R Harichunder: Chairperson of the Finance Committee  
 Dr J Reddy: Chairperson of the Council  
 Mr N Z W Madinane: Vice-Chairperson of the Council  
 Prof. A C Bawa: Vice-Chancellor  
 Ms D Hlatshwayo: External Council Member  
 Mr T B Hlongwa: External Council Member  
 Mr B Singh: External Council Member  
 Mr R Haripersad: Internal Council Member  
 Mr M Duma: Students' Representative Council

#### ADVISORY MEMBERS

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

#### 2.1. INVESTMENT COMMITTEE

Mr R Harichunder: Chairperson of the Investment Committee  
 Ms D Hlatshwayo: External Council Member  
 Mr B Singh: External Council Member

#### 2.2. TENDER COMMITTEE

Mr R Harichunder: Chairperson of the Tender Committee

### 3. AUDIT COMMITTEE

Mr T B Hlongwa: Chairperson of the Audit Committee  
 Mr N Z W Madinane: Vice-Chairperson of the Council  
 Mr R Harichunder: Chairperson of Finance Committee  
 Mr S Sibiya: External Council Member  
 Mr B Singh: External Council Member

#### ADVISORY MEMBERS

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

#### BY INVITATION

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

#### 3.1 COUNCIL RISK COMMITTEE

##### VOTING MEMBERS

Mr R Harichunder: Chairperson of the Risk Committee

#### COUNCIL RISK COMMITTEE (CONT...)

Prof. A C Bawa: Vice-Chancellor  
 Mr T B Hlongwa: Audit Committee Member  
 Mr S H Vezi: External Council Member

#### ADVISORY MEMBERS (NON-VOTING)

Dr R Smith  
 Dr M Mandew  
 The Chief Risk Officer

### 4. HUMAN RESOURCES COMMITTEE

#### VOTING MEMBERS

Mr N Z W Madinane: Vice-Chairperson of the Council and Chairperson of the Council Human Resources Committee  
 Dr J Reddy: Chairperson of the Council  
 Ms K P M Baloyi: External Council Member  
 Cllr W L Mapena: External Council Member  
 Ms G G Twala: External Council Member  
 Prof. A C Bawa: Vice-Chancellor  
 Mr N Patchiappen: Staff representative on Council

#### NON-VOTING MEMBERS

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

### 5. REMUNERATION COMMITTEE

#### Voting Members

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

#### NON-VOTING MEMBER

Prof. A C Bawa: Vice-Chancellor

### 6. SENATE

Dr V Reddy: External Council Member  
 Ms D Hlatshwayo: External Council Member  
 Dr J Reddy: External Council Member  
 (Alternate member)

### 7. INSTITUTIONAL FORUM

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

### 8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member



# COUNCIL'S STATEMENT ON SUSTAINABILITY

The 2015-2019 Strategic Plan presents an opportunity to shape DUT as an institution that speaks directly and indirectly to sustainability, specifically as it relates to the life of its students as well as of its immediate community. Universities are social institutions embedded in the contexts in which they find themselves and as such they have multiple purposes.

Hence, DUT considers sustainability in a serious manner. Two of the four strategic focus areas of the University's Strategic Plan relates to sustainability, i.e.

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

These two elements are underpinned by what we refer to as DUT's DNA; namely, Student-Centeredness and Engagement. Through various projects carried out by the University's research centres and within academic faculties, engagement with communities, industries, government and the not-for-profit sector were carried out in 2015. Engrained in these activities was the idea of enhancing the employability of our students, evidenced in the work carried out by Co-operative Education. Council is of the view that it is imperative for the relevance of DUT that there is ongoing engagement on its strategic orientation, hence these external and internal alignments. Further, as a form of good governance as required by the King III Report principles, Council has received reports on the University's drives of greening the campus, one of the imperatives of the 2015-2019 Strategic Plan. However, Council is cognisant of the economic challenges faced by the South African society at large. Through our programmes and projects it is crucial that we work towards producing the human resource and knowledge that matches the needs of the country.



# VICE-CHANCELLOR'S REPORT ON MANAGEMENT AND ADMINISTRATION

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The approval of the new Strategic Plan (*Towards relevance, responsiveness and resilience, Strategic Plan 2015-2019*) was the harbinger for a flurry of activity at the University as it focused on strengthening newly adopted knowledge enterprises and embarked on organisational changes all around the rubrics of engagement and student-centredness. It gave rise to workshops, discussions and think tanks. The Vice-Chancellor used this period as an opportunity to embark on a process of engagement around the Plan. This business of internal and external advocacy to generate and deepen institutional engagement with the Plan and to seed ideas to shape the University entailed discussions with over 18 support departments, six faculties and two strategic workshops around Student Services and the Centre for Excellence in Learning and Teaching. In addition, discussions at Senate and a programme of cascading the Plan to middle management level aided the development of divisional plans. Detailed discussions with the SRC were also held. These activities clearly align with the stated intent in the introduction to the University's 2015 Annual Performance Plan, namely that the "main focus in 2015 will be contributing to the development of a philosophical framework of the Strategic Plan, primarily relating to the two threads of student-centredness and engagement which form a sort of quintessence for DUT. These are the special considerations when the University is measured in its totality. There would be emphasis on finding essential representations of these two threads in the four strategic focus areas."

For 2015, a number of new initiatives, which were aligned with the new Strategic Plan, were put in place. These include setting the groundwork for a sustainable university, building and expanding the use of e-learning to improve the quality of learning and teaching, curriculum renewal through the introduction of General Education modules and continuing to explore how to improve the administrative efficiencies in the University. Our progress towards these broad objectives in 2015 has been good. They objectives are as follows:

## **I. Setting the groundwork for a sustainable university**

Annually in September, the University holds a strategic planning workshop which involves the full Council and the Senior Executive Team (SET). A significant part of this workshop focuses the sustainability of DUT. The key project is to understand how to manage the reduction in the ratio between the total staff compensation budget and the total recurrent income from 0.69 to 0.62 in a phased approach. Considering the fact that DUT is understaffed, the project for the reduction of this ratio has to address wastage on the one hand and increasing recurrent income on the other hand. The sustainability project entails four main elements:

- Careful planning and management of DUT's enrolment is a key element of its sustainability project. This relates to managing an annual growth of 3.2% per annum in student enrolments until 2019 as per the approved enrolment plan. A working group has been established to look at an integrated enrolment management process to ensure that the University meets its enrolment targets but develops a holistic plan from recruitment through to graduation. One major challenge here has been the very unstable situation relating to NSFAS.
- A significant growth in research outputs – in terms both of publication and postgraduate units – means that while DUT has excelled in this area, and with the annual target being exceeded, this will be an area of further investment and development.
- Increase in third stream income largely leveraged through the Centre for Continuing and Professional Education (CCPE).
- A much greater effort to control wastage is being rolled-out. One area of serious consideration is to gradually shift the general staff salary profile from its current concentration in and around the 75th percentile to closer to between the 25th and 50th percentile.

Improving the capacity of DUT to generate additional third stream income is a key developmental project. In this light, the launch of CCPE as a means of increasing the third stream income generating activities of the University is a new development. CCPE is a strategic project of the University consisting of an outwardly focused, demand-driven learning platform for the flexible offering of programmes, short courses and continuing professional development courses. It functions as the vehicle for managing the implementation of all DUT's continuing and professional education courses and attempts to optimise third stream income generation. The founding year of this enterprise (2015) commenced with activities relating to commissioning the working of CCPE. The CCPE Board of Studies (BoS), as a sub-committee of Senate overseeing academic governance of CCPE courses, was established and commenced its work. The CCPE Executive Management Committee (EMANCO) addresses operational issues and activities of the various Units.

## 2. Building and expanding the online presence of the University

The establishment of an institutional approach to e-learning grew out of the perceived need to widen access on the one hand and to deepen and strengthen the quality of learning and teaching at DUT. This project has been taken up as an institutional one and reaches all aspects of the University's operations. A very significant staff development programme is in place and is led by the Centre for Excellence in Learning and Teaching with its Education Technology Unit playing a critical role.

The target for 2015 was to have 50% of all DUT programmes containing an online component by year end. Despite significant setbacks with hardware (servers), access and infrastructure, this target was exceeded, with an uptake of at least 57.1%. Significant investment was made in consolidating and strengthening the server facility for e-learning and these have been achieved. DUT's first Massive Open Online Courses (MOOC) is also under development within the Journalism Department.

A DUT mobile app has also been developed and in Phase 2 is being improved with feedback from its user base, largely students. This tool is a perfect vehicle for the integration of student experience at DUT. It is however a project in development with significant development occurring on campus.

## 3. The introduction of the General Education framework

As part of its curriculum renewal (seen as a transformational project), the University has introduced a suite of General Education modules, commencing 2015 in new undergraduate programme offerings (i.e. part of the HEQSF alignment and new PQM adoption). A total of 30% of all curricula at DUT will be made up of General Education modules designed to contribute to the DUT Graduate Attributes. They are designed to help students think critically, develop values, understand traditions, respect diverse cultures and opinions, and most importantly, put the knowledge they engage with to use in a holistic and integrative manner. Students thus develop such attributes as the capacity to cope with daily challenges, master the self and understand their role in the broader context through social interaction. General Education, while grounded in the daily life of a person, aims to build a student-centred educational experience embedded in the local context, prepare students for an increasingly diverse and complex globalised work environment, and cultivate an engaged and critical citizenry in the context of an emerging and fragile democracy in an ever changing world order.

A team from across the University (including support structures), headed by a senior education expert in the office of the DVC: Academic, has been responsible for co-ordinating the development of the General Education modules. The Cornerstone Module, situated at level 5 and comprising 12 HEQSF credits, is a compulsory General Education module for every first year student. In addition to this, General Education modules are offered at three levels: institutional, faculty and programme. In 2015, four programmes introduced the General Education modules in their programmes. This has provided valuable learning for the University in anticipation of a broader roll-out in 2016. The overall success of the introduction of the Cornerstone module was evident in the good pass rate for the module and the new model for tutorials that was piloted. Care is being exercised in rolling out Gen Ed so as to ensure that issues such as the duplication of some content, the provision of student counselling support, the need for centralised timetabling, venues and staffing allocations, alongside delivery of the programmes, have been addressed.

Intricately entwined with the introduction of Gen Ed are the DUT Graduate Attributes. A position paper on Graduate Attributes (GAs) was presented to Council in March 2015 after Senate approval. A key issue that has emerged in discussions focusses on the need for staff development with regard to teaching and learning strategies that promote the required student attainment of the GAs. A Graduate Attributes Reference Group has been established which includes the Gen Ed Task Team. Our Centre for Quality Promotion and Assurance will be embarking on an institutional research project on quality assuring the attainment of GAs. A key challenge for the University is the purposeful design and implementation of teaching and learning and co-curriculum activities that progressively contribute to students' attainment of the GAs.

## 4. Exploring how to improve the administrative efficiencies in the University

A centralised timetabling system is ready for implementation at the start of the 2016 year. This significant change to timetabling requires attention to space and academic data, naming protocols as well as considerations of the block of time required for the new General Education modules being implemented across the system.

The engagement to improve student registration systems has seen the adoption by all faculties in 2015 of an online registration system which can be effected from off or on campus. Typically for first time entering students, access is given to students to complete their registrations in computer laboratories at the University. Enhancing this experience is continued work-in-progress, and students report vastly improved time efficiency in the process.

A 20-year maintenance plan was completed in 2014. This maintenance review has highlighted a number of challenges, such as significant underspending on the general maintenance of the University's very large building stock across the seven campuses and including all residences. The large portfolio of buildings and other facilities for teaching, research and outreach programmes are diverse in their origins and designs and many are in need of significant maintenance, renovation or upgrade. It is clear that the University does not have the kind of funds available to address the historical maintenance backlogs. Nonetheless the University, through creative ways which may be cost effective, has begun addressing the maintenance issues. The maintenance projects undertaken in 2015 are:

- Lift replacement at ML Sultan Campus in Blocks B and D;
- Roof replacement for the Indumiso Sports Hall, Indumiso Campus;
- Fire detection project in S-Blocks and Library Complex, Steve Biko Campus;
- Exterior painting at the ML Sultan Campus;
- Waterproofing of selected buildings;
- Renovation of S-Block toilets including provision for disabled persons, Steve Biko Campus;
- Asphalting of Curries Fountain car park;
- Lift for Tromso Building, Steve Biko Campus.

New infrastructure developments have also provided a rather major impetus to envisioning the future of the University. Construction of the new Engineering Block on the Durban campus has been completed and is ready for occupation. New lecture theatres on the Indumiso Campus are scheduled for completion and occupation in January 2016 and the process for a new engineering facility together with a new library has begun. Construction of a dedicated building for Institute of Water and Wastewater Technologies on the Steve Biko Campus has commenced.

DHET has confirmed that there will be a further R400 million grant towards a second phase of the new Indumiso engineering block. The Transnet Lodge, once it has been transferred to DHET, will provide an additional 1 200 beds on the Indumiso Campus.

In addition to the four broad objectives described above, a number of exciting projects are emerging which contribute to the Strategic Plan, of which two are mentioned below.

The exciting development of the Imbali Education Precinct is firmly underway a presents a wonderfully imaginative and exciting experiment for DHET and DUT. This will be a conglomeration of different institutions that will be led by DUT and which includes a TVET College campus, a Community College, two high schools, a special needs school, several primary schools, early childhood learning facilities, a health clinic and early childhood care facilities. The vision is to shape this as a coherent education precinct with common sports facilities etc. An initial plan has been developed and the University is to focus on determining the kinds of education programmes to be run in addition to what is already being offered.

The University has received a second Kresge Grant (in addition to its first grant for Advancement) of approximately R4 million which will be used for the Siyaphumlelela Project which focuses on strengthening data analytics capacity in South African higher education to improve student success.

## STUDENT SERVICES

It has been a tradition for the VC to focus on the work of one division at DUT in these reports. The Student Services Division is at the heart of the student-centredness project as involved as it is in the quality of student living and learning experiences at the University. In the spirit of focusing on these threads of DUT's DNA, we focus some attention on this Division in 2015.

The various departments in the Student Services Division, operating in the Durban and Midlands centres, enhance the quality of student life at the University and play a critical role in ensuring a positive student experience. Student Services comprises Student Counselling, Student Health, Student Housing, Student Life, Student Governance and Development, Sports and Financial Aid.

The Division supports the achievement of institutional objectives in relation to teaching and learning and the institutional development plans. It actively operates as a leader within the University to create a highly desirable and supportive student environment. Its focus is on offering quality holistic student support. Such support is structured on the principles of student centeredness and engagement.

The Division has participated in a variety of institutional activities, such as a strategy workshop focused on student services, the Quality Enhancement Project and the Graduate Attributes of DUT to develop and align the divisional strategic plan. In some departments there is an intent to engage pathway methodology to promote high impact practices like orientation, the first year experience and communities of learning into the educational experiences of students. This is premised on the tenets of interdepartmental collaboration, integrated service delivery and the second curriculum as a site of learning. Across the various departments there has been an increased participation in research initiatives, leading to a number of conference presentations and journal publications.

In meeting the universities and the division's strategic objectives the departments offer the following core activities: psychotherapy, career counselling and assessments, psycho educational training and development and campaigns, primary health assessments, health education programmes and fairs, management of emergencies and referrals, HIV/AIDS testing and counselling and ARV down referral programs, HIV/AIDS peer educator programmes, Competitive and recreational sport programmes, co-curricular programmes, general orientation programmes, SRC elections, a variety of leadership development programmes and community outreach. Both the Durban and Midlands centres are accredited counselling internships sites approved by the HPCSA.

Our students continue to excel in the various sporting codes offered at the University, with a number performing at provincial and national level. DUT choirs have performed well. Mr M Ngcobo (SRC Secretary) was chosen to represent DUT at the G20 10th International Youth Forum held in Garmisch-Partenkirchen, Germany, at which 204 nations were represented. He was elected as the 2015 G20 Youth Summit Committee Secretary and also participated in the Labour Market Obstacles Committee at which issues such as youth unemployment, brain-drain and immigration were discussed.

The Department of Financial Aid and Scholarships in 2014 administered funding to the amount of R300 009 930 to a total of 10 087 students. With the changed NSFAS online procedures, there will be restructuring of the financial aid operations at the University during 2015 and 2016. Figures for 2015 are still being finalised.

## ENGAGEMENT

The second thread in the DNA of DUT is Engagement. Like Student-Centredness, it is meant to be represented in all facets of the University and its activities. This is aspirational but much progress has been made. Legacies drawn from DUT's technikon background, such as the programmatic Industry Advisory Boards, are critical element of our engagement.

The University is in discussions with DHET about the establishment of an Education Precinct in Imbali, Pietermaritzburg. This precinct will provide a structural facility for multifaceted, multilayered suite of engagements with the University as an anchor institution.

DUT has identified 13 research centres and these are all required to have dynamic interfaces with their publics.

The University has multi-faceted and multi-layered modes of engagement. While there are numerous engagements with industry, government – local, provincial and national – and community entities, this report focuses on the establishment of the Centre for Social Entrepreneurship (CSE) at the University in partnership with the Department of Small Business Development (DSBD). This Centre is but one model of engagement at the University. The primary objective for its establishment is the development of social entrepreneurship within communities through mentorship and other innovative strategies and within the University through student engagement, partnerships with relevant stakeholders and research. Since its inception, the CSE has become engaged in various projects in line with its objectives.

A major focus is the establishment of centres of footwear entrepreneurship. These centres are in the process of being developed at three sites in KwaZulu-Natal, namely, Dick Whittington Shoes in Pietermaritzburg, Labora Shoes in Shallcross, Durban and Umfolozi TVET College in Richards Bay. The CSE has also began providing a supporting role in the development of the informal textile and clothing manufacturing sector, especially among cooperatives in both urban and rural areas through a collaboration with First Black Rand, a secondary co-operative that works closely with primary co-operatives within the clothing manufacturing sector.

Within the University, the CSE has been engaging with groups of students who will work closely with enterprises in the surrounding community to develop their business plans, through a service learning programme. In addition, the CSE has collaborated with Enactus, the volunteer student body at the University that is involved with various community projects. There is also a partnership with LifeCo, an internationally recognised organisation that focuses on impact and innovative social entrepreneurship through which best practice will be shared, exchange links established and working together to promote the growth of the social entrepreneurship sector in KwaZulu-Natal.

In a particular engagement with local government, the Urban Futures Centre has been asked by the eThekweni Municipality to work with Metro Police to engage in a 2-year project to improve its functioning. As a result of considerable history of participatory action research work with police agencies, Professor Monique Marks of the Urban Futures Centre was approached by the City Manager to do an organisational review of the Durban Metropolitan Police. While in most parts of the world such police reviews are done on a regular basis, this will be the first of its kind in South Africa. A high powered group of policing experts, both national and international, will be brought together to conduct different aspects of the review. This review will ultimately feed into a new strategic plan for the policing of the City of Durban. Work is also being conducted with the Durban Metropolitan Police in developing more effective, efficient and rights based policing of street level drug users.



# MANAGEMENT INFORMATION, PROCESSES AND DATA QUALITY

The Management Information (MI) Department provides the data for all the statutory reporting and more generally any management information. The MI Department extracts data from the ITS Oracle database which is the primary administrative information system for the University's financial, human resource and student information. Data related activities include tracking enrolment and various performance indicators at the faculty and departmental levels where DUT is compared against national benchmarks for student and staff demographics; success, graduation, throughput and dropout rates; student/staff ratios as well as academic staff qualifications. Additionally, the MI Department performs cohort studies, generates financial models and dashboards, as well as supplying reports and information for programme reviews and evaluations. A key focus area is on the development of early warning systems for identifying and tracking students at risk.

The MI department performs various validations on the data in the ITS system in order to maintain good data quality. As an example of the data quality, the last submission of registration data found only 130 errors in the more than 26 000 registered students which were reported back to the responsible departments for correction. The various data validation mechanisms include ITS validation programmes, Valpac validations for HEMIS data, audits on student data performed by the Registrar's office, internal MIS data validation reports and departmental feedback on supplied reports.

Two intrinsic factors contribute to the quality of student data. First, student application and biographical data is captured by the Central Applications Office (CAO), and the CAO processes have resulted in high quality of student biographical data which are imported programmatically into the DUT ITS database. Second, even though students now capture their own subject registrations through self-service web registration, the rigid nature of most DUT structured programmes makes it difficult to register for incorrect subjects. However, the imminent introduction of General Education electives into most programmes will change this rigid qualification structure and we will need to review the registration process to make sure that the quality of student registration data is maintained.

In addition to MI, the Human Resources Division reports a variety of information, both for DUT's senior management and planning needs as well as to various third party clients. This includes staff equity profiles, retirement projections, vacancy analysis, union membership, employee types, levels and academic staff qualifications. The quality of the core HR data for staff planning is good and this is verified in the statutory report submission processes. Periodic staff verification of HR data is performed in order to catch changes to the staff data and correct any errors that are found.

## IT INFRASTRUCTURE AND DATA MANAGEMENT

The IT Support Services (ITSS) section maintains all infrastructure for the data centre, campus networks and core applications used by the university. During 2015, the section completed a major refresh and consolidation of the data centre infrastructure. The new data centre is fully virtualised, with 70 servers being replaced by 10 host servers that run our previous application servers as a number of virtual machines within the server. Additionally, our disparate storage systems were rationalised into two IBM v7000 storage arrays that offer greater performance and scalability. This will address strategic bottlenecks in the management and integration of our applications and data sets.

The benefits of the new architecture are cost savings, increased scalability and agility, as well as a consolidation of our technical skills. With this new data centre capacity, ITSS has increased our ability to host servers for other sections in the University and we are now hosting key servers for e-learning and for the library systems.

As part of the data centre consolidation, the ITS system, which is our core ERP / Student Information System (SIS) application, was moved from an IBM AIX/p-series platform to run Red Hat Enterprise Linux on x86 virtual machines in the new environment. This provided a large cost savings compared to the p-series hardware and hardware maintenance costs as well as consolidating our data centre administration on a single platform.

The move of ITS onto the new data centre platform yielded noticeably improved performance at a lower operating cost due to the commodity advantages of the Intel x86 platform. However, there have been intermittent availability issues with the ITS front-end application server. While these have been fairly minor, they are concerning. The legacy versions of the Linux OS that are required by the current ITS front-end application server are only supported under the "legacy VM" architecture of our Hyper-V virtualisation layer.

## SECURITY

Considerable work has been undertaken on improving the security of the DUT network during 2015, especially in terms of reducing the “attack surface” of visible services and known vulnerabilities in our systems. ITSS has implemented a regular network vulnerability monitoring process.

## INTEGRATION AND STRATEGIC ISSUES

A major milestone was achieved with the integration of the Blackboard LMS (e-learning system) and ITS. Students who are registered on ITS are now automatically enrolled in the corresponding classrooms in the evening of the day of their registration. This development was largely undertaken in-house, and uses a flexible system to allow departments to assign students to online classrooms according to subject stream information such as qualification, campus, full-time/part-time, etc. This has resulted in a 10x growth in the number of classrooms with enrolled students, from approximately 200 to roughly 1900 subjects. The challenge now is to track activity/engagement in the online classrooms as well as continue to standardise and automate the support for the e-learning systems to cater for effective use of the system at this scale.

Another strategic milestone was the migration from departmentally administered lecture timetabling to a centralised timetabling system. The 2016 lecture timetable was built by staff in the Registrar’s office using the Celcat timetabling software. The initial rollout of the 2016 timetable has been successful, which is noteworthy given the extreme complexity of the timetabling problem, both from the technical and institutional adoption aspects. Two additional aspects that affect the timetable are the current state of the space/venue data on the ITS system and the lack of accurate classgroup information in the ITS academic structure. The space system data has been receiving attention from the facilities department, in consultation with the timetabling unit.

## DATA INTEGRATION

While the ITS ERP/SIS system remains our core source of data, it is clear that there are many other “islands” of valuable data within the institution, and these are not readily available, nor are there adequate tools for the analysis of these. A working group of institutional data owners has been formed to attempt to catalogue these data sources and to find ways to make these available for analysis and integration by the DUT community.

On a related note, several integration projects that have been on the strategic horizon are showing some progress in late 2015. There is current work on the implementation of single sign-on (SSO) for web applications, which is of general strategic value going forward so that we can consolidate and mature our user/identity management systems and processes. Similarly, work is in progress to be able to offer the Eduroam WiFi service at DUT which will allow seamless internet access for visiting academic users as well as for DUT staff and students who are visiting other institutions.

Finally, another core project entailing the monitoring of internet usage is at an early PoC stage. We are collecting and tallying usage data from a portion of the network using Cisco’s NetFlow system and logging this to a database. This currently tallies detailed usage at the device level, but we are busy with the integration of user identity / login information to identify the user associated with each device which will also provide a valuable source of data for our networked device/asset project.

## RISK MANAGEMENT

The University operates in a risk environment of growing uncertainty. To assist the University and its academic and administrative leadership in visualising, assessing and mitigating the risks that threaten its objectives, a Risk Management Office (RMO) was established in January 2015. Since its establishment, the Risk Management Policy was revised and a risk management framework was completed.

Enterprise Risk Management (ERM) continues to evolve at DUT. The approach is to ensure that risk management is embedded throughout the University through the framework that addresses broader strategic and operational risk management.

The University maintains a robust programme of identifying and mitigating risks. A high level of co-operation exists among managers which has led to a significant improvement in risk culture at the University. The RMO also works closely with the internal auditors to ensure that recommendations are appropriately addressed.

Oversight of the risk management function is exercised by the Council Risk Committee which is a sub-committee of the Council Audit Committee. At an operational level the Vice-Chancellor's Risk Management Committee is responsible for developing and regularly updating the risk register. The risk register is assessed annually to ensure that new and emerging risks are mitigated. During 2015, 46 risks were identified that could prevent the University from attaining its objectives. The top ten risks (both financial and non-financial) are as follows:

- Collection of student fees;
- Enrolment targets;
- Funding from NSFAS;
- Expenditure on salary in relation to recurring income;
- Academic administrative integrity;
- Throughput and dropout rates;
- Facilities;
- Public image;
- Theft of cash; and
- Inappropriate and unauthorized expenditure.

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

## PROVISION OF ACADEMIC COURSES

There are two significant projects relating to the provision of academic programmes currently underway. The first is the transformational project of curriculum renewal, whereby 30% of all programmes will consist of a General Education component. The aspirations of this project are twofold, namely transforming teaching, learning and assessment, and building capacity in curriculum design and development, all towards making the University truly student-centred. The purposes of this endeavour are:

- To broaden what are extremely narrow technical education programmes that will in future contain courses in areas that would be considered to be essential in a university programme;
- To introduce courses regarded by employers of DUT graduates as areas to be addressed such as communication skills, report writing skills and so on; and
- To introduce higher levels of theoretical learning so as to build the conceptual skills of students. Some employers identified this as a critical area of lack in our curricula.

Closely aligned to this is the introduction of e-learning using a learning management system. Infrastructure challenges have hampered, to an extent, the adoption of this initiative but we are well on the way to meeting the 2015 target of 50% of programmes having a component of e-learning in them. We currently stand at 57%. The curriculum renewal project thus focuses on staff development, integration of General Education, internationalisation and HIV/AIDS in the curriculum as well as e-learning, all with the intent of the nature of the learning experience of our students and to bring those experiences in line with the characteristics of its graduates.

This is also part of the HEQSF alignment process. Only five of our programmes are Category B submissions while the remainder are all being wholly redesigned (Category C). We began the process of offering new qualifications in 2015 while the teach-out of our existing qualifications will continue until 2020.

We are committed to offering a range of formal and non-formal short courses to the adult and lifelong learners through the third stream income vehicle of the Centre for Continuing Professional Education.

Further information relating to teaching, learning and research is contained in the Senate Report to Council.

# STATEMENT OF SELF-ASSESSMENT OF THE VICE-CHANCELLOR AND PRINCIPAL

The year 2015 was exciting. On the one hand, it was a year of intense engagement around the newly approved Strategic Plan. On the other hand, it was a year of focusing on some of the continuing challenges that the University faces. As we approached the end of the year, like all the other universities, we faced the interesting opportunities and challenges related to the #FeesMustFall and other student campaigns. The year was however successful in terms of our academic enterprise as in 2014, notwithstanding difficulties caused by very tight budgets, insufficient financial aid for needy students, the devastating impact of the 'middle-class' trap, extraordinarily high student-staff ratios and a secondary school system that continues to fail millions of young people. The following strategic tasks were begun in 2015.

- The roll-out of the Strategic Plan 2015 – 2019: Towards Relevance, Responsiveness and Resilience. The project was underpinned by a large number of formal meetings, workshops, engagements, discussions and debates. These were nested in the sense that it was both top-down and bottom-up. Perhaps the most important workshop was a Council workshop with the Senior Executive Team (SET) where there was a very deep engagement.
- The development of a long-term Sustainability Plan was discussed and agreed at the joint Council-SET meeting and this will be a guiding plan for a 5-10 year approach to sustainability. This has been described to some extent in the body of this report.
- The University met its Enrolment Plan targets for 2015.
- The Centre for Continuing and Professional Education (CCPE) has been established and this is a major milestone in the transformational project of widening access and as a third stream income generator. It will be fully functional by March 2016.
- Thirteen strong research centres have been established. These are:
  - (i) The Institute of Water and Wastewater Treatment
  - (ii) The Energy Research Centre
  - (iii) The Urban Futures Centre
  - (iv) The Centre for Nanotechnology and Biocomposite Materials
  - (v) The Enzyme Technology Centre
  - (vi) The Centre for Food Security
  - (vii) Maternal and Child Health Care
  - (viii) Indigenous Knowledge Systems
  - (ix) Centre for Plant Medicine Discovery
  - (x) The Centre for Culture and Transformation
  - (xi) The Radio Astronomy Centre
  - (xii) E-technology for Development
  - (xiii) The Centre for Peace Studies

Each of these centres has one or more dynamic interfaces for engagement with communities, industry, the NGO sector and so on. Each is expected to have postgraduate students and to produce published research. These form the nodes around which DUT is building its research capacity and its research culture. The research output for 2015 is on target for a much higher level than for 2014. Perhaps most importantly, the fraction of academic staff with doctorates has climbed steadily from about 10% in 2010 to about 20% at the end of 2015. If staff members who are currently studying towards doctorates complete on time then by the end of 2017, we would expect this fraction to be close on 30%. Together with the strategy of appointing people with doctorates, the national benchmark should be reached by 2020.

- In the last year, a new set of planning structures have been established: a Division of Policy, Planning and Projects, an Institutional Research Facility and a University Planning and Resources Committee. These are supplemented by regular meetings of the Senior Executive Team (SET). These structures have been consolidated and are substantial.

This is great progress and we hope that in 2016, the institution will build on this.



Professor Ahmed Bawa  
**Vice-Chancellor and Principal**

# REPORT ON INTERNAL ADMINISTRATIVE/ OPERATIONAL STRUCTURES AND CONTROLS

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The Durban University of Technology maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised acquisition, use or disposition. Such systems are designed to provide reasonable assurance to Council and the University in respect of the operational environment. In addition, it promotes the safeguarding of the University's assets and assists in the preparation and communication of reliable financial and other information. These include among others, well documented organisational structures setting out the division of responsibilities, established policies and procedures, including a Code of Ethics that is communicated throughout the organisation to foster a strong ethical climate and the careful selection, training and development of its people.

Modern information technology systems are in use throughout the organisation. These have been developed, tested and implemented according to defined and documented 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 competently trained staff and where necessary, reputable outsourced entities. The use of electronic technology to conduct transactions with staff and third parties necessitates close scrutiny and this is achieved through control procedures that are designed and implemented to minimise the risk of fraud or error.

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.

The Durban University of Technology assessed its internal control systems during year ended 31 December 2015 in relation to the criteria for effective internal control over financial reporting described in its Internal Control Manual. Based on its assessment, the University believes that during the year ended 31 December 2015, its system of internal control over its operational environment, information reporting and safeguarding of assets against unauthorised acquisition, use or disposition, met these criteria

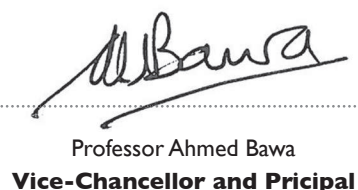
DUT reviewed its risk in conjunction with the internal auditors and developed a programme of internal audits to examine the systems, procedures and controls in those areas considered as high risk.

The Audit Committee approved this report at its meeting on 5 May 2016.



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Mr S Sibiya  
**Audit Committee Chairman**



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Professor Ahmed Bawa  
**Vice-Chancellor and Pricipal**



# REPORT ON RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT THEREOF

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

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

At an operational level, the Vice-Chancellor's Risk Management Committee is responsible for overseeing the regular review and updating of the University's risk register. The risk register is the outcome of an annual risk assessment workshop.

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

## FINANCIAL RISKS

- Collection of student fees;
- Enrolment targets;
- Funding from NSFAS;
- Level of salary cost in relation to recurring income;
- Theft of cash;
- Inappropriate and unauthorised expenditure; and
- Funding of post-retirement medical aid.

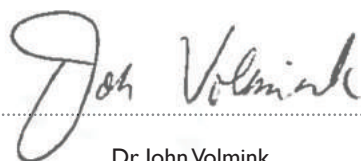
The University is adequately covered by insurance policies against fire and allied perils, business disruption, theft, money, fidelity, public liability, accidental damage and employer's liability.

## NON-FINANCIAL RISKS

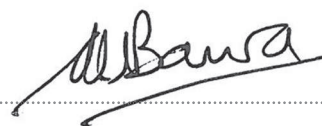
- Academic administrative integrity;
- Throughput and dropout rates;
- Facilities;
- Public image;
- Student unrest; and
- Student accommodation.

A detailed breakdown of the University's financial risk exposure is reflected in the notes to the Consolidated Financial Statements.

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



Dr John Volmink  
**Risk Committee Chairman**



Professor Ahmed Bawa  
**Vice Chancellor and Principal**

# 2015 ANNUAL PERFORMANCE ASSESSMENT REPORT

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Strategic Focus Area	Indicators	Achieved 2015	Target 2015
1. Communities of living and learning	Headcount enrolment <sup>1</sup>	27 016	27 245
	First time entering enrolment <sup>2</sup>	7 045	7 064
	FTE enrolment <sup>3</sup>	19 599	20 434
	% Graduation rates	24%	22.5%
	% Success rates	83%	78.2%
	% Headcount enrolled in SET	49%	47%
	% DUT qualifications with an online component on Blackboard	57%	50%
	% Growth rate of international students <sup>4</sup>	-19%	1%
	% Students in residence	29%	27%
	First year students as % of total residence population <sup>5</sup>	25%	26.9%
	Number of students in residences	7 699	7 474
	NSFAS funded students in residences	5 422	-
	Students with disabilities	163	-
2. Research and Innovation for Development	Postgraduate enrolment	969	818
	% Growth rate of postgraduate students	27%	22%
	Postgraduate qualifications awarded	167	164
	% Instructional and research staff with doctoral qualifications	21%	16.5%
	% Growth rate of instructional and research staff with doctoral qualifications	1%	0.5%
	Number of research outputs	380	204
	Research output per instructional and research staff	0.7	0.33
	Publication output	172	53
	% Growth in publications output	13%	6%
	External funding for research and innovation	R72 257 876	R50 386 200
	Number of international collaborations	32	12
	Number of postdoctoral fellows	31	21
	Number of research associates	16	15
	Number of research fellows <sup>6</sup>	3	4
3. A learning organisation	% Expenditure on continuous professional development and skills training over current operating expenses	6%	7.7%
	Number of staff in a learning programme funded by DUT	772	689
	% Expenditure on staff development interventions to embed innovative teaching approaches over current operating expenses	0.5%	0.84%
	Leadership mentoring for grades 2-4	31	19
4. A sustainable university	% Enrolment increase <sup>7</sup>	2%	4%
	Ratio of instructional and research to support staff	1:1.4	1:1.4
	3rd stream income <sup>8</sup>	R9 700 000	R15 000 000
	Staff compensation: recurrent income	0.7	0.69
	Ratio of direct costs: indirect	68:32	57:43

<sup>1</sup> & <sup>2</sup> Insufficient Financial Aid for first time entering students has hampered this growth. A number of programmes on our enrolment plan were not approved on time so intake was not possible.

<sup>3</sup> Correlated with lower than expected first time entering enrolment, as first time entering students carry a full load. Further, as indicated in <sup>1</sup> and <sup>2</sup>, a number of programmes on our enrolment plan were not approved on time so intake was not possible.

<sup>4</sup> The total headcount increased in 2015 but the number of international students decreased by 82 students.

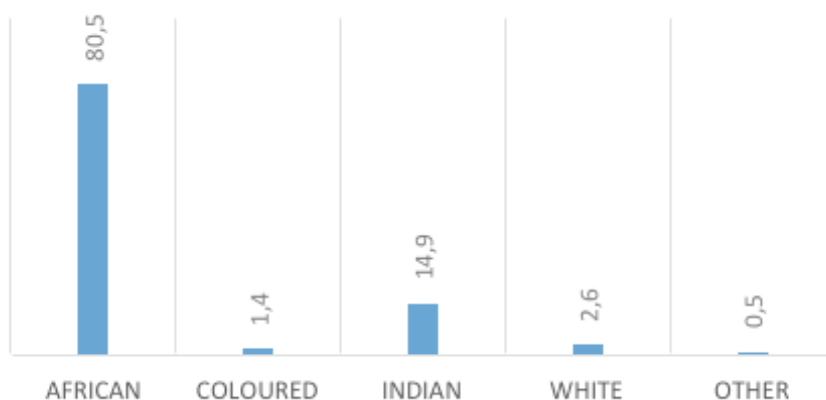
<sup>5</sup> The inability to meet the target was as a result of insufficient funding from NSFAS. Our residences are primarily occupied by NSFAS funded students.

<sup>6</sup> Insufficient market related offers for this category of Researchers. Dedicated competitive funding to the Research Fellow/ Research Associate category and retain highly talented PDFs for 5 year contracts in this category is required which has budget implications.

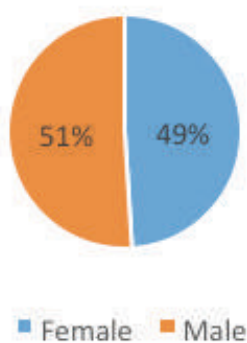
<sup>7</sup> The total headcount increased from 26472 in 2014 to 27016 in 2015 by 544. The projected increase in the enrolment plan from 2014 to 2015 was 1069.

<sup>8</sup> One major contributing factor is that staff in a number of outliers of short course provisioning have left the University, leading to curtailed short course income generation.

## STUDENTS BY RACE 2015



## STUDENTS BY GENDER 2015



Professor Ahmed Bawa  
Vice-Chancellor and Principal

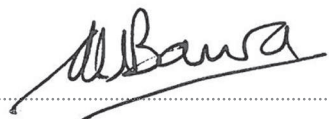
Dr Jairam Reddy  
Chairperson of Council

# COUNCIL STATEMENT ON TRANSFORMATION

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The Strategic Plan of DUT has Transforming Institutional Culture as one of its underpinning drivers. Council is committed to this drive as demonstrated first through its membership that is comprised largely of individuals from previously disadvantaged designated groups. In 2015 through a Council initiative of self-evaluation and Council Human Resources Committee, Council monitored and was kept abreast of the University's transformation plans. From these reports Council is aware of how far we have come; highlighting significant achievements, particularly in the University's student population showing growth in female and black students. However, it also shows how far we have to go in the demographic representation of the academic staff. DUT seeks to promote diversity and transformation in growing the next generation of academics. Council acknowledges that the student-led campaigns of 2015 brought home to all of us how strongly students feel about issues of transformation. This is an area that is receiving attention through the formation of task teams, on insourcing/ outsourcing and through the Institutional Forum's (IF) Transformation Committee. In 2015 IF formed a task team to look into issues related to language policy.

Through the Deputy Vice-Chancellor: Academic's reports Council was kept abreast of transformation at faculty level, related to the Curriculum Renewal Project which seeks to expand the curriculum to connect with students.



Professor Ahmed Bawa  
**Vice-Chancellor and Principal**



Dr Jairam Reddy  
**Chairperson of Council**

# UNIVERSITY COUNCIL'S STATEMENT ON CORPORATE GOVERNANCE 2015

## COUNCIL

The Durban University of Technology Council is responsible for ensuring that University business is conducted in accordance with the law and proper standards, that finances are safeguarded and properly accounted for and used economically and efficiently. The Annual University Council's Statement explains how the University has complied with the stipulated governance framework for the year 2015. 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 DUT Council is required to present this report. The Council considers that it has materially complied with these reporting requirements. In this statement a brief overview of the University's governance structures, legal status and corporate governance practice is provided.

The composition, powers and responsibilities of the Council are in accordance with the Higher Education Act No 101 of 1997 (as amended), the Durban University of Technology's Statute as well as Code of Ethics and Code of Conduct for Council members. Council's responsibilities include the ongoing strategic direction of the University, approval of the budget, major developments and policies as well as the receipt of regular reports from Executive Management on the day-to-day operations of the University. Council comprises 30 members, 19 of whom (63%) are external members who are neither employees nor students at DUT. The role of the Chairperson of the Council is clearly separated from that of the University's Chief Executive, the Vice-Chancellor.

Of significance in 2015 was a Council workshop held on 4 September 2015 which was attended by Council members, executive management and the executive deans of the University. The workshop interrogated the University's Strategic Plan, its financial stability and new developments. Council regards the workshop as a significant forum to closely engage and guide the University Executive and Senior Management on key governance matters.

In accordance with scheduled times, Council met four times in 2015. The first meeting was preceded by a Council awards annual function on the evening before the meeting, at which Council acknowledged staff and students who had excelled in their endeavours during the previous year. The Chair of Council's report refers. Subsequently, three meetings were preceded by talks by guest speakers on matters related to higher education. These talks are significant as a platform through which Council is kept abreast of some of the University's operational matters. With the "Fees Must Fall Campaign", in a concerted effort to ensure good governance, Council, and in particular its Executive Management, held special meetings to advise and provide guidance to the University Management.

In pursuance of good governance, Council developed a mechanism for self-evaluation in 2014. In 2015, both outgoing and continuing Council members participated in a self-evaluation study sought to strengthen its role and responsibilities in advancing accountable governance at the University.

Unanimously, Mr N Z W Madinane was re-elected as Vice-Chairperson of Council for a further period of two years. Council welcomed the following new members in accordance with various DUT structures:

Academic Staff: Mr Z D Ngubane; Senate: Dr L Samuels; Council Appointees: Mr Z S Gamede, Mr R Harichunder, Ms B Ntombela, Judge C N Patel and Mr B Singh; Institutional Forum-Mr Milton Estrice. Council approved the appointments of Professor N Gwele as Deputy Vice-Chancellor (Academic) and Professor A C Bawa as Vice-Chancellor for the second term in accordance with the policies of the University.

## COUNCIL COMMITTEES

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

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

Details of the Council Committees are as follows:





## EXECUTIVE COMMITTEE WHICH, INTER ALIA:

- acts on behalf of the Council in urgent matters with subsequent reporting to Council;
- considers and makes recommendations to the Council on matters referred to the Council by committees of Council, Senate and its committees, Executive Management and joint committees of Council and Senate, thus serving as a “clearing house” for Council;
- makes recommendations on appeals by staff members who have been found guilty of misconduct;
- investigates and finalises any matters delegated by Council;
- makes recommendations to Council on policy issues;
- refers any matter which it deems necessary in the interest of the University to Senate or any committee;
- acts on behalf of the Council with full powers during the University’s vacation period;
- considers nominations for vacancies on Council for recommendation to Council.

## AUDIT COMMITTEE WHICH PROVIDES ASSISTANCE TO COUNCIL WITH REGARD TO INTER ALIA:

- ensuring compliance with applicable legislation, the requirements of regulatory authorities and matters relating to financial management and internal control, accounting policies, reporting and disclosure;
- reviewing and recommending to Council all external audit plans, findings, problems, reports and fees;
- reviewing and recommending to Council all internal audit plans, findings, problems, reports and fees;
- 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;
- reviewing accounting policies;
- recommending to Council the appointment of the internal and external auditors;
- ensuring compliance with all areas of risk and the management thereof. The Council Risk Committee reports to the Audit Committee;
- ensuring adherence to the Internal Audit Charter.

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

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

### Council Risk Committee, which:

- recommends to the Audit Committee the risk philosophy, strategy and policy and ensures compliance with such policy;
- 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;
- 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;
- monitors the reporting of risk by management with particular emphasis on significant risks or exposures and the appropriateness of the steps management has taken to reduce the risk to a tolerable level;
- monitors external developments relating to risk management including emerging risks and their potential impact;
- ensures that management also has a focus on “upside risk” i.e. making sure that the University takes advantage of opportunities;
- ensures that a formal risk register is maintained with an indication of how the risk is managed and mitigated;
- oversees that the risk management plan is widely disseminated throughout the University and integrated in the day-to-day activities of the University;
- ensures that risk management assessments are performed on a continuous basis;
- reviews reporting concerning risk management that is to be included in the integrated report, for it being timely, comprehensive and relevant;
- considers the result of work performed and the conclusions of the internal Audit Function in relation to the risk management; and
- 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:**

- reviews the adequacy and effectiveness of the control framework and governance structures implemented within the IT environment;
- satisfies itself that the risk management process sufficiently covers the IT environment and provides appropriate oversight of the risks identified within that environment;
- reviews the arrangements management has implemented for disaster recovery and business continuity;
- considers and reviews the reliance of the University on IT systems and obtains assurance that:
  - risk assessments were conducted to understand the risks; and
  - controls are in place to govern the IT risks within the environments that are highly dependent on systems ; and
- considers the adequacy of controls around the management of information and the protection of personal information processed by the University.

**FINANCE COMMITTEE, WHICH:**

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

**The Finance Committee must, inter alia:**

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

**The following are Committees of the Finance Committee and are chaired by the Chairperson of the Finance Committee:**

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

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

**Investment Committee which is responsible, for:**

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

**Joint Audit and Finance Committee which:**

- recommends the Annual Financial Statements for the preceding year to Council for approval;
- 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:**

- 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;
- recommends to Council to amend the conditions of service in accordance with the Basic Condition of Employment Act, the Labour Relations Act and related legislation;
- ensures compliance with all labour related legislation;

- develops, creates, reviews and amends all policy relating to conditions of employment at the University for approval by Council;
- ensures that there is a mechanism developed to allow for all statistics and data to do with human resources which reflect the current situation and remuneration matters, and that a report on these is submitted at each meeting;
- ensures that the best practice, as appropriate for the University, is established and operating efficiently within the University, including job grading systems and performance management systems;
- develops and submits to Council a remuneration policy appropriate for the University; and
- considers and recommends to Council matters relating to, inter alia, a remuneration policy.

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

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

- make written recommendations to Council proposing amendments to the Council Code of Conduct;
- 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.
- 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.
- 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-Chancellor.

## STAFF AND STUDENT PARTICIPATION

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

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

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

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

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

Furthermore, one SRC member sits on each of the Library Committee, the Selection Committees for Executive Managers, the Student Disciplinary Tribunal and the Vice Chancellor's Student Appeals Tribunal. They also serve on the HIV/AIDS, financial aid, fees and house committees. Students also have representation on all faculty boards.

# STATEMENT ON ETHICS

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



Professor Thenjiwe Meyiwa  
**Registrar and Secretary to Council**

# 2015 SENATE REPORT TO COUNCIL

## VISION

A preferred University for developing leadership in technology and productive citizenship

## MISSION STATEMENT

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; and
- External engagement that promotes innovation and entrepreneurship through collaboration and partnership.

## COMPOSITION OF THE SENATE

### VOTING MEMBERS

1. Vice-Chancellor (Chairperson of Senate)
2. Deputy vice-chancellors
3. Executive deans of faculties
4. Deputy deans of faculties
5. Heads of academic departments or schools
6. Senior academic staff (all appointments above senior lecturer)
7. Staff membership in accordance with the Institutional Rules as approved by Senate and Council, namely:
  - 7.1 Director: Research and Postgraduate Support
    - 7.2 Director: Technology Transfer and Innovation
    - 7.3 Director: Library Services
    - 7.4 Director: Centre for Equity, Change and Diversity Management
    - 7.5 Director: Centre for Excellence in Learning and Teaching
    - 7.6 Director: International Education and Partnerships
    - 7.7 Director: Co-operative Education
    - 7.8 Director: Enterprise Development Unit
    - 7.9 Director: Centre for Quality Promotion and Assurance
    - 7.10 Director: Centre for Continuing and Professional Education
    - 7.11 Dean of Students
    - 7.12 Director: Midlands Campus
  8. One Academic Staff Member of each Trade Union elected respectively by each trade union
  9. Three students appointed by the SRC, at least one of who must be a postgraduate student, and at least one of who must be a member of the SRC.
  10. Two members of Council elected by Council who are neither staff nor students.

### NON-VOTING MEMBERS

11. Special Assistant to the Vice Chancellor
12. Registrar (Secretary to Senate)



# SIGNIFICANT DEVELOPMENTS AND ACHIEVEMENTS

DUT experienced a number of significant developments across the Institution in 2015. Of significance however was the coming to life of the University's Strategic Plan 2015-2019 through a series of engagements with faculties, academic and administrative support divisions by the Vice-Chancellor. The DUT Strategic Plan 2015-2019 places student-centeredness and engagement at the centre. Not surprisingly, two of the four identified Strategic Focus Areas (SFAs 1 & 2) speak directly to Teaching and Learning and Research.

## TEACHING AND LEARNING

The Institution set itself a number of priority areas with respect to teaching and learning in 2015. High among these was the Curriculum Renewal Project (CRP), the E-Learning Project as well as the intensified focus on student success. The remainder of this section of the report will therefore share DUT's significant developments in these three areas.

## THE CURRICULUM RENEWAL PROJECT

The Curriculum Renewal Project (CRP), launched in 2011, continues to be a major transformational project at DUT. Integration of General Education across the undergraduate curriculum is one of DUT's major achievements. In integrating general education into all DUT undergraduate qualifications, the aim is to build a student-centred educational experience embedded in the local context, prepare students for an increasingly diverse and complex globalised work environment, and cultivate an engaged and critical citizenry in the context of an emerging and fragile democracy in an ever changing world order. To this end, a suite of General Education modules clustered around the global and work context, social context and personal context were approved by the Academic Planning Committee in 2014/15. Furthermore, each of the General Education modules had to demonstrate how student learning would help students understand their local context (KZN), develop competence in quantitative reasoning and develop discipline and/or academic writing skills.

The CRP coincided with the HEQSF alignment process, which required all universities of technology (UoTs) to ensure that their programmes were aligned with the HEQSF. Developments surrounding the CRP can therefore not be divorced from the Institution's engagement with the HEQSF process. Significant achievements in the CRP were made in 2015. For instance:

- The Faculties of Management Sciences and Health Sciences have all, but a few of their new programmes accredited by the Council on Higher Education (CHE). As a result:
  - Two new four-year degree programmes integrating general education in the Faculty of Health Sciences were implemented in 2015. This afforded the Institution an opportunity to pilot a compulsory first year general education module (Cornerstone 101) aimed at (a) developing students' awareness of self and society through engaging with text and lived experiences, (b) introducing students into specific communicative practices that characterise higher education and (c) providing a foundation to learning in other general education modules and/or discipline specific modules.
  - Furthermore, DUT received accreditation from CHE for a generic health sciences master's degree programme in 2015. This is a huge achievement as it creates access to postgraduate studies for health sciences graduates whose academic departments do not offer postgraduate qualifications. The first cohort of students will be admitted to this programme in 2016.
  - In preparation for the implementation of the new HEQSF aligned programmes in 2016, the Faculty of Management Sciences embarked on an extensive and rigorous process of staff capacity development, with specific focus on review of teaching, learning, assessment practices and interventions aimed at enhancing student success. Furthermore, a workshop on analysis and interpretation of academic data was held for all academic Heads of Department. The aim of this workshop was to promote understanding and linking of academic data to students' academic performance in monitoring student success and retention rates.
- A number of HEQSF aligned programmes in the Faculties of Accounting and Informatics, Applied Sciences and Arts and Design were accredited by the CHE in 2015. It is envisaged that DUT will admit its first cohort of students to these programmes in 2017. The remaining new programmes from these faculties will be submitted for accreditation by CHE in 2016 or early 2017.
- The Faculty of Engineering and the Built Environment submitted its new three-year degree programmes for accreditation to CHE. The targeted date for the first enrolment in the new engineering three-year programmes is 2017 or 2018 at the latest.
- The conversion from Master of Technology and Doctor of Technology to Master's and Doctorates was approved by DHET in 2014. Some academic departments in the Faculties of Applied Sciences and Engineering and the Built Environment graduated the first group of students with the new HEQSF aligned Master's and doctoral qualifications.
- The central and qualitative role played by the Centre for Quality Promotion and Assurance (CQPA) in the CRP process cannot be overly emphasised.

One of DUT's highlights and achievements in 2015 was the nomination and participation of three of our academic staff in the newly launched Teaching Advancement at University (TAU) Fellowship Programme. The nominated staff included: Prof A Ross (Health Sciences), Dr P Naidoo (Management Sciences), and Dr A Vahed (Health Sciences).

## A COHERENT AND COLLABORATIVE APPROACH TO ACADEMIC SUPPORT FOR STUDENT SUCCESS

A concerted and deliberate effort was made to rally faculties, academic departments, administrative and academic support divisions to work together on projects and/or interventions aimed at helping students succeed; including the e-Learning Project, the Siyaphumelela Project and the First Year Student Experience. These collaborative projects enhanced our appreciation of the significance of the DUT experience in improving student success. The Institution had set itself a number of objectives with respect to student success in 2015. High among these was an increase in the uptake of e-learning, with requisite improvement in the accessibility of a digitally enhanced learning environment for both students and staff. The following achievements are worth noting:

- Installation of campus-wide Wi-Fi across all campuses in 2014 was the first step towards the realisation of this objective. The e-Learning project, one of the institution's priority projects funded mainly through the Teaching Development Grant, launched in 2013 and became the vehicle through which the University would cohere in its efforts to facilitate adoption of this important change in teaching and learning.
- The broad aims of the e-learning Project were to develop institutional capacity, establish working relationships between University operational areas impacting on e-learning, and promote the value of online teaching and learning. The goal was that by 2015, at least 50% of DUT's academic programmes would have incorporated e-learning. A report from the e-Learning Co-ordinator shows that by the end of 2015, 57.1% of DUT qualifications had an online component. In addition, a survey conducted in May 2015 showed an improved uptake in online teaching from 27% in 2013 to 40.8% in 2015. Furthermore, "progress was made in improving IT support, infrastructure, software, training as well as innovative teaching and learning" (e-Learning Report, 2015). Integration of the student information system (ITS) and the Think, Learn Zone (TLZ) Blackboard Learner Management System (LMS) was completed in December 2015. We look forward to automatic creation of online classrooms and automatic enrolment of students to online classrooms during the 2016 registration process. The following are the 2015 e-Learning Project highlights:
  - e-Learning Policy Development – An e-learning policy was developed and circulated for discussion at faculty boards. The policy is due for submission to Senate for approval.
  - A "Programme Accreditation Criteria for e-Learning was developed under the auspices of the Centre for Quality Promotion and Assurance (CQPA).
  - An upgrade of the Blackboard 9.1 app has created a facility for lecturers and tutors to monitor student usage of digital learning as well as "conduct and mark online assessments, provide individual and/or group feedback, view student progress at a 'glance' ... and engage students in an exclusive social media environment including classroom discussion forums and blogs" (E-Learning Report 2015). Furthermore DUT staff and students can now download a Blackboard mobile app from iStore (Apple) and Playstore (Android).
  - An institution-wide effort to provide enabling learning environments to promote student success saw some of the faculties, in collaboration with ITSS and Physical Planning identify and repurpose outside spaces for learning and recreation. Installation of tables, benches, power outlets and charging points has truly revitalised the campuses as learning spaces.
- The following statement from the Faculty of Accounting and Informatics bears testimony to the significant improvements that DUT has achieved in its efforts to improve student success and retention through embracing E-learning. The report states that:
  - Automatic enrolment of students on TLZ has enabled online teaching and learning during the student protest action. Staff are using Otrack and TLZ retention centre to track and monitor at risk students. Online assessments are being implemented in TLZ across different modules for all years of study and subject teams are designing and implementing rubrics for assessments.
  - In the IT department, students are involved in an integrated group project that requires them to write research based reports after having used the writing centre.
  - The Department of Management Accounting has been amongst the selected few departments at DUT to showcase their efforts in online teaching within the University. All modules, study guides, past examination papers, topic guides and solutions are available online. The announcement tool is extensively used to announce tests, assignments and any other important information that students need. In some of the modules, the assessment tool is used for revision with mock tests being posted prior to the main test. In addition, students are required to submit integrated assignments through the TLZ system.
  - In the department of Auditing and Taxation, foundation students are using SafeAssign to detect plagiarism in TLZ. The TDG grant has been utilised in the department to improve student success rates as well as teaching and learning strategies. The department has developed "at risk process" and a tutorial program to support students at all levels in the curriculum. (Faculty Highlights: 2015)

- The Faculty of Health Sciences continues to place student academic development at the core of the Faculty's work. The Faculty has a dedicated student academic development unit, which focuses on student advising, monitoring and tracking. Two of the Faculty's initiatives aimed at helping students succeed are worth a specific mention in this report. These include:
  - Establishing of a language laboratory that creates a "free" and safe space for students to read, write, converse, play chess and scrabble and other similar games aimed at enhancing students' English language skills. The laboratory is equipped with literature by South African authors.
  - First year students are supported with a six-week programme to create a transition into University life. This programme includes, amongst others, study skills, orientation to the Faculty and University, computer skills and some counselling. To enhance success in Physics and Mathematics, the Faculty implemented a compulsory Mathematics-bridging programme for six weeks in each of the semesters. This programme is compulsory for all students for whom physics is a requirement. (Faculty of Health Sciences Highlights: 2015)
- In 2015, DUT became part of the Siyaphumelela Project, a student success initiative funded by the Kresge Foundation. The goals of the Siyaphumelela Project at DUT are to improve student success through effective use of data, create space and/or systems for an integrated approach to utilising data in student success improvement work, develop institutional capacity for effective use of data and enhance engagement nationally and internationally with respect to student success initiatives. A student success task team comprising of a cross-section of representatives including academic, administration and support divisions as well as two members of the Student Representative Council was established. Work on the Siyaphumelela project began in earnest in November 2015.

Academic support divisions continued to be an integral part of teaching and learning in 2015. For instance:

- Innovation is a major part of Library business and relies on the skills, abilities and commitment of the Library staff to seek solutions which offer the best value to the Library, and which improves the student experience when using the facility. A new photocopy solution was implemented in May, bringing with it new services for students which included colour copying, scanning, printing from USB and printing directly from mobile devices. Other innovative solutions to support teaching and IT support for students included the employment of students with a formal IT qualification to assist students with their IT needs in the libraries. (Library Report: 2015)
- In collaboration with the eLearning Project, the library hosted its second annual Open Access Week in October 2015, the focus of which was to create awareness of Open Access among academics and researchers. The theme for the Open Access week was "Open for Collaboration". Hence, a concerted effort was made to put together a campaign that involved all library stakeholders within the Institution. (Library Report: 2015)
- To ensure a sustained interest and utilisation of Writing Centres, roadshows were held early in the 2015 academic year. The success of these roadshows was evident in the marked increase in consultations from 5 212 in 2014 to 9 309 (44%) in 2015.
- The Writing Centre held three noteworthy events in 2015, all of which were aimed at improving student success. These were a creative writing workshop facilitated by Mari Peté, Poet and Educational Technologist from the DUT Centre for Excellence in Learning and Teaching (CELT), a student writing competition honouring the life of Nadine Gordimer as well as a research training workshop for the Debate Society with specific focus on debate rules of engagement, research tips and strategies. This workshop culminated in a first debate organised by the Midlands Campus Director (Dr Martin Mandew). The "provisional motion for the debate was "Traditional ways are obsolete and disrupt academic development". (Writing Centre: 2015 Report). This event attracted a total 300 participants.
- Internalisation is one of the important strategic goals at DUT. Hence, staff and student mobility is high in the Institution's agenda. As such:
  - In 2015, three members of the academic staff participated in the AESOP – Erasmus Mundus Programme, a fully funded programme which offers postgraduate opportunities as well as staff exchange programmes in 32 European universities. Dr Delene Heukelman (IT Department) and Pregalathan Naidoo (Centre for Excellence on Learning and Teaching) visited the University of Latvia, in Riga for one month and six months respectively.
  - Professor Carmen de Pablos Heredero a lecturer at the Rey Juan Carlos University in Madrid lectured for one month at DUT. She is an expert on the use of ICT systems to drive business efficiency in organisations. She was able to share her e-learning expertise with the DUT community by means of a workshop entitled "e-Learning main organisational aspects and ways of evaluation". (International Education and Partnerships: 2015 Report)
  - With respect to student mobility/exchange we received approximately 91 students in 2015 on academic mobility programmes. These students were mainly from the German Universities of Ravensburg, Lorrach, Koblenz, and Munich Duale Hochschule Baden-Württemberg. Most of these students were placed in the faculties of Management Sciences and Engineering and the Built Environment.
  - Jose Maria Garrido Nogales, a student from the Rey Juan Carlos University in Madrid spent 6 months working on his Master's at DUT.

- The Faculty of Engineering and the Built Environment hosted a number international students in 2015:
  - Hadrien Serogne, a student registered for a Master's degree at the University of Toulouse, spent six months in the Faculty of Engineering earning 30 credits towards his Master's degree.
  - The Architecture Department hosted Vanessa Feuerstein as its first exchange student in the second semester 2015. Together with Professor D Whelan and Mr L du Plessis, students Senzekile Mlambo and Mlungisi Nyathi travelled to Gdansk, Poland to join the Agora Project in May 2015. Furthermore, the Department hosted a vibrant international studio together with visiting students and professors from the Hochschule Koblenz in Germany in March 2015.
  - The Department of Chemical Engineering has a MoU with ENCIASET in France for student and staff exchange, and for collaboration on research. The department hosted one male student in semester 1: 2015 and 2 female students in semester 2 for the B.Tech.: Chemical Engineering programme.
  - The institution has a MOU with Suranaree University of Technology (SUT) in Thailand for student and staff exchange as well as collaboration on research. A visit to SUT by Dr M Chetty included a tour of Western Digital in Bangkok and Mitr Phol, a sugar mill near Korat. Mitr Phol has offered experiential training to a chemical engineering student for 2016. The department hosted two undergraduate students and one PhD student from the Department of Chemical Engineering (SUT) for experiential training in 2015. One undergraduate student was employed at Tongaat Hulett in Tongaat and the other was employed at the Institute of Water and Wastewater at DUT. The PhD student was given a project in the Institute of Water and Wastewater at DUT.
  - The Department of Civil Engineering and Surveying hosted three French students from École Spéciale des Travaux Publics (ESTP), Paris and one from UPS- Université Toulouse III as part of AESOP programme.
- Students from the faculties of Accounting and Informatics, and Engineering and the Built Environment gained invaluable work integrated learning (WiL) experiences both nationally and internationally.
  - Students from the IT Department in the Faculty of Accounting and Informatics were at various companies including Accenture, BIPB SA, XCalibre, Immedia, Interactive Solutions, SAGE, The Lion Match Company, Tourism KZN, Business Voice Solutions, Give IT Back, Albaraka Bank, Business Connexion, Umgeni Water and In2itech. Fifteen BTech IT graduates were offered training by In2IT after which they were offered jobs. Industry speakers from Dimension data and an international speaker were invited to motivate the first and third year students as well as staff on internship opportunities.
  - An agreement formed in partnership with the Thailand authorities, Western Digital and the Electronic Engineering Department provided opportunities for three students registered for the National Diploma in Computer Systems to take up internship positions at the Western Digital – an international company that manufactures hard drives.
- The Drama Studies Department from the Faculty of Art and Design was very active in its internationalisation work in 2015. For instance, the Department:
  - Hosted a team of performance artists, Circuons Flex, from Reunion Island, an event that was recognised as an official opening of the new partnership between the Drama Department and the Alliance Francaise de Durban.
  - Michael Blanco, Dance Motion USA Project Director, accompanied partners from US Consulate to pursue discussions on the dance programme of the Bureau Of Educational and Cultural Affairs of the US Department of State which is produced by the Brooklyn Academy of Music. The aim of the visit was to facilitate cultural exchanges while showcasing the best in contemporary American Dance abroad. This partnership has given rise to a visit by Brooklyn Academy of Music in 2016
- Thirty-five DUT Confucius Institute students participated in winter and summer camps in China during 2015. Student Exchange opportunities for postgraduate studies at the Fujian Agriculture and Forestry University (FAFU) and other Chinese Universities were established. In addition, in May 2015 a FAFU delegation led by Deputy President Professor Wang Zonghwa visited DUT. This delegation was the forerunner of the current tripartite MoU with FAFU, Mount Vincent University in Canada and DUT.

## RESEARCH

We had a significant number of developments during 2014/15 period and made successes in the key performance areas of postgraduate enrolments, grant acquisitions, NRF ratings, postgraduate scholarships, postdoctoral programme, research capacity training for researchers and postgraduate students and strengthening our research focus areas.



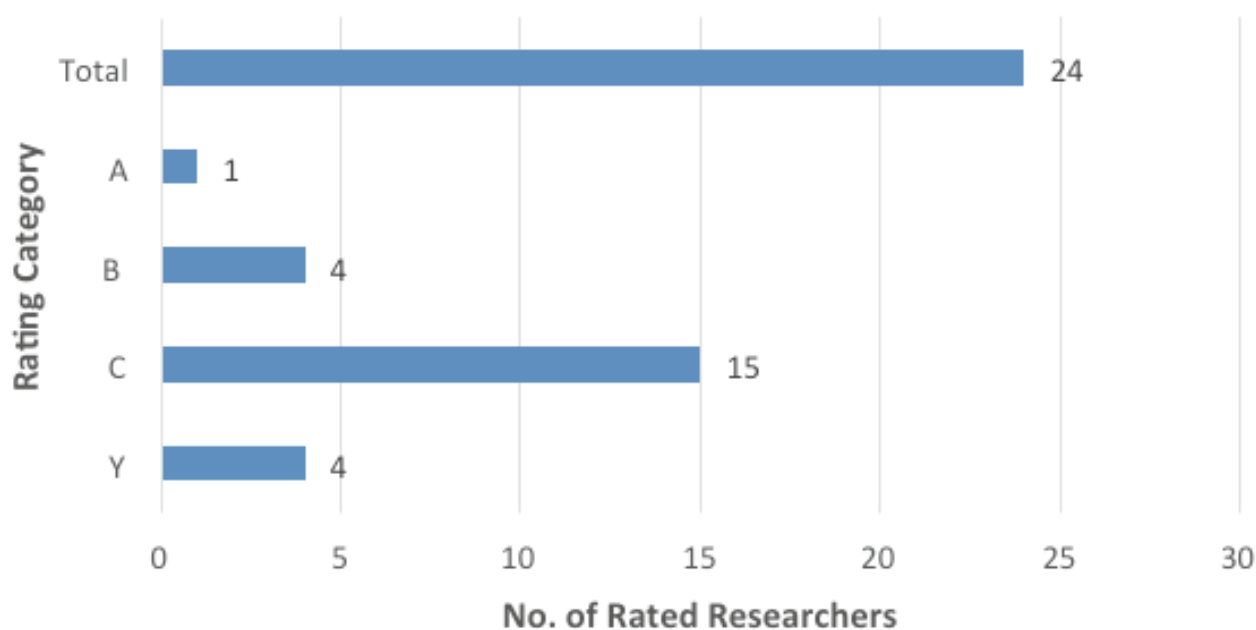
The University recognises NRF ratings as part of the quality assurance of ensuring our researchers are contributing to high quality and high impact research both nationally and internationally. NRF ratings are awarded based on a researcher's recent outputs and impact as perceived by international peer reviewers, hence, it is important for researchers to publish high quality work in high impact journals. The University is glad to report that as of 2015, the number of rated researchers affiliated to the university has increased from 14 (in 2013) to 24 (in 2015). We have a number of emerging researchers contributing to this increase through new appointments as well as from the postdoctoral programme.

Professor Monique Marks and Dr K Erwin from the Urban Futures Centre in the Faculty of Engineering and the Built Environment received a B and a Y rating respectively. The Faculty of Arts and Design secured its first rated researcher when Professor Anthony Collins was awarded an NRF C2 rating. The university has also managed to get the first NRF B-Rating from its own alumni (Professor Faizal Bux: Water and Waste Water Research). In addition, Professor M Chapman, an A-Rated Scientist, joined DUT as an Honorary Research Professor in 2015. Rating categories allocated by the NRF consist of the following (see <http://www.nrf.ac.za/rating>):

- A – Leading international researchers
- B – Internationally acclaimed researchers
- C – Established researchers
- P – Prestigious Awards
- Y – Promising young researchers.

The current rating status is given below:

**Figure 1: Number of Rated Researchers 2015/16**



DUT Strategic Plan 2015-2019 identifies building research for development and innovation as one of its four Strategic Focus Areas. Table I presents the Institution's planned research performance indicators in comparison to DHET's indicators for the period covered by the Strategic Plan.



**TABLE 1: DUT'S STRATEGIC INDICATORS 2015-2019**

Categories	DHET Targets (UoTs)	Current DUT Indicators	Minimum Gap Measure	New Strat Plan 2019 Targets	Minding The Gap Mechanism
Academic staff doctoral qualifications	40%	19%	21%	40% by 2019	<ul style="list-style-type: none"> <li>• Dept./Faculty Targets</li> <li>• Completion Grants</li> </ul>
Academic staff Master's qualifications	60%	49%	13%	60% by 2019	<ul style="list-style-type: none"> <li>• Dept./Faculty Targets</li> <li>• HR – Minimum Requirements for Employment</li> </ul>
Registered postgraduate students	7%	3.3%	3.7%	4.8% by 2019	<ul style="list-style-type: none"> <li>• Dept./Faculty Targets</li> <li>• Recruitment and Marketing</li> <li>• Supervisors</li> <li>• Resources</li> </ul>
Research outputs per FT academic staff (0.565 Units)	337.305 (for 597 Staff)	0.51	0.055	338 by 2019	<ul style="list-style-type: none"> <li>• Dept./Faculty Targets</li> <li>• Personal Research Development Plans</li> <li>• Recruitment Strategy</li> <li>• Resources</li> </ul>

## PUBLICATION PROFILE & RANKINGS: DHET REPORT TO INSTITUTIONS

The 2016 DHET report on publications profile as per institutions' 2014 submissions places DUT in a positive trajectory. Out of the 25 universities, DUT was one of the four institutions with 80% of its publications in international journals. The other three were UCT, WITS and RU. This indicator is significant as it is linked to the measure of quality research, institutional ratings for staff, international collaborations, institutional rankings and research impact both globally and nationally. This means that on this indicator DUT ranks first amongst all South African universities of technology. In terms of book units, DUT ranked 14th (5.44 units) and ranked 18th (10.93 units) for conference proceedings. An increase in accredited conference proceedings would help DUT perform much better overall. This also means a need to support conference attendance for paper presentations where there is a greater chance of getting subsidised.

Overall DUT is ranked 18th in terms of its publication units (152.13 units) out of the 25 universities that submitted their outputs, thus contributing 1% to the sector share of 15316.86 units. However when considering Masters and Doctoral output units the total weighted units per capita come to 297.13 which bring the productivity per capita to 0.51. Note the target is 0.565.

## SUMMARIES OF VARIOUS PROGRAMMES

The work of the Urban Futures Centre in the Faculty of Engineering and the Built Environment centre has gained attention nationally and internationally. For instance:

- Having been awarded a Blue Skies NRF Grant, the Centre put together a transdisciplinary team to look at innovative ways of 'doing' town planning. Four creative teams were put together to interrogate, in a bottom up participatory manner, the existing DUT Master Plan. The project has generated significant interest from planners, architects and others interested in planning, including academics and government officials.
- The Urban Futures Centre at DUT (UFC@DUT) received a large amount of press coverage and public attention for their innovative research and practice initiative called "Imagine a City Without Walls", a project which calls for a new imagining in the design of home boundaries. The project also appeared in the Washington Post. This imaginary lens project has given rise to a real life, real time project called Alliance Without Walls. The Durban Alliance Francaise has taken a bold step to remove its solid high boundary and replace it with a radically new designed boundary. The UFC@DUT is an integral partner to this project of the Durban Alliance Francaise.
- Professor Marks, the Head of the Urban Futures Centre was invited to represent South Africa in a South-South dialogue on innovation in safety in Bogota, Columbia. (EBE Faculty highlights 2015)

With the Departure of SANTRUST, DUT established its own doctoral preparation programme in 2015 along the lines of the SANTRUST programme. This programme's impact in facilitating the University's work towards improving staff qualifications is beginning to bear fruit. A total of 30 DUT staff and students who have participated in this programme are currently registered for their doctoral studies.

Some of our departments hosted international conferences in 2015.

- The Department of Maritime Studies in the Faculty of Applied Sciences hosted the 23rd International Maritime Lecturers' Association conference in 2015.

- The Mechanical Engineering Department hosted the 2nd International Conference on Composites, Biocomposites and Nanocomposites (ICCDBN). The conference was organised by Prof K Kanny and hosted by DUT was held in Durban in October 2015.

## AWARDS

The following staff and students received awards for various research achievements in 2015, including conference presentations, nationally and internationally:

- Two staff members from the Faculty of Accounting and Informatics were honoured for their outstanding achievements in research and student supervision. The staff received awards for Top Faculty Researcher of the Year and Top Junior Researcher of the Year.
- A staff member from the Faculty of Accounting and Informatics received an award from the Centre for Advanced Research of the Venus International Foundation in India for 'Outstanding Scientist' in the discipline of Computer Science.
- From the Faculty of Applied Sciences, a BTech student in the Department of Chemistry received a first prize for oral presentation and Rughunath won the James Moir Gold Medal award at the 2015 South African Chemical Institute symposium.
- Ms J Kistnasamy won Best Researcher Award in the Faculty of Health Sciences in 2015. She established collaboration with the Swedish Society of Nature Conservation and Groundwork.
- Mr G Mdozini won Best Oral Presentation in the Faculty of Health Sciences at the DUT Research Day in 2015.

## FUNDING

Research grants and/or scholarships were received from various funding sources including NRF grants, scholarships and BTech grants.

### NRF BTECH BLOCK GRANTS: SCHOLARSHIPS AND BLOCK GRANTS: 2015

The university was awarded NRF BTech Scholarships to the value of R4 350 000 which was awarded to a total of 104 students across the six faculties according to a NRF set criteria. The categories consisted of the following:

TABLE 2. BTECH NRF SCHOLARSHIPS

B. Tech Block Grant Category	Innovation	Free Standing	Scarce Skills	Total Award
Award/Category	R2 450 000	R300 000	1 600 000	4 350 000
Total Number of Awards	49	15	40	104

The National Research Foundation (NRF) BTech Block grant for 2015 was allocated as indicated in Table 3. The three different awards: Innovation, Free Standing and Scarce Skills, had pre-set but varying guidelines and criteria for allocations, sorted according to the %aggregate from highest to lowest. NRF guidelines and criteria for selection included, amongst others, aggregate, %females, %males, South Africa's list of scarce skills fields of study, discipline, that is, whether Science, Engineering and Technology (SET) or Social Sciences and Humanities (SSH), geographic spread and demographics, with a cut-off at 60% aggregate

TABLE 3 NRF BTECH BLOCK GRANT ALLOCATIONS FOR 2015 (FIRST ROUND)

Faculty	Total Number of awards	Innovation (R50000)	Free Standing (R20000)	Scarce Skills (R40000)
Accounting and Informatics	34	4	2	28
Applied Sciences	16	11	0	5
Arts and Design	6	1	5	0
Engineering and the Built Environment	23	21		2
Health Sciences	5	4	0	1
Management Sciences	20	8	8	4
<b>Total</b>	<b>104</b>	<b>49</b>	<b>15</b>	<b>40</b>

Of the 104 awards available in the first round of allocations, 59 went to females (51% SET and 49% SSH) while the remaining 45 for males were distributed as 42% SET and 58% SSH. Overall, 47% of the 104 awards went to SET (see Table 4).

**TABLE 4: AWARDS DISTRIBUTIONS BY GENDER AND STUDY DISCIPLINE**

Gender	SET	SSH	Total
Male	19	26	45
Percentage	42.22	57.78	100.00
Female	30	29	59
Percentage	50.85	49.15	100.00
Total	49	55	104
Percentage	47.12	52.88	100.00

## THE LEVENSTEIN SCHOLARSHIP ALLOCATIONS 2015

For the academic year 2015, 25 Levenstein Scholarship allocations were made with a total value of R1104000.00. The following table gives the allocation details:

**TABLE 5: LEVENSTEIN SCHOLARSHIP ALLOCATIONS BY RACE AND GENDER**

Race	Masters		Doctorate		Total
	Male	Female	Male	Female	Total
African	8	8	1	0	17
Indian	0	2	0	2	4
White	3	1	0	0	4
Total	11	11	1	2	25
Percentage	47.12	52.88	100.00	52.88	100.00

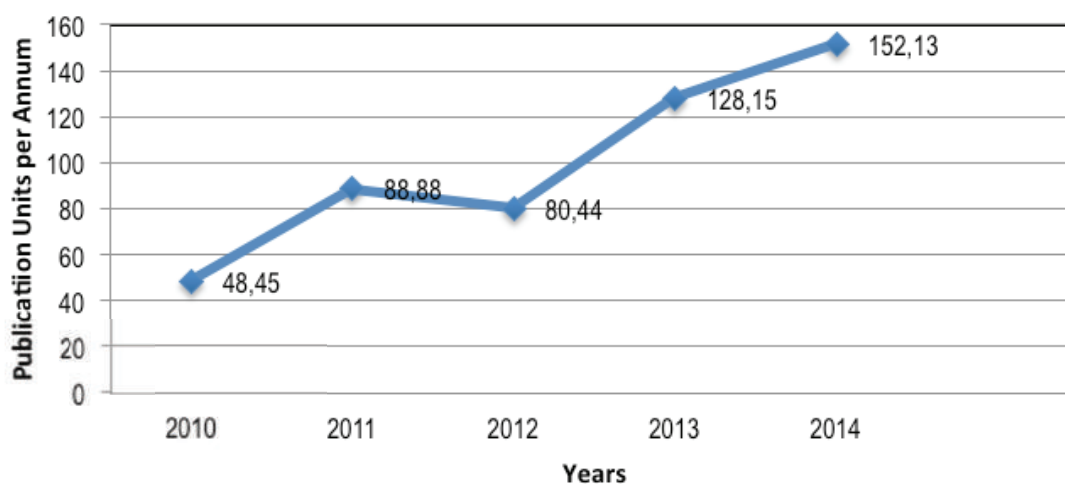
\*This bursary is allocated to full-time students and generally, there are fewer full-time South African doctoral candidates qualifying. There is a high demand for scholarships at Master's level.

## RESEARCH PARTICIPATION AND OUTPUTS

There have been notable successes in the key performance areas of publication outputs, postgraduate enrolments, and graduations, staff qualifications at both masters and doctoral levels.

## PUBLICATION UNITS

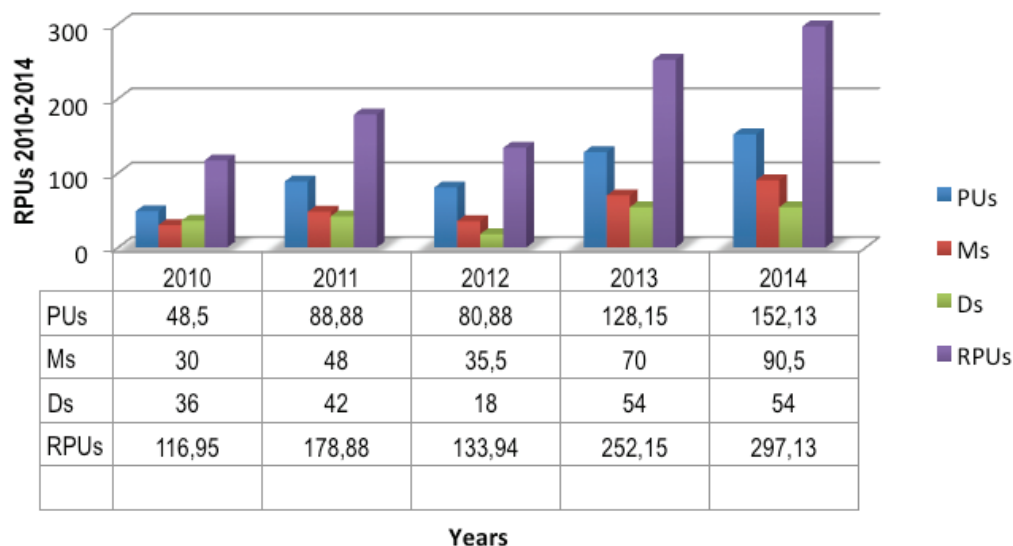
Figure 2 presents data on DUT's publication units. Publication units include journal publications, conference proceedings, book chapters and books. For 2014, the University recorded 152.13 publication units (DHET, 2016). The audited publication units for 2013 were 128. The 2014 research publication outputs therefore marked a 16% increase from 2013 to 2014 which amounts to 68% increase over the last five years (2010: 48,45 units).

**Figure 2 : Publication Units**

## RESEARCH PRODUCTIVITY UNITS

Research productivity units (RPU) take into account the combination of publication units and Master's and doctoral units awarded for students who have graduated. Currently, the weighting for a full-time research masters is 1 unit, course work masters 0.5 units and each doctoral graduation is 3 units. There has been significant growth from 116,5 RPU recorded in 2010 to 297,13 RPU recorded in 2014 (DHET, 2016). Whilst there is some growth in postgraduate completions, this area needs to improve significantly to improve the postgraduate throughput rates (see Figure 3).

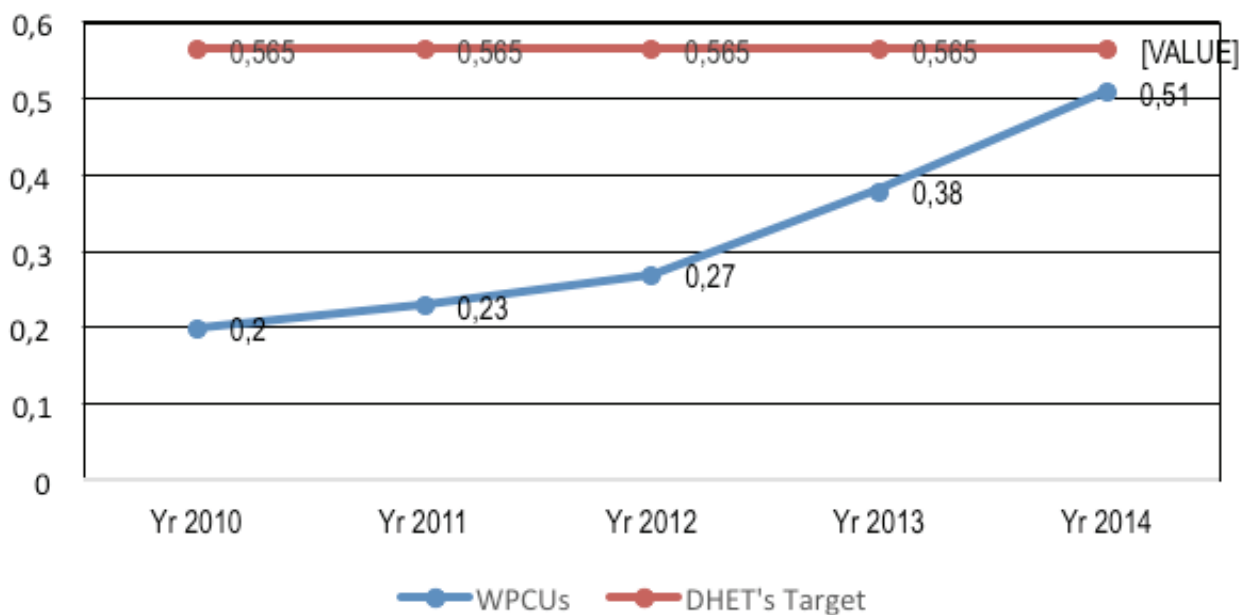
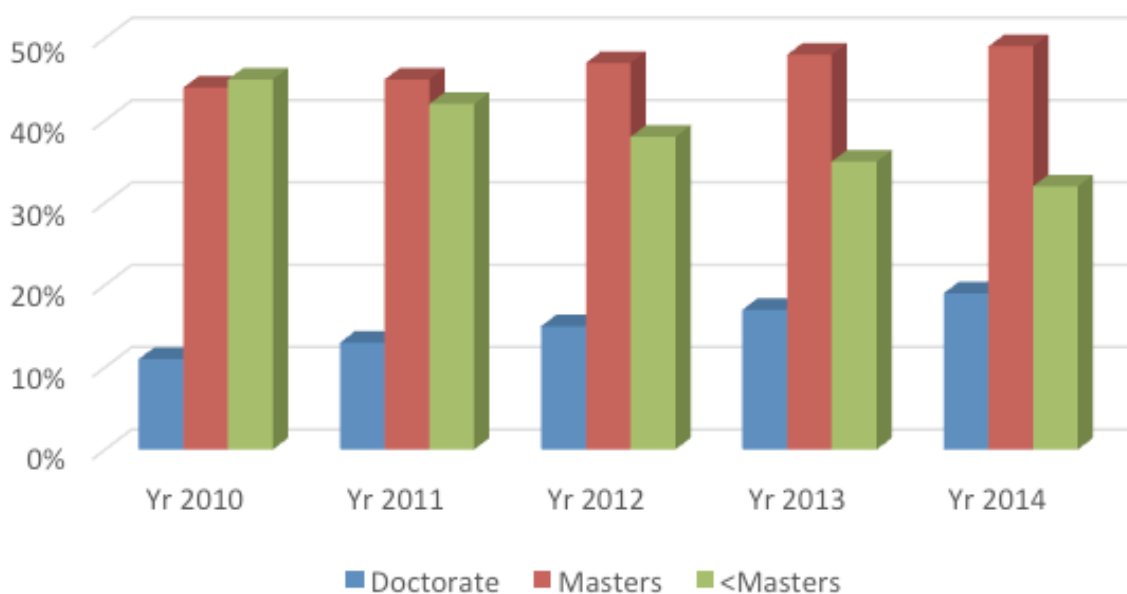
**Figure 3: Research Productivity 2010-2014**



Legend: PU – Publications Units; Ms – Master's Graduates in Units; Ds- Doctorate Graduates in Units; RPU- Research Productivity Units

The upward trajectory in Research Productivity Units is corroborated by a similar trend in Weighted Output Per Capita (permanently employed academics). In 2014 a total of 579 research and instructional staff made up the complement of those required to actively participate in scholarly and research activities. DHET has set the required target for Universities of Technology at 0.565. The 2014 DHET report on the sector research performance, released in January 2016, places DUT's weighted per capita research output at 0.51; an improvement from the 2013 performance which stood at 0.44. Figure 4 presents a trend analysis on weighted per capita research output from 2010-2014.

There has been a steady growth in staff qualifications profile in the period 2012-2014. Of the 579 instructional staff employed at DUT in 2014, 19% held Doctoral qualifications, and 49% held masters qualifications. The remaining 32% staff's qualifications were below Master's level. Figure 5 presents data on staff qualifications. As can be gleaned from these data, we still have too many instructional staff with qualifications below Master's degree, a total of 181 in 2014.

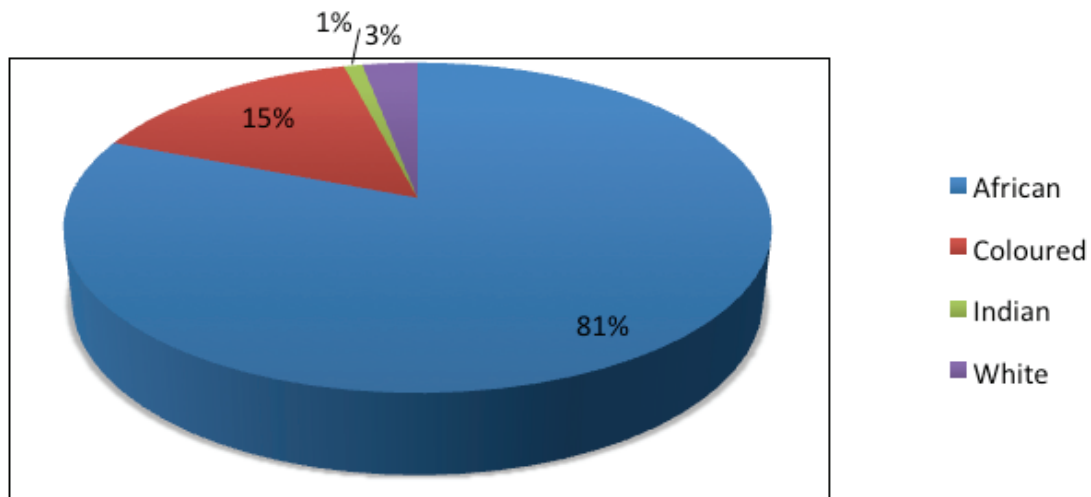
**Figure 4: Weighted Per Capita Research Outputs****Figure 5: Staff Qualifications 2010-2014**

## COMPOSITION AND SIZE OF THE STUDENT BODY

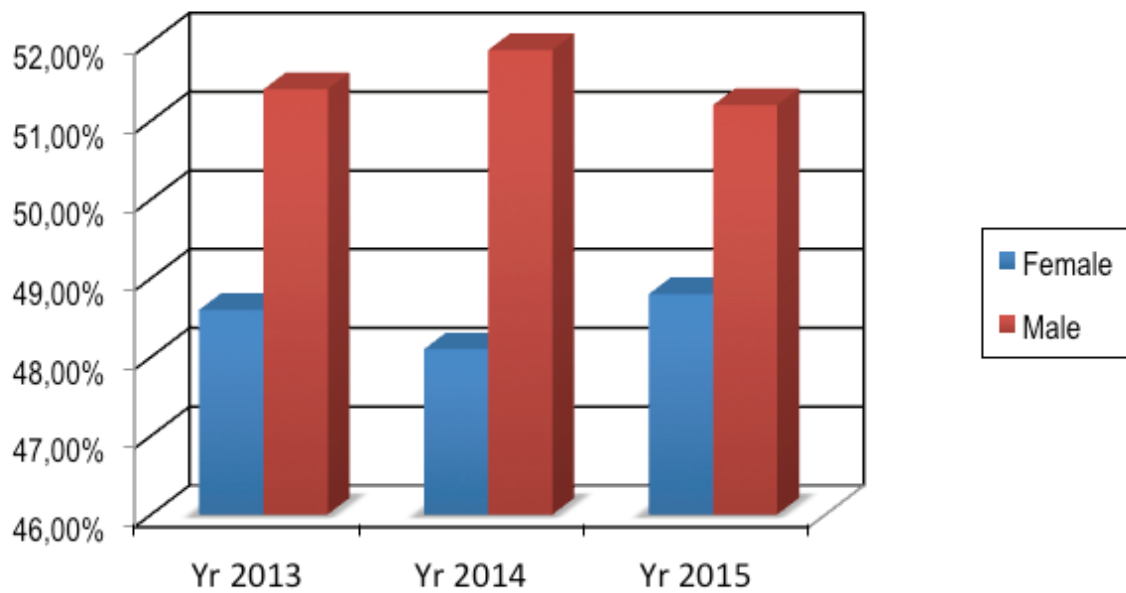
Headcount enrolment in 2015 was 27 016. This amounts to an increase of 2% headcount enrolment from 2014 which was 26404. The distribution of headcount enrolment by racial demographics remained unchanged in comparison to 2014. As indicated in Figure 6, African students comprised 81% of the student body, followed by Indian students at 15%. The remaining 3% and 1% of the students' composition by race in 2015 were White and Coloured students respectively. Similarly, enrolment by gender remained between 48% and 49% for females and 50% to 51% for males from 2013-2015. Postgraduate enrolment increased from 761 to 969 in 2015, resulting in a 1% increase between 2014 and 2015.



**Figure 6: Distribution of Headcount Enrolment by Race**

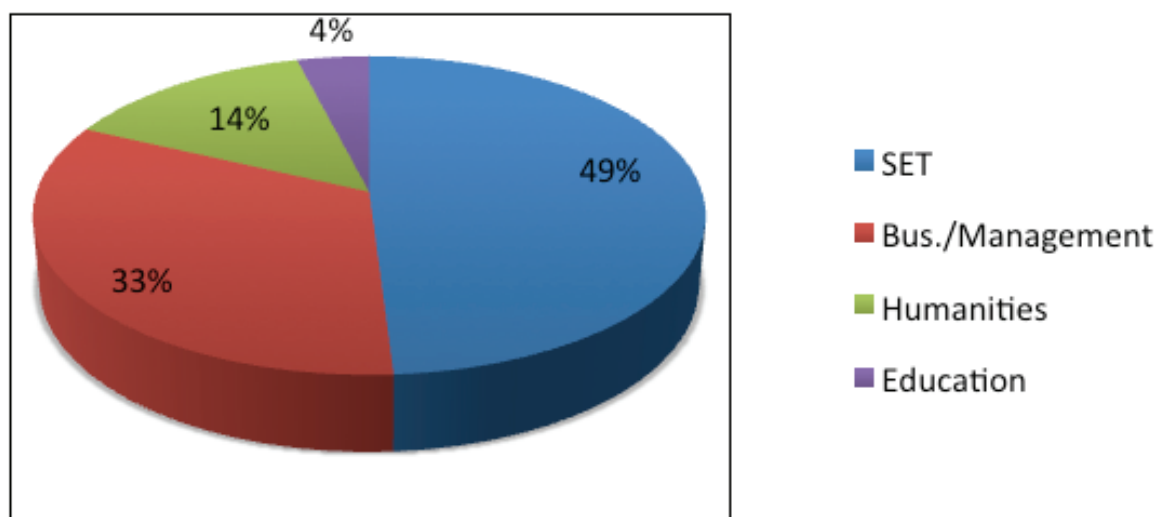


**Figure 7: Headcount Enrolment by Gender: 2013-2015**



Science, Engineering and Technology (SET) enrolment stood at 49% of the overall DUT headcount enrolment, followed by Business/ Management at 36%, with Humanities and Education accounting for the remaining 14% and 4% respectively. This augurs well for a university of technology. DHET's approved SET enrolment for DUT in 2015 was 47%.

**Figure 8: Enrolment by Field of Study**



International students' enrolment increased by 14.8% from 613 in 2012 to 704 in 2014. Overall, international student enrolment however remains low at 3% of the overall student population. Of the 704 international students enrolled at DUT in 2014, 520 (74%) were from SADC countries. The institution continues to review and revise its admission policies to try and achieve a more facilitative process in the recruitment and selection of international students. Of concern is that DUT still falls short of SADC enrolment target (5%) for the country's higher education institutions.

There was a notable decline in the enrolment of students with disabilities from 182 in 2013 to 173 in 2014. Access for disabled students remains very low. The physical layout of the Institution, especially as this relates to traffic congestion, lack of, and/or out of order lifts in some buildings remains a challenge. Hence, the representation of enrolment of students with disabilities has remained constant for the last three years at 1%.

## TEACHING AND LEARNING

This section of the report focuses on levels of academic progress. There has been noticeable improvement in student academic success at DUT over the years. The year 2015 was no exception. This section of the report covers success rates (2015), graduation rates (2014) and cohort studies up to the 2012 first time entering students.

### SUCCESS RATES

Data on student performance show that DUT continues to meet DHET approved targets in respect of success rates (78.2%), with an overall success rate at 82.5% in 2015. Figure 9 shows that there has been sustained improvement in success rates in the last four years. The Institution has instituted a number of interventions aimed at helping students succeed. These measures include, but not limited to, identifying and tracking students at academic risk, tutoring and mentoring. Data on success rates by Faculty appears in Figure 10.

Figure 9: Success Rates- 2012-2015

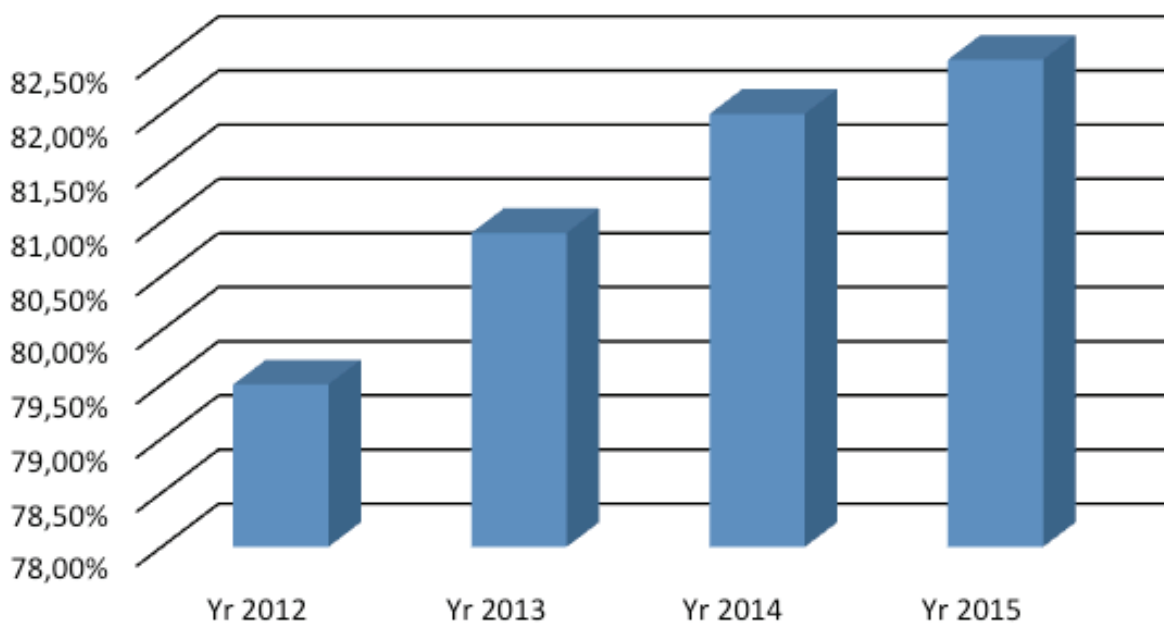
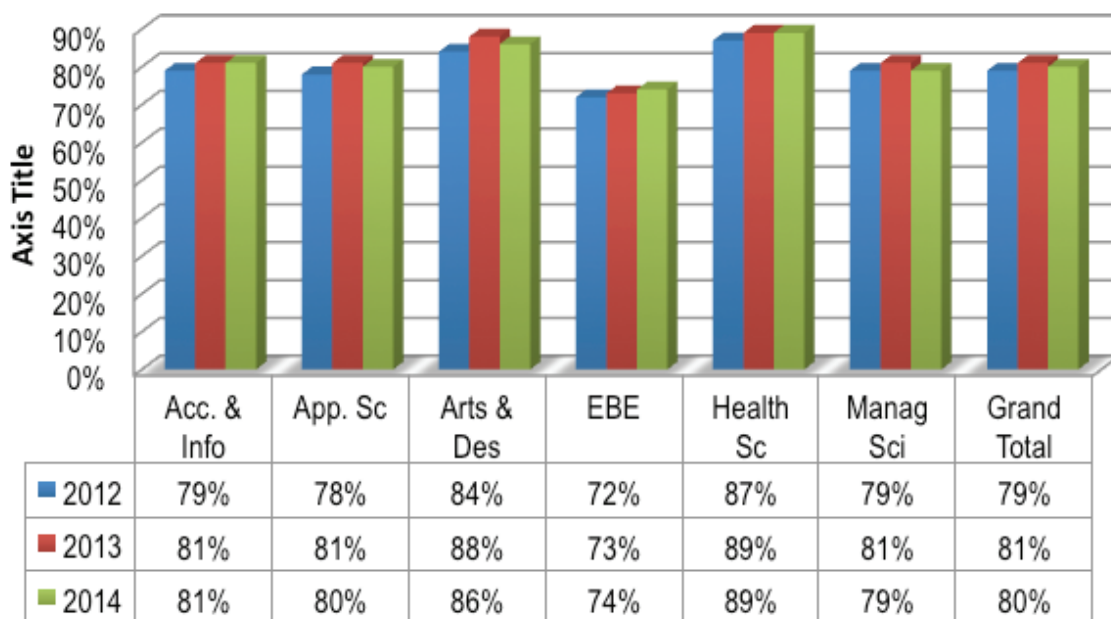


Figure 10: Success Rates by Faculty (2012-2014)

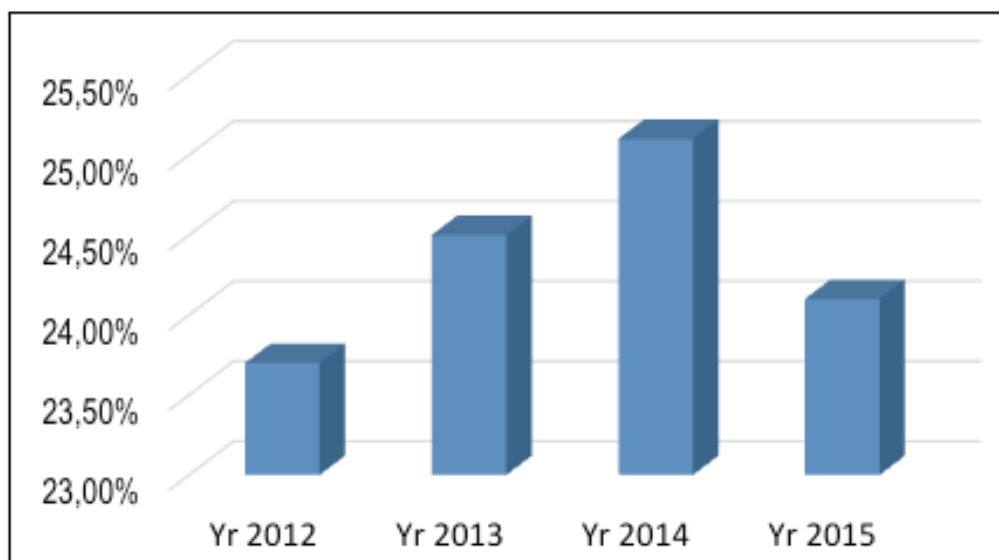


Legend: Acc. & Info – Accounting and Informatics; Appl. Sc. – Applied Sciences; Arts & Des. – Arts and Design; EBE – Engineering and the Built Environment; Health Sc. – Health Sciences; Manag. Sc. – Management Sciences

## GRADUATION RATES

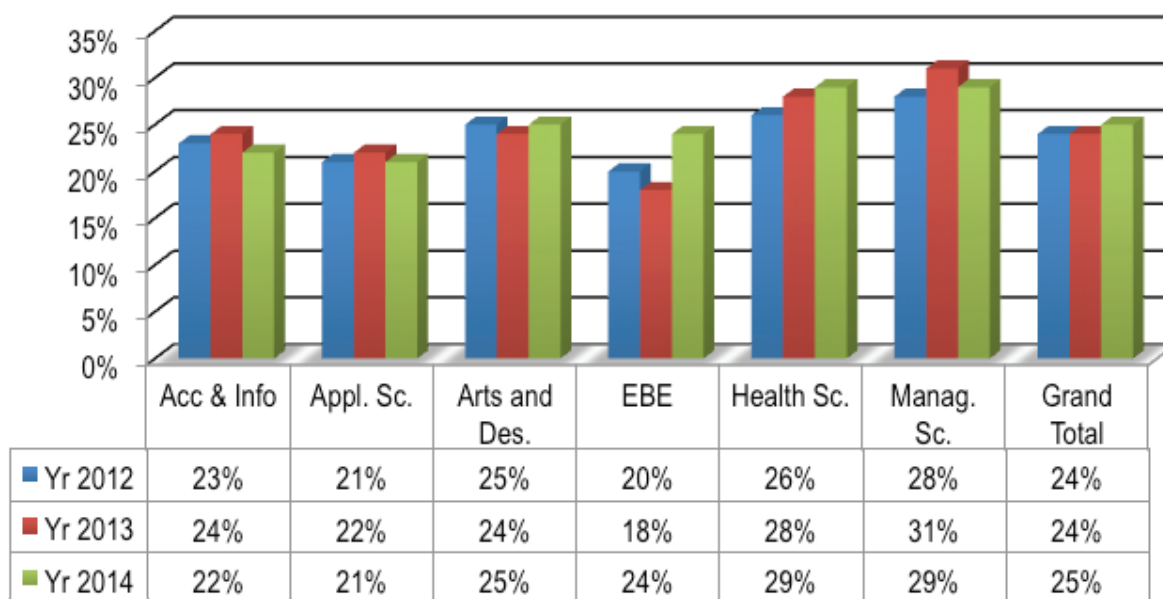
DUT's graduation rates exceeded DHET's approved target set at 22.5% for 2014 and 2015 to reach 25.1% and 24.1% in 2014 and 2015 respectively. Of concern however is the drop from 25% in 2014 to 24% in 2015. A trend analysis of graduation rates from 2012 to 2015 appears in Figure 11.

Figure 11: Graduation Rates- 2012-2015



Data on graduation rates by faculty for the year 2015 were not available at the time of reporting. The faculties of Management Sciences and Health Sciences recorded the highest graduation rates in 2014 at 31% and 28% respectively. See Figure 12 for the 2012-2014 graduation rates by faculty. Accounting and Informatics and Applied Sciences graduation rates continue to be below the institution's average and below the DHET approved target for 2014.

Figure 12: Graduation Rates: 2012-2014



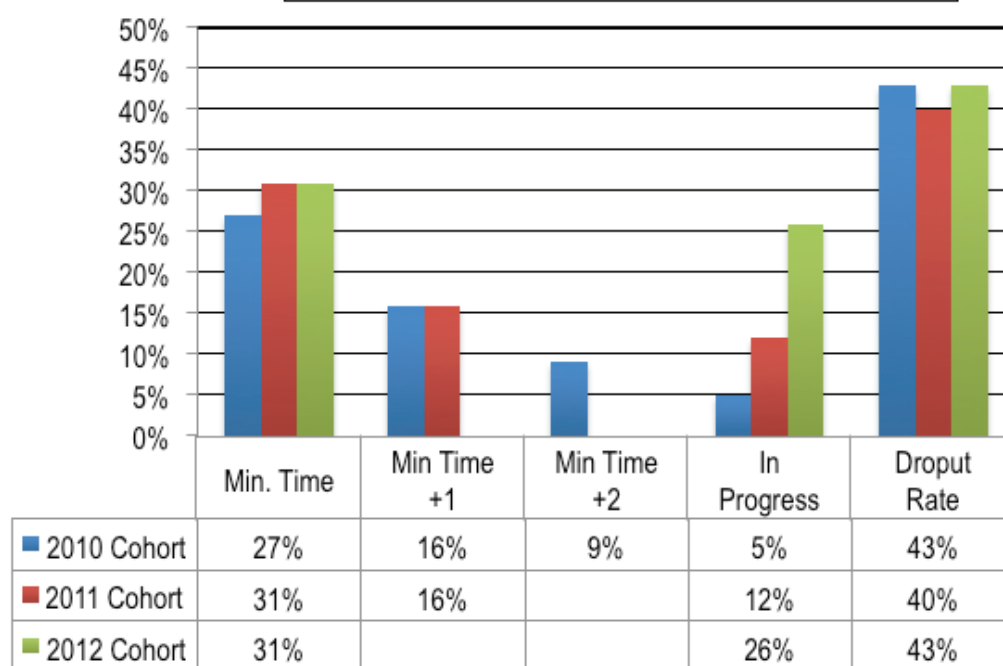
Legend: Acc. & Info – Accounting and Informatics; Appl. Sc. – Applied Sciences; Arts & Des. – Arts and Design; EBE – Engineering and the Built Environment; Health Sc. – Health Sciences; Manag. Sc. – Management Sciences

## COHORT STUDIES

Figure 9 illustrates data on completion rates by cohorts of students registered for national diplomas from 2010-2012. The percentage of students who graduate in minimum time was at 31% for the 2011 and 2012 cohorts, a 4% improvement compared to the 2010 cohort. National Diploma cumulative completion in five years for the 2010 cohort was at 52%, with 5% of students still in progress.

Data on dropout rates raises some questions. These data took a reverse turn from 40% for the 2011 cohort to 43% for the 2012 cohort. Only 26% of the 2012 first-time-entering students were still in progress in 2015, an indication that this cohort's dropout rate may still increase beyond 43% (see Figure 13). There is a need to interrogate these data in an effort to identify predictors of dropout, success and persistence at DUT. We are confident that our participation in the Siyaphumelela Project will lead to workable solutions.

**Figure 13: Throughput Rates - 2010-2012 Cohorts**



## AWARDS AND ACHIEVEMENTS

DUT staff and students once again scooped a number of awards in 2015. The awards ranged from prestigious scholarships, creative arts, and bursaries and/or scholarships. The details appear below:

- Seven Information Technology students from the Faculty of Accounting and Informatics were awarded bursaries to the value of R60 000.00 from a private company TRANSCEND Corporate advisors. Furthermore, some IT students were selected for free Oracle training and certification as part of the Faculty's partnership with Oracle.
- Lindelani Ngubane, a second year student in the Department of Sport Studies in the Faculty of Applied Sciences, received an award for the Best Sport Person of the Year in 2015. Yet another student from the Chemistry Department received a EUROSAscholarship to study at the University of Montpellier in France for a year.
- There were a number of achievements for the staff and students of the Faculty of Arts and Design.
  - Seven students were chosen from more than 270 hopefuls to be part of the 2015 Design Indaba Expo which took place in February 2015. Four students from the Visual Communication and Design Department (Thulisizwe Mamba and Camilla Kruger from Graphic Design, and Buzwe Nxasana and Megan Parker from Interior Design) were selected as 'Emerging Creatives' and exhibited their work at the 2015 Design Indaba. They each received their own design stand to showcase their work at the Design Indaba Expo, at the Cape Town International Convention Centre (CTICC) from 27 February to 1 March 2015. The winning student entries were from the departments of Fashion Design, Interior Design, Graphic Design as well as Jewellery Design.
  - Interior Design graduate and part-time Lecturer Siyanda Mbele, who was selected as part of the Department of Arts and Culture and SABS Design Institute Mentorship Programme, also exhibited his work at Design Indaba.



- Another DUT graduate and part-time Fine Art Lecturer, Mhlonishwa Chiliza's work submitted for the PPC Cement Imaginarium Awards was also on display at the Design Indaba. Chiliza won in the Sculpture category of the 2015 Imaginarium Awards.
- Fine Art student, Sinethemba Ngubane, won the prestigious 2015 Emma Smith Art Scholarship Award.
- Students from the Arts Extended Programme exhibited their green fashion, recycled garments at the 2015 Sustainable Living Exhibition.
- Fashion students continued to excel in 2015. For instance, students Carla Ann Gerstmeier, Alexander Cox and Kimosha Gana took top honours at the 2015 Vodacom Durban July Young Designer awards held at the Greyville Racecourse on 4 July 2015. Gerstmeier won the coveted Vodacom Durban July Young Designer Award. Cox and Gana took second and third place respectively. Student Safiya Noor Mahomed and Fashion Lecturer, Terrance Bray won awards at the 2015 Nedbank Cup Football Fan Fashion competition which was held at Johannesburg's Museum of African Design in Maboneng Precinct.
- Sifiso Shange, a 2014 BTech graduate, participated in the Nedbank / Private Property "Win a Home" competition. The competition was broadcast on SABC3 at 7.30pm on Fridays. Sifiso made it through to the final three contestants.
- Three Graphic Design students scooped awards at the WPO WorldStar Student Awards 2015 (Goldpack) again.
- From the Faculty of Engineering and the Built Environment, the following students were recognised for excellence through awards in various events:
  - Ndumiso Mzobe a Town and Regional Planning student received an award for the top student in the Bachelor of Technology programme, while Blessing Silangwe won the award for top student in the National Diploma programme in 2015.
  - Shreshtha Singh was nominated for the South African Institute of Chemical Engineers Silver Medal.
- Awards were also received by the students from the Faculty of Health Sciences.
  - Siobhan Ashmole from the Department of Homeopathy won first prize from the Invotech Entrepreneurship Programme, while Phindile Simphiwe Gift Khumalo, a student from the Department of Homoeopathy, was awarded the prestigious ABE Bailey scholarship in 2015.
  - Two groups of students from the Department of Emergency Medical Care and Rescue took second and third place in the South African Emergency Services Institute Competition.

## CONCLUSION

The year 2015 was very exciting and challenging at DUT. We have made some gains in terms of student access with success, research participation and outputs as well as creating opportunities for postgraduate studies for our staff including the DUT-SANTRUST pre-doctoral programme that enrolled at least 30 academic staff expected to complete their research proposals by early 2016. We believe that this will lead to an increase in the number of staff registered for doctoral studies in 2016.

We acknowledge all those who have contributed to this increase: staff, postgraduate students, postdoctoral fellows, emerging and established researchers. The importance of research resources, including the web of science and other related resources the Library supports us with in carrying out the research support functions, make a huge contribution and have increased DUT's visibility and research impact in terms of its country rankings.

## SOURCES

DUT MIS Data, August 2015

DUT MIS Data, Midterm Enrolment Review, May 2016

Faculty 2015 Highlights, May 2016:

- Accounting and Informatics; Applied Sciences; Arts and Design, Engineering and the Built Environment, Health Sciences; and Management Sciences

Academic Support Directorates Highlights 2015, May 2016:

- e-Learning; International Education and Partnerships; Library Services; Writing Centre
- Research and Postgraduate Support Directorate



Professor Nomthandazo Gwele

**DVC:Academic**

# INSTITUTIONAL FORUM REPORT 2015

The year 2015 was a full and active year in the life of the Institutional Forum at DUT. All four scheduled meetings were held as well as a few special meetings. A major theme on the agenda of the Institutional Forum was a discussion on building a transformation agenda for DUT. To this end, a Transformation Sub-Committee of the Institutional Forum was established.

This Transformation Sub-Committee has an oversight role on the broad transformation agenda of DUT. It will also play an important role in the planning of the envisaged Transformation Conference to be held in 2016. This Transformation Conference is meant to highlight the broad range of transformation projects that are taking place at DUT and those projects and activities that are being planned to address transformation.

Linked to the broader transformation agenda, an extensive debate was held within the Institutional Forum focusing on the DUT Language Policy. This resulted in a recommendation that the Language Policy of DUT be reviewed and that a team be established to engage on this matter.

The IF established a task team on the request of Council to draft a social media conduct policy for DUT. The task team will then forward the draft policy to various university stakeholders for their comment prior to the draft policy serving before Council. Other major discussions that the IF engaged in last year included the changing higher education landscape in South Africa and the "Fees Must Fall" campaign.

The IF continued its statutory obligation in terms of the advisory council on inviting a DUT constituency to each Council meeting to make a presentation.

The IF also engaged in a review of a Human Resources Policies in order to advise Council on this matter.

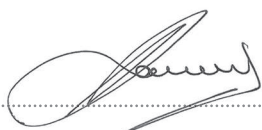
One of the major challenges that faced DUT was on the condition of the physical plant and the IF discussed at each of its meetings progress on this challenge.

In terms of its internal matters, the IF held an election to elect new IF representatives for the years 2016 to 2018. In addition, an election was held to elect an IF representative to serve on the DUT Council.

A report was submitted by the Chairperson of the IF on a meeting held by DHET with the chairpersons of all university institutional forums.

The IF once again held its Annual Dinner Dance which serves as an occasion to bring together the diverse DUT community. This is a project that has been held since merger and continues to generate significant interest and enthusiasm at DUT.

I am happy to report that the Institutional Forum at DUT remains an active, vibrant and engaging body that continues to advance the governance stability at the University. I wish to place on record my sincere gratitude to the members of IF who have always stood together shoulder-to-shoulder in fulfilling the mandate of the IF.



Dr Lavern Samuels  
**Institutional Forum Chairman**



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

This report provides an overview of the financial results of the University for the 2015 financial year, the University's budget process, allocation of 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 operations. This may be attributed primarily to not filling certain budgeted academic and administration staff positions, cost containment and fiscal discipline.

## OVERVIEW OF THE BUDGET PROCESS

The budgets are prepared generally on zero based principles and each operating division provides input into the budget preparation. The process followed is set out below:

- The income for the University is projected;
- Funds are allocated for strategic priorities;
- Staff compensation costs are calculated as per the University's staff establishment;
- The institutional costs i.e. costs not directly associated with departments, e.g. electricity, rates, insurance, advertising, audit fees, etc. are calculated;
- An allocation is awarded to the respective sectors for their operating budgets, departments in turn are required to align their budgets to their strategic and operation plan also using zero based budget principles;
- Meetings are held with the Vice Chancellor, Deputy Vice Chancellor: Academic and members of Senior Executive Team (SET);
- The SRC is consulted on the tuition and residence fee adjustments;
- The final draft budget is discussed with the University Planning and Resources Committee (UPRC) which recommends it to the Finance Committee;
- The Finance Committee in turn interrogates the budget and recommends it to the University's Council for approval.

The following principles underpin the budget process:

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

## ALLOCATION OF RESOURCES

### ACADEMIC AND RESEARCH:-

59% of the University's total budget was allocated to the Research and Academic sectors. These two sectors however, accounted for 76% of the University's staff costs.

### DEPUTY VICE CHANCELLOR (DVC) INSTITUTIONAL SUPPORT SECTOR:-

This sector's allocation accounted for 12% of the University's total budget and 16% of the University's staff costs.

### VICE CHANCELLOR (VC):-

This sector's cost allocation accounted for 5% of the University's total budget and 7% of the University staff costs.

## INSTITUTIONAL COSTS:-

The Institutional cost allocation accounted for 24% of the University's total budget. These are university wide costs which are not associated with specific sectors or departments e.g. electricity, audit fees, insurance, bank charges etc.

## BUDGETARY CONTROL

The University adopts zero tolerance to unauthorised expenditure and strict fiscal discipline and budgetary controls are exercised. Expenditure is authorised in terms of the Council approved delegation of authority.

## COMMENTS ON THE FINANCIAL RESULTS

The consolidated financial statements of the Durban University of Technology ("DUT") include the results of the University and its subsidiaries namely, Durban University of Technology (Pty) Ltd, Melrose Properties (Pty) Ltd and Maxelect Investments (Pty) Ltd.

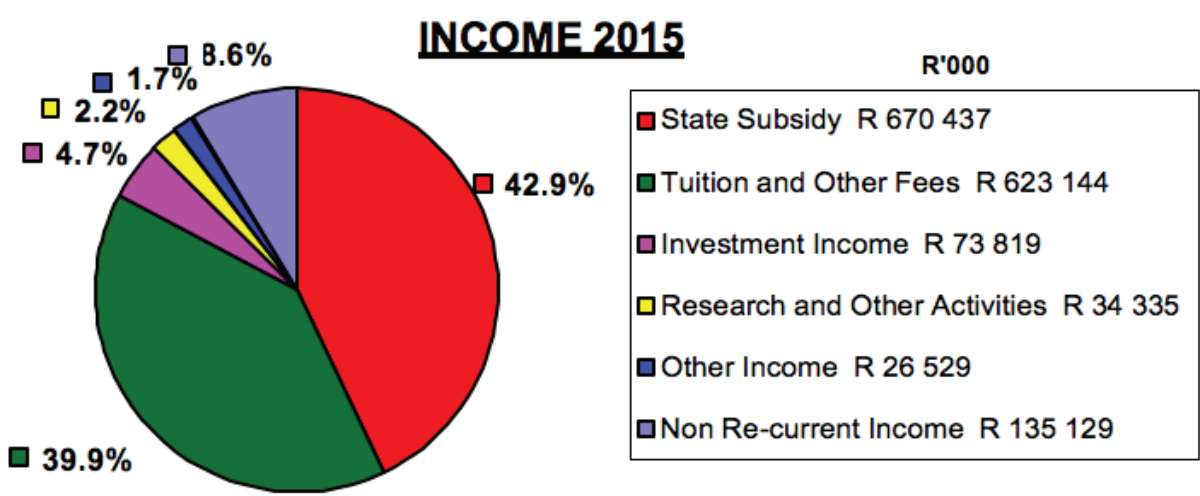
### UNQUALIFIED AUDIT OPINION:-

The auditors have issued an unqualified opinion on the consolidated financial statements of the university for the financial year ended on 31 December 2015.

### INCOME VS EXPENDITURE:-

The net surplus from operations amounted to R48.833m and the surplus after transfers was R142.960m.

Included in the surplus of R142.960m are the following: R15.719m gains on disposal of non-current investments; R13.678m interest and dividends from non-current investments, which have been capitalised into investments; a savings of R53m in operating expenditure and R22.976m which has been reallocated to departments.



The main sources of Income were State Subsidy 42.9% and tuition and other fees 39.9%, which make up 82.8% of the University's revenue, non-recurrent income accounted for 8.6% of total revenue.

The above figures indicate that the University is still very reliant on only two income streams i.e. state subsidy and tuition and other fees.

## GOVERNMENTS GRANTS:-

### STATE SUBSIDY INCOME:

Subsidy income increased from R 640m in 2014 to R 670m in 2015, an increase of 4.7%. The subsidy income is analysed as follows:-

### TEACHING INPUTS:

Although the University's actual teaching input was 43 773 it was funded for only 40 314 teaching inputs.

### TEACHING OUTPUTS:

The University exceeded the normed output by 1 348 units which in monetary terms converts to R26m.

### RESEARCH OUTPUTS:

The University's actual output was 252 against the normed output of 327.

### DEVELOPMENT GRANTS:

The University received R13.896m in Research Development Grants and R19.844m in Teaching Development Grants.

## FEE INCOME:-

### TUITION FEE (RECURRENT):

Tuition fees increased from R412.653m in 2014 to R475.483m in 2015. The head count enrolment of students was 26 935 (2014: 26 404). Tuition and related fees were adjusted by 10%.

Although fees were adjusted by 10%, the total tuition fee income increased by 15.2% which indicates a growth in tuition fee income in real terms. This can be attributed to more students enrolling for their full curriculum and an increase in the number of students enrolled..

### RESIDENCE FEE:

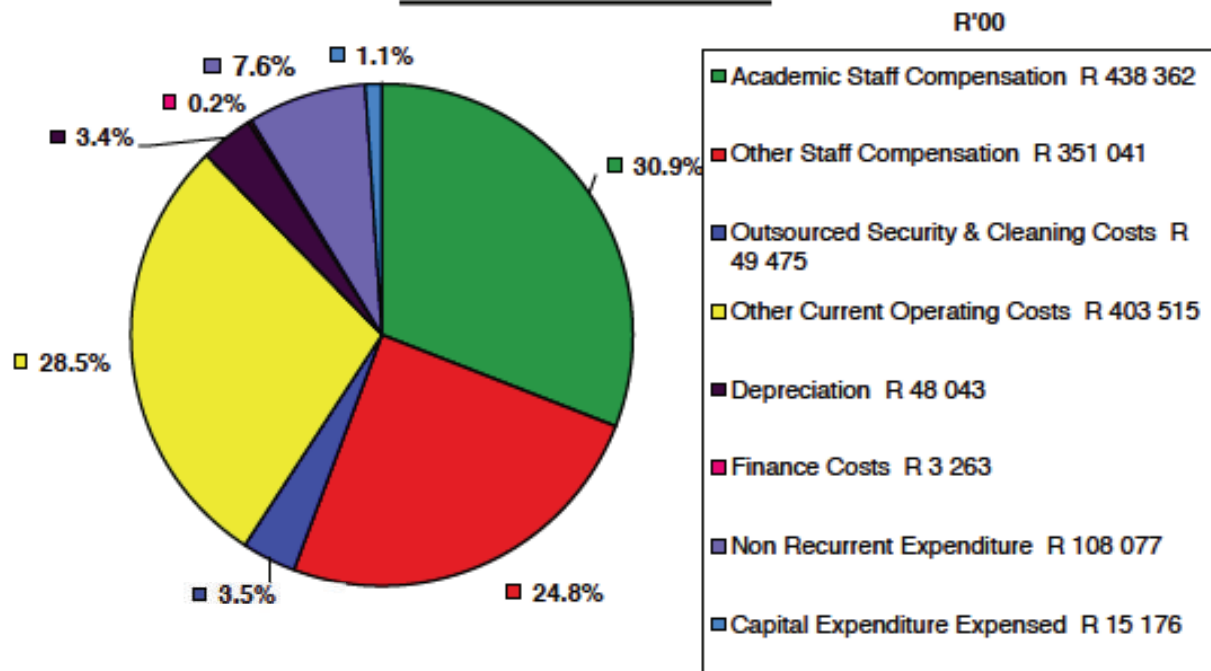
Residence fees increased by 8.1% from R136.657m to R147.661m. The residence fee was adjusted by 10% for both the Durban and Midlands campuses. For the year under review, the leased residence fee was based on a full cost recovery model.

## INVESTMENT INCOME:-

Investment income includes interest received from short term deposits, call accounts, interest charged on overdue student accounts and interest and dividends from non-current investments.

## EXPENDITURE

### EXPENDITURE 2015





## ACADEMIC AND OTHER STAFF COMPENSATION (RECURRENT):-

The above costs increased by R50.410m from R738.993m to R789.403m. This includes a salary increase of 7% and a net increase in the provision for post-retirement benefits and other staff compensation costs of R2.9m. The effective increase in personnel compensation costs was 6.43%.

## RATIO OF STAFF COSTS TO RECURRENT INCOME: -

The ratio of staff costs to re-current income for the year under review was 67% (2014: 69%). Re-current income is defined as state subsidy, tuition fees and other fee income.

The reason for the decrease in this ratio is that staff compensation costs which account for 67% of total expenditure in Council controlled funds, increased by 6.43%, whereas re-current income increased by 8.85%.

In striving towards reaching the DHET's benchmark of 58% to 62% for this ratio, Executive Management had the following interventions in place:

- The University did not create any new posts in the 2015 year;
- All vacant administrative posts are reviewed by Executive Management before they are filled. Only essential administrative vacancies were filled.

## POST-RETIREMENT BENEFITS:-

### PENSION:

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

The University's obligation in terms of the above as at 31 December 2015 was R14.5m (2014: R73m).

This is a closed scheme.

### MEDICAL AID:

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

This Scheme currently has 152 employed and 175 retired members.

The Actuarial Valuation of the post retirement benefit obligation as at 31 December 2015 was R 160m (2014: R153m).

Management is currently exploring various options in order to manage these costs.

This is a closed scheme.

The above liabilities are unfunded and have been provided for in the Annual Financial Statements. The total cost of Post-Retirement Benefits as at 31 December 2015, amounted to R174.5m (2014: R226m).

## OTHER OPERATING COSTS:-

Other operating costs, in respect of the University's operations excluding provision for bad debts, increased by 10% from R222.674m to R246.005m. This is due to increases in repairs, maintenance, electricity and water costs.

Other operating costs, in respect of student accommodation excluding provision for bad debts, increased by 13.29% from R103.198m to R116.912m. The main reason for this is due to additional refurbishment costs incurred during the year.

Lease costs accounted for 58% of the total student accommodation operating costs.

## OUTSOURCED COSTS:-

Security and cleaning costs increased by 11% from R44.562m in 2014 to R49.475m in 2015.

## RECEIVABLES AND PRE-PAYMENTS:-

A cumulative provision of R291m (2014: R251m) for tuition and residence fee student debtors has been provided for as at 31 December 2015. Student debt after the above provision is R166m. Included in other receivables is an amount of R6m due by NSFAS for student tablets. The other major component of receivables is interest accrued (R30.5m).

## STUDENT DEBTORS PROVISION:-

There has been an overall increase in tuition and residence fees of 13.44% accompanied by a 16% increase in the student debt provision. The main reason for the non-correlation, is the "fees must fall" campaign and the fact that the University attracts a large number of disadvantaged students who cannot afford to pay fees.

On average, 63.6% of the student debtors balances have been provided for at year-end.

The risk relating to student fees is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at registration, the regular monitoring of outstanding fees and the institution of debt collection action. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either settling the outstanding amount or the conclusion of a formal payment arrangement.

## **NATIONAL STUDENT FINANCIAL AID SCHEME (NSFAS):-**

The NSFAS new business process has impacted on a number of students who have received loans over the last two years.

The University has made concessions for students who owed fees in 2015 and were eligible to register for the 2016 academic year.

Similarly, there is also a category of students who received full funding for the 2015 academic year, but accrued debt over the previous years.

The additional funds that have been provided by the fiscus in order to clear historic debt for NSFAS students has come as a huge relief to students mentioned in the above categories.

## **STUDENT LOANS:-**

The University has advanced loans to students to the value of R63.970m over the years. These loans are administered by NSFAS. The terms and conditions of these loans are identical to the loans granted by NSFAS, except that these are interest free loans and have no bursary element. It is important to note that in the previous valuations of the DUT loan model, an amendment was made to accommodate the recent change in the law that prevents NSFAS from automatically making salary deductions from students when they obtain employment. The change in essence delays the commencement date for the loan repayment.

The value of student loans after fair value adjustment and provision for impairment is R21.558m (2014: R23.024m).

## **NON-CURRENT INVESTMENTS:-**

The University's investment portfolio increased by R39.110m from R439.912m to R479.022m due to the increase in the market value of the portfolio.

The cash component of these investments is R28.785m.

## **CASH FLOW AND LIQUIDITY:-**

The University's cash flow continues to be positive. Cash and cash equivalents as at year end increased from R830.881m to R968.361m.

The current ratio is 5.5:1 which exceeds the accepted norm of 2:1.

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

## **LIQUIDITY RATIO:-**

The University's liquidity ratio is 4.71:1 (norm 1:1), which indicates the University's short term financial strength. Current debt and inventory have been excluded from this calculation.

## **SOLVENCY RATIO:-**

The University's solvency ratio is 1.47:1, which is indicative of the financial soundness of the University. The formula used for this calculation is total assets less Property Plant and Equipment (PPE)/ total liabilities.

## **TOTAL LIABILITIES:-**

- Deferred grants comprise 63% of liabilities. The major portion of deferred grants are State funded projects (90.94%);
- Retirement benefit obligation makes up 15.20%, and trade and other payables, borrowings and provisions, 21.68%, of liabilities.

## **DEBT EQUITY RATIO:-**

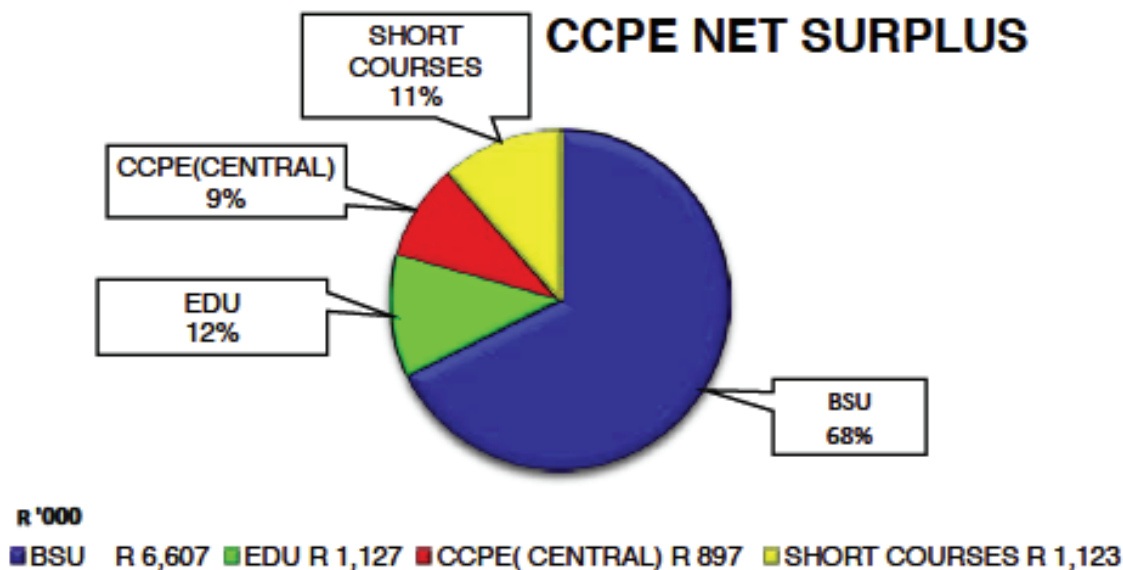
The debt equity ratio is 4.36% which is well below the 50% borrowing limit, as per the University's policy.

## THIRD STREAM INCOME

The Centre for Continued Professional Education (CCPE) has operated for a full year, following on last year's decision by Council to establish the CCPE as the vehicle for third stream income activities. The Centre functions as the key driver for managing the implementation of all the University's continuing and professional courses.

The Centre comprises largely of the following units that drive the generation of third stream income at the University, by providing academic, professional and skills development short courses through:

- The Business Studies Unit;
- CCPE Central (Maritime Studies Unit and Sports Studies Unit);
- Short Courses (Various academic departments); and
- The Enterprise Development Unit.



The CCPE has generated a total net surplus of R 9.754 million.

The BSU currently remains the main source of third stream income contributing 68% (R6.607m), 2014 (R6.6m) of the total CCPE surplus. The concern is that there has been no growth in the BSU surplus in comparison to the previous year.

The University's stakeholders must make a concerted effort to realise the full potential that can be realised in this market space.

## CONCLUSION

The recent issues affecting the Higher Education landscape i.e. #Fees must fall campaign leading to the 0% fee adjustments in 2016, the pressure on Institutions to insource previously outsourced contracts and declining subsidy levels (block grants) will put a huge financial strain on Higher Education Institutions. Ensuring the university's financial sustainability has to be a strategic imperative for all its stakeholders. In this regard increasing the university's third stream income and containing costs must be key strategic initiatives for the year ahead.

Mr D.A. KUMAR  
Chief Finance Officer

Mr R. HARICHUNDER  
Chairperson of Finance Committee of Council

# REPORT OF THE AUDIT COMMITTEE ON HOW IT FULFILLED ITS DUTIES OR THE YEAR ENDED 31 DECEMBER 2015

## 1. AUDIT COMMITTEE CHARTER

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

## 2. COUNCIL AUDIT COMMITTEE MEMBERS AND ATTENDANCE AT MEETINGS

The Committee consists of five external members of Council who are all voting members. The Committee also consists of non-voting advisory members who are the Vice-Chancellor, all Deputy Vice-Chancellors, the Chief Financial Officer and the Chief Risk Officer. External Auditors, Internal Auditors and a representative from the Auditor General also attend meetings by invitation. The Chairperson is appointed from among the external Council members. These members have the necessary skills and experience to serve on the Committee. The Committee meets at least three times per annum as is required by the charter. Both the internal and external auditors have unrestricted access to the Audit Committee.

During the year under review, three 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	12 Feb 2015	7 May 2015 Joint Fincom & Auditcom	6 Aug 2015	22 Oct 2015
<b>Mr R Harichunder</b> B.Com; CTA; CA(SA)	Chair: Finance Committee	✓	Apologies*	✓	✓
<b>Dr T Louw</b> BA; Adv. Dip: Labour Law; Masters Cert: Project Management; MBL; DBL	03/09/2011 Term Ended: 20 July 2015	✓	✓	—	—
<b>Mr TB Hlongwa</b> B.Com(Hons); CA(SA) Chair for period appointed	21 July 2015 to 04 Sept 2015	—	—	✓	—
<b>Mr S Sibiya</b> B.Com(Hons); CA(SA) Appointed Chair: 05 Sept 2015	05/09/2014	✓	Apologies*	✓	✓
<b>Mr B Singh</b> B.Com; B.Com(Hons); Advanced Credit Dip. and Certified Associate in Banking (CAIB); MBA; International Executive Development Programme (Wits)	Re-appointed 05/09/2015	✓	✓	✓	✓
<b>Mr NZW Madinane</b> ND: Chemical Engineering; NHD: Chemical Engineering; Harvard Senior Executive Programme	Term Ended 31 Mar 2015 Appointed Vice-Chair of Council 06 June 2015	Apologies*	—	Absent	Apologies*
<b>Ms KPM Baloyi</b> B.Com; HED; Cert: Engineering Bus Management;	05/09/2015	—	—	—	✓

\*Apologies submitted and accepted

### 3. ROLES AND RESPONSIBILITIES

The Audit Committee's roles and responsibility include statutory responsibility in terms of DUT's Statute and the Higher Education Act (101/1997) 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 EY and their partner Ubucule Accountants and Business Advisors Inc.
- Reviewed the audit scope, approach and extent of reliance on the internal auditor.
- Reviewed and confirmed the independence of the external auditors.
- Reviewed and approved the budget for the fees to be paid to the external auditor.
- Ensured that the appointment of the external auditor complies with the Higher Education Act 101 of 1997 and any other legislation relating to the appointment of auditors.

#### 3.1 EXTERNAL AUDITOR

The Audit Committee has satisfied itself that the external auditors are independent of the University. This includes compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors (IRBA). Assurance was provided by the external auditors that internal governance processes within the audit firms supported and demonstrated their claim to independence.

The Committee, in consultation with executive management, agreed to the engagement letter, its terms, audit plan and budgeted fees for the 2015 year.

The Committee is satisfied that the audit firms and designated engagement partners are accredited with IRBA.

#### 3.2 FINANCIAL STATEMENTS AND ACCOUNTING PRACTICES

The Audit Committee reviewed the accounting policies and the financial statements and is satisfied that they are appropriate and comply with International Financial Reporting Standards, the requirements of the Higher Education Act (10/1997) and reporting guidelines published by the Department of Higher Education and Training.

#### 3.3 INTERNAL FINANCIAL CONTROLS

In addition to the Report on Internal Operational Structures and Controls found elsewhere in the Annual Report, the Committee reviewed the formal reports submitted by the internal auditors of the University. Based on these reports, the Committee is of the opinion that the University's system of internal financial controls is effective and forms the basis for the preparation of reliable financial statements.

#### 3.4 DUTIES ASSIGNED BY COUNCIL

The Audit Committee fulfils an oversight role on behalf of Council. It is responsible for ensuring that the University's outsourced internal audit function has the necessary resources, standing and authority to discharge its duties. The committee also oversees co-operation between the internal and external auditors and serves as a link between Council and these functions.

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

#### 3.5 RISK MANAGEMENT

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



### 3.6 INTERNAL AUDIT

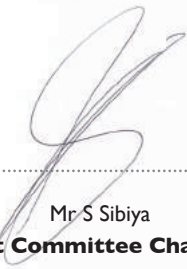
The Committee considered and approved the internal audit plan for 2015. The internal audit function is outsourced to PWC who have responsibility for reviewing and providing assurance on the adequacy of the internal control environment across the University's operations. The internal auditors have direct access to the Chairperson. The Chief Risk Officer is responsible for monitoring the internal audit work against the agreed internal audit plan. Progress regarding findings are tracked and reported on regularly.

### 3.7 EXPERTISE AND EXPERIENCE OF THE CHIEF FINANCIAL OFFICER (CFO) AND FINANCE FUNCTION

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

### 3.8 SUSTAINABILITY REPORTING

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



Mr. S Sibiya  
**Audit Committee Chairman**

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS DECEMBER 31, 2015



**NATURE OF BUSINESS** Public higher education institution

**AUDITOR** Ernst & Young Inc.

**BANKERS** Standard Bank of South Africa Limited  
First National Bank of South Africa Limited

**DOMICILE AND COUNTRY OF INCORPORATION** Republic of South Africa

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**COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015**

Council is responsible for the preparation, integrity, and fair presentation of the consolidated annual financial statements of the Durban University of Technology ("the University"). The consolidated annual financial statements presented on pages 64 to 125 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.

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 IFRS's 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 business are being controlled.

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


The University's external auditor, Ernst & Young Inc audited the consolidated annual financial statements, and their report is presented on pages 62 to 63. Council believes that all representations made to the independent auditor during the audit were valid and appropriate.

**APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS**

The consolidated annual financial statements set out on pages 64 to 125 were approved by the Council on 4 June 2016 and are signed on its behalf by:

  
INTERIM VICE CHANCELLOR AND PRINCIPAL

  
CHAIRPERSON OF COUNCIL

  
CHIEF FINANCIAL OFFICER



## **INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF THE DURBAN UNIVERSITY OF TECHNOLOGY**

### **REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Introduction**

We have audited the consolidated financial statements of the Durban University of Technology and its subsidiaries, set out on pages 64 to 125, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in funds and the consolidated statement of cash flows for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information.

#### **Council's responsibility for the consolidated financial statements**

The University's Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the university's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

#### **Opinion**

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Durban University of Technology and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa.

#### **Report on other legal and regulatory requirements**

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) and the general notice issued in terms thereof, we have a responsibility to report findings on the reported performance information against predetermined objectives for the selected objectives presented in the annual performance report, non-compliance with legislation and internal control. We performed tests to identify reportable findings described under each subheading but not to gather evidence to express assurance on these matters. Accordingly, we do not express an opinion or conclusion on these matters.



### **Predetermined objectives**

We performed procedures to obtain evidence about the reliability of the reported performance information for the following selected objectives presented in the annual report of the university for the year ended 31 December 2015:

- Objective 1: Communities of living and learning on page 24
- Objective 2: Research and Innovation for Development on page 24

We evaluated the reported performance information against the overall criteria of reliability.

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not identify any material findings on the reliability of the reported performance information for the selected objectives.

### **Compliance with laws and regulations**

We performed procedures to obtain evidence that the University has complied with legislation regarding financial matters, financial management and other related matters.

We did not identify any instances of material non-compliance with specific matters as stipulated in the Higher Education Act of South Africa.

### **Internal control**

We considered internal control relevant to our audit of the financial statements, annual performance report and compliance with laws and regulations but not to gather evidence to express an opinion or conclusion on the effectiveness of the University's internal control.

Matters of internal control considered are limited to significant deficiencies that would result in a basis for a modification of the audit opinion, or any findings reported with regard to the annual performance report, or any matters identified as non-compliance with laws and regulations included in this report.

Consequently, as no matters were reported, we did not identify any significant deficiencies in internal control as described above.

### **Other reports**

We draw attention to the following engagements that are either in progress or have been completed. Our opinion is not modified in respect of these engagements.

#### *Audit-related services and special audits*

We conducted five agreed upon procedure engagements during the year ended 31 December 2015. Five additional agreed upon procedure engagements were performed by other service providers. These agreed upon procedures were performed at the request of various entities providing funds to the University.

## *Ernst & Young Inc.*

Ernst & Young Inc.  
Director – Kreesen Venketas Naidu  
Registered Auditor  
Chartered Accountant (SA)  
6 June 2016

1 Pencarrow Crescent  
La Lucia Ridge  
Durban  
South Africa

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2015

	<i>Note</i>	<i>2015 R'000</i>	<i>2014 R'000</i>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		1 403 213	1 196 927
Property, plant and equipment	2	902 041	733 138
Intangible assets	3	592	853
Investments	4	479 022	439 912
Non-current receivables	6	21 558	23 024
<b>CURRENT ASSETS</b>		1 185 443	1 015 329
Inventories	7	2 256	2 016
Receivables and prepayments	8	214 826	182 432
Cash and cash equivalents	9	968 361	830 881
<b>TOTAL ASSETS</b>		<u>2 588 656</u>	<u>2 212 256</u>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
<b>ACCUMULATED FUNDS</b>		1 441 937	1 222 343
Restricted use funds		63 934	59 039
Unrestricted use funds – undesignated		511 494	336 233
Unrestricted use funds – designated		751 884	724 567
Residence funds		(30 016)	(34 503)
Fair value reserve		144 641	137 007
<b>NON-CURRENT LIABILITIES</b>		930 657	796 555
Borrowings	10	46 141	37 107
Retirement benefit obligations	11	174 334	225 937
Employee benefit liabilities	12	-	-
Deferred tax	13	2 024	1 592
Deferred grants	16	708 158	531 919
<b>CURRENT LIABILITIES</b>		216 062	193 358
Trade and other payables	14	150 404	139 575
Deferred grants	16	13 650	8 354
Provisions	15	35 233	38 742
Current portion of interest bearing borrowings	10	6 775	5 830
Current portion of non-interest bearing borrowings	10	10 000	857
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>2 588 656</u>	<u>2 212 256</u>

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2015

2015	NOTE	COUNCIL CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED ACTIVITIES RESTRICTED	SUB- TOTAL	STUDENT AND STAFF ACCOMMODATION RESTRICTED	2015	2014
		R'000	R'000	R'000	R'000	R'000	R'000
<b>RECURRENT ITEMS</b>		<b>1 242 646</b>	<b>34 363</b>	<b>1 277 009</b>	<b>151 255</b>	<b>1 428 264</b>	<b>1 280 762</b>
<b>INCOME</b>							
State appropriations - subsidies and grants		670 437	-	670 437	-	670 437	640 076
Tuition fee and other income		475 483	-	475 483	147 661	623 144	549 310
Income from contracts		-	34 335	34 335	-	34 335	21 093
- For research		-	34 335	34 335	-	34 335	20 858
- For other activities		-	-	-	-	-	235
Sales of goods and services		22 443	-	22 443	3 588	26 031	16 299
Private gifts and grants		498	-	498	-	498	-
<b>SUB-TOTAL</b>		<b>1 168 861</b>	<b>34 335</b>	<b>1 203 196</b>	<b>151 249</b>	<b>1 354 445</b>	<b>1 226 778</b>
Investment income	17.1	73 785	28	73 813	6	73 819	53 984
<b>EXPENDITURE</b>		<b>1 136 299</b>	<b>25 652</b>	<b>1 161 951</b>	<b>146 924</b>	<b>1 308 875</b>	<b>1 198 382</b>
Personnel	18	808 643	11 119	819 762	19 116	838 878	783 555
- Academic professional		438 362	-	438 362	-	438 362	406 052
- Other personnel		330 910	11 119	342 029	9 012	351 041	332 941
- Security and cleaning		39 371	-	39 371	10 104	49 475	44 562
Other current operating expenses	19	275 913	-	275 913	127 602	403 515	358 831
Depreciation and amortisation	2.3	33 304	14 533	47 837	206	48 043	43 712
<b>SUB-TOTAL</b>		<b>1 117 860</b>	<b>25 652</b>	<b>1 143 512</b>	<b>146 924</b>	<b>1 290 436</b>	<b>1 186 098</b>
Finance costs	20	3 263	-	3 263	-	3 263	3 824
Minor capital items expensed		15 176	-	15 176	-	15 176	8 460
<b>Surplus - Recurrent items</b>		<b>106 347</b>	<b>8 711</b>	<b>115 058</b>	<b>4 331</b>	<b>119 389</b>	<b>82 360</b>
<b>NON-RECURRENT ITEMS</b>							
<b>INCOME</b>		<b>38 985</b>	<b>96 144</b>	<b>135 129</b>	<b>-</b>	<b>135 129</b>	<b>128 691</b>
State grants		-	68 368	68 368	-	68 368	48 273
Private gifts and grants		2 001	2 089	4 090	-	4 090	1 746
Realised cumulative net fair value gain on the disposal of investments	17.2	14 913	806	15 719	-	15 719	35 668
Income from contracts		-	22 284	22 284	-	22 284	21 746
Investment income	17.1	301	2 376	2 677	-	2 677	1 930
Other income	21	21 770	221	21 991	-	21 991	19 328
<b>EXPENDITURE</b>		<b>5010</b>	<b>103 067</b>	<b>108 077</b>	<b>-</b>	<b>108 077</b>	<b>94 753</b>
Personnel	18	159	29 539	29 698	-	29 698	21 916
- Academic professional		-	20 801	20 801	-	20 801	16 023
- Administration		159	8 738	8 897	-	8 897	5 893
Other current operating expenses	19	4 663	73 528	78 191	-	78 191	55 098
Loss on disposal of property, plant & equipment		188	-	188	-	188	5 363
Fair value adjustment on student loans	6	-	-	-	-	-	12 376
<b>Surplus/(deficit) - Non-Recurrent items</b>		<b>33 975</b>	<b>(6 923)</b>	<b>27 052</b>	<b>-</b>	<b>27 052</b>	<b>33 938</b>
<b>NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION</b>		<b>140 322</b>	<b>1 788</b>	<b>142 110</b>	<b>4 331</b>	<b>146 441</b>	<b>112 318</b>
Amounts spent from prior year receipts : From funds		-	(2 671)	(2 671)	-	(2 671)	(6 214)
Taxation		(888)	-	(888)	78	(810)	(1 637)
<b>NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION</b>		<b>139 434</b>	<b>(883)</b>	<b>138 551</b>	<b>4 409</b>	<b>142 960</b>	<b>108 467</b>
Less: Income allocated to departments		(22 976)	-	(22 976)	-	(22 976)	(26 718)
<b>NET SURPLUS AFTER INCOME ALLOCATED TO DEPARTMENTS</b>		<b>116 458</b>	<b>(883)</b>	<b>115 575</b>	<b>4 409</b>	<b>119 984</b>	<b>81 749</b>

## DURBAN UNIVERSITY OF TECHNOLOGY

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2014

	NOTE	COUNCIL CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED ACTIVITIES RESTRICTED	SUB- TOTAL R'000	STUDENT AND STAFF ACCOMMODATION RESTRICTED R'000	2014 R'000
<b>RECURRENT ITEMS</b>						
<b>INCOME</b>						
State appropriations - subsidies and grants		640 076	-	640 076	-	640 076
Tuition fee and other income		412 653	-	412 653	136 657	549 310
Income from contracts		145	20 948	21 093	-	21 093
- For research		-	20 858	20 858	-	20 858
- For other activities		145	90	235	-	235
Sales of goods and services		14 076	-	14 076	2 223	16 299
Private gifts and grants		-	-	-	-	-
<b>SUB-TOTAL</b>		<b>1 066 950</b>	<b>20 948</b>	<b>1 087 898</b>	<b>138 880</b>	<b>1 226 778</b>
Investment income	17.1	53 926	7	53 933	51	53 984
<b>EXPENDITURE</b>		<b>1 054 413</b>	<b>15 271</b>	<b>1 069 684</b>	<b>128 698</b>	<b>1 198 382</b>
Personnel	18	757 472	7 429	764 901	18 654	783 555
- Academic professional		406 052	-	406 052	-	406 052
- Other personnel		316 951	7 429	324 380	8 561	332 941
- Security and cleaning		34 469	-	34 469	10 093	44 562
Other current operating expenses	19	248 984	-	248 984	109 847	358 831
Depreciation and amortisation	2.3	35 673	7 842	43 515	197	43 712
<b>SUB-TOTAL</b>		<b>1 042 129</b>	<b>15 271</b>	<b>1 057 400</b>	<b>128 698</b>	<b>1 186 098</b>
Finance costs	20	3 824	-	3 824	-	3 824
Minor capital item expensed		8 460	-	8 460	-	8 460
<b>Surplus - Recurrent items</b>		<b>66 463</b>	<b>5 684</b>	<b>72 147</b>	<b>10 233</b>	<b>82 380</b>
<b>NON-RECURRENT ITEMS</b>						
<b>INCOME</b>		<b>50 800</b>	<b>77 891</b>	<b>128 691</b>	-	<b>128 691</b>
State grants		641	47 632	48 273	-	48 273
Private gifts and grants		-	1 746	1 746	-	1 746
Realised cumulative net fair value gain/(loss) on the disposal of investments	17.2	31 095	4 573	35 668	-	35 668
Income from contracts		-	21 746	21 746	-	21 746
Investment income	17.1	-	1 930	1 930	-	1 930
Other income		19 064	264	19 328	-	19 328
<b>EXPENDITURE</b>		<b>17 904</b>	<b>76 849</b>	<b>94 753</b>	-	<b>94 753</b>
Personnel	18	11	21 905	21 916	-	21 916
- Academic professional		-	16 023	16 023	-	16 023
- Administration		11	5 882	5 893	-	5 893
Other current operating expenses	19	154	54 944	55 098	-	55 098
Loss on disposal of property, plant & equipment		5 363	-	5 363	-	5 363
Fair value adjustment on student loans	6	12 376	-	12 376	-	12 376
<b>Surplus - Non-Recurrent items</b>		<b>32 896</b>	<b>1 042</b>	<b>33 938</b>	-	<b>33 938</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR - BEFORE TRANSFERS AND TAXATION</b>		<b>99 359</b>	<b>6 726</b>	<b>106 085</b>	<b>10 233</b>	<b>116 318</b>
Amounts spent from prior year receipts : From funds		-	(6 214)	(6 214)	-	(6 214)
Taxation		(1 584)	-	(1 584)	(53)	(1 637)
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR - AFTER TRANSFERS AND TAXATION</b>		<b>97 775</b>	<b>512</b>	<b>98 287</b>	<b>10 180</b>	<b>108 467</b>
Less: Income allocated to departments		(26 718)	-	(26 718)	-	(26 718)
<b>NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS</b>		<b>71 057</b>	<b>512</b>	<b>71 569</b>	<b>10 180</b>	<b>81 749</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<i>Note</i>	<i>2015 R'000</i>	<i>2014 R'000</i>
<b>Operating revenue</b>		1 354 445	1 226 778
Less: Operating expenses		(1 305 612)	(1 186 098)
- Staff costs	18	(838 878)	(783 555)
- Other operating expenses	19	(418 691)	(358 831)
- Depreciation and amortisation	2,3	(48 043)	(43 712)
<b>Net surplus from operations</b>		48 833	40 680
Income from investments	17.1	76 496	55 914
Loss on disposal of property, plant and equipment		(188)	(5 363)
Other income	21	132 452	126 761
Finance costs	20	(3 263)	(3 824)
Other expenses	19	(107 889)	(97 850)
<b>Surplus for the year before transfers</b>		146 441	116 318
Amounts spent from prior year receipts: From funds		(2 671)	(6 214)
Taxation		(810)	(1 637)
<b>Surplus for the year after transfers</b>		142 960	108 467
<b>Other comprehensive income/(loss)</b>		71 515	(429)
<b>To be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Fair value adjustment on available for sale investments		10 932	(864)
<b>Not to be reclassified to profit or loss in subsequent periods (net of tax):</b>			
Actuarial gain on defined benefit plan		60 583	435
<b>Total comprehensive income for the year</b>		214 475	108 038



# DURBAN UNIVERSITY OF TECHNOLOGY

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015

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						
<b>Balance at January 1, 2015</b>	<b>336 233</b>	<b>186 744</b>	<b>537 823</b>	<b>1 060 800</b>	<b>(34 503)</b>	<b>59 039</b>	<b>24 536</b>	<b>137 007</b>	<b>1 222 343</b>
Surplus for the year	138 551	-	-	138 551	4 409	-	4 409	-	142 960
Other comprehensive income	60 583	-	-	60 583	-	3 298	3 298	7 634	71 515
<b>Balance at December 31, 2015 before fund transfer</b>	<b>535 367</b>	<b>186 744</b>	<b>537 823</b>	<b>1 259 934</b>	<b>(30 094)</b>	<b>62 337</b>	<b>32 243</b>	<b>144 641</b>	<b>1 436 818</b>
Transfers of funds	(17 648)	9 187	8 461	-	-	-	-	-	-
Other transfers	(6 225)	(46 927)	56 596	3 444	78	1 597	1 675	-	5 119
<b>Balance at December 31, 2015</b>	<b>511 494</b>	<b>149 004</b>	<b>602 880</b>	<b>1 263 378</b>	<b>(30 016)</b>	<b>63 934</b>	<b>33 918</b>	<b>144 641</b>	<b>1 441 937</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014	415 170	64 824	477 414	957 408	(44 774)	54 436	9 662	137 952	1 105 022
Surplus for the year	98 287	-	-	98 287	10 180	-	10 180	-	108 467
Other comprehensive loss	435	-	-	435	-	81	81	(945)	(429)
Balance at December 31, 2014 before fund transfer	513 892	64 824	477 414	1 056 130	(34 594)	54 517	19 923	137 007	1 213 060
Transfers of funds	(25 215)	17 271	7 944	-	-	-	-	-	-
Other transfers	(152 444)	104 649	52 465	4 670	91	4 522	4 613	-	9 283
Balance at December 31, 2014	336 233	186 744	537 823	1 060 800	(34 503)	59 039	24 536	137 007	1 222 343

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<i>Note</i>	<i>2015 R'000</i>	<i>2014 R'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26	227 366	102 806
Investment income	17.1	76 496	55 914
Finance costs	20	(3 263)	(3 824)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>300 599</b>	<b>154 896</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	2	(217 345)	(145 089)
Purchase of non-current investments		(80 867)	(75 174)
Proceeds from disposal of property plant and equipment		472	251
Proceeds from disposal of non-current investments		39 243	72 895
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(258 497)</b>	<b>(147 117)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) in borrowings		19 122	(6 267)
Increase in funds		76 256	8 855
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>95 378</b>	<b>2 588</b>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>137 480</b>	<b>10 367</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		<b>830 881</b>	<b>820 514</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9	<b>968 361</b>	<b>830 881</b>

## 1. ACCOUNTING POLICIES

### 1.1 University Information

The consolidated financial statements of the University and its subsidiaries for the year ended December 31, 2015 were authorised for issue in accordance with a resolution of Council on 4 June 2016.

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

### 1.2 Basis of preparation

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

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

### 1.3 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and in the manner required by the Minister of Higher Education and Training in terms of Section 41 of the Higher Education Act, 1997 (Act No 101 of 1997) as amended.

### 1.4 Presentation of consolidated income statement

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

### 1.5 Significant accounting judgements, estimates and assumptions

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

#### Judgements

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

#### *Operating lease commitments - University as lessor*

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

**1. ACCOUNTING POLICIES** (continued)**1.5 Significant accounting judgements, estimates and assumptions** (continued)*Student residence*

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

*Investments*

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

**Estimates and assumptions**

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

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

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

*Retirement benefit obligations (including Defined Accumulated Leave Pay fund)*

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 and 12. The defined benefit pension plan and post-retirement medical aid benefit plan are actuarially valued annually. The defined accumulated leave pay fund is actuarially valued on an ad hoc basis depending on the significance of changes in key assumptions.



**1. ACCOUNTING POLICIES** (continued)**1.5 Significant accounting judgements, estimates and assumptions** (continued)*Student fees receivable*

At year-end management makes an estimate of the amount of total outstanding student fee debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over, prior experience and a 10 year handed over collection trend. The impairment charge relating to student debt that is not handed over is based on the recovery percentage for the student loans noted below with slight amendments (when considered necessary). A provision for impairment is based on these estimates. A detailed breakdown of the student fee receivable is provided in Note 8.

*Student loans*

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

With Student loans of this nature being fairly new to the University, the University does not have sufficient volume of history that can generate a reliable set of assumptions in isolation to reliably determine the amortised cost of the student loans of which would take into account the fair value adjustment on initial recognition of the student debt and potential impairments. Consequently, reference was made to the actual experience of the National Students Financial Aid Scheme ("NSFAS") whom have been providing loans to students of similar demographics over the past 20 years. 20 years of data collection was assessed as sufficient to build a reliable valuation model. DUT has adopted the NSFAS valuation model but has amended the model due to differences (specifically interest rate and date of loan issue) in the loan terms. The valuation model has been amended during the 2013 year to accommodate the change arising from the change in legislation (Section 23 of the NSFAS Act) that prohibits NSFAS from making automatic deductions from students which in essence has delayed the payment commencement date used in the valuation. The valuation is based on a multi-state valuation methodology.

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

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

Discount rate is based on the capital market extract of the South African Reserve Bank's quarterly reports, using the monthly average bond yield for government bonds with a period of 10 years and over, which represent a long term risk free interest rate. The risk of non-payment has been captured in the cash flow projections. Other key assumptions are the demographics, payment patterns, payment profiles and mortality rates of the students. Assumptions regarding future mortality experience in South Africa are set based on published South African actuarial information. Allowance for morbidity and AIDS has not been made as it does not have a material impact and it is not standard market practice to make allowance for this during credit modelling.

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

### 1. ACCOUNTING POLICIES (continued)

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

##### *Student loans (continued)*

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

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

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

##### *Value added taxation*

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

##### *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.

**1. ACCOUNTING POLICIES (continued)**

**1.6 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at December 31, 2015.

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

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

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

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

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

**1.7 Business combinations and goodwill**

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

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

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

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

**1. ACCOUNTING POLICIES (continued)****1.8 Standards, interpretations and amendments to published standards**

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

**1.8.1 Standards early adopted by the University**

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

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

- *IFRS 9 Financial Instruments*: The standard addresses the classification, measurement and de-recognition of financial assets and financial liabilities, as well as hedging and impairment. The effect of this standard on the University's financial statements is in the process of being evaluated. *(Effective for annual periods beginning on or after 1 January 2018)*.
- *IFRS 16 Leases*: A new standard that introduces a single lease model for the accounting treatment of leases for lessees. It applies to all leases for lessees and requires a lessee to recognize assets and liabilities for leases with a term greater than twelve months, unless the underlying asset is of a low value. The standard also provides for extended disclosure, to give effect to the impact of the leases on the financial statements. A lessee will be required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Extensive disclosures will be required, including interest expense on the lease liability and depreciation expense on the right-of-use asset; classification of cash repayments of the lease liability into the principal portion and an interest portion, present them in the statement of cash flows applying IAS 7 as well as key judgements and estimates. There are no substantial changes to lessor accounting other than risk exposure disclosure requirements. The effect of this standard on the University's financial statements is in the process of being evaluated. *(Effective for annual periods beginning on or after 1 January 2019)*.
- *IFRS 10, IFRS 12 and IAS 28: Investment entities: Applying the Consolidation exception – Amendments to IFRS 10, IFRS 12 and IAS 28*: This standard was amended to clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when an entity measures its subsidiaries at fair value. This is not expected to have an impact on the University's financial statements *(Effective for annual periods beginning on or after 1 January 2016)*.
- *IAS 27 Equity Method in Separate Financial Statements*: This standard was amended to restore the option to account for investments in subsidiaries and associates in an entity's separate financial statements. The effect of this standard on the University's financial statements is in the process of being evaluated. *(Effective for annual periods beginning on or after 1 January 2016)*.
- *IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements*: The amendments address a conflict between the requirements of IAS 28 'Investments in Associates and Joint Ventures' and IFRS 10 'Consolidated Financial Statements' and clarify that in a transaction involving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.



**1. ACCOUNTING POLICIES (continued)****1.8 Standards, interpretations and amendments to published standards (continued)****1.8.2 Standards, interpretations and amendments that are not yet effective (continued)****Amendments to IAS 28:**

The requirements on gains and losses resulting from transactions between an entity and its associate or joint venture have been amended to relate only to assets that do not constitute a business.

A new requirement has been introduced that gains or losses from downstream transactions involving assets that constitute a business between an entity and its associate or joint venture must be recognised in full in the investor's financial statements. The effective date of this amendment has been postponed indefinitely pending the outcome of the IASB research project on the equity method of accounting.

**Amendments to IFRS 10:**

An exception from the general requirement of full gain or loss recognition has been introduced into IFRS 10 for the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method.

The effect of this standard on the University's financial statements is not expected to be material. *(Effective for annual periods beginning on or after 1 January 2016).*

*IAS 1 Presentation of Financial Statements:* This standard has been amended as part of the disclosure initiative which aims to improve the presentation and disclosure requirements and of which is not expected to have a material impact. The amendments to IAS 1 include narrow-focus improvements in the following five areas:

- Materiality
- Disaggregation and subtotals
- Notes structure
- Disclosure of accounting policies
- Presentation of items of other comprehensive income (OCI) arising from equity accounted investments.

*(Effective for annual periods beginning on or after 1 January 2016)*

- IFRS 7 – Financial Instruments Disclosures: This standard was amended to provide clarity on the interim reporting requirements of entities and disclosures on any continuing involvement in a transferred asset that is derecognised in its entirety. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*

- IFRS 7 – Financial Instruments Disclosures: In December 2011, IFRS 7 was amended to add guidance on offsetting of financial assets and financial liabilities. In the effective date and transition for that amendment, paragraph 44R of IFRS 7 states that the entity shall apply those amendments for annual periods beginning on or after 1 January 2013. The amendment must be applied retrospectively. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*

- AIP IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal: This standard was amended to clarify that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change. This is not expected to have a material impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*



**1. ACCOUNTING POLICIES** (continued)**1.8 Standards, interpretations and amendments to published standards** (continued)**1.8.2 Standards, interpretations and amendments that are not yet effective** (continued)

- IAS 16 – Property, plant and equipment and IAS 38 Intangible Assets: This standard was amended to provide clarity on revaluations to align the carrying amount of assets to its market value. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*
- IAS 16 and IAS 41 Agriculture – Bearer plants – Amendments to IAS 16 and IAS 41 – Property, plant and equipment and IAS 38 Intangible Assets: This standard was amended to provide clarity on the definition bearer plants to include bearer plants in the Scope of IAS 16 Property, Plant and Equipment, rather than IAS 41. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016)*
- *IFRS 15 Revenue from Contracts with Customers* replaces IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations. IFRS 15 specifies the accounting treatment for all revenue arising from contracts with customers. It applies to all entities that enter into contracts to provide goods or services to their customers, unless the contracts are in the scope of other IFRSs, such as IAS 17 Leases. The standard also provides a model for the measurement and recognition of gains and losses on the sale of certain non-financial assets, such as property or equipment. Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2018).*
- *AIP IAS 19 Employee benefits – Discount rate: Regional market issue*: This standard was amended to provide clarity on the requirements to determine the discount rate in a regional market sharing the same currency. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*
- *AIP IAS 34 Interim financial reporting – Disclosure of information 'elsewhere' in the interim financial report*: This standard was amended to provide clarity on the meaning 'elsewhere' in the financial report. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*
- *IFRS 14 Regulatory Deferral Accounts*: This standard addresses first time adopters related to rate regulated activities and allows them to continue to recognise amounts to such activities in accordance with their previous GAAP requirements when they first adopt IFRS. This is not expected to have an impact on the University's financial statements. *(Effective for annual periods beginning on or after 1 January 2016).*

**1.8.3 Standards, interpretations and amendments adopted during the year**

- *IAS 19 Defined Benefit Plans Employee Contributions*: This standard was amended to clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This standard did not have an impact on the University's financial statements.
- *IFRS 13 – Fair Value Measurement*: This standard was amended to clarify the basis for conclusions in that the short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. This standard did not have an impact on the University's financial statements.

**1. ACCOUNTING POLICIES (continued)****1.9 Property, plant and equipment**

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

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

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

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

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

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

*Library acquisitions*

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

**1.10 Leases**

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

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

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

**1. ACCOUNTING POLICIES (continued)****1.10 Leases (continued)***University as a lessee*

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

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

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

*University as a lessor*

Leases where the University does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Payments received under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Contingent rents are recognised as revenue in the period in which they are earned.

**1.11 Borrowing costs**

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

**1.12 Intangible assets**

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

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

Right to internet usage	20 years
Computer software	4 - 6 years

Research and development costs are expensed when incurred.

**1. ACCOUNTING POLICIES (continued)**

**1.13 Inventories**

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

**1.14 Impairment of non-financial assets**

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

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

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

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

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



**1. ACCOUNTING POLICIES (continued)****1.15 Financial assets***Initial recognition and measurement*

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

*Subsequent measurement*

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

*Loans and receivables*

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

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

*Receivables*

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

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

*Cash and cash equivalents*

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

*Available-for-sale financial assets*

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

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



**1. ACCOUNTING POLICIES** (continued)**1.15 Financial assets** (continued)*Available-for-sale financial assets* (continued)

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

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

**De-recognition of financial assets**

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

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

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

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

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

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

**1.16 Impairment of financial assets**

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

**1. ACCOUNTING POLICIES** (continued)**1.16 Impairment of financial assets** (continued)*Financial assets carried at amortised cost*

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

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

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

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

*Available-for-sale financial investments*

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

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

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

**1. ACCOUNTING POLICIES** (continued)**1.16 Impairment of financial assets** (continued)*Available-for-sale financial investments* (continued)

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

**1.17 Financial liabilities***Initial recognition and measurement*

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

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

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

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

*Trade and other payables*

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

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

*Interest bearing borrowings*

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

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

**De-recognition of financial liabilities**

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

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

**1. ACCOUNTING POLICIES (continued)****1.17 Financial liabilities (continued)****1.17.1 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**1.17.2 Fair value measurement**

The University measures financial instruments, such as available for sale investments at fair value at each reporting date. Also, fair values of financial instruments measured at amortised cost are disclosed in Note 22.4. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value assessment is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the University. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described further in Note 22.4, based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the University determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the University has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as further detailed in Note 22.4.

**1.18 Provisions**

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

Provisions comprise the short term portion of employee benefit obligation, the vacation leave pay and value added tax.



**1. ACCOUNTING POLICIES (continued)****1.19 Pension obligations**

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

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

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

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

**1.20 Post-retirement medical aid benefits**

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

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

**1.21 Employee benefit liabilities**

Employee benefit liabilities represents the defined accumulated leave pay fund. The fund represents the leave that staff is entitled to for unutilised leave prior to 2008.

The University pays a benefit of basic salary multiplied by the number of accumulated leave days on resignation, death or retirement of an employee. The accrual of additional leave days ceased as at 31 December 2008. The actuarial valuation uses the projected unit method and is based on assumptions which include leave days due to active members, salary increments, the discount rate, the inflation rate and mortality rates.

**1.22 Revenue recognition**

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





**1. ACCOUNTING POLICIES** (continued)**1.22 Revenue recognition** (continued)*State appropriations - subsidies and grants*

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

*General purpose:*

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

*Specific purpose:*

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

*Designated income from contracts, grants and donations*

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

*Tuition and residence fees*

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

*Interest and dividend income*

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

**1. ACCOUNTING POLICIES (continued)****1.22 Revenue recognition (continued)**

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

*Rendering of services*

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

**1.23 Normal tax and deferred tax***Current income tax*

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

*Deferred tax*

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

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

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

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

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

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

**1. ACCOUNTING POLICIES** (continued)**1.23 Normal tax and deferred tax** (continued)

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

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

*Value-added tax*

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

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

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

**1.24 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.

**1.25 Accumulated funds**

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

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

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

*Council controlled funds*

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

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

**1. ACCOUNTING POLICIES** (continued)

**1.25 Accumulated funds** (continued)

*Restricted use funds*

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

*Residence funds*

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

*Fair value reserve*

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

**1.26 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.

**1.27 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.



## DURBAN UNIVERSITY OF TECHNOLOGY

## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 2. PROPERTY, PLANT AND EQUIPMENT

2015

	Land and buildings	Furniture, equipment and computers	Capital work in progress	Capital leased assets	Vehicles	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening cost as at January 1, 2015	569 453	351 368	104 541	32 808	15 784	1 073 954
Opening accumulated depreciation as at January 1, 2015	(147 695)	(179 685)	-	(7 528)	(5 908)	(340 816)
<b>Opening net carrying amount as at January 1, 2015</b>	<b>421 758</b>	<b>171 683</b>	<b>104 541</b>	<b>25 280</b>	<b>9 876</b>	<b>733 138</b>
Additions	38 588	41 416	135 009	578	1 754	217 345
Work in progress transferred	43 267	8 217	(51 484)	-	-	-
Disposals		(311)	-	-	(349)	(660)
- cost	-	(14 781)	-	-	(706)	(15 487)
- accumulated depreciation	-	14 470	-	-	357	14 827
Depreciation charge	(7 462)	(30 488)	-	(8 480)	(1 352)	(47 782)
<b>Closing net carrying amount as at December 31, 2015</b>	<b>496 151</b>	<b>190 517</b>	<b>188 066</b>	<b>17 378</b>	<b>9 929</b>	<b>902 041</b>
<b>As at December 31, 2015</b>						
- cost	651 308	386 220	188 066	33 386	16 832	1 275 812
- accumulated depreciation	(155 157)	(195 703)	-	(16 008)	(6 903)	(373 771)
<b>Net carrying amount</b>	<b>496 151</b>	<b>190 517</b>	<b>188 066</b>	<b>17 378</b>	<b>9 929</b>	<b>902 041</b>



## NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

2. PROPERTY, PLANT AND EQUIPMENT (continued)						
2014	Land and buildings	Furniture, equipment and computers	Capital work in progress	Capital leased assets	Vehicles	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening cost as at January 1, 2014	544 347	324 531	29 211	28 333	12 162	938 584
Opening accumulated depreciation as at January 1, 2014	(143 083)	(153 259)	-	(536)	(5 390)	(302 268)
Opening net carrying amount as at January 1, 2014	401 264	171 271	29 211	27 797	6 772	636 315
Additions	30 253	28 543	77 058	4 475	4 760	145 089
Work in progress transferred	1 704	24	(1 728)	-	-	-
Disposals	(4 881)	(294)	-	-	(439)	(5 614)
- cost	(6 851)	(1 730)	-	-	(1 138)	(9 719)
- accumulated depreciation	1 970	1 436	-	-	699	4 105
Depreciation charge	(6 582)	(27 862)	-	(6 992)	(1 217)	(42 653)
Closing net carrying amount as at December 31, 2014	421 758	171 683	104 541	25 280	9 876	733 138
As at December 31, 2014						
- cost	569 453	351 368	104 541	32 808	15 784	1 073 954
- accumulated depreciation	(147 695)	(179 685)	-	(7 528)	(5 908)	(340 816)
Net carrying amount	421 758	171 683	104 541	25 280	9 876	733 138

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

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

2015  
R'000

2014  
R'000

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

### 1. Department of Health grant

Work-in-progress:

Leased land and buildings

- Cost

7 354

6 829

- Accumulated depreciation

(4 486)

(1 959)

**Net book value as at 31 December**

2 868

4 870

Leased furniture, equipment and computers

- Cost

12 494

12 440

- Accumulated depreciation

(7996)

(3 538)

**Net book value as at 31 December**

4 498

8 902

**Total net book value as at 31 December**

7 366

13 772

The University received a government incentive in 2013 from the Department of Health ("DoH"). The DoH is to provide a grant to the value of R25 280 732 to fund the initial capital and operational costs of the Orthotics and Prosthetics training programme for a 4 year period which can be extended as DoH deems appropriate. Ownership of these assets remain with DoH until the end of the four year period or the extended period at which point in time, the DoH may consider having the assets valued and sold to the University. 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. ABSA finance lease

2015  
R'000

2014  
R'000

Cost

13 538

13 538

Accumulated depreciation

(3 526)

(2 030)

**Net book value as at 31 December**

10 012

11 508

The ABSA loan is an unsecured loan for the amount of R13 705 377 to purchase a computer network system. The interest rate is fixed at 7.56% per annum with monthly instalments of R 275 334 for a period of 5 years ending in 2018. The ownership of the computer network system will transfer to the University upon payment of the final instalment. Refer to notes 10 and 25.3.

**Total capital leased assets**

17 378

25 280

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 3. INTANGIBLE ASSETS

	<i>Right to internet usage* R'000</i>	<i>Computer Software R'000</i>	<i>Total R'000</i>
<b>2015</b>			
Cost	1 383	8 256	9 639
Accumulated amortisation	(1 208)	(7 578)	(8 786)
<b>Opening net carrying amount as at January 1, 2015</b>	<b>175</b>	<b>678</b>	<b>853</b>
Amortisation	(7)	(254)	(261)
<b>Closing net carrying amount as at December 31, 2015</b>	<b>168</b>	<b>424</b>	<b>592</b>
Made up as follows:			
Cost	1 383	8 256	9 639
Accumulated amortisation	(1 215)	(7 832)	(9 047)
<b>Net carrying amount</b>	<b>168</b>	<b>424</b>	<b>592</b>
<b>INTANGIBLE ASSETS</b>			
<b>2014</b>			
Cost	3 062	8 256	11 318
Accumulated amortisation	(1 145)	(6 582)	(7 727)
<b>Opening net carrying amount as at January 1, 2014</b>	<b>1 917</b>	<b>1 674</b>	<b>3 591</b>
Derecognised during the year	(1 679)	-	(1 679)
Amortisation	(63)	(996)	(1 059)
<b>Closing net carrying amount as at December 31, 2014</b>	<b>175</b>	<b>678</b>	<b>853</b>
Made up as follows:			
Cost	1 383	8 256	9 639
Accumulated amortisation	(1 208)	(7 578)	(8 786)
<b>Net carrying amount</b>	<b>175</b>	<b>678</b>	<b>853</b>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 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. (2014:14,17%) 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, 2015 the remaining amortisation period is 14,5 years.

4. INVESTMENTS	2015 R'000	2014 R'000
<i>At cost</i>		
Listed shares at cost	126 638	97 079
Bonds, annuities and unit trusts	133 807	135 047
Foreign investments	59 977	58 758
	<u>320 422</u>	<u>290 884</u>
<i>At fair value</i>		
Market value of listed shares	193 945	179 795
Market value of bonds, annuities and unit trusts	174 805	178 566
Market value of foreign investments	110 272	81 551
	<u>479 022</u>	<u>439 912</u>

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

There were no impairment provisions on available-for-sale financial assets during 2015 or 2014.

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

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

## 5. TAXATION

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 R'000	2014 R'000
<b>6. NON-CURRENT RECEIVABLES</b>		
<i><b>Student loans</b></i>		
Nominal value	63 970	65 198
Adjustment due to initial recognition and impairment	(42 412)	(42 174)
Carrying value	<b>21 558</b>	<b>23 024</b>
Opening balance	<b>23 024</b>	19 072
New loans issued	-	21 027
Fair value adjustments on new loans issued	-	(12 376)
Interest	2 102	2 244
Payments	(1 238)	(1 081)
Experience adjustments	(2 330)	(5 862)
Closing balance	<b>21 558</b>	<b>23 024</b>

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

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

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

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

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

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

The discount rate used relative to the year in which the loan is issued, ranges between 7.71% and 8.12%. It is a risk free rate based on market yields at 1 April each year to discount each tranche of new loans issued. No additional premium has been added to the discount rate for profit or as compensation for bearing risk.

Prior to 2012, this rate has been determined using the yield for 10-plus government bonds as quoted in the SA Reserve Bank quarterly report. Loans issued after 2012 are discounted using an equivalent flat yield determined from the Bond Exchange of South Africa's Zero-Coupon yield curve at the issue date of the loans.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

7. INVENTORIES	2015 R'000	2014 R'000
Consumables	2 256	2 016

Inventories include stationery, technical inventories and study materials. There were no write-downs of inventories during the year (2014: Rnil).

## 8. RECEIVABLES AND PREPAYMENTS

	2015 R'000	2014 R'000
Student debtors	457 494	387 391
Less: Provision for impairment	(291 056)	(250 945)
	166 438	136 446
NSFAS receivable	518	23 266
Staff debtors	186	44
Other receivables	42 959	17 243
Deposits	1 464	1 464
TENET receivable	70	1 672
Prepayments	3 191	2 297
	214 826	182 432

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

All NSFAS debtors at year-end are past due but are not impaired. The amounts past due are not considered impaired as NSFAS is a government organisation that pays the University based on valid claims made by the student. NSFAS pays the University based on claims within 12 months or less thus all amounts raised are based on valid claims approved by NSFAS. There has been no default history with NSFAS.

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

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

	2015 R'000	2014 R'000
At beginning of the year	250 945	227 124
Raised during the year	40 598	27 098
Utilised during the year	(487)	(3 277)
At end of the year	291 056	250 945

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

**8. RECEIVABLES AND PREPAYMENTS** (continued)***Loan receivable from TENET***

The loan receivable from TENET is carried at amortised cost using the effective interest rate method, less impairment, and has the following terms:

- The effective interest rate is 14.17% p.a. (2014: 14.17% p.a.)
- In terms of the TENET agreement, the loan receivable is recoverable in the following ways:
  - Cash and
  - Deduction of amounts owing by the University for Internet Services provided by TENET.

**9. CASH AND CASH EQUIVALENTS**

	2015 R '000	2014 R '000
Cash at bank and on hand	23 343	41 590
Short term deposits	945 018	789 291
	968 361	830 881

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.

**10. BORROWINGS**

	2015 R'000	2014 R'000
<b>Non-current borrowings</b>	46 141	37 107
State Guaranteed Loans	4 965	5 590
ABSA – Finance Lease	4 917	7 731
Development Bank of Southern Africa	36 259	23 786
<b>Current portion of borrowings</b>	16 775	6 687
Current portion of interest bearing borrowings	6 775	5 830
Current portion of non-interest bearing borrowings	10 000	857
<b>Total borrowings</b>	62 916	43 794

Name of entity	<i>Fixed interest rate %</i>	<i>Maturity</i>
State Guaranteed Loans	9.8 – 13.45	1 July 2022
Development Bank of Southern Africa - Loan 1	5.0	31 March 2023
Development Bank of Southern Africa - Loan 2	8.7	31 March 2023
Development Bank of Southern Africa - Loan 3	10.14- 12.14	31 December 2029
ABSA	7.56	31 July 2018
Tenent	14.17	30 June 2014

**State Guaranteed and Development Bank of Southern Africa loans**

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

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 10. BORROWINGS (continued)

### ABSA loan

The ABSA loan is an unsecured loan for the amount of R13 705 377 to purchase a computer network system. The interest rate is fixed at 7.56% per annum with monthly instalments of R275 334 for a period of 5 years. The ownership of the computer network system will transfer to DUT upon the final instalment paid. The amount outstanding is secured against the carrying amount of the computer equipment as detailed in Note 2 and 25.3.

## 11. RETIREMENT BENEFIT OBLIGATIONS

Statement of financial position obligations for:

	2015 R'000	2014 R'000
- Pension benefits	14 487	72 955
- Post employment medical benefits	159 847	152 982
	<u>174 334</u>	<u>225 937</u>

### 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 178 active members and is funded. The entire defined benefit obligation relates to active members and is essentially a contribution based plan with a guarantee that takes into account final salaries.

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

#### Exposure to actuarial risks

The defined benefit fund exposes the University to the risk that the benefits guaranteed in the fund cost more than the accumulated assets set aside to meet such benefits, 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. 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.

**11. RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

*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.

*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 2017 are as follows:

Year ending 31 December 2017 – R 10 830 000  
Year ending 31 December 2018 – R 22 515 000  
Year ending 31 December 2019 – R 17 515 000  
Year ending 31 December 2020 – R 16 795 000

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

11. RETIREMENT BENEFIT OBLIGATIONS (continued)	2015 R'000	2014 R'000
11.1 Pension obligations - National Tertiary Retirement Fund ("NTRF") (continued)		
Defined pension benefits	14 487	72 955
Made up as follows:		
Defined benefit obligation	119 241	170 326
Plan assets at fair value	(104 754)	(97 371)
	14 487	72 955
Unrecognised past service cost	-	-
Unrecognised net (gain)/loss	-	-
Net liability	14 487	72 955
The movement in the <b>net</b> defined benefit obligation over the year is as follows:		
At beginning of year	72 955	79 168
Interest costs	13 399	12 742
Service costs	4 355	4 850
Contributions by plan participants	(10 146)	(11 370)
Actuarial gain	(58 384)	(5 724)
Expected return on plan assets	(7 692)	(6 711)
At end of year	14 487	72 955
The amounts recognised in the Statement of Comprehensive Income are as follows:		
Interest and service costs	17 754	17 592
Expected return on plan assets	(7 692)	(6 711)
Total, included in Personnel (Staff costs)	10 062	10 881
The amounts recognised in Other Comprehensive Income are as follows:		
Net actuarial gains recognised during the year	(58 384)	(5 724)
The principal actuarial assumptions used were as follows:		
Discount rate	9.80%	7.90%
Inflation rate	7.40%	5.60%
Expected return on plan assets		
- For income statement pension expense	9.80%	7.90%
- For member's share	9.80%	7.90%
Future salary increases	8.40%	6.60%
Future pension increases	4.07%	3.08%
Average retirement age	63	63



**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015**
**11. RETIREMENT BENEFIT OBLIGATIONS** (continued)

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

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

	<i>2015 R'000</i>	<i>2014 R'000</i>
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	(54 900)	(75 656)
The effect of a 1% decrease in the discount rate is as follows:		
Effect on the obligation	85 688	98 191
The effect of a 1% increase in the inflation rate is as follows:		
Effect on the obligation	59 351	67 932
The effect of a 1% decrease in the inflation rate is as follows:		
Effect on the obligation	(43 039)	(57 901)
The effect of a 1% increase in the pension increase rate of the defined benefit obligation:	51 482	58 271
The effect of a 1% decrease in the pension increase rate of the defined benefit obligation:	(38 998)	(49 471)
The effect of an expected retirement age of 65 years, as opposed to 61 years, on the defined benefit obligation:	(28 366)	(34 598)
The movement in the defined benefit obligation for the year is as follows:		
Beginning of the year	170 326	166 318
Service cost	4 355	4 850
Interest cost	13 399	12 742
Actuarial gain	(58 693)	(2 214)
Top-ups allocated	(10 146)	(11 370)
End of the year	<u>119 241</u>	<u>170 326</u>

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

<b>11. RETIREMENT BENEFIT OBLIGATIONS</b> (continued)	<i>2015</i>	<i>2014</i>
	<i>R'000</i>	<i>R'000</i>

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

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

Beginning of the year	97 371	87 150
Expected return on plan assets	7 692	6 711
Employee contribution	10 146	11 370
Top-ups allocated	(10 146)	(11 370)
Actuarial gain	(309)	3 510
	<hr/>	<hr/>
End of the year	104 754	97 371
	<hr/>	<hr/>
Actual return on plan assets	8%	12%

Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined benefit contribution plan in 2016 approximates R19 586 000.

## 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 152 in-service members and 175 continuation members.

	<i>2015</i>	<i>2014</i>
	<i>R'000</i>	<i>R'000</i>
Post-retirement medical aid benefit obligation by member category:		
In service members	76 708	70 754
Continuation members	83 139	82 228
	<hr/>	<hr/>
Total	159 847	152 982

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 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:

#### *Investment risk*

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

#### *Inflation and health care cost inflation*

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

#### *Longevity risk*

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

#### *Measurement risk*

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

#### *Regulatory risk*

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

	2015 R'000	2014 R'000
Defined post-retirement medical aid benefits	159 847	152 982
Made up as follows:		
Defined benefit obligation	159 847	152 982
Plan assets at fair value	-	-
	159 847	152 982
Unrecognised past service cost	-	-
Unrecognised net (gain)/loss	-	-
Net liability	159 847	152 982

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

<b>11. RETIREMENT BENEFIT OBLIGATIONS</b> (continued)	<i>2015</i>	<i>2014</i>
	<i>R'000</i>	<i>R'000</i>

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

Movement in the defined benefit obligation is as follows:

At beginning of year	152 982	138 735
Current service cost	2 747	2 797
Interest cost	12 565	11 967
Actuarial (gain)/loss	(1 993)	5 328
Benefits paid	(6 454)	(5 845)
At end of year	<u>159 847</u>	<u>152 982</u>

The amounts recognised in the Statement of Comprehensive Income are as follows:

Current service cost	2 747	2 797
Interest cost	<u>12 565</u>	<u>11 967</u>
Total, included in Personnel (Staff costs)	<u>15 312</u>	<u>14 764</u>

The amounts recognised in Other Comprehensive Income are as follows:

Net actuarial (gain)/loss recognised during the year	<u>(1 993)</u>	<u>5 328</u>
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The principal assumptions used are as follows:

Discount rate	10.11%	8.39%
Medical inflation	9.02%	7.56%
Average retirement age	60 years	60 years

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

Sensitivity Analysis on the defined benefit obligation:

<b>Assumptions</b>	<b>Increase/ Decrease</b>	<i>2015</i> <i>R'000</i>	<i>2014</i> <i>R'000</i>
Health care inflation	1%	21 786	21 190
	-1%	(18 067)	(17 544)
Discount rate	1%	(18 095)	(17 902)
	-1%	22 173	22 041
Post-retirement mortality	-1 year	(6 128)	(5 937)
Average retirement age	-1 year	2 660	4 143

Based on present assumptions, the actuaries best estimate of the University's expected contribution to the defined benefit medical aid plan in 2016 approximates R6 915 180.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 12. EMPLOYEE BENEFIT LIABILITIES

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.

	2015 R'000	2014 R'000
Defined accumulated leave pay fund	682	809
<i>Made up as follows:</i>		
Defined benefit obligation	682	809
Plan assets at fair value	-	-
	682	809
Unrecognised past service cost	-	-
Unrecognised net (gain)/loss	-	-
Net liability at year end	682	809
Current portion of defined accumulated leave pay (disclosed under Note 15: Provisions)	(682)	(809)
	-	-
Movement in the defined benefit obligation is as follows:		
Beginning of the year	809	824
Interest cost	79	64
Actuarial gain	(206)	(39)
Benefits paid	-	(40)
End of the year	682	809
The amounts recognised in the Statements of Comprehensive Income are as follows:		
Interest cost	79	64
Total, included in Personnel (Staff costs)	79	64

The principle assumptions used are as follows:

Discount rate	8.25%	8.25%
Inflation rate	5.50%	5.50%
Salary increase	6.50%	6.50%

Assumptions regarding future mortality are based on advice, published statistics and experience. No actuarial valuation was carried out in 2015 as the key assumptions used in 2011 were not expected to be significantly different.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

13. DEFERRED TAX	2015 R'000	2014 R'000
Deferred tax asset	952	-
Deferred tax liabilities	(2 976)	(1 592)
	<u>(2 024)</u>	<u>(1 592)</u>

2015	Balance 31/12/2014 R'000	Charged through surplus or deficit R'000	Balance 31/12/2015 R'000
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The balance of the deferred tax is made up as follows:

Property, plant and equipment	(1 568)	(1 400)	(2 968)
Rent expense accrual	(24)	16	(8)
Assessed losses	-	952	952
	<u>(1 592)</u>	<u>(432)</u>	<u>(2 024)</u>

2014	Balance 31/12/2013 R'000	Charged through surplus or deficit R'000	Balance 31/12/2014 R'000
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The balance of the deferred tax is made up as follows:

Property, plant and equipment	(44)	(1 524)	(1 568)
Rent expense accrual	(24)	-	(24)
Assessed losses	311	(311)	-
	<u>243</u>	<u>(1 835)</u>	<u>(1 592)</u>

14. TRADE AND OTHER PAYABLES	2015 R'000	2014 R'000
Trade payables (including accruals)	131 300	122 181
Student deposits	669	533
Other payables	18 435	16 861
Total	<u>150 404</u>	<u>139 575</u>

Terms and conditions of the above financial liabilities:

- Trade and other payables are non-interest bearing
- Trade payables are normally settled on 30 day terms
- Other payables includes an accrual for employee bonuses of R18,12 million (2014: R16,6 million).

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015**

	2015 R'000	2014 R'000
<b>15. PROVISIONS</b>		
Made up as follows:		
Current portion of defined accumulated leave pay fund	682	809
Value added taxation	-	4 750
Vacation leave pay	34 551	33 183
	<u>35 233</u>	<u>38 742</u>
Movement in provision for defined accumulated leave pay and vacation leave pay is as follows:		
At beginning of the year	33 992	22 499
Raised during the year	2 924	14 815
Utilised during the year	(1 683)	(3 322)
At end of the year	<u>35 233</u>	<u>33 992</u>
The provision for vacation leave pay represents the potential liability for leave days accrued and not utilised by staff members at year-end. The current portion of the provision for vacation leave represents the estimated amount of the capped benefit to be utilised by employees during the next 6 months.		
Movement in provision for VAT is as follows:		
At beginning of the year	4 750	5 457
Raised during the year	-	1 449
Utilised during the year	(4 255)	(2 157)
Reversed during the year	(495)	-
At end of the year	<u>-</u>	<u>4 750</u>

The provision for value added taxation arose from the University's non-compliance with the Value Added Taxation Act. The University did not pay value added taxation on its imported services. Management has provided for the best estimate in the prior year of the amount that would be payable to the South African Revenue Services inclusive of penalties and interest. Refer to Accounting Policies 1.5 Significant judgements, estimates and assumptions.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

16. DEFERRED GRANTS	2015 R'000	2014 R'000
Research grant	69 940	53 671
Clinical training grant	15 883	11 770
Contract grant	22 171	16 100
Foundation grant	11 460	7 908
Infrastructure grant	515 220	365 120
Other grants	12 973	19 953
Private grant	39 240	33 256
NGAP	11 211	-
Teacher development grant	8 591	18 374
Research and development grant	11 166	13 222
Education development unit project	3 953	899
Total of deferred grants	<u>721 808</u>	<u>540 273</u>
Current portion	13 650	8 354
Non-current portion	<u>708 158</u>	<u>531 919</u>
	<u>721 808</u>	<u>540 273</u>
<b>Reconciliation of the movement for the year:</b>		
Opening balance	540 273	499 322
New grants received	195 185	49 305
Released to surplus or deficit	(13 650)	(8 354)
Closing balance	<u>721 808</u>	<u>540 273</u>

Deferred grants include an amount of R 350, 809 million (2014: R 213,161 million) relating to assets constructed or purchased of which will be amortised over the remaining useful life of the related asset.

17. INVESTMENT INCOME	2015 R'000	2014 R'000
<b>17.1 Investment income</b>		
Recurrent investment income	73 819	53 984
- Income from investments	6 648	6 525
- Interest received - call accounts and short term deposits	52 232	38 370
- Interest received - other	7 910	2 958
- Dividends received	7 029	6 131
Non-recurrent investment income	<u>2 677</u>	<u>1 930</u>
Total investment income	<u>76 496</u>	<u>55 914</u>
<b>17.2 Realised cumulative net fair value gains and losses from the disposal of investments</b>		
- fair value gain on disposal	20 299	36 047
- fair value loss on disposal	(4 580)	(379)
	<u>15 719</u>	<u>35 668</u>

Realised cumulative net fair value gains from the disposal of investments are recognised in "other income" in the Statement of Other Comprehensive Income.

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015**

	2015 R'000	2014 R'000
<b>18. PERSONNEL (staff costs)</b>		
Recurrent staff costs	838 878	783 555
Academic professional	438 362	406 052
Other personnel	351 041	332 941
Sub-total	789 403	738 993
Outsourced services (security and cleaning)	49 475	44 562
Non-recurrent staff costs	29 698	21 916
Total staff costs	868 576	805 471
The following expense is included in the personnel costs:		
- Defined Benefit Plan	2 912	3 110
Average number of employees employed during the year:		
- Academic	600	606
- Non academic	780	778
Total	1 380	1 384
<b>19. OTHER OPERATING EXPENSES</b>		
The following have been charged in arriving at other current operating expenses:		
Supplies and services	242 260	220 267
Movement in the bad debts provision	40 598	29 015
Repairs and maintenance	48 602	38 249
Included in supplies and services are the following expenses:		
- Auditors' remuneration	2 412	2 607
- Fees paid to internal auditors	1 682	1 709
- Fees paid to forensic auditors	106	215
- Operating lease expenses( Includes student houses)	75 403	71 207
<b>20. FINANCE COSTS</b>		
Interest bearing borrowings	3 263	3 824
<b>21. OTHER INCOME</b>		
The following have been received in arriving at other income:		
State grants	68 638	48 273
Private gifts and grants	4 090	1 746
Gain on disposal of investments	15 719	35 668
Income from contracts	22 284	21 746

**22. RISK MANAGEMENT**

The University's principle financial instruments comprise available-for-sale investments, receivables, cash, short-term deposits, borrowings and trade and other payables.

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

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

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

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.

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

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

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

*Price risk*

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

At December 31, 2015, if the JSE index increased/decreased by 10% with all other variables held constant and all the University's equity instruments moved according to the historical correlation with the index, funds would have been R19 394 500 (2014: R17 979 503) higher or lower.

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The University is not exposed to cash flow interest rate risk on borrowings as the majority of their borrowings have fixed interest rates. The University and its subsidiaries are not exposed to cash flow interest rate risk on funds on call as the rate of interest was fixed on these investments at the year end.

As at December 31, 2015, 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 R 9 450 180 (2014: R7 869 063) higher/lower as a result of higher/lower interest income.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 22. RISK MANAGEMENT (Continued)

### 22.1 Market risk (Continued)

#### *Interest rate risk (Continued)*

The University has a number of receivables (i.e. student fees) where interest rates charged are at a fixed rate of 2% per month. The amounts of interest owed by staff are negligible.

The University holds a substantial amount of interest bearing investments and interest earning bank deposits. Interest risks relating to the University's investments are managed and monitored by the Investment Committee and management in the same manner as outlined above.

The following tables demonstrate the sensitivity of the University's financial assets and financial liabilities that are subject to interest rate risk to a reasonable possible change in interest rates, with all other variables held constant.

#### Interest rate changes on basis points (BP)

Impact of interest changes on funds employed in R' millions					
-200BP	-100BP	-50BP	50BP	100BP	200BP

#### December 31, 2015

Local capital market interest bearing Investments

(3.50)	(1.75)	(0.87)	0.87	1.75	3.50
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#### December 31, 2014

Local capital market interest bearing Investments

(3.57)	(1.79)	(0.89)	0.89	1.79	3.57
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#### Interest rate changes in basis points (BP)

Impact of interest changes on net surplus in R' millions					
-200BP	-100BP	-50BP	50BP	100BP	200BP

#### December 31, 2015

Money market and call deposits  
Cash and cash equivalents

(18.90)	(9.45)	(4.73)	4.73	9.45	18.90
(0.47)	(0.23)	(0.12)	0.12	0.23	0.47

#### December 31, 2014

Money market and call deposits  
Cash and cash equivalents

(15.74)	(7.87)	(3.93)	3.93	7.87	15.74
(0.79)	(0.40)	(0.20)	0.20	0.40	0.79

#### *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The University enters into foreign currency transactions sporadically through the period however its exposure to foreign currency risk is negligible.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 22. RISK MANAGEMENT (continued)

### 22.2 Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Potential concentrations of credit risk consist mainly of short-term cash, cash equivalent investments, trade receivables and other receivables.

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.

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.

The collection of student loans is administrated by the National Students Financial Aid Scheme ("NSFAS").

#### *Credit quality of financial assets*

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	2015 R'000	2014 R'000
<i>Receivables</i>		
Counterparties without external credit rating:		
Group 1 – NSFAS	518	23 266
Group 2 - Student loans	21 558	23 024
Group 3 - Student fees	166 438	136 446
Group 4 – TENET	70	1 672
Total receivables	188 584	184 408
Group 1 - Amounts outstanding in respect of NSFAS, high credit quality		
Group 2 - Student loans, moderate credit quality		
Group 3 - Existing student accounts, moderate credit quality		
Group 4 - Tenet loan receivable, high credit quality		
	2015 R '000	2014 R '000
Cash at bank and short term deposits	968 361	830 881

All cash and short-term deposits are held with major banks in South Africa.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 22. RISK MANAGEMENT (continued)

### 22.3 Liquidity risk

Liquidity is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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 banker, Standard Bank:

- Credit card facility of R0,12 million (2014: R0,12 million)
- Performance guarantees of R4,149 million (2014: R4,149 million)
- Trading and vehicle finance facility of R10,403 million (2014: R2 million)

#### *Contractual maturity profile*

The table below summarises the maturity profile of the University's non-derivative financial liabilities, based on contractual undiscounted payments:

	<i>Less than 3 months R'000</i>	<i>3 to 12 Months R'000</i>	<i>1 to 5 years R'000</i>	<i>Greater than 5 years R'000</i>	<i>Total R'000</i>
<i>At December 31, 2015</i>					
Borrowings	10 000	20 468	73 845	118 893	223 206
Trade and other payables	-	150 404	-	-	150 404
<i>At December 31, 2014</i>					
Borrowings	-	17 247	77 167*	136 039*	230 453
Trade and other payables	-	139 575	-	-	139 575

\* This amount includes the amount that will be drawn against currently undrawn loan facilities.

**22. RISK MANAGEMENT** (continued)**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.

Management have assessed that cash, short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Where necessary, student loans and trade receivable are discounted to approximate their fair value on initial recognition.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate borrowings are evaluated by the University based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project (where applicable). Fair values of the University's interest-bearing borrowings and loans are determined by using discounted cash flows method using a discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 December 2015 was assessed to be insignificant. As at year end, the carrying amounts of such borrowings were not materially different from their calculated fair values. This is mainly supported by the fact that these financial instruments are similar to instruments in the public tertiary education sector.

The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

The fair value of financial instruments traded in active markets (such as available for sale quoted equity securities, quoted bonds and unit trusts) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the University is the current bid price at year-end.

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015**
**22. RISK MANAGEMENT (continued)**
**22.4 Fair value estimation (continued)**
*Fair value hierarchy*

The University uses the following hierarchy for determining and disclosing the fair value of financial instruments:

- Level 1 Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2 Other techniques for which all inputs which have a significant effect on the recorded fair values are observable, either directly or indirectly.
- Level 3 Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

**As at December 31, the following financial assets are measured at fair value:**

	<i>Level 1 R'000</i>	<i>Level 2 R'000</i>	<i>Level 3 R'000</i>	<i>Total R'000</i>
<b>Non-current investments</b>				
2015	<u>479 022</u>	<u>-</u>	<u>-</u>	<u>479 022</u>
2014	<u>439 912</u>	<u>-</u>	<u>-</u>	<u>439 912</u>

**Financial assets for which fair values are disclosed:**
**Student Loans**

2015	<u>-</u>	<u>-</u>	<u>21 558</u>	<u>21 558</u>
2014	<u>-</u>	<u>-</u>	<u>23 024</u>	<u>23 024</u>

**Financial liabilities for which fair values are disclosed:**
**Fixed interest-bearings borrowings**

2015	<u>-</u>	<u>-</u>	<u>62 916</u>	<u>62 916</u>
2014	<u>-</u>	<u>-</u>	<u>43 794</u>	<u>43 794</u>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 22. RISK MANAGEMENT (continued)

### 22.4 Fair value estimation (continued)

<i>Financial assets by category</i>	<i>Loans and receivables R'000</i>	<i>Available for sale R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>
<b>DECEMBER 31, 2015</b>				
<b>Financial assets</b>				
Investments	-	479 022	479 022	479 022
Receivables – current	211 635	-	211 635	211 635
Receivables - non-current	21 558	-	21 558	21 558
Cash and cash equivalents	968 361	-	968 361	968 361
<b>Total</b>	<b>1 201 554</b>	<b>479 022</b>	<b>1 680 576</b>	<b>1 680 576</b>
<b>December 31, 2014</b>				
<b>Financial assets</b>				
Investments	-	439 912	439 912	439 912
Receivables - current	180 135	-	180 135	180 135
Receivables - non-current	23 024	-	23 024	23 024
Cash and cash equivalents	830 881	-	830 881	830 881
<b>Total</b>	<b>1 034 040</b>	<b>439 912</b>	<b>1 473 952</b>	<b>1 473 952</b>
<i>Financial liabilities by category</i>	<i>Amortised Cost R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>	
<b>DECEMBER 31, 2015</b>				
<b>Financial liabilities</b>				
Borrowings	62 916	62 916	62 916	
Trade and other payables	150 404	150 404	150 404	
<b>Total</b>	<b>213 320</b>	<b>213 320</b>	<b>213 320</b>	
<b>December 31, 2014</b>				
<b>Financial liabilities</b>				
Borrowings	43 794	43 794	43 794	
Trade and other payables	139 575	139 575	139 575	
<b>Total</b>	<b>183 369</b>	<b>183 369</b>	<b>183 369</b>	

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 22. RISK MANAGEMENT (continued)

### 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

	2015 R '000	2014 R '000
23.1 <i>Guarantees issued by the University's bankers:</i>		
City treasurer	39	39
SA Post Office Limited	120	120
Ethekewini Municipality	25	25
Msunduzi Municipality	42	42
Eskom Holdings Limited	377	377
	<u>603</u>	<u>603</u>

### 23.2 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.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 24. Associated Institutions Pension Fund ("AIPF")

78 employees (2014: 86) 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

2015  
R'000

2014  
R'000

### 25.1 Capital commitments

Capital expenditure contracted for at reporting date but not recognised in the financial statements is as follows:

Property, plant and equipment	142 883	153 792
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Capital expenditure contracted as at December 31, 2015 relates largely to additions and alterations to the Block 7 building (Indumiso Campus), IWWT building and lift block & paraplegic ablutions to Tromso Building, D Block(ML Sultan Campus) and the new student village.

### 25.2 Operating lease commitments

The future minimum lease payments under operating leases are as follows:

Not later than 1 year	69 322	60 310
Later than 1 year and not later than 5 years	5 619	50 656
	<u>74 941</u>	<u>110 966</u>

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 (2014: 1 to 3 years) with an average escalation clause linked to the Consumer Price Index ("CPI"), (2014: CPI).

The average lease term for equipment is 5 years (2014: 5 years) with no escalation clause.

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2015**

	<i>2015</i> <i>R'000</i>	<i>2014</i> <i>R'000</i>
<b>25. COMMITMENTS</b> (continued)		
<b>25.3 Finance lease commitments</b>		
The future minimum lease payments under finance leases are as follows:		
Not later than 1 year	3 304	3 304
Later than 1 year and not later than 5 years	5 231	8 535
Total minimum lease payments	8 535	11 839
Less finance charge	(804)	(2 378)
Present value of minimum lease payments	7 731	9 461
Not later than 1 year	2 814	2 612
Later than 1 year and not later than 5 years	4 917	7 731
	7 731	10 343
Non-current liability	4 917	7 731
Current liability	2 814	2 612
	7 731	10 343

Refer to Note 2 for information on the finance lease terms.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 R '000	2014 R '000
<b>26. CASH GENERATED FROM OPERATIONS</b>		
<b>Reconciliation of net surplus before taxation to cash generated from operations:</b>		
Net surplus for the year before tax	143 770	110 104
Adjustments for:		
(Decrease)/Increase in retirement benefit obligations	(51 603)	8 034
(Decrease)/Increase in provisions	(3 509)	10 786
Depreciation and amortisation	48 043	43 712
Loss on disposal of property, plant and equipment	188	5 363
Realised fair value gain on disposal of investments	(15 719)	(35 668)
Investment income	(76 496)	(55 914)
Finance cost	3 263	3 824
Increase /(Decrease) in long term cash	18 233	(6 172)
Prescribed debtors	(5 897)	(5 784)
Operating surplus before working capital changes	60 273	78 285
Changes in working capital	167 093	24 521
(Increase) in Receivables and prepayments	(25 031)	(40 846)
Decrease/(Increase) in Inventories	(240)	169
Increase in Government grants	181 535	40 951
Increase Accounts payable and accruals	10 829	24 247
	<u>227 366</u>	<u>102 806</u>



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 27. SENIOR MANAGEMENT COMPENSATION

The following disclosures relates to compensation paid to executive staff. Remuneration is based on the cost of employment to the University. These members of executive staff are considered to be key management personnel of the University.

### Gross remuneration – 2015

DETAILS	OFFICE HELD	BASIC SALARY	EMPLOYMENT BENEFITS	OTHER ALLOWANCES	TOTAL COST
		R	R	R	R
<b>EXECUTIVE MANAGEMENT:</b>					
Prof A Bawa	Vice Chancellor	2 020 804	350 321	125 400	2 496 525
Prof N S Gwele	Deputy Vice Chancellor - Academic	2 062 752	228 570	17 400	2 308 722
		<b>4 083 556</b>	<b>578 891</b>	<b>142 800</b>	<b>4 805 247</b>
<b>EXECUTIVE DEANS:</b>					
Prof T N Andrew	Executive Dean - Faculty of Engineering & Built Environment	1 413 396	418 499	86 400	1 918 295
Prof T Nepal *	Executive Dean - Faculty of Accounting & Informatics	1 502 856	472 142	27 600	2 002 598
Prof T Puckree	Executive Dean - Faculty of Health Sciences	1 102 620	304 541	27 600	1 434 761
Prof S Singh	Executive Dean - Faculty of Applied Sciences	1 042 332	324 035	27 600	1 393 967
Dr. R Balkaran	Executive Dean - Faculty of Management Sciences (Acting)	1 001 244	353 185	27 600	1 382 029
Dr R A Smith**	Executive Dean - Faculty of Arts & Design (Acting)	930 210	262 796	27 600	1 220 606
		<b>6 992 658</b>	<b>2 135 198</b>	<b>224 400</b>	<b>9 352 256</b>
<b>GRAND TOTAL</b>		<b>11 076 214</b>	<b>2 714 089</b>	<b>367 200</b>	<b>14 157 503</b>

#### NOTES:

\* Salary annualised. Retired in February 2015.

\*\* Salary annualised. Appointed 1 December 2015.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 27. SENIOR MANAGEMENT COMPENSATION (continued)

### Gross remuneration – 2014

DETAILS	OFFICE HELD	BASIC SALARY	EMPLOYMENT BENEFITS	OTHER ALLOWANCES	TOTAL COST
		R	R	R	R
<b>EXECUTIVE MANAGEMENT:</b>					
Prof A Bawa	Vice Chancellor	1 966 224	335 232	130 900	2 432 356
Prof N S Gwele	Deputy Vice Chancellor - Academic	1 837 632	199 346	22 900	2 059 878
Prof FAO Otieno*	Deputy Vice Chancellor - TIP	1 602 792	425 188	106 900	2 134 880
		<b>5 406 648</b>	<b>959 766</b>	<b>260 700</b>	<b>6 627 114</b>
<b>EXECUTIVE DEANS:</b>					
Prof T N Andrew	Executive Dean - Faculty of Engineering & Built Environment	1 305 252	380 884	98 649	1 784 785
Prof T Nepal	Executive Dean - Faculty of Accounting & Informatics	1 380 084	366 001	31 900	1 777 985
Prof T Puckree	Executive Dean - Faculty of Health Sciences	982 956	267 310	31 900	1 282 166
Prof S Singh **	Executive Dean - Faculty of Applied Sciences	928 956	285 306	31 900	1 246 162
Dr. R Balkaran	Executive Dean - Faculty of Management Sciences (Acting)	449 144	197 101	458 536	1 104 781
Dr R A Smith	Executive Dean - Faculty of Arts & Design (Acting)	444 816	150 913	440 990	1 036 719
		<b>5 491 208</b>	<b>1 647 515</b>	<b>1 093 875</b>	<b>8 232 598</b>
<b>GRAND TOTAL</b>		<b>10 897 856</b>	<b>2 607 281</b>	<b>1 354 575</b>	<b>14 859 712</b>

#### NOTES:

\* Leave without pay (1 Feb '14 - 31 Dec'14), salary annualised.

\*\* Appointed from 1 Feb 2014, salary annualised.

# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2015

## 28. COUNCIL COMMITTEE COMPENSATION

Payments for attendance at meetings of the Council and its committees

2015

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
Chair of Council	1	12 000	-
Chairs of Committees	3	34 000	13 388
Members of Council	19	91 250	7 413
<b>Members of Committees</b>	<b>23</b>	<b>137 250</b>	<b>20 801</b>

2014

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
Chair of Council	1	12 000	-
Chairs of Committees	3	33 000	20 072
Members of Council	14	96 500	5 145
<b>Members of Committees</b>	<b>18</b>	<b>141 500</b>	<b>25 217</b>

## 29. RECLASSIFICATIONS

Immaterial reclassifications have been made to comparative amounts to achieve fairer presentation.

## 30. 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.

## 31. RELATED PARTIES

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.

# ACKNOWLEDGEMENTS

**THIS REPORT WAS COMPILED BY THE DIVISION OF CORPORATE AFFAIRS  
AND THE PLANNING OFFICE OF THE DURBAN UNIVERSITY OF TECHNOLOGY**

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