



DURBAN UNIVERSITY OF TECHNOLOGY  
**ANNUAL REPORT 2018**





## VISION

A preferred University for developing leadership in technology and productive citizenship.

## MISSION STATEMENT

The University's mission is to excel through:

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







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# LIST OF ACRONYMS

<b>AI</b>	Artificial Intelligence
<b>AIPF</b>	Associated Institutions Pension Fund
<b>APP</b>	Annual Performance Plan
<b>BAC</b>	Bid Adjudication Committee
<b>BBBEE</b>	Broad-Based Black Economic Empowerment
<b>BEC</b>	Bid Evaluation Committee
<b>BSC</b>	Bid Specification Committee
<b>CAPEX</b>	Capital Expenditure
<b>CCPE</b>	Centre for Continuing and Professional Education
<b>CE</b>	Community Engagement
<b>CFO</b>	Chief Financial Officer
<b>CHE</b>	Council on Higher Education
<b>CI</b>	Confucius Institute
<b>COIL</b>	Collaborative Online International Learning
<b>CPUT</b>	Cape Peninsula University of Technology
<b>CSE</b>	Centre for Social Entrepreneurship
<b>DHA</b>	Department of Home Affairs
<b>DHET</b>	Department of Higher Education and Training
<b>DoL</b>	Department of Labour
<b>DUT</b>	Durban University of Technology
<b>DVC</b>	Deputy Vice-Chancellor
<b>EAPP</b>	Extended Annual Performance Plan
<b>EDHE</b>	Entrepreneurial Development in Higher Education
<b>EDTEA</b>	Department of Economic Development, Tourism and Environmental Affairs
<b>EDU</b>	Enterprise Development Unit
<b>EE</b>	Employment Equity
<b>EMC</b>	Executive Management Committee
<b>eMC</b>	eThekweni Maritime Cluster
<b>EXCO</b>	Executive Committee of Council
<b>4IR</b>	Fourth Industrial Revolution
<b>FTE</b>	Full-time Equivalent

<b>FTENs</b>	First Time Entering Students
<b>FVTOCI</b>	Fair Value Through the Statement of Other Comprehensive Income
<b>FVTPL</b>	Fair Value Through Profit and Loss
<b>FYSE</b>	First Year Student Experience
<b>GBV</b>	Gender-based Violence
<b>HEQSF</b>	Higher Education Qualifications Sub-Framework
<b>HIPs</b>	High-Impact Practices
<b>HR</b>	Human Resources
<b>HSRC</b>	Human Sciences Research Council
<b>IASB</b>	International Accounting Standards Board
<b>ICON</b>	International Centre of Nonviolence
<b>IE</b>	Innovation and Entrepreneurship
<b>IEETR</b>	Industrial Energy Efficient Training and Resource Centre
<b>IEG</b>	Infrastructure and Efficiency Grant
<b>IF</b>	Innovation Festival
<b>IFRS</b>	International Financial Reporting Standards
<b>IPET</b>	Institute of Professional Engineering Technologists
<b>IRIC</b>	Institutional Research and Innovation Committee
<b>ISEA</b>	International Symposium on Electronic Art
<b>ITSS</b>	Information Technology Support Services
<b>IWWT</b>	Institute for Water and Wastewater Technology
<b>KZN</b>	KwaZulu-Natal
<b>LMS</b>	Learning Management System
<b>MI</b>	Management Information
<b>MILES</b>	Municipal Institute for Learning
<b>MOU</b>	Memorandum of Understanding
<b>NEHAWU</b>	National Educational Health and Allied Workers Union
<b>NRF</b>	National Research Foundation
<b>NSFAS</b>	National Student Financial Aid Scheme





<b>NSSE</b>	National Survey of Student Engagement
<b>NTEU</b>	National Tertiary Education Union
<b>NTRF</b>	National Tertiary Retirement Fund
<b>PMS</b>	Performance Management System
<b>PG</b>	Postgraduate
<b>PhD</b>	Doctor of Philosophy
<b>PMU</b>	Project Management Unit
<b>PoP</b>	Point-of-Presence
<b>PPE</b>	Property, Plant and Equipment
<b>PQM</b>	Programme Qualification Mix
<b>PRMA</b>	Post-Retirement Medical Aid
<b>REMCO</b>	Remuneration Committee
<b>RIE</b>	Research, Innovation and Engagement
<b>SANEA</b>	South African National Energy Association
<b>SANReN</b>	South African National Research Network
<b>SAQA</b>	South African Qualifications Authority
<b>SARS</b>	South African Revenue Services
<b>SASSE</b>	South African Survey of Student Engagement
<b>SATN</b>	South African Technology Network

<b>SAYE</b>	Save As You Earn
<b>SET</b>	Science, Engineering and Technology
<b>SETA</b>	Sector Education and Training Authority
<b>SFAS</b>	Strategic Focus Areas
<b>SMEs</b>	Small and Micro Enterprises
<b>SRC</b>	Students' Representative Council
<b>TENET</b>	Tertiary Education and Research Network of South Africa
<b>TENUSA</b>	Tertiary Education National Union of South Africa
<b>TIA</b>	Technology Innovation Agency
<b>UCDP</b>	University Capacity Development Programme
<b>UG</b>	Undergraduate
<b>UoTs</b>	Universities of Technology
<b>UPRF</b>	University Planning and Resources Forum
<b>USAf</b>	Universities South Africa
<b>UKZN</b>	University of KwaZulu-Natal
<b>VAT</b>	Value Added Tax
<b>W&amp;R SETA</b>	Wholesale and Retail SETA
<b>WIL</b>	Work Integrated Learning







# REPORT OF THE CHAIR OF COUNCIL

*The Council of the Durban University of Technology (DUT) derives its authority from the Higher Education Act of 1997 (No. 101 of 1997), as amended. This Act provides the governance and oversight framework for Council. The Council is required to submit this report by provisions in the Act and the regulations published in terms of the Act, on 9 June 2014, Government Gazette No. 37726. This Chairperson's report, read collectively with the various subsections of this report, complies with the requirements stipulated in the above stated regulations.*

## I. Introduction

Public higher education institutions, as with private sector organisations, have to take cognisance of the observation made by Prof Mervyn E. King in his foreword to the *King IV Report on Corporate Governance for South Africa, 2016*, in respect of the “triple context” within which organisations operate, namely, the context of the economy, society and the environment.

The triple context observation points to the growing complexity of governance in South Africa, and, according to Prof King, is made against the backdrop of a heightened sense of expectations from stakeholders generally.

Higher education is no exception, as the functioning of universities continues to impact on all three of these elements, and in turn, these have a profound influence on how universities are run.

## 2. Challenges of 2018

The year under review, 2018, was an illustration of the multi-contextual nature of governing higher education, where contestations around the matter of salary increases for staff, and the redefinition of the provisioning of “free” education by former President Jacob Zuma were cases in point.

Tensions commenced early in the year around the matter of salary negotiations with employee unions, with the dispute reaching a crisis point when staff embarked on a lengthy seven-week strike over staff salaries. Council's intervention, through its Executive Committee, was inevitable given that Council determines the mandate

for salary negotiations, and further, is responsible for ensuring that sustainability of the University is maintained. I am happy to report that Council, with the support of Executive Management, made certain that the sustainability principles that we so jealously guard were not compromised in the final settlement with the staff unions. However, the entire matter served to strengthen Council's commitment to the principle of multi-year salary negotiations in the years going forward, as well as to ensuring greater dialogue with stakeholders on the need to ensure the long-term viability and sustainability of the University. The matter also brought into sharp focus the area of conflicts of interest, particularly as it relates to certain staff members serving on Council who have a dual role as Union members, and sometimes actively playing leadership roles and/or negotiating salary increases for staff. The revision of the Council Code of Conduct to strengthen provisions relating to dealing with conflicts of interest is expanded upon elsewhere in this report.

The announcement on 16 December 2017 by former President Jacob Zuma of expanding the boundaries of “free” education to households earning less than R350 000 per annum necessitated the Management of the University putting in place a number of administrative measures at the commencement of 2018. Apart from the impact on the increased demand for access into the classroom, the University also had to deal with reshaping its outlook on matters such as increased provision of student housing as well as more intense engagements with NSFAS on such issues as enrolment data and provision of allowances. Council was apprised of the various interventions that were made and those that were ongoing through regular reports of the Vice-Chancellor to the Council.





Council proactively commenced with measures to investigate the provision of sustainable student accommodation, a matter necessitated by an increase in those students qualifying for financial aid, and which is also a matter that often adds a fillip for student unrest. Council discussed the implications of the various models that were presented by Management, including the risks and advantages of raising capital for the building/acquiring of more infrastructure including student accommodation by the University itself, or through private companies wishing to venture into long-term partnerships with the DUT. The issue of whether the University had the necessary internal expertise to determine which option should be taken was discussed as well. Council agreed to engage the services of an expert through a request for proposal (RFP) process for the purposes of assessing the submissions made by interested external parties and to conduct further investigation on the matter of developing an appropriate strategy for an optimal solution to sustainable student accommodation.

Delays and inefficiencies in the provision of allowances to NSFAS recipients created student unrest in the course of the year. However, the matter was handled maturely through much engagement between management and the SRC. Having experienced many disruptions over the years emanating from NSFAS's SBux system of disbursement of allowances, the University made a decision in 2018 to request NSFAS to allow the University to process the allowances internally, and it is hoped that this measure will avert much unnecessary tensions in the years ahead.

### 3. Annual Performance Plan

Despite the several challenges that faced the University, significant progress was made in the University's mandate to provide quality education that will make an impact on the economy of our country. Led by the Vice-Chancellor and his team, significant progress was made, inter-alia, in the areas of graduate and research outputs, support to entrepreneurship education and development, community engagements and in the crucial area of recirculation and alignment with the Higher Education Qualifications Sub-Framework (HEQSF). The performance of the University, measured against the Annual Performance Plan, is detailed in the University's Performance Assessment Report and in the various subsections of the report.

### 4. Measures taken to Strengthen Council's Governance Role

I am pleased with the Council's commitment to its governance role which is underpinned by ethical and effective leadership and its inclusive approach to all stakeholders in the discharging of its obligations. Such a commitment is bolstered by periodic reviews of its performance, both internal and external, as well as reviews of its practices in respect of its governance instruments such as its committees, as well as reviewing the rapidly changing legal requirements for accountability and legitimacy in reporting and decision making.



Some of the major issues that were brought under the spotlight in 2018 regarding Council's practices are the following:

#### **4.1 Council Self-Assessment**

##### ***j) Consolidation of external evaluators' reports on the performance of Council***

Council at its meeting of 22 June 2018 agreed that the various recommendations made in reports of previous external evaluators of Council be consolidated into a single document, and that a critical self-assessment be made of Council's performance over the years. Hence, a consolidated report detailing the recommendations made by Prof N Ndebele, Prof Gourley (2013) and Prof I Mosala (2017) was presented to Council at a workshop on 14 September 2018, where a full and meaningful discussion took place. The assessment concluded that most of the recommendations of the external evaluators were being complied with by the Council. Decisions were taken to ensure that a few aspects that have not been fully implemented, such as the management of conflict of interest reported (see section 4.3 below), will soon be implemented.

##### ***ii) Institutional Scorecard***

The workshop of 14 September 2018 also included a self-assessment of the Council's performance through the DHET-initiated instrument of the Institutional Scorecard. The Executive Committee of Council, had, prior to the Council workshop, developed responses to the scorecard and these were presented at the workshop where further input was made and consensus reached on the scorecard. The scorecard is included in this report on page 45 following.

#### **4.2 Vice-Chancellor's Quarterly Reports to Council and Performance Management**

Council's oversight of the administrative and managerial role of the Vice-Chancellor is met by comprehensive reports of the Vice-Chancellor at Council meetings. Adequate opportunities are provided at Council meetings to discuss these reports. In addition, Council resuscitated a performance management system, approved in 2008, for executive and senior managers. The Vice-Chancellor's performance is managed annually through this system.

There are also ongoing consultations between the Vice-Chancellor and the Chair of Council on matters that warrant such consultation, particularly on matters of strategic importance.

#### **4.3 Oversight of Work of Other Governance Structures**

In addition to having oversight of the administrative and

managerial functions of the Vice-Chancellor through regular reports at meetings of Council, the Council invites reports from the Institutional Forum, Student Services Board as well as the Senate.

With regard to Senate matters, the following were some of the matters upon which Council specifically engaged:

##### ***Academic Freedom***

Discussions by the Senate on the concept of academic freedom spanned the course of 2018 with senators emphasising that academic freedom is a right enshrined in the South African Constitution. The 1997 White Paper, which sets the framework for higher education transformation, also includes academic freedom and institutional autonomy as founding core principles.

This culminated in Senate, at its meeting on 14 November 2018, approving a concept paper on academic freedom at the DUT, together with the composition and terms of reference of the DUT's Academic Freedom Forum.

##### ***Changes to Academic Structures***

In line with Council's responsibility as entrenched in the DUT's Statute, Council approved proposals from Senate for the restructuring of certain departments, having also been advised of financial implications by the Finance Committee of Council.

##### ***Changes to Policy***

The DUT's Assessment Policy and the Honorary Awards and Honorary Degrees Policy Procedures were reviewed by Senate, with the latter having been approved by Council.

#### **4.4 Managing Conflict of Interest**

According to the King IV Code one of the critical areas facing governing bodies is proactively managing conflicts of interest. The Higher Education Act, as amended, stipulates that universities have to institute appropriate measures for the disciplining of members of Council who contravene matters relating to declarations of interest. Hence, when Council discussed the consolidated external assessors' reports and the institutional scorecard, a significant discussion point was that of managing conflict of interest. To this end, the Executive Committee of Council has commenced with a review of the Council Code of Conduct. This is a process that will be completed in the course of 2019.

#### **4.5 Review of Institutional Statute and Rules**

Council has initiated a process for the review of the Institutional Statute and its accompanying Rules. A Task Team has been appointed comprising members of Council







and senior staff members who will undertake this review and present recommendations to the Council in the course of 2019.

**4.6 Review of Committees**

The review of the governance structures of the University commenced in 2017 with a Task Team led by the Registrar. Much work has been accomplished and the entire review will be completed in 2019.

With regard to the Council Committees, over and above a review of the terms of reference or charters, some of the significant amendments were:

- A refinement of the membership and terms of reference of the Executive Committee;
- The dissolution of the Investment Committee, previously a sub-committee of the Finance Committee in order that investment functions be

undertaken directly by the Finance Committee of Council;

- The status of the Risk Committee which has changed from that of a sub-committee of the Audit Committee to a separate Council committee.

In addition, there has been a proposal for the creation of the following new Senate Committees, and approval will take place in 2019:

- Enrolment Management and Planning Committee
- Programme Evaluation Committee
- Quality Assurance Committee

**4.7 Delegation of Authority Register**

Good governance practice has also necessitated a review of the delegation of authority register. The review commenced in the latter part of 2018, and expectations are that this will be approved by the Council in 2019.

**5. Council Awards**

As a part of the Council’s commitment to recognise the excellent work done by staff, the following awards were made in 2018:

Category	Project	Decision	Project Driver
Student Centredness Category A	OnYoCampus Social Media Campaign	Award	Mr Blessing Nematdiza, Writing Centre
Engagement Category B	Durban Opioid Substitution Therapy Demonstration Project	Award	Prof Monique Marks, Urban Futures Centre
	DUT Cato Ridge (kwaMkhizwana) Community Health Project	Award	Dr Euvette Taylor, Faculty of Health Sciences
SFA I Building Sustainable Communities of Living and Learning A	Internationalising the Dental Curriculum through COIL	Award	Dr Anisa Vahed, Faculty of Health Sciences
The Knowledge Project	Migration and inclusion in Durban	Award	Dr Kira Erwin, Urban Futures Centre
Networking the University A	Nutrition	Commendation	Dr Dudu Sokhela, Faculty of Health Sciences
	Technology for Learning	Commendation	Mr Simon Ndlovu, Centre for Excellence in Learning and Teaching
	Internationalising the Dental Curriculum through COIL	Award	Dr Anisa Vahed, Faculty of Health Sciences
Internationalising the University	Modelling compact objects in general relativity	Award	Prof Megandren Govender, Faculty of Applied Sciences

**6. Conclusion**

In conclusion I wish to pay tribute to all the members of Council who play their roles so selflessly, without financial reward. A special vote of thanks to the Vice-Chancellor and Principal of the University who plays a truly supportive role by ensuring that the Council can effectively discharge its governance responsibilities. The chairpersons and members of Council committees have

done a wonderful job in keeping the wheels of the Council moving fairly effortlessly in 2018. I thank them.

Mr NZW Madinane  
**Chairperson: Council**





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

## Introduction

The 2018 annual report of the Durban University of Technology (DUT) is presented in alignment with the University's four Strategic Focus Areas (SFAs) contained in its Strategic Plan (2015-2019), as revised. The report is sequenced in terms of these SFAs, which take into account the core business of the University and the numerous national imperatives arising out of the current policy and regulatory framework.

In 2018, we continued to implement and build on a number of transformational projects, as an extension on the milestones set in previous years. The University is committed to ensuring that transformation is approached in its broadest understanding, not only as it pertains to equity matters but also in reference to the way in which the University conducts its business, responds to its communities and its students, and how it builds relationships with government at all levels, community organisations, business and industry. To this end, we have in place a set of transformative projects that seek to spearhead our becoming a South African University, rather than simply being a University in South Africa. This is the context, also, in which DUT engages with the notion of decolonisation: we understand decolonisation to be an integral component of our broader transformation agenda, which seeks to ensure that DUT occupies its rightful space in contributing meaningfully to the national development goals. Institutionally, we are using this conceptual framework as a primary reference in our ongoing rearticulation project, our language policy, our change processes, and in everything that we do towards our becoming a truly transformed, decolonised University of Technology.

In 2017, we finalised the revision of the existing Strategic Plan by reducing the number of objectives and projects to a realistic and achievable number. This helped us to align the Performance Agreements of the Vice-Chancellor and Principal and those of the Executive Managers to our Extended Annual Performance Plan (EAPP). In this reporting year we were able to test the efficiency of

the systems and structures we had introduced in the preceding year, which included the consolidation of the planning, budgeting and risk functions through a structure called the University Planning and Resources Forum (UPRF).

It is important to acknowledge the context for institutional performance. All universities have had to grapple with the implementation of the rollout of free higher education in the aftermath of the late pronouncement that was made by the then State President in December 2017. This created confusion in the system, as evidenced by sometimes contradictory messages from the Department of Higher Education and Training (DHET) and the National Student Financial Aid Scheme (NSFAS). Student political organisations also had their own interpretations of the new policy, which were often inconsistent with the understanding and explanations provided by DHET. The change in political leadership of DHET, followed swiftly by the dissolution of the NSFAS Board following numerous functionality problems, plunged the national funding system into untold crisis. DUT welcomes the appointment of the NSFAS Administrator. We are hoping that he will enjoy the support of stakeholders as we jointly move towards an understanding of the root causes of the perennial NSFAS problems and how these can be solved.

Internally, the year started with heightened tension between Management and Council on the one hand, and Unions on the other, which resulted in the loss of seven weeks of some operations. Management had not only anticipated, but planned for this scenario as industrial relations had degenerated to the lowest level towards the end of the previous year as a result of disagreements on salary increases. The bruised and strained relations remained for the better part of the year. It is therefore, from the combined perspectives of a tumultuous national system, characterised by violent student protests on matter of funding or the insufficiency thereof, and DUT's own bruised internal relations that the performance of the University in 2018 is to be viewed.





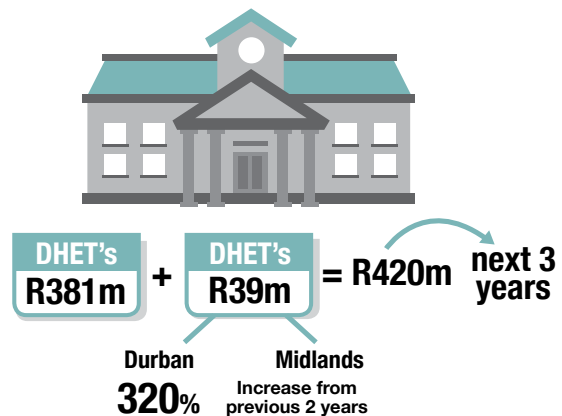
## SFA I: Sustainable Student Communities of Living and Learning

This section of the Vice-Chancellor’s report focuses largely on student services and development, and infrastructure matters. The Senate Report contains information on teaching-learning.

### Infrastructure for living and learning

One of the strategic goals of the University is to provide an environment conducive to living and learning, for our students as well as for our staff. This includes considerations of safety and security. We have prioritised safety and security through a mix of overtly physical security and the application of technology. We engaged the services of an expert company to conduct an assessment of our state of security provision and infrastructure. We will use the recommendations of this assessment to ensure that we introduce and implement critical measures to maximise the protection of our stakeholders and property.

We have set aside a sizeable sum of money for strategic infrastructure and maintenance projects, both in Durban and the Midlands, which reflects an approximately 320% increase over allocations in the previous two years. With DHET’s recent allocation of R381 million, plus R39 million expected as a contribution from the University, a total of R420 million will be available for new infrastructure projects over the next three years. Management and Council are considering further investment in infrastructure by leveraging our balance sheet. To this end, in June 2018, Council approved a multi-pronged strategy for dealing with student housing in response to growing demand. We called for partnerships with stakeholders who have capacity to provide new buildings that are compliant with DHET norms and standards, with the intention to lease, and finally buy, over a period of time. Evaluations of all bids submitted will be finalised for decision-making in 2019, with consideration of DHET’s advice that such processes would require ministerial approval.



The University completed its renovations of the Corlo Court and Stratford Residences in 2018. They are now fully compliant with DHET norms and standards. The maintenance of other DUT-owned residences is ongoing. A plan for phasing in the compliance with DHET norms and standards for University-owned residences was approved by Council in December 2018. Implementation of this plan will commence in 2019.

Other infrastructure projects completed in 2018 include the renovation of learning spaces in the Steve Biko Library basement (Durban), the Civil Engineering building, new lecture venues and library (all at the Indumiso Campus), and the completion of the Phase 2 Riverside project, which included the conversion of the Old Hall into a library, and conversion of old classrooms into a computer lab and test venue.

The design of new facilities, viz. the new Student Centre and Centre for Entrepreneurship in Durban, as well as the new Engineering building and lecture venues at the Indumiso Campus, commenced in November 2018, and conceptual designs were completed. As a feature of these new projects, 20 DUT students/interns in the Built Environment have been appointed into respective project teams and will follow these projects to completion. This will enable them to gain high-quality and necessary work integrated learning experience.





## Student Services

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

This section supports the achievement of institutional objectives in relation to teaching and learning and the institutional development plans relating thereto. It actively operates as a leader within the University to create a highly desirable and supportive student environment. Its focus is on offering quality and holistic student development and support. Such support is predicated on DUT's DNA strands of student-centeredness and engagement, and, as refined in 2017, a people-focused orientation, with students being viewed as an integral component of our community and not merely as clients or customers.

### Student Accommodation

A far-reaching and perennial problem is the provision of adequate and appropriate student accommodation. The University adopted a hybrid model that includes both University-owned residences and regulated outsourced student accommodation. Tables 1 and 2 below provide comparative statistics of students in residences between 2017 and 2018 in our Durban and Midlands Campuses, in line with key demographics:

**Table 1: Students in Residence 2018**

Indicator	Durban	Pmb	Total
1. Total beds DUT owned and leased	6 575	3 864	10 439
2. First years in residence	2 636	1 323	3 959
3. First years by gender			
Male	1 344	620	1 964
Female	1 292	703	1 995
4. All students in residence by gender			
Male	3 272	1 599	4 871
Female	3 303	2 265	5 568
5. Disabled students in residence	49	25	74

**Table 2: Students in Residence 2017**

Indicator	Durban	Pmb	Total
1. Total beds DUT owned and leased	5 051	2 727	7 778
2. First years in residence	2 127	836	2 963
3. First years by gender			
Male	1 065	342	1 407
Female	1 062	494	1 556
4. All students in residence by gender			
Male	2 546	1 106	3 652
Female	2 505	1 621	4 126
5. Disabled students in residence	39	13	52



### Female residence intake



### Disabled student intake



We increased bed capacity by 2 661, from 7 778 in 2017 to 10 439 in 2018. In 2017, we accommodated 29% of our students in DUT-owned and leased residences. This percentage increased by 7% in 2018, to 33%. The first-year intake in our residences remains constant at 38% (of enrolment- rounded off) in 2018, despite a huge increase in actual number of beds provided. The female residence intake stabilised at 53% for both 2017 and 2018. We have also registered increases in the intake of students with disability in both our Durban and Midlands Campus residences, from a total of 52 in 2017 to 74 in 2018.

## Student Leadership Development

The Student Representative Council (SRC) undertook its annual tour as part of its development programme. This is an add-on to the induction that each newly-elected leadership receives after being elected into office. Different delegations from the 2017-2018 and 2018-2019 SRC members also participated in various conferences in South Africa and abroad in which they were exposed to a number of leadership programmes.

The Student Parliament was established in July 2018 to give effect to the democratisation of student voices on important work done at and by the University. The Student Parliament also provides a platform to which the SRC is required to account outside of mass meetings. There is more work to be done to ensure that the work of this structure aligns smoothly with that of the SRC. Numerous workshops and team building sessions were held for House Committees in order to improve efficiency of the work they do as an important student leadership structure.

## Student Financial Support

It is common cause that the majority of DUT students come from poor backgrounds. We recognise and appreciate the scholarships and bursaries provided by government agencies, private companies and corporates that support some of our deserving students or students with specific characteristics, such as differently abled students, either individually or towards specific programmes.





**Table 3: Financial Assistance to Students 2018**

Source	No of Students	Amount
University's Assistance	144 Masters	R2 086 020
	48 Doctorate	R1 044 690
Undergraduate Scholarship Award Scheme (USAS)	1 221	R10 847 565
NSFAS	15 063	R577 819 403
Business and industry	1 471	R53 115 064
SRC-administered assistance for registration	142	R363 910
Sector Education and Training Authorities (SETAs), third stream income and DUT bursaries	818	R16 700 947
NRF	153	R8 808 000
SETAs for WIL and graduate stipends	4 421	R17 000 000

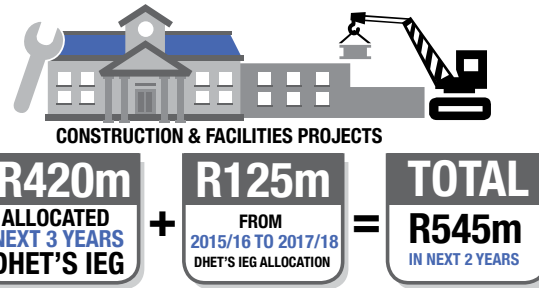
NSFAS funded 48% of students registered in the year. NSFAS allowances include registration and tuition fees, books, food and transport support.

We recognise the support from the National Research Foundation (NRF) in providing scholarships to 153 students. Sadly this falls far below the actual need, indicated by 982 students having applied for funding. The BTech qualification is being phased out in 2019, and our focus in trying to support those registered for this qualification fell short, with 262 students not receiving funding. This category of student has not enjoyed NSFAS funding, and this has been a continual point of contention.

**Facilities and the Plant**

Management succeeded in shifting the focus of the University spending from consumption – via salaries and operational expenditure – to prioritising spending and investment in infrastructure and facilities. This is intended to transform the look and feel of DUT beyond its current state of general dilapidation. In 2017, our allocation to infrastructure and maintenance was R76.5 million. This was increased by R122 593 520 in this financial year, to R199 630 956 (a 159% increase on the previous year). In December 2018, Council approved a budget that included R246 million to be spent on infrastructure investment and maintenance in 2019. This represents a significant increase of 320% on the 2017 amount allocated to Capital Expenditure (CAPEX). Such progressive increases signify our earnest commitment to the creation of sustainable, liveable and hospitable campuses.

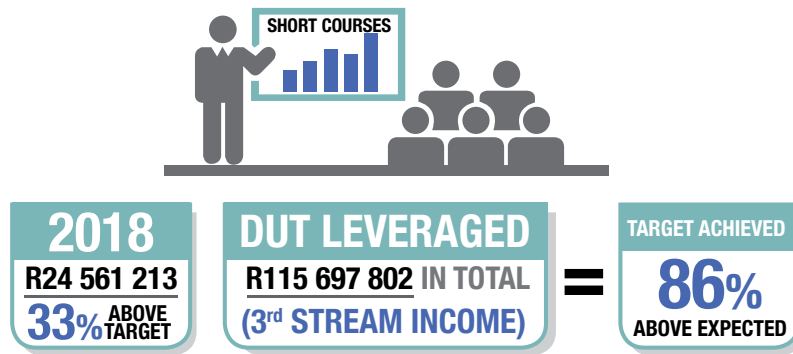
In addition to the significantly increased budgetary allocation noted earlier, a total of R420m has been allocated over the next three years to new buildings as part of DHET's Infrastructure and Efficiency Grant (IEG).



In addition to this amount, there is R125 million from the 2015/16 to 2017/18 DHET IEG allocation to construction and facilities projects that will also be expended in the new financial year. This will increase the total amount to be spent on infrastructure over the next two years or so to around R545 million.

The amount quoted above is still inadequate, given DUT's sheer size and deferred maintenance. It will not substantially improve the state of our infrastructure. At its meeting in June 2018, Council insisted that we need to leverage our balance sheet to ensure that we intentionally spend on infrastructure in the coming years. A priority list of infrastructure projects, emanating from the 2014 Master Plan, was prepared and will hopefully be approved by Council in 2019. Thus, over the next five years or so, DUT is likely to spend in the region of R1billion on infrastructure development and upscaling. To ensure that we realise these grand ambitions, Management and Council approved the establishment of an interim Project Management Unit (PMU) that will be part of a new Real Estate Management section to provide the requisite internal capacity to manage our infrastructure and maintenance projects. Interim project managers were appointed in order to provide the required capacity for projects implementation. Recruitment and appointment of permanent project managers and technical staff for the PMU will happen in 2019.





## SFA 2: Research and Innovation for Development

### Research and Innovation

The Senate Report contains details of our research and innovation function for the year under review. It is important, however, to highlight key milestones in this area. In terms of research productivity, DUT currently performs above the national norm for universities of technology set at 0.565. In 2018, the weighted research productivity per FTE was 0.68. In terms of research impact, DUT increased its National Research Foundation (NRF)-rated researchers to 30 (from a baseline of 28 in 2017). There was also a marked increase in Research and Innovation grant acquisitions. According to the 2018 APP (Annual Performance Plan), the target for 3rd stream income was R16 500 000. This target only referred to short course income, and usually only that recorded through the activities of the Centre for Continuing Professional Education (CCPE) and the Enterprise Development Unit (EDU), while excluding short courses offered through the faculties. In 2018, the short course amount was R24 561 213 which is 33% above the above the target for the reporting year. The full disclosure in reporting 3rd stream income based on the definition provided in the 3rd stream income policy implies that DUT was able to leverage R115 697 802 in total which is above the R16 500 000 that was expected (even though the comparison here is with the short course income). Hence the target achieved was 86% above the expected target for 2018.

### Engagement through Innovation and Entrepreneurship

In 2018, over 28 agreements were entered into with additional engagements taking place at local, provincial, national, international and institutional levels. These resulted in numerous benefits for the University, in terms of mutually beneficial Memoranda of Understanding (MOUs) being signed between the University and various institutions for different purposes that benefit our students and staff. For instance, the exchange programme we had with universities across the world saw us sending

60 students abroad, while we received 108 students from our partner universities.

The University also established entrepreneurial entities in both Durban and Midlands Campuses in order to provide a platform for our students with an entrepreneurial flair. An application for a third Technology Station (TS) was lodged with the Technology Innovation Agency. The entrepreneurial entities and existing TS are meant to provide platforms for a coordinated approach to formally support and mentor identified DUT students in understanding entrepreneurship and receiving practical training and exposure in setting up their own enterprises. The DUT ENACTUS Chapter, a student organisation that focuses on innovation and entrepreneurship, was voted the overall winner in the South African national competition and was the first University of Technology ENACTUS team to represent South Africa at the international level in the United States of America. There were a number of other individual awards to our students in the area of innovation and entrepreneurship.

The world-esteemed President of Waterloo University delivered the University's annual Dr Richard Maponya Lecture that has an entrepreneurial focus, as well as being the keynote speaker of the Southern Africa Technology Network (SATN) 2018 annual conference that was hosted by DUT. Waterloo University has been rated as the number one university in the world for employer partnerships. DUT also hosted an Industry Indaba that was attended by approximately 180 people from various industries and the government sector from across South Africa. DUT's World of Work, an annual event to introduce our students to potential work partners, is the largest university-based careers fair in the country and, in 2018, 125 organisations from across South Africa participated.

In terms of innovation and commercialisation, DUT supported staff with the submission of ten Seed Fund applications valued around R6m for the commercialisation of DUT research and technologies. In support of our commitment to promoting student entrepreneurship,







the Technology Innovation Agency (TIA) awarded DUT a Technology Station for Food and Bio Innovations with grant funding to the value of R8m to support at least 65 Small and Micro Enterprises (SMEs) and to offer 50 Technology Transfer Packages to postgraduate students and entrepreneurs in the region. The Technology Station helps DUT interface with the internal and external environment in supporting SMMEs.

The DUT Applications Factory, in the Faculty of Accounting and Informatics, assisted 13 students and funded seven of them to engage in industry-related projects under the auspices of Microsoft in order to support SMMEs with the development of mobile phone and smartphone applications. The DUT Entrepreneurial Help Desk supported 83 students to kick-start their own businesses. Our Centre for Social Entrepreneurship (CSE) has funded over 10 entrepreneurs and students through the Small Enterprise Development Agency (SEDA) Entrepreneurship Support Programme. The CSE was the first Runner-up in a national competition of incubators at the South African Business Incubation Awards, beating seasoned entrants in the process. This augurs well for us, but these successes must not make us complacent. We need to remain focused and pay attention to the quality of our work in order to grow the quality and quantity of graduates that have capacity to participate productively in development and in the economy.

In 2018, the approved policy, "Maximising and Diversifying Income Streams: A focus on 3rd stream income", was implemented. The policy clarifies the definition of 3rd-stream income and its varied sources. This funding enables the University to carry out its mandate and reduces demand and over-reliance on 1st and 2nd stream income that would come through statutory grants and student fees, respectively. In addition to the Policy, the Executive Management Committee also approved a 30% Share As You Earn (SAYE) levy as part of income generation applied to full-time employees involved in contract research and innovation and other types of engagements over and above their full-time jobs at DUT. The Private Works policy is under review to allow for SAYE implementation across the University.

### Broader Engagement

Engagement is one of DUT's two DNA strands. The Community Engagement Cluster was launched together with a draft policy on Community Engagement. Engagement is focused on three broad areas: student engagement, staff engagement and public engagement. In terms of the nexus between student and public engagement, DUT launched the School Engagement Project led by the International Centre for Nonviolence (ICON) and our Advancement and Alumni Relations Directorate. This programme provides an opportunity for our students to tutor and mentor school learners to help them improve their performance,

particularly in mathematics and science. In terms of structural support, two Community Engagement (CE) practitioners were appointed to support the Engagement Cluster which is expected to help monitor and evaluate CE projects and advise on appropriate interventions on various initiatives and identify funding opportunities and collaborations. One of the key focus areas for the CE Practitioners was establishing protocols for student engagement and how to prepare students before they go into various communities and pre-mentorship/preparation for projects where students volunteer. Much more is expected to happen in 2019 in terms of having approved protocols for engagement.

### Engagement with Local and Regional Government and Industry

DUT aspires to be seen as an anchor university in our local and regional contexts. In 2018, DUT strengthened its relationship with the eThekweni Metropolitan Municipality and the region in three core areas, viz. the Water and Wastewater Technology through Umgeni Water, research collaboration through the Municipal Institute for Learning (MILES), and short courses on Public Participation in the Faculty of Management Sciences' Business Studies Unit.

Our Centre for Continuous and Professional Education (CCPE) has continuous engagements with the metro, focusing on short course opportunities. One outcome is the University's provision of training to city councilors. Engagements also take place between the DUT International Education and Partnerships Office and the eThekweni Office responsible for International relations.

The eThekweni Maritime Cluster (EMC), a body focusing on maritime education from school to tertiary levels and of which DUT is part through our Maritime Department, was invited to be part of the University's review on innovation and entrepreneurship. DUT students participated in the Maritime Innovation Challenge in 2018.

At provincial level, DUT is highly engaged in the action working groups set up through the Premier's Office to allow for inputs and collaboration in terms of the implementation and monitoring of the Provincial Development Goals and Strategy. The Economic Development, Tourism and Environmental Affairs Department (EDTEA) and the KZN MEC, Mr Sihle Zikalala, extended an invitation to DUT to participate in the regional entrepreneurial development. DUT has since received EDTEA funding for projects and will continue to engage EDTEA on entrepreneurial programme support in 2019.

Key engagements in the following areas have resulted in funding for opportunities related to Industry 4.0 (digitisation) training for our communities and further funding for innovation. These are:



- SEDA – Small Enterprise Development Agency – Currently funding DUT’s Centre for Social Entrepreneurship.
- NEMISA (National Electronic Media Institute of South Africa) – Currently funding DUT as the KZN e-Skills Hub.
- BankSETA – which awarded a Chair in Digitisation to DUT. This is the 3rd Research Chair at DUT (the others being the SARChI Chair in Water and Wastewater Technology, and the Wholesale and Retail Chair in Management Sciences).
- Wadhani Foundation which aims to deliver the curriculum on entrepreneurship to train the trainer in January 2019 and roll out training to selected students within the University and inform curricula on entrepreneurial content in faculty programmes.

The Imbali Education Precinct project is a project that emanates largely from a vision of the former Minister of Higher Education and Training, Dr B E Nzimande, to build on a unique mix of educational institutions (including a pre-school, special education facility, primary and high schools, TVETs and universities, and adult-based education offerings) in a relatively confined geographic space within Imbali Township, Pietermaritzburg. It aims to make education relevant to the learning needs of the City and establish the Precinct as a place of innovation in education that is relevant on a national scale. DUT is a key partner in this initiative. There is also ongoing engagement with Transnet in terms of one of its buildings adjacent to Indumiso Campus that could be incorporated into the Precinct.

There was deeper engagement with the TVET sector this year. Two faculties are offering Higher Certificates at TVET colleges, specifically the Umfolozi TVET, with which DUT has an agreement. This is a multi-fold response to the KwaZulu-Natal region’s requirements, both in terms of additional access and articulation paths through the TVET system, as well as providing possibilities for adult learners to obtain a formal qualification.

### International Engagements

Internationalisation at the University continued to be embedded in a broad range of activities, and is driven across the University for Inclusive Institutional Impact. The University hosted more than 40 international visitors in the course of 2018 and numerous DUT staff members participated in reciprocal international visits as well as in international conferences. In 2018, the student exchange programme continued to grow and 108 international

students studied at DUT on short-term mobilities, while 60 of our students travelled abroad.

Collaborative Online International Learning (COIL) continued to be an area of strong growth with participation increasing into new disciplines. There was a significant increase in international visitors for COIL-related opportunities. Noteworthy amongst them are a visit by Professor Krista Rodrigues, who presented a series of workshops in Durban and Pietermaritzburg, and a visit by the father of COIL, Dr Jon Rubin, and Eva Haug who presented workshops to facilitate capacity building within the DUT community.

Two important international events were celebrated in 2018: Africa Day was celebrated with a programme which included cultural items, lectures and panel discussions; and French Day was celebrated with a programme of activities, which reflected DUT’s French links, as well as academic papers and a student programme that highlighted opportunities for scholarships to France.

A visit to Ireland by DUT senior managers’ unearthed significant potential for collaboration with Ireland, particularly with Irish institutes of technology. This is an ongoing project, with a number of MoUs in the pipeline. DUT had yet another Abe Bailey international travel bursary winner - the ninth in ten years. This highly prestigious award was for the first time awarded to a student from the Midlands, who was also a student leader, having served on the 2017-2018 SRC.

The Confucius Institute (CI) at DUT hosted numerous events and engagements to a broad range of internal and external stakeholders. The CI has also facilitated opportunities for staff and student mobility exchanges to China, including high-level University management visits. At the 13th Confucius Institute Conference held in Chengdu, China, the Global Confucius Institute award was presented to Professor Thandwa Mthembu by Mr Tian Xuejun, Deputy Minister of Education of the People’s Republic of China. Professor Mthembu is also the third member at DUT Confucius Institute to have been awarded the Confucius Institute Individual Performance Excellence Award.

DUT had the honour of hosting the International Symposium on Electronic Art (ISEA) 2018, alongside the Innovation Festival (IF) Durban and the DUT Art and Design Digital festival (DigiFest). This event celebrated the art of technology under the theme, “Intersections”.





## SFA 3: A Learning Organisation

### Staffing

A number of changes occurred at Executive and Senior Management levels of the University. At executive level, Dr Isaac Machi assumed duty as Deputy Vice-Chancellor: People and Operations on 3 January 2018. The Registrar and Secretary to Council, Professor Thenjiwe Meyiwa, tendered her resignation with effect from the end of May 2018 to take up a senior executive position at Unisa. Three senior managers were suspended on the basis of prima facie evidence of financial irregularity, resulting in the sourcing of external expertise while the University formalised the charges. All the cases will be finalised in 2019. We also lost the services of Director: Midlands Campuses, Dr Martin Mandew, who opted to join another university at the end of his contract in June 2018. The performance reviews of two senior managers whose were at the end of their five-year terms of appointment, resulted in the extension of one (Library Services) while the other (IT Support Services) was not renewed. In the latter case, an acting appointment will be effected at commencement of the 2019 academic year.

Within the academic ambit, we lost the services of two Executive Deans at end of the year. The Executive Dean of the Faculty of Engineering and Built Environment retired, while the Executive Dean of Management Sciences resigned due to a senior appointment at the Cape Peninsula University of Technology (CPUT). Retirement also sees the University needing to find a new Chief Risk Officer, to replace Mr Saleem Kharwa, who established the Enterprise Risk Management Unit in 2014. The number of retirements, and the anticipation of a few more looming in the next year or two, are an indication that the University is inevitably faced with the prospect of appointing new, and ideally younger, executive and senior managers in the imminent future. This will have both pros and cons: new minds may bring the innovative spirit that may serve to catapult the University to new and exciting destinations, while the rapid loss of institutional memory at top levels may have unintended negative consequences and result in a loss of impetus. We will have to work carefully and urgently to manage this transition so as to mitigate the loss of expertise and institutional memory.

There were widespread suspensions of staff for involvement in various types of fraud. The number of suspensions of staff members in the University is an indication of the extent to which Management is committed to entrenching values and ethics and, in turn, to root out corruption and financial irregularity both in our University specifically and in society in general.

### Employment Equity

Transformation remains a key deliverable of the University, with one specific aim being to address our Employment

Equity targets as submitted to the Department of Labour (DoL). A key challenge with respect to effective monitoring of the progress made on Employment Equity is that the overall plan is not segmented into the various departmental/faculty dashboards, and the obligation to meet such targets does not appear to be sufficiently enforced at the departmental/faculty levels. Furthermore, varying views expressed by faculty representatives suggest a level of confusion and/or avoidance of the commitment to Employment Equity. In a number of recruitment meetings, Union representatives have stopped the continuation of the processes on the basis that the equity prescripts had not been considered and levels of bias had been observed.

Arising from a rigorous review process, performed in consultation with DoL, it is evident that the previous Employment Equity reporting was not accurate, in terms of the definitions "applied for Naturalisation and/or South African citizenship". In this respect, a number of Foreign Nationals had been reported incorrectly on the schedule, resulting in skewed figures suggesting that the University was Equity compliant when this was not the case. Having made the necessary adjustments, we commit to greater focus on achieving the levels linked to the provincial EAP targets referred to in Table 5, below, and differentiated figures reflected in Table 4.

By way of illustration, when Tables 4 and 5 are analysed together, it is clear that the current employment figures of both African Male and African Female employees are 50% lower than the Provincial and National benchmarks. Further, both Indian Male and Indian Females employment figures at DUT are currently higher than the Provincial and National EAP. In general, efforts will need to be made to review the targets set against the Provincial benchmarks. This implies the need to have preferential treatment for African Females in particular as well as African Males.

During the reporting period, the terms of reference of the Employment Equity (EE) Forum were re-confirmed. An external service provider was invited to present the relationship between B-BBEE and Equity to the EE Forum. A critical point drawn from this presentation was the recognition of opportunity presented by recruitment of people with disabilities, especially African Females, as a means of improving both the equity targets and B-BBEE rating points. For 2019, this area needs to more critically observed, through a targeted recruitment and the use of specialist agents focusing on people with disabilities.

### Staff Profile

Using the DoL categorisations, the following table shows the staff headcount per category as at 31 December 2018. The table was amended to take proper account of the definitions as prescribed on Naturalisation and/or South African citizenship, in terms of both the Department of Home Affairs (DHA) and DoL. Total permanent staff





includes fixed term contractors, for example, executive management on five-year contracts with benefits. The temporary employees' category includes short-term contracts without benefits. Greater scrutiny will be

required in respect to the employment of short-term contracts, given that these figures are higher than those of permanent employees.

**Table 4: Headcount (Academic/Administrative staff)**

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	2	0	0	0	1	0	0	0	0	1	4
Senior management	3	1	13	1	3	2	4	1	2	0	30
Professionally qualified and experienced specialists and mid-management	44	5	91	26	33	4	72	35	21	5	336
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	140	7	127	42	133	12	141	51	17	8	678
Semi-skilled and discretionary decision making	63	3	32	0	96	9	66	15	0	0	284
Unskilled and defined decision making	120	2	15	1	31	0	10	1	3	0	183
<b>TOTAL PERMANENT</b>	<b>372</b>	<b>18</b>	<b>278</b>	<b>70</b>	<b>297</b>	<b>27</b>	<b>293</b>	<b>103</b>	<b>43</b>	<b>14</b>	<b>1 515</b>
Temporary employees	563	12	226	165	502	17	242	150	108	33	2 018
<b>GRAND TOTAL</b>	<b>935</b>	<b>30</b>	<b>504</b>	<b>235</b>	<b>799</b>	<b>44</b>	<b>535</b>	<b>253</b>	<b>151</b>	<b>47</b>	<b>3 533</b>

Table 5 shows the DUT targets within the context of national and provincial EAP statistics, and the changes effected between December 2017 and December 2018. The envisaged development of departmental/faculty equity dashboards will provide more focussed scrutiny of areas in which improvements can be made.

**Table 5: Comparison against EAP Statistics and the EE Targets - Plan (2018 – 2020)**

%	AM	CM	IM	WM	AF	CF	IF	WF	FN
EAP National %	42,8	5,3	1,8	5,3	35,1	4,5	1	4,2	
EAP Provincial %	43,2	0,6	6,8	2,3	41,1	0,4	3,8	1,8	
DUT % 2018 Target as per EE Plan (2018-2020)	24,50	1,78	18,36	4,82	19,95	2,25	18,96	7,07	2,24
DUT Actual Dec 2017	23,90	1,30	18,80	4,90	19,50	1,70	19,50	7,30	3,50
DUT Actual Dec 2018	26,46	0,84	14,26	6,65	22,61	1,24	15,14	7,16	5,60

### Implementation of Performance Management

The introduction of an institutional Performance Management System (PerMS) started with the direct reports to the Vice-Chancellor, despite some initial confusion regarding relationships between the key elements of the system and the alignment of the Performance Agreements to the Extended Annual Performance Plan (EAPP). This system has been cascaded down to Peromnes level 5 staff. A total of 784 staff members had been trained in PerMS by the end of the year in order to ensure that there was sufficient understanding of the process.

### Salary Negotiations 2018

The 2018/19 salary negotiations formally commenced in

November 2018, after initial engagements on a number of principles that would guide the negotiations. The approach to negotiations was noticeably different to that of former years, and demonstrated greater maturity by both parties, notwithstanding the initial deadlock over the unions' demand for a two-week encashment of leave days as an attempt to compensate for salary docking that had occurred at the beginning of the year (as a result of the labour strike). The emergent stability of labour relations at the strategic level will allow us time and space over the next three years to achieve a few critical milestones. The focus now should unwaveringly be on resolving a number of DUT legacies and backlogs in our broader transformation and change initiatives. These are in operations and systems, in infrastructure and maintenance, in our new academic programmes, in our research and innovation initiatives including our





entrepreneurship drive, and in engaging productively with our cities, the broader region and the world at large. The engagements with staff referred to earlier have proved to be a great positive step towards refocusing the University's attention on our shared destiny.

### **Strategic and Functional Alignment**

Since the merger was effected in 2002, there has been little focussed attention given to the ideal size and shape of DUT. We thus appointed a service provider with experience in University systems to conduct an institutional sustainability review. The review focused on the academic viability of our programmes, financial sustainability of departments, faculties and the institution at large, and the human resource capacity of DUT going into the future. Management will consider the report and consult with predominantly internal stakeholders on the recommendations made before a plan of action is presented to Council. The intention is to use this report as one of the input sources for the review of the Strategic Plan of the University which ends in December 2019.

Towards the end of the year we finalised a few departmental reviews, namely, those of Human Resources (HR), Finance (including Supply Chain Management) and Real Estate Management, to ensure that they align with the goal of optimum performance. The success arising from the implementation of our plans is largely dependent on whether we have the correct alignment of staff member capacity, skill, position and role. We acknowledge that in many instances, particularly in the departments that were reviewed, there are staff members who lack the requisite capabilities to perform as expected as a result of historical/merger legacies that entrenched misalignments of function, skill and capacity. HR was specifically reviewed so that it becomes empowered to discharge its role of staff training and development, amongst others.

We commenced engagements and preparations for our new Strategic plan to guide the progress of the University beyond 2020. Discussions started with a workshop of Council that was held in September 2018.

## **SFA 4: A Sustainable University**

The implementation of free higher education for First Time Entrants (FTENs) following the 16 December 2017 pronouncement has been a complex process, as this new funding framework required alacrity of thought and agile action in implementing changes in policy and processes.

### **Strategic Financial Management**

The financial sustainability of the University is one of the key concerns of Council and its Finance Committee. Thus

it goes without saying that financial sustainability reflects the institution's capacity to fulfil current obligations without compromising its ability to meet future financial obligations.

At its April 2017 meeting, Council approved six sustainability principles for salary negotiations. These principles constitute an open and transparent way of sharing Council's strategy to manage the salary budget. One of the principles relates to the salary bill. As of 2018, the salary bill that stood at around 70% for many years, had reduced to under 62% (in accordance with DHET's target), thanks mainly to DHET's increase of the block grant and Council's insistence that Management keeps salaries within the six sustainability principles.

The Supply Chain Management Policy has been amended to align with the National Treasury Regulations and the Preferential Procurement Policy Framework Act and to ensure that it becomes a catalyst for our developmental and transformational objectives. The final policy will be presented to Council for approval in 2019.

### **Enrolment Plan 2020-2025**

The current Ministerial Statement on Student Enrolment Planning for the 2014/2015-2019/2020 period sets institutional enrolment and output targets for the planning cycle until 2019 and the Medium Term Strategic Framework (MTSF) targets for 2019 (the latter considered in 2016). We met with DHET in November 2018 to discuss our 2020-2025 Enrolment Plan. This plan requires unprecedented transformation and change in terms of, inter alia, our size and shape; our student: staff ratios; our equity targets; the qualifications of our teaching staff; postgraduate, and research and innovation outputs. Challenges experienced in maintaining the shape in terms of the SET profile of the University are exacerbated by professional bodies' and councils' particular prescriptions. Significant growth in academic staff is part of the plan, and the University has already begun reallocating funding towards investment in staff provisioning. This plan and commitments therein dovetail with the institutional review process referred to above. Together, they constitute the most radical transformation and change DUT will see over the next few years.

### **Advancement**

There has been reference earlier on our local and international engagement endeavours. An important vehicle for this is our Advancement and Alumni Relations Directorate that was consolidated with the assistance of a Kresge Foundation grant that helped establish the Advancement Office. The DUT Foundation was established objective to promote and support the development and advancement of the activities of DUT as



an institution of higher learning; the appointment of the Trustees is being finalised. A significant event in 2018 was the launch of the Chancellor's Club, a vehicle that will be used to attract high profile and influential individuals to DUT with the aim of leveraging their affiliation to the Club for the purposes of raising funds and mobilising support for the various initiatives of the University. Durban based alumni, donors and supporters of DUT were invited to attend the inaugural Chancellor's Cup Golf Day Event, the purpose of which was to raise funds for the DUT Golf team, the Alumni Bursary Fund and the One Meal Once a Day Food Security Initiative.

### Information Technology Provision

A start was made on the IT and data governance policy, with anticipated completion and approval in 2019.

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

Business continuity simulation exercises during 2017 highlighted a key vulnerability in our disaster recovery/business continuity plans. The University is now in a position to provide redundant connectivity as SANReN has a second point-of-presence (PoP) at the University of KwaZulu-Natal. Planning and scoping for this redundant breakout and additional campus network redundancy was a key project for 2018 and will continue into 2019. Further planning on server to cloud migration was undertaken, with recommendations for this move to begin in 2019.

### Data Management

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

Data from Valpac and the ITS Oracle database (which is the primary administrative information system for the University's financial, human resource, spatial and student information) is extracted and manipulated to generate information reports according to requested formats from the Management Information (MI) department's stakeholders.

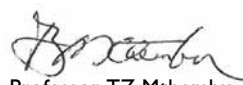
DUT is involved in the Siyaphumelela project, funded by the Kresge Foundation. The project's primary goal is to significantly improve student success in undergraduate

programmes through the effective use of data. It is evident that for DUT to make effective use of its data, data will need to be integrated, the collection of data will need to be coordinated, data users will need to be given effective access, and data owners and users will require capacity development. As part of this project, and identified as a strategic priority for 2018, the University has invested in software and hardware to produce a data warehouse to provide an integrated data source from multiple data streams. The intent is to consolidate and transform data into useful information for the purpose of decision-making and to establishing a new function that offers a broad array of decision-support services for the University.

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

We spent the better part of 2017 trying to introduce or improve functional systems in the University. I led the process of methodically instituting many processes at governance and strategic management levels. We also used 2017 to revise the existing Strategic Plan and to make it more nuanced, and to introduce reviews in select departments. Thus, 2018 may be seen as the year in which the implementation of new changes started in earnest. Much progress was made, notwithstanding the earlier acknowledgement that we started the year in discord, disunity, anxiety, resentment and anger. Although the year ended on a different note, one cannot rule out the possibility of the resurgence of the former negative climate, given the need for radical changes we are inevitably forced to introduce if DUT is to live up to its full potential and respond to national higher education imperatives.

With work still to be done in respect to implementing recommendations from departmental reviews already completed; implementing our commitments relating to our Enrolment and Efficiency Plan: 2020 – 2025; ensuring that we use the institutional review referred to above to jettison the legacies of the merger; developing a new Strategic Plan; and implementing a massive infrastructure and facilities programme so that the look and feel of DUT could improve substantially, there will be more robust engagements among stakeholders. The saving grace is that, should we be successful in implementing all of the above-mentioned projects, DUT will be quite different, more liveable, and more innovative and entrepreneurial.



Professor TZ Mthembu

**Vice-Chancellor and Principal**







# ANNUAL PERFORMANCE ASSESSMENT REPORT 2018

Strategic Focus Area	Key Performance Indicators	Year n-2 2017 Audited	Target Year n-1 2018	Achieved Target year n-1 2018 Unaudited	Progress against Target	Reason/s for Deviations
<b>Access</b>						
<b>Headcount totals</b>						
	First-time entering undergraduates	7 512	7 366	7 583	↑	
	Headcount enrolments	29 787	28 689	31 203	↑	
	Headcount enrolments (Foundation Provisioning)	1 710	1 695	1 705	↑	A concerted effort to manage and track enrolments by all faculties, supported by the Registrar's division, ensured that enrolment targets were met, and exceeded.
	Headcount enrolments total UG	28 533	27 362	29 890	↑	
	Headcount enrolments total PG	1 254	1 327	1 313	→	
<b>Enrolments by Major Field of Study</b>						
	Science, Engineering, Technology	13 501	13 145	13 759	↑	A concerted effort to manage and track enrolments by all faculties, supported by the Registrar's division, ensured that enrolment targets were met, and exceeded.
	Business/management	10 964	9 924	12 061	↑	While this exceeded the target it needs to be managed carefully so that the size and shape of the University is not compromised.
	Education	1 169	1 401	1 193	↓	Shortfalls largely due to returning student 'stop'-out rates in B Ed programme (financial & other constraints). For first time entering students, prohibitive entry requirements (which have been addressed, via Senex & Senate), and qualifications planned for that were not/yet accredited (Adult and Community Education in particular).
	Other humanities	4 153	4 219	4 190	→	Shortfalls largely due to returning student drop-out rates (financial & other constraints) and in some programmes, qualifications planned for that were not yet accredited.
	% Science, Engineering, Technology	45.33%	46%	44%	→	
	% Business/management	36.81%	35%	39%	↑	The balance of the size and shape of the University may be comprised if the Business/management fields grow at the expense of SET and the other fields. This requires careful management.
	% Education	3.92%	5%	4%	→	
	% Other humanities	13.94%	15%	13%	→	
	FTE enrolment	21 995	21 015	23 566	↑	
	Number of students in residences	7 118	10 230	10 439	↑	Due to the increase in NSFAS funding we have been able to expand the number of beds available.
	% Students in residence	25%	35.66%	33.46%	→	
	First year students as % of total residence population	15.9%	28.77%	37.93%	↑	As per DHET requirement all students that were in quintile 1, 2 and 3 be allowed to register into residence.
	% DUT courses with an online component on Blackboard	63%	70%	76%	↑	The target of 70% was intended to be the minimum attainable; the actual achievement of 76% has deviated positively and this can be attributed to better uptake by lecturers in how they have used their online courses.
<b>Success</b>						
	Graduates UG	7 673	6 588	7 708	↑	
	Graduation rate	26.4%	23.8%	25.4%	↑	Deliberate strategic teaching and learning interventions.

## 1. Communities of living and learning



Strategic Focus Area	Key Performance Indicators	Year n-2 2017 Audited	Target Year n-1 2018	Achieved Target year n-1 2018 Unaudited	Progress against Target	Reason/s for Deviations	
1. Communities of living and learning	<b>Undergraduate output by scarce skills</b>						
	Engineering	1 305	1 192	1 350	↑	Deliberate strategic teaching and learning interventions.	
	Life and physical sciences	153	128	185	↑		
	Animal and human health	756	709	601	↓		
	Teacher education	221	224	222	↔	This will be closely monitored by the faculty.	
	Success rate	85.2%	82.8%	85.0%	↑	Due to student support interventions.	
	<b>Efficiency</b>						
	<b>Instructional/Research Professional Staff</b>						
	Headcount of permanent instructional/research professional staff	581	630	601	↓	The actual achievement relates to permanent instructional/ research staff, while the planned target is the total instructional /research staff including part-time and temporary staff. The total permanent FTEs achieved for 2018 was 586. Including part-time and temporary staff the achievement was 689.	
	FTEs of permanent instructional/research professional staff	694	700	586	↓		
% Staff with doctoral degrees	24%	23%	29%	↑	Due to strategic interventions and support by the University.		
% Growth rate of instructional and research staff with doctoral qualifications	1%	1%	5%	↑			
Number of NGAP staff	6	3	3	↑	All Phase 3 NGAP posts were filled.		
Ratio of FTE students to FTE instructional/research staff	31.7	30.0	34.2	↓	Target not achieved due to increase in enrolments and a lag in instructional/research staff growth.		
<b>Research Output</b>							
Publication units per FTE staff	0.40	0.31	0.40	↑	The University has foregrounded internal reporting of publication output and has improved systems for capturing publication outputs alongside developing capacity for publications.		
Publication output	275.02	215	277	↑			
% Growth in publication outputs	32%	5%	1%	↓			
Research masters graduates	128.50	150	130	↓	Although the achieved publication output in 2018 exceeds the target set for the reporting year, there was an exceptionally high publication output in 2017 (exceeding its target by 32%) which causes the comparative % growth to reflect as a negative value. The 2018 target had been set as a 5% growth on the 2017 target rather than on the audited performance in 2017.		
Doctoral graduates	33.00	29	64	↑	While the faculties of Management Sciences and Arts and Design improved from 2017, a drop in the number of graduates in the faculties of Applied Sciences and Health Sciences is evident.		
Number of research outputs	502.52	452	598.84	↑	An improvement is evident in the performance of all faculties bar Health Sciences.		
Research output per instructional and research staff	0.86	0.72	1.00	↑	Research capacity development focus on publication writing and post graduate supervision is contributing to this achievement.		
% Growth rate of postgraduate students	0.0%	0.4%	0.0%	↓	This area needs a series of interventions at faculty level to stimulate growth. It must be included in the faculty performance measure and would affect graduations if the intakes are still kept at a low base. It also talks to the staff profile and capacity at 29% with PhDs.		
Graduates PG	180.00	224	210	↓	This attributed to the poor Masters' graduate performance in certain faculties.		
2. Research and Innovation for Development	<b>Efficiency</b>						
	<b>Instructional/Research Professional Staff</b>						
	Headcount of permanent instructional/research professional staff	581	630	601	↓	The actual achievement relates to permanent instructional/ research staff, while the planned target is the total instructional /research staff including part-time and temporary staff. The total permanent FTEs achieved for 2018 was 586. Including part-time and temporary staff the achievement was 689.	
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Strategic Focus Area	Key Performance Indicators	Year n-2 2017 Audited	Target Year n-1 2018	Achieved Target year n-1 2018 Unaudited	Progress against Target	Reason/s for Deviations
2. Research and Innovation for Development	External funding for research and innovation (ZAR)	40 000 000	40 000 000	72 109 508	↑	This target relies mainly on NRF scholarship awards, block grants and any other potential funders, DUT staff and student application and grant writing, and the uptake of funding opportunities. Increased grant support has resulted in a larger proportion of grant success. Liaison with other external funders and donors has also improved.
	International collaborations – research	66	35	44	↑	There was a drive through the University to apply for more collaborative grants which were successful for 2018. The increase here is also linked to the increase in rated researchers that can successfully compete for grants on an annual basis. This is undertaken by individual researchers in the faculties. Although performance is above target the result is dependent upon being awarded grants.
	International collaborations – other		8	13	↑	The University was able to leverage more partnerships than anticipated in the reporting year as a result of increased collaborative awareness.
	Number of postdoctoral fellows	26	23	37	↑	The University strategically advertised internally and externally for postdocs with an additional investment from University resources. Even though this target was exceeded, it is dependent on the availability of financial resources available annually and takes into account, gender, race and nationality.
	Number of research associates	7	17	14	↓	The appointment of RAs is limited by budgetary allocations. We were able to double the number of RAs from 2017, but budgetary constraints did not enable meeting the 2018 target.
	Number of research fellows	2	3	6	↑	RFs are identified from the pool of postdocs and the University decided to allocate more resources to this category for the reporting year.
	Number of staff in a learning programme funded by DUT	650	450	1004	↑	650 was estimated in the plan of which 1004 employees had completed the training based on Course count.
	Management/Leadership mentoring	90	68	68	↑	MOU/SLA signed by the ETDP SETA in respect of the Leadership Management Development Programme of which 68 employees had been confirmed. This figure is also included in the KPI achievement above.
	Ratio of instructional and research to support staff	1: 1.53	1: 1.38	1: 1.48	↓	While this has improved from 2017, the 2018 target was not met. There is a focus on correcting this shape of staffing.
	3rd stream income	R15 000 000	R16 500 000	R24 561 213	↑	The University revised its policy on maximising and diversifying income streams: a focus on 3rd stream income to help improve on reporting and declarations. This figure includes all 3rd stream income activity derived from short courses (CCPE and EDU activity)
4. A sustainable university	Staff compensation : recurrent income	0.7	0.67	0.54	↑	Savings realised from vacant posts and non-timeous appointments. Increase in Subsidy income.
	Total operating expenses as % of total income	26%	33%	19%	↑	Increase in Subsidy and Investment income compared to budget.
	Ratio of total full-time staff to part-time staff	99% : 1%	99% : 1%	98% : 2%	↑	Aligned to target
	Ratio of staff to Senior Executive	95% : 5%	95% : 5%	93% : 7%	↑	Aligned to target

Mr. NZW Madinane

**Chairperson: Council**

Professor TZ Mthembu

**Vice-Chancellor and Principal**





## REPORT OF THE SENATE TO COUNCIL

*The year 2018 was not without its challenges. The year began with industrial action that disrupted the commencement of the academic programme and resulted in the academic calendar being revised to accommodate the lost teaching-learning time. Deputy Minister of Higher Education and Training, Mr Buti Manamela, visited the University to facilitate meetings with critical stakeholders when salary negotiations remained deadlocked. Following close on the staff strike we experienced student protests largely focused on the non-delivery of NSFAS funding but also emanating from students' frustrations concerning the staff strike. Our fraught situation was then further exacerbated by the national bus strike; this affected academic delivery and student attendance mainly at our Midlands' campuses. Student protests in the second semester again resulted in interruptions to the academic programme, with some campuses more adversely affected than others. It is against this backdrop that we provide the Senate Report.*

The Report is organised largely in accordance with the legislative precepts of the 2014 Regulations for reporting by Public Higher Education Institutions, providing the composition of the Senate, an overview of significant developments in teaching and learning, the student body (size and shape, academic progress), staff achievements, and from the research and innovation perspective, an overview of research outputs and achievements, our rated researchers and research focus areas and finally, entrepreneurial and innovation capacity. For the first time we also include a high level overview of some of the findings of the South African Students Survey on Engagement (SASSE) that was conducted in 2018.

### Composition of the Senate

#### Voting

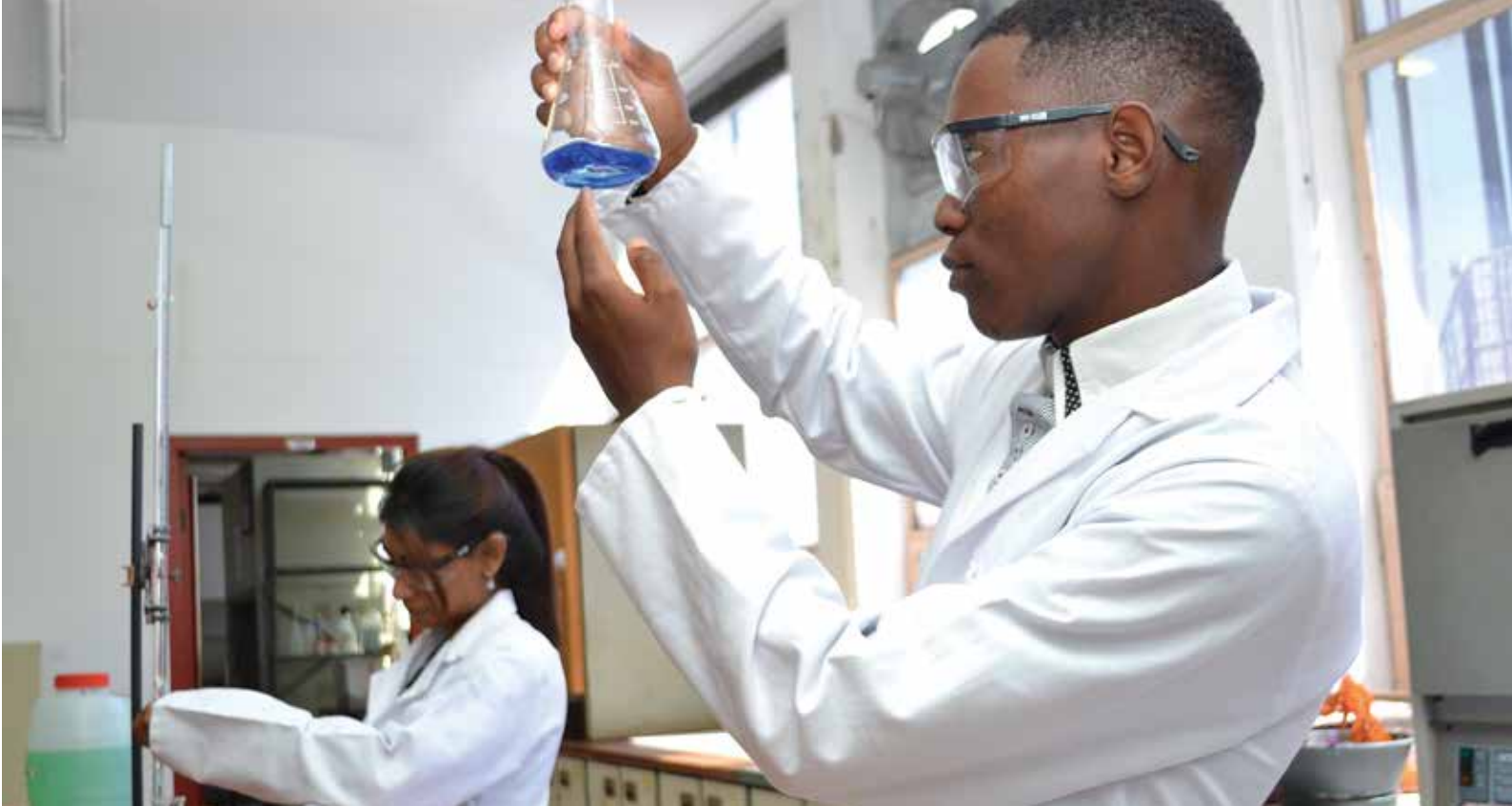
1. Vice-Chancellor (Chairperson of Senate)
2. Deputy Vice-Chancellors
3. Executive Deans of Faculties
4. Deputy Deans of Faculties
5. Heads of Academic Departments or Schools
6. Senior Academic Staff (that is, all appointments above Senior Lecturer)
7. Staff membership in accordance with the Institutional Rules as approved by Senate and Council, namely:
  - (i) Director: Research and Postgraduate Support

- (ii) Director: Technology Transfer and Innovation
  - (iii) Director: Library Services
  - (iv) Director: Centre for Excellence in Learning and Teaching
  - (v) Director: International Education and Partnerships
  - (vi) Director: Co-operative Education
  - (vii) Director: Centre for Quality Promotion and Assurance
  - (viii) Director: Enterprise Development Unit
  - (ix) Director: Midlands Campus
  - (x) Director: Centre for Continuing and Professional Education
  - (xi) Dean of Students
  - (xii) Senior Director: Policy, Planning and Projects
8. One Academic Staff Member of each Trade Union elected respectively by each Trade Union
  9. Three students appointed by the SRC, at least one of whom must be a postgraduate student, and at least one of whom must be a member of the SRC
  10. Two members of Council elected by Council who are neither staff nor students

#### Non-voting

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





## Significant Developments in Teaching and Learning

### DUT Higher Education Qualification Sub-framework (HEQSF) Alignment Project

In order for a new/HEQSF aligned programme to be offered at a public higher education institution it must be endorsed by the relevant professional council where applicable, Programme Qualification Mix (PQM) clearance must be granted by DHET, the programme must be accredited by the Council on Higher Education (CHE), DHET has to give final authorisation for the programme to be offered, and the programme must be registered with the South African Qualifications Authority (SAQA). Despite this lengthy process DUT has made significant progress in its HEQSF alignment project. The category A and B alignment process is complete. The major challenge in the category C alignment/replacement part of the project is the delay in obtaining PQM clearance, accreditation and/or authorisation for the programmes intended to replace the BTech degrees. Especially in the light of the 31 December 2019 phase out date of all non-aligned HEQSF programmes, we envisage that many students completing a three-year degree or diploma will not be able to articulate into further studies in January 2020. Table 6 summarises the progress made by DUT as at end 2018.

**Table 6: Status of Undergraduate Programmes, Levels 5, 6, 7 and 8**

New programmes offered	11
Realigned/replacement programmes offered	77
Programmes awaiting PQM clearance by DHET	13
Programmes submitted to the CHE for accreditation and awaiting an outcome <sup>1</sup>	72
Programmes accredited by the CHE but awaiting authorisation for offering by DHET	16

### Online Learning Project at DUT

In March 2017 Senate requested that an open source alternative to Blackboard, the current DUT Learning Management System (LMS) be identified. After a thorough benchmarking and cost engineering exercise the LMS Task Team investigated various Learning Management Systems, ultimately recommending Moodle LMS as the most suitable replacement for Blackboard. This recommendation will be tabled at Senate's first meeting in 2019, but in the interim the change management project has been planned, and we envisage that by April 2020 the e-learning enterprise would have migrated to Moodle. Whatever learning and teaching is taking place currently online is part of a blended mode for a particular module. DUT has made a strategic decision to diversify targeted programme offerings to cater for much wider access such as continuing professional development, life-long learning and reaching out to remote locations. This will also contribute to the sustainability of DUT. The mode of offering for these programmes will predominantly be

1. Includes new programmes and replacement/HEQSF aligned programmes. At the time of writing this report there was a significant increase in the number of accredited programmes.

online and therefore will require accreditation although these qualifications are currently being offered. An initial budget of R4.3 million has been approved for three years for the online project to cater for programme accreditation, infrastructure and project management.

### Decolonisation of the Curriculum Project at DUT

A key strategic priority in shaping DUT in line with its vision and mission is the decolonisation of the curriculum project. A task team developed a set of heuristics that is intended to assist the academic staff in a practical way to review and redesign parts of the curriculum in order to enrich and strengthen DUT's curricula by including local and international perspectives. The redesign has commenced with several modules completed. Over 100 modules have been selected for review and redesign across the six faculties over the next two years, with the main goal being a contextually relevant and culturally appreciative curriculum that prepares our graduates to engage in the local and international space; progress reports on this transformational project are tabled at Senate.

There is concerted activity and planning around entrepreneurship education. This requires a focussed approach to ensure that any entrepreneurial offering is not a standalone subject, but is integrated and focuses on the learning experience and the development of competencies, skills, mindsets, aptitudes and values. Entrepreneurship integration in the curriculum goes beyond theory to include practical training in developing ideas into commercial entities and faculties are responding to this challenge in a number of ways, where this is not already evident in the curriculum. There remains the challenge of introducing specialised, well-designed, coordinated and sustainable curriculum offerings, not just for the broader student body, but especially for the subset of our student body that could be identified to be well-poised and oriented to be entrepreneurs as not all our student would ever be entrepreneurs.

### Limitations of Access to Certain Courses

Learning and teaching infrastructure which includes physical resources and teaching staff will always be the main internal constraint that limits enrolments in certain resource intensive programmes. However, DUT together with DHET has committed major investments in its physical infrastructure expansion projects on campuses in Pietermaritzburg and Durban that include a focus on ensuring appropriate access for differently abled people. From a staffing perspective a total of 85 new staff posts were approved for 2019 and most of these were in the academic sector to cater for the increase in enrolments. There still remains though the challenge in recruiting suitably qualified staff in scarce skills disciplines.

A major constraint to access in certain programmes

especially in the health sciences, which is outside of the control of DUT, is the restrictions placed by certain professional boards on access. The restrictions are two-fold, viz. prescription on academic admission criteria and limitation on enrolment. The instrument used to control this is the power to pronounce on the professional accreditation of the qualification. Unfortunately with the promulgation of the NQF ACT the various professional councils' Acts were not simultaneously reviewed.

## Size and Composition of the Student Body

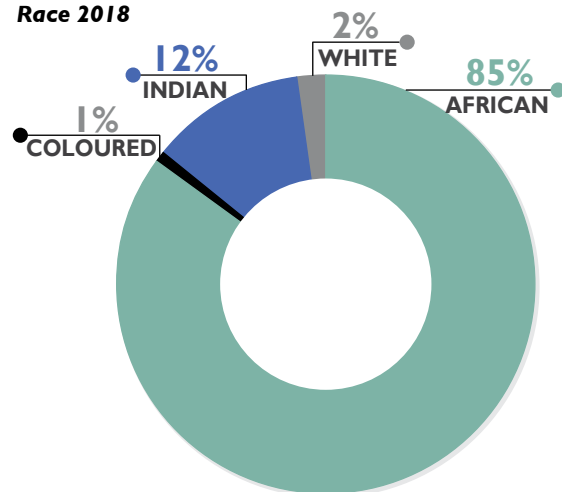
This section of the report provides descriptive data about the student population in terms of headcount enrolment, qualification level and selected demographic characteristics.<sup>2</sup> The size of the student body as measured by headcount enrolment was 31 203 in 2018. This represents an increase of 4.75% relative to 2017 when the headcount enrolment was 29 787. There was a slightly larger increase in undergraduate enrolments (4.76%) compared to postgraduate enrolments (4.70%).

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

### Race

The racial demographics of the student body in 2018 are given in Figure 1 below. Compared to 2017, enrolments of African students increased to 85% of the student body, and Indian students decreased to 12%. This represents a 1% change for each of these race groups relative to 2017. In 2018 Coloured students comprised 1% and White students 2% of total headcount enrolments respectively, and were unchanged from 2017.

**Figure 1: Percentage Headcount Enrolment by Race 2018**



2. Unless presented otherwise, the data in this report have been 'rounded-off' to the nearest whole number and the race group 'Other' has been omitted due to its comprising 0.24% of total headcount enrolments in 2018. Note that rounding off may result in totals not summing to 100% in all cases (e.g. Figure 4).





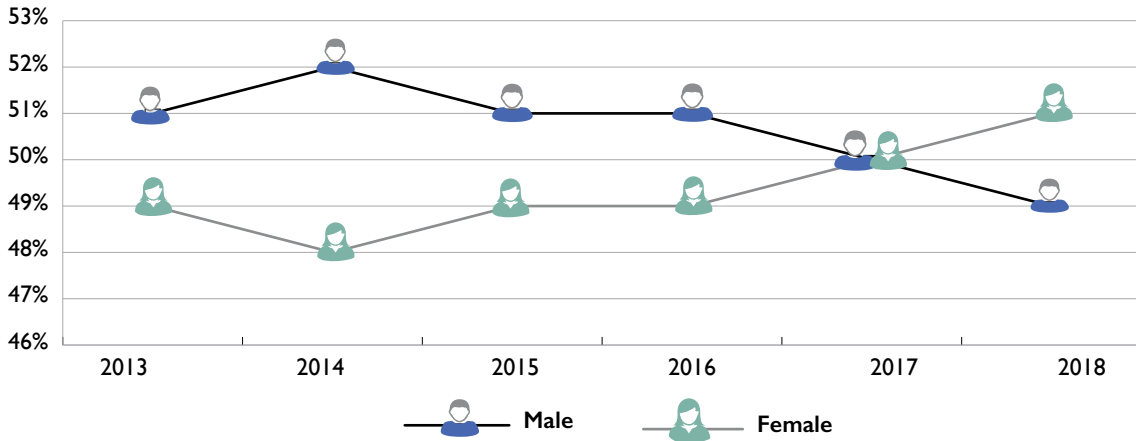


**Gender**

In 2018, there were 327 more female students than male students. As a percentage of total enrolments, both genders were equally represented at DUT in 2017 but

in 2018, females constituted a small majority (50.52%). Figure 2 shows the 6 year trend in the gender composition of enrolments at the university.

**Figure 2: Percentage Gender Composition in Enrolment 2013 – 2018**

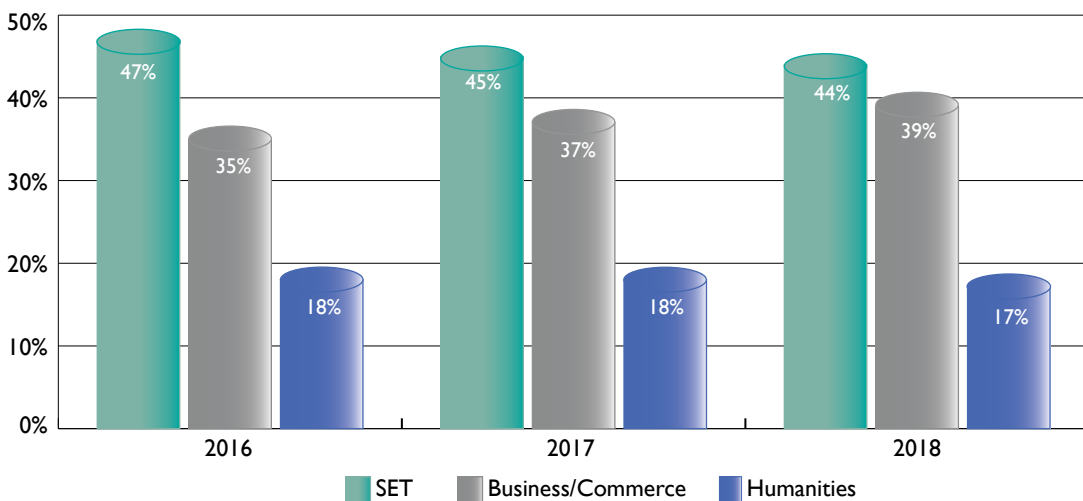


**Enrolments by Field of Study**

Enrolments by field of study is an important metric in the UoT sector. As observed in the 2017 Senate Report, the combined undergraduate and postgraduate Science, Engineering and Technology (SET) enrolment continues to exhibit a declining trend from 47% of headcount enrolment in 2016 to 44% in 2018. Likewise, Humanities

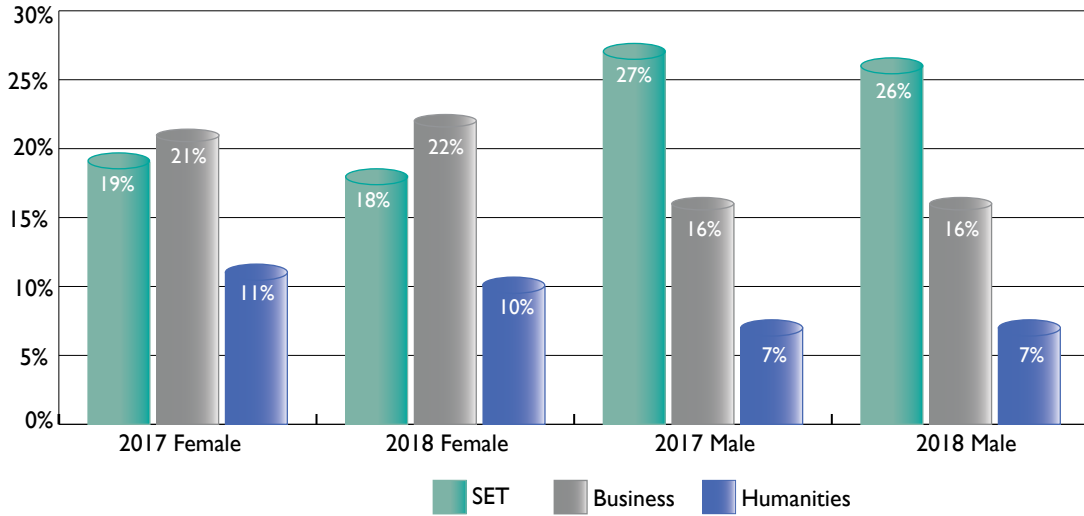
and Education students as a percentage of total enrolments decreased from 18% in 2017 to 17% last year. Relatively lower growth rates in undergraduate enrolments have driven the overall trend in both these fields. However, enrolment in the Business/management fields of study increased as a percentage of total enrolment from 37% in 2017 to 39% in 2018 (Figure 3).

**Figure 3: Percentage Headcount Enrolment by Major Field of Study 2016 – 2018**



Gender differences in enrolment in the various fields of study over the last two years are shown in Figure 4.

**Figure 4: Gender Differences in Enrolment by Field of Study 2017 – 2018**

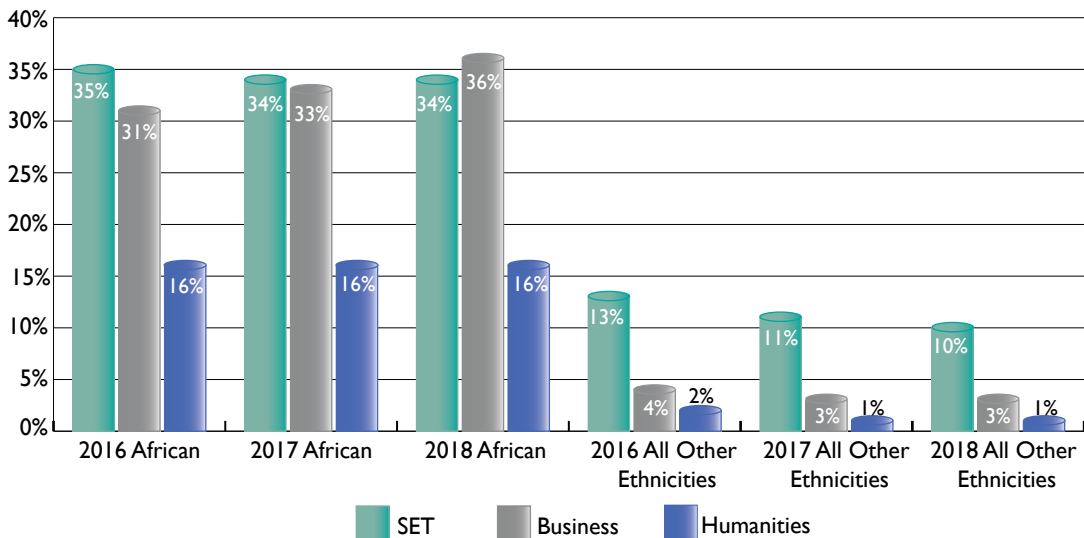


Whereas the percentage of females in total headcount enrolments for Business/management has increased over the past two years from 21% to 22%, that of SET and Humanities has declined by 1%. This metric for male students likewise showed a decrease in SET and is constant in the other two fields of study. There have been minor shifts in gender enrolments within the three fields of study. After increasing from 39% in 2016 to 41% in 2017, the percentage of females enrolled in undergraduate SET programmes remained constant at 41% last year, while that in Humanities decreased from 60% to 59%. The Business/management field is the only one to show an increase in

the proportion of females to males enrolled in both the undergraduate (from 56% to 58%) and postgraduate (from 48% to 49%) programmes respectively, in 2018.

Differences in enrolments in the major fields of study by race are reflected in Figure 5. African student enrolments in SET (34%) and Humanities (16%) remained unchanged in 2018. On the other hand, enrolments in the Business/Commerce field increased by 3% mainly due to higher undergraduate enrolments. The percentage SET enrolments for all other race groups continued the declining trend from 13% in 2016 to 10% in 2018.

**Figure 5: Enrolment by Field of Study by Race 2016 – 2018**



### Postgraduate Enrolment

In 2018, students in the SET field comprise the majority of postgraduate enrolments (50%), followed by Business/Commerce (26%) and Humanities (24%). These ratios have remained virtually unchanged over the past two

years. Although postgraduate enrolment as a percentage of total enrolment has remained constant over the past 4 years (4% of total enrolments 2015-2018), the absolute numbers of postgraduate students have been increasing in general. Table 7 refers.



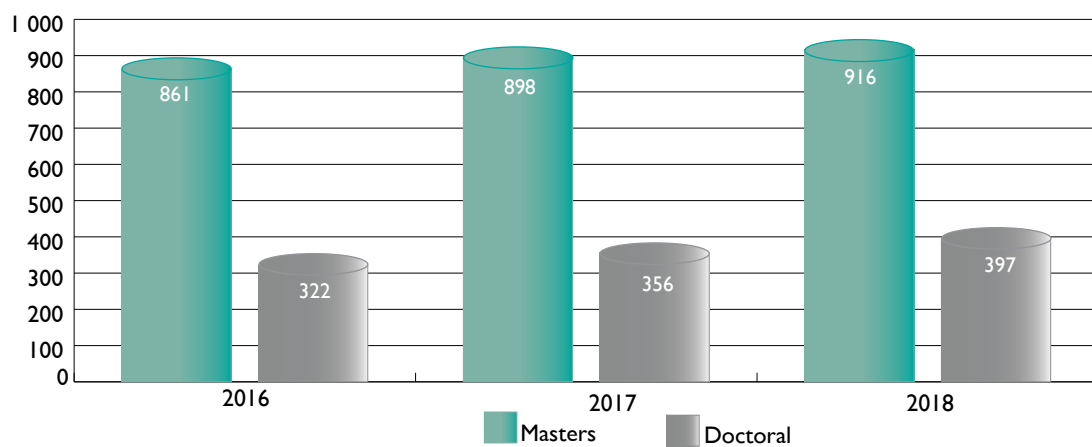


**Table 7: Postgraduate Enrolments by Faculty 2016 – 2018**

Faculty	Masters' Headcount			Doctoral Headcount		
	2016	2017	2018	2016	2017	2018
Accounting and Informatics	73	75	101	18	15	26
Applied Sciences	116	117	99	48	40	40
Arts and Design	56	62	73	16	30	38
Engineering and the Built Environment	106	135	152	29	29	41
Health Sciences	243	241	243	38	35	35
Management Sciences	267	268	248	173	207	217
<b>TOTAL</b>	<b>861</b>	<b>898</b>	<b>916</b>	<b>322</b>	<b>356</b>	<b>397</b>

Figure 6 below shows the headcount enrolment for Masters' and Doctoral students.

**Figure 6: Postgraduate Headcount Enrolments 2016-2018**



**International Student Enrolments**

Enrolment of international students shows a declining trend over the past five years from 704 in 2014 to 544 last year. There was a 9% decrease in international enrolments between 2017 and 2018. Since 2015, international student enrolment as a percentage of total enrolments has remained roughly constant at 2% (1.74% in 2018). Of the 544 international students enrolled at DUT in 2018, the majority (71%) is from SADC countries. The highest enrolments are from Zimbabwe and the DRC at 49% of total international enrolments.

**Students with Disabilities**

The enrolment of students with disabilities has increased over the past two years. In 2018, the number of enrolled students with disabilities moved from 175 to 186 and comprises 0.6% of headcount enrolments. As indicated earlier under Limitations of access, we recognise that our physical infrastructure is insufficient for differently abled students. Our physical infrastructure expansion projects on our campuses in Pietermaritzburg and Durban have included a focus on ensuring appropriate access for differently abled people. The success rate in 2018 for students with disabilities sits at 86.7%.

**Academic Progress**

This section of the report focuses on academic progress. Student academic success at DUT has exhibited a generally positive trend over the years since 2013. Limitations on access to certain courses experienced during 2018 will be outlined first. This is followed by a presentation and analysis of the following metrics pertaining to academic progress: success rates; graduation rates (2018), and throughput rates for various National Diploma, Bachelor Degree and BTech student cohorts.

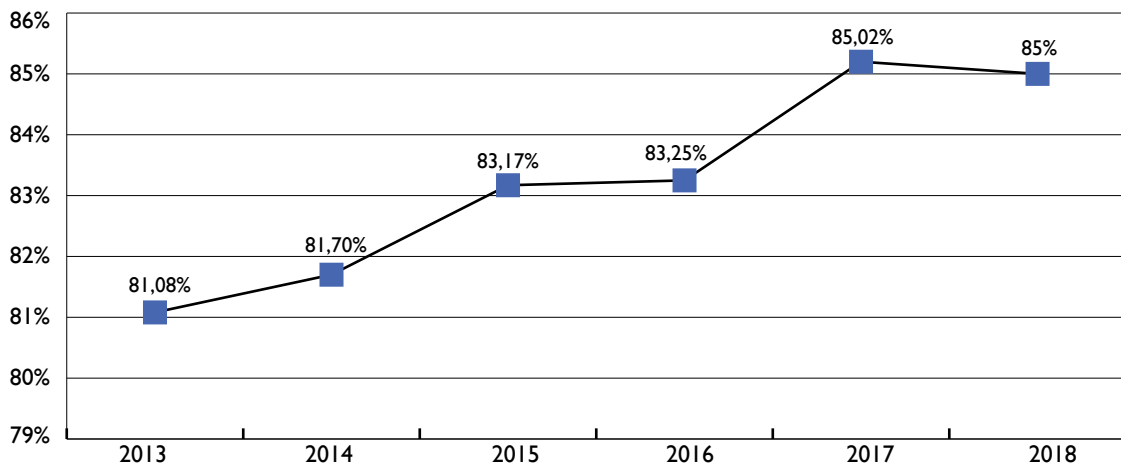
**Success Rates**

Success rate is defined as the completed full-time equivalents (FTEs) expressed as a percentage of the enrolled full-time equivalents. Data on student performance show that DUT continues to meet DHET approved targets of 80% in respect of success rates. Since this report uses data rounded up/down to the nearest whole numbers, Figure 6 will present for the clarification purposes, the five-year trend using unrounded success rates.

Figure 7 shows that, having been on an upward trajectory since 2013, success rates dipped slightly in 2018 from 85.2% in 2017 to 85% in 2018. The University continues to implement various interventions aimed at helping



**Figure 7: Percentage Success Rates 2013 – 2018**



undergraduate students in particular to succeed. These measures include, but are not limited to, identifying and tracking students at academic risk, tutoring and mentoring, First Year Student Experience and the Residence Education Programme. From 2019 onwards, it is envisaged that identifying at-risk students and modules will be facilitated by the use of the AutoScholar Advisor system. The latter uses Artificial Intelligence (AI) algorithms that provide analyses on large data sets and generate output in natural-language advice to staff and students to assist in managing academic progress. The University also anticipates the piloting of a Second Year Student Experience programme to provide continued support beyond the first year.

**Gender**

Nationally, female students generally out-perform male students. DUT is no exception. In 2016, success rates for female students stood at 86% compared to that of male students (81%). Over the past two years, these figures have remained constant at 82% for male students but show a small decrease in 2018 from the 88% achieved in 2017 for female students. Whereas the success rates for female

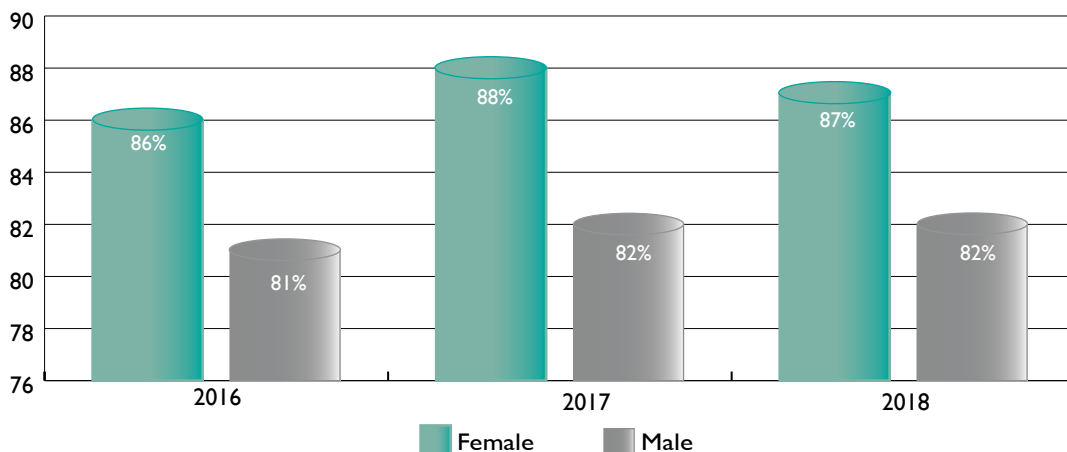
students have remained constant in the Humanities (90%) and in Business/management (87%) respectively, they have decreased slightly for SET females from 86% to 85%. Even though this decline is very small, it is a source of concern given the DHET advocacy for more female participation in the Sciences.

**Race**

Regarding success rates by race over the past four years, a generally positive trend for African students is evident and a negative trend for White and Indian students. In 2018, success rates varied from 80% for White students to 85% for African students. Although there has been a decrease in Coloured, Indian and White students as a percentage of total headcount enrolments, their declining success rates are a source of concern.

Race differences in success rates exist across the major fields of study. For example, the success rate of African SET and Business/Commerce students stayed constant in 2018 at 82% and 85% respectively, while that in Humanities decreased slightly from 89% to 88%. Indian students' success rates decreased across all study fields,

**Figure 8: Percentage Success Rates by Gender 2016 – 2018**





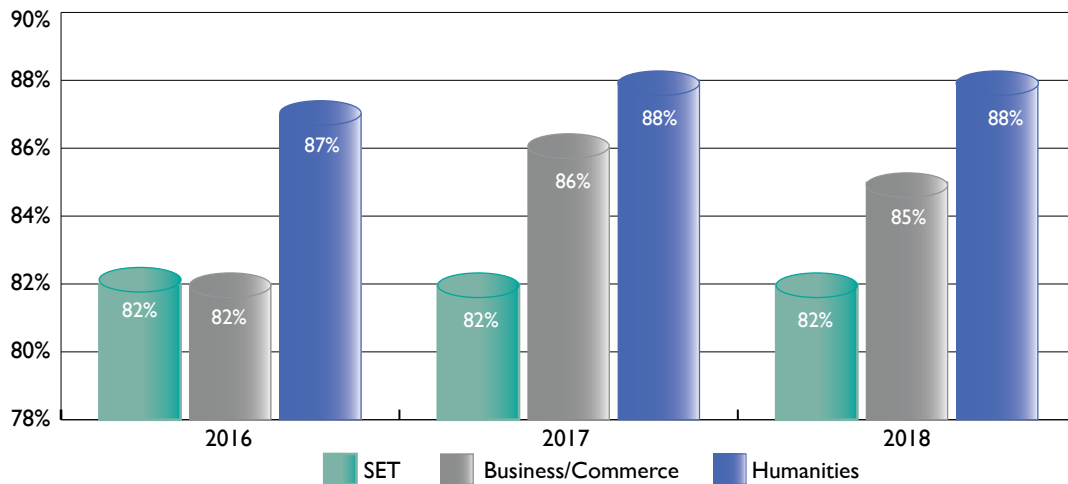


and particularly in the Humanities (by 4%) and in Business/Commerce (by 3%). Although the combined enrolments of Whites, Coloureds and Indians comprise about 15% only of the total headcount enrolments, reasons for the declining success rates need to be identified and remedial action taken.

**Fields of Study**

DUT's overall success rates continue to be higher than 80% in all major fields of study. In 2018, success rates in SET and Humanities were unchanged from 2017 at 82% and 88% respectively. However, success rates in Business/Commerce decreased slightly to 85%. Figure 9 shows success rates by Major Field of Study for 2016 - 2018.

**Figure 9: Percentage Success Rates by Major Field of Study 2016 – 2018**



**Graduation Rates**

The Graduation Rate is calculated as the number of graduates as a percentage of the total headcount enrolled in a reporting year. Of the 31 203 students registered for various undergraduate and postgraduate qualifications at DUT in 2018, 7 918 (25%) completed their studies at the end of 2018. This indicator has remained between 24% and 26% for the years 2015-2018.

The graduation rate for Masters' students has averaged 17% of enrolled Masters' students over the past 3 years. As a percentage of enrolled Doctoral students, the graduation rate of Doctoral students increased significantly from 9% in 2017 to 16% in 2018, mainly as a result of a large increase in the number of Doctoral graduates in the Faculty of Management Sciences. Table 8 refers.

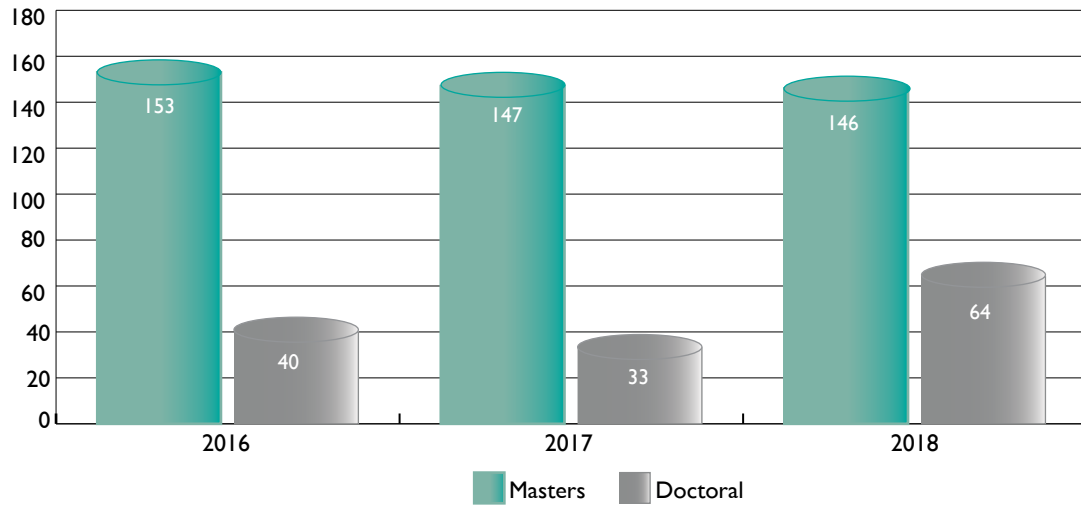
**Table 8: Postgraduate Graduation by Faculty 2016 – 2018**

Faculty	Number of Masters Graduates			Number of Doctoral Graduates		
	2016	2017	2018	2016	2017	2018
Accounting and Informatics	11	12	13	2		6
Applied Sciences	19	24	15	11	7	10
Arts and Design	10	2	12			5
Engineering and the Built Environment	19	13	14	7		6
Health Sciences	50	57	42	5	6	2
Management Sciences	44	39	50	15	20	35
<b>TOTAL</b>	<b>153</b>	<b>147</b>	<b>146</b>	<b>40</b>	<b>33</b>	<b>64</b>



Figure 10 shows the aggregated postgraduate graduation data for the University, 2016-2018.

**Figure 10: Postgraduate Graduation 2016-2018**

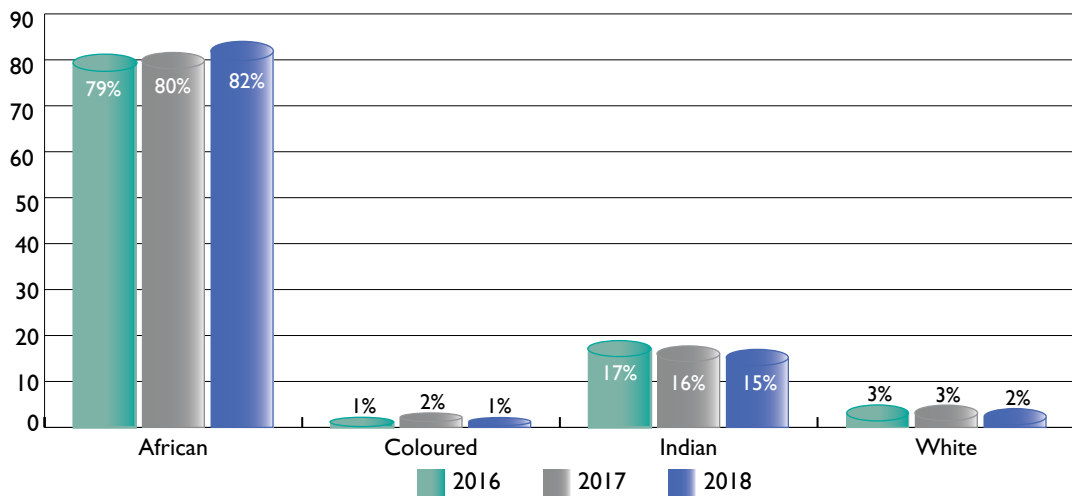


**Graduation by Gender and Race**

More female students (54%) overall completed their studies compared to male students (46%) in 2018. Therefore, the higher success rates for females are translating into higher completion rates as well. Composition of the completing students by race in 2018 was as follows: Africans 81.56%,

Coloureds 1.23%, Indians 14.73%, and Whites 2.22%. Changes in the racial composition of graduates for the period 2016-2018 is given in Figure 11. Over the past two years, only African students have exhibited improved graduation rates.

**Figure 11: Graduates by Race 2016 – 2018**



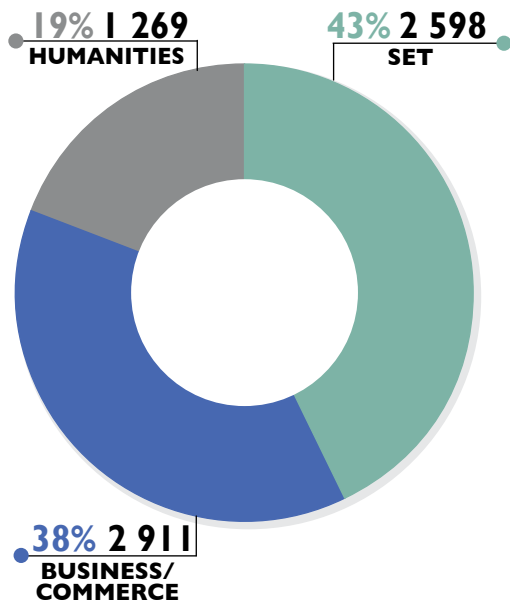
Of the 7 918 students who completed their studies at the end of 2018, the majority were in SET (42%) followed by Business/Commerce at 38%, and Humanities at 20% (Figure 12). Although this is in line with the University’s enrolment by major field of study, we note the marked increase in Business/Commerce graduates from 32% of total graduates in 2017. Of the 3 346 total SET graduates in 2018, 45% were females.

Whereas the graduation rate is the number of graduates as a percentage of the total headcount enrolments in a reporting year, it is interesting to consider the number of graduates in a particular field of study as a percentage of enrolments within that particular field in a reporting year. Figure 13 refers. Roughly 1 in 4 enrolled students in SET and Business/Commerce respectively were completing their programme of study last year. This metric is slightly better at about 1 in 3 for the Humanities, although this measure of academic progress was much better in 2017.





**Figure 12: Graduates by Major Field of Study 2018**

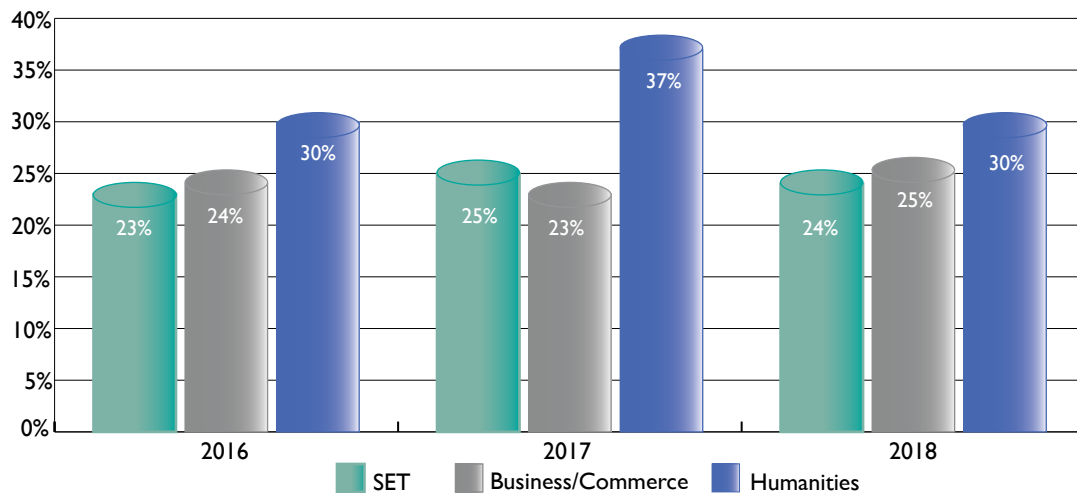


**Cohort Studies**

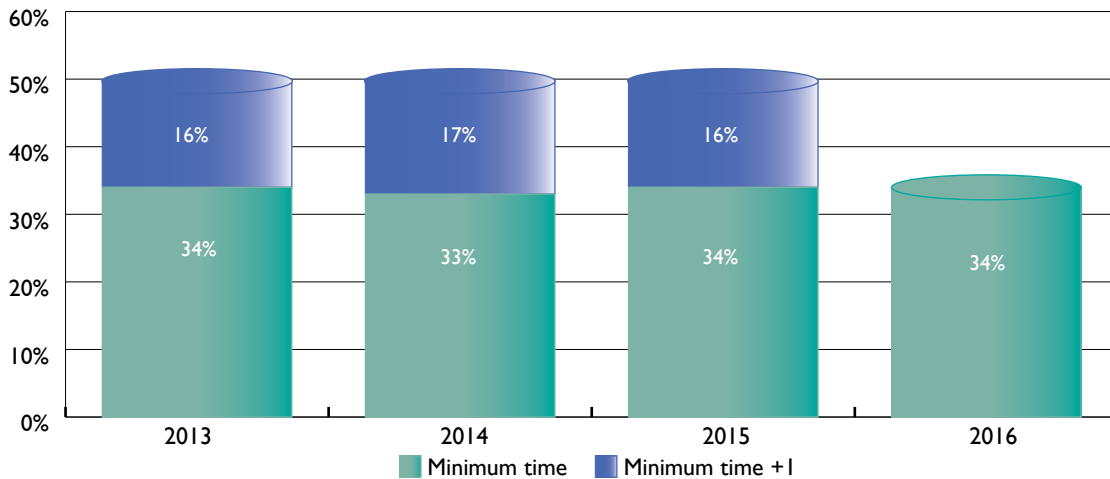
Figure 14 shows completion rates for the 2013-2016 cohorts of first-time entering students registered for a National Diploma for minimum time completion (3 years) and minimum time plus one year (4 years). The similarity in performance is evident, with 50% of Diploma students taking at least 4 years to complete their studies, and roughly 1 in 3 completing in minimum time. Regarding the 2016 cohort, 34% will graduate in minimum time, and 26% is currently studying. National Diploma cumulative completion in 5 years for the 2014 cohort is 57% with 4% of students still in progress.

One of the factors impacting completion rates is the dropout rate. Current data indicate a roughly constant dropout rate of 39% for National Diploma students for the 2012-2014 cohorts. Dropout increased to 41% for the 2015 cohort but has decreased to 39% for the 2016 cohort. There is a need to interrogate this data in an

**Figure 13: Graduates as a Percentage of Enrolments within Field of Study 2016 – 2018**



**Figure 14: Throughput Rates for Three-year National Diploma Students 2013 – 2016 Cohorts**

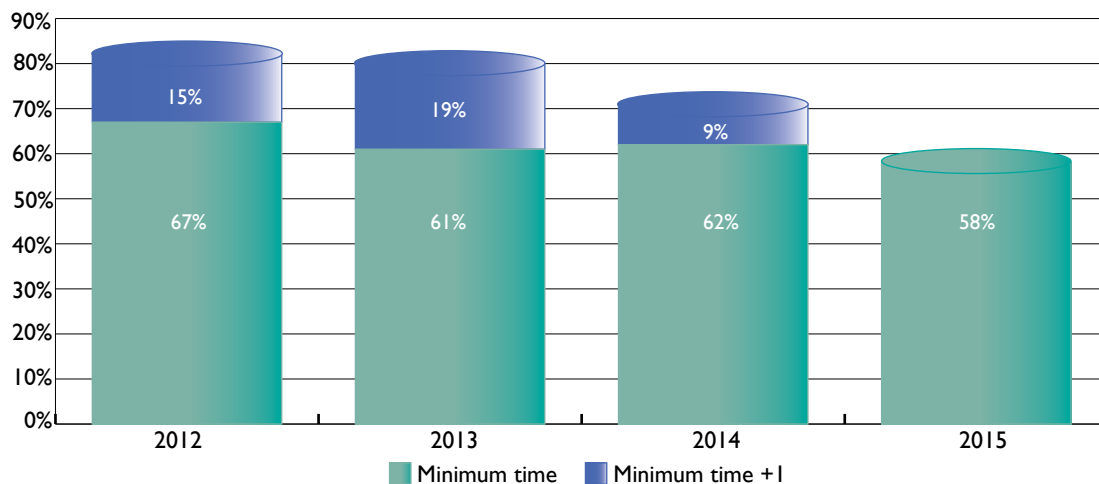


effort to understand the impact and patterns of stop-outs (those who do return at some stage to continue their studies) versus drop-outs.

Although throughput rates for four-year Bachelor Degree students are much higher overall than those for National Diploma students, Figure 15 indicates that in general, both throughput in minimum time and minimum time plus one year (5 years) has been declining. The most recent

four-year Bachelor Degree cohort data indicate a drop in minimum time completion of 58% for the 2015 cohort. One difference between the two groups is the dropout rate. Only 15% of the 2015 B. Degree cohort has dropped out compared to 39% of the 2015 National Diploma cohort. Further, while dropout rates for degree students have fallen for the 2014 (21%) and 2015 (15%) cohorts, this has not been the case for diploma students which has averaged about 39% since 2012.

**Figure 15: Throughput Rates for Bachelor Degree Students 2012 – 2015 cohorts**



Data for the BTech students show a steady improvement in minimum completion time for the 2015 – 2017 cohorts, from 33% to 40%. However, similar to the B. Degree students, the performance of the most recent 2018 cohort indicates a decline in minimum throughput rate to 39%.

Current cohort data show declining academic progress in terms of completion in minimum time across Bachelor Degree and BTech programmes. However, the data also point to increased persistence overall – more students are currently “in the system” and staying at DUT in an attempt to complete their studies.

## Staff Achievements, International Collaboration

### Staff Qualifications

A significant achievement is that of the improvement in staff who hold a doctoral degree. This improved from 24% in 2017 to 29% in 2018.

### International Scholarly Visits

- Research visitor hosted by Prof E Amonsou. Dr G Annor, Assistant Professor, Department of Food Science and Nutrition, Cereal Chemistry and Technology at the University of Minnesota visited DUT on 1-15 June 2018. He provided seminars to the postgraduate students on various topics associated with cereal grains, their modification and starch structure.

- Research visitor hosted by Dr S Pillai. Prof A Pandey from the Centre for Innovation and Translational Research, CSIR Indian Institute of Toxicology Research, Lucknow, India visited from 24 August to 1 September 2018. Prof Pandey held a series of lectures on Energy and Environmental Sustainability - The Concept of Bio-refinery; Biomass to Biofuels: Production of Liquid Biofuels from Agro-Industrial Residues; and a Seminar on Scientific Writing- How to Publish in High Impact Journals: An Editor's Perspective.
- Research visitor hosted by Prof T Kudanga. Prof G Nyanhongo from BOKU, University of Natural Resources and Applied Life Sciences, Vienna from 16 -22 September 2018. Prof Nyanhongo delivered a seminar to postgraduate students and participated in a planning meeting for specific project activities.
- Prof E Amonsou from the Faculty of Applied Science visited, as part of an academic exchange programme, the Grenoble Institute of Technology, University of Grenoble Alpes, France from 24 June – 8 July 2018.
- Dr K Erwin attended the Swedish South African University Forum workshop in May 2018 and was awarded the international networking grant award at the end of the year to explore further collaborations with Swedish colleagues.
- The Faculty of Management Sciences hosted Professor T Dobbstein from the Baden-Württemberg Cooperative State University in Ravensburg as a visiting Professor in February-March 2018.







### International Collaborative Teaching and Training

- Prof C Napier and E Singh presented a 30-hour module to a group of Bachelor and Masters students at the Munster University of Applied Science in June 2018. A large part of the workshop focused on the application of the Coping Strategy Index (CSI) in a local context and examples and case studies of South Africa was reviewed.
- N Mtshali (Ngap lecturer) and the late L Govender attended a three-week training programme, hosted by the Shanghai Maritime University (SMU) from the 25 June 2018 to 13 July 2018, funded by the Shanghai Municipal Government and SMU. The programme also included attendance of the 3rd International Conference on Maritime Policy, Technology and Education and the Forum on Green Shipping.
- Prof K Bisetty and Dr M Sabela attended an Instrument training workshop from 10-13th July 2018 at the PerkinElmer Demo Lab in Milano, Italy and from 17-20th July 2018 at the Postnova Analytics Laboratory in Landsberg, Germany. This workshop was related to the recently acquired Field Flow Fractionation (FFF) coupled with the Inductively Coupled Plasma Mass Spectrometer (ICP-MS) funded through the NRF/NEP grant allocation.
- The Department of Public Relations Management engaged in a Collaborative Online International Learning (COIL) project. Prof J Biehl-Kleinberg from SUNY Buffalo University (USA) and the Department developed an online course that offered a combined learning environment for two media courses, 'Media and Society', taught in South Africa and 'Ethics of Journalism' taught in the United States. Students worked collaboratively on a four-week project (August – September 2018) that blended into the curriculum of both the classes. The curriculum focused on the role of the press in informing the public and the relationship between the press and the president/those in power.

### Excellence Awards/Recognition

- The Energy Technology Station in the Department of Physics was the winner of the 2018 SANEA/SANEDI ENERGY AWARDS in the category of Energy Education on 31 August 2018.
- Dr Madikizela was the recipient of the prestigious Chromatographer of the Year Award for 2018. This was awarded by ChromSA.
- Prof R Bhagwan received the HELTASA Teaching and Learning Excellence award.
- The Institute of Professional Engineering Technologies (IPET), annually awards the highest academic achieving

ECSA Accredited B Tech Engineering graduate at all Universities of Technologies in South Africa. Mr HG Wilmot from the Department of Electronic and Computer Engineering was nominated the best male graduate from the Faculty of Engineering and The Built Environment.

- Fine Art part-time lecturer, M Chiliza showcased at the Nelson Mandela 100 exhibition at the Melrose Gallery in Johannesburg. He also made L'Atelier's Top 100 (The Absa L'Atelier is South Africa's most prestigious art competition and is held annually for artists between ages 21 and 35).
- Jewellery Design's C Miller won the 19th Annual PlatAfrica 2018 Jewellery Design and Manufacture competition in the Student and Apprentice category. 25 October 2018.
- Fashion and Textiles' F Sokhulu and J Shuttleworth, showcased their designs at the World University Student Fashion Design Competition at Qingdao, Beijing, from 11 October 2018 to 12 October 2018.

### Student International Collaboration Visits

- Ms M Jula, a DUT Food Technology Masters student supervised by Prof O Ijabadeniyi visited Osnabrück University of Applied Sciences, Faculty of Agricultural Sciences and Landscape Architecture from 1 October 2018 until 31 March 2019. Ms Jula will be completing her research and Development Project on Food Physics and PEF (Pulse Electric Field Systems) under the supervision of Prof Dr Stefan Töpfl. Ms Jula's visit is funded by Elea Technologies (project partners with the Osnabrück University).
- Mr T Naiker, a DUT Food Technology Masters student supervised by Dr J Mellem visited Max-Rubner Institut, Karlsruhe, Baden-Württemberg, Germany from 1 October 2018 - 28 February 2019. Mr Naiker will work under the supervision of Prof Dr Ralf Greiner.
- Ms K Kunene, a doctoral student under the supervision of Prof V Bisetty, spent a three-month study visit to the University of Montpellier in France, working in collaboration with Prof M Belchery. The three year scholarship was awarded by the French Embassy and she is due to return to France in 2019.
- Several Masters' students in Chemical Engineering spent a semester at the universities of Huelva and Valladolid in Spain in 2018. The project continues in 2019.
- Four students from the Faculty of Management Sciences were part of an exchange programme studying at the Baden-Württemberg Cooperative State University in Ravensburg from June to September 2018.



## The 2018 South African Survey of Student Engagement (SASSE) – Key Findings

Student engagement theory is premised upon two key tenets: students' time and energy devoted to educationally purposeful activities and, institutions' intentional focus on educationally effective practices that encourage students to pursue these activities. Almost 1 840 students (about 6.8% of the DUT undergraduate student population), completed the SASSE in 2018. The sample is reflective of the University's gender demographics (about 50% male) and slightly over-representative of first-year students (30%).

### Food Insecurity Related to Financial Stress

There has been a clear shift from a reliance on private to public sources of funding education between 2016 and 2018 – for example, 32% of respondents in SASSE 2016 were using NSFAS compared to 67% in SASSE 2018. However, food insecurity has emerged as a serious concern. While tuition costs remain a source of financial stress for our students, 55% of the 2018 SASSE sample indicated they had considered dropping out of university due to food insecurity. Our first-generation and residence students especially reported being faced constantly with the prospect of running out of food and not being able to afford to buy sufficient provisions. The Siyaphumelela Project began a food nutrition project in 2017 driven by 3rd year Food and Nutrition students who ran advocacy programmes around good nutrition on limited budgets. Our intention is to develop these initiatives into a formal project to address food insecurity amongst our students.

### First-generation Students

Over half (53%) of the SASSE 2018 respondents reported that they will be the first in their families to graduate from university. Those who were not the first to graduate were more likely to have siblings or other relatives who had completed higher education studies rather than parents. About 80% indicated that neither parent was a university graduate – this group is described as “first-generation” in SASSE.

These students were less likely to assimilate with 1 in 3 reporting never or only sometimes having discussions with students from different economic backgrounds. Since the First Year Student Experience (FYSE) programme is aimed at easing the transition to higher education, it is good that 77% of first-generation students planned to/had already participated in FYSE although only 36% had consulted or were consulting with an academic advisor (staff member) to help with planning their studies. This compares to 68% and 31% respectively of non-first generation students. While the majority of first-generation students (70%)

felt well-supported in terms of technology, 9% believed DUT provided very little support to assist them with using technology. These findings suggest that provision of IT infrastructure such as computer laboratories must be staffed appropriately.

Overall, first-generation students reported positive relationships with academic staff, other students, student support services, and peer learning support. However, 47% rated the quality of their relationships with other administrative services as poor/fair, a result not dissimilar to that of non-first generation students. Despite this, 80% of first-generation students evaluated their entire educational experience at DUT as good/excellent.

The policy implications of these findings include:

- Administrative support and guidance (registration, finance, housing etc.) for all students;
- Support for using technology competently and confidently;
- Importance of appropriately structured FYSE programme with greater buy-in from academic departments and student participation. This is in line with the UCDP's focus on Access and Success by providing funding support for student development activities that provide life skills, advising, psycho-social support, tutoring, mentoring etc.
- Co-curriculum experiences outside the classroom to acclimatise students to diversity and university life

### High-impact Practices (HIPs)

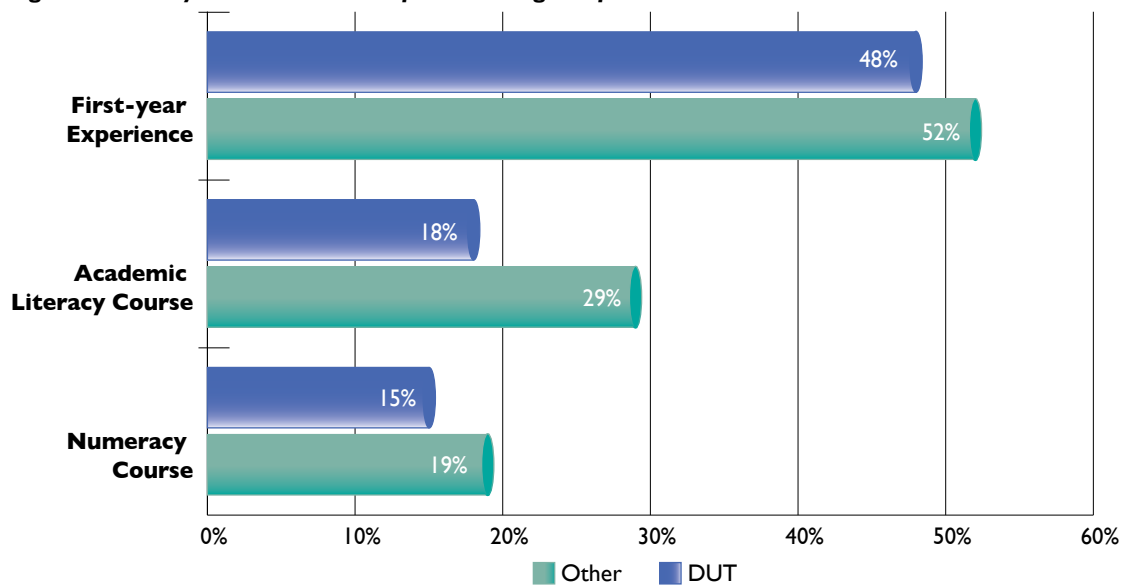
SASSE identifies 13 activities as so-called high-impact practices (HIPs), argued to positively reinforce learning and retention. These HIPs demand significant time and effort by students, involve learning beyond the classroom and often collaboratively with peers, and require frequent and substantive feedback from instructors. George Kuh, the founding director of the National Survey of Student Engagement (NSSE) in the USA, recommends that all students participate in at least two HIPs over the course of their undergraduate studies, one of which should ideally occur in the first year (NSSE, 2007).

While it is not strictly appropriate to compare DUT results with those of other SASSE participating institutions (the majority of which are traditional universities), some interesting differences regarding HIPs were observed. Regarding first-year students, a statistically significant higher percentage of other universities' respondents had completed or were busy with first-year experience (FYE)/orientation programmes, academic literacy courses and numeracy courses (Figure 16 - First-year student participation in High-Impact Practices). Incidentally, similar results were observed in 2016 for FYE and academic literacy programmes, when DUT was being compared with other UoTs. On average, significantly more DUT senior and first-year students reported taking





**Figure 16: First-year Student Participation in High-impact Practices**



modules that include a community-based/community engagement project in 2018 (74% DUT vs. 55% Other).

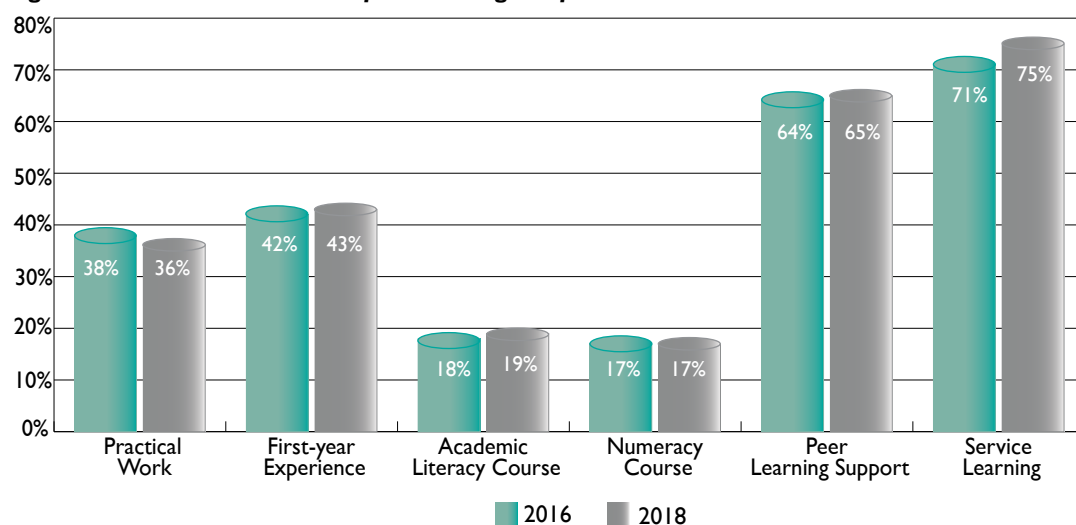
Are these HIPs taking place and have there been any changes over the past three years? According to the SASSE feedback, very little has changed. Figure 17 gives senior students' responses for selected HIPs (Done/in progress).

Our students expect a UoT to provide a more career-focused education vis-à-vis traditional universities. A slightly lower percentage of students (36%) in 2018 reported that they had completed or were currently busy with practical work. This item on SASSE requested feedback on involvement in internships, work integrated learning, clinical placement, field experience, etc. that students are required to complete as a compulsory part of their studies. It must be noted however, that both traditionally and as a result of recurruculation, a

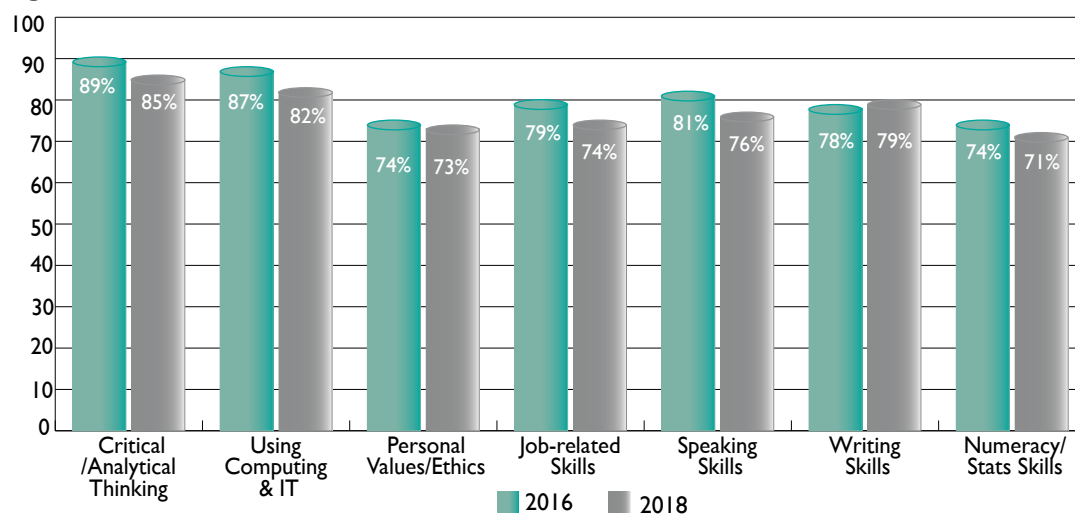
significant amount of practical work is done at DUT without necessitating industry experience. These include student work at various places of service such as clinics and restaurants, to name but a few.

A slightly higher percentage of students in 2018 indicated that "some" of their modules incorporated service learning through community-engagement projects (75%). Further, although participation in academic literacy and numeracy courses per se is almost unchanged, it is likely that since 2016 more students have been exposed to elements of these courses through General Education. Not shown in Figure 16, is participation in academic advising where students were asked whether they had consulted an academic advisor (a staff member) to help plan their studies. DUT students reported less engagement in this HIP (39%) last year compared to other SASSE respondents (43%).

**Figure 17: Senior Student Participation in High-impact Practices**



**Figure 18: Senior Students' Perceived Gains from Education**



### Perceived Gains from Education

SASSE asks students to report on how much their experience at DUT contributed to their knowledge, skills, and personal development in 11 areas. Some of these are related to DUT's graduate attributes, for example, becoming critical and creative thinkers or effective communicators. Figure 18 presents senior students' feedback on perceived gains in those skill sets most closely aligned to the DUT graduate attributes.

Various factors could account for the differences in perceived gains reflected in the above figure. Both the size and the composition of the sample has changed from 2016 to 2018 – there were just over 100 more senior students in the 2018 sample and changes in faculty participation overall. Further, higher academic entrance requirements into specific programmes imply an academically better prepared student who may not perceive gains from education to the same extent as one who is academically weaker. Nonetheless, it is of some concern that senior students last year do not perceive the value of their education as highly as in 2016 in the areas indicated in Figure 17. These results warrant more in-depth investigation.

### Research and Innovation

Engagement information as well as that pertaining to third stream income and advancement efforts is contained in the Vice-Chancellor's Report.

The 2018 University research, innovation and engagement (RIE) agenda has been driven by the Extended Annual Performance Plan (EAPP) 2018, the Annual Performance Plan (APP) 2018, the University Research Capacity Development Plan [as a component of the University Capacity Development Plan (UCDP)], and the Research

and Innovation Strategic Plan 2014-2018. Key areas of focus over the period of review have been the manner in which the university responds to the digital transformational pressures of the 4th Industrial revolution (4IR), and mechanisms by which our strategic choices in the areas of teaching and learning, research and innovation are able to address local, regional, national and global challenges.

As a University, we have made impact in all four strategic focus areas of our Strategic Plan 2.0 viz. building sustainable student communities of living and learning; building research and innovation for development; building a learning organisation; and building a sustainable University. Whilst this section of the Senate report is specifically centred around progress made on research and innovation for development, it is important to appreciate the interconnectedness of University endeavours, and the fundamental contribution that strategic provisions and choices made within the areas of research, innovation and entrepreneurship make to the development of sustainable staff and student communities of learning and the enhancement of a culture of learning across the University.

In pursuit of strategic enhancement of the innovation and entrepreneurship agenda, we were fortunate to have had international entrepreneurial and innovation expert, Ms Jaana Puukka (JAMK University, Finland), review our research and innovation enterprise within the context of the KwaZulu-Natal ecosystem. An implementation plan was prepared that honed the DUT entrepreneurial agenda and provided considerable strategic clarity. Entrepreneurial education approaches were described earlier in this report. Alongside these, the University will continue to offer training programmes in entrepreneurship with external partners and pay focussed attention to entrepreneurship modules that are currently







included in existing DUT curricula. Furthermore, it has become clear that research, entrepreneurship and innovation skills must be embedded through all levels of undergraduate and postgraduate training, supported by excellent researchers and innovators within the staff complement who are able to ensure that their own applied research informs the curriculum and experiences of students at all levels.

In this reporting year we have consciously drawn on the experiences of colleagues from JAMK University which suggest that, when entrepreneurship is embedded into the curriculum from the undergraduate level and centred on real-life challenges and the active development of practical problem-solving skills, it is possible to produce graduates who are able to initiate their own enterprises in support of both regional and social economic development. As a student-centred University our focus, in addition to driving the research and innovation agenda, has been on nurturing the entrepreneurial experiences and skills of selected students towards increasing sustainable student communities of practice that will contribute to our regional and local development. In this way we are also promoting DUT as a learning organisation in which both staff and students are working at the cutting edge of their fields and are kept abreast of cutting-edge technological developments.

As a learning organisation, we will need to look at the opportunities that the 4IR presents and what these represent to our conceptualisation of curriculum, the graduates that we wish to produce, and the strategic focus of our research and innovation endeavours as drivers of social and economic development in the region. Big data analytics and trend analysis are two such important and powerful areas of research capacity development that would inform decision making and contribute substantially to social and economic development. To this end, the University has recently been awarded the BankSETA Chair in Digitisation which will actively pursue skills training in this area.

Arising from the Wholesale and Retail SETA's intention to contribute positively to research and qualifications development at NQF levels 5-10, DUT was also awarded the DUT Wholesale and Retail Chair in November 2017, for implementation in 2018. This initiative seeks to develop distinguished scholarship and reputable research and innovation, as well as to promote internationally-competitive research. Such commitments to research are also aligned to national imperatives seeking to encourage postgraduate studies, to increase the traditional research outputs and to expand the pool of researchers that can contribute to knowledge production and inform practice and trends within the sector. It is expected that the substantive Chair position will be filled in 2019, as duties were performed by an Acting Chair in 2018.

From the perspectives of the triple helix concept of a spiral model of innovations that emphasise trilateral interactions amongst universities, industry and government, and the capitalisation of knowledge or the quad-helix concept that seeks to link university, industry, government and civil society, it is critical that the applied research we do should have impact not only in terms of the knowledge we generate, but also on the products and services we produce have impact on our graduates, industry and society at large. The NRF SARChi Chair in Water, which was renewed in 2018 for another 5-10 years, is a typical example of how the quad-helix concept works to ensure that the partnerships we form and the engagements that we undertake are beneficial to all parties in terms of the training needs of students, industrial need, and the development of applied research and innovation that produces knowledge at the cutting edge of the field, has regional, national and global impact and addresses real life practical challenges. In this regard, the Institute for Water and Wastewater Technology (IWWT) has received national recognition through its Director, Professor Faizal Bux, and has benefited enormously from interactions with other academic institutions, industry, government and civil society.

The University's two Technology Stations, the Reinforced and Moulded Plastic Technology Station and the Energy Technology Station – KZN Industrial Energy Efficient Training & Resource Centre (IEETR Centre) both continued to provide innovation leadership through products, processes and prototype development, innovative technology for development and impact for local communities. IEETR received a number of awards, including an award to the Centre's leader, Professor Ian Lazarus as one of the 50 Most Impactful Green Leaders (Global Listing), the South African National Energy Association (SANEA) Energy Education Award and the Energy Globe International Award for best implemented energy project in one's country.

The BRICS Network Universities Participation has five focus areas (or International Thematic Groups - ITGs) of collaboration, of which water resource and pollution treatment is one and Biotechnology and food technology another in which the University actively participates. The latter, focusing on bioprocessing of agricultural residues for eco-sustainable production of biofuels and by-products was formalised towards the end of 2018, with its launch at DUT expected in early 2019.

The year 2018 also featured a number of high-level strategic achievements for DUT with impact at both national and international levels. These include the following:

- The National Research Foundation (NRF) Excelleration Award to DUT. Derived from the words "excellence" and "acceleration", the Excelleration Award



acknowledges South African research institutions achieving the most improved research performance over recent years, as evaluated by independent parties and measured against a selection of critical indicators;

- The NRF award to the multi-award winning and internationally acclaimed Director of DUT's Institute for Water and Wastewater Technology (IWWT) and B-Rated scientist Professor Faizal Bux, under the category, Champion of Research Capacity Development and Transformation at a South African Higher Education Institution;
- The DST Award for "Distinguished Woman Scientist Award in the Humanities and Social Sciences" category that went to C-Rated scientist Professor Nokuthula Sibiya, who is the Executive Dean of the Faculty of Health Sciences; and
- The Human Sciences Research Council (HSRC) Medal for DUT, awarded to A-Rated scientist Professor Michael Chapman, who is a Retired Professor.

Notable growth, from 2017 to 2018, is evidenced in the expanded publication profile, the increase in graduation numbers at both Master's and Doctoral level, increasingly successful grant acquisition both at staff and postgraduate student levels, and the registration of a number of trademark products. We have also been acknowledged for the success of our research and engagement outputs, including book launches, community engagement projects, memoranda of agreement, and increased postgraduate enrolment. As the University moves to its next phase of strategic planning, we look forward to greater participation and ensuring that we build a consistent pool of emerging researchers and innovators who are able to contribute to the development, growth and impact of our university. Congratulations are due to all who make us thrive in the research and innovation space, as well as our entrepreneurs.

### Inaugural Lectures of Full Professors

Three inaugural lectures were presented in 2018. Our congratulations to Professors Ian Davidson (Electrical Power Engineering, Faculty of Engineering and the Built Environment), Nokuthula Sibiya (Executive Dean, Faculty of Health Sciences) and Robert Gengan (Department of Chemistry, Faculty of Applied Sciences) on their achievements and recognition as full professors of the academy.

### Research Outputs

Global and national trends in measuring research performance include evaluating the type of Journals in which work is published. There are four categories (quartiles) of journal impact assessment, with Q1 journals

regarded as having the highest impact, and Q4 the least relative impact. In 2017 DUT had 77 Web of Science documents in Q1 journals. We aim to grow this number in 2019 based on 2018 baseline information which shows that the Category-normalised Citation Impact for DUT was 1.53 in 2018. This was above both the global and national baseline averages. This means that for its size and position within the South African HE landscape, DUT research publication outputs are cited more frequently than those of analogous national and international institutions. DUT was one of 11 institutions with at least 83.55% of its publications in international indices (journal databases), alongside the likes of the universities of KwaZulu-Natal, Pretoria, Wits, Rhodes, Stellenbosch, Johannesburg, Cape Town, Fort Hare and the Vaal University of Technology. This is an important indicator, as it highlights the increasing global share of knowledge production by academics South Africa.

Journal publication output shows an increase of 18 units in 2017, which is a 7% increase on output attained in 2016. A similarly positive trend was noted also in respect to books, book chapters and the total publication units in 2017. The area of publication output is in need of closer monitoring, as recognition of such outputs relies both on the quality of submissions and the efficiency of capturing and recording, with provision of relevant evidence from both faculty members, researchers and administrators.

**Table 9: Research Outputs 2017-2018 (unweighted)**

Research Outputs	2017	2018
Research Output Units	502.52	598.84
Publications	275.02	277
Masters	128.5	130
Doctoral	33	64

Research output per instructional/research staff grew from 0.86 in 2017 to 1.00 in 2018.

### National Research Foundation (NRF) Rated Researchers

The NRF rating system is a key driver of the Foundation's aim to build a globally competitive science system in South Africa. It is a valuable tool for benchmarking the quality of our researchers against the best in the world. We had an increase from 29 in 2017 to 30 in 2018, and this will increase to 34 in 2019 with the newly-approved 2018 NRF ratings becoming effective from January 2019. The number of female NRF-rated researchers increased by three, with the Faculty of Health Sciences having two newly-rated scientists and one in the Faculty of Applied Sciences.



**Table 10: NRF-rated Researchers 2018**

NRF rating category	Name	Specialisation
A2	Chapman, MJF Prof	South African literature
B2	Marks, M Prof	Community development, Community based research, Policing - Studies, Security management, Ethnography, Community engagement, Urban studies, Drug use disorders and drug policy
B3	Bux, F Prof	Wastewater technology, Algal biotechnology, Wastewater bioremediation, Biological wastewater treatment
	Preece, J Prof	Adult education, Lifelong learning, Community engagement
	Stenstrom, TA Prof	Applied and Environmental Microbiology, Environmental Impacts, Applied environmental science, Advanced microbiology
C1	Bharuth-Ram, K Prof	Nanomaterial science, Nuclear solid state physics, Hyperfine interactions, Crystal lattice defects, Magnetic materials, Emission channeling, Mossbauer spectroscopy
	Ojo, JO Prof	Electric power, Clean and renewable energy, Electrical motor drives, Renewable energy technologies, Power electronics and machines, Solar energy (Photovoltaics), High voltage direct current, Advanced control methods, Distributed generation of electric power, Electric current converters
	Singh, S Prof	Environmental enzymology
C2	Collins, AJL Prof	Critical psychology, Gender studies, Media studies, Counselling psychology, Cultural studies
	Deenadayalu, N Prof	Thermodynamics, Ionic liquids, Pulp and paper, Solvent extraction, Phase equilibria, Chemical thermodynamics, Activity coefficients, Lignocellulose, Pulp and paper - Biotechnology, Chemical biotechnology
	Govender, M Prof	Relativistic astrophysics, Thermodynamics, Gravitation, General relativity (Physics)
	Jaganyi, D Prof	Kinetics, Kinetics/reaction mechanisms, Academic management, Analysis, Postgraduate supervision
	Permaul, K Prof	Enzyme application in biocatalysis, Microbial enzymes, Directed evolution, Enzymes - Industrial application
C3	Bisetty, K Prof	Computational chemistry, ElectroAnalytical Chemistry, Biosensors
	Dorasamy, N Prof	Governance and public management, Public administration - Ethics, Values based leadership
	Duffy, KJ Prof	Mathematical modelling, Ecological modelling, Monte Carlo methods, Computational mathematics
	Gengan, RM Prof	Bio-organic chemistry, Organic synthesis, Natural products - Isolation characterisation, Nanochemistry
	Harris, GT Prof	Public Management and Economics
	Kuttan Pillai, SK Dr	Applied and Environmental Microbiology, Biological wastewater treatment, Biohydrogen, Microalgae, Waterborne diseases, Drug resistance, Antibiotic and metal resistance
	Odhav, BO Prof	Antimalarial drugs, Anticancer drug development, Biochemistry (Medicinal plant), Cellular and molecular biology, Food - Nutrition, Anti-tb compound tests, Anti-diabetic drugs - Research, HIV drugs, Plant tissue culture, Algae biotechnology
	Olugbara, OO Prof	Computer science, Information technology, Computer science, Information technology, Information technology - Applications
	Potgieter, CA Prof	Lesbianism, gay and lesbian psychology
	Sibiya, N Prof	Primary health care, Maternal and child health
	Zloschastiev, KG Dr	Superfluidity, Gravitation, Quantum physics, Degenerate quantum gases, Open quantum systems, Quantum field theory, Elementary particles, Cosmology, Differential equations, Nonlinear and complex systems
	Kanny, K Prof	Nanomaterials, Conductive polymer nanocomposites, Analytical polymer science, Natural fibre reinforced composites, Robotics, Nanoclay polymers, Nanostructures, Plastic design of structures, Fatigue and fracture

NRF rating category	Name	Specialisation
Y2	Amonsou, EO Prof	Food processing, Food chemistry
	Erwin, K Dr	Sociology, Urban, Community based research, Ethnography, Sociology - Race, Class and Gender, Urban housing, Race
	Kudanga, T Prof	Biocatalysis, Bioactive compounds, Antioxidants, Biotransformations, Antimicrobials, Environmental biotechnology, Lignocellulose, Biomaterials
	Pillay, JD Dr	Community public health, Health Promotion through physical activity, Physical activity in the workplace, Physical activity and health, Physical activity measurement, Physical activity and non-communicable diseases, Physical activity epidemiology
	Venugopala, K Dr	Antimicrobial screening, Pharmaceutical sciences, Antimalarial compounds, Antituberculosis drugs, X-ray crystallography, Anticancer plant products, Antimicrobial peptides, Isolation and structural elucidation, Antioxidants, Anticancer drug development

### Research Focus Areas

In the 2017 Report to Senate it was noted that there were nine Established and five Emerging Research Focus. In 2018, two additional new Emerging Research Focus Areas were identified in Space Science (sponsored by the DST to the tune of R1 599 000.00 in 2018) and Gender Justice and Human Development. All six faculties have identified niche research areas. Full proposals on a five-year trajectory and resourcing plans for these areas will serve at the Institutional Research and Innovation Committee (IRIC)

in 2019, as the University engages with the DST. The DST seeks to build capacity in the Space Science programme at DUT, where 15 South African postgraduate students were targeted for 2018 enrolments in our faculties. External engagements around the resourcing of the Gender Justice and Human Development will also continue in 2019 as we partner with identified Government entities and Science Councils to support this initiative.

**Table 11: Research Focus Areas**

Research Focus Area (RFA)	RFA Administrative Leader	RFA Administrative Leader's Department/Faculty/Institute
1. Water	Prof F Bux	Institute for Water and Wastewater Technology
2. Enzyme Technology	Prof S Singh	Faculty of Applied Sciences
3. Nanotechnology	Prof K Kanny	Department of Mechanical Engineering
4. Food and Nutrition Security Nutrition Consumer Sciences	Prof C Napier	Department of Food and
5. Computational Modelling and BioAnalytical Chemistry	Prof K Bisetty	Department of Chemistry
6. Systems Science	Prof K Duffy	Institute of Systems Science
7. Urban Futures	Prof M Marks	Urban Futures Centre
8. Peace Studies (ICON)	Prof G Harris	International Centre of Nonviolence
9. Indigenous Knowledge Systems and Drug Delivery Systems - Plant Biotechnology	Prof B Odhav	Faculty of Applied Sciences
10. Management Studies	Prof R Rampersad	Faculty of Management Sciences
11. Energy	Dr I Lazarus	Department of Physics
12. ICT and Society	Dr D Heukelman	Faculty of Accounting and Informatics
13. Health Studies	Prof N Sibiya	Faculty of Health Sciences
14. Gender Justice and Human and Development	Prof C Potgieter	Arts and Design Research & Postgraduate Support (Coordinated by Office of the DVC:RIE)
15. Transformation through the Arts and Design	Dr E Rapeane-Mathonsi	Faculty of Arts and Design
16. Space Science Programme	Prof I Davidson	Engineering & the Built Environment Accounting & Informatics Management Sciences (Coordinated by Office of the DVC(RIE))







## Entrepreneurial and Innovation Capacity as Part of the Regional Ecosystem

The University strategically invested in innovation and entrepreneurship (IE) in 2018, with the establishment of two University IE entities on both the Midlands and Durban campuses. These were established as a first port of call for students needing mentorship and support in growing and developing their ideas and initiatives to the point of establishing start-ups. There has been a tremendous interest amongst students and staff resulting in the number of student projects in incubation exceeds 65, substantially higher than the annual target of 10. The DUT Entrepreneurial cluster includes the Enactus students, the Midlands and Durban Entrepreneurial Desks and Centre, and the Centre for Social Entrepreneurship, all of which interface with students and faculties to give the relevant environment, support and training.

At the core of all engagements are representation of the core functions of the University – the generation of knowledge, its dissemination, its application, and its continued use. Within the University's implementation plan, engagements with the DHET Entrepreneurial Development in Higher Education (EDHE) programme, hosted by Universities South Africa (USAf), were initiated to establish and strengthen entrepreneurial programmes and engagements within DUT and the region. Some of these engagements have led to formalised agreements that will ensure our students are supported in their entrepreneurial education and start-ups. The Technology Innovation Agency (TIA) and EDTEA (Department of Economic Development, Tourism and Environmental Affairs) have pledged to fund DUT as a collective, and also to provide interns for business support through TIA funding from 2019.

One of the prime intended outcomes in respect to innovation and entrepreneurship development is to progressively move towards incorporation into formal curricula. We have had various engagements around the most appropriate approach to take, which includes considerations of re-curriculation of diploma and degree programmes, and incorporation of project-based learning into higher certificate offerings. Of critical importance

is to ensure that students are able to achieve credits in respect to training opportunities that are offered.

Centrally, short courses are offered through entrepreneurial entities in partnership with SEDA (Small Enterprise Development Agency). In 2018, the DUT Entrepreneurial programme supported a total of 47 students, through University strategic funding and through SEDA. The Entrepreneurial Desk and Centre's programme has as its mission the development and support of aspiring entrepreneurs within DUT. As an indicator of the progress we are making towards the nurturing of entrepreneurship at various levels within the university, the DUT Enactus Team won the 2018 National award for Entrepreneurship and was the first team from a University of Technology to represent South Africa at the world competition.

## Conclusion

Against the backdrop of labour disputes that disrupted the academic programme at the start of 2018 and required an amendment to the academic calendar, we are still able to record achievements in our knowledge project. We have seen substantial progress in our PQM alignment, alongside considerations of reviewing our curricula to ensure we are drawing on an appropriate mix of different knowledge bases. While our student success rates plateaued in 2018, we noted a decrease from 2017 in the graduation rates. There have been a number of national recognitions in our research-innovation activities, the pinnacle possibly being recognition as one of the fastest-growing universities in the areas of research and innovation, as evidenced by the NRF Excelleration Award.

However, we recognise that there are areas of debate and consideration in which the Senate will have to engage, such as the shape of the University in respect of the major fields of study, throughput and retention concerns as well as quality considerations of our academic programmes. Senate meetings are an opportunity to engage in debates on crucial matters and we indeed hope that Senate will become an arena for debate around these crucial matters of our academic project.

Professor TZ Mthembu  
**Chairperson: Senate**





## REPORT OF THE INSTITUTIONAL FORUM

*The Institutional Forum was unable to meet in the early stages of 2018 due to labour dispute action at the University; the Forum thus held three of the four scheduled meetings.*

The Executive Secretary of the Forum attended a transformation seminar in Johannesburg hosted by the Department of Higher Education and Training. The purpose of this was to establish a Committee of Institutional Forum Chairpersons that would convene once a year to discuss issues affecting Institutional Forums in terms of transformation. Information noted from the seminar is that there was a perception that transformation is usually only focused on race and gender while other crucial areas such as the curriculum, teaching and learning, student centeredness and employment equity are ignored. Delegates to the seminar also indicated that universities should provide resources to Institutional Forums to host transformation seminars. The DUT Institutional Forum unanimously agreed that the Transformation Task Team that has been convened must have a Gender Forum representative.

The Social Media Policy that was tabled at the Forum was revised as the Forum noted that there were some amendments and clarifications that needed to be made; however, the policy had already been submitted to Council for approval. The Forum undertook the revisions and resubmitted this Policy to Council for approval.

The Institutional Forum's Language Policy task team has finalised the draft policy and this has been circulated to stakeholders. The policy is currently with the Registrar's Office.

The terms of office of representatives from the Academic staff and the Professional, Administrative, Support and Service staff came to an end in December 2018 and new elections will be conducted in January 2019.

Dr Naresh Sentoo

**Chairperson: Institutional Forum**





# COUNCIL STATEMENT ON SUSTAINABILITY

## Impact on Society, the Environment and the Community

As indicated in the Chairperson of Council’s report, DUT is acutely aware of the “triple-context” within which it operates, namely the contexts of the economy, society and the environment on which we have a significant impact. Equally, these contexts, with their multifarious influences, serve to remind us of why we exist. Hence, considerations of sustainability remain paramount to DUT, as we continue to play a significant role in contributing to the primary sectoral mandate which is to increase graduate output in South Africa. Over and above the meeting of numerical targets as per our enrolment plan, DUT views its role as not solely limited to the needs of the labour market, but one that extends to the need for societal transformation as a whole. Our emphasis on graduate attributes, as well as infusing the curriculum with modules in “general education” in our recirculation processes, to use a single example, acknowledges our commitment in this regard. We see this through our graduates making a contribution to the economy primarily, but also on the quality of leadership they bring into society for the purposes of fostering such ideals as social justice and ethics. Through the enhancement of current and new programmes with a focus on entrepreneurship, DUT is poised to make a substantial contribution to the economy at local and regional levels.

## Sustainability – A Central Theme of DUT’s Strategic Plan

Sustainability is a vital theme in the 2015 - 2019 DUT Strategic Plan, reviewed, nuanced and approved by Council in June 2017 for the period July 2017- December 2019. All four of the following strategic focus areas (SFAs) are underpinned by the notions of long-term sustainability and relevance:

Strategic Focus Area 1: Building sustainable student communities of living and learning

Strategic Focus Area 2: Building research and innovation for development

Strategic Focus Area 3: Building a learning organisation

Strategic Focus Area 4: Building a sustainable University

As illustration, one of the strategic objectives linked to Strategic Focus Area 4 is to “Develop a sustainable growth framework which ensures rigorous and aligned planning, resource allocation, risk assessment and quality assurance”. The University’s 2018 Extended Annual Performance Plan (essentially its annual operating plan) indicated its commitment to the vital objective of sustainability in the following statement: *Considerations of sustainability remain paramount, particularly around funding and implementation of fee structures, as well as solidifying operational plans around third stream income that start realising the possibilities of this additional stream of income. We are now beginning to redirect funding towards improving the infrastructure and the University plant with maintenance priorities having been established; this critical work will continue in 2018.*

Through regular internal reporting, the University monitored the attainment of objectives of sustainability in the course of 2018. The report by the Vice-Chancellor and Principal on management and administration as well as the Annual Performance Assessment Report, included in this Annual Report indicate quite clearly our achievements in this area.

## DUT Finances

For the first time in its history, DUT negotiated a three year salary agreement with staff unions. This will go a long way towards achieving a desirable salary to revenue ratio consistent within the DHET prescripts of salaries not exceeding 62% of revenue. The three year agreement will also serve to provide stability in the area of labour relations, strengthen relations amongst employees and between management and employees.

The DUT budget process is underpinned by principles of a balanced budget, a number of financial ratios, financial sustainability, supporting infrastructure and ensuring alignment to the Strategic Plan of the University. The



University produced a balanced budget for the 2018 financial year-end and received an unqualified financial audit by the University's external auditors, who are contracted to provide the auditing services on a three year contract ending 2019.

## Infrastructure and Maintenance of the Plant

In 2018, a significant increase in our budget allocation – about a 46% increase from the figure for 2017, was made to capital expenditure, maintenance and infrastructure, areas that have compromised the look and feel of DUT for some time. As a result of many backlogs in the implementation of DHET's Infrastructure and Efficiency Grant projects over the years, a review of the real estate management function of the University commenced in 2018, recommendations from which will be implemented in 2019.

Alongside this, the expertise of an external consultant was engaged for a short period to help galvanise the large number of infrastructure projects and to advise, alongside the real estate review, how best to organise the University's ability and capacity to manage large infrastructure and maintenance projects.

## Staffing, Financial Sustainability and Academic Programme Viability

As part of its quest to jettison the more deleterious legacies of the 2002 merger, the University instituted an institutional review by contracting a company to conduct a fact based study upon which decisions will be made on human capital provision, cost effective and sustainable operations whilst ensuring that the academic enterprise remains a focal point at all times. For this to succeed, Management requires a holistic evaluation of the current status of the institution, and especially the academic enterprise. The sustainability of DUT is largely dependent on the three areas, namely academic programme viability, financial sustainability and human capacity planning. The end goal is to ensure that the business operates profitably by finding a balance between strategic and viable programmes, and understanding the driving forces that would inform hard choices we cannot escape in order to safeguard the sustainability of the University.



Professor TZ Mthembu  
**Vice-Chancellor and Principal**



Mr NZW Madinane  
**Chairperson: Council**







# COUNCIL STATEMENT ON TRANSFORMATION

*The DUT Council is committed to ensuring that transformation is approached in its broadest understanding, not only pertaining to equity matters but also to the way in which the University conducts its business, responds to its communities and its students and how it builds relationships with government at all levels, community organisations, business and industry. To this end, there is in place a set of transformative projects in our attempt to become a South African university, rather than being simply a university in South Africa.*

Teaching and learning is the central pillar from which the University draws its intellectual imagination, together with research and innovation in focused and targeted areas. A student-centred focus ensures that all endeavours are geared to the holistic development of its students. Transformation plans were drafted for the University and approved by Council at its 18 March 2017 meeting. Most of these issues identified in the plan are now incorporated into the University's extended annual performance plan. The following forms the core of our Transformation Plan:

## Institutional Culture

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

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

## Students, Student Success and Student Life

A student-centred focus ensures that all endeavours are geared to the holistic development of the University's

students. Student-centred activities include developing an emphasis on students in control of their destiny, improving student support services and the need to re-centre the student within a more caring university environment. The First Year Student Experience project, as one such agent, is being rolled out further with involvement of faculties and student support services. This project focuses on assisting first year students' transition to university life and its particular challenges. Additionally, the Extended Curriculum Programmes in most faculties have provided an access opportunity for students from previously disadvantaged backgrounds into University education.

## Curriculum

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

## Human Resources

The University has an Employment Equity Consultative Forum that has oversight of the development and implementation of the Employment Equity Plans. These clearly outline the progress the University needs to make to realise equity targets over time, as well as to replace the ageing academic workforce. The Forum also ensures that recruitment, selection and appointment policies and processes are designed to ensure transformation from



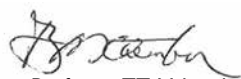
the employment equity point of view as contemplated in legislation and University plans. The Employment Equity Consultative Forum and Employment Equity Manager focus on ensuring achievement of the recommended actions and targets through regular and continuous monitoring and evaluation. DUT's Enrolment and Efficiency Plan 2020-2025, which was preliminary approved by Council in September 2018 and will be finally approved in March 2019, contains a series of commitments that will, amongst others, improve staff to student ratios significantly and increase the proportion of staff with Master's and Doctoral degrees. Academic leadership in departments will be enhanced further through more stringent criteria for appointing heads of department that Council will approve in 2019.

## Policies

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

The University's Sexual Harassment Policy indicates that DUT "seeks to preserve the fundamental rights, dignity, integrity and privacy of all individuals and will not tolerate any threat or act that directly or indirectly interferes with an individual's performance at work or in study, or creates an intimidating, hostile or demeaning work or study environment for anyone, on any of the following grounds: gender, religion/conscience/belief/opinion, sexual orientation, ethnic group, group membership or non-membership, physical characteristics/disabilities, Aids/HIV status or any other health related issues, personal differences/characteristics, any other ground that may be recognised from time to time by the conviction of the DUT community". This policy outlines the procedures for dealing with sexual harassment and other associated misdemeanours such as intimidation, sexual assault and exploitation, transgender violence as well as issues of power in the classroom, residences and general workspace. The University seeks to increase people's awareness by creating credible and even-handed mechanisms to deal with such incidents. The University thus takes any incidents of harassment seriously; however, much greater education is required in advancing the understanding of the values we wish to entrench. Critical to institution-wide application is a review of how substantially and appropriately the policy addresses the student constituency.

In 2018, a decision was taken to align the above policy with a broader Gender-Based Violence Policy that will apply to staff and students alike, a task that will be completed in 2019.



Professor TZ Mthembu  
**Vice-Chancellor and Principal**



Mr NZW Madinane  
**Chairperson: Council**

## Transformation of Procurement Processes

Council approved major changes to the Supply Chain Management Policy in 2017 and important transformative initiatives occurred in 2018 in relation to DUT's procurement system, especially with regard to the three procurement committees, namely the Bid Specifications Committee (BSC), the Bid Evaluation Committee (BEC) and the Bid Adjudication Committee (BAC). While previously the role of Management vis-à-vis Council in procurement matters was not clearly defined, these committees are now management-run committees and assist in achieving the transformation initiatives of the University in respect of appointing service providers as well as ensuring that procurement processes are transparent and fair. Council exercises oversight through, amongst others, in approving the procurement plan for each year, receiving quarterly reports on the procurement processes, receiving information about how much spend is attributable to SMMEs, EMEs and QSEs and proposals and plans for large scale infrastructure, which Council needs to approve.

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

Especially since 2018, there has been a renewed focus on stamping out serious irregularities and corruption. As a result of this, no less than six senior managers have been either suspended or dismissed.

## Governance, Monitoring and Accountability

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





# COUNCIL STATEMENT ON GOVERNANCE

## Council

The Durban University of Technology Council is responsible for ensuring that, as a collective, we conduct University business in accordance with the law and proper standards and that finances are safeguarded and properly accounted for, and used economically, effectively and efficiently. The Chair of Council's Report explains how the University has complied with the stipulated governance framework for the year 2018. In accordance with Regulations for Annual Reporting by Public Higher Education Institutions published in Government Notice No. R. 464 in Government Gazette No 37726 of 09 June 2014, the DUT Council is required to present this report. The Council considers that it has materially complied with these reporting requirements. In this statement, we provide a brief overview of the University's governance structures, legal status and corporate governance practice.

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

A Council workshop, with the theme "The DUT and the next trajectory" was held on 13 September 2018, and was attended by Council members and the Executive Management. Council regards the workshop as a significant forum to closely engage and guide the University Executive and Executive Management on key governance matters. The following matters were some of the key issues discussed:

- Review of the DUT's key strategic objectives for the next reporting period;
- What worked and what didn't in the prior reporting period;
- DUT's governance review: Institutional Scorecard
- Internal assessment based on previous external assessor's reports;
- Risk Management Framework and Risk Register
- Review of Campus Master Plan (2014-2035);
- The University's 20-year Maintenance Plan (2014-2034).

In accordance with scheduled times, Council met four times in 2018.

## 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; 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.

Three Council members serve on the Honorary Awards Committee, which is a Joint Committee of the Council and Executive Committee of Senate (SENEX).

Details of the Council Committees are as follows:

### Executive Committee of Council (EXCO)

EXCO functions in accordance with the authority delegated to it by Council, with subsequent reporting to



Council. The specific functions of EXCO are as follows:

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

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

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

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

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

**Council Risk Committee**, which:

- (a) Recommends to the Audit Committee the risk philosophy, strategy, and policy and ensures compliance with such policy;
- (b) Recommends to the Audit Committee concerning the levels of risk tolerance and risk appetite and ensures that risks are managed within the levels of tolerance and appetite;
- (c) Reviews and assesses the integrity of the risk management systems and ensures that the risk policies

and strategies result in a thorough understanding of risks faced by the University in the pursuance of its objectives, together with the methods employed to mitigate the impact of those risks;

- (d) Monitors the reporting of risk by management with particular emphasis on significant risks or exposures and the appropriateness of the steps management has taken to reduce the risk to a tolerable level;
- (e) Monitors external developments relating to risk management including emerging risks and their potential impact;
- (f) Ensures that management also has a focus on “upside risk” i.e. making sure that the University takes advantage of opportunities;
- (g) Ensures that a formal risk register is maintained with an indication of how the risk is managed and mitigated;
- (h) Oversees that the risk management plan is widely disseminated throughout the University and integrated in the day-to-day activities of the University;
- (i) Ensures that risk management assessments are performed on a continuous basis;
- (j) Reviews reporting concerning risk management, that is to be included in the integrated report, for it being timely, comprehensive and relevant;
- (k) Considers the result of work performed and the conclusions of the internal Audit Function in relation to the risk management; and
- (l) Liaises closely with the Audit Committee to exchange information relevant to risk.

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

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

As indicated in the Chairperson of Council’s report, this committee will be an independent Council standing committee in 2019.







**Finance Committee**, which:

- (a) Recommends to Council the University's annual revenue and capital budgets which includes students' residences;
- (b) Monitors performance, in relation to the approved budgets for Council;
- (c) Formulates, develops, maintains and recommends to Council all policies in respect of all matters pertaining to the financial management and administration of the University;
- (d) Recommends to Council all matters of a financial nature;
- (e) Appoints and mandates signatories to all documents, cheques and agreements of approved transactions of a financial nature;
- (f) Recommends to the Audit Committee any amendments to the financial rules with a view to enhancing financial control and administrative efficiency;
- (g) Has oversight of the University's investments (previously a function of the Investment Committee, which was dissolved).

**Joint Audit and Finance Committee** which:

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

**Human Resources Committee** which, inter alia:

- (a) Formulates the conditions of service of employees of the University in accordance with the Higher Education Act (Act No. 101 of 1997 as amended) for approval by the Council;
- (b) Recommends to Council any amendments to the conditions of employment in accordance with the Basic Condition of Employment Act, the Labour Relations Act and any other related legislation;
- (c) Ensures compliance with all labour related legislation;
- (d) Develops, creates, reviews and amends all policies relating to conditions of employment at the University for approval by Council;
- (e) Ensures that a mechanism is developed for all statistics and data to do with human resources to be submitted at each meeting.
- (f) Ensures that best practice, as appropriate for the University, is established and operates efficiently within the University, including job grading systems and performance management systems;
- (g) Develops and submits to Council a remuneration policy appropriate for the University;
- (h) Considers and recommends to Council matters relating to, inter alia, a remuneration policy.

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

- (a) Make written recommendations to Council proposing amendments to the Council Code of Conduct;
- (b) Require from a member of Council, in respect of whom a complaint of misconduct has been lodged, to appear before the Code of Conduct Committee, to answer such questions as may be put to him/her by the Committee and to make representations to the Committee. Any other person can be called to give evidence or provide information to the Committee;
- (c) Make a finding after the conclusion of an investigation and to submit such finding to Council, either with or without a recommendation as to what action, if any, should be taken in pursuance of such finding;
- (d) If the Committee is convinced that continued participation by the member, against whom a complaint has been lodged, will compromise its investigation, the Committee must recommend to Council that the member be suspended from the activities of Council and its committees until the timely finalisation of its investigation and finding. Such recommendation to suspend will be taken by EXCO of Council. If it is against a member of the EXCO of Council, such member will be excluded from the EXCO when suspension is decided upon.

As noted in the Chair of Council's report, the Code of Conduct and the committee's operations will be reviewed in 2019.

**Selection Committee for Senior Management**

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

**Staff and Student Participation**

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

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

Each trade union elects one academic staff member to sit on Senate, one staff member to sit on the Safety/Health and Environmental Committee, Employment Equity Committee and the Human Resources Training and 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.

In keeping with the Higher Education Act, members of Senate are represented on the Council

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

members on the Central Housing Council from the Durban and Midlands Campuses respectively sit on the Student Services Board.

Furthermore, one seat for an SRC member is provided 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.



Dr TS Pillay  
**Acting Registrar and  
Acting Secretary of Council**





## COUNCIL AND COMMITTEES OF COUNCIL

### COUNCIL MEMBERS AS AT 1 JANUARY 2018 – 20 JULY 2018

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

## COUNCIL MEMBERS AS AT 21 JULY 2018 – 31 DECEMBER 2018

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





# MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES

AS AT 03 JANUARY 2018 – 14 SEPTEMBER 2018

## Office Bearers of Council

**Chairperson:** Mr N Z W Madinane

**Vice-Chairperson:** Ms D Hlatshwayo

### 1. EXECUTIVE COMMITTEE

Mr N Z W Madinane: Chairperson of the Council and Executive Committee  
 Ms D Hlatshwayo: Vice-Chairperson of the Council  
 Mr R Harichunder: Chairperson of Finance Committee  
 Mr S Sibiyi: Chairperson of Audit Committee  
 Prof T Z Mthembu: Vice-Chancellor and Principal  
 Dr I Machi: DVC People and Operations

### 2. FINANCE COMMITTEE

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

#### **Advisory Members**

Deputy Vice-Chancellors  
 Chief Financial Officer  
 Chief Risk Officer

### 2.1. INVESTMENT COMMITTEE

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

### 3. AUDIT COMMITTEE

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

#### **Advisory Members**

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

#### **By Invitation**

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

### 3.1 COUNCIL RISK COMMITTEE

#### **Voting Members**

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

Prof T Z Mthembu: Vice-Chancellor and Principal

#### **Advisory Members (Non-Voting)**

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

### 4. HUMAN RESOURCES COMMITTEE

#### **Voting Members**

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

#### **Non-Voting Members**

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

### 5. REMUNERATION COMMITTEE

#### **Voting Members**

Ms K P M Baloyi: Finance Committee Member  
 Mr Z S Gumede: Finance Committee Member  
 Mr R Harichunder: Finance Committee Member  
 Ms D Hlatshwayo: Finance and Human Resources Committees Member  
 Mr T B Hlongwa: Finance Committee Member  
 Mr N Z W Madinane: Finance and Human Resources Committees Member  
 Dr N Makhanya: Human Resources Committee Member  
 Cllr W L Mapena: Human Resources Committee Member  
 Ms G G Twala: Human Resources Committee Member  
**Non-Voting Member**  
 Prof T Z Mthembu: Vice-Chancellor

### 6. SENATE

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

### 7. INSTITUTIONAL FORUM

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

### 8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member



# MEMBERSHIP OF COUNCIL COMMITTEES AND COUNCIL MEMBERS ON OTHER UNIVERSITY COMMITTEES

AS AT 15 SEPTEMBER 2018 – 31 DECEMBER 2018

## Office Bearers of Council

**Chairperson:** Mr N Z W Madinane

**Vice-Chairperson:** Ms D Hlatshwayo

### 1. EXECUTIVE COMMITTEE

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

### 2. FINANCE COMMITTEE

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

#### **Advisory Members**

Deputy Vice-Chancellors  
Chief Financial Officer  
Chief Risk Officer

### 3. AUDIT COMMITTEE

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

#### **Advisory Members**

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

#### **By Invitation**

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

### 4. COUNCIL RISK COMMITTEE

#### **Voting Members**

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

#### **Advisory Members (Non-Voting)**

Chief Risk Officer

### 5. HUMAN RESOURCES COMMITTEE

#### **Voting Members**

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

#### **Non-Voting Member**

Deputy Vice-Chancellors  
Dr L Samuels: Senate Representative on Council  
Dr N Santoo: Chairperson of the IF  
Chief Financial Officer  
Administrative Head of Human Resources Department

### 6. SENATE

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

### 7. INSTITUTIONAL FORUM

Mr L K T Mehta: External Council Member  
Mr L Longwe: External Council Member

### 8. STUDENT SERVICES BOARD

Mr S H Vezi: External Council Member







## COUNCIL AND COMMITTEES OF COUNCIL: MEETINGS AND ATTENDANCE

NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	Council	Council Workshop	Audit	Joint Audit & Finance	Finance	Exco	Human Resources
<b>No. of Meetings in 2018</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>3</b>
<b>Number of meetings attended by individual Council members in 2018</b>							
Ms K P M Baloyi	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 [1 mtg held before end of term on Committee]		
Mr N Chonco	1	0					
Mr M Estrice	4	1					
Prof S Eyono Obono	2 [2 mtgs held since appointment to Council]						
Mr Z S Gumede	4	1		1	3		
Mr S Godlimpi	2 [2 mtgs held since appointment to Council]	1			1 [2 mtgs held since appointment to Committee]		
Prof N Gwele	4	1	Advisory	Advisory	Advisory		
Mr R Harichunder	3	0	3	1	4	7	
Ms D Hlatshwayo	4	1	0	1	2	5	2
Mr T B Hlongwa	2	0		0	1		
Mr S Johaar	0 [2 mtgs held before end of term on Council]						
Mr L A S Khumalo	2 [2 mtgs held since appointment to Council]	0 [1 Workshop held since appointment to Council]			2 [2 mtgs held since appointment to Committee]		
Mr L Longwe	2 [2 mtgs held since appointment to Council]	1					
Dr I Z Machi	4	1	Advisory	Advisory	Advisory	7	Non-voting
Mr N Z W Madinane	4	1		1	4	7	2
Dr J N Makhanya	2	0					
Cllr W L Mapena	3	1					3
Ms B Masinga	2 [2 mtgs held since appointment to Council]	1	0 [1 mtg held since appointment to Committee]				
Mr L K T Mehta	4	1					

NAME OF COUNCIL MEMBER	COUNCIL COMMITTEES						
	Council	Council Workshop	Audit	Joint Audit & Finance	Finance	Exco	Human Resources
<b>No. of Meetings in 2018</b>	<b>4</b>	<b>1</b>	<b>3</b>	<b>1</b>	<b>4</b>	<b>7</b>	<b>3</b>
<b>Number of meetings attended by individual Council members in 2018</b>							
Prof T Z Mthembu	4	1	Advisory	Advisory	4	5	3
Mr S Mthembu	2 [2 mtgs held before end of term on Council]						
Prof L Molamu	4	1					
Mr P Moodley	4	1					
Prof S Moyo	3	1	Advisory	Advisory	Advisory		
Mr N Ngema	1 [2 mtgs held before end of term on Council]						
Ms Z Ngwabi	1 [2 mtgs held since appointment to Council]	1					
Ms B B Ntombela	4	0					
Mr N Patchiappen	0 [2 mtgs held before end of term on Council]						0 [1 mtg held before end of term on Committee]
Mr S Rampursad	3 [3mtgs held since appointment to Council]	1					
Dr L Samuels	2	1					
Mr M Shange	2	0					
Mr S Sibiya	3	1	3	1		7	
Mr B Singh	2	1	2	1			
Dr R Smith	1 [2 mtgs held before end of term on Council]						Non-voting
Ms G G Twala	3	1					3
Mr S H Vezi	4	1					
Dr J Volmink	1 [2 mtgs held before end of term on Council]						
<b>% Average Attendance</b>	<b>75%</b>	<b>77%</b>	<b>45%</b>	<b>75%</b>	<b>66%</b>	<b>90%</b>	<b>72%</b>

Key:  Not applicable





# COUNCIL SCORECARD

## 1. Strategic Leadership, Vision, Mission, Context and Transformation, and Risk Management and Sustainability

1.1 Council reviews the institution's strategic plan, specifically in relation to the institution's annual budget, and other strategic plans such as the academic and financial plans as well as risk management and other sustainability plans annually.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* A Council workshop is held annually, where such matters are reviewed and discussed.

1.2 Council assesses institutional policies and institutional initiatives in terms of approved strategic goals and targets

True <b>X</b>	More true than false	More false than true	False
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*Comments:* This is done on an ongoing basis, at Council meetings and as recommended by the relevant Council Committees e.g. Human Resources Committee.

1.3 Council reviews all internal and external stakeholder relationships annually.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Reports on engagement with internal and external stakeholders are presented to Council either as Council agenda items or through the Vice-Chancellor's report to Council.

1.4 Council reviews its transformation strategy and policies regularly on the basis of feedback on institutional transformation indicators

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Attainment of transformation indicators are presented at Council committee meetings e.g. Human Resources Committee or as part of the Annual Report or the Vice-Chancellor's report to Council.

1.5 Council ensures that appropriate steps are instituted in order to meet transformation targets and communicates regularly with its stakeholders on its endeavours in this regard.

True	More true than false <b>X</b>	More false than true	False
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*Comments:* While transformation targets are reviewed, more can be done to communicate this regularly to all its stakeholders.

## 2. Governance of Core Functions of Teaching and Learning, Research and Community Engagement

2.1 Council reviews the institution's programme qualification mix (PQM) and enrolment plan annually to ensure alignment to the strategic plan and national objectives – with the knowledge that Senate has scrutinised the academic requirements of the PQM. .

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Submitted as part of the Senate Report to Council, and as part of the Annual report, which is approved by Council.

2.2 Council assesses the institution's enrolments, throughput and graduation rates at least once per annum in line with strategic targets set for these

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Submitted as part of the Senate Report to Council, and as part of the Annual report, which is approved by Council.

2.3 Council reviews the institution's research and innovation endeavours and outputs against strategically set targets at least once per annum.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Submitted as part of the Senate Report to Council, and as part of the Annual report, which is approved by Council.



2.4 Council reviews the institution's community engagement endeavours against strategically set targets at least once per annum.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Submitted as part of the Senate Report to Council, and as part of the Annual report, which is approved by Council.

2.5 Council receives and considers regular reports from senate and institutional forum on the core business of the institution and other institutional culture imperatives.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Receives reports from both Senate and Institutional Forum.

### 3. Governance of Resources: Financial, Human, Equipment and Infrastructure

3.1 Council approves the institution's budget, especially in relation to the institution's strategic plan, and regularly reviews the institution's income and expenditure against the budget.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Dealt with at Finance Committee and submitted to Council for approval.

3.2 Council receives and considers regular reports from internal audit and engages with the external auditors at least once per annum.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Dealt with at Audit Committee and submitted to Council for approval.

3.3 Council approves the institution's annual financial statements and takes appropriate steps in the case of qualified external audit opinions.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* This matter is placed on the Audit Committee agenda and submitted to Council for approval.

3.4 Council evaluates and approves the institution's IT governance systems and policies in relation to the institution's strategic objectives.

True	More true than false <b>X</b>	More false than true	False
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*Comments:* This matter is a feature of the Audit Committee deliberations.

3.5 Council has in place legally sound and fair appointment policies for all staff and in particular for the vice chancellor and members of senior management.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Yes, policies have been approved and recently reviewed. Placed on staff portal in the interests of transparency.

3.6 Council reviews the performance of the vice chancellor regularly each year with a view to corrective steps being taken where needed.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Evaluation of attainment of Key Performance Areas of Vice-Chancellor is reviewed by Council after recommendation by Executive Committee.

3.7 Council reviews and approves all building and infrastructure projects as well as procurement of services in terms of its decision making delegations.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Council approves this after recommendations submitted by Executive Management.

3.8 Council has in place working whistle blowing services and receives regular reports on alleged fraudulent and corrupt activities in the University.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* The services of Whistle-blowers are used. Reports sent to Audit Committee.

### 4. Governance of Institutional Accountability Including Public Reporting

4.1 Council receives and considers institutional reports from the vice chancellor in a format and covering items as approved by it at each meeting of council.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Yes, this is a regular item at Council meetings.

4.2 Council considers and approves the institution's annual performance plan and the accompanying performance report for DHET and ensures its timely submission to DHET.

True <b>X</b>	More true than false	More false than true	False
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*Comments:* Yes, Council is presented with the plan for timely approval and submission.





4.3 Council participates constructively, through its members nominated for this purpose, in meetings of senate and the institutional forum.

True X	More true than false	More false than true	False
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Comments: Members of Council are appointed to these structures and attend meetings regularly.

5.4 Council has ensured that its institutional statute and/or institutional rules spell out the duties of council and its committees.

True X	More true than false	More false than true	False
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Comments: Terms of reference are available for Council committees.

### 5. Council And Committee Meetings and Conduct of Business

5.1 Council has in place and regularly uses the following good governance instruments: A set of institutional rules covering provisions within the institutional statute in greater detail; a code of conduct; conflict of interest declaration procedures; a comprehensive decision making delegations framework, a council performance assessment instrument; a performance agreement between itself and the vice chancellor .

True	More true than false X	More false than true	False
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Comments: All of the above are in place. However, the University needs to:

- a) Document the council performance instrument in the form of a policy.
- b) Regularly submit the Rules annually as a composite document for approval and publish online when amendments are made to terms of reference of committees. The past practice is that the Registrar tracks amendments and is the custodian of the Rules.

5.2 Council annually has workshops for all council members covering the induction of any new members and all strategic planning matters.

True X	More true than false	More false than true	False
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Comments: This is an agenda item at the Annual Council workshop when new members are appointed.

5.3 Council has ensured that its institutional statute and/or institutional rules include membership criteria for members of council and its committees and applies these rigorously.

True X	More true than false	More false than true	False
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Comments: Yes, this is applied, and considered when members are recommended by Executive Committee for Council appointments and by Council when appointing members to Committees.

5.5 Council continually ensures that all committees operate in terms of council approved charters and takes the necessary remedial steps in cases where this proves to be not so.

True X	More true than false	More false than true	False
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Comments: Terms of reference are available for Council committees.

5.6 Council agendas and supporting documentation in an appropriate format are delivered at least 7 working days before each council meeting with no or a minimum of supplementary agendas permitted.

True	More true than false X	More false than true	False
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Comments: This is an area where there is room for improvement, since, on occasion, supplementary documentation is submitted.

5.7 Council and specifically the chairperson ensures that accepted meeting procedures are adhered to strictly.

True X	More true than false	More false than true	False
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Comments: Strict formal procedures as outlined in the rules are adhered to.

5.7.1 Council ensures that apart from its own annual self-evaluation it is evaluated externally at least every 3 years by peers such as 1 or 2 former vice chancellors and former registrars .

True X	More true than false	More false than true	False
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Comments: Reports on these evaluations are available.

#### 5.8 Attendance of council meetings

This aspect is included in a separate section of this annual report.







## STATEMENT ON INTERNAL ADMINISTRATION/OPERATIONAL STRUCTURAL CONTROLS

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

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

Internal auditors review the internal control systems and policies and report findings and recommendations to Management and the Audit Committee of Council. Corrective actions are taken to address control deficiencies and other opportunities for improving systems when identified. The Council, operating through its Audit and Finance Committees, provides oversight of the financial reporting process.

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

DUT reviewed its internal control requirements in conjunction with the internal auditors and developed a programme of internal audits to examine the systems, procedures and controls in those areas considered as high risk. The University believes that during the year ended 31 December 2018, its system of internal control over the operational environment, information reporting and safeguarding of assets met the requirements of its Internal Control Manual.

The Audit Committee approved this report at its meeting on 29 May 2019.

Mr S Sibiya  
**Chairperson: Audit Committee**

Mr S Kharwa  
**Chief Risk Officer**





# REPORT ON RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT THEREOF FOR THE YEAR ENDED 31 DECEMBER 2018

*Oversight of the risk management function is exercised by the Council Risk Committee. The Council Risk Committee is a Council Committee.*

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

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

The University recognises that identifying and managing risks are critical in ensuring that its strategic and operational objectives are met. In this regard during 2018 the University identified its top financial and non-financial risks as follows:

### Financial Risks

- Financial targets may not be achieved;
- Research and innovation targets are not met;
- Programmes aligned to the HEQSF for first time entering students are not completed by DHET's 31 December 2019 deadline;
- Deficiency in DUT processes for enrolment;
- Inefficient use of physical resources.

### Non-financial Risks

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

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

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

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

Mr R Harichunder  
**Chairperson: Risk Committee**

Mr S Kharwa  
**Chief Risk Officer**





# REPORT OF THE AUDIT COMMITTEE ON HOW IT FULFILLED ITS DUTIES FOR THE YEAR ENDED 31 DECEMBER 2018

## 1. Audit Committee Charter

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

## 2. Council Audit Committee Members and Attendance at Meetings

The Committee comprises five external members of Council who are all voting members. The Vice Chancellor,

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

During the year under review three scheduled 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	29 May 2018 Joint Finance & Audit Committee	28 Aug 2018	6 Nov 2018
<b>Mr R Harichunder</b> B.Com; CTA; CA(SA)	21 July 2015 Chair: Finance Committee	✓	✓	✓
<b>Mr S Sibiya</b> B.Com(Hons); CA(SA) Appointed Chair: 05 Sept 2015	21 July 2014	✓	✓	✓
<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)	05 September 2015	✓	✓	✓
<b>Ms D Hlatshwayo</b> B Soc Sc (Hons); MBA; Wits Senior Executive Development Programme	12 July 2014	✓	Apology*	Apology*
<b>Ms KPM Baloyi</b> B.Com; HED; Cert: Engineering Bus Management	21 July 2014 to 31 July 2018	Apology*	–	–
<b>Ms B Masinga</b> B.Com; Leadership & Entrepreneurship Programme Wharton School of Business (USA)	15 September 2018	–	–	Apology*

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

#### 3.1 External Auditors

The Audit Committee has satisfied itself that the external auditors are independent of the University. This includes compliance with criteria relating to independence or conflicts of interest as prescribed by the Independent Regulatory Board for Auditors. The external auditors have given assurance that their internal governance processes support and demonstrate their independence. The Committee, in consultation with Executive Management, agreed to the engagement letter, its terms, audit plan and budgeted fees for the 2018 year.

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

#### 3.2 Financial Statements and Accounting Practices

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

Mr S Sibiya

**Chairperson: Audit Committee**

#### 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 Council and where necessary informs the Audit Committee of matters that need the attention of the Audit Committee.

#### 3.6 Internal Audit

The Committee considered and approved the internal audit plan for 2018. The internal audit function was outsourced to PwC and Ukukhanya Advisory Services who have responsibility for reviewing and providing assurance on the adequacy of the internal control environment across the University's operations. The internal auditors have direct access to the Chairperson. The Chief Risk Officer is responsible for monitoring the internal audit work against the agreed internal audit plan. Progress regarding findings are tracked and reported on regularly.

#### 3.7 Expertise And Experience of the Chief Financial Officer (CFO) and Finance Function

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

#### 3.8 Sustainability Reporting

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

Mr NZW Madinane

**Chairperson: Council**







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

## Annual Financial Review

This report provides an overview of the financial results of the University for the 2018 financial year, the budget process allocation of limited resources and control mechanisms in place to maintain financial discipline.

Despite continued pressure on its financial resources, the University had a positive financial year achieving a net surplus from its operations. This may be attributed primarily to not filling certain budgeted academic and administration staff positions, cost containment and fiscal discipline.

## Overview of Budget Process

The Executive Management Committee (EMC) oversees the allocation of resources for the University, ensuring that governance processes are followed so as to promote the attainment of the strategic objectives of the institution, including medium and long-term sustainability. The annual budget process captures the growing needs of the University placed against limited financial resources. The budget process starts mid-year ending in December when the overall budget for the ensuing year is approved by Council before the commencement of the following financial year. The budget is prepared on a zero based principle and each operating division provides input into the budget preparation. Once initial budgets have been prepared, the Chief Financial Officer (CFO) and finance team meet with faculties and divisions to discuss their budgets in detail. Thereafter, the Vice Chancellor and Principal is briefed on the first version of the consolidated budget. The draft budget is then disseminated for discussion by the University Planning and Resources Forum (UPRF). Subsequently, the final budget is then presented to the EMC to obtain approval for recommendation to Finance Committee. The Finance Committee recommends the budget to Council for final approval.

Control of the budget is done through monitoring and reporting of budget versus actual. Quarterly results with variances are explained at meetings of Senior Executive Management and thereafter presented at meetings of Finance Committee and Council.

The following principles underpin the budget process:

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

A key strategic focus is the financial sustainability of the University. Conservative financial management is practiced by ensuring that there are effective mechanisms in place to maintain financial discipline.

## Salient Features of the Consolidated Annual Financial Statements for the Year Ended 31 December 2018

The University has obtained an unqualified audit opinion on the consolidated annual financial statements for the year ended 31 December 2018.

The consolidated annual financial statements set out on pages 68 to 139 of the annual report include the results of the Group and the University. The accounting policies applied in the preparation of the annual financial statements are consistent, in all material respects, with those applied in the previous financial year, except where otherwise stated.

## Summary of Financial Performance

The group reported a net surplus before taxation of R626 881m (2017: R429 704m), after tax and after the transfer of restricted funds to reserves. The university results for the year is a surplus before taxation of R603 785m (2017: R393 724m). This is attributable to the following:



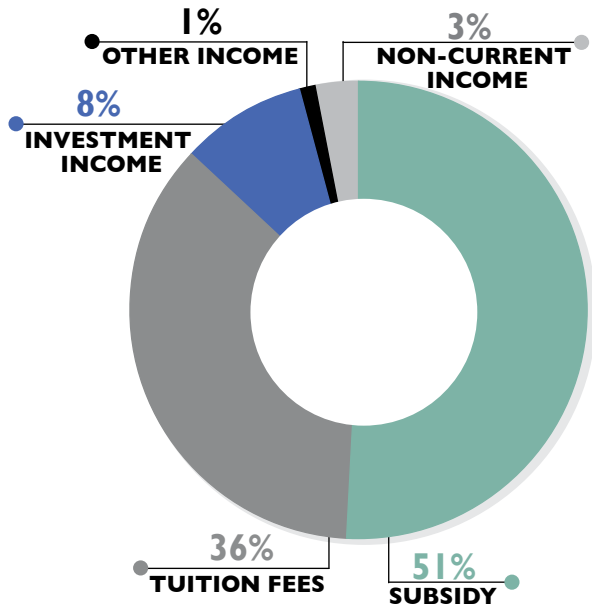




- Council controlled funds R603 694m (2017: R400 871m)
- Student accommodation R23 187m (2017: R28 833m)

**Council Controlled Income and Expenditure**

**Income**



The main sources of income were the State Subsidy 51% (2017: 52%) and tuition and other fees 36% (2017: 36%) which makes up a total of 87% (2017: 88%), investment income 8% (2017: 9%) and other income 1% (2017: 1%) of the University’s income. Non-recurrent income accounted for 3% (2017: 2%) of total income. The aforementioned figures indicate that the University is still very reliant on State Subsidy for its continued existence.

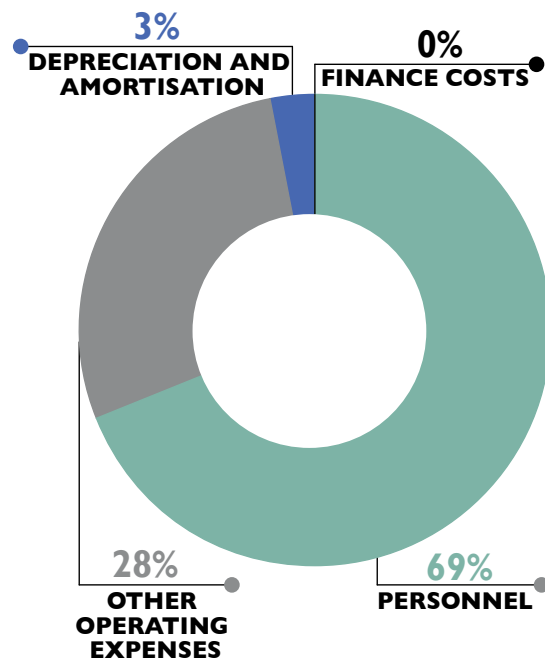
**Income**

- The subsidy income increased by 17.02% from R855 758m in 2017 to R1 001 413m in 2018. The increase in subsidy income is mainly attributable to the following:
  - Research output units increased from 443.62 units in 2017 to 466.87 units in 2018 which reflects an effective increase of 23.25 units.
  - Increase in the teaching input. Teaching output and Institutional Factor Unit values to cater for the tuition fee adjustments.
- Tuition fee increased from R587 100m in 2017 to R710 872m in 2018, and increase of 21.08%. The tuition fee is dependent on two variables:
  - Annual student fee adjustments.
  - Head-count enrolments.

In the current year the tuition fee increase is attributable mainly to the increase in head-count enrolment of students from 29 787 in 2017 to 31 203 in 2018.

- Investment income comprises interest earned on short-term investments and interest charged on student accounts as well as dividends received on long-term investments. Investment income increased by 16.9% from R139 809m in 2017 to R163 437m in 2018.
- Income from research and other activities represent a decrease of 17.92% from R62 756m in 2017 to R51 509m in 2018.
- Other income decreased by 5.88% in 2018 to R20 585m from R21 872m in 2017.

**Expenditure**



Personnel costs comprised 68.5% (2017: 68.3%) of total expenditure followed by other operating expenses at 27.2% (2017: 26.7%); depreciation and amortisation at 2.8% (2017: 3.1%).

Total recurrent expenditure increased by 9.03% from R1 240 286m in 2017 to R1 352 247m in 2018. The increase is mainly attributable to the following:

**Personnel Costs – Academic and Other Staff**

Personnel costs increased by 9.4% to R926 416m in 2018 and R846 981m in 2017. The increase is attributable to the upward salary adjustment of 7% (2017: 5%) for grades 1-5 and 7% (2017: 7%) for grades 7-16 for the year under review. The reason for the non-correlation between the effective increase in personnel compensation and the salary adjustments is due to an encashment of two weeks of vacation leave by the employees.



### Ratio of Staff Costs to Re-current Income

The ratio of staff costs to recurrent income was 54.1% (2017: 58.7%). Recurrent income is defined as state subsidy and tuition fee income.

### Post-retirement Benefits

- Pension: Members who transferred from the AIPF (Government Pension Fund) to NTRF in 1994 are entitled to a defined benefit minimum guaranteed upon retirement at a normal retirement age of 60. This is a closed scheme.
- Medical Aid: The Post-Retirement Medical Aid (PRMA) Scheme of the University applies to eligible members who are former Technikon Natal staff, who entered the medical aid scheme before 1 January 2000. No benefit is payable upon withdrawal. The Scheme currently has 126 employed and 176 retired members.

The Actuarial Valuation of the post-retirement benefits obligation as at 31 December 2018 was R156 292m (2017: R148 301m).

### Other Operating Expenses

Other operating expenses increased by 10.8% (2017: 12.8%) from R331 732m in 2017 to R367 635m in 2018. This is mainly attributable to the following:

- Increase in utility expenditure (electricity, water, rates etc.)
- Outsourced services comprise security and cleaning costs which have increased by 22.28% from R59 754m in 2017 to R73 070m in 2018. The significant increase is primarily attributable to additional security secured during the staff strike in the first half of the financial year.

### Student Accommodation

Student accommodation is required to cover its costs and provide resources for long-term maintenance. Income for student accommodation increased from R189 148m in 2017 to R283 964m in 2018 which represents an increase of 50.13% due to increased demand student accommodation (2017: 18.63%). Expenditure amounted to R260 777m (2017: R160 315m) of which R240 422m (2017: R143 023m) was in respect of operating expenditure.

### Statement of Financial Position

#### Total Assets

Total assets amounted to R4 506 839m (2017: R3 734 417m) which is an increase of 20.68% (2017: 22.84%) on previous year. The increase is attributable mainly to property, plant and equipment and cash and cash equivalents which increased by 8.15% and 41.51% on the previous year respectively.

### Receivables and Prepayments

Student debtors before impairment decreased to R488 211m in 2018 from R499 293m in 2017, a decrease of 2.22% (2017: 7.73% increase). Student debt after the impairment provision is R247 510m (2017: R183 829m).

Debt impairment provision decreased by 23.69% compared to a 3% increase in 2017. The reason for the modest decrease is that most of the students are funded by NSFAS which is a government entity that pays the University within 12 months for approved claims made by the students. Student debts are closely monitored and if circumstances dictate, debt collection is instituted to recover outstanding debts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either settling their outstanding debts or the conclusion of a formal payment arrangement.

During the year under review, the University received R647m from NSFAS compared to R430m received in 2017, representing an increase of 50.47% (2017: 63.89%). Included in the amount of R647m is R64m which related to 2017 NSFAS allocations, R1.028m which related to 2016 NSFAS allocations and R3.9m related to historical debt for 2013 to 2015.

### Non-current Receivables

The University advanced loans to students to the value of R62 445m 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 do not attract interest and have no bursary elements. The value of student loans after fair value adjustment and provision for impairment is Rnil (2017: 20 018m).

### Total Liabilities

Total liabilities amounted to R1 730 061mm (2017: R1 525 458m) which is an increase of 13.41% (2017: 17.31%) on previous year. The increase is attributable mainly to deferred revenue and trade and other payables.

### Cash Flow and Liquidity

The net cash flow from operating activities increased from R681 815m to R785 757m, with the primary reason being that the recurrent revenue exceeded the recurrent expenditure. The increase in investment income is largely the result of a strategic decision taken by management to invest excessive funds not required immediately.

The University's cash resources continue to remain positive. Cash and cash equivalents at year end increased from R1 701 781m to R2 408 145m. The significant portion of cash and cash equivalents relates to committed funds for the following:





- Unspent restricted government grants and research funds totalling R512 802m (R405 313m);
- Unspent funds designated to departments amounting to R324 112m (2017: R216 588m);
- Accounts payable R255 880 (2017: R220 933m);
- Funds retained for three months' working capital amounting to R758 799m (2017: R446 274m) as required by DUT's practice;
- Unencumbered amount of R556 552m (2017: R412 701m).

## Financial Sustainability

### Liquidity Ratios

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

### Acid Test Ratio

The acid test ratio compares the total current assets, excluding inventory, to total current liabilities. The acid test ratio of the University is 7.59:1 (2017: 6.01:1 which exceeds the norm of 1:1).

### Current Ratio

The current ratio indicates the University's ability to settle its current liabilities from its current assets. The current ratio of the University is 7.59:1 (2017: 6:1) which exceeds the accepted norm of 2:1.

### Cash Ratio

The cash ratio effectively compares cash and cash equivalents with total current liabilities. The University's cash ratio is 6.55:1 (2017: 5:1).

### Solvency Ratio

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

### Total Assets (less PPE) to Total Liabilities

The University's ratio is 1.85:1 (2017: 1.67:1). This is greater than the norm of 1:1 which is indicative of the financial soundness of the University. The formula used excludes Property, Plant and Equipment (PPE) because it is generally very illiquid.

Mr R Harichunder

**Chairperson: Finance Committee of Council**

Mr M R Mthethwa

**Interim Chief Financial Officer**

### Debt Equity Ratio

The ratio indicates the degree of financial leverage being used by the University and includes both short-term and long-term debt. The debt equity is 3.23% (2017: 4.48%), which is below the 50% borrowing limit as per the University's policy.

### Debt to Assets

This ratio quantifies the percentage of the University's assets that have been financed with debt. A higher ratio indicates a higher degree of financial leverage, and consequently, financial risk. Total debt to total assets ratio is low at 38% (2017:41%).

### Interest Cover Ratio

This ratio measures the University's ability to meet the interest expense on debt. The higher the ratio, the better the University's ability to meet its interest obligation. The interest cover is 66.08 (2017: 43.82).

### Other Ratios

	2018	2017	Norm
Personnel cost to unrestricted re-current income	54.1%	58.7%	58% - 62%
Personnel cost as % of total expenditure	68.5%	68.3%	-
Subsidy as % of total income	52.8%	53.3%	-
Academic to non-academic	57:43	56:44	60:40
Repairs and maintenance as % of total expenditure	2.3%	2.9%	3%
Outsourced services as % of total expenditure	5.4%	4.8%	3.5%

## Conclusion

The financial sustainability of the University is one of the key focus areas. We are pleased to report that the University is a going concern with its assets fairly valued exceed all its liabilities. The Executive Management is convinced, based on the strong financial position, the University is adequately funded and will continue to exercise its mandate successfully in 2019 and beyond.



DURBAN UNIVERSITY OF TECHNOLOGY  
**AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2018**





## DURBAN UNIVERSITY OF TECHNOLOGY

### CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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Consolidated statement of profit or loss	77-78
Consolidated statement of profit or loss and other comprehensive income	79
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## DURBAN UNIVERSITY OF TECHNOLOGY

### COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

The consolidated annual financial statements presented on pages 76-139 have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), as prescribed by the Minister of Higher Education and Training in the regulations in terms of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on the judgments and estimates made by management. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimations. The estimates and underlying assumptions are reviewed on an ongoing basis.

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

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

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

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

The University's external auditors, Deloitte & Touche and SM Xulu Incorporated, audited the consolidated annual financial statements, and their report is presented on pages 71 to 75. Council believes that all representations made to the independent auditors during the audit were valid and appropriate.

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

#### APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

The consolidated annual financial statements set out on pages 76 to 139 were approved by the Council on 22 June 2019 and are signed on its behalf by:

  
\_\_\_\_\_  
VICE CHANCELLOR AND PRINCIPAL

  
\_\_\_\_\_  
CHAIRPERSON OF COUNCIL

  
\_\_\_\_\_  
INTERIM CHIEF FINANCIAL OFFICER





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

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

#### **Opinion**

We have audited the consolidated financial statements of the Durban University of Technology and its subsidiaries (the Group) set out on pages 76 to 139, which comprise the consolidated statement of financial position as at 31 December 2018 and the consolidated statement of profit or loss and other comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Durban University of Technology as at 31 December 2018, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa 1997 (Act no. 101 of 1997) (Higher Education Act of South Africa).

#### **Basis for Opinion**

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

We are independent of the Group in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

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

#### **Responsibilities of the Council for the consolidated financial statements**

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

In preparing the consolidated financial statements, the Council is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Council either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the consolidated financial statements**

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

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to this auditor's report (Annexure A) to the auditors' report.

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

## REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

### Introduction and scope

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

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

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected strategic focus areas presented in the annual performance report of the University for the year ended 31 December 2018:

Strategic focus area	Pages in the annual performance report
Sustainable student communities of living and learning	19 to 20
Research and innovation for development	20 to 21

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

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

### Building sustainable student communities of living and learning

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

### Building research and innovation for development

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

### Other matters

We draw attention to the matters below. Our opinions are not modified in respect of these matters.

### Achievement of planned targets

Refer to the annual performance report on pages 19 to 21 for information on the achievement of the planned targets for the year.

### Adjustment of material misstatements

We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of building research and innovation for development. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.





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

### **REPORT ON THE AUDIT OF THE COMPLIANCE WITH LEGISLATION**

#### **Introduction and scope**

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

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

#### **Other information**

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

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

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

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

#### **Internal control deficiencies**

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

We noted significant internal control deficiencies with respect to the implementation of controls relating to supply chain management and procurement.

#### **Other reports**

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

#### **Investigations**

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

#### **Audit related services and agreed upon procedures**

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

- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the National Research Foundation for the year ended 31 December 2018. This report was signed on the 8 March 2018.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the University Capacity Development grant for the period 1 January 2018 to 31 December 2018. This report was signed on the 29 March 2019.



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

- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Technology Information Agency regarding the Technology Station for the period 1 April 2018 to 31 March 2019. This report was signed on the 25 April 2019.
- An agreed-upon procedures engagement was conducted on the research outputs specific to the research outputs policy from the Department of Higher Education and Training regarding the Research Outputs Publications for the period 1 January 2018 to 31 December 2018. This report was signed on the 15 May 2019.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the Clinical Training grant for the period 1 April 2018 to 31 March 2019. This report was signed on the 30 May 2019.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from Universities South Africa regarding the HEAIDS Grant - grant award number: HEAIDS NDOH 2017-DUT-03 for the period 1 January 2018 to 31 March 2019. This report was signed on the 31 May 2019.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the New Generation of Academics Programme grant for the period 1 April 2018 to 31 March 2019. This report was signed on the 31 May 2019.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from the Department of Higher Education and Training regarding the ECP Foundation grant for the period 1 April 2018 to 31 March 2019. This report was signed on the 05 June 2019.
- An agreed-upon procedures engagement was conducted on the grant received and expenditure incurred specific to the grant allocation letter from Department of Higher Education and Training regarding the Infrastructure and Efficiency Grant for the period 1 April 2018 to 31 March 2019. This report was signed on the 7 June 2019.
- An agreed-upon procedure is in progress on the Supplementary Financial Data and Performance Indicators to be reported to the Department of Higher Education and Training. This covers the period 1 January 2018 to 31 December 2018.
- An agreed-upon procedure is in progress on the fee adjustment grant to be reported to the Department of Higher Education and Training. This covers the period 1 January 2018 to 31 December 2018.
- An agreed-upon procedure is in progress on the National Student Financial Aid Scheme (NSFAS) historic debt funds to be reported to the Department of Higher Education and Training and NSFAS.
- An agreed-upon procedure is in progress on the student, staff and academic programme data (HEMIS) to be reported to the Department of Higher Education and Training. This covers the period 1 January 2018 to 31 December 2018.

*Deloitte & Touche*

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

26 June 2019

*SM Xulu Inc.*

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

26 June 2019







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

### **Annexure A– Auditors' responsibility for the audit**

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

#### **Consolidated financial statements**

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

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

#### **Communication with those charged with governance**

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

We also confirm to the Council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and where applicable, related safeguards.



DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2018

	NOTE	2018 R'000	2017 R'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>		<b>1 712 363</b>	<b>1 762 981</b>
Property, plant and equipment	2	1 299 222	1 201 281
Intangible assets	3	1 817	2 728
Investments	4	411 324	528 500
Retirement benefit asset**	11	-	10 454
Non-current receivables	6	-	20 018
<b>CURRENT ASSETS</b>		<b>2 793 789</b>	<b>1 971 436</b>
Inventories	7	2 210	2 806
Receivables and prepayments	8	383 340	266 849
Cash and cash equivalents	9	2 408 239	1 701 781
<b>TOTAL ASSETS</b>		<b>4 506 152</b>	<b>3 734 417</b>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>			
<b>ACCUMULATED FUNDS</b>		<b>2 776 779</b>	<b>2 208 959</b>
Unrestricted use funds – undesignated*		1 435 796	1 007 486
Unrestricted use funds – designated *		1 174 758	986 605
Residence funds		35 839	12 580
Restricted use funds		71 295	74 111
Fair value reserve		59 091	128 177
<b>NON-CURRENT LIABILITIES</b>		<b>1 361 769</b>	<b>1 198 162</b>
Borrowings	10	82 314	89 816
Retirement benefit obligations**	11	156 292	158 755
Deferred tax	12	1 794	1 650
Deferred revenue	15	1 121 369	947 941
<b>CURRENT LIABILITIES</b>		<b>367 604</b>	<b>327 296</b>
Trade and other payables	13	297 015	261 349
Current portion of deferred revenue	15	22 634	13 355
Provisions	14	40 145	43 542
Current portion of interest bearing borrowings	10	7 810	7 170
Current portion of finance lease liability	25	-	1 880
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4 506 152</b>	<b>3 734 417</b>

\*Refer to Note 29.1: Adoption and implementation of IFRS 15

\*\*Refer to Note 30: Reclassification of retirement benefit asset



**DURBAN UNIVERSITY OF TECHNOLOGY  
CONSOLIDATED PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2018**

	NOTE	COUNCIL CONTROLLED UNRESTRICTED		SPECIFICALLY FUNDED ACTIVITIES RESTRICTED		SUB-TOTAL		STUDENT AND STAFF ACCOMMODATION RESTRICTED		2018	2017
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
<b>RECURRENT ITEMS</b>											
<b>INCOME</b>		<b>1 896 307</b>	<b>51 930</b>	<b>1 001 413</b>	<b>1 948 237</b>	<b>1 001 413</b>	<b>2 232 201</b>	<b>283 964</b>	<b>1 001 413</b>	<b>1 856 882</b>	
State appropriations - subsidies and grants	1.20	1 001 413	-	1 001 413	-	-	-	-	1 001 413	855 758	
Tuition fee and other income		710 872	-	710 872	-	282 768	-	282 768	993 640	772 364	
Income from contracts		-	51 509	51 509	-	-	-	-	51 509	62 756	
- For research		-	51 509	51 509	-	-	-	-	51 509	62 756	
- For other activities		-	-	-	-	-	-	-	-	-	
Sales of goods and services		20 585	-	20 585	-	1 196	-	1 196	21 781	25 741	
Private gifts and grants		-	-	-	-	-	-	-	-	-	
<b>INCOME SUB-TOTAL</b>		<b>1 732 870</b>	<b>51 509</b>	<b>1 784 379</b>	<b>1 663 858</b>	<b>283 964</b>	<b>2 068 343</b>	<b>283 964</b>	<b>2 068 343</b>	<b>1 716 619</b>	
Investment income	16.1	163 437	421	163 858	-	-	163 858	-	163 858	140 263	
<b>EXPENDITURE</b>		<b>1 352 247</b>	<b>66 073</b>	<b>1 418 320</b>	<b>260 777</b>	<b>260 777</b>	<b>1 679 097</b>	<b>260 777</b>	<b>1 679 097</b>	<b>1 474 738</b>	
Personnel	17	926 416	11 442	937 858	-	12 715	950 573	12 715	950 573	867 098	
- Academic professional		527 705	-	527 705	-	-	527 705	-	527 705	473 811	
- Other personnel		398 711	11 442	410 153	-	12 715	422 868	12 715	422 868	393 287	
Other current operating expenses	18	367 635	36 769	404 404	-	240 422	644 826	240 422	644 826	523 996	
Depreciation and amortisation	2&3	37 335	17 784	55 119	-	206	55 325	206	55 325	53 377	
<b>EXPENDITURE SUB-TOTAL</b>		<b>1 331 386</b>	<b>65 995</b>	<b>1 397 381</b>	<b>253 343</b>	<b>253 343</b>	<b>1 650 724</b>	<b>253 343</b>	<b>1 650 724</b>	<b>1 444 471</b>	
Finance costs	19	1 832	-	1 832	-	7 434	9 266	7 434	9 266	10 034	
Minor capital items expensed		19 029	78	19 107	-	-	19 107	-	19 107	20 233	
<b>Surplus - Recurrent items</b>		<b>544 060</b>	<b>(14 143)</b>	<b>529 917</b>	<b>23 187</b>	<b>23 187</b>	<b>553 104</b>	<b>23 187</b>	<b>553 104</b>	<b>382 144</b>	
<b>NON-RECURRENT ITEMS</b>		<b>63 079</b>	<b>100 223</b>	<b>163 302</b>	<b>-</b>	<b>-</b>	<b>163 302</b>	<b>-</b>	<b>163 302</b>	<b>145 856</b>	
State grants		-	63 799	63 799	-	-	63 799	-	63 799	64 077	
Private gifts and grants		-	1 924	1 924	-	-	1 924	-	1 924	13 599	
Realised cumulative net fair value gain(loss) on the disposal of investments	16.2	46 147	(1 454)	44 693	-	-	44 693	-	44 693	3 117	
Income from contracts	20	1 442	30 215	31 657	-	-	31 657	-	31 657	29 755	
Investment income	16.1	97	5 577	5 674	-	-	5 674	-	5 674	5 694	
Other income		15 393	162	15 555	-	-	15 555	-	15 555	29 614	
<b>EXPENDITURE</b>		<b>6 354</b>	<b>83 171</b>	<b>89 525</b>	<b>-</b>	<b>-</b>	<b>89 525</b>	<b>-</b>	<b>89 525</b>	<b>98 296</b>	
Personnel	17	3 206	43 719	46 925	-	-	46 925	-	46 925	42 171	
- Academic professional		724	24 129	24 853	-	-	24 853	-	24 853	22 371	
- Administration		2 482	19 590	22 072	-	-	22 072	-	22 072	19 800	
Other current operating expenses	18	1 266	39 452	40 718	-	-	40 718	-	40 718	55 769	
Loss on disposal of property, plant & equipment		387	-	387	-	-	387	-	387	356	
Impairment of investment	16.3	1 495	-	1 495	-	-	1 495	-	1 495	-	
<b>Surplus/(deficit) - Non-Recurrent items</b>		<b>56 725</b>	<b>17 052</b>	<b>73 777</b>	<b>-</b>	<b>-</b>	<b>73 777</b>	<b>-</b>	<b>73 777</b>	<b>47 560</b>	
<b>NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION</b>		<b>600 785</b>	<b>2 909</b>	<b>603 694</b>	<b>23 187</b>	<b>23 187</b>	<b>626 881</b>	<b>23 187</b>	<b>626 881</b>	<b>429 704</b>	
Amounts spent from prior year receipts : From funds		-	(460)	(460)	-	-	(460)	-	(460)	(5 025)	
Taxation	5&12	(118)	-	(118)	(26)	(26)	(144)	(26)	(144)	1 079	
<b>NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION</b>		<b>600 667</b>	<b>2 449</b>	<b>603 116</b>	<b>23 161</b>	<b>23 161</b>	<b>626 277</b>	<b>23 161</b>	<b>626 277</b>	<b>425 758</b>	
Less: Income allocated to departments		(46 493)	-	(46 493)	-	-	(46 493)	-	(46 493)	(54 935)	
<b>NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS</b>		<b>554 174</b>	<b>2 449</b>	<b>556 623</b>	<b>23 161</b>	<b>23 161</b>	<b>579 784</b>	<b>23 161</b>	<b>579 784</b>	<b>370 823</b>	



## DURBAN UNIVERSITY OF TECHNOLOGY CONSOLIDATED PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017

2017	COUNCIL CONTROLLED UNRESTRICTED		SPECIFICALLY FUNDED ACTIVITIES RESTRICTED		SUB-TOTAL		STUDENT AND STAFF ACCOMMODATION RESTRICTED		2017	2016
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	Restated*
<b>RECURRENT ITEMS</b>										
<b>INCOME</b>	<b>1 604 539</b>	<b>63 195</b>	<b>1 667 734</b>	<b>189 148</b>	<b>1 856 882</b>	<b>1 610 735</b>				
State appropriations - subsidies and grants	855 758	-	855 758	-	855 758	776 963				
Tuition fee and other income	587 100	-	587 100	185 264	772 364	645 087				
Income from contracts	-	62 756	62 756	-	62 756	69 365				
- For research	-	62 756	62 756	-	62 756	69 365				
- For other activities	-	-	-	-	-	-				
Sales of goods and services	21 872	-	21 872	3 869	25 741	19 512				
Private gifts and grants	-	-	-	-	-	-				
<b>INCOME SUB-TOTAL</b>	<b>1 464 730</b>	<b>62 756</b>	<b>1 527 486</b>	<b>189 133</b>	<b>1 716 619</b>	<b>1 510 927</b>				
Investment income	139 809	439	140 248	15	140 263	99 808				
<b>EXPENDITURE</b>	<b>1 240 286</b>	<b>74 137</b>	<b>1 314 423</b>	<b>160 315</b>	<b>1 474 738</b>	<b>1 330 288</b>				
Personnel	846 981	10 662	857 643	9 455	867 098	827 136				
- Academic professional	474 001	(190)	473 811	-	473 811	450 220				
- Other personnel	372 980	10 852	383 832	9 455	393 287	376 916				
Other current operating expenses	331 732	49 241	380 973	143 023	523 996	422 990				
Depreciation and amortisation	39 002	14 234	53 236	141	53 377	50 387				
<b>EXPENDITURE SUB-TOTAL</b>	<b>1 217 715</b>	<b>74 137</b>	<b>1 291 852</b>	<b>152 619</b>	<b>1 444 471</b>	<b>1 300 513</b>				
Finance costs	2 338	-	2 338	7 696	10 034	8 274				
Minor capital items expensed	20 233	-	20 233	-	20 233	21 481				
<b>Surplus - Recurrent items</b>	<b>364 253</b>	<b>(10 942)</b>	<b>353 311</b>	<b>28 833</b>	<b>382 144</b>	<b>280 467</b>				
<b>NON-RECURRENT ITEMS</b>										
<b>INCOME</b>	<b>32 562</b>	<b>113 294</b>	<b>145 856</b>	<b>-</b>	<b>145 856</b>	<b>161 661</b>				
State grants	-	64 077	64 077	-	64 077	63 768				
Private gifts and grants	134	13 465	13 599	-	13 599	6 333				
Realised cumulative net fair value gain on the disposal of investments	2958	159	3 117	-	3 117	29 979				
Income from contracts	-	29 755	29 755	-	29 755	28 789				
Investment income	-	5 694	5 694	-	5 694	4 203				
Other income	29 470	144	29 614	-	29 614	28 589				
<b>EXPENDITURE</b>	<b>3 091</b>	<b>95 205</b>	<b>98 296</b>	<b>-</b>	<b>98 296</b>	<b>129 095</b>				
Personnel	1 913	40 258	42 171	-	42 171	27 330				
- Academic professional	386	21 985	22 371	-	22 371	17 775				
- Administration	1 527	18 273	19 800	-	19 800	9 555				
Other current operating expenses	822	54 947	55 769	-	55 769	100 841				
Loss on disposal of property, plant & equipment	356	-	356	-	356	924				
<b>Surplus/(deficit) - Non-Recurrent items</b>	<b>29 471</b>	<b>18 089</b>	<b>47 560</b>	<b>-</b>	<b>47 560</b>	<b>32 566</b>				
<b>NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION</b>	<b>393 724</b>	<b>7 147</b>	<b>400 871</b>	<b>28 833</b>	<b>429 704</b>	<b>313 033</b>				
Amounts spent from prior year receipts : From funds	-	(5 025)	(5 025)	-	(5 025)	(7 004)				
Taxation	1 071	-	1 071	8	1 079	(705)				
<b>NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION</b>	<b>394 795</b>	<b>2 122</b>	<b>396 917</b>	<b>28 841</b>	<b>425 758</b>	<b>305 324</b>				
Less: Income allocated to departments	(54 935)	-	(54 935)	-	(54 935)	(44 422)				
<b>NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS</b>	<b>339 860</b>	<b>2 122</b>	<b>341 982</b>	<b>28 841</b>	<b>370 823</b>	<b>260 902</b>				

### NET SURPLUS FOR THE YEAR - BEFORE TRANSFERS AND TAXATION

Amounts spent from prior year receipts : From funds

Taxation

### NET SURPLUS FOR THE YEAR - AFTER TRANSFERS AND TAXATION

Less: Income allocated to departments

### NET SURPLUS/(DEFICIT) AFTER INCOME ALLOCATED TO DEPARTMENTS



DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2018

	NOTE	2018 R'000	2017 R'000
<b>Operating revenue</b>		2 068 343	1 716 619
Less: Operating expenses		(1 716 756)	(1 506 875)
- Staff costs	17	(997 498)	(909 269)
- Other operating expenses	18	(663 933)	(544 229)
- Depreciation and amortisation	2&3	(55 325)	(53 377)
<b>Net surplus from operations</b>		<b>351 587</b>	<b>209 744</b>
Income from investments	16.1	169 532	145 957
Loss on disposal of property, plant and equipment		(387)	(356)
Other income	20	157 628	140 162
Finance costs	19	(9 266)	(10 034)
Other expenses	18	(42 213)	(55 769)
<b>Surplus for the year before transfers and taxation</b>		<b>626 881</b>	<b>429 704</b>
Amounts spent from prior year receipts: from funds		(460)	(5 025)
Taxation	12	(144)	1 079
<b>Surplus for the year after transfers</b>		<b>626 277</b>	<b>425 758</b>
<b>Other comprehensive income /(loss)</b>		<b>(69 728)</b>	<b>39 128</b>
<b>To be reclassified to profit or (loss) in subsequent periods:</b>			
Fair value adjustment on investments		(69 086)	13 237
Realised profit from disposal of investments		(3 170)	2 869
<b>Not to be reclassified to profit in subsequent periods:</b>			
Actuarial gain on defined benefit plan		2 528	23 022
<b>Total comprehensive income for the year</b>		<b>556 549</b>	<b>464 886</b>





DURBAN UNIVERSITY OF TECHNOLOGY

CONSOLIDATED STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018(as previously reported)*</b>	1 007 486	245 803	740 802	1 994 091	12 580	74 111	86 691	128 177	2 208 959
Accumulative impact of restatements*	3 040	5 772	-	8 812	-	-	-	-	8 812
<b>Restated balance at January 1, 2018*</b>	1 010 526	251 575	740 802	2 002 903	12 580	74 111	86 691	128 177	2 217 771
Surplus for the year	600 667	2 449	-	603 116	23 161	-	23 161	-	626 277
Other comprehensive income/(loss)	2 528	-	-	2 528	-	(3 170)	(3 170)	(69 086)	(69 728)
<b>Balance at December 31, 2018 before fund transfer</b>	1 613 721	254 024	740 802	2 608 547	35 741	70 941	106 682	59 091	2 774 320
Transfers of funds	(132 690)	81 657	51 033	-	-	-	-	-	-
Other transfers	(47 684)	35 698	13 993	2 007	98	354	452	-	2 459
<b>Balance at December 31, 2018</b>	1 433 347	371 379	805 828	2 610 554	35 839	71 295	107 134	59 091	2 776 779

\*Refer to note 29.1- Restatement note



DURBAN UNIVERSITY OF TECHNOLOGY

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

DESCRIPTION (R'000)	Council controlled funds				Restricted funds			Fair value reserve	GRAND-TOTAL
	Undesignated/ Accumulated Funds	Designated funds		SUB-TOTAL	Residence funds	Restricted use funds	SUB-TOTAL		
		Operational funds	Property, plant and equipment funds						
<b>Balance at January 1, 2017 (as previously reported)</b>	764 237	168 979	628 716	1 561 932	(16 083)	65 499	49 416	114 940	1 726 288
Accumulative impact of restatements/reclassifications	(50 473)	22 683	41 304	13 514	(179)	-	(179)	-	13 335
<b>Restated balance at January 1, 2017</b>	713 764	191 662	670 020	1 575 446	(16 262)	65 499	49 237	114 940	1 739 623
Surplus for the year	394 795	2 122	-	396 917	28 841	-	28 841	-	425 758
Other comprehensive income/(loss)	23 022	-	-	23 022	-	2 869	2 869	13 237	39 128
<b>Balance at December 31, 2017 before fund transfer</b>	1 131 581	193 784	670 020	1 995 385	12 579	68 368	80 947	128 177	2 204 509
Transfers of funds	(55 977)	46 872	8 105	(1 000)	1	1 000	1 001	-	1
Transfer of Research Output Publications net surplus	3 007	(3 007)	-	-	-	-	-	-	-
<b>Total transfer of funds</b>	(52 970)	43 865	8 105	(1 000)	1	1 000	1 001	-	1
Other transfers	(70 240)	7 269	62 677	(294)	-	4 743	4 743	-	4 449
<b>Balance at December 31, 2017</b>	1 008 371	244 918	740 802	1 994 091	12 580	74 111	86 691	128 177	2 208 959



**DURBAN UNIVERSITY OF TECHNOLOGY**

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED  
DECEMBER 31, 2018**

	<i>Note</i>	<i>2018 R'000</i>	<i>2017 R'000</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	26.1	652 929	586 715
Investment income	16.1	142 149	105 183
Finance costs		(9 321)	(10 083)
		<u>785 757</u>	<u>681 815</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of PPE and intangible assets	2&3	(152 940)	(219 561)
Purchase of non-current investments		(92 910)	(44 026)
Proceeds from disposal of property plant and equipment		197	184
Proceeds from disposal of non-current investments		175 042	36 452
		<u>(70 611)</u>	<u>(226 951)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment on finance lease liability	26.2	(1 880)	(3 037)
Payments on long-term borrowings	26.2	(6 808)	(7 338)
		<u>(8 688)</u>	<u>(10 375)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>		706 458	444 489
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>		1 701 781	1 257 292
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	9	<u><u>2 408 239</u></u>	<u><u>1 701 781</u></u>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 1. ACCOUNTING POLICIES

##### 1.1 University Information

The consolidated financial statements of the University and its subsidiaries for the year ended December 31, 2018 were approved for issue in accordance with a resolution of Council on 22 June 2019.

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

##### 1.2 Basis of preparation

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

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

##### 1.3 Statement of compliance

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

##### 1.4 Presentation of consolidated statement of profit or loss

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

##### 1.5 Significant accounting judgements, estimates and assumptions

###### Estimates and assumptions

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

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

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



1. ACCOUNTING POLICIES (continued)

1.5 Significant accounting judgements, estimates and assumptions (continued)  
*Retirement benefit obligations*

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

*Student fees receivable*

The debtor's book is split between debt handed over and debt not handed over. Debt that is handed over, is made up of debt accumulated by students who are regarded as self-paying students whereby their debt has been handed over to the debt collectors. Debt that is not handed over represents debt relating to students who are still registered students and National Student Financial Aid Scheme ("NSFAS") students whose fees are to be paid by NSFAS.

At year-end management makes an estimate of the amount of total outstanding student fee debt that it expects to hand over to external debt collectors and the total subsequent receipts it expects to receive after year end. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over, prior experience and a historic handed over collection trend.

The impairment charge relating to student debt that is not handed over is based on the recovery percentage for the student loans noted below with slight amendments (when considered necessary).

A provision for impairment is based on these estimates. A detailed breakdown of the student fee receivable is provided in Note 8.

*Student loans*

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

*Value added taxation*

The University is an educational institution that provides educational services as envisaged in section 12(h) of the Value-Added Tax Act No 89 of 1991 ("the VAT Act").

Accordingly, the fees charged by the University for teaching and incidental goods and services are exempt from Value-Added Tax ("VAT") in terms of section 12(h) of the VAT Act, with the result that the University is not entitled to an input tax credit on its purchases of goods and services to the extent these goods or services are used or consumed in the course of rendering educational services. Where the University makes exempt supplies during its year of assessment, the provisions of section 7(1)(c) read together with section 7(2) of the VAT Act need to be considered, namely that VAT at the rate of 15% should be levied and paid on the supply of any "imported services" by the recipient of the imported services. This essentially results in what is referred to as a "reverse VAT charge" (i.e. no VAT has actually been levied by the vendor on behalf of the South African Revenue Services ("SARS") but an amount of output tax becomes payable in addition to the charge for the service. The University applies the Variable input method for the measurement of VAT.







## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued) 1.5 Significant accounting judgements, estimates and assumptions (continued)

##### *Fair value measurement of financial instruments*

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

#### 1.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the University and its subsidiaries as at December 31, 2018.

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 Standards, interpretations and amendments to published standards

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

##### 1.7.1 Standards early adopted by the University

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

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

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



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. ACCOUNTING POLICIES (continued)

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

Standard or Interpretation	Effective for years beginning
IFRS 3 <i>Business Combinations</i> Clarification that when an entity obtains control of a business that is a joint operation, it is required to remeasure previously held interests in that business. The amendment is not expected to have an impact on the entity's financial statements as the entity did not enter into any Business Combinations.	1 January 2019
IFRS 10 <i>Consolidated financial statements</i> Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture.	The effective date of this amendment has been deferred indefinitely until further notice
IFRS 11 <i>Joint arrangements</i> Clarification that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.  The amendment is not expected to have an impact on the entity's financial statements as the entity does not have any Joint Arrangements.	1 January 2019
IFRS 16 <i>Leases</i>  IFRS 16 specifies the recognition, measurement, presentation and disclosure of leases. The standard provides a single lease accounting model.  The standard will be adopted by the entity for the financial reporting period commencing 1 January 2019.  IFRS 16 requires a lessee to recognise a right-of-use asset and lease obligations for all leases except for short-term leases, or leases of low value assets, which leases may be treated similarly to operating leases under the current standard IAS 17 if the exceptions are applied.  A lessee measures its lease obligation at the present value of future lease payments, and recognises a right-of-use asset initially measured at the same amount as the lease obligation including costs directly related to entering into the lease. Right-of-use assets are subsequently treated in a similar way to other assets such as property, plant and equipment or intangible assets dependent on the nature of the underlying item.  In accordance with the above, right-of-use assets and lease obligations associated to these rentals would be recognised in the statement of financial position. IFRS 16 will change how the University accounts for leases previously classified as operating leases under IAS16. These leases were "off balance sheet".  On initial application of IFRS 16, the University will	1 January 2019
<ul style="list-style-type: none"> <li>• recognise a right-of-use asset and lease liability in the statement of financial position, initially measured at the present value of the future lease payments.</li> </ul>	





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

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

Standard or Interpretation	Effective for years beginning
IFRS 16 <i>Leases</i> (continued)	
<ul style="list-style-type: none"> <li>• recognise depreciation on the right-of-use assets and interest on the lease liabilities in the statement of comprehensive income</li> <li>• separate the total amount of cash paid into a principal portion (presented with financing activities) and interest (presented within operating activities) in the statement of cash flows</li> </ul> <p>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).</p>	
IFRS 17 <i>Insurance contracts</i> This standard replaces IFRS 4 – Insurance contracts.	1 January 2021
The amendment is not expected to have an impact on the entity's financial statements as the entity is not an insurer.	
IFRIC 23 <i>Uncertainty over income tax treatment</i> The interpretation addresses the determination of taxable profit, tax bases, unused tax losses, used tax credits and tax rates when there is uncertainty over income tax treatments under IAS 12.	1 January 2019
IAS 23 <i>Borrowing costs</i> The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.	1 January 2019
The amendment is not expected to have an impact on the entity's financial statements as the entity does not acquire, construct or produce a qualifying asset.	
IAS 28 <i>Investments in Associates and Joint Ventures</i> Long-term interest in Associates and Joint Ventures: Clarification provided that an entity should apply IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	1 January 2019

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

###### IFRS 9 Financial Instruments (“IFRS 9”)

- The University adopted IFRS 9 Financial Instruments (“IFRS 9”) with a date of initial application of 1 January 2018. As a result, the University has changed its accounting policies relating to these financial reporting processes as detailed below.
- The University has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated and is reported under the previous relevant accounting policies.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. ACCOUNTING POLICIES (continued)

1.7.3 Standards, interpretations and amendments adopted during the year (continued)

IFRS 15 Revenue from Contracts with Customers ("IFRS 15")

- The University adopted IFRS 15 Revenue from Contracts with Customers ("IFRS 15") with a date of initial application of 1 January 2018. As a result, the University has changed its accounting policies relating to these financial reporting processes as detailed below.
- The University has elected not to restate comparative information and has recorded the cumulative effect of initially applying the new standard as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated and is reported under the previous relevant accounting policies.

IAS 40 Investment Property : *Transfers of Investment Property (Amendments to IAS 40)*

- The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. This is not expected to have an impact on the University's financial statements.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

- The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This is not expected to have an impact on the University's financial statements.

1.8 Property, plant and equipment

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

Land and buildings, which have been adapted to specialised functions, and all other land and buildings which are used for general purposes, plant and equipment are recorded at cost net of accumulated depreciation and accumulated impairment losses, if any, except for donations, which are valued by externally independent 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 -40 years
Furniture	20 years

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





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

##### 1.8 Property, plant and equipment (continued)

###### *Library acquisitions*

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

##### 1.9 Leases

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.

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).

###### *University as a lessee*

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

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

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

###### *University as a lessor*

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

##### 1.10 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.





NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2018

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1. ACCOUNTING POLICIES (continued)

1.11 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.

1.12 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.

1.13 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.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

##### Financial instruments under IFRS 9

###### *Classification*

The University classifies financial assets and financial liabilities into the following categories:

- Amortised cost
- Fair value through other comprehensive income (FVTOCI)
- Fair value through profit and loss (FVTPL)

###### *Initial recognition and measurement*

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

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding

A financial asset is measured at fair value through other comprehensive income if it meets both of the following conditions and is not designated at fair value through profit or loss:

- It is held within a business model whose objective is achieved both by holding assets to collect contractual cash flows and selling financial assets; and
- Its contractual terms give rise to cash flows on specific dates that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

###### *Subsequent measurement*

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

###### *Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

###### *Financial assets at Fair Value Through Profit and Loss*

Financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.



1. ACCOUNTING POLICIES (continued)

1.14 Financial Instruments (continued)

*Fair value through other comprehensive income (FVTOCI)*

For equity instruments measured at fair value through other comprehensive income, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

*Foreign exchange gains and losses*

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

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

For financial assets measured at fair value through profit or loss that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

*Impairment of financial assets*

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

The University considers the use of reasonable and supportable information that is relevant and available without undue cost or effort when assessing whether the credit risk of a financial asset has increased. This includes both quantitative and qualitative information based on the University's historical experience as well as forward looking information. Where the University concludes that the credit risk of a financial instrument has not increased significantly since initial recognition, the loss allowance is measured using a 12-month expected credit losses.

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

*Write-off policy*

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

*Measurement and recognition of expected credit losses*

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

##### 1.14 Financial Instruments (continued)

The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

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

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

##### *Derecognition of financial assets*

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the University has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

##### *Financial liabilities*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit and loss.

##### *Financial liabilities at Fair Value Through Profit and Loss*

Financial liabilities are classified as at fair value through profit and loss when the financial liability is:

- held for trading, or
- it is designated as fair value through profit and loss

##### *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.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. ACCOUNTING POLICIES (continued)

1.14 Financial Instruments (continued)

*The following is a summary of the key changes from IAS 39 to IFRS 9:*

*Financial instrument classification*

The revised standard requires that all financial assets be classified either at fair value through profit and loss (FVTPL), fair value through other comprehensive income (FVTOCI) or amortised cost based on the entity's business model for managing the financial assets and the contractual cash flows of the financial asset. Financial liabilities are classified at amortised cost or fair value.

*Impairment*

In relation to impairment, IFRS 9 requires the use of an expected credit loss model as opposed to an incurred credit loss model as required under IAS 39. This requires an entity to account for expected credit losses at each reporting date since initial recognition based on the level of increase in credit risk.

*Hedge accounting*

The general hedge accounting requirements remain the same under IFRS 9 but there is greater flexibility in terms of the types of transactions eligible for hedge accounting viz. the types of instruments available for hedge accounting and types of risks that can be hedged. There has also been a simplification of hedge effectiveness testing.

*Transition*

The following assessments were made at the date of initial application based on facts and circumstances available on this date:

- Determination of the business model within which the financial asset is held
- The designation of certain investments in equity instruments not held for trading as fair value through other comprehensive income.

The following table shows the classification of financial instruments under IAS 39 and the revised classification under IFRS 9:

Financial Instrument	Classification under IAS 39	Revised classification under IFRS 9	Carrying amount under IAS 39 R'000	Carrying amount under IFRS 9 R'000
<b>Financial assets</b>				
Investments	Available for sale	Fair value through Other Comprehensive Income	411 324	411 324
Non-current receivables	Amortised cost	Amortised cost	-	-
Receivables and prepayments	Amortised cost	Amortised cost	383 576	383 576
<b>Financial liabilities</b>				
Borrowings	Amortised cost	Amortised cost	90 124	90 124
Trade and other payables	Amortised cost	Amortised cost	297 015	297 015







## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.15 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.

##### *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.

##### 1.16 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.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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1. ACCOUNTING POLICIES (continued)

1.16 Financial liabilities (continued)

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.

**1.16.1 Fair value measurement**

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

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

The principal or the most advantageous market must be accessible by the University. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.16 Financial liabilities (continued)

##### 1.16.1 Fair value measurement

The University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as described further in Note 21.4, based on the lowest level input that is significant to the fair value measurement as a whole.

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

##### 1.17 Provisions

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

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

##### 1.18 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.



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 1. ACCOUNTING POLICIES (continued)

##### 1.19 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.

##### 1.20 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and revenue is recognised when the transfer of control over a product or service takes place.

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

###### *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.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

##### 1.20 Revenue recognition (continued)

###### *Designated income from contracts, grants and donations (continued)*

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.

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.

##### 1.21 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





NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

1. ACCOUNTING POLICIES (continued)

1.21 Normal tax and deferred tax (continued)

*Deferred tax (continued)*

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

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

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

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

*Value-added tax*

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

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

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

1.22 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.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 1. ACCOUNTING POLICIES (continued)

##### 1.23 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.

##### *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.

##### 1.24 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.

##### 1.25 Contingent liability

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



**1. ACCOUNTING POLICIES** (continued)

**1.26 Changes in accounting policy**

The University adopted IFRS 15 Revenue from Contracts with Customers (“IFRS 15”) and IFRS 9 Financial Instruments (“IFRS 9”) with a date of initial application of 1 January 2018.

The University has elected not to restate comparative information in both cases and has recorded the cumulative effect of initially applying the new standards as an adjustment to the opening balance of equity at the date of initial application. Therefore, the comparative information has not been restated and is reported under the previous relevant accounting policies.

**1.27 Changes in an accounting estimate**

A change in an accounting estimate is an adjustment of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with, assets and liabilities. Changes in accounting estimates result from new information or new developments and, accordingly, are not corrections of errors.

Accounting estimates arise from inherent uncertainties in business activities which mean that many items in financial statements cannot be measured with precision but can only be estimated. Estimates are formed using judgements based on the latest available, reliable information. Common examples of estimates in the financial statements include: (IAS 8:32) allowances for bad debts;

The use of reasonable estimates is essential in the preparation of financial statements. A revision of an estimate may be required if the circumstances on which the estimate was based change, or if new information or experience is gained. The revision of an estimate does not relate to prior periods and is not equivalent to the correction of an error. (IAS 8:34)

The effect of a change in an accounting estimate is recognised prospectively by including it in profit or loss in: (IAS 8:36 – 38)

The allowance for bad debts was estimated based on new information available in the current period. This being the credit reports and the debt handed over to the debt collectors. The statistics of prior period debt collected as well as the hand over ratios are used to determine the allowance.

The University reassessed the student debt outstanding with reference to the percentage collections since 1981 and a release of the debt allowance was done to write off debt older than ten years. The current debt deemed collectable is based on reports from the credit partners available at the University.

The outstanding student debt relates to the periods 1981 to 2009 has been written off. The debt is prescribed and long outstanding with no indication of recoverability and as such cannot be legally enforced. A prescription can only be interrupted by a payment and an acknowledgement of the debt outstanding by the student. In the absence of the acknowledgement of debt and no movement on the balances, the University’s decision to write off the long outstanding debt was passed.



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2018	2. PROPERTY, PLANT AND EQUIPMENT					Total
	Land and buildings	Furniture, equipment and computers	Capital work in progress	Capital leased assets	Vehicles	
	R'000	R'000	R'000	R'000	R'000	R'000
Cost as at January 1, 2018	1 074 417	454 141	88 059	33 475	19 479	1 669 571
Accumulated depreciation as at January 1, 2018	(176 042)	(259 094)	-	(24 508)	(8 646)	(468 290)
<b>Net carrying amount as at January 1, 2018</b>	<b>898 375</b>	<b>195 047</b>	<b>88 059</b>	<b>8 967</b>	<b>10 833</b>	<b>1 201 281</b>
Additions	87 102	55 961	9 525	52	-	152 640
Work in progress transferred	81 317	-	(81 662)	-	344	-
Disposals	-	(334)	-	-	(250)	(584)
- cost	-	(1 745)	-	-	(655)	(2 400)
- accumulated depreciation	-	1 411	-	-	405	1 816
Transfer of Leased computers to owned						
- cost		13 530		(13 530)		-
- accumulated depreciation		(6 419)		6 419		-
Depreciation charge	(13 850)	(38 177)	-	(377)	(1 711)	(54 114)
<b>Net carrying amount as at December 31, 2018</b>	<b>1 052 944</b>	<b>219 608</b>	<b>15 922</b>	<b>1 531</b>	<b>9 216</b>	<b>1 299 222</b>
<b>As at December 31, 2018</b>						
- cost	1 242 836	521 887	15 922	19 997	19 168	1 819 810
- accumulated depreciation	(189 892)	(302 279)	-	(18 466)	(9 952)	(520 588)
<b>Net carrying amount</b>	<b>1 052 944</b>	<b>219 608</b>	<b>15 922</b>	<b>1 531</b>	<b>9 216</b>	<b>1 299 222</b>

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



DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

2. PROPERTY, PLANT AND EQUIPMENT

2017	Land and buildings	Furniture, equipment and computers	Capital work in progress	Capital leased assets	Vehicles	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Cost as at January 1, 2017	763 073	419 744	218 282	33 456	18 487	1 453 042
Accumulated depreciation as at January 1, 2017	(163 225)	(225 389)	-	(22 736)	(7 418)	(418 768)
<b>Net carrying amount as at January 1, 2017</b>	<b>599 848</b>	<b>194 355</b>	<b>218 282</b>	<b>10 720</b>	<b>11 069</b>	<b>1 034 274</b>
Additions	113 355	33 005	71 400	19	1 782	219 561
Work in progress transferred	197 989	3 634	(201 623)	-	(359)	(541)
Disposals	-	(2 242)	-	-	(790)	(3 032)
- cost	-	2 060	-	-	431	2 491
- accumulated depreciation	(12 817)	(35 765)	-	(1 772)	(1 659)	(52 013)
Depreciation charge	-	-	-	-	-	-
<b>Net carrying amount as at December 31, 2017</b>	<b>898 375</b>	<b>195 047</b>	<b>88 059</b>	<b>8 967</b>	<b>10 833</b>	<b>1 201 281</b>
<b>As at December 31, 2017</b>						
- cost	1 074 417	454 141	88 059	33 475	19 479	1 669 571
- accumulated depreciation	(176 042)	(259 094)	-	(24 508)	(8 646)	(468 290)
<b>Net carrying amount</b>	<b>898 375</b>	<b>195 047</b>	<b>88 059</b>	<b>8 967</b>	<b>10 833</b>	<b>1 201 281</b>







## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

<b>2. PROPERTY, PLANT AND EQUIPMENT</b> (continued)	2018 R'000	2017 R'000
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Included in capital leased assets are the following assets that relate to:

#### 1. Department of Health grant

Leased land and buildings

- Cost	7 386	7 386
- Accumulated depreciation	(6 825)	(6 682)
<b>Net book value as at 31 December</b>	561	704

Leased furniture, equipment and computers

- Cost	12 611	12 559
- Accumulated depreciation	(11 641)	(11 407)
<b>Net book value as at 31 December</b>	970	1 152

<b>Total net book value as at 31 December</b>	<b>1 531</b>	<b>1 856</b>
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The University received a government incentive from the Department of Health (DOH) to the value of R25.280million in 2013. These funds were for the initial capital and operational costs of the orthotics and prosthetics training programme which extended over a four-year period. Ownership of these assets were to remain with the DOH until the end of the four-year period. This agreement has subsequently been extended to 30 November 2022.

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

#### 2. Financed asset: computer network system

Cost	-	13 530
Accumulated depreciation	-	(6 419)
<b>Net book value as at 31 December</b>	<b>-</b>	<b>7 111</b>

The computer network system is financed by an unsecured ABSA loan for R13.705 million. Refer to note 25. This loan was settled during the 2018 financial year.

<b>Total capital leased assets</b>	<b>1 531</b>	<b>8 967</b>
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DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

3. INTANGIBLE ASSETS

<b>2018</b>	<i>Right to internet usage*</i> R'000	<i>Computer Software</i> R'000	<i>Total</i> R'000
Cost	1 383	13 003	14 386
Accumulated amortisation	<u>(1 231)</u>	<u>(10 427)</u>	<u>(11 658)</u>
<b>Opening net carrying amount as at January 1, 2018</b>	<b><u>152</u></b>	<b><u>2 576</u></b>	<b><u>2 728</u></b>
Additions	-	300	300
Amortisation	<u>(8)</u>	<u>(1 203)</u>	<u>(1 211)</u>
<b>Closing net carrying amount as at December 31, 2018</b>	<b><u>144</u></b>	<b><u>1 673</u></b>	<b><u>1 817</u></b>
Made up as follows:			
Cost	1 383	13 303	14 686
Accumulated amortisation	<u>(1 239)</u>	<u>(11 630)</u>	<u>(12 869)</u>
<b>Net carrying amount</b>	<b><u>144</u></b>	<b><u>1 673</u></b>	<b><u>1 817</u></b>
<b>2017</b>	<i>Right to internet usage*</i> R'000	<i>Computer Software</i> R'000	<i>Total</i> R'000
Cost	1 383	13 003	14 386
Accumulated amortisation	<u>(1 223)</u>	<u>(9 071)</u>	<u>(10 294)</u>
<b>Opening net carrying amount as at January 1, 2017</b>	<b><u>160</u></b>	<b><u>3 932</u></b>	<b><u>4 092</u></b>
Amortisation	<u>(8)</u>	<u>(1 356)</u>	<u>(1 364)</u>
<b>Closing net carrying amount as at December 31, 2017</b>	<b><u>152</u></b>	<b><u>2 576</u></b>	<b><u>2 728</u></b>
Made up as follows:			
Cost	1 383	13 003	14 386
Accumulated amortisation	<u>(1 231)</u>	<u>(10 427)</u>	<u>(11 658)</u>
<b>Net carrying amount</b>	<b><u>152</u></b>	<b><u>2 576</u></b>	<b><u>2 728</u></b>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 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. (2017: 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, 2018, the remaining amortisation period is 11.5 years.

4. INVESTMENTS	2018	2017
Fair value through other comprehensive income	R'000	R'000
<i>At cost</i>		
Listed shares at cost	191 114	168 519
Bonds, annuities and unit trusts	100 711	171 636
Foreign investments	52 203	48 777
	<b>344 028</b>	<b>388 932</b>
<i>At fair value</i>		
Market value of listed shares	220 198	231 284
Market value of bonds, annuities and unit trusts	100 953	218 410
Market value of foreign investments	90 173	78 806
	<b>411 324</b>	<b>528 500</b>

A register of the investments can be obtained from the Durban University of Technology's Treasury office. The fair value of the investments is based on the closing market values and other appropriate valuation methodologies as at 31 December 2018. The valuations are performed by independent fund managers who manage the University's investments under agreed mandates.

The maximum exposure to credit risk at the reporting date is the carrying value of the debt securities classified as fair value through other comprehensive income.

#### Net impairment losses

Impairment indicators were identified at year end, as per policy which lead to impairment testing of shares. As per the requirements of IFRS 9, the University impaired the investment in Oasis Crescent Management Company Limited as there was objective evidence of impairment identified due to the significant changes in the environment in which they operate, indicating that the cost of these shares might not be recovered.

The investment in Oasis Crescent Management Company Limited was sold and the cash proceeds are included in the cash and cash equivalents in Note 9. The remaining balance held by the investor that could not be realised through disposal due to adverse economic conditions on the market has been impaired as disclosed under note 16.3.



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 5. TAXATION

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

	2018 R'000	2017 R'000
<b>6. NON-CURRENT RECEIVABLES</b>		
<b><i>Student loans</i></b>		
Opening balance	20 018	21 482
Interest	-	1 777
Payments	(9 656)	(966)
Impairment	(10 362)	(2 275)
	<hr/>	<hr/>
Closing balance	<u>-</u>	<u>20 018</u>

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

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

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

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

Based upon the credit history these loans were considered to be irrecoverable and were impaired in full during the current year.

#### 7. INVENTORIES

Consumables	<u>2 210</u>	<u>2 806</u>
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Inventories include stationery, technical inventories and study materials. There were no write-downs of inventories during the year (2017: R nil).





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 8. RECEIVABLES AND PREPAYMENTS

	2018 R'000	2017 R'000
Student debtors	488 211	499 293
Less: Provision for impairment	<u>(240 701)</u>	<u>(315 464)</u>
<b>Sub-total</b>	<b>247 510</b>	<b>183 829</b>
NSFAS receivable	436	592
Staff debtors	173	187
DHET missing middle claim	49 406	-
Interest accruals	70 286	72 518
Other receivables	9 840	5 015
Deposits	1 474	1 474
Prepayments	<u>4 215</u>	<u>3 234</u>
	<b><u>383 340</u></b>	<b><u>266 849</u></b>

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

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

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

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

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

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

At beginning of the year	315 464	306 285
Raised during the year	10 749	9 179
Utilised during the year	<u>(85 512)</u>	<u>-</u>
At end of the year	<b><u>240 701</u></b>	<b><u>315 464</u></b>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 8. RECEIVABLES AND PREPAYMENTS (continued)

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

Aging of Financial Instruments past due and not impaired			
2018	Within one year	Between two to five years	Greater than five years
	R '000	R '000	R '000
Student Debt Outstanding	215,499	228,838	43,874
Debt Past Due and Handed Over	43,105	223,927	69,471

#### 9. CASH AND CASH EQUIVALENTS

	2018 R '000	2017 R '000
Cash at bank and on hand	11 797	25 480
Short term deposits	2 396 442	1 676 301
	<b>2 408 239</b>	<b>1 701 781</b>

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

9.2. Cash and cash equivalents includes funds committed for the following;

- Unspent restricted government grants and research funds –R512.802 million (2017: R405.313million);
- Unspent funds designated to departments –R324.112 million (2017: R216.588million);
- Accounts payable – R255.880 million (2017: R220.933million); and
- The remaining R1 315.445 million (2017: R858.975million) includes an unencumbered R556.552 million (2017: R412.701million) retained for three months' working capital as required by the University.

9.3. Guarantees issued by the University's bankers:

City treasurer	39	39
SA Post Office Limited	120	120
EThekweni Municipality	25	25
Msunduzi Municipality	42	42
Eskom Holdings Limited	377	377
	<b>603</b>	<b>603</b>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

10. BORROWINGS	2018 R'000	2017 R'000
<b>Non-current borrowings</b>	82 314	89 816
State Guaranteed Loans	2 640	3 492
Development Bank of Southern Africa	79 674	86 324
<b>Current portion of borrowings</b>	7 810	7 170
Current portion of interest bearing borrowings	7 810	7 170
<b>Total borrowings</b>	<b>90 124</b>	<b>96 986</b>
	<i>Fixed</i>	
	<i>interest rate</i>	
<b>Name of entity</b>	<b>%</b>	<b>Maturity</b>
State Guaranteed Loans	9.8 - 13.45	1 July 2022
Development Bank of Southern Africa - Loan 1	5.0	31 March 2023
Development Bank of Southern Africa - Loan 2	8.7	31 March 2023
Development Bank of Southern Africa - Loan 3	10.14	31 December 2029

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

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

Interest bearing borrowings are held to maturity at amortised cost.

#### 11. RETIREMENT BENEFIT OBLIGATIONS

Statement of financial position obligations for:

- Pension benefits	963	(10 454)
- Post employment medical benefits	155 329	158 755
	<b>156 292</b>	<b>148 301</b>

##### 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 144 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.



11. RETIREMENT BENEFIT OBLIGATIONS (continued)

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

**Exposure to actuarial risks**

*Investment risk*

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

*Inflation and pension increase risk*

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

*Longevity risk*

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

*Salary risk*

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

*Measurement risk*

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

*Regulatory risk*

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

Expected top up payments over the next 4 years commencing 1 January 2020 are as follows:

Year ending 31 December 2020	– R 15 199 000
Year ending 31 December 2021	– R 18 890 000
Year ending 31 December 2022	– R 19 818 000
Year ending 31 December 2023	– R 13 191 000





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

	2018 R'000	2017 R'000
Defined pension benefits	<b>963</b>	<b>(10 454)</b>
Made up as follows:		
Defined benefit obligation	104 617	98 223
Plan assets at fair value	(103 654)	(108 677)
Net (asset)/liability	<b>963</b>	<b>(10 454)</b>
The movement in the net defined benefit obligation over the year is as follows:		
At beginning of year	(10 454)	1 945
Interest costs	7 943	9 627
Service costs	2 962	3 356
Contributions by plan participants	0	(2 766)
Actuarial gain	9 062	(13 338)
Expected return on plan assets	(8 550)	(9 278)
At end of year	<b>963</b>	<b>(10 454)</b>

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

Interest and service costs	10 905	12 983
Expected return on plan assets	(8 550)	(9 278)
Total, included in personnel (staff costs)	<b>2 355</b>	<b>3 705</b>

The amounts recognised in other comprehensive income are as follows:

Net actuarial gains recognised during the year	<b>9 062</b>	<b>(13 338)</b>
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The principal actuarial assumptions used were as follows:

Discount rate	8.60%	8.10%
Inflation rate	5.20%	5.20%



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

	2018 R'000	2017 R'000
Expected return on plan assets		
- For pension expense	8.60%	8.10%
- For member's share	8.60%	8.10%
Future salary increases	6.20%	6.20%
Future pension increases	2.86%	2.86%
Average retirement age	63	63

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

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	(48 691)	(47 706)
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The effect of a 1% decrease in the discount rate is as follows:

Effect on the obligation	77 783	81 158
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2018 R'000	2017 R'000
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The effect of a 1% increase in the inflation rate is as follows:

Effect on the obligation	49 690	52 170
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The effect of a 1% decrease in the inflation rate is as follows:

Effect on the obligation	(36 066)	(36 336)
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The effect of a 1% increase in the pension increase rate of the defined benefit obligation:

52 832	51 730
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The effect of a 1% decrease in the pension increase rate of the defined benefit obligation:

(37 540)	(36 496)
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The effect of an expected retirement age of 65 years, as opposed to 61 years, on the defined benefit obligation:

(33 918)	(29 505)
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## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

	2018 R'000	2017 R'000
The movement in the defined benefit obligation for the year is as follows:		
Beginning of the year	98 223	112 922
Service cost	2 962	3 356
Interest cost	7 943	9 627
Actuarial gain	1 727	(11 459)
Benefits paid	(6 238)	(16 223)
	<b>104 617</b>	<b>98 223</b>
The movement in the fair value of plan assets for the year is as follows:		
Beginning of the year	108 677	110 977
Expected return on plan assets	8 550	9 278
Employee contribution	0	2 766
Benefits paid	(6 238)	(16 223)
Actuarial gain/(loss)	(7 335)	1 879
End of the year	<b>103 654</b>	<b>108 677</b>
Actual return on plan assets	<b>1%</b>	<b>10%</b>

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

##### 11.2 Post-retirement medical aid benefits

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

Former Natal Technikon staff who were employed before 1 January 2000 qualify for a post-employment medical aid subsidy. If they retire or die in service after 1 January 2006 they receive a subsidy of 60% of the contributions payable (for members and their dependants). If they retired before 1 January 2006, they receive a subsidy of between 60% and 100% of the contributions payable, as specified in the data provided. Post-employment subsidies are based on the contributions applicable to the scheme and benefit option selected by a member, but are limited to the contributions payable to Discovery's Classic Comprehensive benefit option. There is no benefit on resignation, retrenchment or retirement before the normal retirement age of 60. Upon a member's death-in-service or death-after-retirement, the surviving dependants will continue to receive the same subsidy. The fund is a closed scheme and is unfunded. There are 126 in-service members and 176 continuation members.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

	2018 R'000	2017 R'000
Post-retirement medical aid benefit obligation by member category:		
In service members	62 110	66 313
Continuation members	93 219	92 442
<b>Total post-retirement medical aid benefit obligation</b>	<b>155 329</b>	<b>158 755</b>

#### Exposure to actuarial risks

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

##### *Investment risk*

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

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

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

##### *Longevity risk*

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

##### *Measurement risk*

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

##### *Regulatory risk*

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





**DURBAN UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>11. RETIREMENT BENEFIT OBLIGATIONS</b> (continued)	<i>2018</i>	<i>2017</i>
	<i>R'000</i>	<i>R'000</i>
<b>11.2 Post-retirement medical aid benefits</b> (continued)		
Movement in the defined benefit obligation is as follows:		
At beginning of year	158 755	159 451
Current service cost	2 127	2 406
Interest cost	14 198	14 348
Actuarial (gain)/loss	(11 590)	(9 685)
Benefits paid	<u>(8 161)</u>	<u>(7 765)</u>
At end of year	<b><u>155 329</u></b>	<b><u>158 755</u></b>

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

Current service cost	2 127	2 406
Interest cost	<u>14 198</u>	<u>14 348</u>
Total, included in personnel (staff costs)	<b><u>16 325</u></b>	<b><u>16 754</u></b>

The amounts recognised in other comprehensive income are as follows:

Net actuarial gain recognised during the year	<b><u>(11 590)</u></b>	<b><u>(9 685)</u></b>
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The principal assumptions used are as follows:

Discount rate	9.55%	9.17%
Medical inflation	7.08%	7.35%
Average retirement age	60 years	60 years
Net discount rate – health care cost inflation	2.31%	1.70%

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

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

<b>Assumptions</b>	Increase/ Decrease		
Health care inflation	+1%	17 723	19 484
	-1%	(15 015)	(16 363)
Discount rate	+1%	(15 212)	(16 621)
	-1%	18 249	20 134
Post-retirement mortality	-1 year	5 464	5 752
Average retirement age	-1 year	3 688	3 994
Continuation of membership at retirement	-10%	(6 073)	(6 469)

Based on present assumptions, the actuary's best estimate of the University's expected contribution to the defined benefit medical aid plan in 2019 approximates R 7.442million.



**DURBAN UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

<b>12. DEFERRED TAX</b>	<i>2018</i> <i>R'000</i>	<i>2017</i> <i>R'000</i>
Deferred tax asset	451	475
Deferred tax liabilities	<u>(2 245)</u>	<u>(2 125)</u>
	<b><u>(1 794)</u></b>	<b><u>(1 650)</u></b>
	<i>Charged through surplus or deficit</i>	
<b>2018</b>	<i>Balance 31/12/2017 R'000</i>	<i>Balance 31/12/2018 R'000</i>
The balance of the deferred tax is made up as follows:		
Property, plant and equipment	<b>(2 124)</b>	<b>(2 242)</b>
Rent expense accrual	<b>(1)</b>	<b>(3)</b>
Assessed losses	<b>475</b>	<b>451</b>
	<b><u>(1 650)</u></b>	<b><u>(1 794)</u></b>
	<i>Charged through surplus or deficit</i>	
<b>2017</b>	<i>Balance 31/12/2016 R'000</i>	<i>Balance 31/12/2017 R'000</i>
The balance of the deferred tax is made up as follows:		
Property, plant and equipment	<b>(3 177)</b>	<b>(2 124)</b>
Rent expense accrual	<b>(8)</b>	<b>(1)</b>
Assessed losses	<b>456</b>	<b>475</b>
	<b><u>(2 729)</u></b>	<b><u>(1 650)</u></b>

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

**13. TRADE AND OTHER PAYABLES**

Trade payables (including accruals)	267 318	237 281
Student deposits	3 429	3 455
Other payables	<u>26 268</u>	<u>20 613</u>
	<b><u>297 015</u></b>	<b><u>261 349</u></b>

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 R22.64 million (2017: R20.27 million).





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

14. PROVISIONS	2018 R'000	2017 R'000
Made up as follows:		
Accumulated leave	698	643
Vacation leave pay	39 447	42 899
	<u>40 145</u>	<u>43 542</u>
Movement in provision for defined accumulated leave pay and vacation leave pay is as follows:		
At beginning of the year	43 542	41 355
Raised during the year	19 568	3 875
Utilised during the year	<u>(22 965)</u>	<u>(1 688)</u>
At end of the year	<u>40 145</u>	<u>43 542</u>

#### Vacation leave

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

#### Accumulated leave

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

## 15. DEFERRED REVENUE

Deferred revenue consists of deferred grants ( Note 15.1) and IFRS 15 liability ( Note 15.2) and is summarised below;

Current portion	22 634	13 355
Non-current portion	<u>1 121 369</u>	<u>947 941</u>
<b>Total deferred revenue</b>	<b>1 144 003</b>	<b>961 296</b>
<b>Current portion consists of:</b>		
Deferred grants (IAS 20-Note 15.1)	15 672	13 355
Deferred revenue (IFRS 15- Note 15.2)	<u>6 962</u>	<u>-</u>
	22 634	13 355
<b>Non-current portion consists of:</b>		
Deferred grants (IAS 20-Note 15.1)	<u>1 121 369</u>	<u>947 941</u>



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

15. DEFERRED REVENUE(continued)	2018 R'000	2017 R'000
<b>15.1 Deferred Grants</b>		
Research grant	72 818	57 097
Clinical training grant	7 689	8 555
Contract grant	30 452	29 010
Foundation grant	27 513	25 067
Infrastructure grant	924 088	757 004
Other grants	6 224	13 748
Private grant	33 270	34 066
New Generation of Academics Programme (NGAP)	26 727	20 867
Teacher development grant	-	1 105
Research and development grant	-	9 415
Education development unit project	1 065	5 362
University Capacity Development Grant (UCDG)	7 195	-
Total of deferred grants	<u>1 137 041</u>	<u>961 296</u>
Current portion	15 672	13 355
Non-current portion	<u>1 121 369</u>	<u>947 941</u>
	<b>1 137 041</b>	<b>961 296</b>
<b>Reconciliation of the movement for the year:</b>		
Opening balance	961 296	798 416
New grants received	191 417	176 235
Released to surplus	(15 672)	(13 355)
Closing balance	<u>1 137 041</u>	<u>961 296</u>

Deferred grants include an amount of R 618.446 million (2017: R 553.605 million) relating to assets constructed or purchased of which will be amortised over the remaining useful life of the related asset.

<b>15.2 Deferred revenue IFRS 15 Liability</b>	<u>6 962</u>	<u>-</u>
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IFRS 15 deferred liability relates to income received in advance, relating to projects with external parties. This carries a separate stand-alone transaction price, which is recognised over time as the services are rendered. The contract liability balance represents the transaction price allocated to the unsatisfied portion of the performance obligation pertaining to income received in advance at year end.

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

- Research studies for the Water Research Commission into water quality,
- Related research (bio-diesel and other by-products) for the Ethekwini Municipality, emanating from the use of the algae technology at Kingsburgh Waste Water Treatment Plant, and;





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

- A skills program in public participation, to train three cohort of students, for Ethekwini Municipality employees, over a three year period.

<b>16. INVESTMENT INCOME</b>	<i>2018</i> <i>R'000</i>	<i>2017</i> <i>R'000</i>
<b>16.1 Investment income</b>		
Recurrent investment income	163 858	140 263
- Income from investments	8 587	10 054
- Interest received - call accounts and short term deposits	140 528	111 093
- Interest received - other	6 136	9 109
- Dividends received	8 607	10 007
Non-recurrent investment income	5 674	5 694
<b>Total investment income</b>	<b>169 532</b>	<b>145 957</b>
<b>16.2 Realised cumulative net fair value gains and losses from the disposal of investments</b>		
- fair value (loss) / gain on disposal	(60 822)	7 891
- fair value gain / (loss) on disposal	16 129	(4 774)
	<b>(44 693)</b>	<b>3 117</b>
<b>16.3 Impairment of investment</b>	<b>1 495</b>	<b>-</b>
University impaired the investment in Oasis Crescent Management, refer to note 4 for further information.		
<b>17. PERSONNEL (staff costs)</b>		
Recurrent staff costs	950 573	867 098
Academic professional	527 705	473 811
Other personnel	422 868	393 287
Non-recurrent staff costs	46 925	42 171
<b>Total staff costs</b>	<b>997 498</b>	<b>909 269</b>
The following expense is included in the personnel costs:		
- Defined benefit plan	2 961	2 940
Average number of employees employed during the year:		
- Academic	627	606
- Non academic	812	807
<b>Total</b>	<b>1 439</b>	<b>1 413</b>

### 18. OTHER OPERATING EXPENSES

The following expenses are included in arriving at other current operating expenses:





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

Impairment of DUT 100% loan	10 362	-
Supplies and services	481 125	347 178
<b>18. OTHER OPERATING EXPENSES (continued)</b>	<b>2018</b>	<b>2017</b>
	<b>R'000</b>	<b>R'000</b>
Included in supplies and services are the following expenses:		
Repairs and maintenance	40 157	44 664
- Auditors' remuneration	3 319	2 502
- Main audit fees	1 558	1 470
- Other services	499	471
- Over run audit fees	-	655
- Prior year under / (over) provision of audit fees	1 262	(94)
- Fees paid to internal auditors	2 323	1 816
- Fees paid to forensic auditors	584	288
Operating lease expenses( Includes student housing)	164 263	81 752
Contract services	73 070	59 754
Legal fees	2 794	1 138
<b>19. FINANCE COSTS</b>		
Interest bearing borrowings	<b>9 266</b>	<b>10 034</b>
<b>20. OTHER INCOME</b>		
The following income is included in arriving at other income:		
Clinics	24	916
Conferences and Restaurants	12	944
Department and Central Co-op	9 596	12 549
Transport Levy	-	1 552
Marking centre rental	-	77





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 21. RISK MANAGEMENT

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

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

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

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

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

##### 21.1 Market risk

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

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

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

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

##### *Price risk*

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

At December 31, 2018, 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 R22.020 million (2017: R23.129 million ) 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.



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 21. RISK MANAGEMENT (continued)

##### 21.1 Market risk (continued)

###### *Interest rate risk (continued)*

As at December 31, 2018, 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 R23.964 million(2017:R16.763 million) higher/lower as a result of higher/lower interest income.

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

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

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

Interest rate changes on basis points (BP)	Impact of interest changes on funds employed in R' millions					
	-200BP	-100BP	-50BP	50BP	100BP	200BP
<b>December 31, 2018</b>						
Local capital market interest bearing Investments	(2.02)	(1.01)	(0.5)	0.5	1.01	2.02
<b>December 31, 2017</b>						
Local capital market interest bearing Investments	(4.37)	(2.18)	(1.09)	1.09	2.18	4.37
Interest rate changes on basis points (BP)	Impact of interest changes on net surplus in R' millions					
	-200BP	-100BP	-50BP	50BP	100BP	200BP
<b>December 31, 2018</b>						
Money market and call deposits	(47.93)	(23.96)	(11.98)	11.98	23.96	47.93
Cash and cash equivalents	(0.24)	(0.12)	(0.06)	0.06	0.12	0.24
<b>December 31, 2017</b>						
Money market and call deposits	(33.53)	(16.76)	(8.38)	(8.38)	16.76	33.53
Cash and cash equivalents	(0.51)	(0.25)	(0.13)	0.13	0.25	0.51

###### *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.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 21. RISK MANAGEMENT (continued)

##### 21.2 Credit risk

Credit risk is the risk of financial loss to the University if a student, employee or counter party to a financial instrument fails to meet its contractual obligations. The University is exposed to credit risk primarily from the Universities receivables from students, cash and cash equivalents as well as other receivables.

##### **Cash and cash equivalents:**

The University places cash and cash equivalents with reputable financial institutions. The University places its portfolio and unit trust investments with reputable fund managers. Multi-manager approach to the management of investments is followed in order to limit investment risk.

The maximum exposure to credit risk at the reporting date of cash and cash equivalents and receivables is the carrying amount as reflected in the Statement of Financial Position. No collateral is held as security for financial assets.

##### **Student fees receivable**

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

Receivables includes outstanding student fees amounting to R247.510 million (2017:R183.829 million) that are past due and not impaired. The University has stringent policies with respect to not allowing students with outstanding fee balances to receive their results or to register for the new academic year. The outstanding fees balance at year-end is widely spread amongst numerous students indicating no particular concentration of credit risk.

The University provides for impairment losses in respect of student receivables to the extent that these can be reliably and conservatively determined.

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

##### *Credit quality of financial assets*

A loss allowance for expected credit losses on financial assets that are measured at amortised cost or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

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



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 21. RISK MANAGEMENT (continued)

##### 21.2 Credit risk (continued)

	2018 R'000	2017 R'000
<i>Receivables</i>		
Counterparties without external credit rating:		
Group 1 - NSFAS	436	592
Group 2 - Student loans	-	20 018
Group 3 - Student fees	<u>247 510</u>	<u>183 829</u>
Total receivables	<u>247 946</u>	<u>204 439</u>
Group 1 - Amounts outstanding in respect of NSFAS, high credit quality		
Group 2 - Student loans, moderate credit quality		
Group 3 - Existing student accounts, moderate credit quality		

##### Credit risk

	2018 R '000	2017 R '000
<i>Cash at bank and short term deposits</i>	<u>2 408 239</u>	<u>1 701 781</u>

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

##### 21.3 Liquidity risk

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

The University's operations are mainly cash driven.

The timing and nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through either its holding of short-term bank deposits or the un-endowed investments portfolio in the event that any unforeseen events occur. The cash flow position is monitored by management on a monthly basis.

The University has minimised its liquidity risk by ensuring that it has adequate banking facilities and reserve borrowing capacity.

##### *Banking facilities*

The University has the following facilities with its bankers,:

- Credit card facility of R0.12 million
- Performance guarantees of R 1.5 million
- Trading Facilities of R 1 million





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 21. RISK MANAGEMENT (continued)

##### 21.3 Liquidity risk (continued)

###### *Contractual maturity profile*

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

	<i>Less than 3 months</i> R'000	<i>3 to 12 Months</i> R'000	<i>1 to 5 years</i> R'000	<i>Greater than 5 years</i> R'000	<i>Total</i> R'000
<i>At December 31,2018</i>					
Borrowings*	-	16 022	71 006	53 748	<b>140 776</b>
Finance lease liability*	-	-	-	-	-
Trade and other payables	-	297 015	-	-	<b>297 015</b>
<i>At December 31,2017</i>					
Borrowings*	-	16 027	76 279	64 497	<b>156 803</b>
Finance lease liability*	-	1 927	-	-	<b>1 927</b>
Trade and other payables	-	261 349	-	-	<b>261 349</b>

\*The Borrowings, reflects the total remaining total contractual payments, including interest payments.

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

	<i>Less than 3 months</i> R'000	<i>3 to 12 Months</i> R'000	<i>1 to 5 years</i> R'000	<i>Greater than 5 years</i> R'000	<i>Total</i> R'000
<i>At December 31,2018</i>					
Borrowings**	-	7 810	40 279	42 035	90 124
Finance lease liability**	-	-	-	-	-
Trade and other payables	-	297 015	-	-	297 015
<i>At December 31,2017</i>					
Borrowings**	-	7 170	41 673	48 143	<b>96 986</b>
Finance lease liability**	-	1 880	-	-	<b>1 880</b>
Trade and other payables	-	261 349	-	-	<b>261 349</b>

\*\*The Borrowings, reflects the total remaining discounted total contractual payments,





NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR  
ENDED DECEMBER 31, 2018

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21. RISK MANAGEMENT (continued)

21.4 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 fair value largely due to the short-term maturities of these instruments. Where necessary, student loans and trade receivable are discounted to approximate their fair value on initial recognition.

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

Long-term fixed-rate borrowings are evaluated by the University based on parameters such as interest rates, specific country risk factors, credit risk and the risk characteristics of the financed project (where applicable).

The fair value of financial instruments traded in active markets (such as 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.

*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.





**DURBAN UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

**21. RISK MANAGEMENT** (continued)

**21.4 Fair value estimation** (continued)

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>				
2018	<u>411 324</u>	<u>-</u>	<u>-</u>	<u>411 324</u>
2017	<u>528 500</u>	<u>-</u>	<u>-</u>	<u>528 500</u>
<b>Financial assets for which fair values are disclosed:</b>				
Student Loans				
2018	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2017	<u>-</u>	<u>-</u>	<u>20 018</u>	<u>20 018</u>
<b>Financial liabilities for which fair values are disclosed:</b>				
Fixed interest-bearing borrowings				
2018	<u>-</u>	<u>-</u>	<u>90 124</u>	<u>90 124</u>
2017	<u>-</u>	<u>-</u>	<u>98 866</u>	<u>98 866</u>

The following tables shows a reconciliation from the opening balances to the closing balances for level 3 fair values:

**Reconciliation of level 3 fair values: Student Loans**

	<i>2018 R '000</i>	<i>2017 R '000</i>
Opening balance	20 018	21 482
Interest	-	1 777
Payments	(9 656)	(966)
Impairment	(10 362)	(2 275)
	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>20 018</u>

**Reconciliation of level 3 fair values: Fixed Interest Bearing Borrowings**

Opening Balance at 1 January	98 866	109 290
Payments	(18 009)	(20 458)
Interest	9 267	10 034
Closing Balance as at 31 December	<u>90 124</u>	<u>98 866</u>



**DURBAN UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

**21. RISK MANAGEMENT** (continued)

**21.4 Fair value estimation** (continued)

<i>Financial assets by category</i>	<i>Loans and receivables R'000</i>	<i>FVOCI R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>
<b>DECEMBER 31, 2018</b>				
<b>Financial assets</b>				
Investments	-	411 324	<b>411 324</b>	<b>411 324</b>
Receivables – current	383 576	-	<b>383 576</b>	<b>383 576</b>
Receivables - non-current	-	-	-	-
Cash and cash equivalents	2 408 239	-	<b>2 408 239</b>	<b>2 408 239</b>
<b>Total</b>	<b>2 791 815</b>	<b>411 324</b>	<b>3 203 139</b>	<b>3 203 139</b>
<b>December 31, 2017</b>				
<b>Financial assets</b>				
Investments	-	528 500	<b>528 500</b>	<b>528 500</b>
Receivables – current	263 615	-	<b>263 615</b>	<b>263 615</b>
Receivables - non-current	20 018	-	<b>20 018</b>	<b>20 018</b>
Cash and cash equivalents	1 701 781	-	<b>1 701 781</b>	<b>1 701 781</b>
<b>Total</b>	<b>1 985 414</b>	<b>528 500</b>	<b>2 513 914</b>	<b>2 513 914</b>
<b>Financial liabilities by category</b>				
		<i>Amortised Cost R'000</i>	<i>Total R'000</i>	<i>Fair value R'000</i>
<b>DECEMBER 31, 2018</b>				
<b>Financial liabilities</b>				
Borrowings	-	90 124	<b>90 124</b>	<b>90 124</b>
Finance lease liability	-	-	-	-
Trade and other payables	-	297 015	<b>297 015</b>	<b>297 015</b>
<b>Total</b>		<b>387 139</b>	<b>387 139</b>	<b>387 139</b>
<b>December 31, 2017</b>				
<b>Financial liabilities</b>				
Borrowings	-	96 986	<b>96 986</b>	<b>96 986</b>
Finance lease liability	-	1 880	<b>1 880</b>	<b>1 880</b>
Trade and other payables	-	261 349	<b>261 349</b>	<b>261 349</b>
<b>Total</b>		<b>360 215</b>	<b>360 215</b>	<b>360 215</b>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 21. RISK MANAGEMENT (continued)

##### 21.5 Capital risk management

The capital of the University comprises restricted funds designated for specific purposes, fair value reserves and Council controlled funds.

The University's objectives when managing capital are to safeguard the ability of itself to continue as a going concern and to maintain an optimal structure to reduce the cost of capital. In order to maintain the capital structure, the University has ensured a sound financial position by limiting exposure to debt and increasing investments and cash balances. This objective is met by a well-planned budget process each year.

#### 22. CONTINGENT LIABILITIES

During the ordinary course of its business, the University enters into a wide range of programmes, contracts and transactions that expose it to varying types and degrees of risk. As far as it is practicable to do so, provisions are made for known liabilities that are expected to materialise. Possible obligations and known liabilities where no reliable estimate can be made or it is considered improbable that an outflow will result, are noted as contingent liabilities in accordance with International Financial Reporting Standard IAS 37: Provisions, Contingent Liabilities and Contingent Assets.

The most significant contingent liabilities in respect of 2017 are described briefly below. Claims against the University are either pending or in progress.

##### 22.1 Indumiso College of Education

The Department of Education and Training handed over the Indumiso College of Education to the former Natal Technikon. The operations of this college have been incorporated into the Durban University of Technology subsequent to the merger. The land and buildings have been capitalised in the accounting records of the University and no liability has been raised for the land and buildings.

The Department of Education has not given an undertaking to indemnify the University against any liability in respect of land and buildings of this college or against any future claims or liabilities that may exist in respect of this college.

The Department of Education is currently in the process of subdividing the property and transferring this property in the name of the Durban University of Technology. Management is uncertain if the subdivision will result in any possible obligations, which may have to be settled in the future from the University's resources. Furthermore, management is unable to determine the quantum of such a liability and has been unable to obtain any further clarity from the Department of Higher Education and Training in this regard.

##### 22.2 RMA Business Trust

RMA Business Trust served summons on the University claiming payment of R 5.2m for work allegedly done. The current High Court matter is being defended by DUT.



## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 23. Associated Institutions Pension Fund (“AIPF”)

61 employees (2017: 72) of the University are members of the AIPF. The AIPF is a state fund established in terms of the Associated Institutions Pension Fund Act No 41, 1963 and is a defined benefit plan with the state being the sponsoring employer responsible for any shortfall of benefits payable to members of the fund. Accordingly, the University is not required to recognise any proportionate share of the AIPF’s defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

24. COMMITMENTS	2018 R'000	2017 R'000
<b>24.1 Capital commitments</b>		
Capital expenditure contracted for at reporting date but not recognised in the financial statements is as follows:	68 411	104 637
Property, plant and equipment	<u>68 411</u>	<u>104 637</u>

Capital expenditure contracted as at December 31, 2018 relates largely to additions and alterations to the Block 7 building (Indumiso Campus), Stratford House, Corlo Court, IWWT building and lift block & paraplegic ablutions to Tromso Building, Riverside Campus (Phase 1) and the new student village.

#### 24.2 Operating lease commitments

The future minimum lease payments under operating leases are as follows:

Not later than 1 year	180 981	95 841
Later than 1 year and not later than 5 years	<u>99 935</u>	<u>96 690</u>
	<u>280 916</u>	<u>192 531</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 (2017: 1 to 3 years) with an average escalation clause linked to the Consumer Price Index (“CPI”), (2017: CPI).

The average lease term for equipment is 5 years (2017: 5 years) with no escalation clause.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

	<i>2018</i> <i>R'000</i>	<i>2017</i> <i>R'000</i>
<b>25. FINANCE LEASE LIABILITY</b>		
The future minimum lease payments under finance leases are as follows:		
Not later than 1 year	-	1 927
Later than 1 year and not later than 5 years	-	-
Total minimum lease payments	-	1 927
Less finance charge	-	(47)
Present value of minimum lease payments	-	1 880
Not later than 1 year	-	1880
Later than 1 year and not later than 5 years	-	-
	<b>-</b>	<b>1 880</b>
Non-current liability	-	-
Current liability	-	1880
	<b>-</b>	<b>1 880</b>

#### **ABSA finance lease**

The ABSA lease relates to an unsecured amount of R13.705 million which was used to purchase a computer network system. The interest rate is fixed at 7.56% per annum with monthly instalments of R0.275million for a period of five years, ending in July 2018. The ownership of the computer network system will transfer to the University upon the final instalment paid. The amount outstanding is secured against the carrying amount of the computer equipment as detailed in Note 2.

The ABSA lease was settled during the 2018 financial year.





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

26.1 CASH GENERATED FROM OPERATIONS	2018 R '000	2017 R '000
<b>Reconciliation of net surplus before taxation to cash generated from operations:</b>		
Net surplus for the year before tax	626 422	424 679
Adjustments for:		
Increase/(Decrease) in retirement benefit obligations	7 991	(13 095)
(Decrease) in provisions	(3 160)	2 187
Depreciation and amortisation	55 325	53 377
Loss on disposal of property, plant and equipment	387	356
Realised fair value net gain on disposal of investments	(44 693)	(3 117)
Investment income	(169 532)	(145 957)
Finance cost	(8 459)	10 034
Increase/(Decrease) in non-cash portion of investment	11 023	(7 585)
Non-cash movement in funds	(8 812)	-
Prescribed debtors	9 266	(6 577)
Operating surplus before working capital changes	475 758	314 302
Changes in working capital	177 171	272 413
Increase in funds	19 167	23 115
Decrease/(Increase) in receivables and prepayments	(60 964)	12 164
Increase in inventories	596	45
Increase in deferred grants	182 707	162 880
Increase in accounts payable and accruals	35 666	74 209
	<b>652 929</b>	<b>586 715</b>

### 26.2 CHANGES FROM FINANCING CASHFLOWS

#### Reconciliation of cash flows for financial liabilities

	2017 R '000	Cash flows	Non-Cash flows Accruals	2018 R '000
Long-term borrowings	96 986	(6 808)	(54)	90 124
Finance lease liability	1 880	(1 880)	-	-
<b>Total liabilities from financing liabilities</b>	<b>98 866</b>	<b>(8 688)</b>	<b>(54)</b>	<b>90 124</b>





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

#### 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 – 2018

DETAILS	OFFICE HELD	BASIC	EMPLOYMENT	OTHER	TOTAL
		SALARY	BENEFITS	ALLOWANCE	COST
		R	R	R	R
<b>EXECUTIVE MANAGEMENT:</b>					
Prof T Z Mthembu	Vice Chancellor & Principal	2 164 428	492 000	987 160	3 643 588
Prof S Moyo	Deputy Vice Chancellor – Research, Innovation & Engagement	1 576 440	421 701	33 000	2 031 141
Prof N S Gwele	Deputy Vice Chancellor -Teaching & learning	2 441 652	267 361	17 400	2 726 413
Dr I Z Machi	Deputy Vice Chancellor - People & Operations	1 235 628	391 958	333 000	1 960 586
		<b>7 418 148</b>	<b>1 573 020</b>	<b>1 370 560</b>	<b>10 361 728</b>
<b>EXECUTIVE DEANS:</b>					
Prof T N Andrew	Executive Dean - Faculty of Engineering & Built Environment	1 738 276	690 542	14 400	2 443 218
Dr R A Smith	Executive Dean - Faculty of Arts & Design	1 224 528	361 435	30 000	1 615 963
Prof O Olugbara	Executive Dean - Faculty of Accounting & Informatics	1 219 024	361 953	30 000	1 610 977
Assoc Prof R Balkaran	Executive Dean - Faculty of Management Sciences	1 354 536	618 735	30 000	2 003 271
Prof S Singh	Executive Dean - Faculty of Applied Sciences	1 384 056	419 070	33 123	1 836 249
Prof M N Sibiya	Executive Dean - Faculty of Health Sciences	1 365 596	361 352	30 000	1 756 948
		<b>8 286 016</b>	<b>2 813 087</b>	<b>167 523</b>	<b>11 266 626</b>
<b>GRAND TOTAL</b>		<b>15 704 164</b>	<b>4 386 107</b>	<b>1 538 083</b>	<b>21 628 354</b>

DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

27. SENIOR MANAGEMENT COMPENSATION (continued)  
Gross remuneration – 2017

DETAILS	OFFICE HELD	BASIC	EMPLOYMENT	OTHER	TOTAL
		SALARY	BENEFITS	ALLOWANCE S	COST
		R	R	R	R
<b>EXECUTIVE MANAGEMENT:</b>					
Prof T Z Mthembu	Vice Chancellor & Principal	1 929 504	442 171	877 196	3 248 871
Prof S Moyo	Deputy Vice Chancellor – Research, Innovation & Engagement	1 241 034	317 618	102 425	1 661 077
Prof N S Gwele	Deputy Vice Chancellor -Teaching & learning	2 282 292	249 607	17 400	2 549 299
Prof S K Ndlovu*	Deputy Vice Chancellor - People & Operations	1 662 936	439 256	17 400	2 119 592
		<b>7 115 766</b>	<b>1 448 652</b>	<b>1 014 421</b>	<b>9 578 839</b>
<b>EXECUTIVE DEANS:</b>					
Prof T N Andrew	Executive Dean - Faculty of Engineering & Built Environment	1 610 730	476 021	99 383	2 186 134
Dr R A Smith	Executive Dean - Faculty of Arts & Design	1 101 864	326 397	27 600	1 455 861
Prof O Olugbara**	Executive Dean - Faculty of Accounting & Informatics	879 726	265 202	207 372	1 352 300
Assoc Prof R Balkaran	Executive Dean - Faculty of Management Sciences	1 219 620	391 989	27 600	1 639 209
Prof S Singh	Executive Dean - Faculty of Applied Sciences	1 246 404	378 872	29 017	1 654 293
Prof M N Sibiyi***	Executive Dean - Faculty of Health Sciences	894 172	257 042	66 928	1 218 142
Assoc AHA Ross****	Acting Executive Dean-Faculty of Health Sciences	600 036	536 736	245 878	1 382 650
		<b>7 552 552</b>	<b>2 632 259</b>	<b>703 778</b>	<b>10 888 589</b>
		<b>14 668 318</b>	<b>4 080 911</b>	<b>1 718 199</b>	<b>20 467 428</b>

NOTES: \*Salary annualised appointed 3 April 2017 to 30 November 2017.

\*\*Appointed Executive Dean 1 July 2017.

\*\*\* Appointed Executive Dean- 1 June 2017.

\*\*\*\* Acting Executive Dean-1 January 2017 to 31 May 2017.





DURBAN UNIVERSITY OF TECHNOLOGY

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

28. COUNCIL COMMITTEE COMPENSATION

Payments for attendance at meetings of the Council and its committees

2018

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
		R	R
Chair of Council	1	12 000	-
Chairs of Committees	3	35 750	11 828
Members of Council	19	72 750	9 277
<b>Members of Committees</b>	<b>23</b>	<b>120 500</b>	<b>21 105</b>

2017

TO WHOM PAID	NUMBER OF MEMBERS	ATTENDANCE AT MEETINGS - AGGREGATE AMOUNT PAID	REIMBURSEMENT OF EXPENSES - AGGREGATE AMOUNT PAID
		R	R
Chair of Council	1	12 000	-
Chairs of Committees	3	30 500	15 494
Members of Council	17	97 000	15 876
<b>Members of Committees</b>	<b>21</b>	<b>139 500</b>	<b>31 370</b>



**DURBAN UNIVERSITY OF TECHNOLOGY**

**NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018**

**29. ADOPTION AND IMPLEMENTATION OF IFRS 15**

**29.1** The University adopted IFRS 15 during the current year. This resulted in an adjustment to the opening balances as tabled below:

<b>1 January 2018</b>	<b>As previously reported R'000</b>	<b>IFRS 15 adjustments R'000</b>	<b>Total adjustments R'000</b>	<b>As restated R'000</b>
Accumulated funds				
Unrestricted use funds – undesignated	1 007 486	3 040	3 040	1 010 526
Designated funds:				
Operational funds	245 803	5 772	5 772	251 575
		8 812	8 812	

2018

**IFRS 15 adoption:-**

R'000

*Unrestricted use funds – undesignated*

3 040

<sup>1</sup> Reversal of prior periods deferred revenue adjustments (IAS 20) for IFRS 15 contracts

2 960

<sup>1</sup> Reclassification of unspent contracts funds to funds that do not meet the criteria of IFRS 15 assessment as performance obligations have been met

80

*Designated funds: Operational funds*

<sup>2</sup> Reclassification of contracts to funds - performance obligations of contract have been met

5 772

**30. RECLASSIFICATION OF RETIREMENT BENEFIT ASSET**

The 2017 Retirement Benefit Asset, emanating from the National Tertiary Retirement Fund (NTRF) was reclassified from the Retirement Benefit Liability, Post-Retirement Medical aid obligation.

2017

The effect of the reclassification is as follows:

R'000

Retirement Benefit Obligation(Non-current liability) (As previously reported)

148 301

Retirement Benefit Obligation(Non-current liability) (As restated)

158 755

Retirement Benefit Asset(Non-current asset) (As restated)

(10 454)





## DURBAN UNIVERSITY OF TECHNOLOGY

### NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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#### 31. RELATED PARTIES

The related party relationships of the Durban University of Technology in terms of IAS 24 are as follows:

- Subsidiary entities (refer to Note 1.6 – Basis of consolidation);
- Related party transactions exist between the University and its subsidiaries. Related party transactions comprise interest, rent, insurance, administration fees and royalties. Related party transactions and balances are eliminated on consolidation.
- Key management personnel, which comprises members of both Council and the University executive management team (refer Note 27 and Note 28); and
- National Government (refer to Note 1.22).

#### 32. 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.

#### 33. GOING CONCERN

The Council had adopted the going concern basis in the preparation of the consolidated annual financial statements. The Council has no reason to believe that the Durban University of Technology is not a going concern in the foreseeable future based on the forecasts and available cash resources. The Council believes that consolidated annual financial statements confirm the viability of the University.







# ACKNOWLEDGEMENTS

*This report was compiled by the Institutional Planning Office and the Division of Corporate Affairs of the Durban University of Technology.*

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