

10.5 Statement of Financial Position

Non-current Assets

Property, plant and equipment increased from a restated value of R447,34-million in 2016 to R470,28-million in 2017. The increase is a result of the completion of student housing, phase one. The completion of student housing is funded by a DHET grant of R25-million and internal resources.

Current Assets

Current assets increased from R333,64-million in 2016 to R470,28-million in 2017. The increase is due to an increase in debtors of R128,67-million, as well as an increase in cash and cash equivalents of R58,90-million.

Non-current Liabilities

Non-current liabilities increased from R538,38-million in 2016 to R625,06-million in 2017. The increase was due mainly to an increase in deferred income.

Post-employment obligations decreased from R44,1-million in 2016 to R39,04-million in 2017, which is a decrease of R5,07-million.

Current Liabilities

Current liabilities increased from R137,4-million in 2016 to R177,89-million in 2017. Accounts payables increased from R89,62-million in 2016 to R129,7-million in 2017.

Financial Indicators and Ratios

	2012	2013	2014	2015	2016	2017
Personnel cost to unrestricted Income	63%	62%	64%	65%	67%	60%
Personnel cost as a % of total expend	56%	45%	46%	45%	52%	46%
Subsidy as a % of income	50%	45%	43%	42%	42%	42%
Tuition and residences as % of income	44%	45%	47%	49%	53%	54%
Other Income as a % of Income	5%	4%	3%	2%	1%	1%
Current Ratio	1,34	1,25	1,17	0,95	0,91	0,83
Cash Ratio	1,15	0,90	0,99	0,79	0,90	0,83
Total debt as a % of fees	43%	46%	46%	49%	38%	69%
Provision for bad debt as a % of debt	72%	64%	61%	63%	72%	47%
Increase in debts (R000)	2 603	24 634	12 621	18 086	254	128 674

Table 10.3: Trend of Financial Indicators and Ratios

10.6 Conclusion

Council and management are continuously working on strategies to ensure the financial sustainability of the institution. Student debt remains a major concern for Council.

I would like to thank members of the Committee, members of Council and Management for their support during the year.

11. 2017 REPORT OF AUDIT, RISK & COMPLIANCE COMMITTEE

11.1 Committee Responsibility

The Audit, Risk and Compliance Committee complied with its responsibilities arising from section 38(l)(2) (e) of the Higher Education Act and the regulations for reporting by Public Higher Education Institutions.

The Committee adopted appropriate formal terms of reference as per MUT's audit committee charter, has regulated its affairs in compliance with the charter, and has discharged all of its responsibilities as contained in the charter.

11.2 The Effectiveness of Internal Controls

The system of internal control applied by MUT over financial and risk management is effective, efficient and transparent. In line with King IV on Corporate Governance requirements, Internal Audit provides the Audit Committee and Management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to controls and processes.

From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and the Management Report of External Auditors, it was noted that certain matters were reported indicating deficiencies in the system of internal control and deviations therefrom. It is important that significant issues should receive ongoing attention in order to effect quality administration and financial management within MUT.

11.3 Evaluation of the Annual Financial Statements

The Committee has:

- Reviewed and discussed with the External Auditors the audited annual financial statements to be included in the Annual Report;
- Reviewed the External Auditors' management report and management's responses;
- Reviewed changes in accounting policies and practices; and
- Reviewed MUT's compliance with legal and regulatory provisions.