

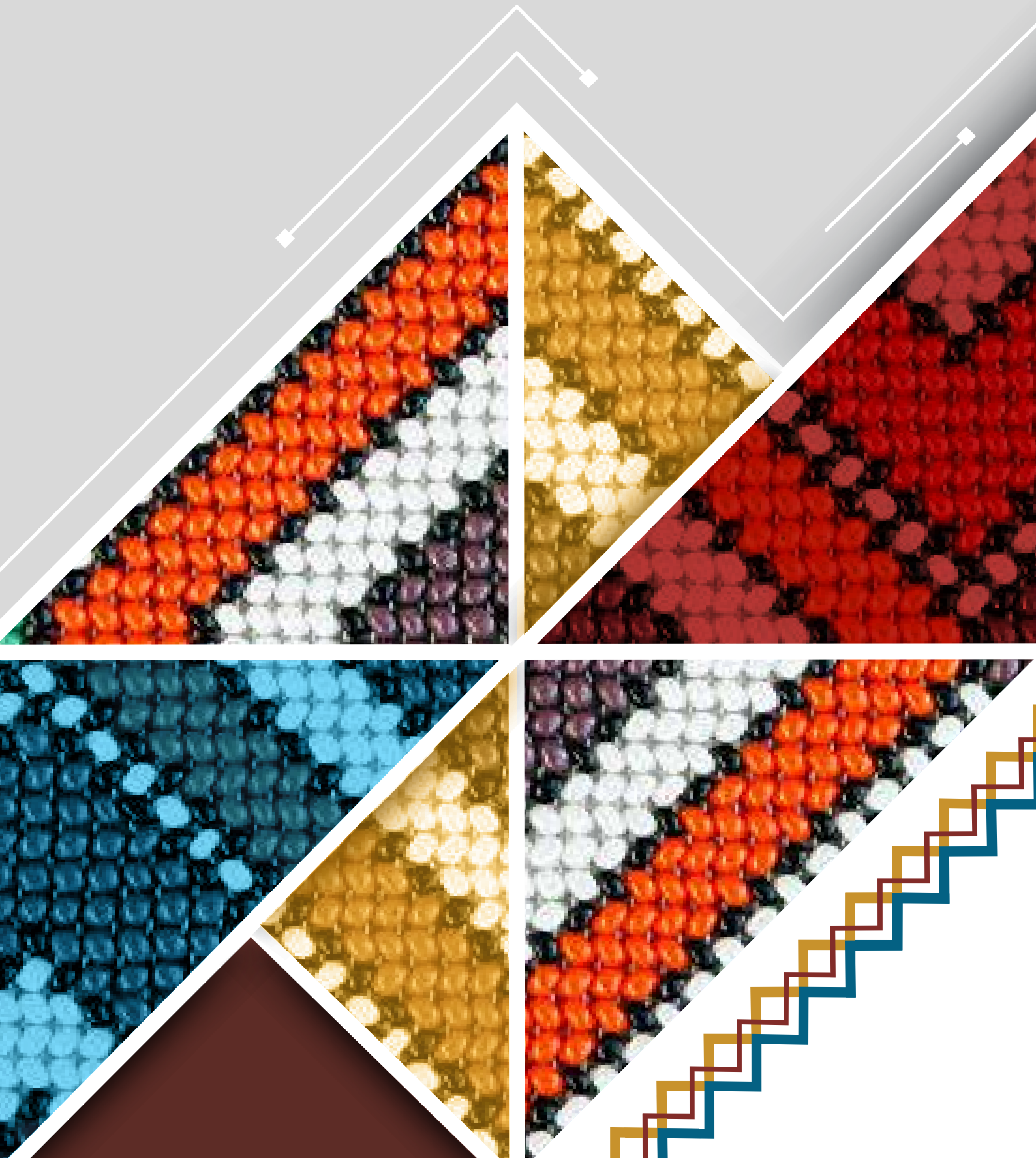


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ABBREVIATIONS AND ACRONYMS

4IR	4th Industrial Revolution
AFS	Annual Financial Statements
APC	Academic Planning Committee
APP	Annual Performance Plan
ARCC	Audit, Risk and Compliance Committee
BBBEE	Broad-Based Black Economic Empowerment
CE	Community Engagement
CEAD	Community Engagement and Development Directorate
CFO	Chief Financial Officer
CHE	Council on Higher Education
CIPC	Companies and Intellectual Properties Commission
COVID-19	Coronavirus disease of 2019
CRG	Covid-19 Responsiveness Grant
CTT	Covid-19 Task Team
DHET	Department of Higher Education & Training
DVC	Deputy Vice Chancellor
ECSA	Engineering Council of South Africa
EE	Employment Equity
EAP	Economically Active Population
EMC	Executive Management Committee
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
Exco	Executive Committee of Council
FIC	Finance and Investment Committee
FMS	Faculty of Management Sciences
FNS	Faculty on Natural Sciences
FTE	Full Time Equivalent
HEMIS	Higher Education Management Information System
HEQSF	Higher Education Qualifications Sub Framework
HR&D	Human Resources and Development
HRC	Human Resources Committee
IA	Internal Audit
IF	Institutional Forum
IFAWUE	Irregular, Fraudulent and Wasteful, Unauthorised Expenditure
IFRS	International Financial Reporting Standards

IoT	Internet of Things
IP	Intellectual Property
IQA	Institutional Quality Audit
IRDCE	Institute for Rural Development and Community Engagement
IT	Information Technology
IT&N	Information Technology and Networks
ITG	Information Technology Governance
ITS	Integrated Tertiary Software
KPI	Key Performance Indicator
LMS	Learning Management System
MUT	Mangosuthu University of Technology
NGAP	New Generation Academics Programme
NGO	Non-Governmental Organisation
NQF	National Qualifications Framework
NRF	National Research Foundation
NSFAS	National Student Financial Aid Scheme
PDRF	Postdoctoral Research Fellow
PPE	Personal Protective Equipment
PQM	Programme Qualification Mix
PRC	Planning and Resources Committee
QA	Quality Assurance
RMC	Risk Management Committee
SA	South Africa
SAC	Student Affairs Committee
SAGEA	South African Graduate Employers' Association
SAMP	Student Affairs Management Panel
SAPS	South African Police Service
SAUS	South African Union of Students
SCM	Supply Chain Management
SET	Science, Engineering and Technology
SORTT	Student Orientation and Registration Task Team
SMME	Small, Medium and Micro Enterprises
SRC	Student Representative Council
TLDC	Teaching and Learning Development Centre
TSC	Technology Station in Chemicals
TVET	Technical Vocational Education and Training
USAf	Universities South Africa
VC	Vice-Chancellor
WACE	World Association for Co-operative Education
WIL	Work Integrated Learning

EXECUTIVE SUMMARY



Professor Marcus Ramogale
Acting Vice-Chancellor and Principal
MUT

The year under review presented Mangosuthu University of Technology (MUT) with academic, administrative, management, and governance challenges, but the Management and Council managed to steer a course towards a successful conclusion.

The 2021 year was the second year of the Covid-19 pandemic. The University again had to limit the number of students on campus during periods of lockdown, pursuing its "platoon" system to rotate smaller groups of students through face-to-face classes while also providing online tuition and resources. The academic year did not begin until April, because of the 2020 year being extended into 2021 and a cash flow problem caused by a delay in funding by the National Student Financial Aid Scheme (NSFAS).

The University, like many others, experienced student protests in relation to the funding delay. One of the two unions on campus went on strike over a pay rise dispute. Despite these disruptions and the pedagogical challenges caused by Covid-19, MUT students attained an overall pass rate of 84% against a target of 81%.

Disciplinary proceedings continued for much of the year against the suspended Vice-Chancellor, Dr ED Malaza, and two other senior staff members. The Management and Council met with the Parliamentary Portfolio Committee on Higher Education, Science and Technology in February, on this and other matters. In August, the Minister of Higher Education and Training appointed an independent assessor to investigate the affairs of MUT. The assessor reported in November 2021.

The University worked within a very constrained budget during 2021 but managed to show significant improvement by year-end in some of its key financial indicators, compared to 2020.

This Annual Report comprises three parts and provides information on the core business of MUT in 2021. The first part reflects MUT's performance in 2021 against its predetermined objectives and targets. The second part reports on governance and operations, and the third part presents the University's annual financial review.

PART A: MUT PERFORMANCE ASSESSMENT REPORT

This part of the report comprises two sections: Performance against the DHET-approved Enrolment Plan 2020-2025 and progress toward achieving the pre-determined objectives and targets set out in the Annual Performance Plan (APP) for 2021.

PART B: REPORTS ON GOVERNANCE AND OPERATIONS

This part of the Annual Report includes several subsidiary reports from the key governance and leadership stakeholders as outlined in the DHET reporting regulations (Gazette 37726 of 9 June 2014). These are the Chairperson of Council, The Vice-chancellor, Council and its sub-committees, Senate, and the Institutional Forum. The section also includes a report on transformation at the University.

PART C: ANNUAL FINANCIAL REVIEW

The third and final part presents an overview of MUT's finances in 2021. It addresses the salient features presented in the annual financial statements, for the period 1 January to 31 December 2021, and provides commentary on the financial highlights. This part comprises a report from the CFO and Finance and Investment Committee, a report on risk assessment, and a report from the Audit, Risk and Compliance Committee (ARCC).



PART A

PERFORMANCE ASSESSMENT REPORT

01

PERFORMANCE AGAINST THE DHET APPROVED ENROLMENT TARGETS IN 2021

Table 1: Performance against Ministerial-approved targets

INDICATORS	2020	2021		
	Actuals (audited - 3rd HEMIS submission)	Approved Targets (Enrolment plan)	Actuals (audited - 3rd HEMIS submission)	Percentage Achievement
HEADCOUNT TOTALS (excludes occasional)				
First-time entering undergraduates	3 547	3 482	2 718	78%
Foundation provisioning (1st year intake)	413	484	390	81%
Total headcount enrolment	14 651	13 391	14 562	109%
Total undergraduate headcount enrolment	14 574	13 306	14 520	109%
Total postgraduate headcount enrolment	77	85	42	49%
ENROLMENTS BY MAJOR FIELD OF STUDY				
Science, Engineering, Technology	57.4%	59%	58%	98%
Business/management	34.3%	35%	34%	97%
Education	N/A	N/A	N/A	N/A
Other Humanities	8.2%	6%	8%	133%
GRADUATES IN CURRENT YEAR				
Graduates - undergraduate	2 746	2 934	2 934	100%
Graduates - postgraduate	59	141	21	15%
Graduation rate	19%	23%	20%	87%
Success rate	86%	81%	84%	104%
UNDERGRADUATE OUTPUT BY SCARCE SKILLS				
Engineering	676	842	744	88%
Life and physical sciences	57	67	73	109%
Animal and human health	93	151	99	66%
STAFF PROFILES				
Instructional/research professional staff	224	228	228	100%
% staff with doctoral degrees	21%	18%	22%	122%
Number of NGAP staff	14	18	15	83%
Ratio of FTE students to FTE instructional/ research staff	43:1	32:1	42:1	76%
RESEARCH OUTPUT				
Total Research Output units	107.9	72	114.0382	158%

PROGRESS TOWARDS ACHIEVEMENT OF THE STRATEGIC GOALS & OBJECTIVES (2020-2025)

Performance rating key:

1	2	3	4
Not done in 2020	Started but below target by more than 10%	Within 10% range of target	Exceeded expectations. More than 10% greater than target

Table 2: Achievement against strategic goals and objectives

Objectives	KPI	2020 (Actual)	2021 (APP Target)	2021 (Actual)	Performance Rating in 2021	Reason for underperformance (Provided for rating 2 and below)
Goal 1: Excellence in teaching and learning						
SO 1.1 To increase student success	1. Student success rate	85.8%	81%	84%	3	
	2. Student graduation rate	19%	21.4%	20%	3	
	3. Throughput rate (in min+2) for the 3-year diploma (2017 cohort reported in 2021)	61.7%	52%	53%	3	
SO 1.2 To improve graduate satisfaction with the quality of teaching and learning	4. Graduate satisfaction with the quality of teaching and learning	89%	91.8%	83,03%	3	

Objectives	KPI	2020 (Actual)	2021 (APP Target)	2021 (Actual)	Performance Rating in 2021	Reason for underperformance (Provided for rating 2 and below)
SO 1.3 To increase the quality of graduates	5. Implementation of Approved E-learning Strategy	Strategy not developed	Piloted strategy	Strategy approved by all relevant bodies in the	3	
	6. Percentage of graduating students with work-integrated learning (WIL) experience	45%	55.2%	44%	2	Fewer employers engaged MUT students in 2021 as a result of Covid- 19 restrictions. This affected the proportion of graduates requiring WIL in order to graduate. To mitigate against the decrease in WIL opportunities, Senate approved alternate types of WIL, e.g. project- based learning. However, the effects of these will only be seen beyond a one year period.
	7. Employability of graduates (reported at graduation)	19%	34.4%	31,71%	3	
SO 1.4 To increase the number of programme offerings endorsed by professional bodies/associations	8. Number of approved academic programmes endorsed by professional bodies/ associations	10	8	12	4	
SO 1.5 To increase the ratio of post-diploma programme offerings	9. The ratio of HEQSF aligned qualifications at NQF levels 5-6 to NQF levels 7-10, listed on MUT's PQM.	55:45	64:36	51:49	4	
Goal 2: Excellence in research, innovation and engagement						
SO 2.1 To increase research productivity	10. Number of accredited research output units	107.9	43,6	114,0382	4	
SO 2.2 To increase the commercialisation of Intellectual Property (IP), both protectable and unprotected	11. Number of protected IP (including trademarks)	6	7	7	3	

Objectives	KPI	2020 (Actual)	2021 (APP Target)	2021 (Actual)	Performance Rating in 2021	Reason for underperformance (Provided for rating 2 and below)
Goal 3: Excellence in community engagement						
SO 3.1 To increase MUT's contribution to the socio-cultural and economic development of the local community	12. Number of university projects registered with IRDCE	5	11	11	3	
	13. Number of public lectures offered annually	2	4	2	2	The adjustments experienced due to implementation of the national lockdown continued to affect the prioritisation of activities in the higher education context. Online participation as an approach used to host the public lectures continued to be limited to those with access to internet connectivity.
	14. Number of student entrepreneurship projects	1	3	3	3	
	15. Number of capacity-building initiatives for internal and external stakeholders	4	5	6	4	
SO 3.2 To increase the number of partnerships with local government and communities	16. Number of partnerships with local government and communities	5	4	1	2	Lockdown restrictions during 2021 limited opportunities for engagement with external partners and communities.
SO 3.3 To increase MUT's contribution to the development of academic and professional communities	17. Number of community-engagement presentations by academic staff at relevant symposia and conferences	3	7	5	2	The low participation in this activity can be associated with academics focusing on adapting to new modes of teaching and conducting research.
	18. Number of MUT staff who represent the University in professional communities, bodies or associations	5	3	11	4	

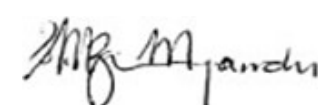
Objectives	KPI	2020 (Actual)	2021 (APP Target)	2021 (Actual)	Performance Rating in 2021	Reason for underperformance (Provided for rating 2 and below)
Goal 4: Targeted national engagement and internationalisation						
SO 4.1 To increase national visibility	19. Number of nation-building projects	6	2	6	4	
SO 4.2 To increase international visibility	20. Number of international staff and student exchange programmes	3	1	3	4	
	21. Percentage of international student enrolment as a proportion of total student enrolment	0.3%	0.5%	0,26%	2	The number of international students at MUT has been declining since a high of 96 (0,84%) in 2013. Covid-19 and the absence of NSFAS funding for international students may have contributed to the lower proportion in 2021. MUT is embarking on a new internationalisation strategy to reverse the downward trend.
Goal 5: To create an enabling support environment						
SO 5.1 To increase the popularity of the MUT brand	22. Net promoter score among stakeholders (staff, students and alumni)	55.70%	52%	19% (Alumni), 61% (Staff), 47% (Students)	3	
SO 5.2 To improve student life and wellness	23. Student satisfaction with the quality of supporting infrastructure	56.40%	52%	60%	3	
SO 5.3 To improve the well-being and engagement of staff	24. Staff engagement index	Not achieved	42%	Not achieved	1	Hosting an online survey was not considered feasible given the limited number of staff with internet connectivity and access to enabled devices. HR&D is to review its approach to this KPI.
SO 5.4 To improve operational efficiency and effectiveness	25. Reduction in the number of external audit findings	6	Below 9	2	4	

Objectives	KPI	2020 (Actual)	2021 (APP Target)	2021 (Actual)	Performance Rating in 2021	Reason for underperformance (Provided for rating 2 and below)
SO 5.5 To sustain and improve financial sustainability	26. Third stream income as a percentage of total income	3%	.42%	1.2%	2	Third stream income is under-developed at MUT. Development of a turnaround strategy, initiated in 2021, will address this issue.
	27. Efficiency ratio: Total expenditure as a percentage of total revenue	98%	87.4%	85.6%	3	
	28. Quick ratio: {Cash & Cash equivalents less Restricted Grants funds + Student debtors} to {Current Liabilities less Current portion of Restricted Grant funds}	1.7	1.6	2.25	4	
	29. Debt ratio: Total Liabilities less Deferred Income (to be amortised) as a % of Total Assets (Debt ratio)	55%	64%	47.8%	4	
SO 5.6 To maintain and improve infrastructure	30. % of Capex projects awarded within approved procurement plan	0	100%	65.52%	2	Some of the projects on the 2021 procurement plan are yet to commence due to funding challenges.
	31. % expenditure of Capex projects awarded within the approved plan	13.47%	100%	63.2% (R151 363 829.83/ R239 410 446.86)	2	Some tenders received were found to be non-compliant and had to be cancelled. For some projects, disputes with design teams and/ or contractors resulted in projects being suspended. Insufficient cost estimates or budget allocation for some projects led to tender cancellations.
	32. Maintain a ratio of Capex infrastructure maintenance allocation to the overall infrastructure budget	9.45%	35.2%	39.5%	2	MUT has a large maintenance backlog. As the backlog is reduced, the ratio will decrease towards the target.

In relation to the goals which the University set itself in the 2021 Annual Performance Plan, its achievement in 20 of the 32 objectives was within 10% of the target or better. The overall MUT pass rate in 2021 was 84%, against a target of 81%. The result was two percentage points lower than in 2020. However, both Covid-affected years (2020 and 2021) returned pass rates higher than the 81% achieved in 2019.



Prof MM Ramogale
Acting Vice-Chancellor & Principal
30 August 2022



Ms Sanelisiwe Mnyandu
Chairperson of Council
30 August 2022





PART B

REPORTS ON GOVERNANCE AND OPERATIONS

03

REPORT OF THE CHAIRPERSON OF COUNCIL



Sanelisiwe Mnyandu
Chairperson of Council
MUT

3.1. CONTINUED EFFECTS OF THE COVID-19 PANDEMIC

The year 2021 was the second academic year to be severely affected by Covid-19. The previous academic calendar was extended into 2021, with the result that the 2021 year started in April, and it too was extended into the following year. The academic programme was again delivered partly online and partly through a "platoon" system of contact tuition that reduced the number of students in class.

3.2. GOVERNANCE CHALLENGES

In April 2020, the University Council placed the Vice-Chancellor, Dr ED Malaza, on precautionary suspension. Disciplinary action was instituted against the Vice-Chancellor and two other senior officials.

Early in the year under review, in February of 2021, the University was requested by the Parliamentary Portfolio Committee on Higher Education, Science and Technology to report on this and other governance and administrative issues in a Zoom meeting.

In May, the Council responded to a letter from the Minister of Higher Education and Training, Dr BE Nzimande, in

which he indicated his intention to appoint an independent assessor to investigate the affairs of MUT. Council welcomed the appointment of an assessor to probe the identified matters.

The independent assessor, Professor AP Staak, was appointed in terms of a Government Gazette (No. 782 of 27 August 2021) to investigate the affairs of MUT "following a series of allegations and counter-allegations relating to the governance and management of the University" (Gazette, p4). This included, inter alia, various allegations made by the Vice-Chancellor in correspondence to the DHET in March and April 2020; allegations of misconduct and mismanagement against the VC; and the circumstances and reasons for the suspension of the VC and other senior managers in April 2020.

The independent assessor reported in November 2021. In the report, Professor Staak found that a number of the allegations and counter allegations were not substantiated by evidence. He recommended that the suspension of the VC and the other senior managers should be lifted. However, Dr Malaza's employment relationship with MUT was terminated by mutual agreement with effect from 1 February 2022. The disciplinary proceedings against the two other senior officers continued.

The independent assessor, assisted by a financial expert, also reported on circumstances that led to a cash flow problem experienced by the University in early 2021. The University wrote to the DHET in February 2021 requesting it to allow MUT to use R75-million of infrastructure funding as bridging finance or to arrange an overdraft facility. The primary reason for the anticipated shortfall of funds in the first quarter was

that NSFAS had not paid University claims for student funding in January and February, as in the past. MUT was of the view that it was owed R314-million in outstanding claims at the end of December 2020.

The assessor found that the University genuinely believed that a cash injection would be necessary and that the amount requested seemed reasonable; but the request to the DHET was not formally approved by Council before submission. MUT has a reasonable control measure in place for isolating grant funding in call accounts; but the lack of a proper purchase order system for contracts posed a risk. Management should have proactively engaged NSFAS towards the end of 2020 or early 2021 to resolve

the outstanding queries. The University did not currently have a robust mechanism to help it manage its cashflow regularly. (Staak Report, pp 72-73)

Unlawful student protests in April and May resulted in the suspension of 11 students and disciplinary charges being brought against them.

3.3. OVERSIGHT OF THE ACADEMIC ENTERPRISE AND THE OPERATIONAL ENVIRONMENT

The approach to teaching and learning in 2021 was again hybrid in nature. The University followed its remote multimodal teaching and learning plan and the “platoon” system, whereby students are arranged into cohorts or platoons that take turns on a rotational basis to use the limited classroom space and other resources available under Covid-19 restrictions.

Following the DHET’s approval, ring-fenced University funds were re-prioritised to create the Covid-19 Responsiveness Grant (CRG). By mid-2021, MUT had spent R19-million on IT infrastructure, laptops, USB drives, and data allowances for students and staff. The institutional learning management system (Blackboard) was upgraded and migrated to the cloud for more reliable access.

These initiatives, plus the printing and distribution of learning materials to students, were managed through the University’s Teaching and Learning Development Centre (TLDC). The TLDC also provided training to students and staff on the use of Blackboard; and to staff on alternative, online pedagogies.

The Library provided resources on how to navigate the transition to online library platforms. Approval by Council of the new Library Collection Development and Management Policy allows the Library to begin to phase out printed resources in favour of electronic resources. A subscription to the Perlego application provides access to prescribed textbooks in the form of e-books.

The University procured 1,000 laptops for students who were not funded under the National Student Financial Aid Scheme (NSFAS). The NSFAS-funded students opted to receive their full learning material allowance, rather than applying the funds to the NSFAS laptops scheme proposed by the DHET.

The Council on Higher Education (CHE) initiated a quality assurance process, in an engagement with MUT stakeholders in February 2021, that will culminate in an

Institutional Quality Audit (IQA) site visit to the University in November 2022. The purpose of the IQA is to evaluate

the robustness and credibility of the University’s quality assurance (QA) system at all levels and to ascertain the extent to which QA processes lead to improvement. A project plan for the implementation of the IQA was approved by the Executive Management Committee (EMC). A steering committee was established and four task teams began working on an institutional self-evaluation report.

As part of its on-going process of programme reviews, QMD conducted its first online, review in May 2021 in the Department of Office Management and Technology in the Faculty of Management Sciences. Programmes in the Department of Accounting and Law were reviewed in June 2021. A workshop was held to capacitate academic departments in developing an electronic document repository for use during programme reviews.

The Engineering Council of South Africa (ECSA) visited MUT in May 2021 for the purposes of accreditation of Engineering programmes. The assessors recommended that the following Engineering qualifications should be granted full accreditation until the next accreditation cycle: The Advanced Diploma in Chemical Engineering; the Diploma in Chemical Engineering; and the Diploma in Electrical Engineering. The Diplomas in Mechanical and Civil Engineering were not evaluated in this accreditation cycle as the new qualifications had yet to produce graduates.

The University’s Department of Co-operative Education, which is responsible for all forms of experiential learning by students, was faced by a huge challenge with the introduction of Covid-19 lockdown restrictions in 2020 and their continuation during 2021. In response to the scarcity of work-integrated learning (WIL) placement opportunities, the department implemented project-based learning in Environmental Health, Office Management and Technology, and Public Administration. In 2021, 1,599 students were undertaking WIL, out of 2,788 placement candidates across the three faculties.

MUT’s Work Readiness programme, which prepares students for the transition into the world of work, was nominated for an award for the best Work Readiness Training Intervention in the South African Graduate Employers Association (SAGEA). Five students from the Faculty of Management Sciences enrolled in the Global Challenge student-industry project programme through the World Association for Co-operative Education (WACE). The students were included in global student teams, linked to industry partners addressing specific United Nations sustainable development goals.

MUT’s research activity increased dramatically during the Covid-19 years as staff took the opportunity of lockdowns to catch up on the publication of research results. The

number of approved research publication units jumped from 40,3 in 2019 to 107,9 in 2020. The audited figure for 2021 (not yet DHET approved) is 114. Towards the end of 2021, MUT was awarded the “Excellerate” award (from “excellence” and “accelerate”) by the National Research Foundation (NRF), recognising the progress made by the University in research development.

All faculties have appointed Postdoctoral Research Fellows (PDRFs) and retired Professors in order to bolster their research profiles. MUT hosted 14 PDRFs in 2021, 13 of them funded by the University and one by the NRF. Advertisements were placed for another five PDRFs. MUT staff continue to work towards the acquisition of Masters and Doctoral degrees, with the Faculty of Natural Sciences reporting that staff completed two Masters degrees and two PhD degrees during 2021.

In terms of innovation, MUT owns two South African patents, one provisional patent, and two trademarks. The two word-marks with trademark protection are “Mangosuthu University of Technology” and “MUT”.

The University’s Technology Station in Chemicals (TSC) has supported many companies and individuals in developing new detergents and upgrading existing formulations to ensure that their products are environmentally friendly. During Covid-19, many of the SMME companies supported by the TSC saw a rapid increase in sales and market share in the detergent sector. The TSC itself formulated an environmentally friendly alcohol-based hand sanitiser, continuing to provide quality hand sanitisers for University staff and students during 2021.

MUT has adopted an “intersection model” of community engagement. This implies that community engagement projects in the faculties will mainly enrich teaching, while research assists in the co-creation of new knowledge with the involved communities. The first workshop for academic

staff on the integration of community engagement into research was held in February 2021. A guest lecture on engaged scholarship, titled “Balancing the nexus of teaching, research, and engagement”, was held on 23 April 2021.

MUT facilitates a Ministerial Special Project whereby three schools in the uMgungundlovu district and one in Umlazi are taught technology-related subjects. The focus is on computer programming, including coding, robotics, and the internet of things (IoT).

The University operated during 2021 in a context of a constrained budget, high student debt, and poor third-stream income.

It experienced high labour relations costs as a result of slow disciplinary processes and the engagement of outside legal expertise. In an attempt to reduce these costs, line managers were trained on how to handle disciplinary hearings during a two-day workshop in May 2021. The trained line managers were brought in as observers in current disciplinary cases.

MUT had a history of slow progress in the rollout of infrastructure projects, both for new buildings and deferred maintenance on existing buildings. Demands from Business Forums and the Umlazi community contributed to delays. The appointment of an interim Senior Director: Operations began to show an improvement in the management of infrastructure projects during 2021.

3.4. IMPORTANT DECISIONS TAKEN IN 2021

Important resolutions taken at Council meetings in 2021 (whether ordinary, special or emergency meetings) are listed in Table 3 below.

Table 3: Council resolutions in 2021

Strategic Council resolutions and major activities in 2021	
1. Major stakeholder engagements	
1.1.	The MUT Council and Management made a presentation to the Portfolio Committee on Higher Education, Science & Technology on 12 February 2021 via Zoom, reporting on progress in dealing with various governance and management issues at the University.
1.2.	Council approved that MUT should join the anticipated Forum of Chairpersons of Councils of Public Universities in SA as a full member.
1.3.	Council received a letter from the Minister of Higher Education, Science & Innovation in August, regarding the appointment of an Independent Assessor.

Strategic Council resolutions and major activities in 2021	
1.4.	A letter was received from the Council on Higher Education (CHE) on the dates for the Institutional Quality Audit to take place in 2022.
2. Major approvals	
2.1.	The 2020 Annual Report, including the audited Annual Financial Statements for the year ended 31 December 2020
2.2.	The schedule of deviation or Irregular, Fraudulent, and Wasteful Unauthorised Expenditure (IFAWUE) for 2020
2.3.	2021 Mid-year report
2.4.	2022 Annual Performance Plan
2.5.	2022 Budget
2.6.	2022 Governance calendar
2.7.	2022 Procurement Plan, in line with delegated authority
2.8.	2022 Infrastructure Plan
2.9.	2022 Infrastructure Maintenance Plan
2.10.	2022 Information Technology and Networks Infrastructure Plan
2.11.	2022 Campus Security Plan
2.12.	2022 Occupational Health and Safety Plan
2.13.	2022 Human Resource and Development Plan
2.14.	2022 Internal Audit Plan
2.15.	2022 Enterprise Risk Management (ERM) Plan
2.16.	2022 Strategic Risk Register
2.17.	A proposal for the acquisition of land adjacent to the North Campus
2.18.	Various policies were approved, including the revised Policy on Policies and the Student Fee and Debt Management Policy
3. Major Council housekeeping decisions	
3.1.	The revised MUT Statute was approved
3.2.	The revised Constitution of Convocation was approved, as per the MUT Statute
3.3.	The reconstitution of Council committees and structures was approved
3.4.	A Code of Ethics and Conduct was approved
3.5.	A protocol on the assessment of members of Council was approved
3.6.	Council elected Mr OM Galane as Deputy Chairperson of Council for a two-year term, to 22 September 2023.
3.7.	Council resolved that vacant top-management positions should be advertised as five-year renewable performance-based contract positions.

Source: Minutes of Council meetings

3.5. PERFORMANCE AGAINST THE PRINCIPLES OF GOOD GOVERNANCE

3.5.1. Ethical leadership and corporate citizenship

In line with the implementation of Strategy 2020-25, MUT emphasizes the development of an environment that encourages dialogue and discovery and fosters a culture of integrity, accountability, respect, excellence, inclusiveness, collaboration and innovation.

In 2021 Council continued in its commitment to behave ethically and with integrity in its oversight responsibilities. It endeavoured to make independent decisions in the best interests of the University, with no conflict of interest in decision-making. All Councillors are committed to abiding by the Council code of conduct.

Councillors are required to make annual declarations of interests, to declare any potential conflict of interest ahead of discussions at meetings, and to recuse themselves from the meeting should a conflict of interest arise. A Whistle-blower hotline is in operation and managed by an external service provider, so that allegations of unethical conduct may be reported confidentially and anonymously. We continued to insist that no member of Council serves in any management or operational decision-making structure.

3.5.2. Governance of risk

Council recognises the complexity of risks facing the University and through its Audit, Risk and Compliance Committee (ARCC) oversees the uncertainty, likelihood and effects of those risks. Council manages risks within the approved enterprise risk management (ERM) framework 2019-2021. Processes are in place to identify, assess and manage significant risks as indicated in the risk register.

The Vice-Chancellor and executive management are responsible for identifying, assessing and mitigating against institutional risks. The University's Risk Management Committee (RMC) continues to use a combined assurance model to enhance the management of risks within the institution. Progress on the monitoring of risks and risk mitigation action items are reported to the Audit, Risk and Compliance Committee (ARCC) every quarter.

3.5.3. Governing stakeholder relationships

MUT is located in the broader context of multiple stakeholder networks which include students, staff, government and its

agencies, private sector partnerships, civil society groups, parents, alumni, media and funders. These relationships are nurtured at several levels through reports, meetings, and publications via the Convocation (alumni and donors); the University's Community Engagement and Development directorate (Umlazi community and NGOs); Marketing and Communications (media and funders); Student Financial Aid (funders); and Student Affairs (students and parents).

3.5.4. Financial reporting and sustainability

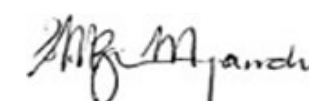
During 2021, Council has ensured that the University is a going concern and that it will remain a going concern in the near future. The uncertainties associated with the management of the Covid-19 pandemic have emphasised the importance of managing our cash reserves and monitoring the economic outlook in South Africa and its implications for the University. Fee collections remain a concern as the historical debt of MUT students continues to rise.

3.5.5. Compliance with laws, codes, rules, and standards

MUT strives to be fully compliant with all laws applicable to higher education. In particular, care was taken to ensure that the University complied with the Institutional Statute and relevant prescriptions of the Higher Education Act. The University complies with regulatory codes of good practice including BBBEE, DHET reporting regulations, and changes to labour regulations. In 2021, there were no judgements against the University to the effect that it contravened any of the Country's laws.

3.6. HOUSEKEEPING AND MEASURES TO IMPROVE GOOD GOVERNANCE

Council remains committed to good governance as indispensable to the sustainability of the University and providing better outcomes for all stakeholders. Full records of all Council, Senate and IF meetings and attendance registers are kept by the Registrar's division.



Ms Sanelisiwe Mnyandu
Chairperson of Council
30 August 2022

Council is committed to the highest levels of sound corporate governance and endorses the ethical leadership principles outlined in the King IV Report and governs the University in terms of the Higher Education Act and the Institutional Statute of MUT published under the Act. Accordingly, at its meeting held in September 2021, the Council approved the Amended Statute of MUT and forwarded it to the Minister responsible for Higher

Education for final approval and gazetting. The amended MUT Statute was approved and gazetted by the Minister in December 2021.

Council aims to ensure that all stakeholders act in the best interests of the University and conduct its affairs with integrity and within generally accepted business and legal practices. In 2021, Council acted in accordance with the MUT Code of Conduct for Council members, applied the Code of Ethical behaviour and practices as set out in King IV, and approved a Code of Ethics and Conduct for Council members.

The Council of Mangosuthu University of Technology is established in terms of, and exercises its functions in accordance with, Section 27 of the Higher Education Act, Act 101 of 1997 (as amended), supplemented by Sections 8-20 of the MUT Statute (as gazetted on 23 October 2015, No. 39315).

Council comprised of 23 members as at 3 December 2021, the majority being members appointed from outside the University.

The role of the Chairperson of Council is separate and delineated from the role of the Vice-Chancellor and Principal as set out in the MUT Statute. Very broadly, Council is responsible for steering the strategic direction of MUT and for the approval of policies and major developments at the University and is guided by the Comprehensive Code of Conduct for Council. Council's functions are directed by relevant legislation, the University Strategic Plan (2020-2025), as well as the Annual Performance Plan in its oversight. The Chairperson of Council helps Council

to focus on its mission and strategic objectives through quarterly ordinary Council meetings, supplemented by special or emergency meetings as and when required. The MUT Executive Management Committee (EMC), led by the Vice-Chancellor, is responsible for the day-to-day management of the University's functions and accounts to Council on the University's operations.

In 2021, Council held four quarterly ordinary meetings (one of them over two days), four special meetings, and one emergency meeting. Table 4 below provides details regarding the composition of Council, the number of members, and statistics regarding their attendance.

Table 4: Council composition and attendance

2021 Council Attendance											
Name	29 January (Special Meeting)	18 February (Special Meeting)	24 March (Ordinary Meeting)	20 May (Special Meeting)	26 May (Emergency Meeting)	23 June (Ordinary Meeting)	12 August (Special Meeting)	22 September (Ordinary Meeting)	01 December (Ordinary Meeting)	02 December (Continuation)	%
External Members											
Mr M. Morailane	P	P	P	P	P	P	P	P	P	P	100%
Mr S. Dlamini	P	P	P	P	P	P	P	P	P	P	100%
Mr O.M. Galane	P	P	P	P	P	P	P	P	P	P	100%
Professor N. Grove	P	P	P	AP	P						80%
Dr B. Makhathini	P	P	P	P	P	P	P	P	P	P	100%
Mr S. Makhunga (Appointed Nov 2021)									P	P	100%
Dr Adv M. Makhura (Appointed Nov 2021)									P	P	100%

2021 Council Attendance											
Name	29 January (Special Meeting)	18 February (Special Meeting)	24 March (Ordinary Meeting)	20 May (Special Meeting)	26 May (Emergency Meeting)	23 June (Ordinary Meeting)	12 August (Special Meeting)	22 September (Ordinary Meeting)	01 December (Ordinary Meeting)	02 December (Continuation)	%
Ms L.L. Mbatha	P	P	P	P	P	P	P	P	P	P	100%
Mrs N.S. Mlaba	P	P	P	P	P	P	P	P	P	P	100%
Ms S. Mnyandu	P	P	P	P	P	P	P	P	P	P	100%
Mr A.M. Mondli	AP	P	P								67%
Mr S. Mthethwa	P	P	P	P	P	P	P	P	AP	P	90%
Mr M. Msimang	P	P	P	P	P	P	P	AP	P	P	90%
Mrs C. Nyama	P	P	P	AP	A	P	P	P	P	P	80%
Dr V. Reddy	P										100%
Dr Z. Qunta	P	P	AP	P	P						80%
Mrs L. Thabethe	P	P	P	P	AP	P	P				86%
Mr T. Toni	P	P	P	P	P	P	P	P	P	P	100%
Mrs L. Tungamirai	P	P	P	AP	P	P	P	P	P	P	90%
Ms H.T. Zwane	P	P	P	P	P	P	P	P	P	P	100%
Internal Members											
Profoosor M.M. Ramogale	AP	P	P	P	P	P	P	P	P	P	90%
Dr J. van Koller	P	P	P	P	P	P	P	P	P	P	100%
Mr B.K. Zwane	P	P	P	P	P	P	P	P	P	P	100%
Professor L.D. Naidoo	P	P	P	P	P	P	P	P	P	P	100%
Mr G. Govender	P	P	P	P	P	P	P	P	P	P	100%
Dr J.M. Makua	P	P	P	P	P	P	P	P	P	P	100%
Mr B.S.D. Ntuli	P	P	P	P	P	P	P	P	P	P	100%
Ms S. Hlongwane	P	P	P	P	P	P	P	P	P	P	100%
Mr M. Gumede	P	P	P	P	P	P	P	P	P	A	90%
Ms M. Ntshingila	P	P	P	P	P	P	P	A	A	A	70%

Key: P=present; AP=Apologies; A=Absent and = Not a member

In discharging their fiduciary duties, obligations, and oversight functions in 2021, Council sub-committees comprised six standing committees. All these committees are formally constituted with specific charters and comprise a majority of external members of Council. All

the committees of Council are chaired by independent members of Council with relevant skills and expertise. It is primarily in these sub-committees that Council's governance oversight is enacted.

5.1. EXECUTIVE COMMITTEE OF COUNCIL (EXCO)

The Executive Committee of Council (Exco) attends to the governance affairs of Mangosuthu University of Technology between ordinary meetings of Council and exercises all powers granted by Council within the ambit of the Higher Education Act. It serves as the nominating committee of

Council for additions to its membership and appointments to its committees. It also deals with urgent matters, as well as those referred to it by Council or its standing committees. Table 5 below shows an analysis of attendance per meeting in 2021.

Table 5: Exco composition and attendance

2021 Executive Committee of Council Attendance															
Name	08 February (Special Meeting)	11 February (Special Meeting)	15 February (Special Meeting)	11 March (Ordinary Meeting)	21 May (Emergency Meeting)	10 June (Ordinary Meeting)	07 July (Special Meeting)	28 July (Special Meeting)	05 August (Interviews, Special Meeting)	09 September (Ordinary Meeting)	15 September (Special Meeting)	14 October (Special Meeting)	18 November (Ordinary Meeting)	19 November (Special Meeting)	%
Mr M. Morailane (Chairperson of Council)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr Z.Qunta (Dep. Chairperson of Council)	P	P	P	P	P	P	P								100%
Mr T. Toni (PRC Chairperson)	P	P	P	P	P	P	P	P	AP	P	P	P	P	P	86%
Mrs N. Mlaba (ARCC Chairperson)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ms T.H. Zwane (HRC Chairperson)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mr O.M. Galane (FIG Chairperson)	P	P	P	P	P	P	P	P	AP	P		P	P	P	92%
Ms S. Mnyandu (SAC Chairperson)					P	P	P	P	P	P	P	P	P	P	100%
Mr S. Dlamini (FIG Chairperson)											P	P	P	P	100%
Professor M.M. Ramogale (Acting VC)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr J. van Koller (Acting DVC: R&P)	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr J.M. Makua (Acting DVC: T&L)	P	P	P	P	P	P	P	P	P	P	P	P	P	AP	93%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

During 2021 the Exco of Council held four ordinary meetings, nine special meetings, and one emergency meeting. It addressed a number of key issues as mandated by Council. These included:

- Considering documents to be presented to a meeting of the parliamentary Portfolio Committee on Higher

Education, Science & Technology on 12 February 2021 and approving a presentation to the Committee.

- Approved the terms of reference of a proposed Multi-Disciplinary Task Team (MDTT) intended to assist the University in strengthening its management and administrative processes and functions.

- Referred the Code of Conduct for Council Members and the Conflict of Interest Policy to the Institutional Forum for consideration.
- Assisted in preparation for a Council Lekgotla, including an item on the ethical conduct of Council members.
- Forwarded proposals on the reconstitution of Council Committees to Council.
- A report on the cashflow situation of the University was forwarded to Council for noting.
- Preparing a response to a letter from the Minister of Higher Education, Science and Innovation in which he indicated his intention to appoint an independent assessor for MUT.
- The Acting Vice-Chancellor, Prof. Marcus Ramogale, reported to Exco that some students were not adhering to the platoon system of attending classes, which had been introduced to comply with Covid-19 regulations, because most had not bought laptops as agreed with the student leadership.
- At a later meeting, the Vice-Chancellor reported that students returned to campus from 26 July 2021, following the easing of Covid-19 lockdown restrictions.
- The Governance Indicators Scorecard for 2020 was forwarded to Council for approval.
- An update on the implementation of recommendations of Council-commissioned investigations was referred to Council for noting.
- Changes were suggested to the format of the Vice-Chancellor's report to Council on the academic enterprise and the report on administration and support functions.

The Exco carried out its responsibilities as the nominating committee of Council for additions to its membership and

appointments to its committees. It recommended, inter alia, the re-appointment of Mr OM Galane as the Deputy Chairperson of Council and Mr T Toni as Chairperson of the Planning and Resources Committee, following the extension of their terms as members of Council.

Exco conducted interviews for two vacancies on Council. The preferred candidates could not be referred to Council for appointment, as a probity assessment was unable to validate their legal qualifications, and the positions were re-advertised.

5.2. AUDIT RISK AND COMPLIANCE COMMITTEE (ARCC)

The Audit, Risk and Compliance Committee (ARCC) is responsible for assisting Council in fulfilling its role of providing assurance on corporate governance, as well as considering all issues of risk, financial and otherwise, which may result in some form of exposure for MUT. The ARCC operates in order to facilitate an effective working relationship between Council, management, and the external and internal auditors. It reviews financial statements and considers all factors and risks that affect the integrity of the financial statements.

ARCC has a responsibility to review its own Code of Business Conduct; systems of internal control; management of all financial risks, information systems and accounting practices; MUT's processes for monitoring compliance with laws and regulations; and MUT's auditing processes. The committee also ensures that each committee member understands the responsibilities of members as well as the institution's business, operations, and risks.

Table 6 below shows an analysis of ARCC attendance per meeting.

Table 6: ARCC composition and attendance

2021 Audit, Risk and Compliance Committee Attendance								
Name	01 March (Ordinary Meeting)	10 March (Special Meeting)	19 March (Special Meeting)	12 May (Special Meeting)	24 May (Ordinary Meeting)	30 August (Ordinary Meeting)	08 November (Ordinary Meeting)	%
Mrs N. Mlaba (Chairperson)	P	P	P	P	P	P	P	100%
Mr S. Dlamini	P	P	P					100%
Mr S. Mthethwa	P	P	P	P	P	P	P	100%
Mrs C. Nyama	P	P	P	AP	P	P	P	86%

2021 Audit, Risk and Compliance Committee Attendance								
Name	01 March (Ordinary Meeting)	10 March (Special Meeting)	19 March (Special Meeting)	12 May (Special Meeting)	24 May (Ordinary Meeting)	30 August (Ordinary Meeting)	08 November (Ordinary Meeting)	%
Mrs L. Thabethe				P	P	AP		67%
Prof M. Ramogale	P	P	P	P	P	P	P	100%
Co-opted								
Mrs L. Thabethe	P	AP	AP					100%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

In 2021, the committee held four ordinary meetings and three special meetings. It recommended the revised ARCC Charter to Council for approval and deliberated on the following key matters:

- The committee expressed its concern at a delay in the appointment of the external auditors. A deviation rather than an emergency procedure should have been followed to reappoint the existing auditors for another year after expiry of their contract. It recommended that the University apply to the DHET for an extension for the submission of the Annual Report.
- As part of its oversight of consequence management, ARCC proposed that line managers should be trained to deal with grievances and disciplinary hearings.
- The acting ViceChancellor reported in May that there had been a long process with the unions regarding the salary increment. Settlement had ended the strike and University operations were back to normal.
- As recommended by the King IV report, ARCC resolved to meet with the Internal Audit Department an hour before its scheduled meetings. Incommittee matters should be a standing item on the agenda and addressed before the formal items on the agenda.
- A workshop on compliance was arranged, but did not meet committee members' expectations. Management undertook to employ someone to handle the compliance function.
- It was agreed that management should set up a task team on the Protection of Personal Information Act (POPIA) to keep track of the implementation of the Act.

As part of its oversight role, ARCC continued to monitor incident reports on labour matters (grievances, disputes, and disciplinary action), whistleblowing, fraud cases and other investigative or legal matters. It monitored quarterly progress against the internal audit plan, the enterprise risk management (ERM) plan, the implementation of the compliance plan, and the policy development schedule. It provided oversight on reporting of finances, IT governance and cyber-security, audit log, risk register and contracts management.

5.3. FINANCE AND INVESTMENT COMMITTEE (FIC)

The Finance and Investment Committee (FIC) provides recommendations to Council regarding finance and investment matters. The committee provides effective and coordinated oversight of the development and implementation of the Financial and Investment Strategy, with a view to creating conditions that promote the long-term financial sustainability of MUT as a going concern. The committee aims to ensure that the finance and investment policies, through Council approval, incorporate aspects of the financial value chain, are compliant with laws and regulations, and are aligned with local and international best practices. The FIC also assesses whether reasonable measures are in place to ensure MUT assets are safeguarded to promote financial sustainability and to effectively control all revenue.

Table 7: FIC composition and attendance

2021 Finance and Investment Committee Attendance						
Name	22 Feb (Ordinary Meeting)	17 May (Ordinary Meeting)	31 May (Special Meeting)	23 Aug (Ordinary Meeting)	12 Nov (Ordinary Meeting)	%
Dr Z.N. Qunta	P	P	P			100%
Mr S. Dlamini (Chairperson from August 2021)	P	P	P	P	P	100%
Mrx D. Nyama	P	P	AP	P	P	80%
Ms L. Tungamirai	P	P				100%
Mrs. L. Thabethe			P	P		100%
Mrs. N. Mlaba	P	P	P	P	P	100%
Mr B.K. Zwane	P	P	AP	P	P	80%
Prof M. Ramogale	P	P	P	P	P	100%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

The FIC held four ordinary meetings and one special meeting in 2021. It deliberated on the following matters, among others:

- The Acting ViceChancellor reported that NSFAS would not be making any upfront payments to institutions in the first quarter of 2021, due to a directive of DHET arising from National Treasury constraints. As a result, the University rescheduled the academic plan to start from 1 April 2021, by which time the government subsidy would be available.
 - The revised budget for 2021, including a revised salary increment.
 - The Investment and Banking Policy, which was forwarded to Council for approval.
 - The need to address procurement challenges in the Supply Chain Management Department.
 - The Chief Financial Office reported that the total student debt at 31 December 2021 was more than R570million before impairment. MUT had handed over the collection of student debt to a panel of service providers who were making steady but slow progress in the collection of debt.
 - FIC expressed concern at the slow progress in the development of finance policies.
 - Course fees for two new Advanced Diploma qualifications were recommended to Council for approval.
 - The Supply Chain Management Policy was recommended to Council.
 - The committee considered requests for condonation of irregular expenditure in, among others, hygiene and sanitation services; security services; waste management services; leasing of printers; ambulance services; lift management services; wireless internet services; the supply of personal protective equipment (PPE); facilitation of the EMC Lekgotla; and the provision of external residences for unallocated students in 2020.
 - The FIC noted that Council expenses for the first half of the year were 51% above budget.
 - The Acting ViceChancellor informed the FIC that a financial turnaround strategy for the University was being developed, which would review the entire business model. The aim was to cut costs and identify new income sources.
 - It had come to management's attention that some lecturers were misusing the opportunity to offer evening classes by claiming hours for work which they had not done.
 - An investment report, following approval of the University's Cash and Investment Policy, was recommended to Council for approval.
 - The annual budget for 2022 was recommended to Council, with the inclusion of the salary increment.
- In the course of the year, Mr S Dlamini was elected as the Deputy Chairperson of the committee and later appointed Chairperson.

5.4. HUMAN RESOURCE COMMITTEE (HRC)

The main function of the Human Resources Committee (HRC) is to make recommendations to Council regarding human resource matters. The HRC's mandate includes oversight, development and implementation of the Human Resource Strategy, and supporting the creation of a conducive environment for the attraction, development, and retention of high-performing individuals.

The committee ensures that MUT has compliant policies and standard operating procedures. It assesses recommendations on organisational structure and

the conditions of service, remuneration, benefits, and privileges of staff. To deliver on its vision and mission, the HRC takes reasonable measures to ensure that MUT employs the right people and retains talent. The HRC ensures MUT has mechanisms in place to reduce workplace conflict, labour instability, and avoidable litigation.

Table 8 below reflects the meetings held in 2021 and the attendance of members.

Table 8: HRC composition and attendance

2021 Human Resources Committee Attendance								
Name	02 Mar (Ordinary Meeting)	26 May (Ordinary Meeting)	17 June (Special Meeting)	25 Aug (Ordinary Meeting)	15 Sep (Special Meeting)	03 Nov (Ordinary Meeting)	16 Nov (Special Meeting)	%
Ms H.T. Zwane	P	P	P	P	P			100%
Mr M. Mondi	P							100%
Ms L. Noge-Tungamirai	P	P	P	P	P	P	P	100%
Ms S. Mnyandu	P	P	P	P	P	P	P	100%
Dr B. Makhathini		P	P	P	P	P	P	100%
Prof L.D. Naidoo	P	P	P	P	P	P	P	100%
Prof M. Ramogale	P	P	P	P	P	P	P	100%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

The Human Resources Committee held four ordinary meetings and three special meetings in 2021. The following key matters were deliberated upon:

- The Acting ViceChancellor informed the committee of challenges with the labour unions around the salary increase. One union had embarked on a strike. After protracted negotiations, an agreement was reached and University operations returned to normal.
- The University had been informed by the Council on Higher Education (CHE) of institutional audits to be conducted, beginning in 2022.
- The committee encouraged management to motivate for the establishment of a joint bargaining forum, as a way of enhancing transparency.
- A new employment equity plan would be developed, focusing on sectoral areas. The University did not currently have a set employment target for people living with disabilities.
- The committee received reports on the progress with regard to the filling of senior posts at the University, including the Senior Director: Human Resource and Development.
- The HRC recommended the redesign of MUT's staff structure, urging management to reconsider a phased approach to its implementation.
- The committee made inputs into the Recruitment and Selection Policy, before recommending it to Council for approval.

5.5. PLANNING AND RESOURCES COMMITTEE (PRC)

The role of the Planning and Resources Committee (PRC) is to provide expert technical advice and oversight of recommendations concerning planning and resource matters, including physical infrastructure and information and communications technology (ICT) infrastructure. The PRC is responsible for planning and developing appropriate infrastructure compliance. It does this through appropriate policy covering the infrastructure and operations value chain, resource allocation through capital

expenditure plans, and an annual maintenance plan. The PRC oversees health and safety, ensures business continuity plans are in place in event of emergencies, and ensures implementation of the Information Technology Governance Framework.

The committee held four ordinary meetings during 2021. Table 9 below shows the attendance of meetings.

Table 9: PRC composition and attendance

2021 Planning and Resources Committee Attendance					
Name	28 Feb (Ordinary Meeting)	28 May (Ordinary Meeting)	24 Aug (Ordinary Meeting)	02 Nov (Ordinary Meeting)	%
Mr T. Toni (Chairperson)	P	P	P	P	100%
Ms N. Mlaba	P				100%
Prof N. Grove	AP	P			50%
Ms S. Mnyandu	P				100%
Mr M. Msimang		P	P	P	100%
Mrs L. Tungamirai		P	P	P	100%
Mr B.S.D. Ntuli	P	P	P	P	100%
Prof M. Ramogale	P	P	P	P	100%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

During 2021 the PRC considered the following matters, among others:

- The Chairperson urged management to prioritise ventilation-related projects and other occupational health and safety, and campus safety projects.
- The Acting Vice-Chancellor reported that students would have to vacate the residences for the month of March as the start of the 2021 academic year was postponed to 1 April.
- Quarterly reports on physical infrastructure, the annual maintenance plan, campus security report, the IT&N infrastructure plan, and the occupational health and safety report.
- Plans for 2022 on physical infrastructure projects, deferred maintenance projects, IT&N infrastructure

projects, Campus Security, and Occupational Health & Safety were recommended for approval by Council.

5.6. STUDENT AFFAIRS COMMITTEE (SAC)

The Student Affairs Committee (SAC) functions to provide expert, technical and oversight recommendations to Council, specifically dealing with student matters. This extends to coordinated oversight of the development and implementation of a student services strategy to create a conducive learning and living environment for students. The SAC aims to ensure that student-related policies are of an appropriate standard, and that the allocation of financial resources is in line with the Strategic Plan and is relevant to the Student Affairs operational plan.

The SAC assesses whether systems and processes are adequate to ensure a safe and healthy learning environment for students. In terms of oversight, the SAC

monitors and evaluates the implementation of short, medium, and long-term plans to improve student services and promote the well-being of students. The SAC ensures that the University regularly reviews and assesses the quality and effectiveness of services to students, as well as policy implementation and objectives.

The committee held four ordinary meetings in 2021. The attendance is shown in Table 10 below.

Table 10: SAC composition and attendance

2021 Student Affairs Committee Attendance					
Name	25 Feb (Ordinary Meeting)	20 May (Ordinary Meeting)	26 Aug (Ordinary Meeting)	04 Nov (Ordinary Meeting)	%
Ms S. Mnyandu	P	P	A	P	75%
Ms H.T. Zwane	P				100%
Ms L.L. Mbatha	P	P	P	P	100%
Mr S. Dlamini		P	P	P	100%
Dr B. Makhathini			P	P	100%
Prof M. Ramogale	P	P	P	P	100%
Mr M. Gumede		P	P	P	100%

Key: P=present; AP=Apologies; A=Absent and = Term of office ended / Resigned / Not a member

In 2021, the Student Affairs Committee deliberated on the following matters:

- It noted that Council had approved the policy on Students Living with Disabilities at a special meeting in January 2021.
- It was reported that inspections of residences would be conducted to ensure that they complied with DHET standards. Non-complying residences would be reported to the landlords for action.
- The Student Satisfaction survey took place online in January. Four percent of students submitted responses. The survey report was recommended to Council for information and noting.
- MUT had participated in only two sports codes during the Covid-19 lockdown, football and athletics. The codes were expanded in 2021 to include also rugby, hockey, and canoeing. League games for some sports codes resumed in the second quarter.

- The Student Affairs operational plan was tabled.
- The Acting Vice-Chancellor informed the committee that the academic plan for 2021 had to be revised, owing to the delayed start of the academic year.
- A new policy on Gender-Based Violence was recommended to Council for approval.
- It was noted that Management and Student engagement meetings would be held each quarter, at the Student Affairs Management Panel (SAMP), ahead of the SAC meetings.
- An MUT sports strategy was referred back to the Student Affairs Department for alignment with the MUT Strategy 2020-2025.
- The committee was informed that there would be no increase in the NSFAS grants for 2022.

06

DECLARATION OF INTEREST BY COUNCIL MEMBERS

In terms of the Comprehensive Code of Conduct for Council members (Section 12), all members who exercise the functions of Council in terms of delegated authority must declare any conflict of interest. In 2021 Council

members were required to declare any conflict of interest at each meeting (including sub-committee meetings) ahead of discussion of items on the meeting agenda and to recuse themselves from the discussion where conflicted.

07

STATEMENT ON CONFLICT MANAGEMENT

Section 10 of the Comprehensive Code of Conduct for Council stipulates the dispute resolution mechanisms available to Council.

08

STATEMENT ON COUNCIL CODE OF CONDUCT

Council abides by the Comprehensive Code of Conduct for Council. The purpose of the Code is to uphold the principles of good and corruption-free governance and to ensure that members of Council are aware of and comply with applicable laws, regulations, and MUT policies and procedures.

The Code of Conduct obliges Council members to perform their duties in line with the principles of ethical conduct and to guide their decision-making based on trust, honesty, and integrity. The Code is not intended to inhibit the actions of Council members, but to ensure that the best interests of the University always take precedence over personal or other interests.

09

COUNCIL'S STATEMENT ON SUSTAINABILITY

Council is acutely aware of the need to improve the financial position of the University in order to secure its long-term sustainability. The Covid-19 pandemic made new demands on all Universities to facilitate a transition to a hybrid or multimodal form of tuition, which MUT was able to achieve through the DHET-approved re-prioritisation of earmarked funds. The fragility of the University's cash-flow situation

was made clear at the beginning of 2021 when a delay in the payment of NSFAS funding resulted in a delay to the start of the academic year. The report of the Independent Assessor in the latter part of 2021 made recommendations on how MUT might improve its cash flow.

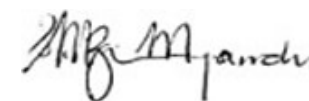
The extent of student debt, and its continued growth, are matters of concern. MUT had handed over the collection of student debt to a panel of service providers and plans to develop an in-house debt collection function.

During 2021, MUT management initiated a process to develop a Turnaround Strategy, primarily aimed at curbing costs and identifying new income streams. The entire business model of the University will be analysed in the process.

10

APPROVAL OF GOVERNANCE STATEMENT BY COUNCIL

Council approved the Council Statement on Governance at a special meeting on 29 August 2022. It welcomed the unqualified audit report tabled at the meeting, which was the University's third consecutive year of an unqualified audit opinion.



Ms Sanelisiwe Mnyandu
Chairperson of Council
30 August 2022

11

SENATE'S REPORT TO COUNCIL



Professor Marcus Ramogale
Acting Vice-Chancellor and Principal
MUT

According to Section 42 of the Higher Education Act (No 101 of 1997), Senate's main role is to exercise sound academic governance and to oversee the maintenance of quality in respect of MUT's teaching, research, and community engagement activities. As a body that is accountable to Council, the Senate also executes all other functions assigned to it by the Council.

11.1. COMPOSITION OF SENATE

In terms of the statute of the University, which is aligned to the Act, the membership of the University Senate is as follows:

- Vice-Chancellor and Principal
- Deputy Vice-Chancellors
- The Registrar
- All Deans of Faculties
- All Heads of academic departments
- All professors

- Head of research
- Head of the library
- Head of quality management
- Head of student affairs
- Head of operations
- Head of human resources and development
- Head of finance
- Head of institutional planning and research
- Two representatives of the student representative Council nominated by the SRC
- A non-academic employee from each faculty elected

- by non-academic employees of each faculty
- An academic employee from each faculty elected by academic employees of each faculty
- Two members of Council designated by Council
- Any additional members approved by Senate

11.2. SENATE MEETINGS IN 2020

During the course of 2021, Senate convened four ordinary meetings, two special meetings and one emergency meeting as outlined in Table 11 below. The total membership of Senate was 56.

Table 11: Senate meetings in 2021

Meeting type	Date	Number of Senators in attendance
Ordinary	18 March 2021	40
Ordinary	27 May 2021	42
Ordinary	2 September 2021	47
Ordinary	11 November 2021	47
Special	14 July 2021	43
Special	29 July	45
Emergency	30 July	42

In its ordinary meetings, Senate considered reports from:

- The DVC: Teaching and Learning.
- The Registrar
- Deans of the three Faculties.
- Faculty Boards
- Senate sub-committees (Community Engagement Committee, Library and IT Committee, Health and Safety Committee, Employment Equity and Skills Development Committee)
- Higher Degrees Committee.
- Research and Innovation Committee.
- Quality Management Directorate
- Teaching and Learning Development Centre
- Community Engagement and Development

- Marketing and Communications
 - Directorate of Institutional Planning and Research
 - Student Representative Council
- It is the responsibility of the Senate to pay ongoing attention to the development of academic-related policies. This serves to respond to changes in the academic environment, and regulate and protect the integrity of the overall academic project.
- During 2021, Senate recommended the following policies to Council for approval:
1. Revised acceptable email use policy
 2. Revised acceptable use and management of IT policy
 3. Revised computer replacement policy
 4. Post-doctoral research fellowship policy
 5. Reviewed language policy
 6. Alumni relations policy

7. Web content management policy
8. Library collection development and management policy
9. Policy on gender-based violence
10. Policy on grants and research funding
11. Examinations policy
12. Research ethics policy (revised)
13. Higher degrees policy
14. Student fee and debt management policy
15. Smoking in the workplace policy
16. Research policy
17. Recognition of prior learning policy
18. Bring your own device policy
19. Information security policy
20. ICT governance policy
21. Student assistant policy
22. Probation policy
23. Travel, subsistence and expense reimbursement policy
24. Policy on people living with disabilities
25. Policy on sexual harassment
26. Recruitment and selection policy

In addition, Senate supported the submission on Guidelines for the appointment of executive grades 2-3 and recommended it to the Human Resources sub-committee of Council.

11.3. CHANGES TO THE ACADEMIC STRUCTURE

Discontinuation of registration for National Diploma Programmes

Senate approved the following:

- i. That the 2023 academic year would be the last year of registration for National Diploma and Bachelor of Technology programmes across all Faculties. The placement of National Diploma students in work integrated learning (WIL) should be prioritised.
- ii. That the information should be communicated to affected students immediately.
- iii. That students who had not completed their National Diploma programmes by the end of 2023 would be migrated to Diploma programmes by all Faculties.

- iv. That communication should be sent to students notifying them that NSFAS no longer funded National Diploma programmes.

Revised Diploma in Civil Engineering

The Engineering Council of South Africa (ECSA) requested that the department align the curriculum with other Universities of Technology, reduce the total number of SAQA credits to 360, increase the mathematical knowledge area, and find relevant and appropriate names for some subjects. All detailed aspects of the revisions were completed accordingly and approved by the relevant structures within the institution, such as the Advisory Board, QMD and the Engineering Faculty Board.

Senate approved the Revised Diploma in Civil Engineering. The following new qualifications were introduced in 2021:

- Advanced Diploma in Agriculture in Animal Production (ADVAGA)
- Advanced Diploma in ICT in Applications Development (ADIPAD)
- Advanced Diploma in Accounting (ADVACC)

11.4. TEACHING AND LEARNING

March 18, 2021: First Ordinary Meeting

The Acting DVC: Teaching and Learning (T&L), Dr JM Makua, made a presentation reflecting on T&L in the previous year and on the then latest DHET bi-monthly reporting on T&L indicators. He mentioned that capacity development for both staff and students is included as a new category for 2021 indicators. The DVC mentioned that the DHET is interested in how Universities are building capacity in digital teaching, learning, and assessment approaches.

The University was afforded the opportunity to reflect on institutional perspectives in terms of the continuity of the academic year and on how quality assurance issues would be addressed. He went on to present the 2021 University Learning, Teaching and Assessment plan. This included approaches and modalities for both undergraduate and postgraduate programmes. He addressed quality assurance issues at module level; resource plans, including the provision of student laptops and data for internet access for staff; and capacity development interventions for staff and students.

The DVC noted the comments and requests from Senate members regarding the required online teaching and learning resources. Also noted was an appeal for the training of academic staff in the pedagogies of using

online technologies for T&L. Faculties were encouraged to attend the online capacity building courses offered by the Teaching and Learning Development Centre (TLDC). The DVC requested Management to explore external organisations offering advanced online courses in areas of concern.

The Acting Dean of the Faculty of Management Sciences (FMS) requested Senate to consider and approve the FMS Teaching and Learning plan. The plan outlined all activities undertaken from day one to the last day of the 2021 academic year. It was noted that this plan was not rigid, and when needed the plan would be adjusted to meet the needs of the time. Senate approved the plan. Faculty of Natural Sciences and Faculty of Engineering plans were also approved.

An apparent weakness of control in the management of continuous assessment was noted. The marks needed to be captured immediately for the smooth running of the University. At the time, there were several outstanding marks hindering the registration process.

In an effort to introduce vertical articulation to its programmes, Senate approved the Department of Accounting's initiative to start the accreditation process for two Postgraduate Diplomas: PGDip in Accounting and PGDip in Cost and Management Accounting.

Senate approved that the Department of Accounting and Law should change Entrepreneurial Skills from written to online assessments in the Diploma of Accounting (ACODIP) via the Wadhvani Foundation Programme.

Senate ratified the revised academic plan for 2021 and engaged with the MUT 2021 enrolment projections report. QMD examined the integrity of security procedures related to examinations (15 February – 1 March 2021).

May 27, 2021: Second Ordinary Meeting

The Acting VC noted that the 2021 academic year started late, partly as a result of student and labour union issues. Senate was requested to consider the Revised Academic Plan to be presented by the Registrar in the meeting.

Senate was requested to note that the University would be moving into the third cycle of the Quality Assurance processes of the CHE, although the details were not yet firm. The University would be moving into the new era of Institutional Audits. MUTs previous Institutional Audit was in 2011. Thereafter, the CHE decided on a different approach of Quality Enhancement, instead of an outright audit. CHE had since decided on reverting to Institutional Audits. Staff members needed to start preparing themselves for these audits. The details would be clear once a meeting with HEQC had been held.

Indications showed that MUT would be amongst the first institutions to be audited. MUT had internal staff members experienced in auditing, hence there was in-house expertise to help the University. There was a request for staff to train as auditors.

The Academic Plan for 2021 was approved by Senate at its meeting held on 18 March 2021 with lectures commencing on 06 April 2021. However, the disruptions immediately after the Easter recess necessitated the revision again of the 2021 academic plan. The following points were considered in formulating the revised plan:

- i. A flexible academic plan should be adopted by each Faculty;
- ii. The continuation of a multi-modal system of teaching and learning, inclusive of the utilization of the platoon system;
- iii. Teaching time being adjusted for both semester and annual programmes resulting in more self-study taking place; and
- iv. All academic activities for 2021 were to be completed by mid-January 2022 thereby allowing the University to commence with the 2022 plan.

Senate approved the following:

- i. That the amendments to accommodate a one-week break between Christmas and New Year 2021 be incorporated in the plan and to reduce the recess in the 2022 Academic Year.

The Director: Community Engagement and Development reported that the involvement of students in community engagement (CE) was critical. It equips them with civic skills and prepares them for the reality of the society that they live in. The conceptual framework for community engagement indicates the involvement of students not only in CE activities but also in the committee for community engagement. Senate approved the Reviewed Conceptual Framework for Community Engagement at MUT.

Senate engaged on the topic of guidelines for setting tuition fees for new qualifications, which provided an opportunity for the University to establish a viable fee base, outside of the annual cap on the overall fee increase. At the same time, the affordability of the fees for MUT students should be considered.

The Registrar requested Senate to consider and approve the revised dates and format of the 2021 Graduation Ceremonies, for the 2020 academic year. He stated that the graduation dates for 2021 were approved as part of

the 2021 academic calendar and were scheduled from 04 - 08 May 2021. It was envisaged to be a face-to-face event.

Given the disruption of the 2020 academic year, which extended into March 2021, it was necessary to revise the graduation dates. At that time, some departments were still processing graduation forms. In addition:

- i. Special examinations were still being concluded;
- ii. Given that Covid-19 was still a danger, more especially in large gatherings, it was necessary to reconsider the face-to-face convening of the graduation ceremonies;
- iii. A benchmarking exercise in this regard was conducted with other HEI's and all of the respondents indicated that their ceremonies were conducted virtually;
- iv. The Health and Safety Officer had advised against a face-to-face event due to Covid-19 and the restrictions imposed on public gatherings; and
- v. Although there had been some relaxation in the restrictions, it would be extremely challenging for the University to contain the large crowds of students and parents on campus.

Concerns of student representatives:

- i. The SRC requested face-to-face graduation ceremonies instead of virtual ceremonies as the country was on level 1 restrictions; and
- ii. In their research, they learned that there were institutions that would be holding physical graduation ceremonies.

Senate supported the virtual graduation as the risks for physical graduations due to Covid-19 were too high.

September 2, 2021: Third Ordinary Meeting

Senate noted that a process was being followed in ensuring the academic structure was corrected and updated on an annual basis. This process was ongoing as the Registrar's Office planned to meet with HoDs around November 2021 in preparation for 2022 registration. In addition, progression rules were implemented in 2020 and are currently in place for all Diploma qualifications.

Senate approved the adoption of a new monitoring framework for work-integrated learning (WIL) which includes:

- i. Monthly Reflections: Reflective learning in WIL

ensures that the students internalise what they are learning while doing their work. It also ensures that the WIL Coordinator gains an early awareness of the students' problems.

- ii. Quarterly Virtual monitoring: A quarterly virtual class meeting would enable the WIL Coordinator to gain insights into the students' progress, address some of the issues that may have been picked up in the monthly reflections, and encourage students to share their experiences and ideas.
- iii. Semester visits and monitoring: A physical visit to a student gives the WIL Coordinator a better insight into the extent to which work and theory were integrated. The WIL Coordinator can also meet with the student's work supervisor and have a walk-about to observe the students at work and have an idea of their ability to use machinery and instruments.
- iv. The framework further recommends the change of terminology concerning the term WIL Monitoring. The term "monitoring" does not capture the extent of the academic engagement and activity during a WIL Monitoring visit. Therefore, it became essential to re-visit the term and it was recommended that "WIL Academic Supervision" replace the term "WIL Monitoring".

Senate discussed the expected MUT subsidy for 2022-2025, approved updates to academic departments' handbooks for 2022, and approved the application for the Postgraduate Diploma in Public management and Advanced Diploma in Public Supply Chain Management, both planned for implementation in 2024.

Senate discussed the discontinuation of registration for National Diploma programmes and approved the following:

- i. That the 2023 Academic Year would be the last year of registration for National Diploma programmes across all Faculties;
- ii. That the information would be communicated to affected students immediately;
- iii. That students who had not completed their National Diploma programmes after 2023 would be migrated to Diploma programmes by all Faculties; and
- iv. That communication would be sent out to students notifying them that NSFAS no longer funded National Diploma programmes.

Senate approved the proposed revisions to the Diploma in Civil Engineering.

Senate discussed the development of two strategies: Teaching and Learning 2021-2025 and e-Learning 2021-2025.

Senate considered the proposal to establish a Technology and Innovation Agency Seed Fund Steering Committee as a sub-committee of Research and Innovation Committee, and approved the Charter.

Senate approved the 2021 list of researchers to be honoured at the Research Awards event.

Senate approved the following in terms of the return of Library materials:

- i. Implementation of the formal rules and procedure for the return of Library material;
- ii. A rule be included in the MUT Rules and Regulation book that graduating students should return all outstanding books and pay their fines before graduating, failing which their certificates would be withheld until they make all outstanding payments and return Library items;
- iii. The Registrar's Office forwards the list of graduating students to the Library to verify and notify students about their outstanding Library items; and
- iv. The Research Office alerts the Library a month before the end of the term of a Postdoctorate researcher for checks to be conducted for outstanding Library items. The exact process applied by HR for staff with outstanding dues should be applied to Postdoctorate researchers.

November 11, 2021: Fourth Ordinary Meeting

The Deputy Registrar: Academic Administration presented the process to be followed by students who intended registering their outstanding modules with other universities for the purposes of graduating at MUT. He stated that the Office of the Registrar had noted with concern that there was no clear process to be followed by students who wanted to do outstanding modules at other universities for the purpose of coming back and graduating at MUT. He then highlighted the proposed process to be followed.

- i. The student must write a formal letter addressed to the HoD, requesting permission to do outstanding module/s with another university for the purposes of graduating at MUT after passing the module/s with that university;
- ii. The HoD should consider the request to do outstanding module/s with another university in line with MUT rule G18 (a) and (b);

- iii. After the approval of the request by the HoD, the Office of the Registrar will write a formal letter addressed to that university stating that the student is allowed to do outstanding module/s with that university;
- iv. After completing the module/s the student must bring the results or academic record from that university and apply for credit/s during the registration period;
- v. After the approval of the credit/s, the faculty officer will register and capture the credit/s; and
- vi. In case the student brings the credit/s after the registration period, that credit/s will be processed during the next registration period

July 14, 2021: Special Meeting

The special meeting was called to discuss the recommended appointment of the DVC: Resources & Planning. The Chairperson briefly reported on what transpired at the Senate meeting of 27 May 2021, where Senate could not resolve on this matter because of the issues raised. Senate insisted that more information was required and as a consequence of that, it withheld expressing itself on the matter. The matter was subsequently referred back until all the issues raised were addressed.

The Registrar reported that additional information was to be obtained from Senate as part of the consultation process in the recruitment of a substantive Deputy Vice-Chancellor: Resources and Planning of the University. He stated that the resolutions of the meeting of Senate held on 27 May 2021 served before the Selection Committee on Thursday, 17 June 2021 and the following were resolved:

- i. That the Senate reconvenes immediately to provide the Selection Committee with the list of additional documents or information required; and
- ii. That Senate indicate precisely what additional information was required over and above what was already provided, noting that some of the information was confidential; and how its confidentiality would be ensured.

Senate resolved to stand by its decision not to support the recommendation of the Selection Committee. Senate emphasised that it needed confirmation that in future all governance issues from Senate would be communicated accordingly to Council by the relevant office.

November 29, 2021: Second Special Meeting

Senate ratified the approval by Senex of the Guidelines for the 2021 Community Excellence Awards. It also approved the Community Engagement Excellence Award.

The Chairperson reported that Senate needed to consider and note a proposal by the Covid-19 Task Team (CTT) to the EMC regarding mandatory vaccination of staff and students in 2022. After deliberations on the matter, EMC had advised the CTT to obtain a legal opinion regarding mandatory vaccination at MUT. A legal opinion had been obtained from the Internal Legal Services Division. The legal advice suggested that:

- i. Senate should support the CTT position that vaccination for staff and students should remain voluntary until the additional work, as recommended in the legal opinion, has been completed;
- ii. Senate should request Management to first complete the additional work before a decision on mandatory vaccination is made; and
- iii. That there should be two separate policies, i.e. a Policy for Mandatory Vaccination and a Policy for other mandatory preventative measures.

The Acting Registrar reported that Senex was requested to consider and approve the 2022 Almanac together with the General Handbook. An Almanac that indicated the academic programme for the following year must be approved by Senate the previous year. However, at its meeting held on 11 November 2021, Senate delegated the finalisation of the Almanac to Senex after receiving concerns from the Director: Research regarding the Research Committees. Senex referred the approval of the Almanac back to Senate after the Registrar's Office effected changes as recommended by Senex. Senate approved the 2022 Almanac with one change that had merit, which was to re-open the University on 9 January 2022.

The Senior Director: HR&D requested Senate to nominate a representative/observer to serve on the selection committees for the recruitment of executives at P2 and P3 levels. He reported that Council had approved the recruitment of executives to key portfolios of the University. Selection committees had been approved and the recruitment process had commenced. As per the approved guidelines, representatives of the various structures of the University were invited as members of the selection committees in an observer capacity. Observers would be invited to participate in all the proceedings

of the selection committees. Senate recommended that there should be one observer per Selection Committee.

November 30, 2021: Emergency Meeting

The Senior Director: HR&D requested Senate to withdraw its original nominee and nominate another representative to serve on the selection committee for the recruitment of the DVC (RIE). The original nominee did not qualify to serve on any of these selection committees by virtue of previous conduct in a selection process and pending disciplinary action arising from such conduct. In the circumstances, Senate was required to withdraw this nomination and nominate another member in good standing.

Senate withdrew the original nomination and approved the election of Dr PR Gumede as the representative/observer for the DVC: Research and Innovation's position.

Summary

Senate held four ordinary meetings during 2021, in which it discussed and found solutions to important matters for the University. These included issues emanating from regulatory bodies, such as the DHET's addition of a new category for teaching and learning indicators. The new indicator in this case was capacity development. The CHE's third cycle of quality assurance in the form of institutional audits also featured strongly. The Senate deliberated on and approved strategic management issues such as the revision of the academic plan emanating from the delay of the academic year. Closely related to the disruptions caused by the pandemic were discussions around vaccination and the holding of virtual graduation ceremonies.

Other matters for discussion and resolution included general management issues, approval of documents such as charters, policies, and standard operating procedures for various tasks e.g. processes for correction of the academic structure, and a process for students to do a module with another institution for graduating at MUT.

Two special meetings that were held discussed the appointment of the DVC: Resources and Planning; community engagement excellence awards; possible mandatory vaccination for 2022; and election of a Senate representative/observer for selection committees for P2-P3 levels. The one emergency meeting held was to withdraw the nomination of a Senate representative for a selection committee and elect a new member.

11.5. RESEARCH

Table 12: Research productivity in 2021

Period	Admin	Engineering	Management Sciences	Natural Sciences	Total
Baseline: 2020	53.83	14.62	18.25	17.98	104.68
Q1 2021: Jan - Mar	2.950	2.820	5.750	2.710	14.230
Q2 2021: Apr - Jun	0.000	2.840	0.330	1.495	4.665
Q3 2021: Jul - Sep	1.250	6.080	4.500	3.850	15.680
Q4 2021: Oct - Dec	2.784	2.985	8.330	4.677	18.576
TOTAL: 2021	6.784	14.725	18.910	12.732	53.151

Enhancing research skills is an important objective in the MUT strategy. To this end, several capacity building workshops and seminars were hosted by the Faculties in 2021 as outlined in Table 13 below:

Table 13: Research capacity building workshops and seminars

Type	Name of workshop/seminar	Presenter/s	Date
	Transparency in Publishing	Prof Sam Lubbe	28 to 29 October 2021
	Matrix Analysis Workshop	Prof Sam Lubbe	25 November 2021
	The journey from PhD to Postdoctoral research Fellow	Dr MA Jordaan	20 September 2021
	Mentoring and coaching, project and time management, and work- life balance	Dr MA Jordaan	30 September 2021
	Crafting a research strategy for yourself, NRF rating and the way forward	Dr MA Jordaan	01 October 2021
	The Annual Research Indaba: Measuring research impact.	Ms Eloise Emdon (Carleton University, Canada)	6 and 7 September 2021

The National Research Foundation (NRF) rating system is a useful tool for benchmarking the quality of our researchers against the best in the world. The ratings are based on

a researcher's recent research outputs and impact as perceived by international peer reviewers. Table 14 below reflects the MUT researchers with NRF ratings in 2021.

Table 14: NRF-rated researchers at MUT

Name	Rating category	Period of Rating
Prof. TC Haupt	C1	2016-2021
Dr K Tumba	C2	2021-2026
Dr H Ndebele	C3	2020-2025
Dr R Subbaye	C3	2020-2025

Name	Rating category	Period of Rating
Prof. BF Bakare	Y2	2019-2024
Dr M Lasich	Y2	2019-2024
Dr BP Numbi	Y2	2019-2024

11.6. COMMUNITY ENGAGEMENT

In 2021, eight nominated submissions were made to the Community Engagement and Development (CEAD) Directorate for the community engagement awards. Out of the eight submissions, five projects qualified for the awards. Two of the nominees not selected did well, but the category that they selected did not qualify them to receive awards. The two were still celebrated through a token of R2,500 each. One submission was incomplete and was not considered.

Category 1 (one prize): Distinguished Community Engagement Awards to the value of R20,000. Category 2: Best Multidisciplinary Collaborations for Community Engagement Awards to the value of R30,000 (R15,000; R10,000; R5,000). Category 3: Best Collaboration for New Initiatives Awards to the value of R30,000 (R15,000; R10,000; R5,000).

11.7. STAFF AND STUDENTS' AWARDS AND ACHIEVEMENTS IN 2021

- Ms E Kotelana completed a PhD in Leadership and Complexity from DUT;
- Mr B Mhlongo completed a Masters Degree in Marketing from DUT;
- Mr EM Xaba completed a Masters Degree in Marketing (cum laude) from TUT;
- Prof BF Bakare was recently appointed as an Editorial Advisory Board Member of the Journal of Engineering, Design and Technology;
- Mr O Nkwonta and Mr AO Jaiyeola obtained their PhDs under the supervision of Prof TC Haupt (Research Professor);
- Ms M Akinlolu, a contract lecturer, completed her PhD in Construction Management under the supervision of Prof Haupt;
- Mr S Mtsweni, one of the first cohort of nGAP lecturers, completed his D.Eng in Chemical Engineering. Mr Mtsweni was able to complete his Masters and Doctoral studies within the time frame

given by DHET and he was the first nGAP lecturer to accomplish this feat

Summary of student governance activities and achievements:

- SRC Strategic Planning Workshop: Conducted in the Drakensberg, to align SRC activities and programmes to the strategic goals of the University;
- Allocation of SRC members to Student Governance Structures;
- Policy Development: Involvement of student leaders in policy development process by eliciting their inputs and comments;
- SRC Constitution: Student governance draft document was finalised and circulated to various statutory committees;
- SRC Covid and Vaccination Awareness Campaign: sensitizing students about the pandemic;
- SRC Participation in South African Union of Students (SAUS) and DHET activities;
- Elections and capacity development of Class Representatives and Faculty Committees;
- SRC Trust Fund Launched to assist qualifying students in financial distress;
- Partnership with Community Engagement to promotestudent leadership involvement in Student Volunteerism;
- Social Cohesion Workshops for student structures;
- SRC elections to enable students to exercise their democratic rights to elect their representatives to the University governance; and
- SRC inauguration, portfolio allocations, internal induction and handover process.

Student sports awards

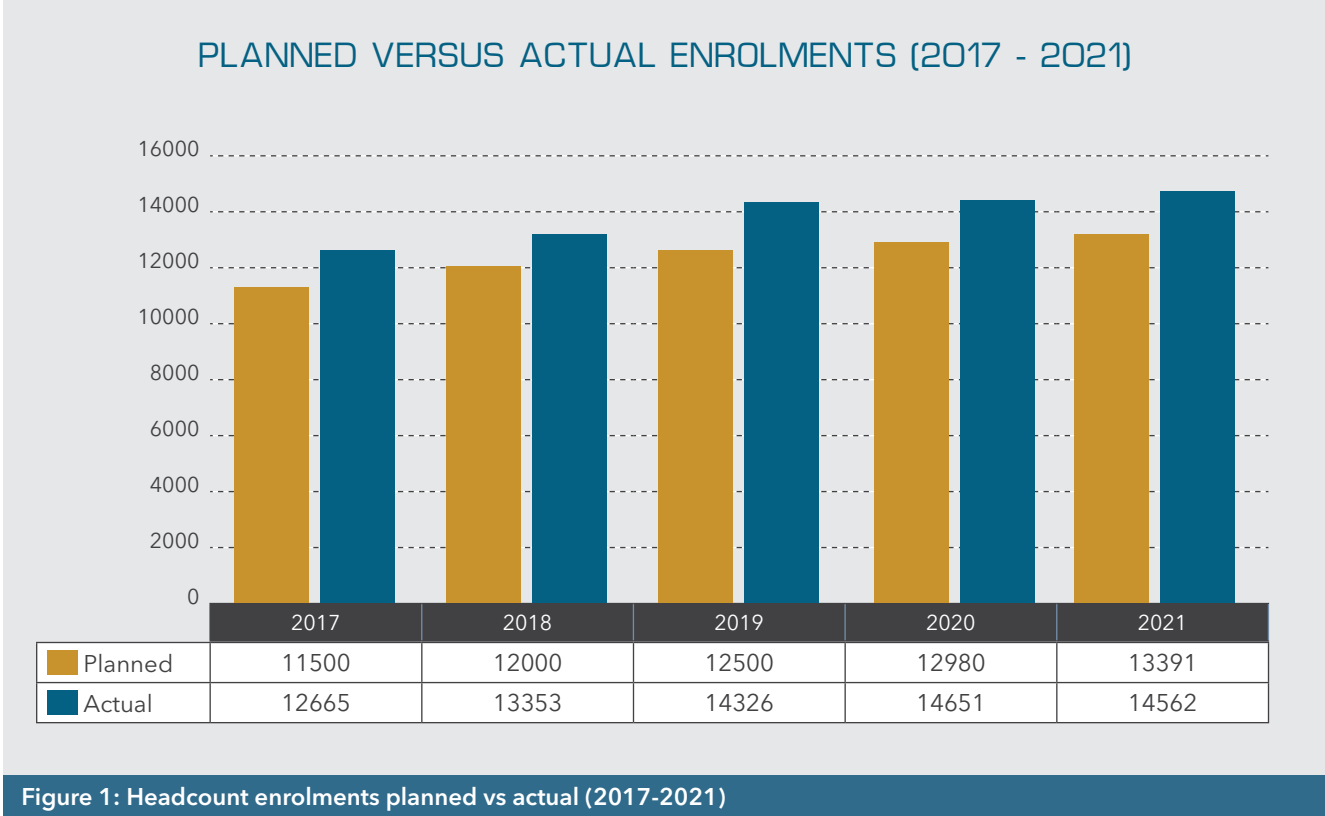
Due to Covid-19, sport was only partially allowed to resume towards the end of the year, only to be stopped

again in November and December due to increased numbers of Covid-19 cases. Only the cricket and football leagues resumed after July.

A basketball player was selected during USSA winter games in Gqeberha (Nelson Mandela University) to be part of team South Africa for the world student games. Unfortunately, he was dropped from the squad because he is Nigerian by birth and does not possess a South African Identity document.

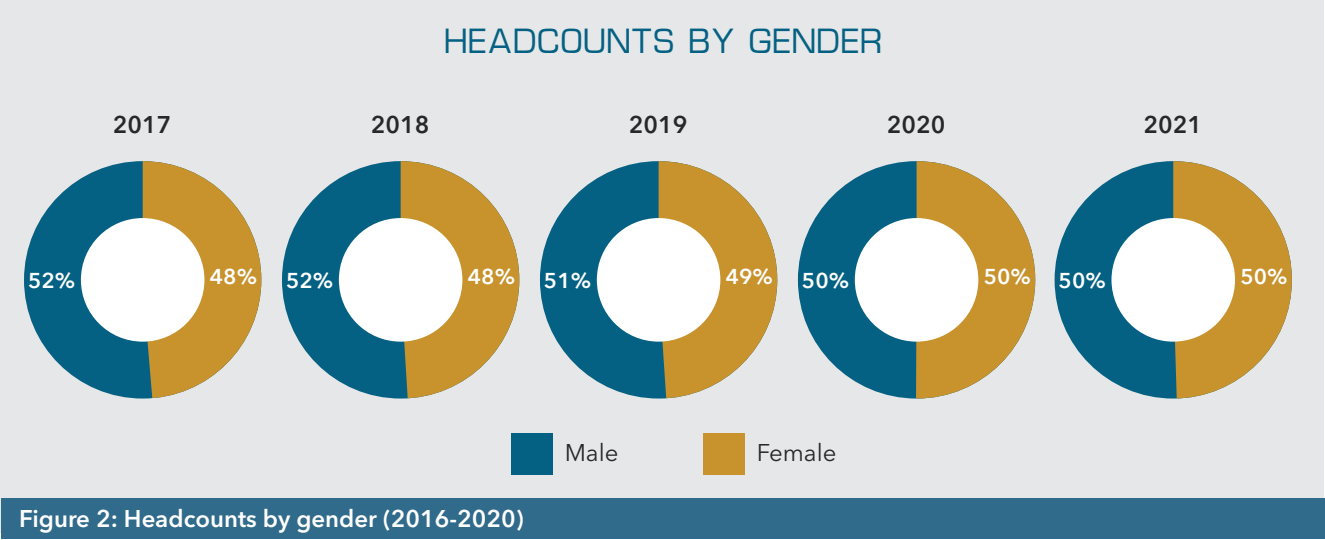
11.8. COMPOSITION AND SIZE OF THE STUDENT BODY

Figure 1 below reflects the five-year trend in planned versus actual headcount enrolments at MUT. The number of students increased by 1,897 between 2017 and 2021, representing an annual average growth of 4% in headcount enrolments over a five-year period.

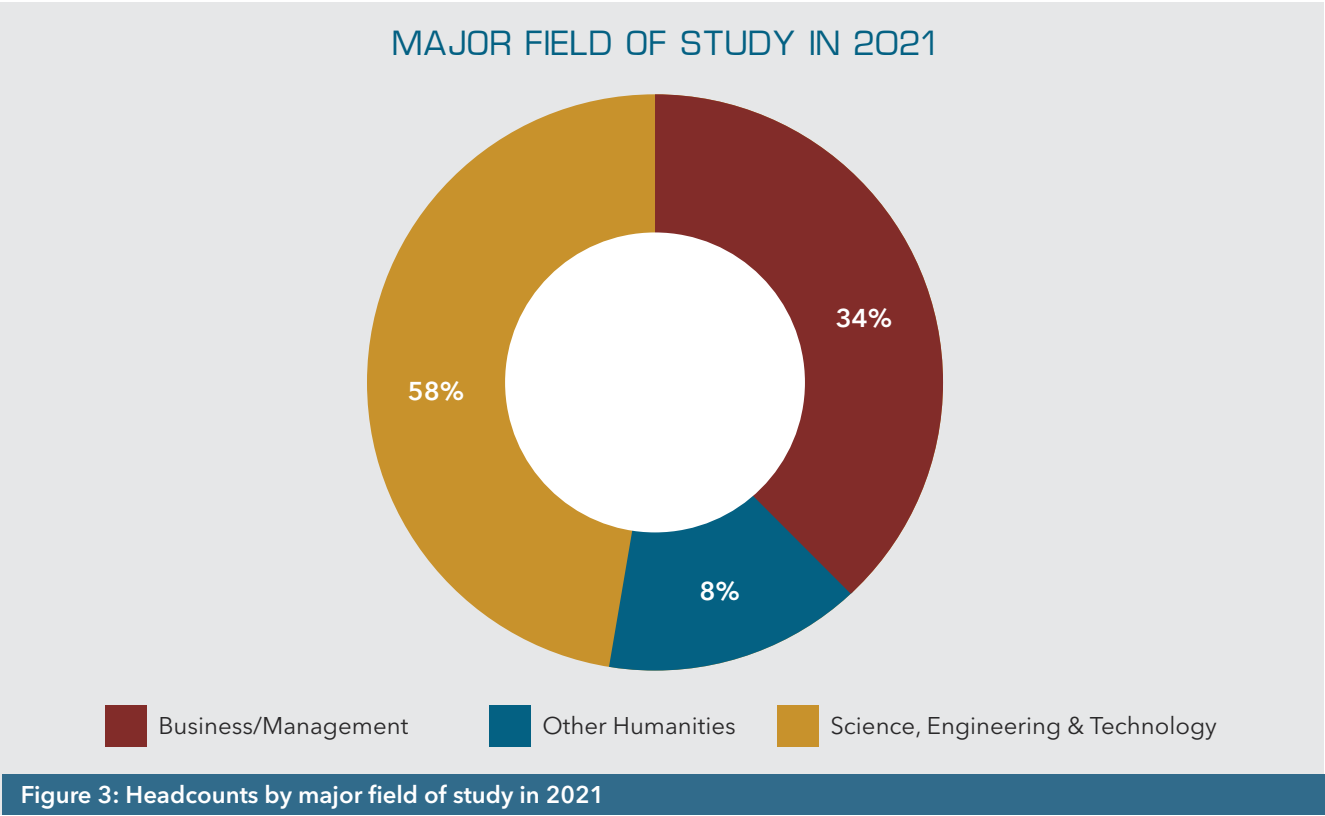


Most students enrolled at MUT in 2021 are African (99.66%). Indian (0.16%), Coloured (0.16%) and White (0.01%) students represent less than 1% of the student body. This demographic trend has remained consistent over the last five years.

Figure 2 below shows that in terms of gender, there was a 50-50 split between male and females. There has been a gradual increase in the proportion of female students over the last five years and in 2020 to 2021 MUT achieved gender parity.



In 2021, headcounts by major field of study showed that the proportion of enrolments in Science, Engineering and Technology (SET) was 58%, down slightly from 60% in 2019. There was an increase in the proportion of students in Other Humanities, from 6% in 2019 to 8% in 2021 (see Figure 3.)



Enrolments in Business/Management fields remained consistent and were slightly below target at 34% in 2021. The decline in SET enrolments may be attributed to the shrinking pool of learners who take Mathematics (as opposed to Maths Literacy) in matric. Passing Mathematics in matric is a minimum admission criterion for most SET courses.

The success rate reflects the proportion of subjects that

students pass (expressed as credit values), compared to the subjects for which they were enrolled. Figure 4 shows the planned versus actual success rates at the University for the period 2017 to 2021. The success rate has increased from 80% in 2017 to 84% in 2021. MUT's success rate for 2021 exceeded the planned target by 3% percentage points. This is significant, given the shift in teaching and learning methods to blended learning, due to the Covid-19 pandemic.

SUCCESS RATES

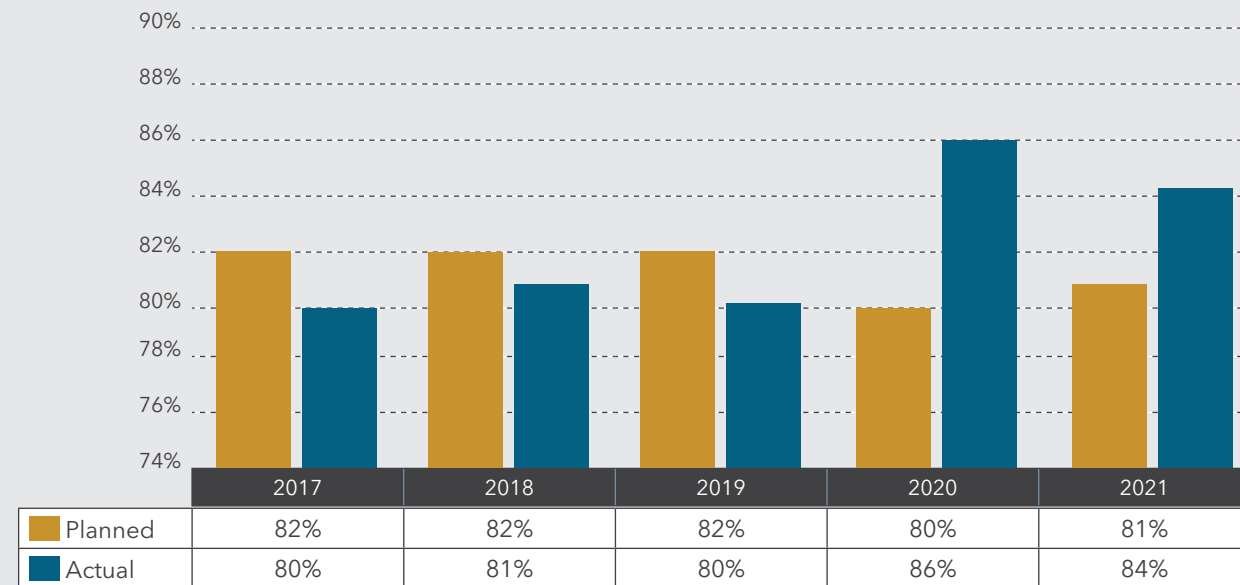


Figure 4: Success rates - planned vs actual (2017-2021)

The graduation rate (number of students who graduated divided by the total number of students enrolled in that year) stood at 20% in 2021 (Figure 5). While this is below the target of 23%, it does represent a stable output from 2018 to 2021.

GRADUATION RATES

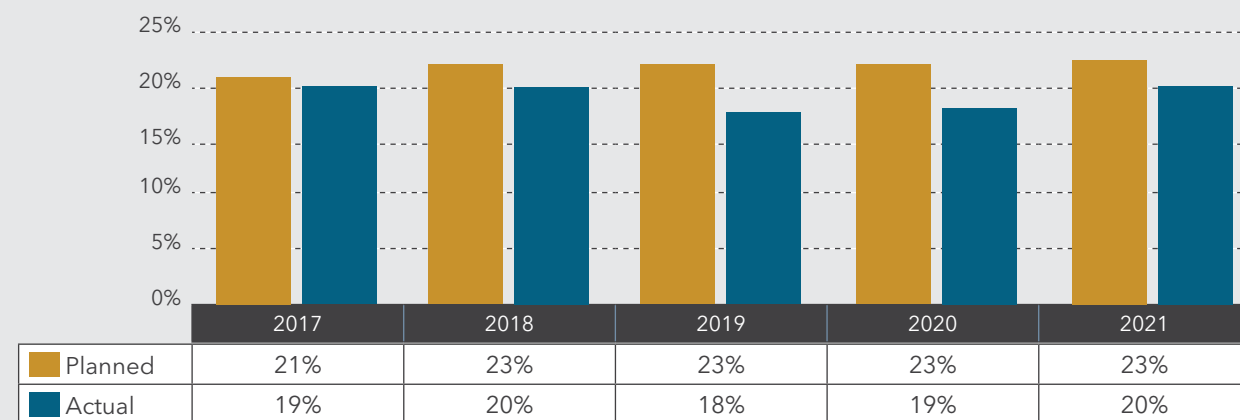


Figure 5: Graduation rates: planned vs actual (2017-2021)

The throughput rate aims to provide an indication of a University's academic efficiency. It is defined as the number of new undergraduate students, analysed as a specific cohort tracked for a particular period, who have graduated either within the minimum time or more than the minimum time.

Figure 6 below provides a descriptive analysis of first year entry enrolments (n=3971) in 2017 and shows that 26% of students in the 3-year National Diploma and Diploma programmes graduated in the minimum time (in 2019). A further 13% graduated in the minimum time +1 year (in 2020) and 8% completed in the minimum time +2 years (in 2021). Overall, 53% of students who enrolled in 2017 graduated within 6 years of registration (min+3).

2017 COHORT (FIRST TIME ENTRY ENROLLED = 3971)

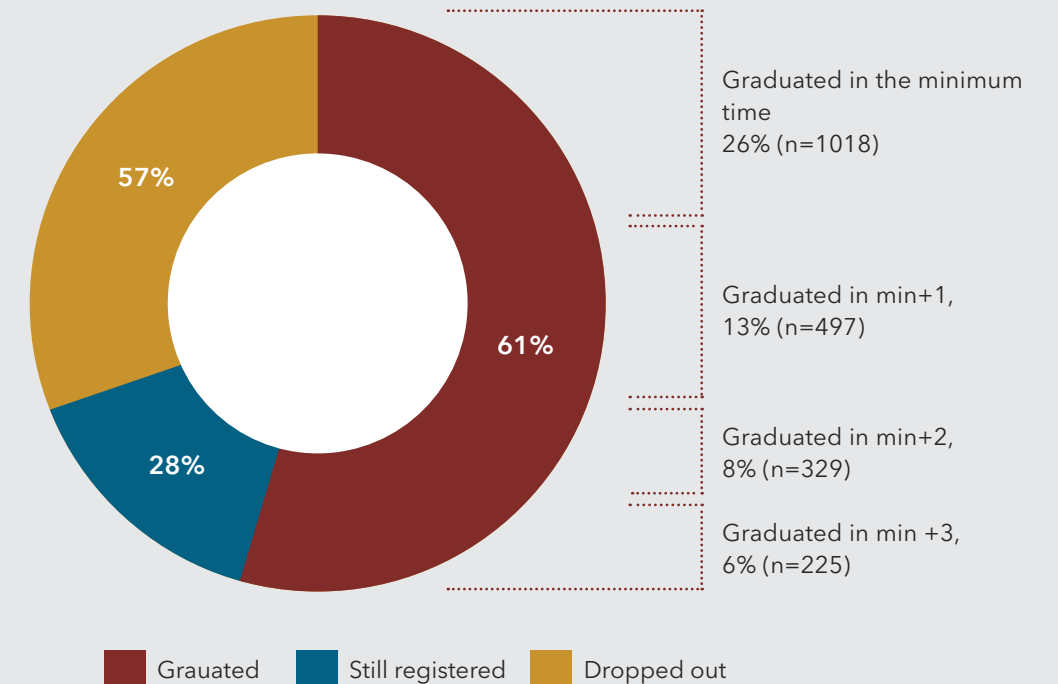


Figure 6: A cohort analysis (2017) of 3-year National Diploma & Diploma programmes

Dropout rates complement our understanding of student throughput rates. For the 2017 cohort enrolled in National Diplomas and Diplomas, 30% of the new entrants had dropped out by 2021. A further 18% of the students who registered for the first time in 2017 were still registered at the university in 2021.

The National Student Financial Aid Scheme (NSFAS) is the major source of student funding at MUT. Figure 7 below shows the five-year trend in the proportion of students who are funded by NSFAS. In 2021 the NSFAS grant was allocated to 10,797 students, representing 74% of MUT's student population of 14,562. There has been a significant increase in the proportion of our NSFAS-funded students since 2017.

ACCESS TO NSFAS

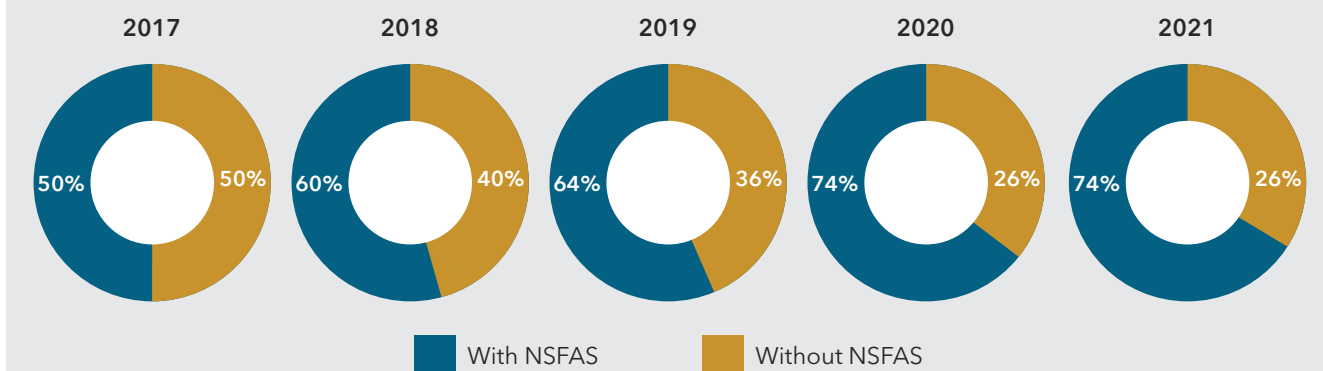


Figure 7: Headcounts by gender (2017-2021)

Although NSFAS funding allocations have increased year on year, the increase in student fees and limited funding from the private sector make the task of equitable distribution of funds among students very difficult. MUT draws a large number of students from historically disadvantaged communities where many parents are either unemployed or dependent on government social grants. Additional financial aid from the private sector is insufficient to meet current needs.



Prof MM Ramogale
Acting Vice-Chancellor & Principal
30 August 2022

12

REPORT OF THE INSTITUTIONAL FORUM TO COUNCIL



Lwazi Mthimkhulu
Chairperson of the Institutional Forum
MUT

- The implementation of the Higher Education Act and the national policy on higher education.
- Transformation, which includes race and gender equity policies.
- The selection of candidates for senior management positions.
- Codes of conduct, mediation and dispute resolution procedures.
- The fostering of an institutional culture which promotes tolerance and respect for fundamental human rights, and creates an appropriate environment for teaching, research, learning and community outreach.
- The language policy of the University.

The IF performs such other functions as may be determined by the Council. Subject to the provisions of the Higher Education Act and the MUT Statute, the Institutional Forum consists of representatives from Management, Council, Senate, academic employees, employees other than academic employees, students, and any other category determined by the institutional statute.

The MUT Statute outlines the role of the Institutional Forum (IF) as an advisory body to Council on issues affecting the University, including but not limited to, the following:

The Institutional Forum held four ordinary meetings in 2021, as well as one special meeting and one emergency meeting. The composition of the IF and attendance of the meetings is reflected in Table 15 below.

Table 15: IF composition and attendance

2021 Institutional Forum Attendance							
Name	19 Feb (Ordinary Meeting)	04 Jun (Ordinary Meeting)	17 Jun (Special Meeting)	20 Aug (Ordinary Meeting)	10 Sep (Emergency Meeting)	29 Oct (Ordinary Meeting)	%
Mr L Mthimkhulu (Chairperson)	P	P	P	P	P	P	100%
Mr T Hadebe	P	P	P	P	P	P	100%
Mr S Mbonambi	P	P	P	P	P	P	100%
Mr S Mthethwa	P	P	P	P	P	P	100%
Mr M Msimang		P	AP	P	AP	P	60%
Dr JM Makua	P	AP	P	P	P	P	83%
Mr LP Nzama	P	P	P	P	P	AP	83%

2021 Institutional Forum Attendance							
Name	19 Feb (Ordinary Meeting)	04 Jun (Ordinary Meeting)	17 Jun (Special Meeting)	20 Aug (Ordinary Meeting)	10 Sep (Emergency Meeting)	29 Oct (Ordinary Meeting)	%
Mrs J Baah	P	A	P	P	P	P	83%
Mr N Fuyane	P	P	P	P	P	P	100%
Prof AM Msomi	P	P	AP	A	P	AP	50%
Ms LT Kweyama	P	P	P	P	P	AP	83%
Dr TT Poswa		P	AP	P	P	P	80%
Mr T Zwane	P	P	P	P	P	P	100%
Ms M Ntshingila	P	A	A	A	A	A	17%
Mr M Gumede	P	P	P	A	A	A	50%
Ms TE Kotelana	AP						0%
Dr BYC Mvuyana	AP	P	AP	P	P	P	67%
Mr M Mondli	A						0%
Mr AZM Kubone	A	P	P	P	P	P	83%

Key: P=present; AP=Apologies; A=Absent and  = Term of office ended / Resigned / Not a member

During 2021, the IF reviewed proposals and advised Council on the following matters:

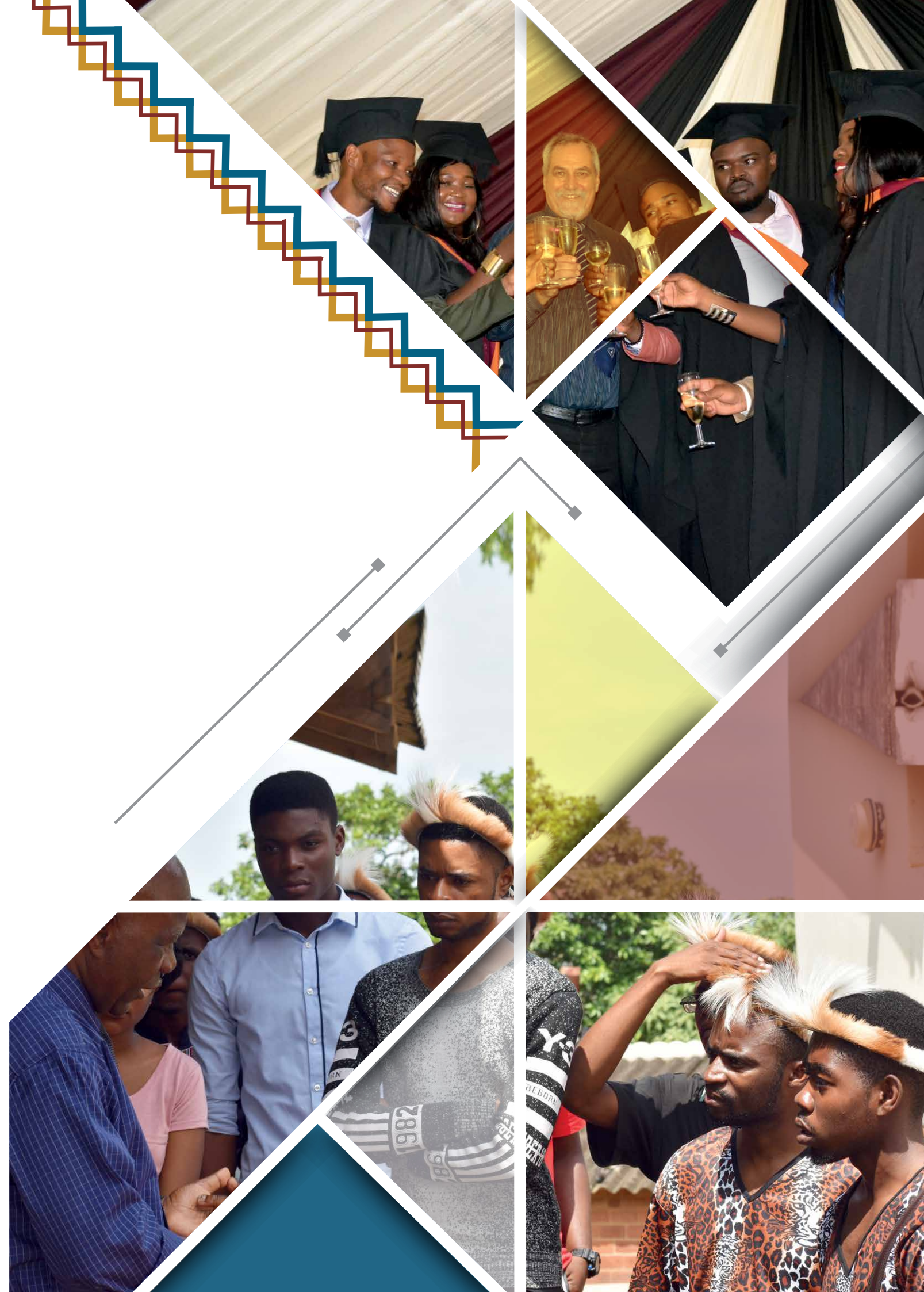
- Recommended the Code of Ethics and Conduct to Council for approval.
- Recommended the revised MUT Statute to Council for approval.
- Supported a candidate for appointment as Senior Director: Human Resources and Development.
- Supported a report on an amended guideline document for the appointment of executives c:tl Grw. les 2-3.
- Supported the Employment Equity Plan for approval by Council.
- Established an IF Task Team to develop a concept document on transformation, leading to the development of a Transformation Plan for the University.



Mr L Mthimkulu
Chairperson of the Institutional Forum
31 September 2022

Furthermore, in 2021 the IF:

- Was informed that roteotion Services had increased monitoring and patrols of the residences. The IF suggested that security in the residences should be standardised, so that students can feel and stay safe.
- Received a report that MUT's Employment Equity plan had expired. The University was not adequately addressing employment opportunities for people living with disabilities.
- Expressed concern at the performance of Human Resource and Development and urged management to enhance the department's operations.
- Requested a report on how former MUT students have been empowered through the BBBEE.
- Was informed that MUT does not have a proper succession plan.



REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION



Professor Marcus Ramogale
Acting Vice-Chancellor and Principal
MUT

The year under review commenced in the same manner as 2020 concluded, with MUT navigating the management of its core business under Covid-19 regulations outlined in the Disaster Management Act. The year saw the emergence of the Omicron sub-variant and subsequent peaks in the infection rates. Despite fluctuations in lockdown levels during the year, the University remained compliant and due consideration of the law was taken in managing operations.

The University continued to apply its special dispensation resolution of adopting a platoon system within the academic space, to limit the number of students on campus. Training in the delivery of E-Learning, or online tuition, continued and Academic staff became more accustomed to online teaching.

Despite the challenges experienced because of the pandemic, the mass looting in KwaZulu-Natal in July 2021, and the floods that ravaged the province, the University managed to successfully achieve targets stated in its Annual Performance Plan.

Substantial progress has been made in the recruitment of Executive Management staff. The process to recruit the Vice-Chancellor and Principal has commenced with the drafting of the Guidelines for Appointment of a VC, which has served at the various structures of the institution for consultation. The final document was planned to serve at the first Council meeting in March 2022.

The organisational structure in the Supply Chain Management (SCM) unit does not yet support an efficient and effective SCM function. Although two positions have been approved and filled in 2021, there is still a need for additional skills and experience in SCM to ensure the optimal functioning of the unit. Therefore, the approval of the SCM structure is crucial. Other positions within the Finance Directorate will be included in the proposed new structure. These will form part of a submission to Council which will also incorporate various positions recommended within other areas of operation. Once approval is received by Council in 2022, it is envisaged that many capacity constraints currently impeding optimal functionality within critical areas will be addressed.

The Directorate of Institutional Planning and Research (DIPR) facilitated the preparation of the University's Annual Performance Plan (APP) for 2022. The APP was approved by Council at its meeting of 01-02 December 2021 and submitted to the Department of Higher Education and Training (DHET).

The University made a submission of project plans under the Sibusiso Bengu Development Programme (previously the HDI Development Grant) for the period 2022 to 2025. The project proposals, also submitted to Council in December 2021, amounted to a total of R322,8-million over a four-year period (2022-2025).

DIPR initiated a review of MUT's Student Enrolment Plan for the years 2023-2025, in response to a request from the DHET for a Mid-Term Review. The Enrolment Plan is the basis for the subsidy that Universities will receive two years after the planned enrolment years. The revised targets are more in line with the recent growth of MUT enrolments and

will contribute to a higher DHET block grant subsidy from 2025.

Student services and student extra-curricular activities were constrained by restrictions enforced by the lockdown regulations. These regulations also negatively impacted community engagement activities that ordinarily form part of the University's academic calendar.

The major initiative entrusted to the Office of the Vice-Chancellor and Principal of the University, and which formed part of the Performance Agreement between the Vice-Chancellor and Council, was the development of the University Turnaround Strategy. To this end, a workshop was held in 2021 whereby Executive and Divisional Heads presented various plans aimed at promoting financial sustainability and, more broadly, culture change and other transformative initiatives to take the University forward.

The resolution taken at that workshop was that the University engage the services of Turnaround Consultants and an in-house Project Manager in 2022 to develop a turnaround plan and to oversee the project.

During 2021, the University was managed largely by an Acting Executive Management team as the substantive Vice-Chancellor and two other colleagues from Senior Management remained suspended for the duration of the year.

Prof MM Ramogale

Acting Vice-Chancellor & Principal
30 August 2022





Zimasa Gwarube
Acting Director: Risk and Compliance

In 2021, MUT continued to maintain a system of internal control over financial reporting and the safeguarding of assets against the unauthorised acquisition, use or disposal of such assets.

Such systems are designed to provide reasonable assurance to MUT and the Council regarding an operational environment that promotes the safeguarding of MUT's assets and the preparation and communication of reliable financial and other information.

The University relies on enterprise resource planning (ERP) software to manage its information resources, namely staff, student, space and financial data. Information management systems have been developed and implemented according to defined and documented standards (for example HEMIS

protocols). In addition, accepted standards are applied to protect privacy and to ensure control over all data, including disaster recovery and backup procedures. Password controls are strictly maintained, with users required to change passwords regularly. There are monthly reviews to ensure that there are no clashes in user access rights and that the basic internal control concept of division of duties is maintained.

Internal Auditors assess the operation of internal control systems and report findings and recommendations to executive management and ARCC. Corrective actions were taken to address control deficiencies and other opportunities for improving systems are adopted when identified.

Internal audits were performed on various divisions throughout the University according to a three-year rolling audit plan. On a quarterly basis, ARCC provided oversight on the implementation of the IA operational plan. Internal audit reports with management comments were presented to ARCC. The audit log was also maintained to assess progress on the implementation of management action plans in terms of addressing both internal and external audit findings raised previously. Status reports on the resolution of audit findings in the audit log were presented to ARCC on a quarterly basis.

While MUT does not have an Internal control manual, the University is guided by several finance policies and standard operating procedures. The University is also developing further finance policies and standard operating procedures in identified areas of need.

With regard to annual financial reporting, the University prepares its annual financial statements internally using specialized software. The financial statements are prepared by the Budget & Reporting Accountant, with the assistance of the Director: Finance and under the supervision of the CFO. The draft annual financial statements are subject to an independent review by the Internal Audit, Risk & Compliance directorate, and submitted to a joint sitting of the Finance & Investment Committee (FIC) and ARCC for approval.

Ms Z Gwarube
Acting Director: Internal Audit, Risk & Compliance Committee
30 August 2022

Mrs NS Mlaba
Chairperson of the Audit, Risk & Compliance Committee
30 August 2022

As part of its Strategic Plan 2020-2025, MUT has committed to becoming "a transforming, equitable, sustainable and academically excellent University of Technology anchored in its communities". This is a commitment to transform the culture of the institution in alignment with its core values and leadership capability expectations to produce graduates that make a positive contribution to our society. For this to come to fruition, MUT will have to transform the attitude and behaviour of its staff, who are the transforming agents, and the students themselves. The institution's values are Accountability, Integrity, Respect and Excellence, which provide a valuable road map in terms of the kind of behaviour that the institution wants to foster.

Inspired by the stance taken by MUT's Senate in 2018 by condemning gender-based violence (GBV) and xenophobia, the University committed itself to focusing on transforming the culture by running a number of campaigns to raise awareness of these issues.

With the launch of MUT's radio station on June 16, 2021, the Vice-Chancellor made it clear that the issues would be a central focus of MUT Radio. A series of guest programmes focused on these key themes. In addition, there were targeted campaigns drawn from a booklet: No excuse to abuse. The campaigns focused on these themes:

- Understanding GBV
- Raising men
- Why men abuse
- Overcoming GBV

The campaigns, for both staff and students, were publicised on social media platforms and MUT publications and highlighted on MUT Radio. The online interactions provided opportunities to engage with students and some student comments were escalated to relevant departments.

The University is constantly aware of xenophobic issues around the country. Several campaigns against xenophobia were undertaken, bearing in mind the interests of MUT's international students, its international staff members, and the surrounding communities.

The Office of the Vice-Chancellor spearheaded campaigns on the core values of the University. These campaigns aim to add value towards transforming the culture of the University. The values campaigns focus on the four main MUT values: Accountability. Integrity. Respect. Excellence.

The campaigns were aligned to specific United Nations Days and South African holidays to emphasize the significance of the values. For instance, with Human Rights' Day, the campaigns were designed to be a part of a nation- building and social cohesion agenda by focusing on building a rainbow nation and at the same time acknowledging the LGBTQ Rainbow Day. There was also a special focus on how sport could be used to strengthen values and to unify both staff and students.

As part of MUT Strategy 2025, the University identified foundational themes of leadership as themes that should transform MUT. These themes are:

- **Transformative leadership:** Critical thinking, analytical and reflective evaluation, and the ability to effect positive change.

MUT continued to sustain its flagship conference, Focus Conference, which took place in November, themed, 'The future of education. Where to from here?' This conference drew delegates from across the country and the world and cemented MUT's transformation agenda by tackling topical issues such as the abrupt and unprecedented transition into full online learning because of Covid-19 and tackling issues of how universities should be prioritising entrepreneurship among graduates.

The University also continued to implement its Anchor Strategy, which focuses on revitalising its location. Some projects undertaken as part of the Anchor Strategy focused on the preservation of local history and art. The University has made headway in the documentation of local history. The following links provide access to the home page of the local history projects and to podcasts of interviews on local history:

<https://www.mut.ac.za/umlazi-history/>
<https://www.mut.ac.za/umlazi-history-podcasts/>

In addition, the University has been working with local artists to help them curate Umlazi local art.

- **Promoting diversity:** Understanding and valuing differences among us; enhancing our view of the world, how we express ourselves, relate to one another, and our intellectual and moral obligations.

The promotion of diversity was implemented through the LGTBQ Rainbow campaign which included a fun walk within Umlazi Township.

With regard to diversifying the student body, the University relied on embassies for assistance with marketing the University given that there were still some Covid- 19 restrictions.

- **Globalisation:** Technological, communicative, social, and cultural knowledge and skills to lead and succeed in the intensively connected global world.

Senate recommended the MUT's Internationalisation Strategy 2025 for approval by Council. The Internationalisation Strategy provides a platform for MUT to become more global so that the University can meet its Goal 4: Targeted national and international engagements.

In spite of being under Covid-19, the University held its International Week (I- Week) from 22 to 25 November 2021 by hybrid mode of delivery. It was attended by sister universities, multilateral funding agencies (DAAD, GIZ, USAID,Humboldt) and international associations such as the National Association of African American Studies and the Climate Change Centre. The participants also included international universities from as far afield as Canada, UK, USA, to mention a few. The outcome of this week was the elevation of MUT's profile globally, while laying a foundation for MUT's internationalisation agenda.

MUT acknowledges the importance of ensuring fair and equitable treatment of all applicants for employment and all existing University employees by removing discriminatory barriers and introducing positive affirmative action policies and practices. The University has committed itself to promoting employment equity and affirmative action.

The EMC has indicated that transformation is not seen as an issue, act or event. Transformation is construed as a process of change at MUT. In this regard, EMC has seen to it that transformation is reflected in many key governance instruments. For instance:

- An interim Employment Equity Plan was approved in 2021 as the previous plan had expired.
- Targets for staff demographic profiles (to address injustices of apartheid policy) are encapsulated in our employment equity plan and monitored by HR&D.
- Targets for student demographics are captured in our enrolment plan and monitored by the Academic Planning Committee (APC) and academic administration.

- Targets to create an enabling culture are explicated in Goal 5 of our Strategy 2025 and monitored by the Office of the VC.
- Awareness programmes to address issues of gender-based violence and diversity are conducted by various departments such as Marketing and Communications and Student Affairs.
- There has been a recognition that more needs to be done to recruit and retain people living with disabilities.

15.1. EMPLOYMENT EQUITY

MUT recognises that having a diverse workforce and an inclusive work environment makes good business sense. In South Africa there is also the moral, ethical and legislative imperative of addressing the legacy of apartheid, guided by the Employment Equity Act. The aim of the Employment Equity Act, 1998 (Act No. 55 of 1998) (EEA) is to facilitate transformation in the workplace. Transformation and change management should interlink with employment equity within all organisational structures to bring about a diverse and equal representative workplace. Organisational transformation and change are however challenging to implement due to fears and resistance.

The University Council has approved the interim Employment Equity Plan for twenty months as the previous plan expired. The reason for the interim employment equity plan is that there are still consultations throughout the sector and the promulgation of the Employment Equity Amendment bill is still awaited. This will determine sectoral targets applicable to the University sector. The University is committed to eliminating unfair discrimination in all human resources policies and practices within MUT and designing and implementing affirmative action measures to achieve equitable representation of designated groups in all occupational categories and levels. All this is done through the implementation of the EE Plan.

The University is also striving to ensure that unfair discrimination is prohibited, through the analysis of employment policies and practices. Through our employment equity efforts, we promote equity of opportunity and seek to create a workforce that is representative of the South African population.

The Covid-19 pandemic affected the University in meeting some of its EE targets due to low recruitment levels. We continue to take advantage of the full human capital value chain to support our employment equity efforts. This includes attraction, appointment, development, advancement and retention. Table 16 below summarises the University's employment equity targets.

Table 16: University Employment Equity targets

Population Group	Gender	EAP 2020	Filled Posts	EE Target	Employees Required
African	Female	45,70%	278	331,34	-53,34
	Male	40,40%	306	292,88	13,12
Coloured	Female	0,70%	3	5,09	-2,09
	Male	0,80%	3	5,81	-2,81
Indian	Female	5,20%	35	37,69	-2,69
	Male	3,20%	21	23,19	-2,19
White	Female	2,40%	6	17,38	-11,38
	Male	1,60%	8	11,62	-3,62
			660	725	-65

EAP: Economically Active Population. The 2020 EAP figures from the Labour Force Survey were the latest available in 2021.

All the figures in the negative represent a deficit in terms of employees required. The University has committed itself through the EE Plan to ensuring that its targets are clearly indicated on advertisements for posts so as to recruit or attract the relevant race and gender, particularly other races as MUT is dominated by African Males and Females. The University is hoping to attract other races through the new initiatives from the plan. There is still a shortage of women in higher-level positions and people living with disability. The University continues to work towards achieving employment equity targets and to ensure that the designated groups are given first employment opportunities. However, there has been slow progress in terms of achieving the provincial and national targets. This is not a challenge unique to MUT but is evident elsewhere as indicated in the new EE Bill and associated regulations.

One of the difficulties in recruitment and selection of people from targeted groups has been in the area of scarce skills, especially Engineering. It is difficult to attract staff as we are competing with very high remuneration packages offered in industry. Deviations to hiring staff in the targeted groups in this area were expected and necessary, to ensure continuity of teaching at the University. In addition, there is slow progress towards meeting gender equity targets at senior management levels (Grades 1-3). Females are under-represented in executive management (which has two vacant DVC positions) and in other senior management roles. Attention also needs to be paid to the recruitment,

selection and retention of people living with disabilities.

15.2. STAFF DEVELOPMENT AND CAPACITY BUILDING

Employees are a key determinant of an organization's success and maintaining a well- trained, well-qualified workforce is a critical function of both employees and managers. Skills development supports transformation, the University goals, and professional and personal advancement. Employee training and development is a continued effort of the University to boost the performance of its employees. Staff development presents an opportunity to instil the needed skills for the employees and in doing so the University is able to bridge any gaps and weak links. Employees who receive training from time to time are in a better position to improve their work productivity.

Investing in the professional development of staff is important to maintaining and enhancing the knowledge and skills needed to deliver high levels of service to our stakeholders. Moreover, continuous professional development is among the key strategic objectives (2020-2025) to create an organisational culture that optimises productivity at MUT. In support of the strategic objective, training was provided during 2021 in Emotional Intelligence and Managing for Impact as part of a Management Development Programme.

Prof MM Ramogale
Acting Vice-Chancellor & Principal
30 August 2022

Ms Sanelisiwe Mnyandu
Chairperson of Council
30 August 2022



PART C

ANNUAL FINANCIAL REVIEW

16

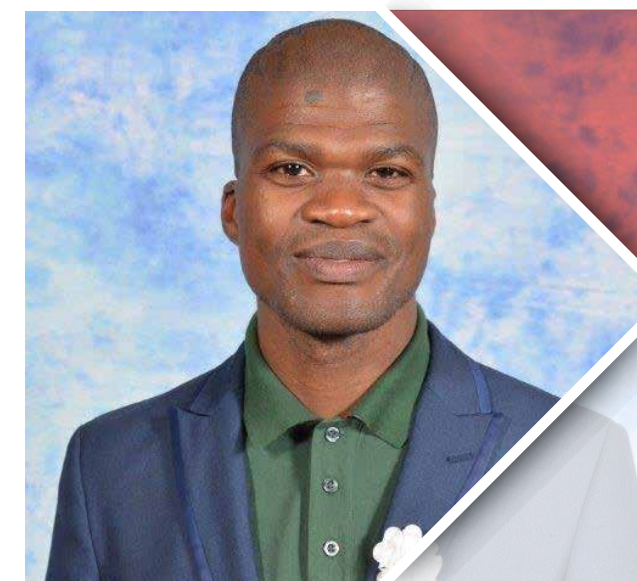
REPORT OF THE CFO AND THE FINANCE AND INVESTMENT COMMITTEE



Rodney Delomoney
Chief Financial Officer
MUT

The Finance and Investment Committee (FIC) met as scheduled during the year to consider various financial and investment issues. The FIC focuses on issues affecting the financial well-being of the institution, including financial sustainability, finance policies, processes and systems.

It is encouraging to report that three new Finance Policies were approved during the 2021 financial year whilst the revised Supply Chain Management Policy was also approved. The Finance department has drafted the three remaining policies as per the policy schedule and has revised two existing policies. These policies are at various stages of the policy approval process and are expected to be approved later in 2022.



Sandile Dlamini
Chairperson: Finance & Investment Committee
MUT

The onset of the Covid-19 pandemic in 2019 resulted in the President announcing a National State of Disaster followed by the lockdown restrictions brought into effect at the end of March 2020. These lockdown restrictions continued into the 2021 academic year and the lockdown levels remained in a state of flux during the 2021 year. This resulted in the 2020 academic year extending into the 2021 financial year and the 2021 academic year also extending to the first quarter of the 2022 academic year. The consequence of this, from a revenue recognition perspective, was that a portion of revenue relating to the 2020 academic year had to be recognised in the 2021 financial year and a portion of 2021 revenue had to be deferred to be recognised in the 2022 financial year.

The Covid-19 pandemic had dire consequences for the Higher Education sector. The University had to navigate through the lockdowns, dealing with multiple challenges as a result of the pandemic. The key financial challenges experienced as a result of Covid-19 continued into the 2021 financial year and included the following:

1. Continued negotiations with landlords in order to reach amicable solutions that would not prejudice MUT, but also not disadvantage the landlords. The matter was also dealt with at national level, culminating in the DHET gazetting a regulation for the payment of student accommodation for the 2020 and 2021 years.

2. The negative impact on the economy of South Africa resulting in numerous businesses either closing down or down-sizing, with significant job losses in all sectors.
3. A significant reduction in cash collections as a result of the economic downturn, which negatively impacted cash flow and required very prudent and circumspect cash flow management.
4. The introduction of a multi-modular mode of teaching, necessitating the reduction of the Block Grant subsidy and re-prioritisation of certain earmarked grants in order to make funds available for continued teaching and learning.
5. The extension of the 2020 and 2021 academic years meant that certain accounting adjustments had to be made in respect of revenue recognition.
6. The additional financial reporting requirements introduced by the DHET as a result of the Covid Responsiveness Grants given to universities.

Although the government commenced with the roll-out of the Covid-19 vaccine in 2021, the negative impact on the physical and mental health of staff within the Finance Department continued, with many members of staff contracting the virus and staff having to deal with the death of family and friends as a result of Covid-19 related complications.

We continue to navigate through these difficult times, addressing challenges and capacitating Finance staff in all aspects with a view to achieving improved efficiency, effectiveness and compliance .

Various measures have been put in place to improve and ensure the financial sustainability of the institution. However, there is a significant amount of work to do in ensuring it becomes fully financially sustainable. In this regard, MUT commenced with the development of a Turnaround Strategy in late 2021. This significant project was well received and a team of specialists has recently been appointed to prepare a detailed Turnaround Strategy which will be implemented in phases. Development of the strategy is expected to be completed by the end of 2022.

The Finance team is working towards the improvement of existing policies, processes, procedures and IT systems with the goal of improving overall efficiency, effectiveness and compliance.

The areas of Supply Chain Management (SCM) and Students Debtors continue to be addressed and progress has been made. We are pleased to report that Council in late 2021 approved two key position in the Supply Chain unit,

namely the Deputy Director: Bids & Acquisitions and Senior Procurement Officer: Contracts & Vendors. We believe that these appointments will assist in improving the related Supply Chain Management functions. Nonetheless, the full capacitation of the Supply Chain Management Unit under the recently approved University structure remains critical.

Privately funded student debt remains a major challenge for the University. This has been exacerbated by the advent of the Covid-19 pandemic and its devastating impact on the economy. MUT has handed over the collection of student debt to a panel of service providers. There is a significant volume of accounts handed over with the total handover value of approximately R400-million at year end. These service providers have made slow but steady progress in the collection of such debt. The average collection rate is 6%. We engage with the debt collectors on a monthly basis to review their progress in respect of collections. MUT's in-house capacity for debt management is very limited, but the revised proposed structure of the unit has made provision to partially address this issue.

The challenges of student fees and debt are not unique to MUT and pose a sector-wide problem. Historically, MUT has been lenient in allowing students with outstanding balances from previous periods to register in the new academic period without settling prior debt or making a significant payment towards reducing the balance. There is a culture of non-payment amongst students.

However, it is not feasible to prevent students from registering even when they owe fees to the University. The sector (including MUT) has experienced dire consequences of financial exclusion. We continue to work with the SRC to address the issue of student debt and concessions, which are an inevitable consequence of the socio-economic factors affecting students.

The provision for doubtful debt is significant and represents 60% (2020: 46%) of the gross student receivables.

Another significant matter that is being attended to by the University is the regularisation of a non-profit entity controlled by MUT. The company, First Ready Development 143 NPC, was registered in 1998 with the objective of acquiring property to be used as student accommodation for MUT students. The property, referred to as the "Executive Hotel" was acquired in 1999 and since then has been used as a student residence for MUT students.

However, the administration of this company was not attended to, which resulted in company secretarial records and financial records not being properly maintained and the company was deregistered by the Companies & Intellectual Properties Commission (CIPC). MUT has embarked on a process to reinstate the company with the CIPC and to

regularise the relevant compliance and regulatory aspects related to the company. The intention is to then transfer the property to MUT. Further details of this are provided in note 33 to the consolidated Annual Financial Statements.

MUT recorded a surplus during the current year. The surplus before "Other comprehensive income" is R194-million (2020: R19-million).

The increase in total income was 26% (2020: 7%) and the increase in total expenses was 10% (2020:13%). The increase in income was mainly due to an increase of 26% (2020: 7%) in student accommodation income. Government grants increased by 7% (2020: 12%), whilst tuition income increased by 43% (2020: declined by 10%).

The number of Full Time Equivalent (FTE) students decreased by 194 or 1,9% from 10,383 in 2020 to 10,189 in 2021.

The number of students in residences decreased from 10,893 in 2020 to 10,739 in 2021, a decrease of 154 students or 1,4%.

16.1. BUDGETING PROCESS

The budget supports the implementation of plans aimed at achieving the objectives of MUT's Annual Performance Plan. The budget for 2021 was a balanced budget in line with historical trends. A Budget Committee is responsible for overseeing the budget and recommending the budget to the FIC, which recommends it to Council for approval. The University issues a detailed budget guideline document on an annual basis in order to assist budget holders in the budget-setting process.

16.2. FINANCIAL AID

The majority of students at MUT rely on financial aid to fund their studies. This means that a large portion of tuition fees are generated from the National Student Financial Aid Scheme (NSFAS), plus a small proportion of bursaries or scholarships from independent donors.

16.2.1. NSFAS

In respect of the 2021 year, the number of NSFAS-funded students as of 31 December 2021 was 10,797 (2020: 10,866), representing a decrease of 0,6%. The total funded amount for 2021 was R843-million (2020: R826m).

The number of students funded does fluctuate during the year as students are added onto the funded report when new applicants are funded or when appeals are approved by NSFAS. Students are removed from the funded report if they cease to meet the requirements for funding.

As from 2021 NSFAS no longer makes upfront payments to institutions. In 2021, NSFAS changed their payment cycle to Universities from monthly to quarterly with documented payment dates. The payments are supported by remittance lists which are then used to allocate the receipts from NSFAS against the student accounts

NSFAS funding issues during registration continue to cause significant disruptions and inefficiencies during the registration process. The University has formed a Student Orientation and Registration Task Team (SORTT) to deal with all registration related challenges, including NSFAS issues.

NSFAS has confirmed that institutional audits are to be conducted over funds disbursed to institutions in terms of an agreed-upon procedures audit. A final draft of the agreed-upon audit procedures was circulated to universities in January 2022 together with the NSFAS Memorandum of Understanding. The cost of this audit will be for the account of MUT. The audit report is due to NSFAS by 30 November 2022.

16.2.2. Bursaries and scholarships

The University has a cohort of students that are funded by various organizations, government and private institutions. The funding is staggered over the year with some organizations providing support and making commitments over various periods of the year, especially the SETAs who provide funding to students.

Bursaries and scholarships amounted to R23-million (2020: R35m) and funded 402 (2020: 512) students. The advent of the Covid-19 pandemic contributed to fewer bursaries and scholarships being granted by donors.

16.3. FINANCIAL HIGHLIGHTS: INCOME AND EXPENDITURE

16.3.1. Income

The statement of Profit & Loss and Other Comprehensive Income distinguishes between Council controlled funds, earmarked funds, and student and staff accommodation.

Total income increased from R1067-million in 2020 to R1344-million in 2021, which is an increase of R277-million (26%).

Council-controlled income amounted to R845-million compared to R722-million in 2020. This is an increase of R123-million (17%); (2020: R44m; 6%).

- Government subsidies and grants increased from R476-million in 2020 to R511-million in 2021, an increase of R35-million (7%).

- Tuition fee income increased from R234-million in 2020 to R334-million in 2021, which is an increase of R100-million (43%). The increment for tuition fee increases for the 2021 year was 4.7% (2020: 6%). Tuition income of R52-million was deferred in 2020 to 2021 as per IFRS 15. The amount deferred in 2021 to 2022 is R16-million.
- Income from student residence fees increased from R332-million in 2020 to R483- million in 2021, which is an increase of R151-million (45%). The increment in University residence fees and private leased residence fees was 6.7% (2020: 8%). Residence fee income of R72- million was deferred in 2020 to 2021 as per IFRS15. The amount deferred in 2021 to 2022 is R20-million.

16.3.2. Expenditure

Council-controlled unrestricted expenditure amounted to R791-million compared to R743-million in 2021, which is an increase of R48-million (6%).

Personnel costs amounted to R482-million compared to R464-million in 2020, which is an increase of R18-million (4%). The salary increment for the year was 5.1%. The ratio of personnel costs to unrestricted income is 57% (2020: 64%).

16.4. OTHER OPERATING EXPENSES

Other operating expenses amounted to R560-million, which is an increase of R185- million (49%) on the 2020 expenses of R375-million. A significant portion of this increase is a result of external student residence rentals which increased by R143-million (79%). This was because a greater portion of the student accommodation rentals were capitalised in 2020 to the Lease Liabilities in accordance with IFRS 16; whilst in 2021, many of the leases did not meet the requirements for capitalisation. Therefore, a greater amount of the rental expenditure was recognised in the statement of comprehensive income.

Total expenditure amounted to R1150-million, which is an increase of R102m-million (10%) on the 2020 total of R1048- million.

Management continues to review costs with a view to cost optimisation whilst ensuring that the quality of teaching and learning is not compromised.

16.5. SURPLUS/DEFICIT

In 2021 there was a surplus in the Council-controlled funds of R54-million, which is an increase of R75-million from the 2020 deficit of R21-million.

The surplus from student accommodation increased from R39-million in 2020 to a surplus of R124-million in 2021. This is an increase of R85-million (218%) compared to 2020.

In 2021 there was an overall surplus before other comprehensive income of R194- million, which is an increase of R175-million compared to the 2020 surplus of R19- million.

16.6. STATEMENT OF FINANCIAL POSITION

16.6.1. Non-current assets

Property, Plant and Equipment increased by 12% from R945- million in 2020 to R1056-million in 2021. The increase is a result of gains from a physical assets verification exercise conducted.

The University continues to improve its systems and processes over Property, Plant & Equipment, especially moveable assets. It will conduct physical verification on an annual basis and is also considering introducing better technology in respect of the monitoring and control of moveable assets.

16.6.2. Current assets

Current assets increased by 13% from R1332-million in 2020 to R1500-million in 2021. The increase is mainly due to an increase in cash and cash equivalents of R276-million.

16.6.3. Non-current liabilities

Non-current liabilities increased by 11% from R1062- million in 2020 to R1178-million in 2021. The increase is due to the increase in deferred Income of R130-million as a result of work-in-progress being raised on the infrastructure projects.

16.6.4. Current liabilities

Current liabilities decreased by 11% from R479-million in 2020 to R425-million in 2021. This is mainly due to the decrease in restricted grants of R22-million, a decrease in trade and other payables of R26-million, and a decrease in provisions of R5-million.

16.6.5. Solvency and liquidity

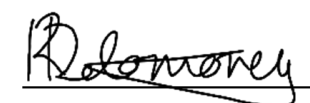
The balance sheet reflects a technically solvent position as the University's total assets exceed its total liabilities by R968- million (2020: R748m). Liquidity is also positive with current assets exceeding current liabilities by R1075-million (2020: R854m). The University's own cash balance after deducting earmarked grants is R483-million (2020: R176-m) as at 31 December 2021.

Table 17: Financial indicators and ratios (2017-2021)

	2017	2018	2019	2020	2021
Personnel cost to unrestricted Income	60%	58%	65%	64%	57%
Personnel cost as a % of total expend.	46%	45%	47%	45%	36%
Subsidy as a % of income	42%	45%	41%	41%	37%
Tuition and residences as % of income	54%	54%	56%	55%	61%
Other Income as a % of Income	1%	1%	1%	1%	1%
Current Ratio	2.93	4	3	3	3.53
Cash Ratio	2.02	2.69	2.66	0.58	1.37
Total debtors as a % of fees	69%	98%	39%	75%	70%
Provision for bad doubtful as a % of debt	47%	50%	54%	46%	60%
(Decrease)/Increase in debtors (R000)	128 674	109 118	-44 951	127 497	-112 413

There is a focused effort to improve the financial sustainability of the University. This is evidenced by the improvement in results and financial position of the University, as well as the commencement of the development of a Turnaround Strategy.

Although progress is slow and hindered by various internal and external factors, we are confident that the University will be successful in implementing improvements that will see enhanced efficiency, effectiveness and compliance that will contribute to the financial sustainability of the University.



Mr R Delomoney
Chief Financial Officer
MUT
29 August 2022



Mr S Dlamini
Chairperson of the Finance & Investment Committee
MUT
31 August 2022



Zimasa Gwarube
Acting Director: Risk and Compliance

*R*isk identification and assessments at MUT are conducted by the University's Risk Management Committee (RMC), which is essentially the Executive Management Committee (EMC), and monitored by the Audit, Risk and Compliance Committee (ARCC) of Council.

Risk reporting is facilitated by the University's Director: Risk and Audit, and submitted to ARCC and management structures on a quarterly basis, and in response to authorised ad hoc requests. The implementation of an effective risk management system is a strategic imperative that has the full support of MUT's Council, management and staff.

MUT appointed institution-wide Risk Champions through the VC's Risk Management Committee. The champions are operating at a departmental level (first line of defence) and are there to provide support to the risk management oversight structure. This is an improvement on the more reactive approach previously adopted. In 2021, the EMC met to review and assess the strategic risks to the University. The top 12 institutional risks identified in 2021 are listed in Table 20 below, with their residual risk rating.

Table 18: Top 12 risks in 2021

BRIEF DESCRIPTION OF RISK	RESIDUAL RISK ¹ RATING
1. Covid-19	
1.1 IT security	5
1.2 Decline in international students and partnerships	15
1.3 Pandemic disease	4
1.4 Lockdown regulations	4
1.5 Finance	8

¹ The amount of risk or danger associated with an action or event remaining after controls (or mitigating strategies) have been implemented.

BRIEF DESCRIPTION OF RISK	RESIDUAL RISK ¹ RATING
1.6 Infrastructure delivery	3
1.7 Declining research output	2,25
2. Failure to maintain academic quality and standards	10
3. Inability to strengthen our position as a research-informed University	10
4. Not being relevant or responsive to community needs	8
5. Inability to form collaborations nationally and internationally	15
6. Non-alignment of skill set to achieve strategic imperatives	15
7. Non-alignment of IT Strategy to organisation-wide strategy and needs.	15
8. Inability to remain financially sustainable	15
9. Lack of fit-for-purpose infrastructure	15
10. Non-compliance to laws, regulations, and processes	8
11. Inadequate whole student life (other activities)	12
12. Disruptions to normal business events	7,5

The Strategic Risk Register is used by Council, ARCC, the Acting Vice-Chancellor and the Executive Management team to identify, assess and monitor strategic risks of significance to the University during the year. It is a key tool used by Council and EMC to effectively manage institutional risks.

Feedback on the identified strategic risk and the mitigation controls is achieved through the MUT-approved combined assurance framework, which aims to inform on the effectiveness of assurance providers and to create confidence in the assurance provided in relation to key organisational risks.

Ms Z Gwarube
Acting Director: Internal Audit, Risk & Compliance Committee
30 August 2022



Sanelisiwe Mnyandu
Chairperson of Council
MUT

- a. Assist the Council in fulfilling its role of providing assurance on corporate governance.
- b. Facilitate effective working relationships between the Council, management, and the external and internal auditors.
- c. Review the financial statements and consider all factors and risks that may affect the integrity of the financial statements.
- d. Consider the need for summarised information and engage with external auditors.
- e. Review its own Code of Business Conduct, the system of internal control, the management of all financial risks, information systems, accounting practices, the University's processes for monitoring compliance with laws and regulations (where applicable), and the University's auditing processes.
- f. Ensure that each Committee member understands the detailed responsibilities of Committee members as well as the institution's business, operations and risks in order to perform his or her duties effectively.

18.1. INTERNAL AUDIT

Internal audit is an independent assurance function with the aim of providing oversight and reasonable assurance that controls are in place to ensure the effective and efficient delivery of operations, reliability of financial information, safeguarding of assets and the information systems environment, and compliance with laws and regulations.

The Internal Audit (IA) function at MUT works in line with the Internal Audit Charter as approved by the Audit Risk and Compliance Committee. The internal audit activity is co-sourced with appointed service providers reporting to the MUT Director Risk and Audit. MUT has two internal auditors and an internal audit Manager to support this function. The Director Risk & Audit was suspended for the full 2021 financial year. The Manager Internal Audit has been acting in the role.

The Director Risk and Audit, as the custodian of the internal audit function, reports regularly to ARCC and has unrestricted access to the Committee Chairperson. A three-year strategic rolling plan and an annual operational plan

were developed and approved for the 2021 financial year. This is a risk-based plan and reports are submitted to ARCC on a quarterly basis for monitoring and oversight purposes.

Internal Audit also assists the University in coordinating the process of closing out the prior period external and internal

audit queries by management, by following up quarterly on the specified target action dates. An audit log report is updated and reported to ARCC. Table 19 below shows the status of internal audit findings as at 31 December 2021:

Table 19: Status of Internal Audit findings, 2021

Status	Teaching & Learning	Finance	HR	Mar-comms	Student Affairs	Registrar	DIPR	IT&N	Operations	Total
Not resolved	4	29	3	0	5	11	0	0	25	77
Resolved	51	180	19	9	13	11	17	17	3	320
Partially Resolved / In progress	7	18	3	0	8	2	7	7	1	53
Not due for implementation	0	3	0	0	0	0	3	0	4	10
Awaiting Management Comments	0	0	0	0	0	0	0	0	0	0
	62	230	25	9	26	24	27	24	33	460
Total Number of Findings due for management action										450

18.1.1. Internal control systems

MUT strives for continuous implementation and monitoring of the systems of internal controls. Internal control systems are in place and operating effectively. Nevertheless, due to the nature of our operating environment, there are inherent limitations to the effectiveness of our internal control systems, including the likelihood of human error and the bypassing or overriding of controls. Therefore, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets. The University's external auditors provided an audit opinion of the annual financial statements (AFS) in 2021.

It is management's responsibility to implement a good system of internal controls to ensure strategic goals are achieved. The role of Internal Audit is to assess internal control systems and to assist line management in ensuring the adequacy of such controls. The University Council, through ARCC, provides oversight of the preparation, integrity and fair presentation by management of the financial statements and the financial reporting process.

18.2. RISK MANAGEMENT

Risk management at MUT is guided by an Integrated Risk Management Framework and the risk management process is aligned to strategy, which ensures a focused and integrated process of risk management.

MUT, through its Risk Management and Combined Assurance Policy and Framework, has adopted the King IV report on Corporate Governance Principle 4, 11, 12, 13, 15 and 16, which require Council and management to implement a risk management process that is based on best practices, including the COSO II Risk Management Framework (as revised 2017) and the ISO 31000:2018 Risk Management Principles and ISO 19600 International Standard for Compliance Management. The adopted guidelines and principles provide a structured approach to implementing risk management on an enterprise basis. Therefore, initiatives deliver outputs including management of risks and improved decision making.

The MUT Council, with the support of ARCC, has provided oversight for risk management and Internal Audit. The Vice-Chancellor, with the risk management committee (EMC),

is responsible for the implementation of the Enterprise Risk Management (ERM) policy and Combined Assurance Framework.

The Director Risk and Audit is responsible for co-ordinating ERM activities. The Risk and Audit function, as a second line of defence, facilitates the enterprise-wide risk management and combined assurance process. The risk management function conducts risk assessment workshops or training and provides updates of the strategic risk register and the fraud risk register on a quarterly basis. It was confirmed in the management strategic risk assessment workshop that the MUT strategy 2020 to 2025 has not had any updates or revisions. This resulted in a resolution that the strategic risks of 2020 are still all relevant for the 2021 year.

18.3. COMPLIANCE

18.3.1. Mitigating against fraud and corruption

MUT is a publicly funded University. In line with the principles of good corporate governance, MUT continues to support and foster a culture of zero-tolerance towards fraud and corruption in all its activities and is committed to maintaining a culture of ethical compliance. The vice chancellor has formulated a management structure, the anti-fraud working group, to formally deal with all the fraud matters for investigation. The objectives of the structure are to:

- Co-ordinate forensic efforts to achieve the strategic objectives as set out in the strategic plan;
- Ensure effective and efficient execution of prevention, detection and investigation activities;
- Streamline forensic activities and leverage knowledge across MUT;
- Improve and define ownership of fraud prevention, including deterrence, detection, investigation and remediation;
- Minimize and monitor the fraud risk exposures across the University.

MUT has provided an independent whistleblowing facility for staff, students, suppliers, and other interested parties to report fraud, corruption, unethical conduct and misconduct, confidentially and anonymously. Cases where the allegations are found to have merit are dealt with via the University's internal disciplinary processes. On a quarterly basis all reported cases, management actions, and progress are reported to ARCC.

Table 20 below reports matters raised via the Whistleblowing platform in 2021 and earlier cases for which investigations were concluded in 2021. The table does not reflect the outcome of disciplinary hearings arising from whistleblower investigations, nor University investigations arising from other sources.

Table 20: Matters raised via the whistleblowing platform

Description	Date reported	Date Forensic Investigation Finalised	Resolution or Status of Management Action
Alleged irregularities surrounding the second advertisement and the recruitment to the position of the Human Resource Executive Director	03 Aug 2020	Feb 2021	The forensic report was concluded and the matter referred to the Acting DVC Resources & Planning and the Acting Vice-Chancellor. A disciplinary process was concluded. Both the affected parties have since left the university after a mutual separation agreement.
Report on the forensic investigation in respect of a payment that was made into a fraudulent bank account in March 2020	22 June 2021	No forensic investigation required	The Anti-Fraud Working Group resolved that the matter first be handled by the DVC Teaching & Learning as it appeared that the issues were not of a fraudulent nature, but rather the result of personality clashes.

18.3.2. Monitoring health and safety

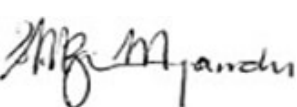
The University's Health and Safety Committee regularly monitors actions taken by management to mitigate any risks on health and safety matters and areas of concern. The committee has a Charter that guides its functionality. The focus has been on improving the behaviour of students in residences and always adhering to health and safety standards.



Mrs NS Mlaba
Chairperson of the Audit, Risk and Compliance Committee
30 August 2022

18.3.3. Monitoring IT governance

On a quarterly basis, the ICT function within the University submits to ARCC the IT Governance report for risk oversight purposes. ARCC continuously stresses the importance of adopting industry-best practices on IT Governance. ICT has been identified as one of the priority risk areas and forms part of the University's strategic risk register. To this end, progress towards developing a comprehensive IT strategy and IT governance policy that supports the academic enterprise as well as the support services of the University began in 2020 and continued in 2021.



Ms Sanelisiwe Mnyandu
Chairperson of Council
30 August 2022





PART D

FINANCIAL INFORMATION

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ANNUAL FINANCIAL STATEMENTS

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These financial statements were prepared under the supervision of:

Rodney Delomoney
CA (SA)

31 August 2021

The Mangosuthu University of Technology Council is required in terms of the Higher Education Act No 101 of 1997 (as amended) to maintain adequate accounting records and is responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the Mangosuthu University of Technology as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditor is engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledge that they are ultimately responsible for the system of internal financial control established by the Mangosuthu University of Technology and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the university and all employees are required to maintain the highest ethical standards in ensuring the university's business is conducted in a manner that in all reasonable circumstances is above

reproach. The focus of risk management in the university is on identifying, assessing, managing and monitoring all known forms of risk across the University. While operating risk cannot be fully eliminated, the Mangosuthu University of Technology endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

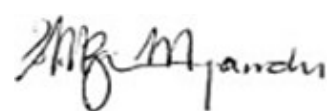
The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council have reviewed the Mangosuthu University of Technology's cash flow forecast for the year to 31 December 2022 and, in light of this review and the current financial position, they are satisfied that the Mangosuthu University of Technology has access to adequate resources to continue in operational existence for the foreseeable future.

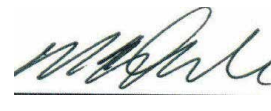
The external auditor is responsible for independently auditing and reporting on the Mangosuthu University of Technology's consolidated financial statements. The consolidated financial statements have been examined by the Mangosuthu University of Technology's external auditors and their report is presented on pages 5 to 12.

The consolidated financial statements set out on pages 13 to 61, which have been prepared on the going concern basis, were approved by the Council on 29 August 2022 and were signed on their behalf by:

Approval of financial statements



Ms S Mnyandu
Chairperson of Council



Prof MM Ramogale
Acting Vice-Chancellor and Principal

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



REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

1. We have audited the consolidated financial statements of the Mangosuthu University of Technology and its subsidiary (the group) set out on pages 13 to 61, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.
2. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2021, and its consolidated financial performance and consolidated 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, Act no. 101 of 1997.

Basis for opinion

3. 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.
4. We are independent of the group in accordance with Independent Regulatory Board for Auditors' Code of Professional Conduct for Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (Including International Independence Standards).

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

Emphasis of matters

6. We draw attention to the matters below. Our opinion is not modified in respect of these matters.

Material impairments - trade and other receivables

7. As disclosed in note 7 to the consolidated financial statements, a material impairment to the amount of R339 868 000 (2020: R290 967 000) was incurred.

Restatement of corresponding figures

8. As disclosed in note 22 and note 31 to the consolidated financial statements, the corresponding figures for 31 December 2020 were restated due to errors identified and reclassifications effected which have been adjusted for in the consolidated financial statements of the group for the year ended 31 December 2021.

Responsibilities of the Council for the financial statements

9. 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, Act no. 101 of 1997, 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.
10. 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 appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.
14. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the University's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether the actions taken by the University enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or 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.
15. 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 programmes presented in the University's annual performance report for the year ended 31 December 2021:

Programmes	Pages in the annual performance report
Excellence in teaching and learning	11 – 13
Excellence in research, innovation and engagement	14

16. We performed procedures to determine whether the reported performance information 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.
17. We did not identify any material findings on the usefulness and reliability of the reported performance information for the selected programme.

OTHER MATTERS

18. We draw attention to the matter below.

Achievement of planned targets

19. Refer to the annual performance report on pages 10 to 21 for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

Introduction and scope

20. In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the group's compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.
21. The material finding on compliance with specific matters in key legislation is as follows:

Income Tax Act

22. The income tax Act requires companies to submit income tax returns annually. During the audit, we noted that no income tax returns (ITR14s) were submitted to SARS by First Ready Development 143 NPC (subsidiary) as required by the Income Tax Act since incorporation of the company.

Companies Act

23. The Companies Act 71 of 2008 requires companies to maintain their records for a specified period and keep their company registers up to date. We were not able to obtain any company statutory records, nor the company registers for First Ready Development 143 NPC during the audit.
24. In terms of the Companies Act, no. 71 of 2008, First Ready Development 143 NPC is required to have submitted annual financial statements no later than 6 months after the end of its financial year. During the audit, we noted that there were no annual financial statements lodged with the CIPC for First Ready Development 143 NPC.
25. The Companies Act, no. 71 of 2008 requires companies to file annual returns once a year. Companies must file within 30 business days after the anniversary date of its incorporation. During the audit, we noted that First Ready Development 143 NPC has not been submitting Annual Returns to the CIPC and the company had been placed into Final Deregistration as at 31 December 2021.

Other information

26. The Council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected programmes presented in the annual report that have been specifically audited and reported on in the auditor's report.
27. 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.
28. 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 programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

30. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the emphasis of matter paragraph and the findings on compliance with legislation included in this report.
31. Leadership did not implement effective controls over the review of financial statements nor did they exercise adequate oversight responsibility over compliance with applicable legislation.

Other reports

32. We draw attention to the following engagements that had, or could have, an impact on the matters reported in the group's 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.

Audit-related services (Agreed-upon procedures)

33. We issued the following agreed-upon procedures engagement reports on the funding received by the group:

Engagement Name	Purpose of Engagement	Reporting Due Date	Status
Technical Station in Chemical	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Financial Data Audit	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021.	31 July 2022	Completed

Engagement Name	Purpose of Engagement	Reporting Due Date	Status
Clinical Training Grant HEMIS	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021.	31 July 2022	Completed
Clinical Training Grant Financial	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
National Research Foundation (NRF)	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021.	31 July 2022	Completed
Research Publications	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2022.	31 July 2022	Completed
Higher Education Information Management System – Financial Data returns	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021.	31 July 2022	Completed
Higher Education Information Management System - data audit	Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021.	31 July 2022	Completed
Foundation Programmes HEMIS	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Foundation Programmes Financial	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Infrastructure Grant	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
New Generation of Academics (nGAP)	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
University Capacity Development Programme (UCDP)	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Historically Disadvantaged Institutions Development Grant	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Covid-19 Responsiveness Grant	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed
Nurturing Emerging Scholars Programme Grant	Ensure compliance with the reporting requirements for the period of 01 April 2021 – 31 March 2022.	31 July 2022	Completed

34. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of the Mangosuthu University of Technology for 1 year.

NEXIA SAB&T
Per: Philemon Mawire
Engagement Director
Registered Auditor
31 August 2022

ANNEXURE – AUDITOR’S 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 programmes and on the group's compliance with respect to the selected subject matters.

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 group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated financial statements. Our conclusions are based on the information available to me at the

date of this auditor's report. However, future events or conditions may cause a group to cease continuing 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 accounting authority 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note(s)	2021 R'000	2020 R'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	1 055 931	945 260
Right-of-use assets	3	-	1 715
Employee benefits	4	11 724	6 546
Intangible assets	5	3 347	3 780
		1 071 002	957 301
Current Assets			
Inventories	6	5 990	1 187
Trade and other receivables	7	238 221	350 634
Investments at fair value	8	3 363	2 880
Cash and cash equivalents	9	1 252 741	977 266
		1 500 315	1 331 967
Total Assets		2 571 317	2 289 268
Equity and Liabilities			
Equity			
Reserves		535 021	535 021
Retained income		433 376	213 390
		968 397	748 411
LIABILITIES			
Non-Current Liabilities			
Employee benefits	4	34 628	32 438
Interest bearing loans	11	72 942	79 073
Restricted grants	12	697 472	707 609
Deferred income	13	373 009	243 068
		1 178 051	1 062 188
Current Liabilities			
Lease liabilities	3	-	2 155
Interest bearing loans	11	6 131	5 451
Restricted grants	12	71 790	94 018
Trade and other payables	14	346 948	372 126
Provisions	15	-	4 919
		424 869	478 669
Total Liabilities		1 602 920	1 540 857
Total Equity and Liabilities		2 571 317	2 289 268

CONSOLIDATED STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME

As at 31 December 2021

				2021	2021	2021	2020
		COUNCIL- CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED RESTRICTED	SUB- TOTAL	STUDENT AND STAFF ACCOMMO- DAT ION	TOTAL	RESTATED
Figures in Rand Thousands	Note(s)						
TOTAL INCOME	16	845 336	15 878	861 214	483 085	1 344 299	1 067 114
RECURRENT INCOME		845 336	15 878	861 214	483 085	1 344 299	1 067 114
Government grants	16	495 307	15 878	511 185	-	511 185	475 899
Income from other activities	16	1 826	-	1 826	483 085	484 911	337 338
Tuition and other fee income	16	334 044	-	334 044	-	334 044	234 165
Finance income	17	14 159	-	14 159	-	14 159	19 712
NON-RECURRENT INCOME		-	-	-	-	-	-
TOTAL EXPENDITURE		791 860	-	791 860	358 808	1 150 668	1 047 858
RECURRENT EXPENDITURE		786 103	-	786 103	358 808	1 144 911	1 045 569
Staff costs - Academic professional	18	241 366	-	241 366	-	241 366	231 751
Staff costs - Non-academic professional	18	237 499	-	237 499	-	237 499	231 725
Amortisation	5	433	-	433	-	433	433
Depreciation and impairment	2	44 117	-	44 117	-	44 117	120 396
Impairment loss - Student receivables	7	48 901	-	48 901	-	48 901	68 163
Other operating expenses	19	200 912	-	200 912	358 789	559 701	374 754
Finance costs	20	12 875	-	12 875	19	12 894	18 347
NON-RECURRENT EXPENDITURE		5 757	-	5 757	-	5 757	2 289
Loss on disposal of property, plant and equipment		5 757	-	5 757	-	5 757	2 289
Surplus / (Deficit) for the year		53 476	15 878	69 354	124 277	193 631	19 256
Other comprehensive income:							
Other comprehensive income - actuarial gains	4	2 696	-	2 696	-	2 696	7 228
Total comprehensive income		56 172	15 878	72 050	124 277	196 327	26 484

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2021

Opening balance as previously reported
Prior period reclassification (note 31)
Balance at 01 January 2020 as restated
Surplus for the year
Other comprehensive income
Total comprehensive income for the year
Opening balance as previously reported
Prior period errors (note 22)
Balance at 01 January 2021 as restated
Surplus for the year ended
Other comprehensive income
Total comprehensive income for the year
Balance at 31 December 2021
Note(s)

Revaluation reserve - non distributable	Other non distributable reserve	Reserves	Retained income	Total equity
535 021	(42 961)	492 060	229 867	721 927
-	42 961	42 961	(42 961)	-
535 021	-	535 021	186 906	721 927
-	-	-	19 256	19 256
-	-	-	7 228	7 228
-	-	-	26 484	26 484
535 021	-	535 021	213 390	748 411
-	-	-	23 659	23 659
535 021	-	535 021	237 049	772 070
-	-	-	193 631	193 631
-	-	-	2 696	2 696
-	-	-	196 327	196 327
535 021	-	535 021	433 376	968 397
10				

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations
Interest income
Finance costs
Net cash from operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment
Purchase of other intangible assets
Sale of investments at fair value
Net cash from investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of borrowings
Movement in deferred income
Net movement of lease liabilities
Restricted grants received
Net cash from financing activities

Total cash movement for the year

Cash at the beginning of the year
Total cash at end of the year

Note(s)	2021 R'000	2020 R'000
21	321 971	215 558
	14 159	19 712
	(12 894)	(18 347)
	323 236	216 923
5	(163 488)	(73 947)
	-	(3 348)
	-	576
	(163 488)	(76 719)
	(5 451)	(4 829)
	-	63 520
	(2 155)	(92 348)
	123 333	48 048
	115 727	14 391
	275 475	154 595
	977 266	822 671
9	1 252 741	977 266

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below.

1.1 REPORTING ENTITY

Mangosuthu University of Technology is an educational institution domiciled in the Republic of South Africa and is governed by the Higher Education Act (Act no 101 of 1997, as amended). The consolidated financial statements as at and for the year ended 31 December 2021, comprises of the University and its subsidiary, First Ready Development 143 NPC collectively referred to as 'the University'. The address of the University's registered office is 511 Mangosuthu Highway, Umlazi, 4031, South Africa.

Where reference is made to the financial statements in the accounting policies, it should be interpreted as referring to the consolidated financial statements where the context requires, unless otherwise noted.

1.2 BASIS OF PREPARATION

The consolidated financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated financial statements and the regulations for the annual reporting by the Higher Education Institutions and in the manner required by the Higher Education Act (Act 101 of 1997) of South Africa, as amended.

The consolidated financial statements have been prepared on the historic cost convention on the accrual basis, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Rands, which is the university's functional currency and rounded to the nearest thousand.

1.3 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Entity in which Mangosuthu University of Technology does not hold equity instruments but has control over

The Mangosuthu University of Technology has concluded that it has control over First Ready Development 143 NPC even though it does not hold equity shares in the company. This is because the company was formed by the Executive management and Council of the University. The directorship of the Company is 100% represented by individuals related to the University. Furthermore since the formation of the company Mangosuthu University of Technology has been the only party to exercise any and all rights over the company and the ability to influence the returns of the company.

Revenue and expenditure recognition in respect of First Ready Development 143 NPC

Management has assumed that no revenue and expenditure has been recognised in the accounting records of First Ready Development 143 NPC (FRD) in view of the fact that these records are not available. Management are not aware of any revenue or expenditure in the name of FRD.

KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Mangosuthu University of Technology uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Mangosuthu University of Technology's history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. Where an impairment is necessary, inventory items are written down to net realisable value. The write down is included in operating expenses.

Fair value estimation

Several assets and liabilities of the Mangosuthu University of Technology are either measured at fair value or disclosure is made of their fair values.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 4 (employee benefits), note 8 (investments at fair value) and note 10 (revaluation of fixed property).

Impairment testing

The Mangosuthu University of Technology reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Useful lives of property, plant and equipment

Management assess the appropriateness of the useful lives of property, plant and equipment at the end of each reporting period. The useful lives of motor vehicles, furniture and computer equipment are determined based on Mangosuthu University of Technology replacement policies for the various assets. Individual assets within

these classes, which have a significant carrying amount are assessed separately to consider whether replacement will be necessary outside of normal replacement parameters.

When the estimated useful life of an asset differs from previous estimates, the change is applied prospectively in the determination of the depreciation charge.

Provisions

Provisions are inherently based on assumptions and estimates using the best information available. Additional disclosure of these estimates of provisions are included in note 15.

Employee benefits

Mangosuthu University of Technology makes certain estimates and assumption about the future when determining the employee benefits obligations. Refer to note 4 for additional disclosures on key actuarial assumptions.

Expected credit losses

Information about assumptions and estimation uncertainties in respect of expected credit losses are disclosed in note 7 and 27.

1.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are tangible assets which the Mangosuthu University of Technology holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Mangosuthu University of Technology, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets and adjustments in respect of hedge accounting, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Subsequent to initial recognition, property, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which are stated at revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting year. A formal revaluation is carried out every 5 years by an independent and professional valuer.

When an item of property, plant and equipment is revalued, the gross carrying amount is adjusted consistently with the revaluation of the carrying amount. The accumulated depreciation at that date is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The revaluation reserve related to a specific item of property, plant and equipment is transferred directly to retained income when the asset is derecognised.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the University. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Useful life
Buildings	Straight line	50 years
Land improvements	Straight line	35 years
General equipment	Straight line	10 - 16 years
Furniture and fittings	Straight line	10 - 16 years
Motor vehicles	Straight line	5 - 9 years
General equipment	Straight line	5 - 10 years
Computer equipment	Straight line	3 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If

the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

General equipment consists mainly of air-conditioners, training equipment, security system, kitchen equipment, electronic equipment and beds for hostels.

1.5 FINANCIAL INSTRUMENTS

Broadly, the classification possibilities, which are adopted by the Mangosuthu University of Technology, as applicable, are as follows:

Financial liabilities:

- Amortised cost.

Note 27 Financial risk management presents the financial instruments held by the Mangosuthu University of Technology based on their specific classifications.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

TRADE AND OTHER RECEIVABLES

Classification

Trade and other receivables, excluding, when applicable, VAT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 7).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Mangosuthu University of Technology's business model is to collect the contractual cash flows on trade and other receivables

Recognition and measurement

Trade and other receivables are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Mangosuthu University of Technology recognises a loss allowance for expected credit losses on trade and other receivables, excluding VAT and prepayments. The amount of expected credit losses is updated at each reporting date.

The Mangosuthu University of Technology measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

Measurement and recognition of expected credit losses

The Mangosuthu University of Technology makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is somewhat diverse with significantly different loss patterns for different customer segments. The Mangosuthu University of Technology aggregates customer segments which share similar credit risk characteristics for purposes of determining the credit loss allowance. Details of the provision matrix, per grouping, is presented in note 7.

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account.

Write off policy

The Mangosuthu University of Technology writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Receivables written off may still be subject to enforcement activities under the Mangosuthu University of Technology recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

TRADE AND OTHER PAYABLES

Classification

Investments in equity instruments are presented in note 8. They are classified as mandatorily at fair value through profit or loss.

Recognition and measurement

Investments in equity instruments are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. Transaction costs are added to the initial carrying amount for those investments which have been designated as at fair value through other comprehensive income. All other transaction costs are recognised in profit or loss.

Investments in equity instruments are subsequently measured at fair value with changes in fair value recognised either in profit or loss or in other comprehensive income.

TRADE AND OTHER PAYABLES

Classification

Trade and other payables (note 14), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 20).

Trade and other payables expose the Mangosuthu University of Technology to liquidity risk and possibly to interest rate risk. Refer to note 27 for details of risk exposure and management thereof.

FINANCIAL LIABILITIES

Classification

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings and payables.

Recognition and measurement

Financial liabilities at fair value through profit or loss are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions of the instrument. They are measured, at initial recognition at fair value. Subsequent to initial recognition they are measured at amortised costs. Transaction costs are recognised in profit or loss.

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 20).

Cash and cash equivalents

Cash and cash equivalents are stated at amortised costs.

1.6 LEASES

The Mangosuthu University of Technology assesses whether a contract is, or contains a lease, at the inception of the contract.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is “identified”, which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Mangosuthu University of Technology has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Mangosuthu University of Technology as a lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Mangosuthu University of Technology is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Mangosuthu University of Technology recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time

pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Mangosuthu University of Technology uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Mangosuthu University of Technology under residual value guarantees;
- the exercise price of purchase options, if the Mangosuthu University of Technology is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Mangosuthu University of Technology is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 19).

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 20).

The Mangosuthu University of Technology remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Mangosuthu University of Technology will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Mangosuthu University of Technology incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Mangosuthu University of Technology expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.7 INVENTORIES

Inventories are measured at the lower of cost and net realisable value on the weighted average formula.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from

an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Mangosuthu University of Technology assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Mangosuthu University of Technology estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Mangosuthu University of Technology also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any

reversal of an impairment loss of a revalued asset is treated as a revaluation increase

1.9 EMPLOYEE BENEFITS

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed retirement benefit schemes are dealt with as defined contribution plans where the Mangosuthu University of Technology's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method. Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to the end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial year, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in profit or loss over the expected average remaining service lives of participating

employees. Actuarial gains or losses within the corridor are not recognised.

Actuarial gains and losses are recognised in the year in which they arise, in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the Mangosuthu University of Technology is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In profit or loss, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

1.10 PROVISIONS AND CONTINGENCIES

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.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

1.11 INCOME FROM OTHER ACTIVITIES

The University recognises income from other activities from the following major sources

- Sale of products from Technology Station in Chemicals (TSC) and Agricultural department.
- Venue hire income from the short term rental of certain University halls and lecture venues.
- Donations from various private and corporate organisations.

Revenue is measured based on the consideration to which the University expects to be entitled from a customer. The University recognises revenue when it transfers control of a product or service to a customer.

Venue hire income

The University leases on an ad-hoc and short term basis certain of its halls and lecture venues to various cultural organisations and private entities.

Revenue from the rental of venues is recognised when the service is rendered and invoice is generated to the lessee.

Donations

The University receives donations from various private and corporate donors during the course of the year. Revenue from donations is recognised when the funds are deposited into the Universities bank account.

Sale of products

The University sells chemicals, soaps and detergents produced by the TSC and also sells livestock produced by the Agricultural department to the local community. Revenue from such sale is recognised when control of the goods has been transferred being when the buyer pays and collects for the goods.

These goods are sold for cash and no credit terms are granted.

1.12 INTANGIBLE ASSETS

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred. Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software	3 - 5 years
Oracle database - purchased	Indefinite

1.13 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the Mangosuthu University of Technology will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support

to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by setting up the grant as deferred income during the construction of the asset and are recognised in profit and loss on a systematic basis over the life of the asset.

1.14 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Mangosuthu University of Technology recognises revenue from the following major sources:

- Student fees - tuition
- Student fees - accommodation

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Mangosuthu University of Technology recognises revenue over the service period to its students which is either a semester or a full year.

1.15 RESERVE CATEGORIES

The statement of comprehensive income is prepared on a segmented reporting basis in the manner required by the Minister of Higher Education and Training in terms of section 41 of the Higher Education Act, (Act No. 101 of 1997 as amended), as amended. Income shown as Council controlled relates to reserves over which Council has legal control and discretionary control. Income shown as specifically funded restricted relates to reserves generated in terms of legally enforceable requirements by the donor or grantor. Income shown as student and staff accommodation relates to revenue generated from student accommodation fees. Management continuously reviews the classification of the various reserves and periodically reclassifies them, where deemed appropriate, for changes in the circumstances and conditions relating to them.

The statement of changes in equity is grouped according to the same criteria as the statement of comprehensive income and also includes a revaluation reserve. Reserves for the acquisition of property, plant and equipment are transferred to the revaluation reserve, which thereafter represent the total reserves from the revaluation of items of property, plant and equipment.

1.16 IRREGULAR EXPENDITURE

Irregular expenditure comprises expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation or policy.

Irregular expenditure is recorded in the notes to the financial statements when confirmed. The amount recorded is equal to the value of the irregular expenditure incurred, unless it is impractical to determine, in which case reasons therefore must be provided in the notes.

1.17 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is money spent on purposes other than that allocated for, use of funds allocated to one department for the purposes of another department without necessary authorisation, overspending in an allocated budget, or expenditure on grants that do not meet the grant conditions.

1.18 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is defined as expenditure which was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure will always emanate from an action or lack of action instigated by an officer, and may be caused by a simple oversight in performing an administrative task or an intentional transgression of relevant regulations.

1.19 CONSOLIDATION

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the University.

The University has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated financial statements of subsidiaries to bring their accounting policies in line with those of the University.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

As at 31 December 2021

2. PROPERTY, PLANT AND EQUIPMENT

	2021 R'000			2020 R'000		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Land	41 208	-	41 208	41 208	-	41 208
Buildings	948 718	(42 094)	906 624	825 569	(20 801)	804 768
Furniture and fittings	31 453	(15 411)	16 042	30 660	(10 658)	20 002
Motor vehicles	11 100	(8 052)	3 048	11 100	(7 461)	3 639
General equipment	98 357	(54 618)	43 739	95 828	(53 666)	42 162
Computer equipment	64 620	(30 433)	34 187	48 153	(26 293)	21 860
Land improvements	12 158	(1 075)	11 083	12 158	(537)	11 621
Total	1 207 614	(151 683)	1 055 931	1 064 676	(119 416)	945 260

Reconciliation of property, plant and equipment - 2021

	2020							
	Land	Buildings	Furniture and fittings	Motor vehicles	General equipment	Computer equipment	Land improvements	Total
Cost or revaluation	41 208	825 569	30 660	11 100	95 828	48 153	12 158	1 064 676
Accumulated depreciation	-	(20 801)	(10 658)	(7 461)	(53 666)	(26 293)	(537)	(119 416)
Net book value at 01 January 2021	41 208	804 768	20 002	3 639	42 162	21 860	11 621	945 260
Net book value at 01 January 2021	41 208	717 675	4 090	3 508	18 200	7 641	12 158	848 248
Additions	-	-	167	-	5 035	15 577	-	20 779
Work in progress	-	122 115	-	-	-	-	-	122 115
Disposals and scrappings - cost	-	-	(2 607)	-	(9 401)	(4 099)	-	(16 107)
Disposals and scrappings - accumulated depreciation	-	-	2 086	-	7 082	1 182	-	10 350
Reclassifications	-	335	480	-	567	(1 383)	(1)	(2)
Prior period gains	-	-	2 084	-	6 875	6 979	-	15 938
Depreciation	-	(20 594)	(6 175)	(591)	(8 472)	(5 960)	(537)	(42 329)
Impairment loss	-	-	5	-	(109)	31	-	(73)
Net book value at 31 December 2021	41 208	906 624	16 042	3 048	43 739	34 187	11 083	1 055 931
Made up as follows:								
Cost or revaluation	41 208	948 718	31 453	11 100	98 357	64 620	12 158	1 207 614
Accumulated depreciation	-	(42 094)	(15 411)	(8 052)	(54 618)	(30 433)	(1 075)	(151 683)
	41 208	906 624	16 042	3 048	43 739	34 187	11 083	1 055 931

Reconciliation of property, plant and equipment - 2020

	2019							
	Land	Buildings	Furniture and fittings	Motor vehicles	General equipment	Computer equipment	Land improvements	Total
Cost	41 208	760 304	9 305	11 071	84 604	36 667	12 158	955 317
Accumulated depreciation and impairment	-	(861)	(5 215)	(7 563)	(66 404)	(29 026)	-	(109 069)
Net book value at 01 January 2020 restated (note 22)	41 208	759 443	4 090	3 508	18 200	7 641	12 158	846 248
Net book value at beginning of year	595	428 967	3 507	282	15 584	3 829	1 199	504 552
Additions	-	-	229	347	1 831	6 743	-	9 150
Work in progress	-	64 797	-	-	-	-	-	64 797
Disposals and scrappings - cost	-	-	(372)	(318)	(24 243)	(9 841)	-	(34 774)
Disposals and scrappings - accumulated depreciation and impairment	-	-	330	318	22 005	9 832	-	32 485
Prior period gains	-	468	21 516	-	33 769	14 647	-	70 400
Depreciation	-	(19 940)	(5 773)	(216)	(9 267)	(7 099)	(537)	(42 832)
Impairment loss	-	-	(18)	-	(133)	(63)	-	(214)
Net book value at 31 December 2020	41 208	804 768	20 002	3 639	42 162	21 860	11 621	945 260
Made up as follows:								
Cost or revaluation	41 208	825 569	30 660	11 100	95 828	48 153	12 158	1 064 676
Accumulated depreciation	-	(20 801)	(10 658)	(7 461)	(53 666)	(26 293)	(537)	(119 416)
	41 208	804 768	20 002	3 639	42 162	21 860	11 621	945 260

Changes in estimates

The Mangosuthu University of Technology reassesses the useful lives and residual values of items of Mangosuthu University of Technology at the end of each reporting period, in line with the accounting policy and IAS 16 Property, plant and equipment. These assessments are based on historic analysis, benchmarking, and the latest available and reliable information.

The depreciation methods and average useful lives of Mangosuthu University of Technology have been assessed and based on this analysis, the useful lives of General Equipment, Vehicles, Office Furniture & Fittings and Computer Equipment have been revised. The impact of the change is a decrease in the annual depreciation charge for the current year of R6 885 605. It is not practical to provide an estimate for future years. In 2020 the reassessment of useful life resulted in an increase in depreciation of R3 654 011.

Revaluations

Formal revaluations are performed every 5 years by a professional and independent external valuer. The last revaluation was done at the end of 2019. This valuation was performed by Knight Frank, independent valuers who are members of the South African Institute of Valuers. The next revaluation will be performed in 2024 in line with the revaluation policy.

Physical verification of movable assets

During the year under review, MUT conducted a full physical verification of movable assets. Impairment indicators were identified during the verification exercise relating to some Computer Equipment, Office Equipment and Training Equipment. These assets were tested for impairment by comparing the carrying amount to its recoverable amount. As a result, an impairment charge of R73 000 (2020: R214 000) was recorded in profit or loss for the year.

The verification exercise also revealed that a significant number of assets have been found in the University but these assets were not recorded in the fixed asset register. These assets were inspected, fair values determined and have been recorded as asset gains in the current financial year. The financial impact of this gain is R 15 938 000.

Impairment of non-financial assets

The University has adopted the depreciated replacement cost approach (DRC) for determining impairment of assets in service.

The Current Replacement Cost (CRC) is determined by applying the consumer price index for each consecutive year from date of purchase to date of measurement to the purchase price of the asset.

The Depreciated replacement Cost (DRC) is determined by applying a factor based on Condition (See table below) to the CRC. There has been no change to the methodology year on year.

Condition = Poor (factor of 0,2) Condition = Very poor (factor of 0,1)
The recoverable amount of MUT assets is realised through value in use.

Depreciation and impairment

	2021 R'000	2020 R'000
Depreciation on owned PPE	42 329	31 456
Depreciation - Right of Use assets	1 715	77 350
Impairment loss	73	214
	44 117	109 020

CAPITAL COMMITMENTS

Contracted

- Capital commitment amounting to R52,6 million (2020: R108,7 million) for the New Engineering Laboratories as at 31 December 2021. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.
- Capital commitment amounting to R58,8 million (2020: R100 million) for the completion of Student Centre as at 31 December 2021. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.

3. LEASES (COMPANY AS LESSEE)

The Mangosuthu University of Technology leases student residences and photocopying machines. The average lease term is 3 years for student residences and 5 years for photocopying machines. Lease escalations in respect of student residences are negotiated annually, whilst lease escalations in respect of photocopying machines are stipulated in the contracts if any. None of these leases provide for additional rent payments that are based on changes in the local indices. For these leases MUT is restricted from entering into a sub-lease arrangement.

The lease charges for student residences are based on fixed fee per student and dependant on occupancy per month.

The lease charges for photocopying machines are based on a fixed fee per machine. These leases were assessed and designated as low value assets under IFRS 16

Leases - Student residences

During the course of 2021, all leases that MUT had with landlords expired in December 2021.

Net carrying amounts of right-of-use assets

The carrying amounts of right-of-use assets are as follows:

	2021 R'000	2020 R'000
Buildings	-	1 715

This net carrying amount of the right of use asset represent net carrying amount at the end of the year after accounting for depreciation, amortisation and any impairments.

Depreciation recognised on right-of-use assets

Depreciation recognised on each class of right-of-use assets, is presented below. It includes depreciation which has been expensed in the total depreciation charge in profit or loss.

	2021 R'000	2020 R'000
Buildings	1 715	77 350

Other disclosures

	2021 R'000	2020 R'000
Interest expense on lease liabilities	19	5 570
Leases of low value assets included in operating expenses	322 368	179 808
Total cash outflow from leases	(2 155)	(92 348)
Right-of-use assets reconciliation		
Details		
Opening balance	1 715	79 065
Depreciation	(1 715)	(77 350)
	-	1 715

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2021 R'000	2020 R'000
Within one year	-	2 155
Current liabilities	-	2 155

The discount rate used in previous periods for the purposes of determining the present value in those years was 10.5%.

Details

Opening balance
Lease payments

	2021 R'000	2020 R'000
Opening balance	2 155	94 503
Lease payments	(2 155)	(92 348)
	-	2 155

4. EMPLOYEE BENEFITS

Carrying value

Present value of the defined benefit obligation-partially or wholly funded

	2021 R'000	2020 R'000
Present value of the defined benefit obligation-partially or wholly funded	(22 904)	(25 892)
Non-current assets - NTRF Pension Fund Asset	11 724	6 546
Non-current liabilities - Post Retirement Medical Aid Obligation	(34 628)	(32 438)
	(22 904)	(25 892)

NTRF Pension Fund

The NTRF is a defined contribution fund established with effect from 30 November 1994. The rules of the Fund allow for guaranteed minimum retirement benefits in respect of members who previously belonged to either the Associated Institutions Pension Funds ("AIPF") or the Temporary Employees Pension Fund ("TEPF"). This benefit forms a defined benefit underpin within the Fund.

It was assumed that early ill-health retirement would occur at 40% (2020:40%) of the pre-retirement mortality rates. An expected retirement age of 63 (2020:63) was assumed and is based on the average age of retirements. It was assumed that 95% (2020:95%) of the members would be married at retirement with the wife 4 years younger than the husband.

The University's obligation towards the NTRF pension fund was actuarially calculated as at 31 December 2021 by Alexander Forbes.

Statement of financial position

Present value of funded obligations
Fair value of plan assets

	2021 R'000	2020 R'000
Present value of funded obligations	(5 656)	(18 969)
Fair value of plan assets	17 380	25 515
	11 724	6 546
Opening balance	25 515	25 809
Interest income on assets	1 598	1 812
Actuarial gain/(loss)	1 848	(119)
Benefits paid	(11 581)	(1 987)
Closing balance	17 380	25 515
Actual return on plan assets	3 446	1 693

The actual return on plan assets is calculated using the market value of assets both opening and closing as well as cash flows from the assets.

The net actuarial gain on the fair value of planned assets arose a result of the actual returns on the assets being higher than the calculated interest income on assets.

Unrecognised actuarial gains/(losses)

Opening balance
Amortisation
New gains/(losses)

	2021 R'000	2020 R'000
Opening balance	-	-
Amortisation	4 967	6 006
New gains/(losses)	(4 967)	(6 006)
	-	-

Present value of funded obligation

Opening balance
Service costs
Interest cost
Actuarial (gain)/loss
Benefits paid

	2021 R'000	2020 R'000
Opening balance	18 969	24 641
Service costs	296	665
Interest cost	1 091	1 775
Actuarial (gain)/loss	(3 119)	(6 125)
Benefits paid	(11 581)	(1 987)
	5 656	18 969

Per statement of comprehensive income

Profit or loss

Service costs

Net interest cost:

- Interest cost

Amount recognised in profit and loss

	2021 R'000	2020 R'000
Service costs	296	665
Net interest cost:		
- Interest cost	(507)	(37)
Amount recognised in profit and loss	(211)	628

Other comprehensive income

Actuarial (gain)/loss

Cumulative amount recognised in other comprehensive income

	2021 R'000	2020 R'000
Actuarial (gain)/loss	(3 119)	(6 006)
Cumulative amount recognised in other comprehensive income	(22 243)	(19 124)

Factors contributed to net actuarial gains

The following factors contributed to the net actuarial gain

Change in economic assumptions
Experience: Member share increases
Experience: Pension increases
Experience: Salary increases
Experience: Data and model changes
Experience: Demographic experience

	2021 R'000	2020 R'000
Change in economic assumptions	(1 235)	(8 172)
Experience: Member share increases	(3 451)	-
Experience: Pension increases	-	(450)
Experience: Salary increases	898	2 981
Experience: Data and model changes	(557)	-
Experience: Demographic experience	1 226	(484)
	(3 119)	(6 125)

Reconciliation of Statement of financial position

Opening value
Amount recognised in profit and loss
Amount recognised in other comprehensive income

	2021 R'000	2020 R'000
Opening value	6 546	1 168
Amount recognised in profit and loss	211	(628)
Amount recognised in other comprehensive income	4 967	6 006
	11 724	6 546

The paragraph 65 limit ensures the asset to be recognised in the University's statement of financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds or reductions in the future contributions. The paragraph 65 limit is not applicable for the year under review and the prior year, accordingly there is no unrecognised surplus as paragraph 65 limit is not applicable.

The defined benefit plan exposes the University to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The economic assumptions used in this valuation are based on market information as at 31 December 2021. The market information and rates fluctuate daily therefore the assumptions in 2021 will differ from the assumptions used in 2020.

Significant valuation assumption	2021 R'000	2020 R'000
Discount rate	9,7%	8,1%
Inflation rate	5,5%	3,5%
Pension inflation	3,03%	1,93%

Discount rate

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 7 years. This converts into an effective yield of 9.70% as at 31 December 2021. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate 9.70% per annum.

Inflation rate

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 5.50% per annum. This assumption is in line with the SA Government's Monetary Policy target of 3% to 6% per annum. This assumption has been based on the relationship between the current Nominal and Real Bond Curves, as compiled by the Johannesburg Stock Exchange of South Africa. The real bond yield was rounded to the nearest 0.1% as in the case of the discount rate. We calculated our inflation assumption as the difference between the discount rate and the real bond yield and adjusted for an inflation risk premium which we assumed to be 0.5%. The yield on a conventional bond is assumed to equal inflation plus the real yield on an index-linked bond plus an inflation risk premium. There is a premium to compensate the conventional bondholder for the uncertainty regarding future inflation. If inflation is higher than expected, their real yield will be lower than expected. The index-linked bondholder does not require such a premium as their yield is protected against higher than expected inflation.

Pension increase rate

Within the context of the Board's objective to grant annual pension increases to the extent that the Fund earns an investment return in excess of 6.0% per annum over the long term, as well as the Pensioner Portfolio's objective to out-perform the consumer price index (CPI) by 4.5% per annum over the long term and on recommendation of the Fund's Actuary, the Fund's pension increase policy prescribes that the Fund's purpose is to provide pensions payable in terms of the Fund's Rules, including pension increases which, subject to affordability, are targeted to be between 50% and 60% of the Consumer Price Index (CPI) over the long term. The Financial Sector Conduct Authority in recent years has reiterated that pension increases should be set in line with a targeted percentage of CPI. As a result, we have assumed a target of 55% of CPI. This implies a pension increase rate of 3.03% per annum.

Fund membership

The active members covered by the fund is 49 (2020:54)

The below sensitivity analysis was performed on the key valuation assumptions.

	2021 R'000	2020 R'000
Sensitivity information: 2021		
1% increase in discount rate		
Decrease in defined benefit obligation	(3 176)	(11 948)
1% decrease in discount rate		
Increase in defined benefit obligation	(11 227)	(28 918)
1% decrease in inflation rate		
Increase in defined benefit obligation	(9 345)	(17 600)
1% increase in inflation rate		
Decrease in defined benefit obligation	(3 666)	(13 064)
Expected retirement age: 63 years		
1% increase in pension increase rate		
Increase in defined benefit obligation	(8 948)	(13 064)
1% decrease in pension increase rate		
Decrease in defined benefit obligation	(3 697)	(17 600)

Post Retirement Medical Aid Fund Benefit

Post-retirement Medical Aid benefit (PRMA) is post-retirement health-care benefit which includes subsidisation of medical aid premiums to employees and retirees and to their registered dependents. The University offers employees and retirees the opportunity to belong to one of several medical schemes.

The Projected Unit Credit method has been used to value the liabilities. This post-retirement benefit obligation exposes the University to actuarial risks, such as longevity risk, currency, interest rate and risk and market (investment) risk.

The University's obligation towards the PRMA obligation was actuarially calculated as at 31 December 2021 by Simeka Consultants and Actuaries (Pty) Ltd. This obligation is fully funded by the University.

	2021 R'000	2020 R'000
Statement of financial position		
Present value of funded obligations	34 628	32 438
Movement in plan assets		
Contributions by University	2 913	2 972
Benefits paid	(2 913)	(2 972)
Closing balance	-	-
Movement in present value of funded obligation		
Opening balance	32 438	33 679
Interest cost	2 832	2 953
Actuarial (gain)/loss arising from financial assumptions	2 271	(1 222)
Benefits paid	(2 913)	(2 972)
Closing Balance	34 628	32 438

	2021 R'000	2020 R'000
Profit or loss		
Interest cost	2 832	2 832
Other comprehensive income: Actuarial losses		
Opening balance:	(57 233)	(58 455)
Amount recognised during the year	(2 271)	1 222
	(59 504)	(57 233)
Actuarial (gain)/loss		
Change in actuarial assumptions	(28)	117
Actual health care cost inflation compared with expected	714	(413)
Change in demographic profile of the membership	1 585	(926)
	2 271	(1 222)
Reconciliation of Statement of financial position		
Opening value	32 438	33 679
Employee contribution	(2 913)	(2 972)
Amount recognised in profit or loss	2 832	2 953
Amount recognised in other comprehensive income	2 271	(1 222)
	34 628	32 438

	2021 R'000	2020 R'000
Key valuation assumption		
Discount rate	10.02%	9.14%
Mortality rate (PA(90)) mortality tables for males and females with age reduction of 2 years	(2)	(2)

	2021 R'000	2020 R'000
Sensitivity information: 2021		
1% increase in discount rate		
Decrease in defined benefit obligation (effect in % terms)	(7)	(7)
Increase in annual expense (service cost plus interest cost) (effect in % terms)	2	3
1% decrease in discount rate		
Increase in defined benefit obligation (effect in % terms)	8	8
Decrease in annual expense (service cost plus interest cost) (effect in % terms)	(3)	(4)
Medical mortality rate rated down by 1 year PA 90-3		
Increase in defined benefit obligation (effect in % terms)	4	4
Increase in annual expense (service cost plus interest cost) (effect in % terms)	4	4
Medical mortality rate rated up by 1 year PA 90+3		
Decrease in defined benefit obligation (effect in % terms)	(4)	(4)
Decrease in annual expense (service cost plus interest cost) (effect in % terms)	(4)	(4)

5. INTANGIBLE ASSETS

	2021 R'000			2020 R'000		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Computer software, other	8 794	(5 447)	3 347	8 794	(5 014)	3 780

Intangible assets consist of Intergrated Tertiary Software (ITS) system and Oracle database. These are purchased software and not internally generated.

Reconciliation of intangible assets - 2021

	Opening balance	Amortisation	Total
Computer software	3 780	(433)	3 347

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Computer software	865	3 348	(433)	3 780

6. INVENTORIES

	2021 R'000	2020 R'000
Maintenance stock and consumables	1 312	1 708
Student laptops held for resale	5 048	-
	6 360	1 708
Inventories (provision for obsolescence)	(370)	(521)
	5 990	1 187

In 2021 inventories have been reduced by a value of R370 000 (2020:R521 000) due to stock that has been regarded as obsolete. The movement in the provision was recognised in the Statement of Profit/Loss and other Comprehensive Income under Other Operating Expenses.

7. TRADE AND OTHER RECEIVABLES

	2021 R'000	2020 R'000
Financial instruments:		
Student receivables	570 474	637 963
Allowance for impairment loss	(339 868)	(290 967)
Net student receivables	230 606	346 996
Sundry debtors	7 615	3 638
Total trade and other receivables	238 221	350 634

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows:

	2021 R'000	2020 R'000
At amortised cost	238 221	350 634

Exposure to credit risk

Trade receivables inherently expose the Mangosuthu University of Technology to credit risk, being the risk that the Mangosuthu University of Technology will incur financial losses if customers fail to make payments as they fall due.

In recognising and measuring Expected Credit Losses for trade receivables under the simplified approach, MUT used a provision matrix for calculating lifetime expected credit losses. The provision matrix is based on MUT's historical default rates over the expected life of the trade receivables and is adjusted for forward looking estimates. The rates are applied to the ageing buckets in each category of debtor after setting off the amounts still to be allocated to the student debtors.

Expected credit loss rate:

Categories of Debtors

	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
NSFAS - Current (0%)	15 357	-	29 182	-
NSFAS - 1 year past due (0%)	33 360	-	79 283	-
NSFAS - 2 years + past due (0%)	173 573	-	206 442	-
NSFAS - Unallocated	(21 927)	-	-	-
Privately Funded - Current (75%)	12 638	(8 812)	13 890	(9 763)
Privately Funded - 1 year past due (100%)	10 298	(9 591)	13 757	(11 591)
Privately Funded - 2 years + past due (100%)	318 378	(311 244)	256 548	(243 638)
Bursary/Sponsored - Current (25%)	541	(2 140)	970	-
Bursary/Sponsored - 1 year past due (50%)	1 062	(1 115)	4 087	-
Bursary/Sponsored - 2 years + past dues (100%)	27 194	(6 966)	33 805	(25 975)
	570 474	(339 868)	637 964	(290 967)

Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2021 R'000	2020 R'000
Opening balance: Recognition and Measurement	290 967	222 804
Opening balance	(290 967)	(222 804)
Remeasurement of loss allowance - comparative	(48 901)	(68 163)
Closing balance	(339 868)	(290 967)

There were no debts written off during the year.

8. INVESTMENTS AT FAIR VALUE

Investments held by the University which are measured at fair value, are as follows:

Mandatorily at fair value through profit or loss:

Other equity instrument
Old Mutual Wealth Investment. This investment was made several years ago and can be drawn down at any time.

	2021 R'000	2020 R'000
Other equity instrument	3 363	2 880
	3 363	2 880

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand
Cash on term deposit

	2021 R'000	2020 R'000
Cash on hand	1 862	27 370
Cash on term deposit	1 250 879	949 896
	1 252 741	977 266

Cash and cash equivalents held by the entity that are not available for use by the group in respect of Restricted grants.

	2021 R'000	2020 R'000
Cash and cash equivalents held by the entity that are not available for use by the group in respect of Restricted grants.	769 262	801 627
	1 250 879	949 896

Cash on term deposits

Financial institution

ABSA	810 195	528 978
Nedbank	296 476	282 805
Investec	76 650	74 141
Grinrod	67 558	63 972
	1 250 879	949 896

10. REVALUATION RESERVE

The revaluation reserve represents the accumulated gains on the revaluation of the University's fixed properties. Further details of the revaluation are provided under note 2.

	2021 R'000	2020 R'000
Balance	535 021	535 021

11. LOANS AND BORROWINGS

	2021 R'000	2020 R'000
Held at amortised cost		
Unsecured		
ABSA Bank Limited	79 073	84 524
Split between non-current and current portions		
Non-current liabilities	72 942	79 073
Current liabilities	6 131	5 451
	79 073	84 524

An unsecured loan of R38 878 876 (2020: R42 075 213) from ABSA Bank Limited bearing a fixed interest rate of 11.06% and repayable in two installments of R3 881 641 per annum including interest and capital. The installments are due in June and December each year. The final date for repayment is 23 June 2029.

An unsecured loan of R40 194 755 (2020: R42 448 975) from ABSA Bank Limited bearing a fixed interest rate of 13.04% and repayable in two installments of R3 858 192 per annum including interest and capital. The installments are due in June and December each year. The final date for repayment is 23 December 2030.

12. RESTRICTED GRANTS

Cumulative government grants of R769 million (2020: R801 million) were received for infrastructure and teaching and development of the University. This has been reflected as restricted grants and will be recognised as income on a systematic basis over the useful life of the asset or over the periods in which the University recognises the expenses in respect of the costs for which the grants are intended to compensate.

Non - Current

	2021				
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
HDI Grant	299 745	-	10 699	(12 076)	298 368
Deferred maintenance	28 363	969	944	(6 707)	23 569
Alga biotech & equipment	375	-	13	-	388
Student centre/bridge	39 327	652	895	(38 590)	2 284
New student housing	100 396	-	3 193	-	103 589
FC2 Engineering labs	44 171	-	745	(43 809)	1 107
FC11 Project management	450	-	5	(956)	(501)
Infrastructure efficiency	134 834	116 242	7 816	(50 899)	207 993
University essential projects	11 609	-	402	(1 417)	10 594
Bulk infrastructure	48 339	-	1 742	-	50 081
	707 609	117 863	26 454	(154 454)	697 472

The above grants have been received from DHET for specific projects. The University is precluded from utilising any of these grant monies for any other purpose other than the stated terms and conditions of the various grant letters.

	2020				
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
HDI Grant	245 625	44 763	12 823	(3 466)	299 745
Deferred maintenance	44 850	-	1 626	(18 113)	28 363
Alga biotech & equipment	359	-	16	-	375
Student centre/bridge	58 774	-	2 221	(21 668)	39 327
New student housing	97 009	-	3 565	(178)	100 396
FC2 Engineering	68 187	-	2 739	(26 755)	44 171
FC11 Project management	1 018	-	34	(602)	450
Infrastructure efficiency	147 342	-	769	(13 277)	134 834
University essential projects	11 099	-	510	-	11 609
Bulk infrastructure	48 302	-	2 079	(2 042)	48 339
	722 565	44 763	26 382	(86 101)	707 609

Current

	2021				
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
New generation of academics	20 942	-	622	(7 941)	13 623
Clinical training	11 441	5 311	501	(984)	16 269
Teaching and Learning	1 551	-	-	(616)	935
Science equipment	672	-	22	-	694
Refurbishment of lecture theatres	152	154	8	-	314
DHET NSFAS	132	-	-	-	132
Construction of social spaces	172	-	1	-	173
CRG 1 Covid Response	36 225	-	-	(12 236)	23 989
CRG 2 Campus Readiness	22 731	-	1 675	(8 745)	15 661
	94 018	5 465	2 829	(30 522)	71 790

	2020				
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
New generation of academics	26 426	482	1 117	(7 083)	20 942
Clinical training	1 322	10 000	365	(246)	11 441
Teaching and learning	2 026	-	-	(475)	1 551
Science equipment	644	-	28	-	672
Refurbishment of lecture theatre	295	-	11	(154)	152
DHET NSFAS	132	-	-	-	132
Construction of social spaces	171	-	1	-	172
CRG 1 Covid Response	-	40 124	-	(3 899)	36 225
CRG 2 Campus Readiness	-	22 731	-	-	22 731
	31 016	73 337	1 522	(11 857)	94 018

Analysis as follows

Restricted grants - non current
Restricted grants - current

	2021 R'000	2020 R'000
	697 472	707 609
	71 790	94 018
	769 262	801 627

13. DEFERRED INCOME

Deferred income relates to infrastructure projects funded by restricted grants. When such expenditure is capitalised to work in progress, the corresponding deferred income is raised. When the asset is available for use, the grant is recognised on a systematic bases over the useful life of the asset.

Opening balance
WIP and other assets funded through grants
Income recognised

	2021 R'000	2020 R'000
	243 068	179 548
	131 217	64 796
	(1 276)	(1 276)
	373 009	243 068

14. TRADE AND OTHER PAYABLES

Financial instruments:

Trade accounts payables and other accruals
Payroll accruals
Special restricted funds
Deposits received

Non-financial instruments:

Credit balances in student debtors
Deferred revenue

	2021 R'000	2020 R'000
	141 301	83 776
	44 182	46 055
	29 636	34 743
	19 872	25 123
	75 792	57 992
	36 165	124 437
	346 948	372 126
	335 340	142 243

15. PROVISIONS

Reconciliation of provisions

	2021		
	Opening balance R'000	Utilised during the year R'000	Total R'000
Provision for employees tax on fringe benefits	4 919	(4 919)	-

	2020		
	Opening balance R'000	Additions R'000	Total R'000
Provision for employees tax on fringe benefits	2 795	2 124	4 919

Provision for employees tax

The provision related to the amount due because of a voluntary disclosure with SARS due to employees tax not deducted and paid over in prior periods.

16. INCOME

Government Grants

Government Subsidy
Foundation grant
Programme funding
Realised deferred grant
Grant income - laptop

Income from other activities

Student accommodation fees

Disaggregation of revenue from contracts with customers

The company disaggregates revenue from customers as follows:

Tuition and other fee income

Tuition fees
Examination fee
Student levies

Income from other activities

Donations Received
Rebates
Student Cards
Library Fines
Short Courses Income
TSC Projects Income
Hire of Venue
Conference Income
Sundry Income
Internal Costs Recovery

	2021 R'000	2020 R'000
	495 307	463 145
	12 412	9 544
	1 935	1 934
	1 276	1 276
	255	-
	511 185	475 899
	483 085	331 924
	327 837	227 869
	168	164
	6 040	6 131
	334 045	234 164
	802	814
	163	-
	49	54
	11	2
	8	21
	73	56
	205	8
	22	-
	8	94
	485	1 450
	1 826	2 499

17. INVESTMENT INCOME

Interest income
Investments in financial assets:
Bank and other cash
Interest - post retirement fund obligations
Total interest income

	2021 R'000	2020 R'000
	13 652	19 712
	507	-
	14 159	19 712

18. STAFF COSTS

Employee costs
Academic Professionals
Non Academic Professionals

	2021 R'000	2020 R'000
	241 366	231 751
	237 499	231 725
	478 865	463 476
	225	218
	355	356
	580	574

Average number of persons employed during the year

Academic professionals
Non academic professionals

19. OTHER OPERATING EXPENSES

Auditor's remuneration
External
Internal
Repairs and maintenance
Legal fees
Outsourced services
Catering expenses
Cleaning, hygiene and sanitation
Grounds and gardens
Information technology and computer services
Security
Student Transport
Operating leases - Student residences
Software licensing
Assessment rates & municipal charges
Telephone expenses
Periodicals (subscriptions to online journals and other academic materials)
Rental of photocopy machines

	2021 R'000	2020 R'000
	2 206	1 570
	2 112	3 378
	12 831	12 420
	3 874	2 712
	1 002	516
	19 086	14 497
	2 925	2 352
	8 901	7 005
	23 040	22 635
	36 421	30 394
	322 368	179 808
	10 641	7 552
	50 184	39 728
	4 868	1 551
	8 064	6 236
	3 318	3 251

Insurance
Professional fees
Consumables
Bank charges
Debt collection
Student related functions
Books and materials
Research and development costs
Membership fees
Training
Free study dependants
Functions
Council fees
Students sports body
Teaching aids
Other operating expenses

	2 454	2 203
	6 245	6 640
	2 224	3 451
	1 162	1 140
	2 446	1 308
	1 100	868
	1 092	789
	2 904	3 076
	1 101	1 151
	2 567	1 282
	1 646	1 548
	1 125	479
	1 522	1 112
	2 076	117
	1 990	765
	16 206	13 220
	559 701	374 754

20. FINANCE COSTS

Lease liability
Interest - post retirement medical aid obligation
Interest paid
Total finance costs

	2021 R'000	2020 R'000
	19	5 570
	2 832	-
	10 043	12 777
	12 894	18 347

21. CASH GENERATED FROM OPERATIONS

Surplus for the year
Adjustments for:
Depreciation and amortisation
Losses on disposals, scrappings and settlements of assets and liabilities
Finance income
Finance costs
Net impairments
Movements in provisions
Prior year adjustment
Other comprehensive income
Fair valuation of investment
Movement in post retirement obligations
Deferred income recognised

	2021 R'000	2020 R'000
	193 631	19 256
	44 477	120 615
	5 757	2 289
	(14 159)	(19 712)
	12 894	18 347
	73	214
	-	2 124
	-	6 386
	-	7 228
	(483)	-
	(296)	(6 619)
	(1 276)	-

Changes in working capital:

Inventories	(4 803)	660
Trade and other receivables	112 146	(130 960)
Trade and other payables	(25 990)	195 730
	321 971	215 558

22. PRIOR PERIOD ERRORS

The following prior period errors were corrected in 2021:

1. The physical verification of assets identified a significant number of assets were not recorded in the assets register. They were subsequently recorded in 2021.
2. There were historical accruals that have not materialised into actual expenditure and there was no evidence to support that they are still relevant. This was corrected in the current year.
3. There was restricted grants expenditure that was allocated to MUT operating expenditure when it should have been allocated to restricted grants. This was corrected in the current year.
4. Stock adjustment relates to prior year imbalances between the stock sub-module and the general ledger.

Prior period restatement of revaluation on land and buildings

During the year 2019 land and buildings were revalued, however the classification of the adjustment between Cost and Accumulated depreciation was misstated. The revaluation was done effectively at the end of 2019 and thus this error did not have an impact on the Net book value (carrying values) of the total Land & Buildings in 2019.

The 2020 opening Cost and Accumulated Depreciation of Land & Buildings have been adjusted to correct the error. This adjustment is reflected in the 2020 balances as as per the restated Statement of Financial Position for the 2020 year end. There was no impact on opening Retained earnings in 2020 year as the revaluation was done at year end. The 2020 depreciation has been adjusted to correct the calculation of depreciation which was based on the incorrect amount. This adjustment was done in the 2020 year and accordingly the depreciation and surplus reported in 2020 has been restated in the Statement of comprehensive income.

The impact of these adjustments on the Statement of Financial Position and Statement of comprehensive income is reflected in the table below.

The impact of the prior period errors on the Statement of Financial Position is as follows:

Property, plant and equipment	15 938	-
Trade and other payables	4 106	-
Restricted grants	3 882	-
Inventory	(267)	-
Opening retained earnings	(23 659)	-

Impact of prior period restatement on revaluation of land and buildings Effect on Statment of Financial Position

Buildings	-	(37 281)
Land improvements	-	(7 430)
Buildings - accumulated depreciation	-	(79 049)
Land improvements - accumulated depreciation	-	(7 430)

Effect on Statment of comprehensive income

Depreciation and impairment	-	11 376
Total comprehensive income	-	(11 376)

23. PAYMENT MADE FOR ATTENDANCE OF MEETINGS OF THE COUNCIL AND SUB COMMITTEES**To whom paid****Council members**

M Morailane (Chairperson)	313	24
NZ Qunta (resg June 2021)	50	104
OM Galane	137	101
BA Makhathini	50	-
MT Msimang	43	-
S Makhunga (appt November 2021)	5	-
LThabethe (resg October 2021)	38	-
M Makhura (appt November 2021)	5	-
Z ZULU (APPT DECEMBER 2021)	-	-
HT ZWANE	113	93
MJ SIKHOSANA	-	5
AM MONDI (TERM ENDED APRIL 2021)	5	48
L MBATHA	63	58
SS Mthethwa	71	61
NC Nyama	58	60
NS Mlaba	117	97
L Noge-Tungamirai	66	63
N Grove (resg January 2021)	33	67
B Zulu (appt Dec 2021)	-	-
V Reddy (resg February 2021)	-	-

Chairs of Committees

EK Madlala	-	9
MF Randerera	-	22
S KESWA	-	10
TL Toni	81	76
S Dlamini	118	64
Mnyandu SZ	94	58
	1 460	1 020

27. FINANCIAL RISK MANAGEMENT

CATEGORIES OF FINANCIAL INSTRUMENTS

Categories of financial assets

2021					
	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	3 363	-	3 363	3 363
Trade and other receivables	7	-	238 221	238 221	-
Cash and cash equivalents	9	-	1 252 741	1 252 741	-
		3 363	1 490 962	1 494 325	3 363

2020					
	Note(s)	Fair value through profit or loss - Mandatory	Amortised cost	Total	Fair value
Investments at fair value	8	2 880	-	2 880	2 880
Trade and other receivables	7	-	350 634	350 634	-
Cash and cash equivalents	9	-	977 266	977 266	-
		2 880	1 327 900	1 330 780	2 880

Categories of financial liabilities

2021					
	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other receivables	14	234 993	-	234 993	-
Borrowings	11	-	79 073	79 073	-
		234 993	79 073	314 066	-

2020					
	Note(s)	Amortised cost	Leases	Total	Fair value
Trade and other receivables	14	189 698	-	189 698	-
Borrowings	11	-	84 524	84 524	-
Finance lease obligations	3	-	2 155	2 155	-
		189 698	86 679	276 377	-

Financial risk management

Overview

The Mangosuthu University of Technology is exposed to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk (currency risk, interest rate risk and price risk).

The University's financial instruments consist primarily of deposits with registered Grade A commercial Banks, student accounts receivable and trade payables, interest bearing loans and borrowings.

The University Council has overall responsibility for the establishment and oversight of the University's risk profile. Council has established an Audit, Risk and Compliance Committee (ARCC) to develop monitor and manage the University's risk management policies on its behalf and Executive management is responsible for implementing, managing and complying with selected risk management strategies.

All potential risks are identified, evaluated and managed as appropriate. Risk management policies, systems and procedures are reviewed regularly to reflect changes in market conditions, the higher education sector and in the University's operating environment. The Chairperson of the respective committee, the Vice-Chancellor and other members of Executive management report regularly to the Council on risk management activities and results. The University, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees, students and other stakeholders understand their roles and obligations.

The University's policies regarding insurance and risk cover are set and monitored by the ARCC. Likewise, decisions on the level of financial risk are taken by the ARCC and enforced by the University's Finance Division in terms of established limits by reference, in each case, to the particular transaction type, the monetary amounts and the counter-parties involved. The University is exposed to market risk as it holds an investment in funds which are significantly affected by fluctuations in market conditions.

The University is exposed to changes in market prices through its investment in unit trust funds via Old Mutual. This investment was taken out in 1999 and is subject to fluctuations in the market prices of the units it is invested in. (Refer note 8)

Interest rate risk: The University is exposed to interest rate risk through the funds it has invested in call accounts with various financial institutions with interest rates linked to the repo rate.

There has been no change to the University exposure to market risks during the year of assessment or the manner in which these risks are managed and measured

Credit risk

The University's potential concentrations of credit risk consist mainly of short term cash, cash equivalent investments and trade and other receivables.

The University places cash and cash equivalents with reputable financial institutions. The maximum exposure approximates the carrying amount.

The University's credit risk exposure is represented primarily by the net aggregate balance of amounts receivable in respect of unpaid student fees and general trade receivables. Collateral measures include the withholding the certificates and the refusal to allow students in default of their financial obligations to register in the ensuing academic year unless a debt payment plan has been committed to. Debt collection procedures are applied as diligently as circumstances permit in such a way as to minimise risk and related collection costs. As a general principle, no collateral is required for general trade debtors and other receivables. The University grants registration concessions to these students, at the discretion of Executive Management.

The University provides for impairment losses in respect of student-related receivables (student fee debtors) and other trade receivables to the extent that these can be reliably and conservatively determined, having regard to the credit risk experience and payment history of the particular categories of debtors.

Liquidity risk

The University manages its liquidity risk by monitoring its daily cash flow to ensure that surpluses are optimally invested and that adequate cash is available to meet its day-to-day operations in the short and medium-terms, based on rolling cash flow projections and good working capital management. The University adopts a diversified investment strategy with specified major financial institutions, each of which is required to be accredited according to the University's Investment Policy and has no significant concentration of credit risk with any single counter-party.

The timing and cyclical nature of the University's cash inflows and outflows are such that liquidity problems are likely to occur in the first quarter of the year. The University has access to funds through its short-term deposits in the event that any unforeseen event occurs.

Market risk

Market risk is the risk that changes in market prices (such as foreign exchange rates, interest rates and equity prices) will affect the University's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within the acceptable parameters, while optimising the return

a) Interest rate risk

The University's borrowings used to finance its operations are at fixed rates of interest. The level of borrowings and consequently, the debt servicing costs are closely monitored and controlled by the Finance Committee on behalf of Council, having regard to the prevailing and projected interest rates and the University's capacity to service such debt from future earnings.

b) Foreign exchange risk

The University has minimal exposure to foreign exchange risk.

Fair value versus carrying value

The fair value of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position are as follows:

	2021 R'000		2020 R'000	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Cash and cash equivalents	1 252 741	1 252 741	977 266	977 266
Employee benefits	(34 628)	(34 628)	(32 438)	(32 438)
Interest bearing loans	(79 073)	(79 073)	(84 524)	(84 524)
	1 139 040	1 139 040	860 304	860 304

Basis for determining fair values

The following summarises the significant methods and assumptions used in estimating the fair values of the financial instruments reflected in the table above.

a) Cash and cash equivalents

The fair value of cash and cash equivalents is assumed to be equal to its carrying value which is based on the year end actual bank balances as reflected on the bank statements.

b) Employee benefits

The fair value of the employee benefits obligation is based on the actuarial valuation more fully disclosed on note 4 of these financial statements.

c) Interest bearing loans

The fair value is assumed to be equal to its carrying value which is based upon the actual amortisation table from ABSA.

Interest rate sensitivity analysis

The University only has long term borrowings from ABSA as disclosed in note 11.

The interest rate on these loans are fixed and therefore not subject to fluctuations in interest rates. Therefore no interest rate sensitivity is provided.

Credit risk

At the reporting date, the University has significant credit risk in respect of students who are self funded.

Credit losses

Refer to note 7 for the ageing of student receivables.

Liquidity risk - contractual cash flows

The following are the contractual cash flows of the financial liabilities that are maturing over different periods, including interest payments and excluding the impact of netting agreements.

	31 December 2021				
	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6 - 12 months R'000	>1 year R'000
Trade and other payables	234 993	234 993	234	993	-
Interest bearing loans	79 073	127 672	7 740	7 740	112 192
	314 066	362 665	242 733	7 740	112 192

	31 December 2020				
	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6 - 12 months R'000	>1 year R'000
Trade and other payables	189 698	189 698	189 698	-	-
Interest bearing loans	84 524	150 891	7 740	7 740	135 411
Lease liability	2 155	2 155	2 155	-	-
	276 377	342 744	199 593	7 740	135 411

Accounting classification and fair values

Fair value hierarchy

The table below analysis financial instruments measured at fair value, or items for which the disclosure of fair value is required, by valuation method. The different levels have been defined as follows:

2021		
	Level 2 R'000	Total R'000
Investment at fair value	3 363	3 363
	3 363	3 363

2020		
	Level 2 R'000	Total R'000
Investment at fair value	2 880	2 880
	2 880	2 880

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value sensitivity in respect of level 3 Property, Plant and Equipment

The note details the methodology and sensitivity of the determined fair value of the assets that are prior period gains as reflected in note 2. The existing asset base was used to provide cost data that was used as a base from which fair value maybe determined and adjusted these values using applicable CPI, and condition assessment.

CPI Adjustment

Due to the age of the University and the history associated with the asset register data, only assets that have been purchased in the last 5 years and appear on were considered for use in the determination of fair value.

Median value

To ensure that outlier values have limited effect on the fair value determination, the median of all adjusted values for assets with the same descriptions will be determined.

Traded value

Where identified assets do not fall into a category from which value can be derived, and then the value will as per quoted prices in an active and liquid market. Where market values are not available, estimates can be made with reference to the market value of assets with similar characteristics, or with reference to an arm’s length transaction concluded for similar assets. Internet based searches were used to provide a useful resource for current pricing.

Condition

The final factor that was considered is condition. Because no information relating to the age of the asset is available, the assumption is that the asset is not new and as such, a factor must be applied to the median value to ensure that it is a fair representation of the economic value of the asset in its current condition.

The university assets economic life is realised through use, the fair value was determined in order to recognise the asset, which will in future be the cost of the asset therefore the above unobservable inputs would not have significant impact to the asset recoverable amount initial recognition.

Fair value sensitivity in respect of level 1 Investments at Fair Value

The investment is held with old mutual investment and is invested in two funds namely Nedgroup Investment SA Equity fund R- class and Old Mutual Money Market

28. CONTINGENCIES

1. Litigation is in progress against the Mangosuthu University of Technology relating to a matter with the former Vice-Chancellor who is suing the University's former Chair of Council, DVC Teaching and Learning and 5 others. Each party is being sued for R1 000 000.The University is defending the matter.
2. Litigation is in progress against the Mangosuthu University of Technology from the parents of a former student who was shot and killed at one of the university's external residences. The claim documents reflect the following amounts being claimed:

1. Emotional distress - R200 000

2. Post traumatic stress - R200 000

3. General damages - R600 000

4. Funeral expenses - R50 000

The total claim equates to R1 050 000, however the claim document reflects a total of R10 050 000.

The matter is being defended by the University's legal directorate who are aware of the discrepancy in the total claim value and will be using this as part of the defence in this matter.

3. As a result of non submission of tax returns for First Ready Development 143 NPC, we are not aware of any and have not recognised any tax implications that will flow from the submission of the tax returns. There is a process underway to finalise the tax assessments with SARS (refer to note 33 for further information).

29. IRREGULAR EXPENDITURE

	2021 R'000	2020 R'000
Details		
Balance at beginning of the year	141 949	110 975
Expenditure incurred during the year	28 365	30 974
	170 314	141 949
The following expenditures were paid		
Servest Security - security services	22 875	22 523
Konica Minolta - leasing of printers	1 743	990
The HR Touch - facilitating EMC legotla	-	92
City Hospital - ambulance services	400	40
World Corp Investments, Subash Maharaj & Co, Shiv Civils - external residences	-	5 000
Enviroserve Waste Mngt - waste removal services	557	349
Bidvest Steiner - hygiene consumables	2 646	695
Kone Elevators - lift maintenance	-	34
Liquid Telecom	-	400
Kasiconnect - wireless network services	-	834
Thulamuntu Development	50	-
Macimbi trading - supply of PPE	-	17
Forms Media	2	-
Lopac Tissue	25	-
Dexaco	36	-
Isibindi Stationers	17	-
Ekhwesi	1	-
Halls Hardware	6	-
Getshi Trading	7	-
	28 365	30 974

30. NEW STANDARDS AND INTERPRETATIONS

30.1 NEW OR REVISED STANDARDS

IFRS 17 - Insurance Contracts: IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS4 Insurance Contracts as of 1 January 2023.

This IFRS has no significant impact for MUT.

30.2 AMENDMENTS

New or revised pronouncement

1. Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4)

Amends Insurance Contracts provide two options for entities that issue insurance contracts within the scope of IFRS 4:

- An option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets; this is the so-called overlay approach;
- an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4; this is the so-called deferral approach.

The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.

Overlay approach to be applied when IFRS 9 is first applied. Deferral approach effective for annual periods beginning on or after 1 January 2018 and only available for five years after that date.

2. Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Effective date is for annual reporting periods beginning on or after 1 January 2023.

3. Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

Effective date is for annual reporting periods beginning on or after 1 January 2022.

4. Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Effective date is for annual reporting periods beginning on or after 1 January 2022.

5. Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Effective date is for annual reporting periods beginning on or after 1 January 2022.

30.3 Annual Improvements to IFRS Standards 2018–2020

Makes amendments to the following standards:

- IFRS 1 – The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.

2. IFRS 9 – The amendment clarifies which fees an entity includes when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability.
3. IFRS 16 – The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
4. IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Effective date is for annual reporting periods beginning on or after 1 January 2022.

5. Covid-19-Related Rent Concessions (Amendment to IFRS 16)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

Effective date is for annual reporting periods beginning on or after 1 June 2020.

6. Amendments to IFRS 17

Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:

Effective date is for annual reporting periods beginning on or after 1 January 2023.

7. Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)

The amendment changes the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023.

8. Classification of Liabilities as Current or Non-current – Deferral of Effective Date (Amendment to IAS 1)

The amendment defers the effective date of the January 2020 amendments by one year, so that entities would be required to apply the amendment for annual periods beginning on or after 1 January 2023.

Immediately available.

9. Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The amendments in Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

Effective date is for annual reporting periods beginning on or after 1 January 2021.

10. Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added.

Effective date is for annual reporting periods beginning on or after 1 January 2023.

11. Definition of Accounting Estimates (Amendments to IAS 8)

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

Effective date is for Annual reporting periods beginning on or after 1 January 2023.

12. Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Effective date is for annual reporting periods beginning on or after 1 January 2023.

13. Initial Application of IFRS 17 and IFRS 9 – Comparative Information (Amendment to IFRS 17)

The amendment permits entities that first apply IFRS 17 and IFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of IFRS 9 had been applied to that financial asset before.

An entity that elects to apply the amendment applies it when it first applies IFRS 17.

The above revised pronouncements and amendments are not expected to have a material impact on the MUT, however where applicable they will be adopted as per the effective dates.

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

1. During the current year it was discovered that in 2020 the SRC: Project income of R6 130 000 has been allocated to Income from other activities instead of Tuition and other income.
2. During the year Other Non-Distributable reserves has been re-allocated to Retained Income. The amount was R42 961 000. This was done as the reserves are un-restricted and should therefore be part of Retained Income.
3. In the current year unallocated deposits have been reflected separately under trade and other payables whilst in the prior year, they were included in credit balances in student debtors.
4. In the current year the stock movement account has been allocated to Trade and other payables whilst in the prior year it was included in inventory. This was corrected in the current year.

The effect of the reclassification on the prior year is as follows:

	2021 R'000	2020 R'000
Statement of Financial Position		
Retained income	-	42 961 000
Other non-distributable reserves	-	(42 961 000)
Trade and other payables - Deposits received	-	25 123 000
Trade and other payables - Credit balances in Student Debtors	-	(25 123 000)
Trade and other payables - Trade accounts payables and other accruals	-	260 457
Inventories	-	(260 457)

Statement of Comprehensive Income

Income from other activities	-	(6 130 000)
Tuition and other fee income	-	6 130 000

32. FRUITLESS AND WASTEFUL EXPENDITURE

	2019 R'000	2020 R'000
Reconciliation of fruitless and wasteful expenditure		
Fruitless and wasteful expenditure	-	2 000 000

During the year 2020, R2 000 000 was written off. This related to the beds and other furniture and equipment that were ordered and paid for from Asemahle Investments (Pty) Ltd in 2018. These items were never delivered. The university instituted legal action to recover this amount from the company, however this action yielded no result and the University was advised by its Senior Director: Legal Services in consultation with practicing attorneys to close the matter as there was no possibility to recover these funds.

33. INTERESTS IN SUBSIDIARIES - FIRST READY DEVELOPMENT 143 NPC

Included in Mangosuthu University of Technology's Property, Plant and Equipment balance is the student residence known as the "Executive Hotel". This property is owned by First Ready Development 143 NPC, a company specifically formed in 1998 by the then Council and management of MUT for the purpose of acquiring the property to be used as student residence for Mangosuthu University of Technology's students. The property was acquired in 1999 at a cost price of R3,5 million. The carrying value of this property as at 31 December 2021 is R22 895 977 (as per the latest valuation conducted as at 31 December 2019). The property has been used as student accommodation since acquisition. The administration matters of this non-profit company were not fully attended to. This resulted in the company being in placed under final de-registration with the Companies and Intellectual Property Commission (CIPC).

The property is accounted for in the financial records of MUT and all related revenues and expenditures (including capital expenditure) are also accounted for in the financial records on of the University. This was done because there was no separate accounting records of the company and in substance the company is controlled by Mangosuthu University of Technology. Mangosuthu University of Technology's financial statements are reported as consolidated financial statements as a result of assets, revenue and expenditure of this entity being included in the accounting records of Mangosuthu University of Technology and reported as such in the annual financial statements.

The Mangosuthu University of Technology has currently taken steps to regularise the administrative affairs of the company. This involves the re-instatement of the company with the CIPC and confirmation of the tax status of the company with the South African Revenue Service (SARS). In respect of the CIPC the company is now in the re-instatement process and still needs to submit certain further documentation to complete the re-instatement. In respect of SARS, enquiries have been made and the Mangosuthu University of Technology is awaiting responses.

The student accommodation that is provided is primarily used for the purposes of a dwelling and therefore regarded as exempt from VAT.

The accommodation fee per student for this residence is R13 090 (2020: R12 270) per semester. The residence has a capacity of 240 students.

Contingent liability

The company is a non-profit company which should be exempt from tax. However, the University is currently unable to establish the tax status of the company. There is also no record of the submission of income tax returns for the company.

The Mangosuthu University of Technology has commenced the process of addressing this matter in order to further engage with the SARS. Therefore there exists a contingent liability in respect of potential income tax payable on possible taxable income of the company from the time it commenced trading. There is also a contingency in respect of penalties and interest on such income tax. However at this stage of the process, it is not possible to reliably estimate the amount of this liability.

34. GOING CONCERN

Mangosuthu University of Technology is public Higher Education Institution governed by the Higher Education Act and the DHET. It is a not for profit entity which has as its primary purpose to provide post school education and training (PSET) to qualifying students wishing to pursue their tertiary studies.

Since March 2020 the consequences of the COVID-19 pandemic have materially and adversely affected the ability of the University to continue normal operations in delivering face to face educational services to its students. During the course of the 2020 academic year, services were partially suspended under the various lock down regulations.

The DHET together with all public higher education institutions committed to the successful completion of the 2020 academic year. This resulted in the extension of the 2020 academic year into the first quarter of 2021 for most universities. MUT's 2020 academic year was extended to 28 February 2021 and successfully completed.

This extension of the 2020 academic in the 2021 year, also affected the commencement and completion of the 2021 academic year which commenced in April 2021 and was completed in January 2022.

NSFAS did not make any upfront payment to MUT in the first quarter of 2021 as it normally does. This has had a negative impact on MUT's liquidity position during the first quarter of the 2021 financial year, however the University was able to successfully navigate through this challenge.

The DHET also reduced the block grant for all universities across the sector and the re-prioritisation of those funds to Universities in order to respond to the COVID-19 crisis. There was also a cut from the Infrastructure & Efficiency Grant of which a portion was returned and reprioritised for the Covid-19 Response Grant 1 (CRG-1). This Grant was primarily to enable multi- modular teaching and learning which was necessitated by the advent of the COVID pandemic. The DHET also the finalised the COVID Response Grant 2 (CRG-2) late in December 2020 and

allocated these funds to institutions. This Grant is primarily for campus readiness programmes to enable universities to comply with the required additional health and safety protocols as a result of the pandemic.

In April 2021, the DHET also announced the re-prioritisation of certain grants to deal with the shortfall on the funding of students by the National Student financial Aid Scheme (NSFAS) for 2021. The DHET reprioritised R2 490 million in order to meet this shortfall.

The DHET has not indicated any plans to close or wind down the operations of the university. In fact, the DHET as part of Governments response to the COVID-19 pandemic has taken action to ensure the continued operations and service delivery at all public higher education institutions. The academic year of MUT was successfully completed in February 2022. The new academic year commenced in the middle of March 2022. The University has developed Teaching & Learning Plans for the 2022 academic year that will ensure the core activity of the University continues. The South African Government has revoked the "State of Disaster" and Government has removed all lockdown restrictions. The COVID-19 vaccination programme has also been rolled out since the beginning of 2021.

The virus still remains a threat and the University continues to adopt a multi-modular teaching and learning plan. Currently there are no matters that may cast significant doubt on MUT's ability to continue as a going concern.

35. EVENTS AFTER THE REPORTING PERIOD

Students protests

On the 23 June 2022 the University experienced student action protest which resulted in damage to Mangosuthu University of Technology's property and infrastructure. A preliminary assessment of damages was conducted and are estimated at R2 000 000. The Mangosuthu University of Technology has submitted an insurance claim in this regard.

The Mangosuthu University of Technology has opened a case of trespassing, arson, and damage to university property with the South African Police Service (Umlazi) against those involved.

Management is committed to continuing with the academic programme, and this incident will not deter Mangosuthu University of Technology from fulfilling its mandate to provide quality education to students.

The Mangosuthu University of Technology has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2021 have not been adjusted to reflect their impact.

As at 31 December 2021 this entity was reported as de-registered with the Companies and Intellectual Properties Commission (CIPC). The process to re-instate this company has commenced. The current registration process of this company is 're- instatement in progress'.

NOTES

[illegible]

[illegible]



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