



ANNUAL REPORT

2020



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ABBREVIATIONS AND ACRONYMS

4IR	4th Industrial Revolution
AFS	Annual Financial Statements
ALLU	Academic Language Literacy Unit
APC	Academic Planning Committee
APP	Annual Performance Plan
ARCC	Audit, Risk and Compliance Committee
BBBEE	Broad-Based Black Economic Empowerment
CE	Community Engagement
CFO	Chief Financial Officer
CHE	Council on Higher Education
COGTA	Cooperative Governance and Traditional Affairs
COVID-19	Coronavirus disease of 2019
DHET	Department of Higher Education & Training
DVC	Deputy Vice Chancellor
ECSA	Engineering Council of South Africa
EE	Employment Equity
EMC	Executive Management Committee
EPIC	End Poverty Innovation Challenge
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
Exco	Executive Committee of Council
FIC	Finance and Investment Committee
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

IoT	Internet of Things
IP	Intellectual Property
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
MSEU	Mathematics and Science Education Unit
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
PPE	Personal Protective Equipment
PQM	Programme Qualification Mix
PRC	Planning and Resources Committee
RMC	Risk Management Committee
RMTLA	Remote Multimodal Teaching, Learning and Assessment
RMTLSSp	Remote Teaching and Learning Student Support Platform
SA	South Africa
SAC	Student Affairs Committee
SCM	Supply Chain Management
SET	Science, Engineering and Technology
SRC	Student Representative Council
TLDC	Teaching and Learning Development Centre
TPDU	Teaching Professional Development Unit
TVET	Technical Vocational Education and Training
USAf	Universities South Africa
VC	Vice-Chancellor
WC	Writing Centre
WIL	Work Integrated Learning

EXECUTIVE SUMMARY



Professor Marcus Ramogale
Acting Vice-Chancellor and Principal
MUT

The early recess, subsequent national lockdown and phased return to campus in response to the COVID-19 pandemic have interrupted conventional academic calendars at all South African universities; and at MUT these events resulted in the extension of the 2020 academic year into 2021.

While the University has made concerted efforts to maintain continuity of teaching and learning during the lockdown period, many students struggled with remote learning. Students did not have access to internet, data and devices required for online learning. Academics too have had to adapt to different modes of instructional delivery and new pedagogical concepts, for which they required training. The pandemic has exposed the many inadequacies and inequities in the higher system - from access to broadband and computers, levels of digital literacy needed for online education, the types of living environments needed to support learning, funding, working from home for staff, etc. Despite the challenges experienced and exacerbated

by the pandemic in 2020, MUT continued in its endeavour to deliver on its mandate to advance quality teaching and learning, conduct cutting-edge research, and engage with the community at large. Preparations for remote work included the development of business continuity plans, scenario-planning, and reprioritisation of budgets, considerations regarding the usage of unspent interest on earmarked grants, and scaling up of capacity development initiatives particularly with regard to leveraging the affordances of technology to deliver on the University's academic mission.

This Annual Report comprises three parts and provides information on the core business of the Mangosuthu University of Technology in 2020. The first part highlights MUT's performance in 2020 against its predetermined objectives and targets. The second part emphasises 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 2020).

PART B: REPORTS ON GOVERNANCE AND OPERATIONS

This part of the Annual Report details several subsidiary reports from the key governance and leadership stakeholders as outlined in the DHET reporting regulations (Gazette 37726). These are the Chairperson of Council, The Vice-chancellor, Council and 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 2020. It addresses the salient features presented in the annual financial statements, for the period 1 January to 31 December 2020, 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.



PART A

GENERAL INFORMATION

01 | PERFORMANCE AGAINST THE DHET APPROVED ENROLMENT TARGETS IN 2020

Table 1: Performance against Ministerial-approved targets

INDICATORS	2019	2020		
	Actuals (audited - 3rd HEMIS submission)	Approved Targets	Actuals (audited - 3rd HEMIS submission)	Percentage Achievement
HEADCOUNT TOTALS (excludes occasional)				
First-time entering undergraduates	3 658	3 375	3 493	103%
Foundation provisioning (1st year intake)	590	483	413	86%
Total headcount enrolment	14 326	12 980	14 652	113%
Total undergraduate headcount enrolment	14 265	12 915	14 575	113%
Total postgraduate headcount enrolment	61	65	77	118%
ENROLMENTS BY MAJOR FIELD OF STUDY				
Science, Engineering, Technology	60%	59%	57.4%	97%
Business/management	33%	35%	34.4%	98%
Education	0%	0%	0%	-
Other Humanities	7%	6%	8.2%	137%
GRADUATES IN CURRENT YEAR				
Graduates - undergraduate	2 493	2 870	2 750	96%
Graduates - postgraduate	43	37	59	159%
Graduation rate	17.7%	22%	19.2%	87%
Success rate	81%	80%	85.8%	107%
UNDERGRADUATE OUTPUT BY SCARCE SKILLS				
Engineering	682	802	676	84%
Life and physical sciences	88	80	56	70%
Animal and human health	142	189	93	49%
STAFF PROFILES				
Instructional/research professional staff	221	224	224	100%
% staff with doctoral degrees	13%	17%	21%	123%
Number of NGAP staff	10	16	14	88%
Ratio of FTE students to FTE instructional/research staff	41.1	31.9	46.1	182%
RESEARCH OUTPUT				
Total Research Output units	40.3	42	107.9	257%

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

Performance rating key:

1 Not done in 2020	2 Started but below target by more than 10%	3 Within 10% range of target	4 Exceeded expectations. More than 10% greater than target
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Table 2: Achievement against strategic goals and objectives

Objectives	KPI	2018 (Baseline)	2020 (Target)	2020 (Actual)	Performance Rating in 2020	Reason for underperformance
Goal 1: Excellence in teaching and learning						
SO 1.1 To increase student success	1. Student success rate	81%	80%	85.8%	3	
	2. Student graduation rate	19%	21%	19%	3	Many of our programmes are dependent on WIL placements in the final year of study. In 2020 employers were reluctant or could not offer student placements because of the negative economic effects of the pandemic on their businesses. This has influenced the number of students who can complete the qualification requirements in order to graduate.
	3. Throughput rate (in min+2) for the 3-year diploma (2016 cohort reported in 2020)	49%	50%	61.7%	4	

Objectives	KPI	2018 (Baseline)	2020 (Target)	2020 (Actual)	Performance Rating in 2020	Reason for underperformance
SO 1.2 To improve graduate satisfaction with the quality of teaching and learning	4. Graduate satisfaction with the quality of teaching and learning	90%	91%	89%	3	The rapid changes to teaching and learning methodologies and lack of access to devices and data to enable remote learning had an impact on students' impressions of quality learning. In 2020, opportunities for on-campus social engagements were limited and lecturers have reported difficulties in navigating technology for teaching. These factors may have also negatively impacted student perceptions of their experience.
	5. Approved E-learning Strategy	No Strategy	Approved Strategy	Strategy not developed	1	The advent of the global pandemic and the national lockdown necessitated the development of plans to Save the Academic Year 2020. This shifted the focus away from developing an E-Learning Strategy to the urgent implementation of a Remote Multimodal Teaching, Learning and Assessment (RMTLA) plan. Despite the challenges of reprioritising academic activities, it was found during the formative stages of developing an eLearning Strategy, that a more comprehensive Teaching and Learning Strategy needed to be developed first.
SO 1.3 To increase the quality of graduates	6. Percentage of graduating students with WIL experience	54%	54%	45%	3	Business closures, lockdown restrictions on mobility and social distancing have limited the number of workers allowed on employers' premises. This means that fewer employers engaged MUT students in 2020. To mitigate against the decrease in WIL opportunities for students Senate has approved alternate types of WIL assessments, e.g. project-based learning.
	7. Employability of graduates (at graduation)	32.3%	33%	19%	2	SA was not spared from the widespread negative effects of lockdowns on the global economy. Many companies either closed, downsized, or went into business rescue. These trends have negatively impacted employment opportunities for MUT graduates in 2020, as evidenced in the 2020 Graduate Survey report where graduates reported that there were "no opportunities" (p.8).
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	7	10	10	3	
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.	66:34	65:35	55:45	3	

Objectives	KPI	2018 (Baseline)	2020 (Target)	2020 (Actual)	Performance Rating in 2020	Reason for underperformance
Goal 2: Excellence in research, innovation and engagement						
SO 2.1 To increase research productivity	10. Number of accredited research output units	40.3	42	107.9	4	
SO 2.2 To increase the commercialisation of Intellectual Property (IP), both protectable and unprotected	11. Number of protected IP (including trademarks)	5	6	6	3	
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	8	10	5	2	Student protests, early recess and the implementation of the national lockdown meant that all Community Engagement (CE) projects were put on hold in Q1 & Q2 2020. The reduction in national restrictions on movement as well as the phased return of staff and students to campus allowed for the implementation of a few CE projects towards the middle of Q3.
	13. Number of public lectures offered annually	1	4	2	2	It was initially envisaged that MUT would host one public lecture per term. However, the implementation of the national lockdown and the prioritisation of activities in the business continuity plans meant that this activity was postponed until urgent priorities were addressed and there was a better understanding of the higher education context. Notwithstanding, two public lectures were conducted online. However, participation was limited to those with access to internet connectivity and devices.
SO 3.1 To increase MUT's contribution to the socio-cultural and economic development of the local community	14. Number of student entrepreneurship projects	0	3	1	2	Due to lockdown restrictions, students were not allowed onto campus for most of the year in 2020. Interest in entrepreneurship projects was low as students grappled with new modes of teaching and learning and adapted to a new normal.
	15. Number of capacity-building initiatives for internal and external stakeholders	1	4	4	3	
SO 3.2 To increase the number of partnerships with local government and communities	16. Number of partnerships with local government and communities	1	3	5	4	

Objectives	KPI	2018 (Baseline)	2020 (Target)	2020 (Actual)	Performance Rating in 2020	Reason for underperformance
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	No baseline	5	3	2	Low participation in this activity was expected as academics working from home focussed on adapting to new modes of teaching and conducting research in 2020. Furthermore, many conference opportunities were cancelled because of travel restrictions. It is expected that participation will increase in future as more conferences are offered online.
	18. Number of MUT staff who represent the University in professional communities, bodies or associations	No baseline	2	5	4	
Goal 4: Targeted national engagement and internationalisation						
SO 4.1 To increase national visibility	19. Number of nation-building projects	1	2	6	4	
SO 4.2 To increase international visibility	20. Number of international staff and student exchange programmes	0	1	3	4	
	21. Percentage of international student enrolment as a proportion of total student enrolment	1%	1.2%	0.3%	2	International student mobility was severely impacted by border closures and lockdowns around the world. Consequently, there were low enrolments in this category at MUT.
Goal 5: To create an enabling support environment						
SO 5.1 To increase the popularity of the MUT brand	22. Nett promoter score among stakeholders (staff, students and alumni)	Baseline not available	50%	55.70%	3	
SO 5.2 To improve student life and wellness	23. Student satisfaction with the quality of supporting infrastructure	Baseline not available	50%	56.40%	3	
SO 5.3 To improve the well-being and engagement of staff	24. Staff engagement index	Baseline not available	40%	Not done	1	Focussing on activities in terms of saving the academic year, procuring PPEs and securing the campus for the safe return of staff and students during 2020 has meant that this activity was given a low priority in 2020. Hosting an online survey was not considered feasible given the costs of developing the survey in relation to the limited number of staff with internet connectivity and access to enabled devices.

Objectives	KPI	2018 (Baseline)	2020 (Target)	2020 (Actual)	Performance Rating in 2020	Reason for underperformance
SO 5.4 To improve operational efficiency and effectiveness	25. Reduction in the number of external audit findings	14	Not more than 10	6	3	
SO 5.5 To sustain and improve financial sustainability	26. Third stream income as a percentage of total income	1.6%	2%	3%	3	
	27. Efficiency ratio: Total expenditure as a percentage of total revenue	91%	88%	91%	3	
	28. Quick ratio: {Cash & Cash equivalents less Restricted Grants funds + Student debtors} to {Current Liabilities less Current portion of Restricted Grant funds}	1.38	1.5	1.7	3	
	29. Debt ratio: Total Liabilities less Deferred Income (to be amortised) as a % of Total Assets (Debt ratio)	66.7%	65%	55%	3	
SO 5.6 To maintain and improve infrastructure.	30. % of Capex projects awarded within approved procurement plan	No base	80%	0	1	The shutdown of sites due to the imposition of lockdown regulations, and COGTA limitations on sectoral activities (construction sector and higher education), has resulted in delays to bid evaluations and tender awards for new projects. The implication is that budgets will have to be revised to cater for increasing costs.
	31. % expenditure of Capex projects awarded within the approved plan	Baseline not available	50%	13.47%	2	The shutdown of sites due to the imposition of lockdown regulations, and COGTA limitations on sectoral activities (construction sector and higher education), has resulted in project-initiation delays and requires new project timelines. Consequently, these existing projects show underspending in 2020.
	32. Maintain a ratio of Capex infrastructure maintenance allocation to the overall infrastructure budget	33%	34%	9.45%	2	The ripple effect of restrictions on essential workers, the shutdown of many sites and subsequent limits to the number of staff on some sites due to the imposition of lockdown regulations, has resulted in delays to implementing the maintenance plan in 2020.

Overall, the following contextual variables influenced underperformance against the pre-determined goals and objectives derived from MUT's Strategy 2025 and outlined in the Annual Performance Plan (APP 2020):

- The onset of the student protests regarding NSFAS payments and fees delayed the start of the academic programme in the first semester. This delay was further compounded by the implementation of an early recess and subsequently by the national lockdown. The context thus necessitated the enactment of business continuity plans which required identification of essential services, reprioritization in the sequencing of activities to accommodate remote work for staff and students, rescheduling of key infrastructure and maintenance projects, and adjustments to the implementation of the academic calendar.

Prof MM Ramogale
Acting Vice-Chancellor & Principal

- The re-allocation of budget spending towards the procurement of personal protective equipment (PPE), devices for staff and students, and preparing the physical environment for the implementation of platoon teaching (to accommodate social distancing in the classroom) has meant that strategic choices were made, and some activities were not prioritised in 2020.

While underperformance in certain areas was unavoidable, MUT is proud to note that 21 of the 32 objectives were within a 10% range of achievement or better in 2020. In particular, every effort was made to ensure financial sustainability as evidenced by the healthy financial indicators (debt, quick, and efficiency ratios), 86% student success rate, and significant improvements in the number of accredited research outputs produced.

Mr M Morailane
Chairperson of Council





PART B

REPORTS ON GOVERNANCE AND OPERATIONS

03 | REPORT OF THE CHAIRPERSON OF COUNCIL



Mr Morailane Morailane
Chair of Council

in a report regarding the running of the University and the role of Council. Council engaged with the report and debated the veracity of the reported allegations. Council was quick to respond and called for a forensic investigation into matters raised. The VC was placed on precautionary suspension, the Chairperson of Council and the Chairperson of the Audit, Risk and Compliance Committee (ARCC) voluntarily relinquished their roles in Council to mitigate against any interference in the pending investigation. To maintain continuity of leadership, the Deputy Chairperson of Council was subsequently appointed as Acting Chairperson and the DVC: Teaching and Learning was appointed as the Acting VC. At the time of writing this report, the investigation is complete and disciplinary action is underway. The Chairperson of Council returned to Council after the investigation and the Chairperson of ARCC resigned.

In July 2020, Council met with the Minister of Higher Education, Science and Innovation to discuss governance issues at the University. The Minister advised that the associated challenges should be dealt with as a matter of priority by Council.

3.1. OUTBREAK OF THE NOVEL CORONAVIRUS

From late March 2020, the silence on campuses in South Africa was resounding as Universities closed to contain the spread of the novel coronavirus (COVID-19) pandemic. Students were directed to vacate university spaces and staff were mandated to work from home. The usual sounds of movement between classes and offices, the laughter and chatter went quiet. Soon after, the Government enacted regulations under the Disaster Management Act and set the country on adjusted level 5 lockdown with restrictions to mobility, which allowed for minimal activities deemed as essential services. This was a departure from business as usual and Universities were compelled to adjust to a 'new normal'. Despite the varying lockdown levels that followed as a consequence of the pandemic, and the associated challenges faced by the University as a complex organisation, overall, in 2020 Council successfully delivered on its strategic and oversight functions.

3.2. CHALLENGES TO OUR GOVERNANCE SYSTEM

The first emergency meeting of Council set a tone of urgency for the year, where the VC laid bare his concerns

3.3. OVERSIGHT OF THE ACADEMIC ENTERPRISE AND THE OPERATIONAL ENVIRONMENT

Notwithstanding this upset to the management and governance of the University early in 2020, efforts were made to stabilise MUT and to address the uncertain context COVID-19 has imposed on us as a University, as a country and the world at large. To this end, staff worked tirelessly to ensure that core University operations continued under lockdown. Business continuity plans were developed to prioritise the smooth running of the university. The following contingencies were implemented:

- a. Budgets were adjusted to prioritise and include procurement of PPE and electronic devices for staff and students.
- b. Campus readiness plans were put in place.
- c. A COVID-19 task team was established.
- d. The academic year was adjusted to accommodate time lost when teaching and learning could not happen or happened under restrictions.
- e. Multi-modal teaching and learning was introduced, and

f. Assessments were reviewed for their goodness of fit.

These co-ordinated efforts across all University departments were directed towards saving the academic year. The phased return of students began in June and required measures such as sanitiser-dispensing units being installed at the entrances of all buildings, daily temperature screening at University entry points, providing students with masks, and equipping the clinic to deal with the identification and isolation COVID-19 positive cases. It became obligatory for all staff and students returning to campus to register with the Higher Health "HealthCheck" risk assessment tool.

Despite Council's efforts towards better governance, it should be acknowledged that aging infrastructure,

skills shortages in critical areas and socio-economic vulnerabilities experienced by most of our students continue to plague the running of the University and the onset of the pandemic exacerbated these challenges in 2020. Cognisant of this reality, it is encouraging to note that MUT completed its academic programme in the first quarter of 2021 and that the University finances were in the black for the year ended December 2020.

3.4. IMPORTANT DECISIONS TAKEN IN 2020

Important resolutions taken at the meetings (ordinary, special or emergency) of Council in 2020 are listed in Table 3:

Table 3: Council resolutions in 2020

Strategic Council resolutions and major activities in 2020	
1. Major stakeholder engagements	
1.1.	The Portfolio Committee on Higher Education, Science & Technology inviting MUT Council and Management to present on governance and management issues of the University and,
1.2.	The Minister of Higher Education, Science & Innovation on the directive to MUT about the 2018 Independent Assessor's Report.
1.3.	Governance Scorecard Indicators for MUT in 2020
2. Major approvals	
2.1.	The Annual Report including the audited Annual Financial Statements for the year ended 31 December 2019
2.2.	Revised Schedule of Policies to be reviewed or developed in 2021-2023
2.3.	Re-assignment of the responsibilities in the office of the Registrar in pursuance of recommendations of the Independent Assessor.
2.4.	2020 Mid-year report
2.5.	2021 Budget
2.6.	2021 Governance calendar
2.7.	Enterprise Risk Management (ERM) Plan for 2021
2.8.	Annual Internal Audit Plan 2021-2023
2.9.	The Irregular, Fraudulent, and Wasteful, Unauthorised Expenditure (IFAWUE) Framework & Reporting Template.
2.10.	2021 Infrastructure Plan
2.11.	2021 Infrastructure Maintenance Plan
2.12.	2021 Campus security plan and budget
2.13.	2021 Annual Occupational Health and Safety Plan
2.14.	2021 IT&N Annual Infrastructure Plan
2.15.	The plan for the filling of the DVC positions
2.16.	Formula to determine allowances for Council commissioned projects

Strategic Council resolutions and major activities in 2020	
3. Major Council housekeeping decisions	
3.1.	Mr M Morilane was re-elected as Chairperson and Mr O.M Galane as the Deputy Chairperson for the period to end December 2022.
3.2.	The establishment of the ERM Committee and its Terms of Reference.
3.3.	Protocol on probity checks for Council members
3.4.	Protocol on Communication for Council
3.5.	Process to deal with Council Members making themselves available at the end of their first term
3.6.	Amendments to the guidelines on the emoluments of Council members

Source: Council resolutions register 2020 [accessed on 17 May 2021]

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 2020 Council continued in its commitment to behave ethically and with integrity in its oversight responsibilities. In ensuring that decisions are independent, made in the best interests of the University and that there is 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. In addition, a whistle-blower hotline is in operation and managed by an external service provider such that allegations of unethical conduct may be reported confidentially and anonymously. Corporate governance was further enhanced by the approval in 2020 of the Irregular, Fruitless, Wasteful and Unauthorised Expenditure (IFAWUE) Framework to define deviations from the approved Supply Chain Management (SCM) Policy. 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 ARCC every quarter.

In 2020, the onset of the pandemic and subsequent national lockdown necessitated the invocation of business continuity plans to facilitate remote work. Activities were prioritised in terms of essential services and urgency of need. These services and functions were identified, and budgets and human resources allocations were revised to ensure delivery of core and support functions, such as student registration, delivery of lectures, adjustments to the academic calendar, operations of the COVID task team, and continuity of IT and payroll services.

The phased-in return of staff and students to campus required reprioritisation of budgets to procure PPE and to secure the campus. Access to devices and data for students to ensure continuity of learning continues to be a risk that is being managed by the University.

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), Institute for Rural Development and Community Engagement (Umlazi community and NGOs), Marketing and Communications (media and funders), Student Financial Aid (funders) and Students Affairs (parents). The nature of the pandemic has exposed the

critical importance of forming and sustaining effective partnerships in positively shaping our shared context.

3.5.4. Financial reporting and sustainability

While financial sustainability in 2020 was influenced by an increasingly volatile and uncertain external economic environment, Council has ensured that the University is a going concern and that it will remain a going concern in the near future. However, fee collections remain a concern as the historical debt of MUT students continues to rise and is exacerbated by the impact of the ongoing Covid-19 pandemic. The events and uncertainties associated with the management of the pandemic at national and local levels have emphasised the importance of managing our cash reserves and monitoring the economic outlook in South Africa and its implications for the University.

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 2020, 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

To better position itself in terms of good governance and accountable leadership, Council established its own Charter and mandated Exco to re-evaluate its function to play a role in ethics, governance, and compliance. All sub-committees were mandated to review their Charters in light of virtual meetings and the 'new normal', to nominate deputy Chairpersons, to review the mechanics of providing oversight on strategic matters, and to conduct self-assessments of performance. Full records of all Council, Senate and IF meetings and attendance registers are kept by the Registrar's division. Although good governance is not a magic wand that makes challenges disappear, it is an indispensable ingredient in the sustainability of the University and results in better outcomes for all its stakeholders.

Mr M Morailane
Chairperson of Council
DATE

04 | COUNCIL'S STATEMENT ON GOVERNANCE

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. Council also ensures 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 2020, 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 Charter for Council.

05 | COUNCIL AND COUNCIL SUB-COMMITTEES

The Council of Mangosuthu University of Technology (MUT) 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).

During the year under review Council comprised 26 members as at 3 December 2020. 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 (revised 2017). 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 VC, is responsible for the day-to-day management of the University's functions and accounts to Council on the University's operations.

In 2020, Council conducted three ordinary meetings, seven special meetings and one emergency meeting. At the emergency meeting on 29 April 2020, Council resolved to initiate a forensic investigation into allegations of corruption at the University and to place the substantive Vice-chancellor on precautionary suspension. In addition, the Chairperson of Council and the Chairperson of the Audit, Risk and Compliance Committee (ARCC) agreed to step aside for the duration of the investigation. To ensure continuity of governance and executive management of the University, the DVC: Teaching and Learning was appointed as Acting Vice-Chancellor and the Deputy Chairperson of Council was nominated as the Chair of Council. Subsequent special meetings of Council dealt with revising the governance calendar, reviewing business continuity, responding to DHET directives, and monitoring progress on the forensic investigation.

Importantly, a Council task team was established to draft a response to the letter from the Minister of Higher Education, Science & Innovation on the directive to MUT regarding the 2018 Independent Assessor's (IA) Report. The Council-approved response was submitted to the Minister in June 2020 and included a detailed progress report in terms of the undertakings to address the IA recommendations since 2018, and an action plan to address matters arising and outstanding work, with time commitments.

Table 4 provides details regarding the composition of Council, the number of members and statistics regarding their attendance.



Table 4: Council composition and attendance

2020 Council Attendance													
Name	29 Apr (Emergency Meeting)	06 May (Special Meeting)	27 May (Special Meeting)	03 Jun (Special Meeting)	24 June (Ordinary Meeting)	14 Jul (Special Meeting)	15 Jul (Meeting with Minister)	27 Aug (Ordinary Meeting)	23 Oct (Special Meeting)	06 Nov (Special Meeting)	02 Dec (Ordinary Meeting)	03 Dec (Continued)	%
External Members													
Mr M. Morailane (stepped aside in April and re-elected in Oct)	P									P	P	P	100%
Dr F. Randeria (term of office ended may 2020)	P	P	P										100%
Mr M.A. Mondli	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mr S. Keswa (resigned May 2020)	P												100%
Mr S. Mthethwa	P	P	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	P	P	100%
Mr T. Toni	P	P	P	P	P	P	P	P	P	AP	P	P	92%
Ms H.T. Zwane	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr Z. Qunta	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ms N.S. Mlaba	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ms L. Noge- Tungamirai	P	P	P	P	AP	P	P	P	P	P	P	P	92%
Professor N. Grove	P	P	P	AP	P	P	P	P	P	AP	P	P	83%
Dr V. Reddy	P	P	P	P	AP	P	P	P	P	AP	P	AP	75%
Ms L.L. Mbatha	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ms C. Nyama	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr B. Makhathini (appointed October 2020)										AP	AP	AP	0%
Ms S. Dlamini	P	P	P	P	P	P	P	P	P	P	P	P	100%
Ms S. Mnyandu	P	P	P	P	P	P	P	P	P	P	P	P	100%

2020 Council Attendance													
Name	29 Apr (Emergency Meeting)	06 May (Special Meeting)	27 May (Special Meeting)	03 Jun (Special Meeting)	24 June (Ordinary Meeting)	14 Jul (Special Meeting)	15 Jul (Meeting with Minister)	27 Aug (Ordinary Meeting)	23 Oct (Special Meeting)	06 Nov (Special Meeting)	02 Dec (Ordinary Meeting)	03 Dec (Continued)	%
External Members													
Dr E.D. Malaza (on precautionary suspension w.e.f May 2020)	P												100%
Professor M.M. Ramogale (Acting VC w.e.f May 2020)	P	P	P	P	P	P	P	P	P	P	P	P	100%
Dr J. van Koller (Acting DVC: R&P w.e.f July 2020)						P	P	P	P	P	P	P	100%
Mr B.K Zwane	P	P	P	P	P	P	P	P	P	P	P	P	100%
Prof L.D. Naidoo	P	P	P	P	P	P	P	P	P	P	P	P	100%
Mrs J. Baah (term of office ended October 2020)	P	P	P	P	P	P	P	P	P	P			100%
Mr G. Govender											P	P	100%
Dr J.M. Makua (Acting DVC: T&L w.e.f July 2020)						P	P	P	P	P	P	P	100%
Dr J.M. Makua (Senate Representative)	P	P	P	P	P								100%
Mr B.S.D. Ntuli	P	P	P	P	P	P	P	P	A	P	P	P	92%
Ms S. Hlongwane	P	P	AP	P	P	P	P	P	P	P	P	P	92%
Mr T. Moalosi	P	P	P	P	P	P	P	P	A	P	P	A	83%
Ms L. Luthuli	A	A	P	A	P	P	P	P	A	P	P	A	58%

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

In discharging their fiduciary duties, obligations, and oversight functions in 2020, 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 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 2020.

Table 5: Exco composition and attendance

2020 Executive Committee of Council Attendance												
Name	02 May (Special Meeting)	09 May (Special Meeting)	25 May (Special Meeting)	12 Jun (Special Meeting)	09 Jul (Special Meeting)	23 Jul (Special Meeting)	12 Aug (Special Meeting)	18 Aug (Special Meeting)	06 Oct (Special Meeting)	20 Oct (Special Meeting)	12 Nov (Ordinary Meeting)	%
Mr M. Morailane (Stepped aside April 2020, re-elected in Nov 2020)											P	100%
Dr Z.Quanta (Dep. Chairperson of Council)	P	P	P	P	P	P	P	P	P	P	P	100%
Dr F. Randera (SAC Chairperson)	P	P	P									100%
Prof N. Grove (SAC Chairperson)				P	P	AP	AP	P	P	P	P	75%
Mr T. Toni (PRC Chairperson)	P	P	P	P	P	P	P	P	P	AP	AP	82%
Mrs N. Maba (ARCC Chairperson)			P	P	P	P	P	P	P	P	P	100%
Ms T.H. Zwane (HRC Chairperson)			P	P	P	P	P	P	A	P	P	89%
Mr O.M. Galane (FIC Chairperson)	P	P	P	P	P	P	P	P	P	P	P	100%
Prof M.M. Ramogale (DVC: T&L)	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	100%
Dr J. van Koller (Acting DVC: R&P)					P	P	P	P	P	P	P	100%

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

In 2020, there were several discussions about strengthening the efficacy of Exco in addressing governance and ethical issues. The Exco charter was revised to reflect how this committee can contribute to good governance and compliance. Other key issues addressed by Exco (as mandated by Council) in 2020 were:

- Monitoring the progress of the forensic investigation initiated in May 2020 and proposing a way forward based on the findings.
- Supporting Council in drafting comprehensive responses to directives received from the Minister during the year.

- Providing Council with assurance regarding its endorsement of the final DHET approved Enrolment Plan (2020-2025).
- Reviewing the MUT Protocol on the Assessment of Council Members, probity checks for Council appointees, guidelines on data and laptop usage for Council members, and the Council Charter.
- Drafting a Council leadership succession plan.
- Reassigning governance duties to the Deputy Registrar (Policy Development & Secretariat) and discussions regarding the allowance for Council commissioned projects.

- Monitoring progress on the development of the MUT staff structure.
- Considering the implications of extending the term of the current SRC given the delays to the start of the academic year in the context of COVID-19.
- Deliberating on salary increases for 2021.
- Developing short-term performance contracts with the Acting VC and Registrar and plans for filling the DVC positions.
- Deliberating on how Senate is accountable to Council in light of the Statute and Higher Education Act.
- Preparing for a meeting with the Portfolio Committee on Higher Education.

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 attendance per meeting.

Table 6: ARCC composition and attendance

2020 Audit, Risk and Compliance Committee Attendance						
Name	28 Feb (Ordinary Meeting)	17 Jul (Ordinary Meeting)	14 Aug (Special Meeting)	09 Nov (Ordinary Meeting)	20 Nov (Special Meeting)	%
Mr S. Keswa (Chairperson from Jan - Apr. Resigned April 2020)	P					100%
Mrs N. Mlaba (Chairperson from May - Dec)	P	P	P	P	P	100%
Mr M.J. Sikhosana (resigned March 2020)	P					100%
Mr S. Dlamini		P	P	P	P	100%
Mr S. Mthethwa	P	P	P	P	P	100%
Mrs C. Nyama		P	AP	P	P	75%
Dr. E.D. Malaza	P					100%
Prof M. Ramogale		AP	P	P	P	75%

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

In 2020 Council recommended that the ARCC Charter be revised to consider the role of the Exco in providing oversight on compliance matters. This process of effecting the separation of functions will continue in 2021. The following key matters were deliberated by ARCC in this reporting year:

- Monitored incidence reports on labour matters (grievances, disputes, and disciplinary action), whistleblowing, fraud cases and other investigative or legal matters.

- 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.
- Provided oversight on reporting of finances, IT governance and cyber-security, audit log, risk register and contracts management.
- Recommended to Council the approval of a 3-year internal audit plan for the subsequent year (n+1) as per the schedule of mandated reports for ARCC.

- In order to enhance the implementation of the ERM framework, ARCC recommended that Management consider:
 - Identifying risk champions within the University to assist with the assessing and monitoring of risks and to provide training for identified staff in this regard.
 - Setting up a VC's risk committee and dedicating one EMC meeting per quarter to address risks via this committee.
- Expressed concerns about the limited reporting of performance information on a quarterly basis and noted the impact of the unapproved performance information plan and suggested mechanisms to rectify the situation.

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 revenues.

Table 7: FIC composition and attendance

2020 Finance and Investment Committee Attendance						
Name	02 Mar (Ordinary Meeting)	17 Jun (Special Meeting)	21 Jul (Ordinary Meeting)	21 Oct (Special Meeting)	16 Nov (Ordinary Meeting)	%
Mr O.M. Galane (Chairperson)	P	P	P	P	P	100%
Mr M. Sikhosana	P					100%
Mr S. Dlamini		P	P	P	P	100%
Ms N.S. Mlaba	P	P	P	P	P	100%
Mrx D. Nyama		P	P	P	P	100%
Ms L. Noge-Tungamirai	P	P	P	P	P	100%
Mr B.K. Zwane	P	P	P	P	P	100%
Dr. E.D. Malaza	P					100%
Prof M. Ramogale		AP	P	P	P	75%

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

In 2020 FIC held three ordinary meetings and two special meetings (Table 7) and /deliberated on the following:

- Revisions to the FIC Charter and amendments to the schedule of mandated reports on the frequency of submissions of the annual financial statements (AFS) and the MUT Scorecard.
- Better alignment of the procurement plan and progress reporting thereof in relation to the University budget.
- Delays in policy development and mitigating actions.
- Developing a framework to reduce and monitor irregular, fruitless and wasteful, unauthorised expenditure (IFAWUE).
- Considered MUT's financial sustainability, particularly in terms of student debt, NSFAS funding, procurement, and contracts management.
- Recommended that Management implement processes to improve the monitoring of fees associated with internal audit, external audit, and legal services.
- Considered the costing of the proposed MUT organogram (organisational structure).

- Expressed concerns that the University did not have sufficient accumulated cash resources to fully cover expenditure in those areas not funded by the DHET block grants or via payments from NSFAS.
- Recommended to Council for approval: Plans for the subsequent year (n+1) as per the schedule of mandated reports for the FIC.

5.4. HUMAN RESOURCE COMMITTEE (HRC)

The Human Resource Committee's (HRC) main function is to make recommendations to Council regarding human resource matters. Their 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 HRC ensures that MUT has compliant policies and standard operating procedures. The HRC 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: HRC composition and attendance

2020 Human Resources Committee Attendance							
Name	26 Feb (Ordinary Meeting)	13 Mar (Special Meeting)	13 Jul (Ordinary Meeting)	13 Aug (Special Meeting)	16 Oct (Special Meeting)	13 Nov (Ordinary Meeting)	%
Ms H.T. Zwane	P	P	P	P	P	P	100%
Mr M. Mondli	P	P	P	P	P	P	100%
Ms L. Noge-Tungamirai	P	P	P	P	P	P	100%
Ms S. Mnyandu			P	P	P	P	100%
Dr E.D. Malaza	P	P					100%
Prof L.D. Naidoo	P	P	P	P	P	P	75%
Prof M. Ramogale			P	P	P	P	100%

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

In 2020 HRC conducted three ordinary and three special meetings (Table 8). The following matters were deliberated:

- Calculations regarding the capping of medical aid for staff.
- Insourcing vs outsourcing of non-core administrative functions.
- MUT organisational structure and the implications thereof. In particular, HRC considered the implications of the existing staff establishment, the appropriateness of the Peromenes grading, conversion of posts, new posts, cost implications, and implications for the DHET ratio (60:40).
- Creation and filling of critical positions and reconfiguring executive positions.
- Reviewing the Human Resource & Development (HR&D) and Registrar's divisions in terms of their structure, strategic deliverables, and operational efficiencies.
- Considered reports on labour matters and consequently recommended to management that key staff be trained on conducting disciplinary hearings.
- Reviewed the framework for acting appointments of executive management, the total cost of hiring consultants, and progress against the employment equity plan.
- Monitored status reports on labour relations, employment equity, and quarterly reports on HR&D.
- Recommended to Council for approval: Plans for the subsequent year (n+1) and HR policies as per the Schedule of mandated reports for the HRC.

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 concerned with planning and resource matters, including all movable and immovable infrastructure as well as communications and technology. The PRC is responsible for planning and developing appropriate infrastructure, compliance via appropriate

policy covering the infrastructure and operations value chain, and resource allocation through capital expenditure plans and an annual maintenance plan. The PRC manages health and safety, ensures business continuity plans are in place regarding emergencies and ensures implementation of the Information Technology Governance Framework. The committee held three ordinary meetings and one special meeting during 2020. Table 9 below shows the attendance of meetings.

Table 9: PRC composition and attendance

2020 Planning and Resources Committee Attendance					
Name	28 Feb (Ordinary Meeting)	17 Jul (Ordinary Meeting)	14 Aug (Special Meeting)	09 Nov (Ordinary Meeting)	%
Mr T. Toni (Chairperson)	P	P	P	P	100%
Ms N. Mlaba	P	P	P	P	100%
Prof N. Grove	P	P	P	P	100%
Ms S. Mnyandu		P	P	P	100%
Dr E.D. Malaza	P				100%
Mr B.S.D. Ntuli	P	P	AP	AP	50%
Prof M. Ramogale		P	P	P	100%

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

In 2020, the PRC deliberated on the following matters:

- Risks associated with campus security, external residences and infrastructure projects and mitigating actions.
- Marketing and communications initiatives in 2020.
- Improvements to the monitoring of occupational health and safety to incorporate reporting on laboratories and residences.
- Challenges regarding IT infrastructure, governance, cyber-security, and readiness for remote work by students and staff.
- Delays in implementing infrastructure projects and the associated cost implications.
- Recommended that management should strengthen capacity in the operations environment, monitor budget variations more closely to avoid over expenditure, and consider ring-fencing interest from funds for infrastructure projects to finance project over-runs.
- Recommended to Council for approval: Plans for the subsequent year (n+1), and planning and resources

related policies as per the Schedule of mandated reports for the PRC.

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 also 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 planning outcomes to student services and well-being. The SAC also ensures that the University regularly reviews and assesses the quality and effectiveness of services to students, as well as policy implementation and objectives.

Table 10: SAC composition and attendance

2020 Student Affairs Committee Attendance				
Name	Feb (Ordinary Meeting)	16 Jul (Ordinary Meeting)	05 Nov (Ordinary Meeting)	%
Professor N. Grove	P	AP	P	67%
Dr F. Randerer	P			100%
Ms H.T. Zwane	P	P	P	100%
Ms L.L. Mbatha	P	P	P	100%
Ms S. Mnyandu		P	P	100%
Mr T. Moalosi	P	P	AP	67%
Prof M. Ramogale		P	P	100%
Dr E.D. Malaza	P			100%

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

In 2020, the SAC held three ordinary meetings (Table 10) and deliberated the following matters:

- Nomination for the deputy chairperson of the SAC.
- Planning for setting up an office of the MUT ombudsman once the MUT structure was approved.
- Developing a sports strategy that is aligned with the institutional strategy. In 2020, the sports budget was reduced by 60%.
- Concerns regarding the plight of students who had exceeded the NSFAS N+2 rule, resulting in them not having access to residence facilities.
- Cost implications of leasing versus university-owned residences (particularly during lockdown when students had to vacate residences).

- Academic and campus readiness in terms of providing a safe environment for students given the context of COVID-19.
- Concerns regarding the costs of meal allowances and speakers for brotherhood and sisterhood programmes being conducted online.
- Implications for the extension of the term of office of the current SRC given the delays to the academic programme in the context of COVID-19.
- Recommended to Council for approval: Plans for the subsequent year (n+1) and related policies as per the Schedule of mandated reports for the SAC.

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 2020 Council members were required to sign an annual declaration of interest form

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

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. This Code obligates Council members to enact

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 will always take precedence over personal or other interests. The Code was upheld throughout 2020.

09 | COUNCIL'S STATEMENT ON SUSTAINABILITY

MUT continues to develop mechanisms to elevate sustainability as a strategic imperative. In 2020, several opportunities to develop partnerships with the eThekweni municipality, funders from industry and other universities were underway. Importantly a new position in the revised executive management structure (Executive Director: Institutional Advancement) was approved in 2020, to spearhead fundraising and investment initiatives. In addition, the FIC deliberated on MUT's financial sustainability particularly in terms of student debt, NSFAS funding, procurement, and contracts management, taking into account that even before the advent of the COVID-19 pandemic MUT did not hold sufficient cash reserves to deal with existing requirements. In 2020, the University like all other higher education institutions had to introduce

emergency remote learning and a system of blended learning. The view in the sector is that blended learning will become the 'new normal' for Universities. Hence blended learning brings with it new financial risks that may impact the financial sustainability of the University. These new risks relate mainly to additional funding requirements to make digital devices available for all students, provisioning of data to students and academics, additional training costs to equip academics to convert learning material and lesson content to online platforms and to deliver lectures online. These changes require additional investment in related IT infrastructure especially cyber-security and information access. These risks if not properly managed could have negative consequences for the long-term financial sustainability of the University.

10 | APPROVAL OF GOVERNANCE STATEMENT BY COUNCIL

Council approved the Council Statement on Governance at a special meeting on 13 August 2021. The meeting was quorate and the documentation for approval was circulated with the meeting agenda, in advance and with due notice.

Mr Morailane Morailane
Chair of Council
DATE

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), the Senate's main role is to provide sound academic governance and 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 2020, Senate convened two ordinary meetings and four special meetings as outlined in Table 11:

Table 11: Senate meetings in 2020

Meeting type	Date	Number of Senators in attendance
Ordinary	12 March 2020	66
Special	18 March 2020	70
Special	26 June 2020	51
Special	15 July 2020	55
Special	18 October 2020	50
Ordinary	19 November 2020	55

In the two ordinary meetings, Senate considered the following:

- Presentation on the novel coronavirus.
- Rationalisation of Senate committees.
- Vice-Chancellor's reports.
- Reports from the Deans of the three Faculties.
- The Registrar's report.
- The report of the DVC: Teaching and Learning.
- Academic Planning Committee report.
- Higher Degrees Committee report.
- Research and Innovation Committee report.
- Quality Management Directorate report.
- Institute for Rural Development and Community Engagement report.
- Marketing and Communications report.
- Directorate of Institutional Planning and Research report.
- Reports from Senate sub-committees.
- Student Representative Committee report.

In 2020 four Special Senate meetings were convened. Considering the then imminent closure of universities, the special first meeting of 18 March 2020 discussed the press statement by the Minister of Higher Education, Science and Innovation on COVID-19. Specifically, the meeting looked at the EMC's proposed list of resolutions, the response by the MUT COVID-19 task team as well as

a proposed communication plan. A plan to hasten the uptake of Blackboard was also considered.

In the subsequent three meetings Senate approved a platoon system for the implementation of the Remote Multimodal Teaching, Learning and Assessment (RMTLA) plan, revised the draft 2020 academic plan, provided continuous assessment guidelines, and contemplated the health risk of staff members with comorbidities and those over the age of 60 in the context of COVID-19. The discussions also included the amended MUT staff structure, revised Academic Planning Committee charter, motivations for standalone library and IT&N committees, and approval of credits from Electrical Engineering.

It is the job 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 to regulate and guide the veracity of the overall academic project. During 2020, the following policies, frameworks and charters were approved:

1. Quality Assurance policy
2. Intellectual Property Rights policy
3. The Charter and the membership of the Higher Degrees Committee
4. The Academic Planning Committee charter
5. The Delegation of Authority for the governance of Higher Degrees Committee
6. A conceptual framework for student volunteerism at MUT

11.3. CHANGES TO THE ACADEMIC STRUCTURE

The following changes in academic structure were approved in 2020:

- a. The commencement of the entrepreneurial skills course within the Department of Accounting should be transferred to semester 2 in 2020 due to infrastructure challenges.
- b. Students from TVET Colleges may register for the Diploma in Public Administration and Economics department; and

- c. Subject recognition was granted to students who had completed their National Diploma in Public Administration/Management (TVET) with 60% average or more, and these would be credited with Level 1 modules except Economics 1 and English Communication Skills 1. The exemption from modules must not exceed 50% of the curriculum. Exemptions would apply in the following subjects (see Table 12):

Table 12: Exemption from modules

NATIONAL DIPLOMA IN PUBLIC ADMINISTRATION/ MANAGEMENT	DIPLOMA IN PUBLIC MANAGEMENT (PUBLAS)
Public Law N5, N6	Public Law 1 (PULA 010)
Public Administration N5, N6	Public Management 1 (PUMA 010) Governance and Politics 1 (GOPO 010)
Municipal Administration N5, N6	Public Management 1 (PUMA 010)
Public Finance N5, N6	Public Resource Management 1 (PURM 010)

11.4. TEACHING AND LEARNING

By the end of 2020, due to the commitment and hard work of MUT staff, it appeared that the University was in a stable state. It had successfully saved the first semester and commenced with the second semester. With the implementation of the platoon system coupled with blended learning, MUT was able to save the academic year. According to the Acting DVC: Teaching and Learning MUT has since been removed from the DHET list of high-risk institutions. Despite the challenges in 2020, the advent of the pandemic presented the University with an opportunity to explore alternative pedagogies in teaching, learning and assessment. Consequently, systems were put in place to support students and staff to ensure that the teaching and learning enterprise is not negatively impacted. Considering the shift from face-to-face teaching to RMTLA, the TLDC launched a rigorous Blackboard support intervention for both students and academic staff. The support consists of Blackboard Support Corner for academics; alternative pedagogies; and technical support for students. This was aimed at providing support for a seamless transition from face to face to RMTLA modalities.

11.4.1. Capacity building on the use of technology for teaching and learning

An online self-training for students was developed to help students familiarize themselves with Blackboard, which is the institutional Learning Management System (LMS). The training course was made available to students in March 2020. By July 2020, 7228 students had accessed the training. Also, students had access to support staff to address individual online learning needs. digital literacy, using MS teams, and navigating online platforms.

A dedicated eLearning team from the Teaching & Learning Development Centre (TLDC) facilitated training sessions to assist academics to navigate online teaching and learning using Blackboard and alternative pedagogies. The training was offered in two modes, i.e., face-to-face and online. Two face-to-face training sessions were offered before the hard lockdown and eight more sessions were offered online through Zoom and Teams. A total of 103 academic staff members were supported through these workshops in 2020.

A virtual workshop held in August 2020, attended by 103 staff, aimed to introduce the concept of e-Assessments. The workshop provided guidelines on how to implement e-Assessment by outlining key pedagogical

considerations. Academics were exposed to a variety of interactive assessment tools that could be used to engage learners during online lectures.

11.4.2. Creating resources to support technology-enhanced teaching and learning

A collection of useful resources was prepared and posted on the university website for staff members to access other online learning pedagogies worldwide. These resources are accessible on: <https://www.mut.ac.za/tldc/resources/> and covered the following themes:

- The overview of teaching and learning online
- Planning to teach online
- Developing engaging online learning activities
- Assessing strategies of online courses and Alternative Assessments
- Study Skills for Self-Isolating Students

11.4.3. Providing support for online teaching and learning

A Remote Multimodal Teaching Learning Student Support platform (RMTLSSp) was created. This interface contained quick links with various study content to help students experiencing challenges related to Mathematics, Physics, Chemistry, and academic literacies. These services were offered by both the Mathematics and Science Education Unit (MSEU) and Academic Language Literacy Unit (ALLU) at the TLDC. Resources on the platform included: disciplinary study resources, tutorial materials, study tips, and videos and contact information for lecturers, academic advisors, tutors and technical support staff. Students were able to make contact synchronously or asynchronously.

In addition, a weekly Blackboard Support Corner was developed to address problems with Blackboard usage. This was hosted on Microsoft Teams every Wednesday from 10:00 to 12:00. This support is still being offered by the eLearning Team as an ongoing activity.

As the lockdown regulations were eased, allowing for the phased return to campus, the University adjusted its mode of teaching delivery to accommodate face to face interactions taking into account social distancing. Using the platoon system, lecturers continued to offer support to students using different platforms, as well as face-to-face consultations. Remedial teaching continued for different programmes with online academic support.

11.4.4. Tutor coordination and training

The Teaching Professional Development Unit (TPDU) facilitated the re-appointment of tutors whose contracts

had expired during the lockdown. The tutor manual was revised to include the online training. In addition, tutors were trained to support students remotely. It is envisaged that online tutoring will be mainstreamed moving forward.

11.4.5. Enhancing students' academic writing skills

The Writing Centre (WC) recruited two practitioners and two assistants to offer direct academic writing support to MUT students and facilitate writing workshops. The WC purchased a Writing Centre Online (WCO) platform, that allows writing centres to keep track of statistics on usage and gather other vital data. This software enables MUT students to create online accounts and book appointments to meet with a member of the WC team in both face-to-face and online contexts. Following a session, it also allowed the WC staff member to record notes on what took place during the session and to send this record to both the student and lecturer (if required). WC staff were trained on how to use the platform. Subsequently, more than 100 have registered to use the platform. Staff facilitated nine one-on-one writing support sessions with MUT students. They also conducted 34 online sessions with advanced diploma students in the Faculty of Management Sciences.

Furthermore, WC staff collaborated with academics from the departments of Marketing and Chemistry to design embedded writing support initiatives that will help students in both disciplines learn how to write for their specific fields of study. This pilot initiative is informed by research from the field of Writing Studies, and this collaborative team hopes to continue to engage in this type of support as well as engage in research to evaluate its effectiveness in the following quarters and beyond.

11.4.6. Research writing support for staff

The TLDC facilitated two writing pedagogy workshops entitled "Designing an Effective Writing Assignment" for MUT teaching staff during June and July 2020. These sessions were intended to introduce academic staff to research-informed reasons for why students struggle to write in their disciplines of study; and evidence-informed strategies they can implement in their modules to proactively, rather than reactively, address these issues. Participants in these sessions were encouraged to liaise with the Writing Centre Coordinator in one-on-one sessions to develop effective writing tasks for their modules as well as in-class or online workshops for their students to develop the necessary academic writing conventions in their disciplines to effectively engage in their assigned writing tasks.

Moreover, the TLDC and the Research Directorate initiated a writing support programme for MUT staff in late July 2020. This support programme is three-pronged:

1. It began with a series of four two-hour workshops introducing the 25 participants to various aspects of writing for research purposes. These sessions were held from 20 - 23 July 2020 on MS Teams.
2. Following this series of introductory workshops, participants were invited to join regularly scheduled, bi-weekly writing sessions that run for two hours; and
3. Participants were also invited to submit drafts of their various research writing tasks (e.g. PhD proposals, journal articles, conference abstracts) to obtain feedback from the WC Coordinator to move their tasks forward.

11.4.7. COVID-19 Responsiveness Grant

On 4 August 2020, the Department of Higher Education and Training (DHET) approved MUT's Multimodal Teaching and Learning Plan, as well as the budget for the COVID-19 Responsiveness Grant (CRG) to support the implementation of the multimodal plan. The following projects were funded and are completed:

- Procurement of USB Drives to load student learning materials.
- Procurement of Laptops for students who are not funded by NSFAS.
- Procurement of video recorders.
- Printing and distribution of student materials.

- Blackboard Upgrade - The Institutional Learning Management System (Blackboard) was migrated to a cloud-hosted environment. This helped eliminate some of the technical challenges experienced in the past.

In 2020 the Minister of Higher Education, Science and Innovation promised that NSFAS would provide all NSFAS-funded students with laptops to assist them with online learning. This promise has not materialised yet and the date of delivery was projected to be in April 2021.

Other CRG projects that have been initiated in 2020 and are underway in 2021:

- Provision of data to students and staff.
- Upgrading IT infrastructure (Servers, Firewall, Bandwidth).

The use of the CRG continues to support the University by mitigating the impact of COVID-19 on the delivery of MUT's academic programme.

11.4.8. Virtual Graduation 2020

In 2020 MUT held its first-ever virtual graduation ceremony. In the weeks running up to the online ceremony, graduates were requested to share their perspectives on their overall experiences at MUT, Figure 1 below highlights some key findings.

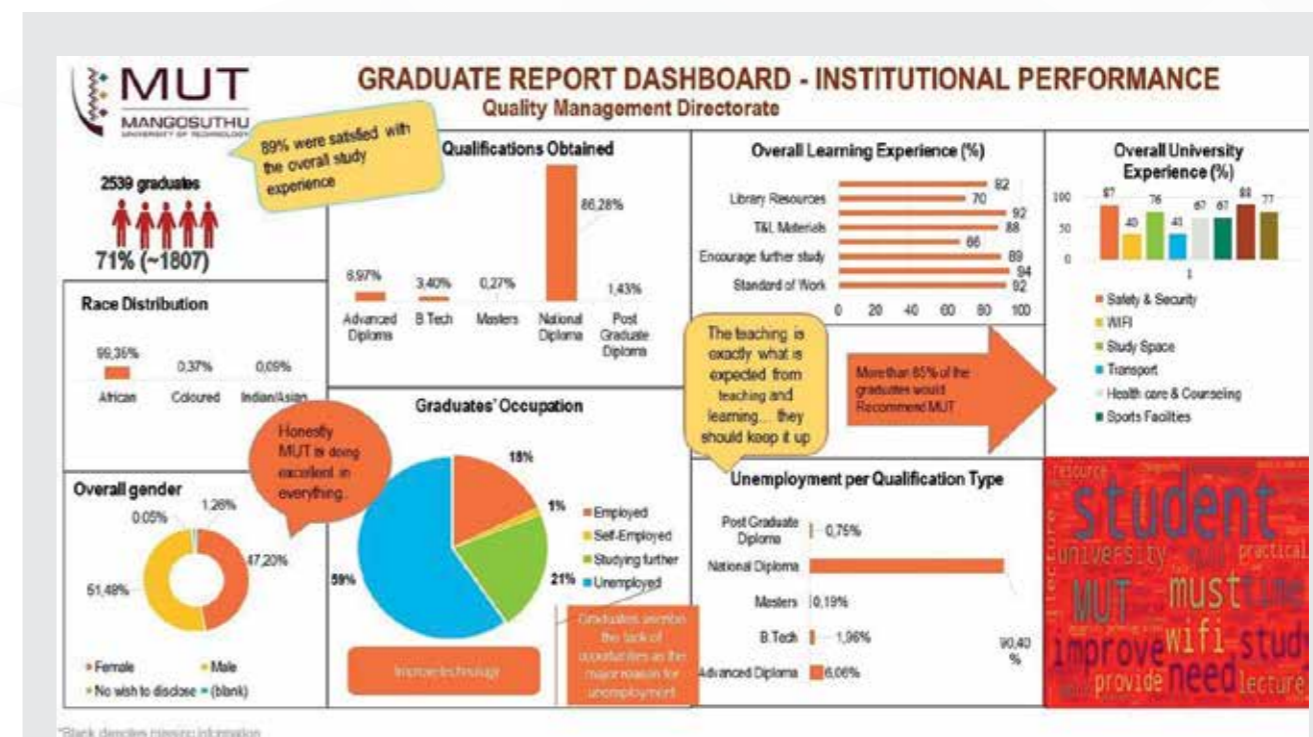


Figure 1: Graduate opinion survey (Dashboard 2020)

11.5. RESEARCH

A strong research mission is an integral part of being recognised as a university. At MUT research informs teaching and learning and plays an essential part in the development of community engagement programmes to alleviate poverty, reduce inequality and create wealth. Mangosuthu University of Technology's strategic plan, as well as the national priorities defined by the Government, serve as the basis of future directives in research and development.

In line with MUT's strategic goal to advance knowledge for the benefit of society, MUT researchers were quick to steer their research efforts towards contributing to the global effort to develop insights about the novel coronavirus and to understand the impact of the pandemic on lives and livelihoods. Below is a list of COVID-19 related research projects and papers developed in 2020 (Table 13):

Table 13: COVID-19 research projects at MUT

Researchers	COVID-19 Project description / Publication title
Dr Jordaan (Research directorate), Dr Ebenezer (Chemistry), Dr Damoyi (Chemistry) and Dr Shapi (Chemistry)	Conducting virtual screening, molecular docking and meta-analysis of FDA approved compounds against Severe Acute Respiratory Syndrome coronavirus 2 (SARS-CoV-2).
Prof Agbola	The impact of the COVID-19 Pandemic in Townships and Lessons for Urban Spatial Restructuring in South Africa
Prof Anandraj and Dr Mutunda	Cyanobacterial metabolites as promising drug leads against the Mpro and P1pro of SARS-CoV-2: An in-silico analysis
Prof Beesham	Mathematical modelling of COVID-19 in South Africa
Dr Mutanga	Tweeting on COVID-19 pandemic in South Africa: LDA-based topic modelling approach
Dr Naidoo	Anisotine and amarogentin as promising inhibitory candidates against SARS-CoV-2 proteins: a computational investigation
Dr Naidoo	Where to from here? Contemplating the impact of COVID-19 on South African Students and Student Counselling services in higher education
Prof Mantzaris	COVID-19, health systems corruption, economic priorities and poverty: The case of South Africa
Prof Mantzaris	Dissecting disaster responses during COVID-19: eThekweni Municipality experience
Dr Kehdinga	Engineering for Survival in Rural Africa in the Era of COVID-19

Table 14 provides a high-level summary of research output units for the year 2020 published in DHET accredited journals. Research productivity at the university has more than doubled in 2020 compared to 2019. Consequently,

the University generated a cumulative income of R11 608, 275.63 from research grants and contracts (excluding VAT).

Table 14: Research productivity in 2020 (unaudited)

Period	Admin	Engineering	Management Sciences	Natural Sciences	Total
Baseline: 2019	16.23	16.01	10.9	4.37	47.51
Q1 2020: Jan - Mar	1.33	1.91	1.00	2.07	6.31
Q2 2020: Apr - Jun	10.50	4.06	4.00	7.54	26.10
Q3 2020: Jul - Sep	9.00	4.74	5.33	7.33	26.40
Q4 2020: Oct - Dec	33.00	3.91	7.92	1.04	45.87
TOTAL: 2020	53.83	14.62	18.25	17.98	104.68

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 2020 as outlined in Table 15 below:

Table 15: Research capacity building workshops and seminars

Type	Name of workshop/seminar	Presenter/s
Research capacity-building workshops	Understanding, research design, research methodology and research method	Dr Ntshangase, Dr Mvuyana and Dr Mgijima
	Writing a problem statement	Prof Lubbe and Prof Klopper
	Introduction to traditional research - interdisciplinary and trans-discipline	Prof Mantzaris and Prof Naidoo
	Conducting a Literature review	Prof Lubbe and Prof Klopper
	Crafting a theoretical Framework	Prof Mantzaris
	Research methods	Prof Lubbe and Prof Klopper
	Juridical and monetary parts	Dr Cookson and Dr Mienie
	Statistical handling	Dr Henry
	Developing Data instruments	Prof Lubbe and Prof Klopper
	Data handling	Prof Ngcobo and Dr Sikwela
Research seminars	Sir Roger Penrose and the Nobel Prize in Physics 2020	Prof Beesham
	COVID-19 for the health professionals in academia	Mrs Jaya
	Application of Plasma Technology for Environmental Issues	Dr Iwarere (University of Pretoria)

The National Research Foundation (NRF) rating system is a useful tool to benchmark 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. MUT's researchers with NRF ratings are (Table 16):

Table 16: 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
Prof. B.F Bakare	Y2	2019-2024
Dr M Lasich	Y2	2019-2024
Dr BP Numbi	Y2	2019-2024

11.6. COMMUNITY ENGAGEMENT

As one of the three pillars of higher education besides teaching/learning and research, the importance of community engagement (CE) has gained considerable momentum at MUT. The following are CE highlights from 2020.

11.6.1. Ministerial special project

MUT engaged in the Ministerial Special Project to assist three schools in the Umgungundlovu district and one in Umlazi, in technology-related subjects. The project was a build-up towards the National Science Week. The focus of the project was oriented towards building capacity in coding, robotics and the Internet of Things (IOT), and learners were taught to solve problems using technology.

11.6.2. Review of community engagement model

Senate reviewed and approved revisions to the existing model of community engagement being implemented at the University. The reviewed model seeks to conceptually integrate community engagement into teaching and learning, and research, and is referred to as the Intersection model. The intersectionality implies that community engagement projects from faculties will be used to enrich classroom teaching, strengthen learning opportunities and encourage the development of research projects emanating from CE exercises.

11.6.3. Student-entrepreneurship projects

Students' participation in entrepreneurship projects was enhanced by the Community Development directorate through active collaboration with the Faculty of Management Sciences. Students entered an international competition "End Poverty Innovation Challenge" (EPIC) hosted by the Social Ventures Foundation based in

the USA. The main purpose of the competition was to encourage the development of the next generation of entrepreneurs from University programmes. Participants had access to virtual learning labs and networking opportunities.

11.6.4. Outreach activities

Due to national lockdown and unemployment that impacted our communities negatively, the university through the community engagement office was able to reach out to the local community of Ezakheleni informal settlement by providing them with seedlings for their gardens. This was meant to address the hunger that the communities were experiencing.

11.7. STAFF AND STUDENTS' AWARDS AND ACHIEVEMENTS IN 2020

The following staff and students were recognised outside MUT:

- Dr BP Numbi was appointed to serve on the NRF's Engineering standing panel
- Mr Anil Lonappan was appointed as an accreditation assessor for University programmes by the Engineering Council of South Africa (ECSA)
- Mr Phumlani Ngobese, a server administrator in IT&N, studied and completed 40 modules on cybersecurity (particularly, firewalls)
- Mr Sandile Dlamini, MUT e-Sport and aerobics hip-hop coach was appointed as the Chairperson of the University Sports South Africa aerobics committee
- Dr Maryam Jordaan was invited to join experts from around the world to discuss the COVID-19 pandemic on BBC world news
- Prof T Haupt and Ms M Akinlou, from the Department of

Construction Management & Quantity Surveying, were awarded the 'Best Paper' at the 13th Built Environment Conference in Durban hosted by the Association of Schools of Construction Southern Africa

- Mrs Pinky Khoza, a senior Committee Officer in the Registrar's Division, released her single "Izizwe"
- Prof Logan Naidoo from the Department of Human Resources and Management became a member of the KwaZulu Natal Sport Confederation
- Mr Anesipho Malgas, an Accounting student, was selected to play rugby for the Sharks under-19 team
- Community Extension students participated in an international food summit on food safety during the COVID-19 pandemic.

11.7.1. Recent graduates' achievements

- Mr Njabulo Mabaso, (graduate 2019) has established a business selling wood and coal collected from local farms and coal mines around Ermelo.

- Mr Bright Hlongwane (graduate 2018), was nominated to the Presidential Working Group on youth development and empowerment in 2020. Later in the year, he was nominated for an award by Prestige Awards, an international organization that recognizes individuals who supply excellent products and services to their communities.
- Miss Kadija Makhanya (graduate 2019) was selected among the top 35 of Miss SA contestants.

11.8. COMPOSITION AND SIZE OF THE STUDENT BODY

Figure 2 show the five-year trend in planned versus actual headcount enrolments at MUT. The number of students increased by 3064 from 2016 to 2020, representing an average annual growth rate of 6% in headcount enrolments over five years.

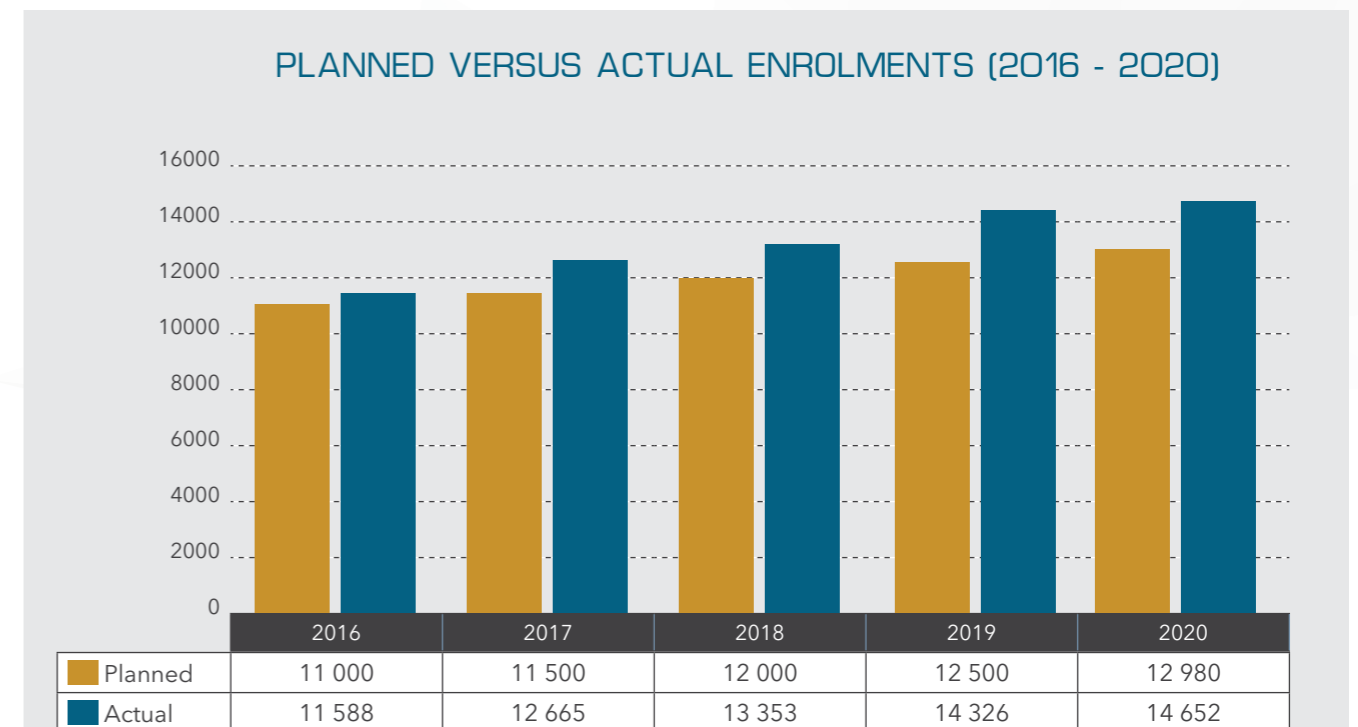


Figure 2: Headcount enrolments planned vs actual (2016-2020)

Most students enrolled at MUT in 2020 are African (99.6%), with Indian (0.2%), Coloured (0.2%) and White (0.01%) students representing less than 1% of the student body. This demographic trend has remained consistent over the last five years.

Figure 3 below shows that in terms of gender, there has been a gradual increase in the proportion of female enrolments over the last five years. In 2020 MUT achieved gender parity in terms of access for females at the University.

HEADCOUNTS BY GENDER

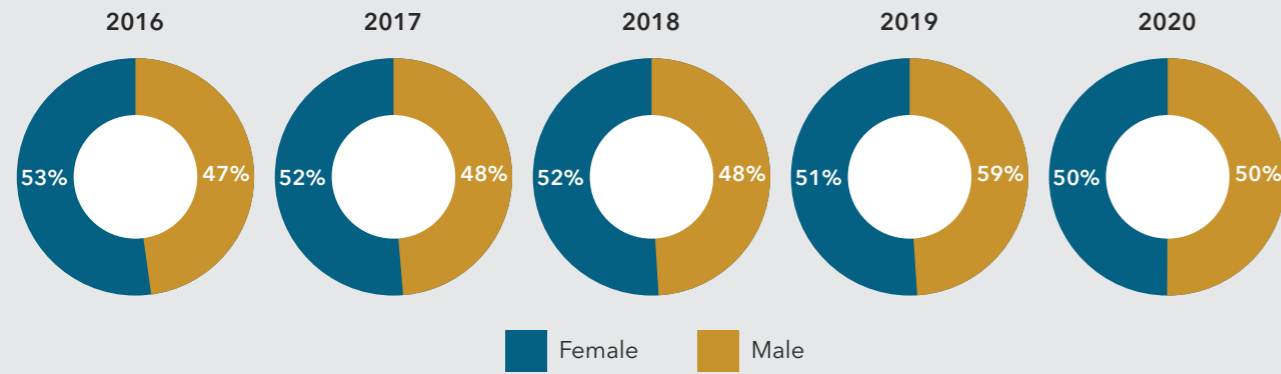


Figure 3: Headcounts by gender (2016-2020)

In 2020, headcount by major fields of study showed that the proportion of enrolments in Science, Engineering and Technology (SET) declined from 60% in 2019 to 57%, while there was an increase in enrolments from 6% in 2019 to 8.2% in other Humanities (see Figure 4).

MAJOR FIELD OF STUDY IN 2020

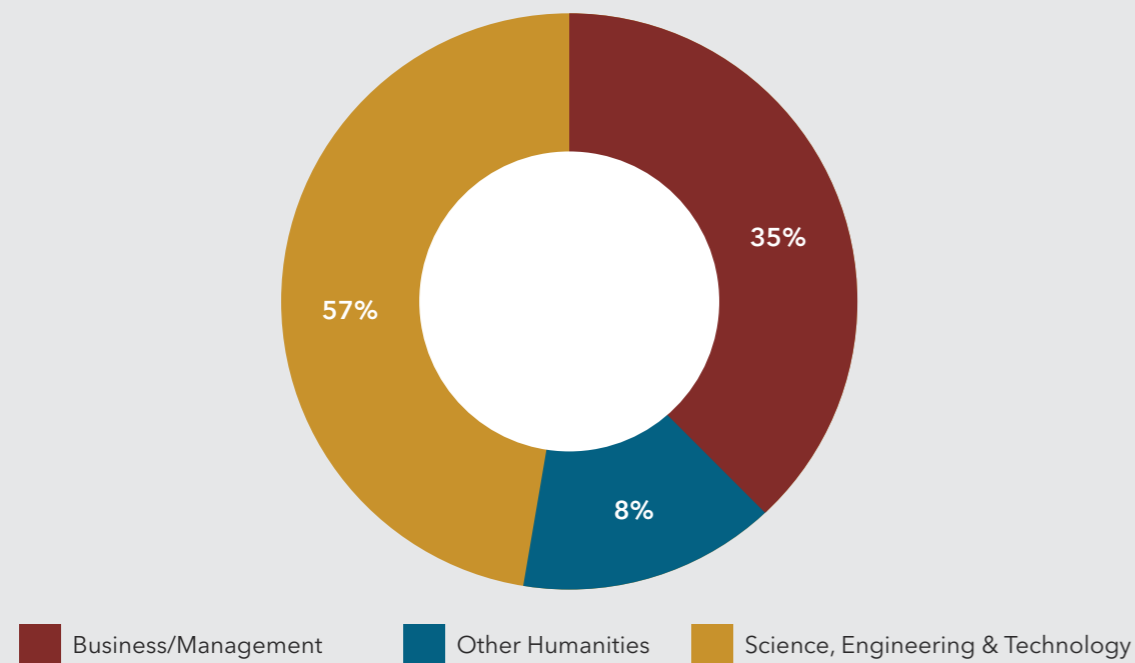


Figure 4: Headcounts by major field of study in 2020

Enrolments in the Business/Management fields remained consistent and were on target at 35% in 2020. 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 expresses the proportion of the undergraduate credit values that students complete

in 2020 as a proportion of those credits for which they were enrolled. Figure 5 shows the planned versus actual success rates at the University for the period 2016 to 2020. The success rate has increased from 81.5% in 2016 to 85.8% in 2020. The increase may be attributed to the Senate decision to adopt the continuous assessment framework (2015) to determine course marks for progression.

SUCCESS RATES

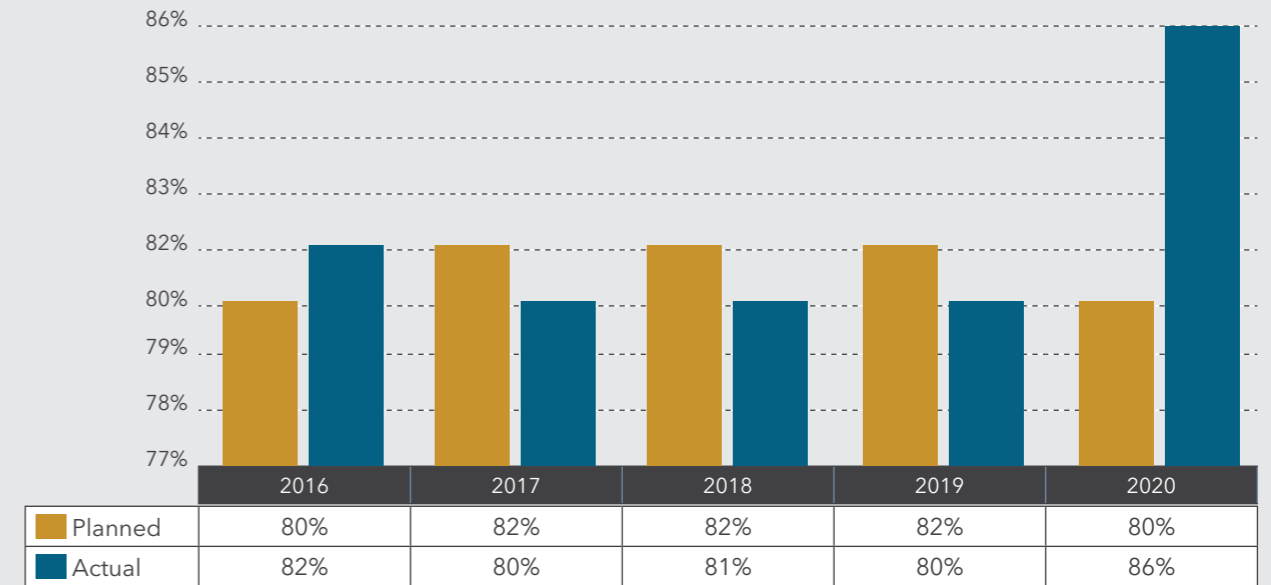


Figure 5: Success rates - planned vs actual (2016-2020)

The graduation rate (number of students who graduated divided by the total number of students enrolled in that year) stood at 19% in 2020 (Figure 6). While this is below the target of 23%, it does represent an increase of 1% from 2019.

GRADUATION RATES

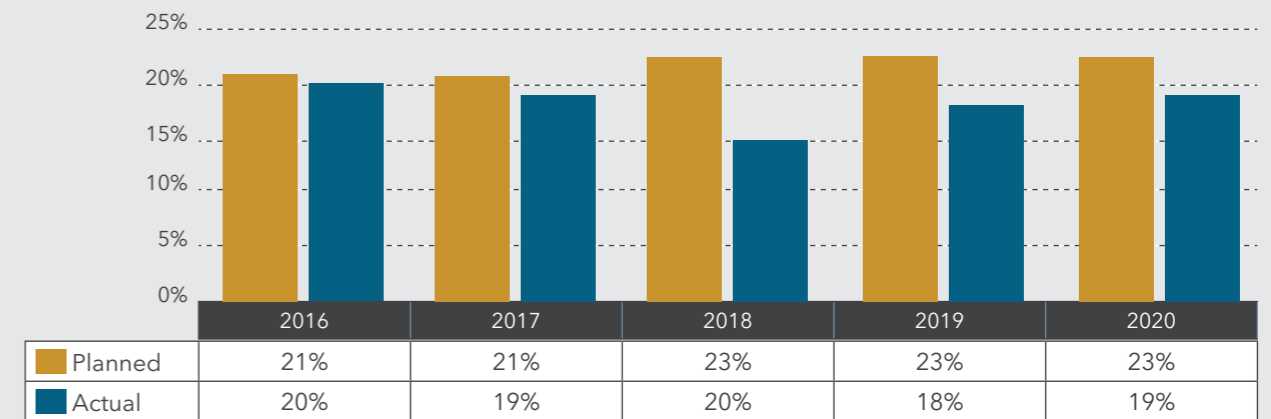


Figure 6: Graduation rates: planned vs actual (2016-2020)

Throughput rates provide an indication of university efficiency and are defined as the number of first-time entry undergraduate students of a specific cohort of a specific year who have graduated either within the minimum time, or up to two years beyond the minimum time, compared to the number of students in the baseline enrolments of that cohort. (DHET - Dictionary of terms). Figure 7 provides a descriptive analysis of first-entrant

enrolments (n=3212) in 2016 and shows that 29,7% of students in the 3-year national diploma programmes graduated in the minimum time (in 2018), and a further 16,6% graduated in minimum +1 year (in 2019) and 14,8% completed in min+2 years (in 2020). Overall, 61% of students who enrolled in 2016 graduated within five years of registration (min+2).

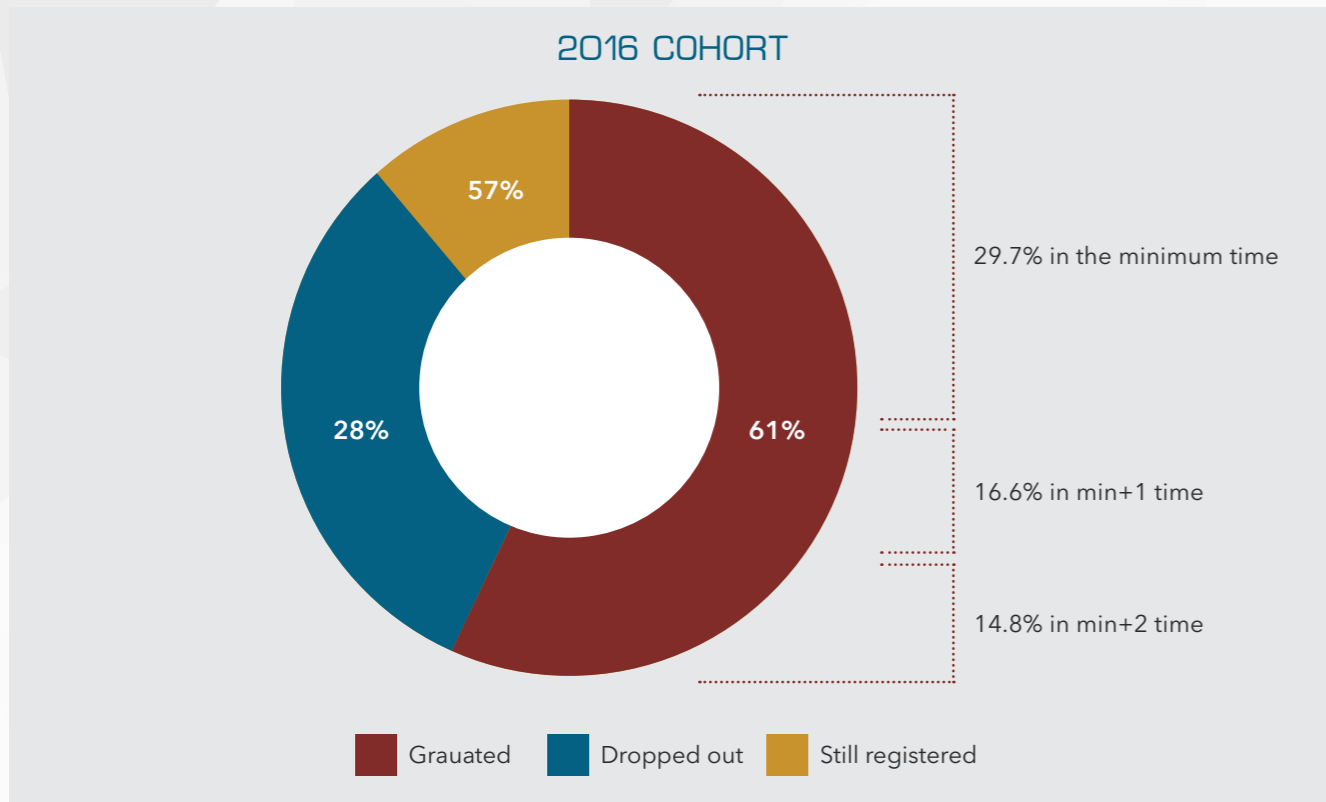


Figure 7: A cohort analysis (2016) of 3-year national diploma programmes

Dropout rates complement our understanding of student throughput rates. For the 2016 cohort enrolled in national diplomas, 28% of the first entrants who enrolled in 2016 had dropped out by 2020 (Figure 7). A further 11% of students who registered for the first time in 2016 for a national diploma were still registered at the university in 2020. Figure 7 provides a summary of the status of the 2016 cohort in 2020.

The National Student Financial Aid Scheme (NSFAS) is the major source of student funding at MUT. Figure 8 shows the five-year trend in the proportion of students who are funded by NSFAS. In 2020 the NSFAS grant was allocated to 10 464 students, representing 70.4% of MUT's student body (Figure 8).

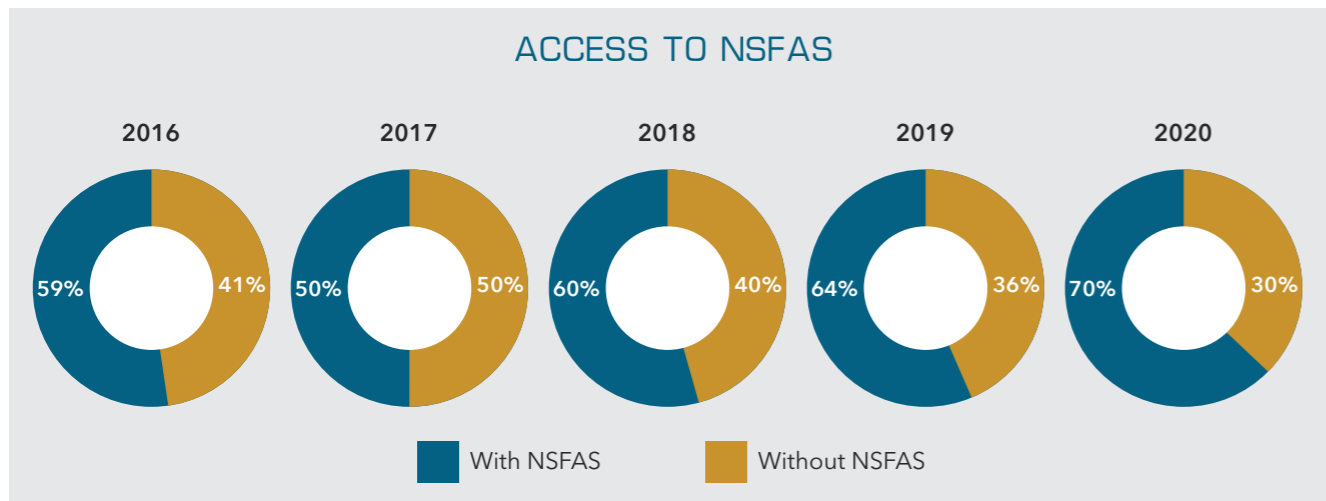
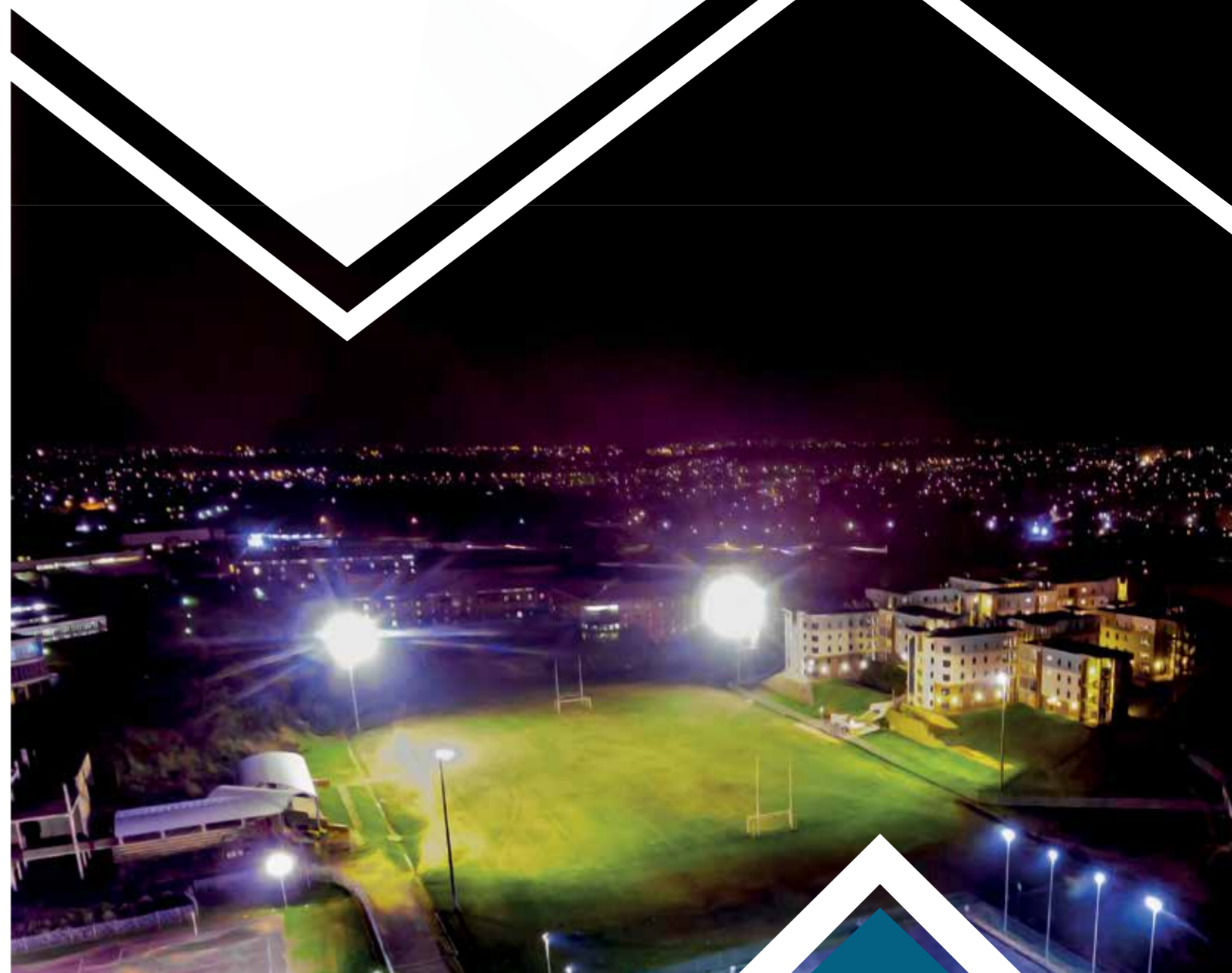


Figure 8: Headcounts by gender (2016-2020)

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. In 2020, 513 additional students received bursaries and scholarships from sources other than NSFAS.

Professor Marcus Ramogale
Acting-Vice-Chancellor & Principal
Chairperson of Senate





Mr L Mthimkulu
Chairperson of the Institutional Forum
MUT

The MUT Statute (2015) 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 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. Table 17 below reflects the attendance at the three ordinary meetings of the IF in 2020.

Table 17: IF composition and attendance

2020 Student Affairs Committee Attendance				
Name	21 Feb (Ordinary Meeting)	10 Jul (Ordinary Meeting)	30 Oct (Ordinary Meeting)	%
Mr S. Mthethwa (Interim Chairperson - Feb & Jul)	P	P	P	100%
Mr L. Mthimkhulu (Chairperson - October)	P	A	P	67%
Mt T. Hadebe	P	P	P	100%
Mr S. Mbonambi	P	P	P	100%

2020 Student Affairs Committee Attendance				
Name	21 Feb (Ordinary Meeting)	10 Jul (Ordinary Meeting)	30 Oct (Ordinary Meeting)	%
Mr M. Mondli	A	A	AP	0%
Mr L.P. Nzama	P	P	P	100%
Dr B.Y.C. Mvuyana	P	P	P	100%
Mrs J. Baah	P	P	P	100%
Prof A.M. Msommmi	A	P	P	100%
Ms L.T. Kweyama	P	P	P	100%
Ms T.E. Kotelana	P	AP	AP	33%
Mr T. Zwane	AP	P	A	33%
Mr N. Fuyane	P	P	P	100%
Mr A.Z.M. Kubone	P	P	P	100%
Dr M. Makua	A	P	P	100%
Mr B. Shezi	A	P	P	67%
Mr T. Maolosi		P	A	50%
Mr T.Ndlovu	P			100%
Ms L. Luthuli	P	A	A	33%
Prof M.M. Ramogale	P			100%

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

During the 2020 reporting cycle, the Institutional Forum (IF) reviewed proposals and advised Council on the following matters:

- Recommendation regarding the appointment of a transformation champion in the Office of the Vice-chancellor.
- Council's proposed revisions to the MUT Statute.
- Appointments of Acting Deans in 2020.
- Employment equity and the implementation of Broad-Based Black Economic Empowerment (BBBEE) at the University in 2020.
- Campus security.

Furthermore, in 2020 the IF:

- Elected a Deputy Chairperson.
- Conducted a workshop on Transformation for members.
- Deliberated on the process of developing a Transformation concept document and an Institutional Transformation plan.
- Formulated a task team to interrogate the efficacy of the current composition of the IF and to make recommendations.

Mr L Mthimkulu
Chairperson of the Institutional Forum

13 | REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION



Professor Marcus Ramogale
Acting Vice-Chancellor
MUT

Following the declaration of COVID-19 as a national disaster by the SA Government on 15 March 2020 and the directive to higher education institutions by DHET issued on 17 March 2020, Senate resolved that MUT be placed on early recess from 18 March 2020. Subsequently, a national lockdown was declared, and the University was closed.

Announcements regarding the lockdown regulations and movement between levels meant that the University had to be agile and responsive to ensure the safety of staff and students and to adjust the academic calendar so that students were able to successfully navigate the curriculum, without compromising the quality of their studies.

The transition of universities to remote teaching and learning was not without challenges, with students reporting a lack of data and internet-enabled devices, and limited access to adequate learning spaces. Academic staff needed training on instructional design, teaching, and assessment

using technology. Support from USAf and DHET in terms of helping universities re-orient their practices and adapt to the new normal was greatly welcome. A major concern has been the DHET's delay in procuring and delivering laptops to NSFAS students.

A platoon system for contact learning was implemented in Quarter 4 of 2020 and as a result there was a significant improvement in the delivery of the academic programme. The Faculties reported on the successful completion of the 2020 academic year, despite the constraints encountered. Both the Faculties of Management Sciences and Natural Sciences completed their 2020 academic programmes at the end of February 2021. The Faculty of Engineering concluded theirs on 15 March 2021. All assessments were completed in Quarter 1 of 2021.

Several academics acquired doctoral qualifications in 2020 and MUT is proud to report 51 research collaborations across the University, 28 of which are international. Across the Faculties, the production of high-quality research publications has increased from a total of 42 productivity units in 2019 to more than 100 in 2020. Despite the challenges in the context of COVID-19, MUT continued to grow its community engagement agenda by collaborating on activities with NGOs and government departments.

An Anchor Strategy has been developed and approved by the Executive Management Committee (EMC). A primary aim of the Anchor Strategy is to enable MUT to become a socio-economic catalyst to mitigate against Umlazi Township's growing inequalities. Through the Anchor Strategy, the University also aims to systematically leverage its resources with multiple stakeholders to impact meaningfully on the Umlazi Township community. Furthermore, MUT has committed that it will preserve the history of Umlazi Township and curate its local art. A framework has been approved by EMC and representatives appointed to a Task Team for this purpose.

For obvious reasons, raising awareness on adherence to non-pharmaceutical interventions to prevent COVID-19 was given top priority at the University. To this end, several campaigns (via social media, radio, storytelling) were conducted. The approval of the amended Campus Readiness Plan allocated resources to ensure that MUT complied with all the COVID-19 government regulations to safeguard staff and students. The acquisition of PPEs was also a priority. The University campuses and the residences were deep-cleaned and are

frequently sanitised for the safety of staff and students. Consequently, the number of COVID-19 cases on campus has been low compared to our counterpart universities. Furthermore, in line with our Anchor Strategy, MUT donated masks to schools in surrounding areas, targeting children who live in the nearby informal settlement, to limit the spread of COVID-19 in the community.

Like many universities in the country, MUT hosted its first ever online graduation in 2020. While a contact ceremony would have been preferred by many graduates, the virtual ceremony was a resounding success with students using social media platforms to share their academic achievements. A total of 2,809 qualifications were conferred (compared to 2,536 in 2019).

Recurring challenges with skills shortages in key areas such as Human Resources, Supply Chain Management, Information Technology (IT), and Operations have slowed the implementation of Council resolutions. The skills deficit means that the University struggles to meet the standard of output quality that is required in the higher education sector.

Key positions in the Human Resources and Development (HR&D) Department are functioning at operational levels, with insufficient (or mismatched) skills in the Department to perform at strategic levels. Consequently, the Department cannot serve as a nerve centre for change and transformation at the University. The high volume of work as a result of manual or labour-intensive processes limits the ability of staff to perform strategic tasks simply because they are inundated with operational concerns. While recent efforts have been made to align Human Resources' strategic priorities to MUT's 2025 Strategy, more direction is needed. This necessitates the appointment of an Executive Director who will develop, drive, and deliver on the Departmental strategy. The creation and filling of this position are underway.

Supply Chain Management has been severely understaffed for several years and has not been functioning effectively as a supply chain unit. It was previously known as "Stores" and performed only the most basic procurement activities. Although a Head of Procurement was appointed, it still did not help to improve the functions and effectiveness of the Unit. The Head was subsequently suspended due to allegations of mismanagement of the Unit, and during that time the procurement processes almost came to a halt. MUT responded by appointing an external procurement specialist to assist with the most urgent procurement projects. A review of the structure in the Unit is currently underway.

The IT enterprise has historically been the subject of numerous complaints regarding efficiency and output, from staff members as well as Council members. Given the necessity and challenges of remote work, this function at the University needs urgent attention. Capacity enhancement through the creation of new positions is necessary. To this

end, a review of the structure of the IT&N Directorate is currently underway.

As a result of capacity constraints in the Operations environment, there are backlogs in MUT's infrastructure and maintenance projects. Many of the projects have been on the list for a substantial period and are far from completion or making very slow progress. The University incurs substantial losses because of price escalations in incomplete infrastructure projects. In 2020, the Senior Director was placed on precautionary suspension and an Acting Senior Director manages the operations. This is another Directorate whose structure is under review as part of the development of a new University structure.

Both the Legal Services Directorate and the Occupational Health and Safety Unit are "one-person" units. Both departments play a critical role insofar as legal and occupational health and safety matters are concerned. Due to the lack of capacity in these units, they are unable to perform their functions optimally to the benefit of the University community. Capacity will improve once Council approves MUT's organisational structure and additional positions are created.

The lack of capacity within administrative and support departments at MUT in 2020 constitutes an institutional risk and has a detrimental impact on the University's ability to realise its strategic objectives and priorities. The lack of capacity also has a negative effect on the morale of high-performing staff in the employ of the University who are called upon to take more and more responsibilities, thus leading to stress and burn-out.

Another area of concern is that all three Faculties are headed by staff in acting positions, but the recruitment of substantive Faculty Deans is currently underway. MUT needs the right competencies to drive the core business of the University and to ensure that we remain competitive in attracting suitably qualified academics and delivering on our commitments to students. Continuing work is being done in terms of the Delegations of Authority to support the academic enterprise of the University.

In order to tackle MUT's capacity constraints, Management is finalising a comprehensive organisational structure which will need to be approved by Council. The creation of new positions at MUT will have financial implications for the University. However, the costs related to such new positions will be offset by greater effectiveness and efficiency of affected departments, thus resulting in improved overall institutional performance.

Professor Marcus Ramogale
Acting-Vice-Chancellor & Principal
DATE

14 | REPORT ON INTERNAL ADMINISTRATIVE/ OPERATIONAL STRUCTURES AND CONTROLS



Zimasa Gwarube
Acting Director: Internal Audit, Risk and Compliance

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.

A three-year rolling audit plan together with an annual internal audit operational plan was developed, endorsed by Management, and approved by ARCC before implementation. Internal audits were performed on various divisions throughout the University according to this operational 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 on the resolution of audit findings in the audit log was presented to ARCC on a quarterly basis in 2020.

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. This is an ongoing process.

The assessment of internal control is performed by the Internal Audit, Risk & Compliance directorate in accordance with the approved Internal Audit plan. Consequently, there is continuous assessment of internal controls throughout the year. 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 unaudited annual financial statements are then subject to an independent review by the Internal Audit, Risk & Compliance directorate; submitted to a joint sitting of the Finance & Investment Committee (FIC) and ARCC for approval, before being issued to the external auditors for audit purposes.

Ms Z Gwarube
Acting Director: Internal Audit,
Risk and Compliance

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

In 2020 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.

In early 2020, MUT established an Internal Audit (IA) unit (a previously outsourced function) to assess controls and provide assurances to the Audit, Risk and Compliance Committee (ARCC) and Council.

The University relies on enterprise resource planning (ERP) software to manage its information resources, namely staff,



15 | REPORT ON TRANSFORMATION

Mangosuthu University of Technology 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.

In 2020, the executive management committee (EMC) expressed a view on transformation in response to a request from the IF. The EMC indicated that transformation is not conceptualised 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:

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.
- Policies to address people living with disabilities, gender-based violence etc. are drafted by various departmental stakeholders and approved by Council.
- Awareness programmes to address issues of gender-based violence and diversity are conducted by various departments such as Marketing and Communications and Student Affairs.

With this in mind, the Institutional forum IF set up a task team to initiate the process of developing a Transformation Concept Document and an Institutional Transformation Plan.



15.1. EMPLOYMENT EQUITY

The Employment Equity Plan (2017- 2020) is being implemented in accordance with the Employment Equity Act Number 55 of 1998, as amended. 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, which is not a challenge unique to MUT but is evident elsewhere as indicated in the new EE Bill and associated regulations.

Despite the socio-economic disruptions as a result of COVID-19, MUT has maintained its commitment to stay focused on achieving employment equity (EE) goals and targets in 2020 (see Table 18 below). 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 1-4). 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

Investing in the professional development of staff is important to maintain and enhance 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 the first half of 2020, a strategic choice was made to focus on the continuity of core university operations. As a result, training for “teaching with technology” such as instructional design, navigating the learning management system (LMS), and conducting assessments was prioritised. In the third and fourth quarters of 2020, as staff and students became accustomed to the “new normal”, of online training, the uptake of other types of opportunities in areas such as dealing with COVID-19, artificial intelligence, community-based service learning, customer experience management, and fraud examination started to rise.

Table 18: Number of filled positions in relation to EE targets as 31 December 2020

Population Group	Gender	Economically Active Popula-tion	Filled Posts	EE Target	Deviation from Target
African	Female	38,30%	264	251,25	12,75
	Male	42,30%	296	277,49	18,51
Coloured	Female	0,80%	4	5,24	-1,24
	Male	1,30%	4	8,53	-4,53
Indian	Female	4,40%	24	28,86	-4,86
	Male	7,30%	34	47,89	-13,89
White	Female	2,30%	12	15,09	-3,09
	Male	3,30%	10	21,65	-11,65
			648	656	-8

Professor Marcus Ramogale
Acting-Vice-Chancellor & Principal



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 matters. The FIC focuses on various issues affecting the financial well-being of the institution including financial sustainability, finance policies, processes, and systems.

The 2020 year was severely disrupted by the onset of the COVID-19 pandemic resulting in the President announcing a National State of Disaster followed by the lockdown restrictions brought into effect at the end of March 2020. These restrictions had dire consequences for the Higher Education sector. The University had to navigate through the lockdown dealing with multiple new challenges. The key finance-related challenges experienced because of COVID-19 included the following:

1. The announcement by the Minister of Education that NSFAS funded students must continue to receive their allowances although the academic year was

suspended; together with the amendments to the academic timetable, resulting in changes having to be made in terms of processes and systems to ensure NSFAS payments continued as announced.

2. Landlords demanding that rentals be settled as usual although residences remained unoccupied over certain periods of the lockdown. This necessitated constant negotiations with landlords in order to reach amicable solutions that would not prejudice MUT but also not disadvantage landlords. The matter was also dealt with at a national level culminating in the DHET gazetting regulations for the payment of student accommodation for the 2020 and 2021 years.
3. The disastrous impact on the South African economy resulting in numerous businesses either closing down or downsizing resulting in thousands of job losses in all sectors.
4. A significant reduction in cash collections negatively impacted cash flow.
5. The DHET announcing the reduction of the Block Grant and certain earmarked grants for current and future periods.
6. The introduction of multi-modular mode of teaching necessitating the reduction of the Block Grant and re-prioritisation of certain earmarked grants in order to make funds available for continued teaching and learning.
7. The introduction of COVID-19 safety protocols necessitating the review of the 2020 budget and re-prioritisation of funds to provide protective gear, including sanitising equipment, to comply with the relevant regulations and to ensure the safety of students and staff.
8. The extension of the 2020 academic year into the first quarter of 2021 meant that certain accounting adjustments had to be made in respect of revenue recognition.
9. The additional financial reporting requirements introduced by the DHET as a result of the Covid-19 Grants given to Universities (CRG1 & CRG2).
10. The impact on human capital within the finance department was also significant with certain members of staff contracting the virus and many 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 by continuously addressing various challenges including capacitating the Finance department in all aspects, to achieve improved efficiency, effectiveness, governance, 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 MUT becomes fully self-sustainable. This includes the improvement of existing policies, processes, procedures, and IT systems. As we move into the 4th Industrial Revolution (4 IR), the use of technology becomes even more critical to improve efficiency and enhance compliance.

The areas of Supply Chain Management (SCM) and Students Debtors are still particularly concerning. Some measures have been taken to address these areas. The outsourcing of debt collection to external parties assists in improving cash collections, however, the lack of internal capacity to directly oversee and manage this function remains a challenge. MUT's provision for doubtful debt is significant and represents 46% (2019: 50%) of the gross student receivables. The SCM unit requires a significant overhaul of its structure and improvement in capacity, including enhanced systems and processes. We are making improvements and need to increase the pace at which changes are implemented.

The institution recorded a surplus during the current year. The surplus before other comprehensive income is R31 million (compared to 2019: R83 million). The increase in total income was 7% and the increase in total expenses was 13%. The increase in income was mainly due to an increase of 7% in student accommodation income and government grants increased by 12% whilst tuition fee income declined by 10%.

The number of full-time equivalent (FTE) students increased from 10,164 in 2019 to 10,384 in 2020, representing an increase of 220 students (or 2%).

16.1. BUDGETING PROCESS

The annual budget supports the implementation of plans aimed at achieving the objectives outlined in the Annual Performance Plan. The budget for 2020 was balanced in line with historical trends. The 2020 budget had to be revised because of the additional requirements brought about by the COVID-19 pandemic. The Budget Committee was responsible for overseeing the budget and recommending the budget to the FIC. As part of the Finance department's continuous improvement drive, the budget process, including policies and procedures, will be reviewed to support the financial sustainability of the University.

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) and bursaries or scholarships from independent donors.

16.2.1. NSFAS

In 2020 there were 10,464 students who were allocated NSFAS funding, amounting to

R606 million. In 2019, 9,721 students were funded for R554 million. There was an increase of R52 million (9%) in funds allocated to MUT for 2020 while there was an increase of 743 in the number of students funded. NSFAS funding processes have improved in 2020 with regular monthly payments received from NSFAS. NSFAS funding issues caused significant disruptions and inefficiencies during the registration process.

16.2.2. Bursaries and scholarships

Bursaries and scholarships amounted to R33 million (2019: R73 million) and funded 513 (2019: 1,423) 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

Despite the global pandemic, MUT adapted to various challenges, while refocusing its resources to address pressing needs, without compromising financial sustainability in the foreseeable future.

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 R999 million in 2019 to R1 067 million in 2020, which is an increase of R68 million (7%). Council-controlled income amounted to R722 million compared to R678 million in 2019. This is an increase of R44 million (6%); (2019: R19m; 3%). In particular:

- Government subsidies and grants increased from R425 million in 2019 to R476 million in 2020, an increase of R51 million (12%).
- Tuition fee income decreased from R252 million in 2019 to R228 million in 2020, which is a decrease of R24 million (10%). The increment in tuition fees for the 2020 year was 6%.

- Income from student residence fees increased from R321 million in 2019 to

R343 million in 2020, which is an increase of R22 million (7%). The increment in university residence fees and private leased residence fees was 8%. There was also an increase in the number of beds from 9,241 in 2019 to 10,592 in 2020, which equates to an increase of 15%.

16.3.2. Expenditure

Council-controlled unrestricted expenditure amounted to R743 million compared to

R761 million in 2019, which is a decrease of R18 million (2%). Personnel costs amounted to R464 million compared to R438 million in 2019, which is an increase of R26 million (6%). The salary increment for the year was 7%. The ratio of personnel costs to unrestricted income is 64% (2019: 65%).

16.4. OTHER OPERATING EXPENSES

Other operating expenses amounted to R443 million, which is an increase of R97m million (28%) on the 2019 expenses of R346 million. A significant portion of this increase is a result of an increase in credit losses (provision for bad debt). The credit loss provision increased by R57 million to R68 million (2019, R11 million) in the year under review.

Expenditure relating to student accommodation amounted to R180 million, an increase of

R73 million (7%) over the 2019 expenses of R107 million. Total expenditure amounted to

R1 036 million, which is an increase of R120 million (13%) on the 2019 total of R916 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 2020 there was a deficit in the Council-controlled funds of R21 million, which is a decrease of 75% from the 2019 deficit of R83 million. The surplus from student accommodation decreased from R155 million in 2019 to a surplus of R39 million in 2020. This is a decrease of R116 million (75%) compared to 2019.

In 2020 there was an overall surplus before other comprehensive income of R31 million, which is less than the 2019 surplus of R83 million. The major reason for this was the increase in the provision for doubtful debts of R57 million.

16.6. STATEMENT OF FINANCIAL POSITION

16.6.1. Non-current assets

Property, plant, and equipment increased by 13% from R848 million in 2019 to R957 million in 2020. The increase is a result of gains from a physical assets verification exercise conducted. The University continued 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 monitoring and control of moveable assets.

16.6.2. Current assets

Current assets increased by 27% from R1 047 million in 2019 to R1 332 million in 2020. The increase is mainly due to an increase in cash and cash equivalents of R154 million and trade and other receivables of R131 million.

16.6.3. Non-current liabilities

Non-current liabilities increased by 4,1% from R1 020 million in 2019 to R1 062 million in 2020. The increase is due to the increase in Deferred Income of R64 million as a result of work-in-progress being raised on the infrastructure projects.

16.6.4. Current liabilities

Current liabilities increased by 54% from R309 million in 2019 to R478 million in 2020. This is mainly due to the increase in restricted grants of R61 million largely due to the receipt of two new COVID-19 related grants, namely CRG-1 and CRG-2; and an increase in trade and other payables of R193 million mainly as a result of an adjustment of R124 million in respect of deferred revenue due to the extension of the 2020 academic year into the first quarter of the 2021 financial year.

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 R759 million (2019: R647 million). Liquidity is also positive with current assets exceeding current liabilities by R854 million (2019: R738 million). The University's cash balance after deducting earmarked grants is R175 639 million (2019: R69 092 million) as at 31 December 2020.

Table 19: Financial indicators and ratios (2015-2020)

	2015	2016	2017	2018	2019	2020
Personnel costs to unrestricted income	65%	65%	60%	58%	64%	64%
Personnel costs as a % of total exp	45%	52%	46%	45%	48%	45%
Subsidy as % of income	42%	42%	42%	45%	41%	43%
Tuition and residence fees as % of total income	49%	53%	54%	54%	56%	52%
Other income as % of total income	2%	1%	1%	1%	1%	1%
Current ratio	0.95	0.91	2.93	4.00	3.00	2.78
Cash ratio	0.79	0.90	2.02	2.69	2.66	2.04
Total debtors as % of fees	49%	38%	69%	98%	39%	63%
Provision for doubtful debts as % of total debtors	63%	72%	47%	50%	50%	46%
(Decrease)/Increase in debtors (R'000)	18 086	254	128 674	109 118	(44 951)	130 960

Council and management are working on strategies to ensure the financial sustainability of the institution. These strategies, some of which have already been implemented, include:

- Clear demarcation of bank accounts to ensure better management and control of Earmarked grant funds and MUT's own funds.
- The outsourcing of debt collection to a panel of debt collectors to improve cash flow and reduce bad debt.
- The introduction of a Student Fee Handbook that includes rules and guidelines regarding fees and concessions.
- The introduction of cash flow forecasting as well as the preparation of quarterly rolling cash flow forecasts.
- The preparation of critical policies, some of which have already been approved and implemented whilst others are currently being developed, with a view to approval and implementation within the 2021 financial year.

- The planned introduction of formal monthly budget reviews by Faculties, Executive Portfolios and Departments to better monitor and control costs.

The implementation of the above-mentioned strategies is critical to improving the financial systems, controls and administration of the University which will ensure long term sustainability. Table 19 (above) provides a snapshot of the key indicators being monitored in this regard.

In its 41 years of existence, MUT has not made significant progress in many areas including Finance, particularly supply chain management and student debtors. There is a focused effort to make improvements in these areas. However, progress has been slow and hindered by various internal and external factors. We are however 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

Mr OM Galane
Chairperson of the Finance & Investment Committee

17 | REPORT ON RISK EXPOSURE ASSESSMENT AND THE MANAGEMENT THEREOF

The 2020 strategic risk identification and assessments were conducted by the University's Risk Management Committee (RMC) and monitored by the Audit, Risk and Compliance Committee (ARCC). As at December 2020 the members of ARCC were:

In 2020 the members of the Risk Management Committee (RMC), which comprised all members of the Executive Management Committee (EMC), met three times to review and monitor the identified risks. The top 15 institutional risks identified, rated and monitored in 2020 are listed below in Table 20.

- Mrs N Mlaba (Chairperson),
- Mr S Dlamini
- Mrs C Nyama
- Mr S Mthethwa
- Prof MM Ramogale (Acting VC & Principal)



Table 20: Top 15 risks in 2020

BRIEF DESCRIPTION OF RISK	RESIDUAL RISK ¹ RATING
1. Inability to form collaborations nationally and internationally.	15
2. Non-alignment of IT Strategy to organisational wide strategy and needs.	15
3. Weak financial sustainability on account of the lack of diversification of our income streams and declining levels of state funding	15
4. Lack of fit-for-purpose infrastructure.	15
5. A decline in international students and partnerships.	15
6. Inability to strengthen our position as a research-informed University.	10
7. Failure to maintain academic quality and standards.	10
8. Financial sustainability in relation to managing the impact of the pandemic	8

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 are achieved through the MUT-approved combined assurance framework which aims to inform, in a simple manner, on the effectiveness of assurance providers and to create confidence in the assurance provided in relation to key organisational risks. The ERM Policy and Combined Assurance Framework assist Council and Management to effectively cover the institution's significant risks by providing three lines of defence:

1. The institution's line functions that own and manage risks.

2. The institution's specialist functions that facilitate and oversee risk management and compliance, and quality management.
3. Internal auditors, safety and process assessors, independent external assurance service providers such as external auditors, forensic auditors, fraud examiners, and regulatory inspectors.

The Risk Management Committee and ARCC recognise that there is potential for adverse events which may affect the normal operations of the University. ARCC promotes the proactive identification of risks and control measures to mitigate overall risk exposure in line with the risk appetite statement.

Ms Z Gwarube
Acting Director: Internal Audit Risk and Compliance
DATE

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

18 | REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

The composition of the Audit, Risk and Compliance Committee (ARCC) comprise a majority of external members of Council, elected by Council, who are knowledgeable and experienced in audit, risk, and compliance matters, one of whom is the Chairperson of the committee. In addition, the committee comprises the Vice-Chancellor and one additional internal member of Council, elected by Council.

The Committee's primary task relates to the responsibility to provide the Council with assurance on the application of principles and best practices associated with the Council's accountability regarding all elements of corporate governance. The Committee is responsible for performing the following tasks (among others):

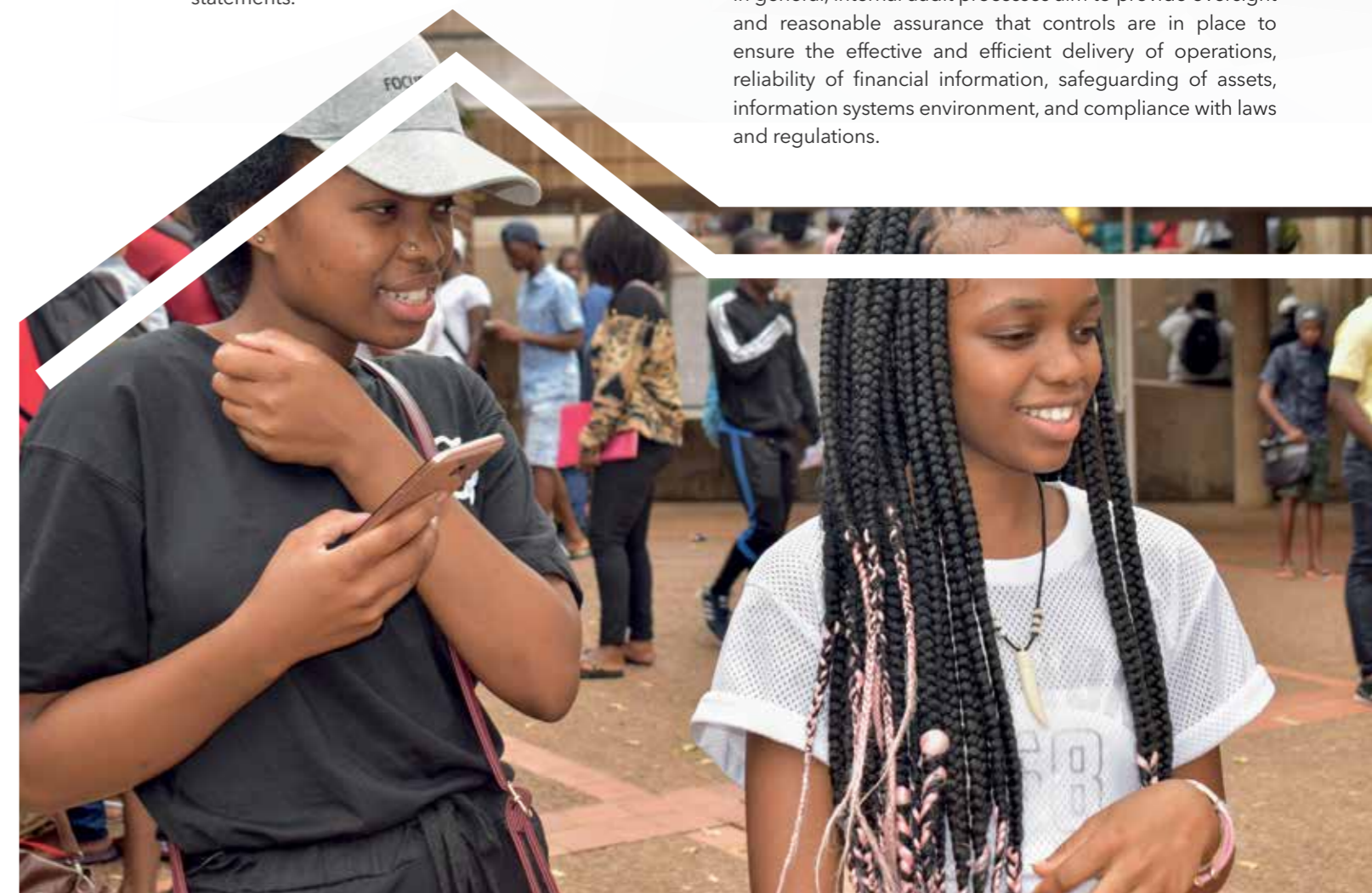
- Assist the Council in fulfilling its role of providing assurance on corporate governance.
- Facilitate effective working relationships between the Council, management, and the external and internal auditors.
- Review the financial statements and consider all factors and risks that may affect the integrity of the financial statements.

- Consider the need for summarised information and engage with external auditors.
- 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.
- 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

The Internal Audit (IA) function works in line with Internal Audit Charter as approved by the Audit Risk and Compliance Committee. The internal audit activity is co-sourced, with the appointed service providers reporting to the MUT Director Risk & Compliance. MUT appointed two internal auditors and an internal audit Manager to support this function.

In general, internal audit processes aim to provide 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, information systems environment, and compliance with laws and regulations.



Specifically, at MUT the internal audit function provides an independent, objective assurance and consulting activity designed to add value and improve the University's operations. The University makes use of a co-sourced internal audit function that complies with the principles of King IV, and subscribes to the principles and standards of the Institute of Internal Auditors. A three-year rolling plan with an annual internal audit operational plan was developed, endorsed by Management, and approved by ARCC before implementation. Internal audits were performed on various divisions throughout the University according to this operational plan. On a quarterly basis, the ARCC provided oversight on the IA operational plan implementation progress. Internal audit reports with appropriate management comments were presented to ARCC. The audit log was also maintained to monitor the progress on the implementation of the management action plans in relation to previous internal and external audit findings. Status on the resolution of audit findings in the audit log was presented to ARCC on a quarterly basis in 2020.

ARCC is of the opinion, based on the information provided by management, internal audit, and engagements with the independent external auditors on the results of their audits in 2020, that:

- The internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the financial statements, and accountability for assets and liabilities is maintained.
- The expertise, resources and experience of the finance function are adequate.
- The system and process of risk management and compliance processes are adequate.
- The effectiveness of the combined assurance function is adequate, and the internal audit charter was approved by the audit committee and,
- ARCC is satisfied with the independence and objectivity of the external auditors.

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 2020. Control weaknesses have been brought to the attention of the Audit, Risk, and Compliance Committee (ARCC) and management, and are being attended to.

It is the role of Internal Audit to assess internal control systems and to assist line management in ensuring the adequacy of such controls. The University Council, through the ARCC, provides oversight of the preparation, integrity and fair presentation by management of the financial statements and the financial reporting process. Based on the audit work done in 2020, the Internal Audit Department's overall assessment of the university's system of internal control is considered partially effective. The system of internal control employed by the entity to financial and risk management is partially effective and efficient, as the Audit Committee noted with concern the progress on the implementation of audit recommendations on the audit log.

The committee commends management on the improvements in asset management and safeguarding evidenced by the outcome of the external auditors' report. Nothing significant has come to the attention of the audit committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review. The Audit Committee is satisfied that the financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

18.2. RISK MANAGEMENT

Risk is managed within an enterprise risk management framework (2019-2021) comprising governance, risk appetite, combined assurance processes and an underlying control environment. Risk management at MUT is refined on a regular basis. The Vice-Chancellor and the Executive Management Committee are ultimately responsible for assessing, mitigating and monitoring risks, while the Audit and Risk Committee provides oversight on risk management through a quarterly review of the status of mitigation plans as well as the top 15 risks on the institutional risk register.

18.3. COMPLIANCE

18.3.1. Mitigating against fraud and corruption

MUT is a publicly funded university. In 2020, and in line with the principles of good corporate governance, MUT continued 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. 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 are reported to the ARCC. Table 21 provides an overview of cases, reported via the whistleblowing platform that was addressed in 2020.

Table 21: Matters raised via the whistleblowing platform

Description	Date reported	Status/ Date Closed	Resolution taken
1. Theft of vehicle due to alleged misconduct of employees	Novem-ber 2019	March 2020	The implementation of recom-mendations has been handed over to Acting DVC: Resources and Planning.
2. Ghost Employees In-vestigation	January 2020	August 2020	The matter has been reported to SAPS. The ex-staff member's pension has been withheld.
3. Unauthorised activities and changes to cost centres	February 2020	Novem-ber 2020	No action required as allegations were unfounded
4. Forensic report venue hire	March 2020	Novem-ber 2020	Charges have been drafted. Chairperson and Initiator have been appointed. A date for the disciplinary enquiry is to be set.
5. Alleged procurement irregularities regarding the sourcing of service providers without follow-ing approved procure-ment processes and policy	August 2020	February 2021	Final Report presented to Acting VC and Director: Risk & Compli-ance for further action.
6. Alleged irregularities surrounding the second advertisement and the recruitment to the posi-tion of the Human Re-source Executive Direc-tor	August 2020	February 2021	Final Report presented to Acting VC and Director: Risk & Compli-ance for further action.
7. Report on the forensic investigation in respect of a payment that was made into a fraudulent bank account in March 2020	Novem-ber 2020	February 2021	Final Report presented to VC and Director Risk & Compliance for further action.

18.3.2. Monitoring health and safety

The University's Health and Safety Committee monitors actions taken by management to mitigate any risks on health and safety matters and areas of concern regularly. This 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.

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 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 are underway in 2021.

The Audit and Risk Committee is also responsible for Information Technology Governance (ITG), as stipulated in its charter. While the Audit Committee has concerns with the ITG environment within MUT due to capacity issues, we are confident that the implementation strategy adopted will address the concerns adequately. From a risk perspective, cybercrime, protection of personal information, stability of IT systems, the integrity of management information as well as student and labour unrests are all factors that have been identified as having a potential negative impact on the university's operations and these are receiving attention.

Mrs NS Mlaba

Chairperson of the Audit, Risk and Compliance Committee
DATE

Mr M Morailane

Chairperson of Council
DATE



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

01 | COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The MUT 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 annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual 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 annual financial statements.

The consolidated annual 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 annual 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 2021 and, in light of this review and the current financial position, they are satisfied that the Mangosuthu University of Technology has or had 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 annual financial statements. The consolidated annual financial statements have been examined by the Mangosuthu University of Technology's external auditor and their report is presented on pages 63 to 66.

The consolidated annual financial statements set out on pages 67 to 114, which have been prepared on the going concern basis, were approved by the Council on 12th August 2021 and were signed on their behalf by:

Approval of financial statements

Mr M Morailane
Chairperson of Council

Prof MM Ramogale
Acting Vice-Chancellor and Principal

02 | INDEPENDENT AUDITOR'S REPORT

REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF HIGHER EDUCATION AND TRAINING AND THE COUNCIL OF MANGOSUTHU UNIVERSITY OF TECHNOLOGY



REPORT ON THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

1. We have audited the consolidated the annual financial statements of the Mangosuthu University of Technology set out on pages 67 to 114, which comprise the statement of financial position as at 31 December 2020, statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement/ statement of cash flows for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Mangosuthu University of Technology as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and the requirements of the Higher Education Act of South Africa, 1997 (Act No 101 of 1997, as amended).

Context for the opinion

3. We conducted the 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 financial statements section of this auditor's report.
4. We are independent of the University in accordance with Section 290 and 291 of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), and other independence requirements applicable to performing audits of the annual financial statements in South Africa. We have fulfilled our ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing the audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants.

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.

Restatement of prior year figures

7. As disclosed in notes 20 to the financial statements, certain corresponding figures for 31 December 2019 have been restated and reclassified as a result of an errors discovered during the year ended 31 December 2020 in the financial statements of the institution.

COVID 19 considerations

8. As disclosed in Note 34, the DHET has advised a reduction in the block grant for all universities across the sector and re-prioritisation of those funds to universities in order to respond to the COVID-19 crisis for the 2020/2021 financial year. There was also a cut from the Infrastructure & Efficiency Grant of which a portion was returned and reprioritised for Covid-19 responsiveness. The net effect of the cut in Block grants is a reduction of 1.07% across the whole system and 17.6% in respect of the I&E Grant to Universities. The University has also amended its 2020 budget taking into consideration the change in circumstances brought about by the COVID-19 pandemic.
9. The DHET has not indicated any plans to close or wind down the operations of the university. The academic year of MUT will be extended to March 2021. Although there is still uncertainty as to when the restrictions will be fully lifted and other changes to restrictions, these uncertainties together with the plans explained above do not at this time cast significant doubt on the University's ability to continue as a going concern.

Events after the reporting period

10. The DHET has approved a Covid-19 Responsiveness

Grant 1 (CRG 1) to the amount of R41m. These funds have been made available through the re-prioritisation of certain earmarked grants as well as interest earned on those grants. The cost of the campus readiness programme and compliance with necessary additional occupational health and safety requirements as a result of the pandemic is estimated at R13m.

11. MUT has had to revise its 2020 budget to take into consideration the change in circumstances as a result of the COVID-19 pandemic. The DHET has further advised that it is considering a second Covid-19 Responsiveness Grant in respect of shortfalls from the first grant. The University 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 2020 have not been adjusted to reflect their impact.

Responsibilities of the Council for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

14. Our objectives are to obtain reasonable assurance about whether the 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 annual financial statements.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- conclude on the appropriateness of the Council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the Mangosuthu University of Technology 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 financial statements about the material uncertainty or, if such disclosures are inadequate, to modify our opinion on the 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 university to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication with those charged with governance

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

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

REPORT ON THE AUDIT OF THE ANNUAL PERFORMANCE REPORT

Introduction and scope

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

20. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the university. We have not evaluated the completeness and appropriateness of the performance indicators / measures included in the planning documents. Our procedures do not examine whether the actions taken by the university enabled service delivery. Our procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

21. 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 annual performance report of the university for the year ended 31 December 2020:

Programmes	Pages in the annual performance report
Goal 1: Enhance the quality of teaching and learning, and educational output	8 - 9
Goal 3: To be the preferred higher education employer for academic and support staff	10 - 11

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

23. We did not raise any material findings on the usefulness and reliability of the reported performance information for the above-mentioned objectives.

24. Refer to the annual performance report on pages 8 to 12 for information on the achievement of planned targets for the year.

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION

25. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the University with specific matters in key legislation.

26. We did not raise material findings on compliance with the specific matters in key legislation set out in the general notice issued in terms of the PPA

INTERNAL CONTROL DEFICIENCIES

27. We have considered internal control relevant to our audit of the financial statements, performance report and compliance with laws and regulations. The matters reported below are limited to the significant deficiencies that resulted in an unqualified audit opinion of the financial statements and the findings on the performance report and compliance with laws and regulations included in this report.

Procurement and contract management

28. The institution did not have appropriate record management systems to ensure that complete, relevant,

and accurate information is accessible and readily available to support the financial information records relating to procurement and contract management.

Audit remediation plan

29. Management did not adequately implement a plan to address internal external audit findings relating to compliance matters on Supply Chain Management and contract Management. There were repeat findings relating to bid documents identified in the current year audit.

IT Governance

30. The University did not have an approved IT governance framework in place.

OTHER MATTERS

31. We draw attention to the following engagements conducted by various parties that had, or could

#	Grant Name	Period coverage	Status	Report date
1	National Research Foundation (NRF)	31 December 2020	Completed	22 June 2021
2	University Capacity Development Programme (UCDP)	31 March 2021	Completed	04 June 2021
3	Research Publication	31 December 2020	Completed	31 May 2021
4	New Generation of Academics (nGAP)	31 March 2021	Not yet started deadline for submission is 31 August 2021. The audit is planned for 21 July to 28 July 2021	n/a
5	Technical Station in Chemicals	31 March 2021	Not yet started. The audit is planned for 21 July to 28 July 2021	n/a
6	Foundation Programme	31 December 2020	Completed	31 May 2021
7	Infrastructure Grant	31 March 2021	Completed	31 May 2021
8	HEMIS	31 December 2020	Not yet started, The audit is planned for 21 July to 28 July 2021	n/a
9	COVID-19 Responsiveness Grant (CRG)	31 March 2021	Completed	04 June 2021
10	Clinical Training Grant (CTG)	31 December 2020	Completed	14 June 2021

34. The grants audited were spent according to the conditions of the grants and no findings or exceptions noted.

Sondlo Chartered Accountants Inc

Director: Mrs LM Nkonki CA (SA)

Registered Auditor

Durban

28 August 2021

have, an impact on the matters reported in the annual financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the annual financial statements or our findings on the reported performance information or compliance with legislation.

Investigations

32. Investigations were ongoing at year-end into allegations relating to human resource recruitment processes not being followed as well as financial misconduct, fraud or improper conduct in SCM, on purchases made without following the appropriate procurement processes.

Audit related services and agreed upon procedures

33. As requested by the University, we conducted the following audits on conditional grants:

03 | CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 31 December 2020

Note(s)	2020 R'000	2019 R'000	
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	956 636	848 248
Right-of-use assets	3	1 715	79 065
Employee benefits	4	6 546	1 168
Intangible assets	5	3 780	865
		968 677	929 346
Current Assets			
Inventories	6	926	1 586
Trade and other receivables	7	350 634	219 674
Investments at fair value	8	2 880	3 456
Cash and cash equivalents	9	977 266	822 671
		1 331 706	1 047 387
		2 300 383	1 976 733
Total Assets			
Equity and Liabilities			
Equity			
Reserves	19	499 288	492 060
Retained income	20	260 498	155 080
		759 786	647 140
LIABILITIES			
Non-Current Liabilities			
Employee benefits	4	32 438	33 679
Loans and borrowings	11	79 073	84 524
Restricted grants	12	707 609	722 563
Deferred income	13	243 068	179 548
		1 062 188	1 020 314
Current Liabilities			
Lease liabilities	3	6 005	-
Loans and borrowings	11	5 451	4 829
Restricted grants	12	94 018	31 016
Trade and other payables	14	335 340	142 243
Provisions	15	41 445	36 688
		478 409	309 279
		1 540 597	1 329 593
		2 300 383	1 976 733
Total Liabilities			
Total Equity and Liabilities			

04 | CONSOLIDATED STATEMENT OF PROFIT/LOSS & OTHER COMPREHENSIVE INCOME

As at 31 December 2020

			2020	2020	2020	2019
			SUB-TOTAL	STUDENT AND STAFF ACCOMMODATION	TOTAL	TOTAL
Figures in Rand Thousands	Note(s)	COUNCIL-CONTROLLED UNRESTRICTED	SPECIFICALLY FUNDED RESTRICTED			
TOTAL INCOME			12 754	331 924	1 067 113	999 151
RECURRENT INCOME		722 435	12 754	331 924	1 067 113	999 148
Government grants		463 145	12 754	-	475 899	425 428
Income from other activities		11 544	-	331 924	343 468	321 222
Tuition and other fee income		228 034	-	-	228 034	252 436
Finance income		19 712	-	-	19 712	62
NON-RECURRENT INCOME		-	-	-	-	3
Profit on disposal of assets	33	-	-	-	-	3
TOTAL EXPENDITURE		743 360	-	293 122	1 036 482	915 787
RECURRENT EXPENDITURE		741 071	-	293 122	1 034 193	915 787
Staff costs - Academic professional	16	231 779	-	-	231 779	235 586
Staff costs - Non-academic professional	16	231 725	-	-	231 725	201 982
Amortisation	5	433	-	-	433	433
Depreciation and impairment	2	31 670	-	77 350	109 020	104 949
Other operating expenses	17	232 687	-	210 202	442 889	346 174
Finance costs	18	12 777	-	5 570	18 347	26 663
NON-RECURRENT EXPENDITURE		2 289	-	-	2 289	-
Loss on disposal of property, plant and equipment		2 289	-	-	2 289	-
Surplus / (Deficit) for the year		(20 925)	12 754	38 802	30 631	83 364
Other comprehensive income:						
Other comprehensive income - actuarial gains	4	7 228	-	-	7 228	87
Other comprehensive income - revaluation gains		-	-	-	-	349 220
Surplus / (Deficit) for the year		(13 697)	12 754	38 802	37 859	432 671

05 | CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2020

	Revaluation reserve	Other non distributable reserve	Total reserves	Retained income	Total equity
Balance at 01 January 2019	185 801	(43 048)	142 753	71 716	214 469
Surplus for the year	-	-	-	83 364	83 364
Other comprehensive income	-	87	87	-	87
Total comprehensive income for the year	-	87	87	83 364	83 451
Surplus on revaluation of property	349 220	-	349 220	-	349 220
Total contributions by and distributions to owners of company recognised directly in equity	349 220	-	349 220	-	349 220
Opening balance as previously reported	535 021	(42 961)	492 060	155 080	647 140
Adjustments					
Prior period errors	-	-	-	74 787	74 787
Balance at 01 January 2020 as restated	535 021	(42 961)	492 060	229 867	721 927
Surplus for the year	-	-	-	30 631	30 631
Other comprehensive income	-	7 228	7 228	-	7 228
Total comprehensive income for the year	-	7 228	7 228	30 631	37 859
Balance at 31 December 2020	535 021	(35 733)	499 288	260 498	759 786
Note(s)	10				

06 | STATEMENT OF CASH FLOWS

As at 31 December 2020

	Note(s)	2020 R'000	2019 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	19	215 558	215 368
Interest income		19 712	62
Finance costs		(18 347)	(26 663)
Net cash from operating activities		216 923	188 767
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(73 947)	(12 621)
Sale of property, plant and equipment	2	-	85
Purchase of other intangible assets	5	(3 348)	-
Sale of investments at fair value		576	133
Net cash from investing activities		(76 719)	(12 403)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(4 829)	(4 334)
Movement in deferred income		63 520	(1 276)
Payment on lease liabilities		(92 348)	(96 618)
Movement in restricted grants		48 048	137 136
Net cash from financing activities		14 391	34 908
Total cash movement for the year		154 595	211 272
Cash at the beginning of the year		822 671	611 399
Total cash at end of the year	9	977 266	822 671

07 | ACCOUNTING POLICIES

As at 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated annual 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 2020, comprises of the University and its subsidiary collectively referred to as 'the University', First Ready Development 143 (PTY) Ltd. 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 annual 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 annual 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 annual financial statements have been prepared on the historic cost convention, 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 annual 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.

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 past 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 cost of sales.

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.

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.

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 Mangosuthu University of Technology 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.

Land and Buildings is subsequently stated at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated 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
General equipment	Straight line	10 - 16 years
Furniture and fittings	Straight line	10 - 16 years
Motor vehicles	Straight line	5 - 9 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

Financial instruments held by the Mangosuthu University of Technology are classified in accordance with the provisions of IFRS 9 Financial Instruments.

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

Financial assets which are equity instruments:

- Mandatory at fair value through profit or loss; or
- Designated as at fair value through other comprehensive income. (This designation is not available to equity instruments which are held for trading or which are contingent consideration in a business combination).

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

- Mandatorily at fair value through profit or loss. (This classification automatically applies to all debt instruments which do not qualify as at amortised cost or at fair value through other comprehensive income); or
- Designated at fair value through profit or loss. (This classification option can only be applied when it eliminates or significantly reduces an accounting mismatch).

Derivatives which are not part of a hedging relationship:

- Mandatorily at fair value through profit or loss.

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
- Designated at fair value through profit or loss. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through profit or loss).

Note 25 Financial risk management presents the financial instruments held by the Mangosuthu University of Technology based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Mangosuthu University of Technology 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. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance (note 17).

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

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 18).

Trade and other payables expose the Mangosuthu University of Technology to liquidity risk and possibly to interest rate risk. Refer to note 25 for details of risk exposure and management thereof.

Cash and cash equivalents

Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

1.6 FINANCIAL INSTRUMENTS: IAS 39 COMPARATIVES CLASSIFICATION

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

- Financial assets at fair value through profit or loss - designated
- Loans and receivables
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the Mangosuthu University of Technology becomes a party to the contractual provisions of the instruments.

The Mangosuthu University of Technology classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the Mangosuthu University of Technology's right to receive payment is established.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Mangosuthu University of Technology has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Mangosuthu University of Technology establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the Mangosuthu University of Technology assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Mangosuthu University of Technology, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 LEASES

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

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

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 (note 3) 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).

However as an exception to the preceding paragraph, the Mangosuthu University of Technology has elected not to separate the non-lease components for leases of land and buildings.

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 15).

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 18).

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.

1.8 INVENTORIES

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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.

1.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The University 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 University 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.
- tests goodwill acquired in a business combination for impairment annually.

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.

1.10 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.

1.11 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

- the University has a present obligation 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 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.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - » the business or part of a business concerned;
 - » the principal locations affected;
 - » the location, function, and approximate number of employees who will be compensated for terminating their services;
 - » the expenditures that will be undertaken; and
 - » when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

1.12 INCOME FROM OTHER ACTIVITIES

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

Sale of products from the 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.

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 the sale of products is recognised when control of the goods has been transferred being when the buyer collects and pays for the goods. These goods are sold for cash and no credit terms are granted to customers.

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 cash is deposited into the Universities bank account. 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.

1.13 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. An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

1.14 LEASES (COMPARATIVES UNDER IAS 17)

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the .

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rents are expensed in the period they are incurred.

1.15 GOVERNMENT GRANTS

Government grants are recognised when there is reasonable assurance that:

- the University 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.

Grants related to income are presented as a credit in the profit or loss (separately).

1.16 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.

1.17 RELATED PARTIES

A party is related to the University if any of the following are met:

- Directly, or indirectly through one or more intermediaries, the party controls, is controlled by or under common control with the University;
- The party is a member of key management personnel of the entity or its parent;
- The party is a close family member of the family or individual referred to the above.
- Close family member of the family of an individual includes:
 - The individual's domestic partner and children;
 - Children of the individual's domestic partner; and
 - Dependents of the individual or the individual's domestic partner.

All related party transactions are conducted at arms length.

1.18 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 includes the reserves representing the carrying value of the items of property, plant and equipment. The restricted reserves designated for specific activities represent the unspent portion of funds received which the University has an obligation to spend in terms of a mandate.

1.19 RESEARCH COST

Research costs are expensed in the period in which they are incurred.

1.20 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

1.21 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is money spend 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.

1.22 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.

1.23 PRIOR PERIOD ERRORS

Prior period errors are omissions from, and misstatements in, the University's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available and could reasonably be expected to have been obtained and taken into account in preparing those statements.

Prior period errors are corrected retrospectively, however if it is impactful to determine the period specific effects, the opening balances of assets, liabilities and equity are restated in the current year.

08 | NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

As at 31 December 2020

2. PROPERTY, PLANT AND EQUIPMENT

	2020 R'000			2019 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	798 053	(88 771)	709 282	797 585	(79 910)	717 675
Furniture and fittings	30 660	(10 658)	20 002	9 305	(5 215)	4 090
Motor vehicles	11 100	(7 461)	3 639	11 071	(7 563)	3 508
General equipment	95 828	(53 666)	42 162	84 604	(66 404)	18 200
Computer equipment	48 153	(26 293)	21 860	36 667	(29 026)	7 641
Land improvements	19 588	(7 670)	11 918	19 588	(7 430)	12 158
Capital - Work in progress	106 565	-	106 565	43 768	-	43 768
Total	1 151 155	(194 519)	956 636	1 043 796	(195 548)	848 248

Reconciliation of property, plant and equipment - 2020

	2020								
	Land	Buildings	Furniture and fittings	Motor vehicles	General equipment	Computer equipment	Land improvements	Capital - Work in progress	Total
Cost or revaluation	41 208	797 585	9 305	11 071	84 604	36 667	19 588	43 768	1 043 796
Accumulated depreciation	-	(79 910)	(5 215)	(7 563)	(66 404)	(29 026)	(7 430)	-	(195 548)
Net book value at 31 December 2019	41 208	717 675	4 090	3 508	18 200	7 641	12 158	43 768	848 248
Net book value at beginning of year	41 208	717 675	4 090	3 508	18 200	7 641	12 158	43 768	848 248
Additions	-	-	229	347	1 831	6 743	-	64 797	73 947
Disposals and scrapping's - cost	-	-	(372)	(318)	(24 243)	(9 841)	-	-	(34 774)
Disposals and scrapping - accumulated depreciation	-	-	330	318	22 005	9 832	-	-	32 485
Write-off	-	-	-	-	-	-	-	(2000)	(2000)
Prior period gains	-	468	21 516	-	33 769	14 647	-	-	70 400
Depreciation	-	(8 861)	(5 773)	(216)	(9 267)	(7 099)	(240)	-	(31 456)
Impairment loss	-	-	(18)	-	(133)	(63)	-	-	(214)
	41 208	709 282	20 002	3 639	42 162	21 860	11 918	106 565	956 636
Cost or revaluation	41 208	798 053	30 660	11 100	95 828	48 153	19 588	106 565	1 151 155
Accumulated depreciation	-	(88 771)	(10 658)	(7 461)	(53 666)	(26 293)	(7 670)	-	(194 519)
Net book value at 31 December 2020	41 208	709 282	20 002	3 639	42 162	21 860	11 918	106 565	956 636

Reconciliation of property, plant and equipment - 2019

	2019								
	Land	Buildings	Furniture and fittings	Motor vehicles	General equipment	Computer equipment	Land improvements	Capital - Work in progress	Total
Cost or revaluation	595	500 176	8 215	10 905	81 256	32 838	8 390	50 589	692 964
Accumulated depreciation	-	(71 209)	(4 708)	(10 623)	(65 672)	(29 009)	(7 191)	-	(188 412)
Net book value at 31 December 2018	595	428 967	3 507	282	15 584	3 829	1 199	50 589	504 552
Net book value at beginning of year	595	428 967	3 507	282	15 584	3 829	1 199	50 589	504 552
Additions	-	-	1 090	515	3 389	5 447	-	2 180	12 621
Disposals and scrapping's - cost	-	-	-	-	(40)	(64)	-	-	(104)
Disposals and scrapping - accumulated depreciation and impairment	-	-	-	-	-	22	-	-	22
Transfers from capital work in progress	-	-	-	-	-	-	-	(9 001)	(9 001)
Revaluations	40 613	297 409	-	-	-	-	11 199	-	349 221
Depreciation	-	(8 701)	(507)	2 711	(733)	(1 593)	(240)	-	(9 063)
	41 208	717 675	4 090	3 508	18 200	7 641	12 158	43 768	848 248
Cost or revaluation	41 208	797 585	9 305	11 071	84 604	36 667	19 588	43 768	1 043 796
Accumulated depreciation	-	(79 910)	(5 215)	(7 563)	(66 404)	(29 026)	(7 430)	-	(195 548)
Net book value at 31 December 2019	41 208	717 675	4 090	3 508	18 200	7 641	12 158	43 768	848 248

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 networking equipment have been revised. The impact of the change is an increase in the annual depreciation charge for the current year of R3 654 011.23. It is not practical to provide an estimate for future years. In 2019 the reassessment of useful life resulted in a net change of R 7 766 849.

The 2019 depreciation on motor vehicles is in credit as a result of revised useful life assessment which resulted in a reversal of R2 835 182 whilst the actual current depreciation for motor vehicle was R124 184 and the net result is R2 711 000.

Revaluations

The Mangosuthu University of Technology's land and buildings are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and accumulated impairment losses. Formal revaluations are performed every 5 years by a professional and independent external valuer. In line with the policy the next revaluation will be performed in 2024.

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 and these assets were tested for impairment by comparing the carrying amount to its recoverable amount. As a result, an impairment charge of R214 000 - (2019: R Nil-) was recorded in other operating expenses in profit or loss for the year.

The verification also revealed that some assets that are recorded in the Fixed Asset Register could not be verified and some of these were also not verified in the verification exercise performed in 2019. Taking this into consideration MUT has taken the final decision that these assets be derecognised in the current financial year and therefore a loss on disposal of R2 289 485.52 has been recorded in the current financial 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 these gain is R 70 393 000.

Impairment of non-financial assets

The University has adopted the depreciated replacement cost approach (DRC) for determining impairment of assets in service. The method for determining the depreciated replacement cost is detailed below Current Impairment Cost = Carry Value - Depreciated Replacement Cost (DRC)

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)

Depreciation

Depreciation on property, plant and equipment

	2020 R'000	2019 R'000
Depreciation on property, plant and equipment	216 923	188 767

Write-off

During the year, an amount of R2 000 000 was written off from WIP. This was in respect of hostel furniture and equipment which was paid for but not received. Refer to note on Fruitless & Wasteful Expenditure for further details.

3. LEASES (MANGOSUTHU UNIVERSITY OF TECHNOLOGY AS LESSEE)

The Mangosuthu University of Technology leases several assets, including buildings, plant and IT equipment. The average lease term is 3 years with the an option to renew the lease after the lease date. Lease payments are renegotiated at the end of lease term to reflect market rentals. 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 student resident leases were previously classified as operating leases under IAS 17. The lease charges are based on fixed fee per student and dependant on occupancy per month.

MUT leases certain photocopying equipment under a number of leases, which were previously classified as operating lease under IAS 17. The contract terms for these leases range from three to five years. These leases were assessed and designated as low value assets under IFRS 16

The University also leases student accommodation on lease terms shorter than 12 months. These leases are classified as operating leases. If these leases were to be recognised on an average lease terms of three years, the effect of this would be an increase in right of use asset of R229 million and an increase in right of use liability of R250 million.

The University has a right to renew the leases for a further two years provided renewal terms and conditions are agreed between the parties.

Rent payments

During the course of 2020, the University engaged the Landlords and negotiated a deferral of lease payments for the leased residences. For some months the residences were not fully occupied. During those months the landlords were paid at a reduced rate. As students returned to campus and the academic year was extended into 2021 the deferred amounts were used to settle the rentals over the revised academic year. An agreement was reached with the landlords that the 2020 and the 2021 academic year will be view as a single year in accordance with the gazetted guidelines issued by DHET.

Details pertaining to leasing arrangements, where the Mangosuthu University of Technology capitalise leases is presented below:

Net carrying amounts of right-of-use assets

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

	2020 R'000	2019 R'000
Buildings	1 715	79

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.

Right-of-use assets

	2020 R'000	2019 R'000
Buildings	790 65	174 951

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.

	2020 R'000	2019 R'000
Buildings	77 350	95 886

Other disclosures

Interest expense on lease liabilities

Total cash outflow from leases

Right-of-use assets reconciliation

Details

Opening balance

Recognised during the year

Depreciation

	2020 R'000	2019 R'000
Interest expense on lease liabilities	5 570	15 513
Total cash outflow from leases	(92 348)	(98 618)
Right-of-use assets reconciliation		
Details		
Opening balance	79 065	-
Recognised during the year	-	174 951
Depreciation	(77 350)	(95 886)
	1 715	79 065

Lease liabilities

The maturity analysis of lease liabilities is as follows:

	2020 R'000	2019 R'000
Current liabilities	2 155	94 503

4. EMPLOYEE BENEFITS

Carrying value

	2020 R'000	2019 R'000
Present value of the defined benefit obligation-partially or wholly funded	(25 892)	(32 511)
Non-current assets - NTRF Pension Fund Asset	6 546	1 168
Non-current liabilities - Medical Aid Obligation	(32 438)	(33 679)
	(25 892)	(32 511)

The fair value of plan assets includes:

NTRF Pension Fund

The National Tertiary Retirement Fund 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% of the pre-retirement mortality rates. An expected retirement age of 63 was assumed and is based on the average age of retirements. It was assumed that 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 2020 by Alexander Forbes and is disclosed in accordance with International Financial Reporting Standards, IAS 19: Employee Benefits, as follows:

Statement of financial position

Present value of funded obligations
Fair value of plan assets

	2020 R'000	2019 R'000
Present value of funded obligations	(18 969)	(24 641)
Fair value of plan assets	25 515	25 809
	6 546	1 168

Movement in plan assets

Opening balance
Expected return on asset
Actuarial gain/(loss)
Benefits paid

Opening balance	25 809	23 408
Expected return on asset	1 812	1 943
Actuarial gain/(loss)	(119)	458
Benefits paid	(1 987)	-
Closing balance	25 515	25 809

Actual return on plan assets

Actual return on plan assets	1 693	2 401
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Unrecognised actuarial gains/(losses)

Opening balance
Amortisation
New gains/(losses)

Opening balance	-	-
Amortisation	6 006	765
New gains/(losses)	(6 006)	(765)
	-	-

Movement in present value of funded obligation

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

Opening balance	24 641	22 387
Service costs	665	649
Interest cost	1 775	1 912
Actuarial (gain)/loss	(6 125)	(307)
Benefits paid	(1 987)	-
	18 969	24 641

Per statement of comprehensive income**Profit or loss**

Service costs

Service costs	665	649
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Net interest cost:

- Interest cost

- Interest cost	1 775	1 912
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Amount recognised in profit and loss

	2 440	2 561
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Other comprehensive income

Actuarial (gain)/loss

Actuarial (gain)/loss	(6 006)	(765)
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Cumulative amount recognised in other comprehensive income

Cumulative amount recognised in other comprehensive income	(19 124)	(13 118)
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Reconciliation of Statement of financial position

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

Opening value	1 168	1 021
Amount recognised in profit and loss	(628)	(618)
Amount recognised in other comprehensive income	6 006	765
	6 546	1 168

The defined benefit plan exposes the University to actuarial risks, such as longevity risk, currency risk, interest rate risk and market(investment) risk.

Key valuation assumption

Discount rate
Expected return on plan assets
Salary inflation
Pension inflation

	2020 R'000	2019 R'000
Discount rate	7.30%	7,30%
Expected return on plan assets	3.60%	3,60%
Salary inflation	4.60%	4,60%
Pension inflation	1.98%	1,98%

54 (2019: 82) Active members are covered by the pension fund.

Sensitivity information: 2020**1% increase in discount rate**

Decrease in defined benefit obligation

	2020 R'000	2019 R'000
Decrease in defined benefit obligation	(11 948)	(15 282)
1% decrease in discount rate		
Increase in defined benefit obligation	(28 918)	(41 663)
1% decrease in inflation rate		
Increase in defined benefit obligation	(17 600)	(18 399)
1% increase in inflation rate		
Decrease in defined benefit obligation	(13 064)	(34 992)
Expected retirement age: 63 - 65 years		
1% increase in pension increase rate		
Increase in defined benefit obligation	(13 064)	(36 213)
1% decrease in pension increase rate		
Decrease in defined benefit obligation	(17 600)	(17 111)

1% decrease in discount rate

Increase in defined benefit obligation

1% decrease in inflation rate

Increase in defined benefit obligation

1% increase in inflation rate

Decrease in defined benefit obligation

Expected retirement age: 63 - 65 years**1% increase in pension increase rate**

Increase in defined benefit obligation

1% decrease in pension increase rate

Decrease in defined benefit obligation

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 dependants. 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 2020 by Simeka Consultants and Actuaries (Pty) Ltd.

Statement of financial position

Present value of funded obligations
Fair value of plan assets

Net obligation

	2020 R'000	2019 R'000
Present value of funded obligations	32 438	33 679
Fair value of plan assets	-	-
Net obligation	32 438	33 679

	2020 R'000	2019 R'000
Movement in plan assets		
Opening balance	-	-
Actuarial gain/(loss)	-	-
Contributions by University	2 972	2 719
Benefits paid	(2 972)	(2 719)
Closing balance	-	-
Actual return on plan assets	1 693	2 401
Movement in present value of funded obligation		
Opening balance	33 679	32 684
Interest cost	2 953	3 036
Actuarial (gain)/loss arising from financial assumptions	(1 222)	678
Benefits paid	(2 972)	(2 719)
Past service costs	-	-
	32 438	33 679
Profit or loss		
Service costs	-	83
Interest cost	2 832	2 953
Past service cost recognised	-	-
Amount recognised in profit and loss	2 832	3 036
Other comprehensive income: Actuarial losses		
Opening balance:	(58 455)	(57 777)
Amount recognised during the year	1 222	(678)
	(57 233)	(58 455)
Reconciliation of Statement of financial position		
Opening value	33 679	32 684
Employee contribution	(2 972)	(2 719)
Amount recognised in profit or loss	2 953	3 036
Amount recognised in other comprehensive income	(1 222)	678
	32 438	33 679
Key valuation assumption		
Discount rate	9.14%	9.69%
Medical inflation rate	6.80%	7.71%
Net effective gap	2.38%	1.98%

Sensitivity information: 2020

1% increase in discount rate		
Increase in defined benefit obligation	(7)	8
Increase in service cost and service cost and interest cost	3	8
1% decrease in discount rate		
Increase in defined benefit obligation	8	(7)
Increase in service cost and service cost and interest cost	(4)	(7)
1% decrease in inflation rate		
Increase in defined benefit obligation	4	(8)
Increase in service cost and service cost and interest cost	4	(8)
1% increase in inflation rate		
Decrease in defined benefit obligation	(4)	9
Increase in service cost and service cost and interest cost	(4)	9

	2020 R'000	2019 R'000
	(7)	8
	3	8
	8	(7)
	(4)	(7)
	4	(8)
	4	(8)
	(4)	9
	(4)	9

5. INTANGIBLE ASSETS

	2020 R'000			2019 R'000		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	41 208	-	41 208	41 208	-	41 208

Intangible assets consist of ITS computer software system and Oracle database. These are purchased software and not internally generated.

Reconciliation of intangible assets - 2020

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

Reconciliation of intangible assets - 2019

	Opening balance	Additions	Amortisation	Total
Computer software	-	5 446	(4 581)	865

6. INVENTORIES

	2020 R'000	2019 R'000
Maintenance stock and consumables	1 447	1 586
Medical inflation rate	(521)	-
	923	1 586

In 2020 inventories have been reduced by a value of R521 000 due to stock that has been regarded as obsolete. The provision was recognised in the statement of comprehensive income under other operating expenses.

7. TRADE AND OTHER RECEIVABLES

Financial instruments:

Student receivables	
Allowance for impairment loss	
Net student receivables	
Sundry debtors	
Total trade and other receivables	

	2020 R'000	2019 R'000
Student receivables	637 963	442 401
Allowance for impairment loss	(290 967)	(222 804)
Net student receivables	346 996	219 597
Sundry debtors	3 638	77
Total trade and other receivables	350 634	219 674

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost

	2020 R'000	2019 R'000
At amortised cost	350 634	219 674

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 loss 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

NSFAS - Current (0%)	
NSFAS - 1 yr past due (0%)	
NSFAS - 2yr + past due (0%)	
Privately Funded - Current (75%)	
Privately Funded - 1 yr past due (100%)	
PRIVATELY FUNDED - 2YR + PAST DUE (100%)	
BURSARY/SPONSORED - CURRENT (25%)	
Bursary/Sponsored - 1 yr past due (50%)	
Bursary/Sponsored - 2yr + past dues (100%)	

2020 R'000		2019 R'000	
Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
29 182	-	43 502	-
79 283	-	46 130	-
206 442	-	101 483	-
13 890	(9 763)	17 739	(7 277)
13 757	(11 591)	17 338	(12 234)
256 548	(243 638)	197 632	(185 999)
970	-	303	(76)
4 087	-	2 113	(1 057)
33 805	(25 975)	16 161	(16 161)
637 964	(290 967)	442 401	(222 804)

Reconciliation of loss allowances

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

	2020 R'000	2019 R'000
Opening balance in accordance with IAS 39 Financial Instruments: Recognition and Measurement	(222 804)	(211 772)
Opening balance in accordance with IFRS 9	(222 804)	(211 772)
Remeasurement of loss allowance - comparative	(68 163)	(11 032)
Closing balance	(290 967)	(222 804)

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts.

8. INVESTMENTS AT FAIR VALUE

Investments held by the Mangosuthu University of Technology 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.

	2020 R'000	2019 R'000
Other equity instrument	2 880	3 456
	2 880	3 456

Fair value information

Refer to note Fair value information for details of valuation policies and processes.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	2020 R'000	2019 R'000
Cash on hand	27 370	3 876
Cash on term deposit	949 896	818 795
	977 266	822 671
Cash on term deposits		
Financial institution		
ABSA	528 978	424 004
Nedbank	282 805	263 698
Investec	74 141	71 039
Grinrod	63 972	60 054
	949 896	818 795

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.

	2020 R'000	2019 R'000
Opening balance	535 021	185 801
Revaluation of immovable assets	-	349 220
	535 021	535 021

11. LOANS AND BORROWINGS

	2020 R'000	2019 R'000
Held at amortised cost Secured		
Secured		
ABSA Bank Limited loan	84 524	89 353
Unsecured		
Split between non-current and current portions		
Non-current liabilities	79 073	84 524
Current liabilities	5 451	4 829
	84 524	89 353

An unsecured loan of R42 075 213 (2019: R44 932 435) 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 R42 448 975 (2019: R44 420 777) 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 R801 million (2019: R753 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

	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 labs	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

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.

	2019				
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
HDI Grant	144 251	88 101	13 748	(475)	245 625
Deferred maintenance	65 248	-	3 636	(24 034)	44 850
Alga biotech & equipment	336	-	23	-	359
Student centre/bridge	55 275	-	3 716	(217)	58 774
New student housing	91 619	-	5 390	-	97 009
FC2 Engineering	64 538	-	4 317	(668)	68 187
FC11 Project management	2 155	-	106	(1 243)	1 018
University essential projects	11 396	-	756	(1 053)	11 099
Infrastructure efficiency	100 441	42 807	7 872	(3 778)	147 342
Bulk infrastructure	45 251	-	3 051	-	48 302
	580 510	130 908	42 615	(31 468)	722 565

Current

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 theatres	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

2019					
	Opening balance R'000	Grants received R'000	Interest R'000	Expenditure R'000	Closing balance R'000
New generation of academics	30 697	2 255	1 857	(8 383)	26 426
Clinical training	15	1 916	45	(654)	1 322
Teaching and learning	3 837	-	-	(1 811)	2 026
Science equipment	605	-	41	(2)	644
Refurbishment of lecture theatre	276	-	19	-	295
DHET NSFAS	132	-	-	-	132
Construction of social spaces	169	-	2	-	171
	35 731	4 171	1 964	(10 850)	31 016

Analysis as follows

Restricted grants - non current
Restricted grants - current

	2020 R'000	2019 R'000
Restricted grants - non current	707 609	722 563
Restricted grants - current	94 018	31 016
	801 627	753 579

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 assets is available for use, the grant is recognised on a systematic bases over the useful life of the asset.

Opening balance
WIP raised
Income recognised

	2020 R'000	2019 R'000
Opening balance	179 548	180 824
WIP raised	64 796	-
Income recognised	(1 276)	(1 276)
	243 068	179 548

14. TRADE AND OTHER PAYABLES

Financial instruments:

Trade accounts payables and other accruals
Payroll accruals
Special restricted funds

Non-financial instruments:

Credit balances in student debtors
Deferred revenue

	2020 R'000	2019 R'000
Trade accounts payables and other accruals	81 127	12 312
Payroll accruals	11 918	15 071
Special restricted funds	34 743	30 513
Credit balances in student debtors	83 115	84 347
Deferred revenue	124 437	-
	335 340	142 243

15. PROVISIONS

Reconciliation of provisions

2020					
	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Total R'000
Provision for medical aid capping liability	786	-	(3 920)	-	2 866
Provision for audit fees	2 557	-	-	(168)	2 389
Provision for leave pay and bonus	24 550	10 185	(3 464)	-	31 271
Provision for employees tax on fringe benefits	2 795	2 124	-	-	4 919
	36 688	12 309	(7 384)	(168)	41 445

2019			
	Opening balance R'000	Additions R'000	Total R'000
Provision for medical aid capping liability	-	6 786	6 786
Provision for audit fees	2 557	-	2 557
Provision for leave pay and bonus	23 625	925	24 550
Provision for employees tax on fringe benefits	-	2 795	2 795
	26 182	10 506	36 688

Medical capping

Medical capping provision relates to the liability of the principal and interest amount related to staff medical aid benefit that was capped and later revoked for staff in service pre-2016. The amounts are due and payable by the second quarter of the following financial year as the matter has been agreed between staff and the university.

Audit fees

Audit fee provision relates to the current year fees that have been agreed between the Auditors and the University for the Audit of the AFS and the Grants.

Leave pay

Leave provision relates to the cost of leave days due to qualifying employees as per their employment contracts in line with the leave policy. Leave not taken by June the following year is forfeited.

Bonus

Bonus relates to the bonus due to qualifying employees as per their employment contract. Permanent staff and fixed term contract staff with benefits are entitled to bonus equivalent to one month's salary. Bonus are payable in the employee birth month or they can elect to have bonus paid in November each year.

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. STAFF COSTS

Employee costs

	2020 R'000	2019 R'000
Academic Professionals	231 779	235 586
Non Academic Professionals	231 725	201 982
	463 504	437 568

Average number of persons employed during the year

	2020	2019
Academic professionals	218	218
Non academic professionals	356	341
	574	559

17. OTHER OPERATING EXPENSES

Auditor's remuneration

	2020 R'000	2019 R'000
External	1 570	1 771
Internal	3 378	5 435
Repairs and maintenance	12 420	15 280
Credit losses	68 163	11 032
Legal fees	2 712	1 624

Outsourced services

Cleaning, hygiene and sanitation	12 727	14 232
Grounds and gardens	2 352	2 682
Information technology and computer services	7 005	8 338
Security	22 635	23 883

Student Transport	30 394	30 920
Operating leases - Student residences	179 808	107 148
Assessment rates & municipal charges	39 728	32 967
Other operating expenses	59 997	90 862
	442 889	346 174

18. FINANCE COSTS

Right of use liability

Interest paid

Total finance costs

	2020 R'000	2019 R'000
Right of use liability	5 570	15 513
Interest paid	12 777	11 150
	18 347	26 663

19. CASH GENERATED FROM OPERATIONS

Surplus for the year

Adjustments for:

Depreciation and amortisation

Losses (gains) on disposals, scrapings and settlements of assets and liabilities

Interest income

Finance costs

Net impairments

Movements in provisions

Prior year adjustment

Other comprehensive income

Movement in post retirement obligations

Changes in working capital:

Inventories

Trade and other receivables

Trade and other payables

	2020 R'000	2019 R'000
Surplus for the year	30 631	83 364
Adjustments for:		
Depreciation and amortisation	109 239	105 382
Losses (gains) on disposals, scrapings and settlements of assets and liabilities	2 289	(3)
Interest income	(19 712)	(62)
Finance costs	18 347	26 663
Net impairments	214	-
Movements in provisions	4 757	10 506
Prior year adjustment	6 388	(41 042)
Other comprehensive income	7 228	87
Movement in post retirement obligations	(6 619)	848
Changes in working capital:		
Inventories	660	424
Trade and other receivables	(130 960)	44 951
Trade and other payables	193 096	(15 750)
	215 558	215 368

20. PRIOR PERIOD ERRORS

The following prior period errors were corrected in 2020:

1. The physical verification of assets identified a significant number of assets were not recorded in the assets register. They were subsequently recorded in 2020.
2. Donation received were incorrectly recorded in the unallocated deposit account and not transferred to revenue. This was corrected in the current year.
3. Foundation grant received was incorrectly recorded in the unallocated deposit account and not transferred to revenue. This was corrected in the current year.

Statement of Financial Position

Property, plant and equipment

Income suspense account

Opening retained earnings

	2020 R'000	2019 R'000
Property, plant and equipment	70 394	-
Income suspense account	4 391	-
Opening retained earnings	(74 785)	-

The following prior period errors were corrected in 2019:

1. DHET Fee Gap grant incorrectly recorded as revenue in prior years, the amount should have been recorded against debtors
2. Donation received were incorrectly recorded in the unallocated deposit account and not transferred to revenue. This was corrected in the current year.
3. Assets were purchased using the operating accounts instead of being capitalised. This was corrected in the current year.
4. It was discovered during the year that certain employees salaries were paid using the TSC grant where they were MUT employees. This was corrected in the current year.

Statement of Financial Position

Property, plant and equipment
Trade and other receivables
Trade and other payables
Accrued expense
Income suspense account
Opening retained earnings

	2020 R'000	2019 R'000
Property, plant and equipment	-	206
Trade and other receivables	-	(61 055)
Trade and other payables	-	1 315
Accrued expense	-	956
Income suspense account	-	(679)
Opening retained earnings	-	49 690

21. PAYMENT MADE FOR ATTENDANCE OF MEETINGS OF THE COUNCIL AND SUB COMMITTEES

To whom paid

Council members

M Morailane (Chairperson)
NZ Qunta (Deputy Chairperson)
JS Nxumalo (resg April 2019)
HT Zwane
MJ Sikhosana (resg February 2020)
SZ Mnyandu (appt January 2020)
MA Mondli
AN Mafa (resg December 2019)
S Dlamini (appt January 2020)
L Mbatha
SS Mthethwa
NC Nyama (appt January 2020)
NS Mlaba
L Noge-Tungamirai
N Grove

	2020 R'000	2019 R'000
M Morailane (Chairperson)	24	67
NZ Qunta (Deputy Chairperson)	104	47
JS Nxumalo (resg April 2019)	-	4
HT Zwane	93	58
MJ Sikhosana (resg February 2020)	5	41
SZ Mnyandu (appt January 2020)	58	-
MA Mondli	48	22
AN Mafa (resg December 2019)	-	36
S Dlamini (appt January 2020)	64	-
L Mbatha	58	-
SS Mthethwa	61	27
NC Nyama (appt January 2020)	60	-
NS Mlaba	97	49
L Noge-Tungamirai	63	27
N Grove	67	25

Chairs of Committees

EK Madlala (resg December 2019)
MF Randerera
S Keswa (resg May 2020)
TL Toni
OM Galane

	2020 R'000	2019 R'000
EK Madlala (resg December 2019)	9	55
MF Randerera	22	34
S Keswa (resg May 2020)	10	82
TL Toni	76	41
OM Galane	101	57
	1 020	672

22. COMPENSATION PAID TO SENIOR MANAGEMENT AND ADMINISTRATIVE STAFF

The following disclosure relates to the compensation paid to members of the Executive, Deans and other senior management of the University for the year ended 31 December 2020 as defined in the Statute of the University. Gross remuneration, for the purposes of the Higher Education Act, is based on the cost of employment to the University and comprises flexible remuneration packages, suitably annualised, where applicable and is inclusive of the employer's contributions to health and post retirement benefits. Exceptional payments, if any, to Executive and senior management have been included in the annualised gross remuneration and are disclosed separately below where applicable.

NAMES	Offices Held	R'000	R'000
Dr ED Malaza	Vice-Chancellor & Principal	3 661	3 428
Prof M Ramogale	DVC: Teaching and Learning	3 258	2 747
Prof ZL Dlamini (resg 31/01/19)	DVC: Research, Innovation, Engagements and Partnerships	-	248
Prof NJ Ndlazi (resg 31/08/2019)	Executive Director: VC's Office	-	1 600
F Madhi	Snr Director: Legal Services	2 022	1 811
Dr JM Makua	Snr Director: Teaching and Learning Development Centre	1 980	1 665
EMF Mkhize	Snr Director: Marketing and Communication	1 697	1 576
MT Khumalo	Snr Director: Operations	2 112	1 942
S Naidoo	Registrar	2 178	2 045
Dr N Mosala-Bryant (appt 01/05/2019)	Snr Director: Library	1 760	1 638
Dr MVM Ndlovu (resg 30/06/2019)	Acting Snr Director: Human Resources	-	1 738
ZG Ngidi (ret 31/07/2019)	Acting Chief Financial Officer	-	1 760
Dr M De Swardt	Snr Director: Information Technology and Networks	1 912	1 791
Dr JF van Koller	Acting DVC: Resources and Planning	1 949	1 963
Dr NJ Mabaso	Acting DVC: Resources and Planning	1 450	1 331
R Delomoney (appt 01/05/2019)	Chief Financial Officer	2 276	1 869
Dr BA Ntshangase	Acting Dean Management Science	1 639	-
Dr LT Kweyama	Dean of Students	1 909	1 342
Prof BF Bakare	Acting Dean Engineering	1 205	-
Prof AM Msomi	Acting Dean Natural Science	1 896	1 573
Prof CD Jinabhai	Acting Dean Management Science	-	1 479
Jl Baah	Acting Dean Engineering	-	1 649
		32 904	35 195

Exceptional payments

During the year ended 31 December 2020 and 31 December 2019, no exceptional payments in excess of R 249 999 were made to the members of the executive and senior management. Exceptional payments as defined for this purpose in terms of the Higher Education Act, include special bonuses and exceptional amounts arising on the termination of employment with the University.

23. TAXATION

Income Taxation

Mangosuthu University of Technology is exempt from South African normal taxation in terms of Section 10(1)(cN) of the Income Tax Act and therefore no provision has been made for taxation.

24. RELATED PARTIES

Relationships

Statutory Regulatory Authority
MUT is a member of PURCO
Common Statutory Regulatory Authority
Members of Council
Members of senior management

Department of Higher Education and Training (DHET)
Purchasing Consortium Southern Africa NPC (PURCO)
University of Zululand (UNIZULU)
Refer to note 21
Refer to note 22

	2020 R'000	2019 R'000
Related party balances		
Restricted grants		
DHET restricted grants	801 627	753 579
Related party transactions		
Grants received		
DHET Block grant	463 145	414 545
DHET Fee gap grant	51 215	39 040
DHET Restricted grants	88 243	134 373
Rebate		
PURCO	186	186
Consortium fees received		
UNIZULU	918	858
Payments to related parties		
PURCO	48	159

25. FINANCIAL RISK MANAGEMENT

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. Financial instruments are carried at fair value or amounts that approximate fair value.

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. Financial risks arising from the University's use of financial instruments include the following:

- Market risk
- Liquidity risk
- Credit risk

Market risk

The Universities activities expose it primarily to price risk and interest rate risk.

Price risk: 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 has a significant concentration of credit risk in respect of students who are self funded. The University is obliged to grant concessions to these students.

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 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 by the Finance Committee 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 unlikely to arise. Furthermore, the University has access to funds through its short-term deposits in the event that any unforeseen event occurs

Implications of COVID-19 on Financial risk management

The World Health Organisation has declared the COVID-19 corona virus outbreak to be a pandemic. Since March 2020, the South African government has taken stringent steps to contain and/or delay the spread of the virus. Actions taken in response to the spread of COVID-19 have resulted in significant disruption to business operations of the University and a significant increase in economic uncertainty. This includes, but is not limited to, financial market volatility and erosion, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and furloughs, and other restructuring activities more volatile asset prices and currency exchange rates, and a marked decline in borrowing and investment interest rates. These events and conditions create a level of uncertainty and risk that MUT has not encountered before.

As the pandemic increases in both magnitude and duration, entities are experiencing conditions often associated with a general economic downturn. This includes, but is not limited to, financial market volatility and erosion, deteriorating credit, liquidity concerns, further increases in government intervention, increasing unemployment, broad declines in consumer discretionary spending, increasing inventory levels, reductions in production because of decreased demand, layoffs and furloughs, and other restructuring activities. The continuation of these circumstances could result in an even broader economic downturn which could have a prolonged negative impact on an entity's financial results.

Market risk

The Universities exposure to market risk has increased as a result of the pandemic due to increased market volatility. The crash in market prices subsequent to year end due to the COVID-19 global pandemic has significantly increased the Universities exposure to market risk and has resulted in a significant decline in the value of the investment linked to market prices.

The South African Reserve Bank has effectively reduced the repo rate by 42% in the first five months of 2020. This has had the impact of financial institutions reducing the prime lending rate as well reducing the investment interest rates earned on call accounts.

Credit risk

The COVID-19 pandemic has increased the credit risk exposure of the University. However, the University already applies a

very stringent and conservative approach in measuring Expected Credit Loss (ECL), with a 100% default rate applied for all privately funded student that is more than a year old and a 75% default rate applied for all currently registered student debt which are still outstanding at year end. The environment is subject to rapid change and updated facts and circumstances will continue to be monitored as new information becomes available.

Liquidity risk

Liquidity risk is increased as the University is dependent on collections from privately funded students, sponsors and bursars paying fees due in respect of sponsored students, NSFAS settlement for funded students and DHET block grants. The measures taken by Government to curb the spread of the virus has negatively impacted University cash flows. It has also become necessary to redirect scarce resources to deal with the various Teaching & Learning challenges brought about by the pandemic as well as the campus readiness plans to ensure the respective health and safety regulations and guidelines are complied with.

2020							
Note(s)	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000	
Non-current liabilities							
Borrowings	11	2 557	-	-	(168)	2 389	(168)
Current liabilities							
Trade and other payables		127 788	-	-	-	127 788	127 788
Borrowings	11	5 451	-	-	-	5 451	5 451
Finance lease liabilities		2 155	-	-	-	2 155	2 155
		135 394	4 309	34 726	40 038	214 467	214 467

2019							
Note(s)	Less than 1 year R'000	1 to 2 years R'000	2 to 5 years R'000	Over 5 years R'000	Total R'000	Carrying amount R'000	
Non-current liabilities							
Borrowings	11	-	5 451	29 323	49 750	84 524	84 524
Current liabilities							
Trade and other payables	14	57 899	-	-	-	57 899	57 899
Borrowings	11	4 829	-	-	-	4 829	4 829
Finance lease liabilities		94 503	-	-	-	94 503	94 503
		157 231	5 451	29 323	49 750	241 755	241 755

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.

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.

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:

	2020 R'000		2019 R'000	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Students and other receivables	350 634	350 634	219 674	219 674
Cash and cash equivalents	977 266	977 266	822 671	822 671
Trade and other payables	(335 339)	(335 339)	(142 243)	(142 243)
Other employee benefits	(32 438)	(32 438)	(33 679)	(33 679)
Interest bearing loans	(84 524)	(84 524)	(89 353)	(89 353)
	875 599	875 599	777 070	777 070

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.

Student and other receivables

The fair value of receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date when the effect of discounting is considered significant. Receivables that are likely to be irrecoverable are estimated and a full allowance for impairment is created, based on a review of the amounts outstanding at the year end.

Accounts receivable are presented net of the allowance for doubtful receivables. Actual bad debts are written off through the statement of comprehensive income in the year in which they are identified.

Cash and cash equivalents

The fair value of cash and cash equivalents is deemed to be the face value of such cash and equivalent financial assets.

Interest bearing loans

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings using the effective interest rate method.

Trade and other payables

Trade and other payables are initially recognized at fair value of the consideration to be paid in future for goods and services and thereafter at amortised cost.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The University's level of borrowing and consequently the debt servicing costs are closely monitored and controlled by the Council having regard to the prevailing and projected interest rates and the University's capacity to service such debt.

At the reporting date the interest rate profile of the University's interest bearing financial instrument was:

Interest rate risk

ABSA Bank Limited

	2020 R'000	2019 R'000
	84 524	89 838

Cash flow sensitivity for variable rate instruments

Finance costs

	2020 R'000		2019 R'000	
	1% increase R'000	1% decrease R'000	1% increase R'000	1% decrease R'000
Finance costs	350 634	350 634	219 674	219 674

Credit risk

At the reporting date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Credit losses

The ageing of student receivables at the reporting date was:

	2020 R'000		2019 R'000	
	Balance	Impairment	Balance	Impairment
Past due - 1 year	44 043	(9 764)	61 543	(7 353)
Past due - 2 years	97 126	(11 591)	65 582	(13 291)
Past due - 3 years and earlier	496 796	(269 612)	315 276	(202 160)
	637 965	(290 967)	442 401	(222 804)

The movement for the allowance for impairment in respect of student receivables during the year was as follows

Balance 1 January

Impairment loss recognised

	2020 R'000	2019 R'000
Balance 1 January	(222 804)	(211 772)
Impairment loss recognised	(68 163)	(11 032)
	(290 967)	(222 804)

Based on past experience the University believes that impairment allowance should be created in respect of student receivables at year end.

Liquidity risk

The following are the contractual maturities of the financial liabilities, including interest payments and excluding the impact of netting agreements.

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	335 339	335 339	335 339	-	-
Interest bearing loans	84 524	150 891	7 740	7 740	135 412
Right of use liability	2 155	2 155	2 155	-	-
	422 018	488 385	345 234	7 740	135 412

31 December 2019					
	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	142 243	142 243	142 243	-	-
Interest bearing loans	89 353	158 631	7 740	7 740	143 152
Right of use liability	104 306	104 306	52 153	52 153	-
	335 902	405 180	202 136	59 893	143 152

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:

2020				
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets	-	-	-	-
Student and other receivable	-	-	350 634	350 634
Cash and cash equivalents	-	-	977 266	977 266
Investment at fair value	2 880	-	-	2 880
	2 880	-	1 327 900	1 330 780
Financial liabilities	-	-	-	-
Post employment obligations	32 438	-	-	32 438
Other employee benefits	-	-	-	-
Trade and other payables	-	-	335 339	335 339
Current portion of interest bearing borrowings	-	-	5 451	5 451
Interest bearing borrowing	-	-	79 073	79 073
	32 438	-	452 301	452 301

2019				
	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
Financial assets	-	-	-	-
Student and other receivable	-	-	219 674	219 674
Cash and cash equivalents	-	-	822 671	822 671
Investment at fair value	3 456	-	-	3 456
	3 456	-	1 042 345	1 045 801
Financial liabilities	-	-	-	-
Post employment obligations	33 679	-	-	33 679
Other employee benefits	-	-	-	-
Trade and other payables	-	-	142 243	142 243
Current portion of interest bearing borrowings	-	-	4 829	4 829
Interest bearing borrowing	-	-	84 524	84 524
	33 679	-	231 596	265 275

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

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

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); and

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).

26. CAPITAL COMMITMENTS

1. Capital commitment amounting to R108,7 million for the New Engineering Laboratories as at 31 December 2020. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.
2. Capital commitment amounting to R12.0 million for the new fencing project at main campus as at 31 December 2020. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.
3. Capital commitment amounting to R100,0 million for the completion of Student Centre as at 31 December 2020. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.
4. Capital commitment amounting to R1,9 million for the refurbishment of Procurement and Stores offices as at 31 December 2020. The expenditure is funded by the Infrastructure and Efficiency grant received from Department of Higher Education and Training.

27. CONTINGENCIES

Litigation is in the process against the university relating to matter with the former Vice-Chancellor who is suing the University's 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.

32. INTERESTS IN SUBSIDIARIES

Included in MUT's Property, Plant and Equipment balance is the student residence known as the "Executive Hotel". This property is owned by First Ready Development 143 (Pty) Ltd, a company specifically formed in 1998 by parties related to MUT to acquire this property for the purposes of it being used as student residence for MUT students. The revenue in the form of student accommodation fees is also included in the revenue of MUT. This treatment is consistent with prior periods.

The carrying value of this property as at 31 December 2019 is R22 895 977 (as per the valuation conducted as at 31 December 2019).

The student accommodation fee for this residence is R12 270 (2019: R11 360) per student per semester for the year under review. The residence has a capacity of 240 students.

MUT's financial statements are reported as consolidated financial statements as a result of assets and related revenue of this entity being included in the accounting records of MUT and reported as such in the annual financial statements.

Management is currently in the process of regularizing this matter with the intention of transferring the property into the name of MUT.

33. FAIR VALUE SENSITIVITY

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 exiting asset base was used to provide cost data that was used as a base from which fair value may be determined and adjusted these values using applicable CPI, and condition assessment.

CPI adjustments

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 listed funds namely Nedgroup Investment Growth Fund and Old Mutual Money Market.

34. GOING CONCERN

MUT 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.

As a result of the extended academic year and the delayed commencement of the 2021 academic year, NSFAS advised that it will not be making upfront payments to Universities as it normally does in first quarter of the year; and that it will only commence with its payments to Universities in respect of the 2021 academic year in April 2021. This has had a negative impact on MUT's liquidity position during the first quarter of the 2021 financial year resulting in MUT having to make special arrangements with landlords to pay only a portion of student accommodation rentals during this period with the shortfall to be paid from April 2021 onwards.

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 for the 2020 financial year. 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 net effect of the cut in Block grants is a reduction of 1.07% across the whole system and 17.6% in respect of the I&E Grant to Universities for 2020/2021 financial year. The DHET also 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. MUT also amended its 2020 budget taking into consideration the change in circumstances brought about by the COVID-19 pandemic.

The DHET has not indicated or 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 all public higher education institutions. The academic year of MUT was successfully completed in February 2021. The new academic year will commence in the April 2021. The President lifted lockdown restrictions to "Level 1" in February 2021. The South African Government is in the process of rolling out a vaccination programme against the COVID-19 virus.

The virus still remains a threat and there is still uncertainty as to when the restrictions will be fully lifted, however these uncertainties together with the plans explained above do not at this time cast significant doubt on the MUT's ability to continue as a going concern.

35. EVENTS AFTER THE REPORTING PERIOD

COVID-19

Overall impact on operations of the University

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses were forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions

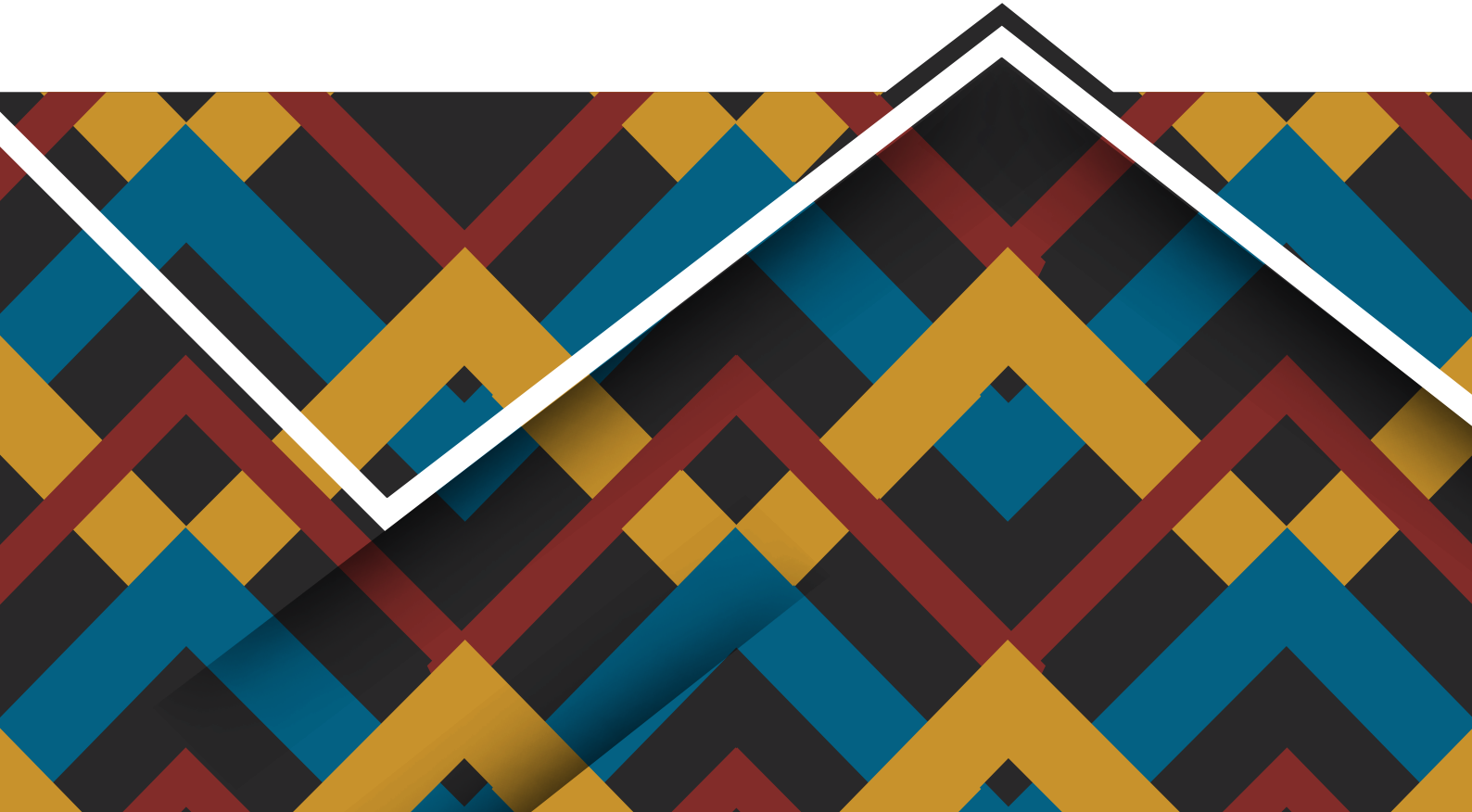
The financial impact of the current conditions continues to be felt with the increase in unemployment in South Africa reaching an all-time high of 32% in February 2021. This has warranted executive management to give further impetus to assisting students to register for the 2021 academic year.

During the beginning of 2021, NSFAS also announced a shortfall of approximately R5.6 billion in its funding for First Time Entering Students ("FTENS"). However, a special cabinet meeting was held in March 2021 to address this matter. At this meeting, cabinet approved funding for this shortfall. It was alluded that funding will be made available from existing funds in the sector through the re-prioritisation of certain grants. However there has been no formal communication from DHET in this regard. The re-prioritisation of grants may impact the projects for which those grants were originally allocated for.

The University has budgeted for the financial impact of revised teaching and learning plans as well as campus readiness programmes in order to be able to continue operations under the COVID-19 pandemic. The University will also continue to apply the platoon system for delivering face to face lectures to students during the 2021 academic year. However, until further communication from DHET regarding the re-prioritisation of Grants, no adjustments can be made to the respective Grant accounts and balances.

The University 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 2020 have not been adjusted to reflect their impact.





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