



20
22 | **Annual**
Report

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ABBREVIATIONS AND ACRONYMS

| | |
|----------|--|
| ACSAWG | Academic and Student Affairs Working Group |
| AFS | Annual Financial Statements |
| AI | Artificial Intelligence |
| ALLU | Academic Literacy and Language Unit |
| APC | Academic Planning Committee |
| APP | Annual Performance Plan |
| ARCWG | Audit, Risk and Compliance Working Group |
| BBBEE | Broad-Based Black Economic Empowerment |
| Capex | Capital expenditure |
| CE | Community Engagement |
| CEAD | Community Engagement and Development Directorate |
| CFO | Chief Financial Officer |
| CHE | Council on Higher Education |
| COEC | Community Engagement Committee |
| Covid-19 | Coronavirus disease of 2019 |
| CRM | Customer Relationship Management |
| DHET | Department of Higher Education & Training |
| DVC | Deputy Vice-Chancellor |
| EAO | Economic Activation Office |
| EAP | Economically Active Population |
| ECSA | Engineering Council of South Africa |
| EDHE | Entrepreneurship Development in Higher Education |
| EE | Employment Equity |
| EEP | Employment Equity Plan |
| EMC | Executive Management Committee |
| ERM | Enterprise Risk Management |
| ERP | Enterprise Resource Planning |
| Exco | Executive Committee of Council |
| FCEDC | Faculty Community Engagement and Development Committee |
| FIWG | Finance and Investment Working Group |
| FMS | Faculty of Management Sciences |
| FNS | Faculty of Natural Sciences |
| FQAC | Faculty Quality Assurance Committee |
| FTE | Full Time Equivalent |
| GBV | Gender-based violence |
| GSCEWG | Governance, Social Cohesion and Ethics Working Group |
| HEMIS | Higher Education Management Information System |
| HEQC | Higher Education Quality Committee |
| HEQSF | Higher Education Qualifications Sub Framework |
| HR&D | Human Resource and Development |
| HRWG | Human Resources Working Group |

ABBREVIATIONS AND ACRONYMS

| | |
|---------|---|
| HSC | Health and Safety Committee |
| IA | Internal Audit |
| ICT | Information and Communications Technology |
| IF | Institutional Forum |
| IFAWUE | Irregular, Fraudulent and Wasteful Unauthorised Expenditure |
| IFRS | International Financial Reporting Standards |
| ITNGWG | Information Technology Network and Governance Working Group |
| IP | Intellectual Property |
| IQA | Institutional Quality Audit |
| IT | Information Technology |
| IT&N | Information Technology and Networks |
| ITP | Institutional Transformation Plan |
| ITS | Integrated Tertiary Software |
| KPI | Key Performance Indicator |
| KZN | KwaZulu-Natal |
| LMS | Learning Management System |
| MSEU | Mathematics and Science Education Unit |
| MUT | Mangosuthu University of Technology |
| NGAP | New Generation of Academics Programme |
| NGO | Non-Governmental Organisation |
| NPO | Non-Profit Organisation |
| NQF | National Qualifications Framework |
| NRF | National Research Foundation |
| NSFAS | National Student Financial Aid Scheme |
| NUTA | National University Teacher Awards |
| OHS | Occupational Health and Safety |
| Opex | Operating expenditure |
| PCT | Patent Cooperation Treaty |
| PDRE | Postdoctoral Research Fellow |
| PQM | Programme and Qualifications Mix |
| PRIWG | Planning, Resources and Infrastructure Working Group |
| QA | Quality Assurance |
| QAF | Quality Assurance Framework |
| QMD | Quality Management Directorate |
| RMC | Risk Management Committee |
| SA | South Africa |
| SAC | Student Affairs Committee |
| SAHECEF | South African Higher Education Community Engagement Forum |
| SAMP | Student Affairs Management Panel |
| SAMRC | South African Medical Research Council |
| SARS | South African Revenue Service |

ABBREVIATIONS AND ACRONYMS

| | |
|--------|--|
| SBDP | Sibusiso Bengu Development Programme |
| SCM | Supply Chain Management |
| SER | Self-Evaluation Report |
| SET | Science, Engineering and Technology |
| SL | Service Learning |
| SLF | Service Learning Forum |
| SMS | Short Message Service |
| SO | Strategic Objective |
| SOE | Scholarship of Engagement |
| SOTU | State of the University |
| SPSS | Statistical Package for the Social Sciences |
| SRC | Student Representative Council |
| STEM | Science, Technology, Engineering and Mathematics |
| SWEEP | Student Woman Economic Empowerment Programme |
| TLDC | Teaching and Learning Development Centre |
| TSC | Technology Station in Chemicals |
| TVET | Technical Vocational Education and Training |
| UCDG | University Capacity Development Grant |
| UKZN | University of KwaZulu-Natal |
| UNIVEN | University of Venda |
| UWC | University of the Western Cape |
| USAf | Universities South Africa |
| VC | Vice-Chancellor |
| WIL | Work Integrated Learning |

INTRODUCTION

This Annual Report comprises three parts and provides information on the core business of Mangosuthu University of Technology (MUT) in 2022. The first part reflects MUT's performance in 2022 against its predetermined objectives and targets. The second part reports on governance and operations, and the third part presents the University's annual financial review.

Part A: MUT Performance Assessment Report

This part of the report comprises two sections: Performance against the University's Student Enrolment Plan 2020-2025, as approved by the Department of Higher Education and Training (DHET) and progress toward achieving the pre-determined objectives and targets set out in the Annual Performance Plan (APP) for 2022.

Part B: Reports on Governance and Operations

This part of the Annual Report includes several subsidiary reports from the key governance and leadership stakeholders as outlined in the DHET reporting regulations (Gazette 37726 of 9 June 2014). These are the Administrator, the Acting Vice-Chancellor and Principal, the former Council and its sub-committees, Senate, and the Institutional Forum (IF). 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 2022. It addresses the salient features presented in the annual financial statements (AFS) for the period 1 January to 31 December 2022, and provides commentary on the financial highlights. This part comprises a report from the Chief Financial Officer (CFO) and Finance and Investment Committee (FIC), a report on risk assessment, and a report from the Audit, Risk and Compliance Committee (ARCC).

The 2022 Annual Report was approved by the University Administrator at a meeting on 24 July 2023.



Acting Vice-Chancellor and Principal,
Professor Marcus Ramogale



Administrator, Professor Lourens van Staden



PART A: PERFORMANCE ASSESSMENT REPORT

PERFORMANCE AGAINST THE DHET APPROVED ENROLMENT TARGETS

Table 1: Performance against Ministerial Approved Targets in 2022

| INDICATORS | 2021 Actuals (Audited 3 rd HEMIS submission) | 2022 Approved Targets (Enrolment plan) | 2022 Actuals (Audited 3 rd HEMIS submission) | 2022 Percentage Achievement |
|---|--|---|--|-----------------------------------|
| HEADCOUNT TOTALS (Excludes Occasional) | | | | |
| First-time entering undergraduates | 2 718 | 3516 | 3435 | 98% |
| Foundation provisioning (1 st year intake) | 390 | 484 | 500 | 103% |
| Total headcount enrolment | 14 562 | 13 391 | 14 437 | 108% |
| Total undergraduate headcount enrolment | 14 520 | 13 306 | 14 379 | 108% |
| Total postgraduate headcount enrolment | 42 | 85 | 58 | 68% |
| ENROLMENTS BY MAJOR FIELD OF STUDY | | | | |
| Science, Engineering, Technology | 58% | 59% | 58% | 98% |
| Business/management | 34% | 35% | 34% | 97% |
| Education | N/A | N/A | N/A | N/A |
| Other Humanities | 8% | 6% | 9% | 150% |
| GRADUATES IN CURRENT YEAR | | | | |
| Graduates - undergraduate | 2 934 | 2 904 | 2 991 | 103% |
| Graduates – postgraduate | 21 | 56 | 97 | 173% |
| Graduation rate | 20% | 22% | 21% | 95% |
| Success rate | 84% | 81% | 76% | 94% |
| UNDERGRADUATE OUTPUT BY SCARCE SKILLS | | | | |
| Engineering | 744 | 864 | 778 | 90% |
| Life and physical sciences | 73 | 52 | 62 | 119% |
| Human health | 99 | 59 | 62 | 105% |
| Animal Science | | 74 | 13 | 18% |
| STAFF PROFILE | | | | |
| Instructional/research professional staff | 228 | 233 | 230 | 99% |
| % staff with doctoral degrees | 22% | 18% | 26% | 144% |
| % staff with masters degrees | 54% | 51% | 54% | 106% |
| Number of NGAP staff | 15 | 16 | 14 | 87% |
| Ratio of FTE students to FTE instructional/research staff | 42:1 | 31,7:1 | 45:1 | 145% |
| RESEARCH OUTPUT | | | | |
| Total Research Output units | 68,87 | 91 | 106,33 | 117% |

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

4 Exceeded expectations.
More than 10% above target

Table 2: Achievement against strategic goals and objectives

| Goal 1: Excellence in teaching and learning | | | | | | |
|--|---|--|-------------------|----------------------|----------------------------|--|
| Strategic Objectives | Key Performance Indicator (KPI) | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
| SO 1.1 To increase student success | 1. Student success rate | 84% | 81% | 76% | 3 | |
| | 2. Student graduation rate | 20% | 21,8% | 21% | 3 | |
| | 3. Throughput rate (in min+2) for the 3-year diploma programmes (NQF6) (2018 cohort reported in 2022) | 53% | 54% | 55% | 3 | |
| SO 1.2 To improve graduate satisfaction with the quality of teaching and learning | 4. Graduate satisfaction with the quality of teaching and learning | 83,03% | 91,8% | 85% | 3 | |
| SO 1.3 To increase the quality of graduates | 5. Implementation of Approved E-learning Strategy | Strategy approved by all relevant bodies in the University | Piloted Strategy | Strategy was piloted | 3 | |
| | 6. Percentage of graduating students with work-integrated learning (WIL) experience | 44% | 50% | 46% | 3 | |
| | 7. Employment of graduates (reported at graduation) | 31,71% | 30% | 28,6% | 3 | |
| SO 1.4 To increase the number of programme offerings endorsed by professional bodies/ associations | 8. Number of approved academic programmes endorsed by professional bodies/associations | 12 | 8 | 4 | 2 | The Faculties of Engineering and Natural Sciences contributed two new endorsements each. There were no new qualifications in the Faculty of Management Sciences requiring professional body endorsement. |
| 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. | 51:49 | 55:45 | 51:49 | 3 | |

Goal 2: Excellence in research, innovation and engagement

| Objectives | Key Performance Indicator | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
|--|---|---------------|-------------------|---------------|----------------------------|---|
| SO 2.1 To increase research productivity | 10. Number of accredited research output units | 68.87 | 45* | 106.33 | 4 | |
| SO 2.2 To increase the commercialisation of Intellectual Property (IP), both protectable and unprotected | 11. Number of protected IP (including trademarks) | 7 | 7 | 7 | 3 | |

This target does not coincide with the Enrolment Plan target of 91 reflected in Table 1 above (page 12). The higher target was reduced to 45 for the 2022 Annual Performance Plan (APP), as reflected here.


Goal 3: Excellence in community engagement

| Objectives | Key Performance Indicator | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
|---|---|---------------|-------------------|---------------|----------------------------|---|
| 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 the Community Engagement and Development Directorate (CEAD) | 11 | 7 | 11 | 4 | |
| | 13. Number of public lectures offered annually | 2 | 6 | 8 | 4 | |
| | 14. Number of student entrepreneurship projects | 3 | 4 | 4 | 3 | |
| | 15. Number of capacity-building initiatives for internal and external stakeholders | 6 | 6 | 14 | 4 | |
| SO 3.2 To increase the number of partnerships with local government and communities | 16. Number of partnerships with local government and communities | 1 | 6 | 7 | 4 | |
| 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 | 5 | 4 | 1 | 2 | There were not sufficient symposia or conferences aligned to community engagement projects. |
| | 18. Number of MUT staff who represent the University in professional communities, bodies or associations | 11 | 7 | 13 | 4 | |

| Goal 4: Targeted national engagement and internationalisation | | | | | | |
|---|--|---------------|-------------------|---------------|----------------------------|---|
| Objectives | Key Performance Indicator | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
| SO 4.1 To increase national visibility | 19. Number of nation-building projects | 6 | 7 | 16 | 4 | |
| SO 4.2 To increase international visibility | 20. Number of international staff and student exchange programmes | 3 | 4 | 29 | 4 | |
| | 21. Percentage of international student enrolment as a proportion of total student enrolment | 0,26% | 0,5% | 0,19% | 2 | The University's internationalisation efforts have not yet resulted in a turnaround in the proportion of international students, which has been declining in recent years. A lack of funding for international students may be a contributing factor. |



| Goal 5: To create an enabling support environment | | | | | | |
|--|---|---|-------------------|---------------|----------------------------|---|
| Objectives | Key Performance Indicator | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
| SO 5.1 To increase the popularity of the MUT brand | 22. Nett promoter score among stakeholders (staff, students and alumni) | 19% (Alumni), 61% (Staff), 47% (Students) | 54% | 90% | 4 | |
| SO 5.2 To improve student life and wellness | 23. Student satisfaction with the quality of supporting infrastructure | 60% | 54% | Not achieved | 1 | In 2022 the focus was more on ensuring the increased impact of brand strategies rather than conducting the student survey. As a result of the brand strategies deployed, the number of applicants to MUT increased from 63,241 to 85,789. |
| SO 5.3 To improve the well-being and engagement of staff | 24. Staff engagement index | Not achieved | 44% | Not achieved | 1 | A service provider was not appointed. Council recruitment projects were the priority of Human Resources and Development until September 2022. |
| SO 5.4 To improve operational efficiency and effectiveness | 25. Reduction in the number of external audit findings | 2 | Not more than 8 | 8 | 3 | |
| SO 5.5 To sustain and improve financial sustainability | 26. Third stream income as a percentage of total income | 1.2% | 2,4% | 2.5% | 3 | |
| | 27. Efficiency ratio: Total expenditure as a percentage of total revenue | 85.6% | 95% | 90% | 3 | |
| | 28. Quick ratio: {Cash & Cash equivalents less Restricted Grants funds + Student debtors} to {Current Liabilities less Current portion of Restricted Grant funds} | 2.25 | 1.6 | 2.94 | 4 | |

| Goal 5: To create an enabling support environment | | | | | | |
|---|--|--|-------------------|------------------------------------|----------------------------|---|
| Objectives | Key Performance Indicator | 2021 (Actual) | 2022 (APP Target) | 2022 (Actual) | Performance Rating in 2022 | Reason for Underperformance (Provided for rating 2 and below) |
| | 29. Debt ratio: Total Liabilities less Deferred Income (to be amortised) as a % of Total Assets (Debt ratio) | 47.8% | 64% | 40.8% | 4 | |
| SO 5.6 To maintain and improve infrastructure. | | | | | | |
| | 30. % of Capex projects awarded within approved procurement plan | 65,52% | 90% | 22% | 2 | A total of 5 projects out of 23 planned for 2022 were awarded. It was discovered that the previous plan contained projects which did not match funding and a detailed reconciliation process was undertaken to reconcile projects against funding letters from the DHET. This led to a revised forecast of the initial Procurement Plan. A concerted effort has been placed on the delivery of infrastructure projects and this has led to improved spending. |
| | 31. % expenditure of Capex projects awarded within the approved plan | 63.2% (R151 363 829.83/ R239 410 446.86) | 85% | 63.4% (R125 773 570/ R198 491 932) | 2 | Some projects are awaiting top-up funding due to a budget shortfall. Other issues include poor contractor, performance, prolonged tender processes and non-responsive tenders. |
| | 32. Maintain a ratio of Capex infrastructure maintenance allocation to the overall infrastructure budget | 39,5% | 36,4% | 17.7% (R29 879 579/R168 612 354) | 2 | The impact of the revised forecast of the initial Procurement Plan had an effect on the financial performance of Capex projects. |

In relation to the goals which the University set itself in the 2022 Annual Performance Plan, 24 of the 32 objectives were within 10% of the target or better. Key academic indicators include the student pass rate (or degree credit success rate) and the number of research publications produced.

The overall MUT pass rate in 2022 was 76%, against a target of 81%. In 2020, the first of the two Covid-19 years, the pass rate was 86%; and in 2021 it was 84%. In 2019, the latest year before Covid-19, the pass rate was 80%. The higher pass

rates under Covid-19 are attributed to the University's change to continuous assessment for subjects other than exit-level subjects. In 2022, students had to adapt to the previous examination-based assessments.

Research publications amounting to 106,33 research publication units were produced in 2022, compared to a target of 28. The total of research publication units in 2021 was 68,87. MUT has increased its output of research publications significantly in recent years, from a low base.



Prof MM Ramogale
Acting Vice-Chancellor & Principal



Professor L van Staden
MUT Administrator



Part B:
Reports on Governance and Operations

3. REPORT ON THE COUNCIL AND ADMINISTRATOR PERIODS



Administrator, Professor Lourens van Staden

3.1. Governance challenges

The major governance challenge faced by the University in the year under review was the dissolution of the Council in September 2022.

In August 2021, the Minister of Higher Education, Science and Innovation, Dr BE Nzimande, appointed Professor Anthony Staak as an Independent Assessor to investigate the affairs of MUT following allegations and counter-allegations between the University Council and the then Vice-Chancellor and Principal, Dr ED Malaza, who had been suspended by Council. Professor Staak submitted his report to the Minister in November 2021 and it was published in Government Gazette 46088 of 25 March 2022.

After correspondence between the Minister and the MUT Council in 2022, the Minister wrote to the Chairperson of Council, Ms S Mnyandu, on 28 September 2022 to inform her that he was appointing an Administrator to the University and that the Council was dissolved. He gave as his reasons the following:

- The Council has refused to accept responsibility for many of the problems attributed to its role by the Assessor in his report.

- There is major fruitless and wasteful expenditure that the University has accrued from the Council's reckless decisions regarding the former senior managers, including the former VC.
- The considerable harm done to the reputation of the University under the Council's watch.
- The [Council] has failed to hold the [former] Chairperson accountable for his role in the conflicts, and simply ignored the recommendation that the Chairperson should consider stepping down.

In what follows, a report is first provided on the nine months, January to September, in which the University Council was the highest decision-making body of the University. Subsequently, a report on the first three months of the Administrator's period, October to December, is provided.

3.2. Oversight of the academic enterprise and the operational environment

Important considerations and resolutions taken at Council meetings in 2022 (whether ordinary, special or emergency meetings) are listed in Table 3.1 below.

Table 3.1: Council resolutions in 2022

| Major resolutions and considerations in 2022 | |
|---|--|
| 1. | Major Council stakeholder engagements |
| 1.1. | The Council considered the report on MUT of the Independent Assessor, Prof Anthony Staak, at an extraordinary meeting on 24 March 2022 and prepared a response to the Minister on the Assessor's findings and recommendations. |
| 1.2. | Council's response to the Assessor's report was approved at the ordinary meeting of 7 April. |
| 1.3. | Council received a report from the Acting Vice-Chancellor of protest action on campus on 23 June, apparently related to the non-payment of allowances by the National Student Financial Aid Scheme (NSFAS). University property was vandalised and damaged. Students responsible for the disruptions had been identified and suspended. |
| 1.4. | Council noted a report of water challenges on campus, with low water pressure following the KZN floods. |
| 1.5. | Council approved the response to a request from the Portfolio Committee on Higher Education, Science and Technology and approved the convening of a stakeholders' forum to engage on issues raised at the Portfolio Committee meeting held on 18 May 2022. |
| 1.6. | Following a letter from the Minister, Dr BE Nzimande, on the report of the Independent Assessor, Council appointed a task team to draft a letter in reply and to discuss it with the Chairperson of Council, Mr M Morailane. |
| 1.7. | Council accepted the resignation of Mr Morailane as chairperson. |
| 1.8. | Council elected Ms S Mnyandu as chairperson. |
| 1.9. | The Acting Vice-Chancellor informed Council that 24 students who were part of the torching of University infrastructure in June had been expelled. |
| 1.10. | The Acting V-C informed Council that the Council on Higher Education (CHE) audit panel for the Institutional Audit would be on campus for three or four days in November. |
| 1.11. | Council appointed Mr Sandile Donald Muziwenkosi Zungu as the new Chancellor of the University, for a four year period. |
| 2. | Major Council approvals |
| 2.1. | The Council approved the appointment of Nexia SAB&T as the University's external auditors for two years. |
| 2.2. | Council approved the extensions of the contracts until 30 September 2022 of: The Acting Deputy Vice-Chancellor: Teaching and Learning, Dr JM Makua; the Acting Deputy Vice-Chancellor: Resources and Planning, Dr J van Koller; the Acting Registrar, Mr (now Dr) PP Masala. The contracts of Dr Makua and Dr van Koller were later extended to 31 December, Dr Masala having been appointed Registrar in May. |
| 2.3. | Council approved the Employment Equity Plan for the period 1 January 2022 until 31 August 2023, or until the sectoral targets have been finalised and promulgated by Parliament. |

- 2.4. Council approved the start of the process to fill the vacant position of the Vice-Chancellor and Principal, to be advertised in May 2022.
- 2.5. Council approved MUT's new staff structure, to be implemented in a phased approach over five years (2022-2026), subject to Council's approval of the new positions and MUT's ability to fund them.
- 2.6. Council approved the revised Student Enrolment Plan for 2023-2025, for submission to the DHET.
- 2.7. Council noted the Institutional Audit Self-evaluation Report, to be submitted to the CHE.
- 2.8. Council approved the reviewed MUT Campus and Spatial Development Masterplan. The revised Infrastructure Plan for 2022 and the revised Maintenance Plan for 2022 were also approved.
- 2.9. The MUT Sports Strategy was approved.
- 2.10. The Council Statement on Governance and the pledge were approved.
- 2.11. Council noted the Academic Delegations of Authority Framework.
- 2.12. Council noted proposed interventions to deal with the challenges of unsuitable and non-compliant MUT student residence facilities.
- 2.13. Council approved the 2021 Audited Annual Financial Statements and the 2021 Annual Report.
- 2.14. Council approved the 2022 Mid-Year Report.
- 2.15. Council approved the IT&N Strategic Plan for 2022-2024.
- 2.16. Council approved the reviewed Policy on Policies, as well as the associated template and guide to writing University policies.
- 2.17. Council approved the 2023 Governance Calendar.

3. Major Council housekeeping decisions

- 3.1. The Council resolved at a special meeting on 11 January 2022 to enter into negotiations with the suspended Vice-Chancellor Dr ED Malaza on a mutual separation agreement.
- 3.2. Council welcomed three new Council-appointed members to the MUT Council in January: Advocate V Bhimma, Ms B Zulu, and Ms ZN Zulu. In June, it approved the appointment of Mr B Kraziya and Mr PL Buthulezi as Council appointees. In September, it approved the appointment of Ms L Tungamirai and Ms NS Mlaba as Council appointees.
- 3.3. Council approved a revised salary increment mandate for the year ending 31 December 2022 up to a maximum of 4.89%.
- 3.4. Council noted the settlement agreement with Dr Malaza. A settlement proposal for the suspended executives was approved.
- 3.5. Council approved amended charters for the following committees: Finance and Investment; Planning and Resources; Human Resources; Student Affairs; Audit, Risk and Compliance; and the Executive Committee of Council.
- 3.6. Council approved the following appointments on five-year performance based contracts:
Prof MN Sibiya, Deputy Vice-Chancellor: Research, Innovation and Engagement; Dr PP Masala, Registrar; Dr C Israel, Executive Director: Institutional Advancement.

- 3.7. The following policies were approved: Plagiarism Policy; Student Assistants Policy.
- 3.8. Council approved the establishment of a Remunerations Committee of Council, its charter and composition.
- 3.9. Council approved the initiation of a process to fill a vacancy on Council created by the resignation of Mr M Morailane, the former Chairperson.

Source: Minutes of Council meetings

3.3. Performance against the principles of good governance

3.3.1. Ethical leadership and corporate citizenship

Ethical leadership and corporate citizenship form part of the backbone of the institution. Not only must public institutions have an informed sense of good corporate governance, they must also be embedded within their communities. To foreground this view, the MUT leadership held a governance and leadership Lekgotla in July 2022 that made the following pronouncement: "Appropriate governance of the institution is critical for the successful delivery of the mandate of the University, being teaching and learning, research and community engagement and the supporting support services". Furthermore, it was recognized that the values that will guide MUT and its relationships with stakeholders are

- (i) Ethical leadership
- (ii) Respect for the law
- (iii) Accountability
- (iv) Mutual trust and respect
- (v) Healthy, effective relationships

The appointment of the Administrator is intended to instil better mechanisms of ethical leadership where these were found to be lacking by the independent assessor. This will require concerted effort from all stakeholders within and outside MUT. The above values will be the basis upon which such work will be built.

3.3.2. 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 2020-2025. 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) uses 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.

3.3.3. Governing stakeholder relationships

In line with the King III Code on stakeholder relationships, MUT has maintained a strong stakeholder relations programme that enables its stakeholders to become a resource to the University. There are many programmes which MUT undertakes to steward its stakeholders.

Some of the notable engagement programmes are:

3.4.3.1. Role played by the Non-profit sector

Gift of the Givers, a renowned NPO, continued its journey to support MUT with the following:

- Pantry for indigent students which was replenished every month. It is an ongoing project.
- Installation of a 450,000-litre water tank, which has reduced water challenges at MUT.
- Accredited training of 100 students and some community members on First Aid.
- Restoration of an Electrical Engineering Computer Laboratory after it was damaged in the floods.

Iqraa Trust, a non-profit humanitarian organisation is a long-time stakeholder of MUT which has touched various sectors of the institution. Its interventions included:

- Funding bursaries for three MUT students for a period of three years.
- Work-readiness training for final year students.
- Donation of reading and library materials for Umlazi primary schools.
- Sponsorship of teaching aids towards the MUT's Circle of Excellence Awards.

3.4.3.2. Role played by the media

The media became our partners and played a vital role in protecting the MUT brand. The University adopted a strategy of providing first-hand information to the media, through press briefings and the issuing press statements. Overall, a total of 48 media statements were issued. A media breakfast was hosted on campus providing an opportunity for various University divisions to share progress and achievements.

University engagements with its internal constituencies included a series of campaigns aimed at building an informed workforce and student body, as well as promoting collegiality among staff and students. Some of the campaigns included Breast Cancer Awareness; NSFAS Application Campaign; eleven Womanity Campaigns broadcast on MUT Radio; and Crowd-funding Awareness programmes.

These campaigns were driven through various media as follows:

- MUT Radio.
- Microsoft Teams
- Facebook@MUT
- Facebook@Schools
- Instagram
- Twitter@MUTSchools
- Twitter@MUTCampus
- Twitter@MUTAlumni
- Weekly newsletter: Good News Friday (GNF)
- Quarterly newsletters: Boundless and MUT Spirit
- MUT Prospectus
- MUT Alumni monthly newsletter – Alumni Gems
- www.mut.ac.za
- University Notices (email)
- MUT Fact sheets
- SMS
- LinkedIn
- Face-to-face visits
- MUTStayOnComms
- WhatsApp
- Digital campaigns

3.4.3.3. Alumni engagement

Alumni are the longest-serving stakeholders of the University and are lifetime members of the University. They give testimony to a University which arose in a township to provide access to African students in 1979 when there was no technical training institution for them in KwaZulu-Natal. Various stakeholder stewardship programmes have been initiated to sustain the relationship between the University and alumni.

These were some of the engagement activities initiated in 2022:

- A Convocation chapter was launched in Zululand to build a network and community of like-minded alumni.
- Alumni guest lectures were hosted to profile alumni skills and talent, and to build a database of alumni subject experts.
- Alumni successes were profiled through the alumni monthly newsletter and the annual alumni magazine.
- Constant engagement and support were undertaken through various communication channels, including email, social media, MUT Radio, alumni visits, and alumni volunteer programmes.
- Alumni information management, using dedicated Customer Relationship Management (CRM) software to enhance the alumni database to keep alumni engaged and connected with the University and one another.

3.4.3.4. Schools' engagement

In its stakeholder engagement plan, MUT has identified building a strong relationship with schools (high schools and primary schools) as a priority. Being able to attract better performing learners to apply to study at MUT is essential to the sustainability of the University. Strategic relationships have been built between MUT and the National Department of Education, KZN Department of Education, Education Districts, Circuits, and schools.

Engagement with schools in 2022 included these initiatives:

- Conducting school visits.
- Attendance at Career Fairs and Exhibition.
- Hosting an MUT Open Day.
- Hosting bespoke student recruitment campaigns and opportunities.
- Radio interviews with high school principals.
- Advertorials – radio, print, and bespoke platforms.
- News stories on school projects and achievements.

- Mall activations.
- NSFAS application campaigns.
- Matric exam campaigns.

3.3.4. Financial reporting and sustainability

During 2022, Council has ensured that the University is a going concern and that it will remain a going concern in the near future. The uncertainties associated with the management of the Covid-19 pandemic have emphasised the importance of managing our cash reserves and monitoring the economic outlook in South Africa and its implications for the University. Fee collections remain a concern as the historical debt of MUT students continues to rise.

3.3.5. 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 BBEE, DHET reporting regulations, and changes to labour regulations. In 2022, there were no judgements against the University to the effect that it contravened any of the Country's laws.

3.4. Housekeeping and measures to improve good governance

The maintenance of good governance is crucial to the continued existence of the University, and housekeeping plays an integral part in this. In addition, establishing a framework with standards is vital to attracting students and workers, ensuring legitimacy, and keeping up with the competition. However, good governance can be complex, regardless of a university's size or capabilities, due to the compliance requirements, regulatory commitments, and complexities surrounding educational institutions.

In the financial year under review, the University started to store governance documents in the cloud through specific teams on Microsoft Teams. The University plans to establish a single platform for a centralised information system that will store all of the University's documents and make them readily available. This system will be digitised and managed by a specialist in the relevant field. This will save time, reduce the likelihood of errors, and lessen the possibility reputational damage to the University.

The academic year is marked by a variety of events, including graduation and the meetings of Council and Senate and their subcommittees. The University is investigating the possibility of implementing an integrated meeting management tool for the University. The meeting management tool will enable MUT to inform the University community of all upcoming events and related documents, helping to prepare meeting agendas and to send invitations to participants online.

3.5. Appointment of the Administrator

The Administrator, Professor Lourens van Staden was appointed in terms of Government Notice 2608 of 10 October 2022, published in Government Gazette 47280.

The specified duties of the Administrator are:

- a) Take over the role, powers, functions and duties of the Mangosuthu University of Technology Council for a period of 24 months.
- b) Identify and initiate processes and initiatives that will restore proper governance and management at the University.
- c) Initiate the independent external investigation (a forensic audit) into the range of financial control weaknesses and suspected financial irregularities as a matter of urgency. Further, where criminal activity is evident, full legal processes must follow so that there is visible consequence management for illicit practice.
- d) Develop and begin the implementation of a 5-year development plan that will address the range of problems and challenges that have been identified in all the Independent Assessor reports and in the CHE's institutional audit reports.
- e) Take responsibility for the appointment and for the filling of senior level posts including that of the Vice-Chancellor and Principal, within 12 -18 months of the term of office of the Administrator.
- f) Review the senior appointments made in 2022 to ensure that the institutional statute and all applicable policies were strictly adhered to. Further to this, the Administrator must ensure that there are necessary employment probity assessments for new management recruits.
- g) Ensure that a new council is constituted in accordance with the institutional statute as soon as is practicable; and that there is a proper induction of all members and an effective handover of the governance role to the new Council. The recommendation of a probity assessment for potential members of Council must be followed through.

There was one formal meeting of the Administrator in the year under review, on 13 December 2022. Important considerations and resolutions taken at the meeting are listed in Table 3.2 below.

Table 4.2: Administrator resolutions in 2022

| Major resolutions and considerations in 2022 | |
|---|--|
| 1. | Major Administrator decisions |
| 1.1. | The University's Annual Performance Plan (APP) for 2023 was considered and recommendations made for its amendment. It was decided to request an extension from the DHET until 31 January 2023 for submission of the APP. |
| 1.2. | A salary increase for executive and senior management (levels P2-P4) of 4,5% for 2022, which had not been concluded by the Council, was approved. |
| 1.3. | The Administrator received a report on progress concerning negotiations for the 2023 salary increase for levels P5-P16. |
| 1.4. | The Administrator considered the 2023 Annual Infrastructure Plan and authorised the infrastructure budget for the first quarter of 2023. |
| 1.5. | The Annual Procurement Plan was accepted, subject to submission of an updated plan in January 2023. |
| 1.6. | The Administrator approved the Annual Information Technology and Networks Plan for 2023. |
| 1.7. | An interim budget for the first quarter of 2023 was approved. |

Source: Minutes of Administrator meeting



4. STATEMENT ON GOVERNANCE



Administrator, Professor Lourens van Staden

MUT is committed to the highest levels of sound corporate governance and endorses the ethical leadership principles outlined in the King IV Report. The University is governed under the Higher Education Act and the Institutional Statute of MUT published under the Act. In the year under review, the different structures of the University tried to live up to this aspiration of good governance and accountability. However, the prevailing governance and leadership challenges at MUT led to the appointment of an Independent Assessor in 2021 then to the dissolution of Council in September 2022 and the appointment of the Administrator.

In December 2021, the University amended its institutional statute and better aligned it with the Higher Education Act. The University has also approved several policies that are aimed at good corporate governance and financial sustainability. The

work of the Administrator takes place against the backdrop of the policies that are in existence that foster good governance. Where there are gaps in the policy framework the terms of reference of the Administrator allow for them to be filled.

The process of enhancing governance at MUT is underway. The Administrator and his team will build on the work of the Executive Management and the erstwhile Council, while introducing new and dynamic measures of good corporate governance and service excellence. It is imperative that the progress towards good governance be undertaken simultaneously with a keen eye on the primary function of the University – excellence in teaching, learning and research. This will require the strengthening of the organisational machinery, especially the filling of critical positions (academic and non-academic), an effective and harmonised learning environment for students, and leveraging strategic partnerships with external actors.

5. COUNCIL AND COUNCIL COMMITTEES

The Council of Mangosuthu University of Technology was 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 the provisions of the MUT Statute (as gazetted on 10 December 2021, No. 45616).

Council comprised of 26 members as the time of its dissolution by the Minister, with effect from 28 September 2022. The majority were members appointed from outside the University.

The role of Council is to govern the University in accordance with its scope of authority and it is responsible for ensuring good management of the University. It is responsible, inter alia, for policy making; the monitoring and implementation of policies; the appointment of the Vice-Chancellor, Deputy Vice-Chancellors, Executive Directors and the Registrar; the establishment and disestablishment of faculties and academic departments; and the determination of fees. Council

is accountable to the Minister of Higher Education, Science and Innovation (MUT Statute, Section 11). The Vice-Chancellor and Principal is responsible for the day-to-day management and administration of the University. He or she is the chief executive and accounting officer of the University and its legal, administrative and academic head. The Vice-Chancellor is accountable to Council for the performance and execution of his or her duties and reports to Council (MUT Statute, Section 7.3).

In 2022, Council held three quarterly ordinary meetings before it was dissolved by the Minister with effect from 28 September 2022. It held three special meetings, one extraordinary meeting, and three emergency meeting, as well as a two-day planning lekgotla.

Table 5 below provides details regarding the composition of Council, the number of members, and statistics regarding their attendance.

Table 5: Council composition and attendance

| 2022 Council Attendance | | | | | | | | | | | | | | |
|-------------------------|------------------------------------|--|-----------------------------------|--------------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------------|--|------|
| Name | 11 January (Special meeting) | 28 March (Extraordinary meeting) | 27 April (Ordinary meeting) | 12 May (Special meeting) | 04 June (Lekgotla day 1) | 05 June (Lekgotla day 2) | 22 June (Ordinary meeting) | 27 July (Emergency meeting) | 11 July (Emergency meeting) | 14 July (Emergency meeting) | 28 August (Special meeting) | 22 September (Ordinary meeting) | 28 September (Adjourned meeting) | % |
| External Members | | | | | | | | | | | | | | |
| Mr M. Morallane | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Adv. V. Binimna | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Mr B. Kraznye | | | | | | | | P | P | P | P | AP | A | 67% |
| Mr P. L. Buthelesi | | | | | | | | P | P | P | P | P | AP | 83% |
| Mr S. Dlamini | P | 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 | P | 100% |
| Dr B. Makhathini | P | P | P | P | P | P | P | P | P | P | P | AP | P | 92% |
| Mr S. Makhanya | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Dr Adv M. Makhura | P | P | P | P | P | P | P | AP | P | P | P | P | P | 100% |
| Ms L.L. Mbatia | P | AP | P | P | P | P | P | P | P | P | P | P | P | 92% |
| Mrs N.S. Maba | P | AP | P | P | AP | AP | P | P | P | P | P | | | 73% |
| Ms S. Mnyandu | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Mr S. Mthethwa | A | P | P | P | AP | AP | P | P | P | P | P | AP | P | 69% |
| Mr M. Mthlang | P | P | P | P | P | P | P | AP | P | AP | P | P | AP | 77% |
| Mrs C. Nyama | P | P | AP | A | P | P | P | P | P | P | P | P | P | 89% |
| Mr T. Toni | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Mrs L. Tungamuzi | P | P | P | P | AP | AP | P | P | P | P | P | | | 82% |
| Ms B. Zulu | P | | | | | | | | | | | | | 100% |
| Ms Z.N. Zulu | P | A | AP | P | P | P | P | P | P | P | P | P | P | 89% |
| Ms H.T. Zwane | A | P | P | P | P | P | P | P | P | P | P | P | P | 92% |
| Internal Members | | | | | | | | | | | | | | |
| Professor M.M. Ramogale | AP | P | P | P | P | P | P | P | P | P | P | P | P | 92% |
| Dr J. van Koller | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Mr B.K. Zwane | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Professor L.D. Ndlovu | P | AP | P | P | P | P | P | P | P | P | P | P | P | 92% |
| Mr G. Govender | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Dr J.M. Malca | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Mr B.S.D. Ntuli | P | P | P | P | P | P | P | P | P | P | P | P | P | 100% |
| Ms S. Ndumase | | | | | | | | | | | | P | A | 50% |
| Ms N. Ntlangathwa | | | | | | | | | | | | A | A | 0% |
| Ms M.N. Ndlovu | | | P | P | A | P | P | P | | | | | | 83% |
| Mr S. Khumalo | | P | P | A | P | P | A | | | | | | | 67% |

Not a member
 P Present
 A Absent
 AP Apology

Council may establish Council Committees to perform any of its functions, but remains accountable for the performance and outcome of delegated functions (MUT Statute, Section 12). Council establishes by charter the following committees: An Executive Committee; an Audit, Risk and Compliance Committee; a Finance and Investment Committee; a Human Resources Committee; a Planning and Resources Committee; and any other committees that may be required to ensure that Council provides leadership and oversight on all matters (MUT Statute, Section 22.1). Council Committees comprised a majority of external members of Council and were chaired by an external member of Council with appropriate expertise.

Brief reports on the main deliberations of the Council Committees are provided below, including a report on

each committee's composition and the attendance of meetings.

5.1. Executive Committee of Council (Exco)

The Executive Committee of Council (Exco) attended to the governance affairs of the University between ordinary meetings of Council and exercised all powers granted by Council within the ambit of the Higher Education Act. It served as the nominating committee of Council for additions to its membership and appointments to its committees. It also dealt with urgent matters, as well as those referred to it by Council or its standing committees.

Table 6 below shows an analysis of attendance per meeting in 2022.

Table 6: Exco composition and attendance

| 2022 Executive Committee of Council Attendance | | | | | |
|--|--------------------------------|-----------------------------|-------------------------------|------------------------------------|------|
| Name | 14 March (Ordinary meeting) | 18 May (Special meeting) | 06 June (Ordinary meeting) | 12 September (Ordinary meeting) | % |
| Mr M. Morillane (Chairperson of Council) | P | P | P | P | 100% |
| Mr O.M. Galane (Deputy Chairperson of Council) | P | P | P | P | 100% |
| Mr T. Toni (PRC Chairperson) | P | P | P | P | 100% |
| Mrs N. Mlaba (ARCC Chairperson) | P | P | P | P | 100% |
| Ms T.H. Zwane (HRC Chairperson) | P | P | P | P | 100% |
| Mr S. Dlamini (FIC Chairperson) | P | P | P | P | 100% |
| Ms S. Mnyandu (SAC Chairperson) | P | P | P | P | 100% |
| Professor M.M. Ramogale (Acting VC) | P | P | P | P | 100% |
| Dr J. van Koller (Acting DVC: R&P) | P | P | P | P | 100% |
| Dr J.M. Makua (Acting DVC: T&L) | P | P | P | AP | 75% |

P Present
A Absent
AP Apology

During 2022 the Exco of Council held three ordinary meetings, and one special meeting. It addressed a number of key issues as mandated by Council. These included:

- The Exco was informed by the Acting Vice-Chancellor that the election of the new Student Representative Council (SRC) had resulted in MUT's first female-led and predominantly female SRC.
- Exco was informed that the training of chairpersons of disciplinary hearings would be undertaken in the third quarter.
- Approval for the recruitment of the Vice-Chancellor was recommended to Council and guidelines for the appointment of the Vice-Chancellor were considered.
- A report on progress in the recruitment of executive management was forwarded to the Council for approval.
- A report on preparations for a second Council Lekgotla was referred to Council for noting.
- A report on the settlement agreement reached with the former Vice-Chancellor, Dr ED Malaza, was referred to Council for noting.
- A report on the appointment of the Chancellor was referred to Council for approval.
- The review of the Exco charter was forwarded to Council for approval.
- A presentation to be made to the Portfolio Committee on Higher Education, Science and Innovation was considered.
- A report on the establishment of the Remuneration Committee of Council was forwarded to Council for approval.

- A report on the appointment of Council appointees was referred to Council for approval.
- The Annual Report for 2021 was forwarded to Council for approval.
- A verbal report from the Student Affairs Committee on the condition of University residences was recommended to Council for noting.
- The Acting Vice-Chancellor announced the appointment of a new Deputy Vice-Chancellor for Research, Innovation and Engagement, Professor MN Sibiya.
- Exco was informed that 24 students were expelled for involvement in the torching of University infrastructure in June 2022.
- A report on the appointment of a Council appointee on Council to replace the former Chairperson, Mr M Morailane, was forwarded to Council for approval.
- A report on the Honorarium and Reimbursement Policy was forwarded to Council for approval.
- Reports on the extension of the appointments of the Acting Deputy Vice-Chancellor Teaching and Learning and the Acting Deputy Vice-Chancellor
- Resources and Planning were forwarded to Council for approval.

The Exco carried out its responsibilities as the nominating committee of Council for additions to its membership and appointments to its committees. It recommended to Council, inter alia:

- The appointment of Mrs N Mlaba as Chairperson of the Audit, Risk and Compliance Committee.
- The appointment of Mr S Makhunga as the Chairperson of the Student Affairs Committee.

5.2 Audit, Risk and Compliance Committee (ARCC)

The committee's primary task is to provide the Council with assurance on the application of principles and best practices associated with Council's accountability for all elements of corporate governance.


It facilitates effective working relationships between the Council, management and the external auditors. It reviews the financial statements and considers all factors and risks that may affect the integrity of the financial statements. It considers the need for summarised information and for engaging external auditors to provide assurance on the summarised results.

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 7 below shows an analysis of ARCC attendance per meeting.

Table 7: ARCC composition and attendance

| 2022 Audit, Risk and Compliance Committee Attendance | | | | | |
|--|------------------------------------|--------------------------------|-------------------------------|------------------------------------|------|
| Name | 25 February (Emergency meeting) | 11 March (Ordinary meeting) | 03 June (Ordinary meeting) | 09 September (Ordinary meeting) | |
| Mrs N. Mlaba (Chairperson) | P | P | P | P | 100% |
| Mr S. Mthethwa | P | P | P | P | 100% |
| Mrs C. Nyama | P | P | P | P | 100% |
| Ms B. Zulu | AP | AP | | | 0% |
| Ms Z.N. Zulu | P | P | P | P | 100% |
| Adv. V. Bhimma | P | | | AP | 50% |
| Professor M. Ramogale | P | P | P | P | 100% |

| | |
|---|--------------|
|  | Not a member |
| P | Present |
| A | Absent |
| AP | Apology |

In 2022, the committee held three ordinary meetings and one emergency meeting. It deliberated on the following matters, among others:

- The committee made a recommendation to Council for approval of the new external auditors.
- ARCC approved the updated Enterprise Risk Management (ERM) plan for forwarding to Council for noting, as well as the risk register, the audit log, progress reports on the implementation of the Internal Audit plan and the compliance plan, the report on Information and Communications Technology (ICT) governance, schedules of deviations or irregular expenditure, quarterly report on legal matters, performance report, and the policy development schedule.
- The Acting Vice-Chancellor announced that Turnaround Strategy consultants had been appointed to create a turnaround strategy for the University.

As part of its oversight role, ARCC continued to monitor incident reports on labour matters (grievances, disputes, and disciplinary action), whistleblowing, fraud cases and other investigative or legal matters. It monitored quarterly progress against the internal audit plan, the ERM plan, the

implementation of the compliance plan, and the policy development schedule. It provided oversight on reporting of finances, IT governance and cyber-security, audit log, risk register and contracts management.

5.3 Finance and Investment Committee (FIC)

The primary function of the Finance and Investment Committee (FIC) is to ensure effective oversight of the Financial and Investment Strategy in support of the University's vision and mission, with a view to promoting the long-term financial sustainability of the institution.

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 allocation of financial resources should be in line with the University's Strategic Plan and relevant operational plan. The FIC also assesses whether reasonable measures are in place to ensure MUT assets are safeguarded and to effectively control all revenue.

Table 8: FIC composition and attendance

| 2022 Finance and Investment Committee Attendance | | | | | |
|--|--------------------------------|-------------------------------|------------------------------|------------------------------------|------|
| Name | 07 March (Ordinary meeting) | 04 April (Special meeting) | 30 May (Ordinary meeting) | 05 September (Ordinary meeting) | % |
| Mr S. Dlamini | P | P | P | P | 100% |
| Mrs C. Nyama | P | P | P | P | 100% |
| Ms Z. Zulu | P | P | P | P | 100% |
| Ms B. Zulu | AP | | | | 0% |
| Mr B.K. Zwane | P | AP | P | P | 75% |
| Mr B. Kaziya | | | | P | 100% |
| Mr P.L. Buthelezi | | | | P | 100% |
| Professor M. Ramogale | P | P | P | P | 100% |

 Not a member
 P Present
 A Absent
 AP Apology

The FIC held three ordinary meetings and one special meeting in 2022. It deliberated on the following matters, among others:

- The committee forwarded the Receipting and Banking Cash Policy to Council for approval, as well as the Accounts Payable Policy.
- It forwarded the Financial Aid and Bursary Policy to Council for approval, noting that awards would be dependent on the availability of funds.
- The committee expressed its concern at the culture of non-payment of fees at MUT. It forwarded a report on student debt and NSFAS funding to Council for noting.
- Reports on irregular expenditure in 2020 and 2021 were forwarded to Council for condonation.
- The committee forwarded reports on management accounts, restricted funds, investments, procurement, and contract management to Council for noting.
- The charter of the committee was reviewed, but no changes were made.
- The committee forwarded a revised salary increase mandate for 2022 to Council for approval.
- The Acting Vice-Chancellor reported that a team from the DHET had visited MUT on 17 May 2022 and was satisfied with the University's progress with regard to infrastructure projects.
- The committee expressed its concern that expenditure for Council activities in the first quarter of 2022 was double the planned expenditure.
- The committee commended the Finance Department

for good progress made in the development of policies.

- The committee commended Management for the 2021 financial statements and for receiving an unqualified audit opinion.
- The committee forwarded the Budget Policy, as amended, to Council for approval.

5.4. Human Resources Committee (HRC)

The main function of the Human Resources Committee (HRC) is to ensure effective oversight of the development and implementation of the Human Resource Strategy in support of the University's vision and mission, with a view to creating a conducive environment for the attraction, development, and retention of high-performing individuals.

The committee ensures that human resource policies recommended to Council for approval are compliant with legislation, best practice and codes of good practice. It assesses recommendations on the organisational structure of the University and the conditions of service, remuneration, benefits, and privileges of staff. The HRC considers whether all reasonable measures are taken to ensure that MUT employs the right people and retains talent. It ensures MUT has mechanisms in place to reduce workplace conflict, labour instability, and avoidable litigation.

Table 9 below reflects the meetings held in 2022 and the attendance of members.

Table 9: HRC composition and attendance

| 2022 Human Resources Committee Attendance | | | | | |
|---|-----------------------------------|----------------------------------|----------------------------------|---------------------------------------|------|
| Name | 09 March (Ordinary meeting) | 26 April (Special meeting) | 01 June (Ordinary meeting) | 07 September (Ordinary meeting) | % |
| Ms H.T. Zwane | P | P | P | P | 100% |
| Ms L. Noge-Tungamirai | P | P | P | P | 100% |
| Dr B. Makhathini | P | P | P | P | 100% |
| Mr S. Makunga | AP | P | P | P | 75% |
| Professor L.D. Naidoo | P | P | P | P | 100% |
| Professor M. Ramogale | P | P | P | P | 100% |

P Present
 A Absent
 AP Apology

The Human Resources Committee held three ordinary meetings and one special meeting in 2022. The following key matters were deliberated upon:

- The committee considered reports on labour relations, Human Resources and Development, employment equity, and policy development.
- It forwarded the Employment Equity Plan to Council for approval. A longer-term plan would be developed once approved sectoral targets were received.
- The 2020 ad hominem promotions of Academic Staff were forwarded to Council for approval.
- The HRC forwarded a report on the University's position on evening classes and a report on fixed-term contracts to the Council for noting.
- It forwarded the MUT Proposed Staff Structure to Council for approval.
- The HRC forwarded the Recruitment and Selection Policy to Council for approval.
- It forwarded the Human Resources and Development Operational Plan to the Council for noting.
- Members of the committee expressed concern at the number of fixed-term contracts at the University.

5.5 Planning and Resources Committee (PRC)

The primary role of the Planning and Resources Committee (PRC) is to ensure that MUT plans for and develops appropriate facilities and infrastructure for

the needs of the various academic and support services departments, to enable them to fulfil their mandates.

The PRC ensures that MUT has appropriate planning and resources policies that are compliant with legislation and codes of good practice. It must also ensure that the University has an appropriate capital expenditure plan aligned to its longer-term infrastructure plan, as well as a sustainable maintenance and replacement plan.

The University's Facilities and infrastructure-related systems and processes should provide for a safe and healthy working, studying, living, and recreational environment for staff, students, and visitors. The PRC must ensure that business continuity and incident response plans are maintained, in order to respond adequately to emergency situations involving loss or damage to University property, or injury to staff, students, or visitors.

The committee held three ordinary meetings and one special meeting during 2022.

Table 10 below shows the attendance of meetings.

Table 10: PRC composition and attendance

| 2022 Planning and Resources Committee Attendance | | | | | |
|--|-----------------------------------|---------------------------------|-----------------------------------|--|------|
| Name | 08 March (Ordinary meeting) | 31 May (Ordinary meeting) | 23 August (Special meeting) | 06 September (Ordinary meeting) | % |
| Mr T. Toni (Chairperson) | P | P | P | P | 100% |
| Mr M. Msimang | P | P | P | P | 100% |
| Mrs L. Tungamirai | P | P | P | P | 100% |
| Adv V. Bhinma | P | P | P | P | 100% |
| Mr B.S.D. Ntuli | P | A | A | P | 50% |
| Professor M. Ramogale | P | P | P | P | 100% |

P Present
A Absent
AP Apology

During 2022 the PRC considered the following matters, among others:

- The committee considered quarterly reports on physical infrastructure, maintenance, security, occupational health and safety, and IT&N infrastructure and forwarded them to Council for noting.
- The Institutional Operational Plan was forwarded to Council for noting.
- The committee requested an in loco inspection of University infrastructure projects.
- The Vice-Chancellor reported that officials of the DHET visited the University to provide feedback on MUT applications for funding under the Sibusiso Bengu Development Programme (SBDP). The DHET encouraged the University to submit an application for the funding of boreholes to address water challenges on campus.
- The committee forwarded the reviewed MUT Campus Masterplan, the revised Infrastructure Plan, and the revised Maintenance Plan to Council for approval. The implementation plan of MUT's Internationalisation Strategy 2025 was referred back to Management, while the Donor Recognition and Stewardship Policy was held in abeyance.
- The annual Scorecard for 2021 was referred to Council for noting.
- The committee reviewed the 2021 Annual Report and forwarded it to Council for approval.
- The committee resolved that the University's Annual Report and the Annual Financial Statements should in future be considered in a joint meeting of ARCC, the FIC, and the PRC.
- The IT&N Strategic Plan 2022-2024 was forwarded to Council for approval.
- The committee recommended that in future there should be an Annual Maintenance Plan with quarterly progress reports. There should be a separate progress report on DHET-funded refurbishment projects.
- A report on the water supply challenges being experienced on campus was forwarded to Council for noting.

5.6. Student Affairs Committee (SAC)

The Student Affairs Committee (SAC) functions to provide effective and coordinated oversight of the development and implementation of MUT's student services strategy in support of its vision and mission, with a view to creating a conducive learning and living environment for students. Such an environment should enable the leadership abilities to students to flourish; their potential to become world-class graduates with competitive

skills to be nurtured; and their ability to adapt to the rapidly evolving requirements of the information age to be developed. The significance of a sound value framework should be instilled in students and they should be encouraged to become well-rounded individuals.

The committee aims to ensure that student-related policies are of an appropriate standard, and that the allocation of financial resources is in line with the Strategic Plan and is relevant to the Student Affairs operational plan.

The SAC assesses whether systems, processes and resources are adequate to ensure a safe and healthy learning environment for all students. In terms of oversight, the SAC monitors and evaluates the implementation of short, medium, and long-term plans to improve student services and promote the well-being of students. The SAC ensures that the University regularly reviews and assesses the quality and effectiveness of services to students, as well as policy implementation and the attainment of objectives.

The committee held three ordinary meetings in 2022. The attendance is shown in Table 11 below.

Table 11: SAC composition and attendance

| 2022 Student Affairs Committee Attendance | | | | |
|---|--------------------------------|-------------------------------|------------------------------------|------|
| Name | 19 March (Ordinary meeting) | 02 June (Ordinary meeting) | 08 September (Ordinary meeting) | % |
| Ms S. Mnyandu | P | P | P | 100% |
| Ms L.L. Mbatha | P | P | P | 100% |
| Dr B. Makhathini | P | P | P | 100% |
| Mr S. Makunga | AP | AP | P | 33% |
| Ms M.N. Ndlovu | P | P | A | 67% |
| Professor M. Ramogale | P | P | P | 100% |

P Present
A Absent
AP Apology

In 2022, the Student Affairs Committee deliberated on the following matters:

- The committee considered quarterly reports on student housing and overall student wellness, and forwarded them to Council for noting.
- It forwarded the revised Student Counselling Policy to Council for approval.
- The committee noted the Student Affairs Operational Plan.
- The Acting Vice-Chancellor reported that the new SRC had been inaugurated, with Ms M Ndlovu as the President.
- A Task Team had been established to deal with student issues during registration.
- The committee commended Management on work done to deal with issues through the Student Affairs Management Panel (SAMP).
- The amended charter of the SAC was recommended to Council for approval.
- The committee forwarded the reviewed SRC Constitution and the reviewed SRC Election Policy to Council for approval.
- The Student Development Policy was forwarded to Council for approval.
- The MUT Sports Strategy was forwarded to Council for approval.
- A report on student satisfaction with the quality of campus life was forwarded to Council for noting.
- The committee received a report on planned initiatives relating to gender-based violence.

6. 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 2022 Council members were required to declare any conflict of interest at each meeting (including sub-committee meetings) ahead of discussion of items on the meeting agenda and to recuse themselves from the discussion where conflicted. This is the case with the three members of the Administrator's team. All declarations are filed and kept by the office of the Registrar.

7. STATEMENT ON CONFLICT MANAGEMENT

Section 10 of the Comprehensive Code of Conduct for Council stipulates the dispute resolution mechanisms available to Council. With the appointment of the Administrator, this particular section is a nullity as there is no Council. The Administrator has taken over the role, powers, functions and duties of Council. All powers that vested in Council regarding dispute resolution are now vested in the Administrator.

8. STATEMENT ON COUNCIL CODE OF CONDUCT

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

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

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The Code of Conduct obliges Council members to perform their duties in line with the principles of ethical conduct and to guide their decision-making based on trust, honesty, and integrity. The Code is not intended to inhibit the actions of Council members, but to ensure that the best interests of the University always take precedence over personal or other interests. This is why there is a strong emphasis on the division of labour as between the Council members (or the Administrator's team) and the Management. With the team of the Administrator now on the ground to inculcate a culture of good governance, one of the building blocks will be a strict code of conduct for councillors when they eventually get appointed.

9. ADMINISTRATOR'S STATEMENT ON SUSTAINABILITY

The Administrator is acutely aware of the need to improve the financial position of the University in order to secure its long-term sustainability.

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

During 2022, MUT management continued to develop a Turnaround Strategy, primarily aimed at curbing costs and identifying new income streams.

10. APPROVAL OF GOVERNANCE STATEMENT

The Administrator approved the Statement on Governance at a meeting on 24 July 2023.



Professor L van Staden
MUT Administrator

11. SENATE REPORT TO THE ADMINISTRATOR



11.1. Senate's Function and Composition

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

In terms of the Statute of the University, which is aligned to the Act, the majority of Senate members must be academic employees. The composition of the University Senate is as follows:

- Vice-Chancellor and Principal
- Deputy Vice-Chancellors
- Registrar
- All Deans of Faculties
- All Heads of Academic Departments
- Professors (excluding honorary, associate, visiting, emeritus, and adjunct professors)
- Head of the Library
- Head of Research
- Head of Quality Management
- Head of Student Affairs
- Head of Operations
- Head of Human Resources and Development
- Head of Finance
- Head of Legal Services
- Head of Institutional Planning and Research
- Two students who are elected by members of the SRC
- An administrative and support employee from among the three Faculties, elected by the administrative and support employees
- An academic employee from among the three faculties, elected by the academic employees
- Two external members of Council designated by Council
- Additional members proposed by Senate and approved by Council

Table 12: Senate meetings in 2022

| Meeting type | Date | Number of Senators in attendance |
|--------------|-------------------|----------------------------------|
| Emergency | 04 February 2022 | 35 |
| Emergency | 09 February 2022 | 36 |
| Ordinary | 24 February 2022 | 42 |
| Special | 13 April 2022 | 40 |
| Ordinary | 24 May 2022 | 44 |
| Special | 26 May 2022 | 38 |
| Special | 15 June 2022 | 45 |
| Special | 02 August 2022 | 45 |
| Ordinary | 25 August 2022 | 42 |
| Special | 02 September 2022 | 37 |
| Ordinary | 22 November 2022 | 38 |

11.2. Senate Meetings in 2022

During the course of 2022, Senate convened four ordinary meetings, five special meetings and two emergency meetings as shown in Table 11 below. The total membership of Senate was 55.

In its ordinary meetings, Senate considered reports from:

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

Senate deliberated on the following matters, among others, during its meetings.

11.2.1. February 24, 2022: First Ordinary Meeting

- Senate reviewed the academic concessions granted to students in 2020 in the light of the Covid-19 pandemic and made the following changes:

a. All students were to be admitted to the examinations

irrespective of the course mark attained. This was rescinded, and the course mark would apply;

b. Students are allowed to write the supplementary examination irrespective of the final mark attained. This was rescinded, and all students should obtain between 45%-49% to qualify for supplementary examinations;

c. All first-level subjects, second-level subjects and exit level and B Tech subjects as identified by each Faculty would be assessed through continuous assessment. This was rescinded;

d. All modules/subjects that were examinable before 2020 would revert to final assessment through the end of the year/semester examination; and

e. The implementation of rule G20 was waived. This was rescinded, and Rule G20 would apply.

f. Contact teaching at all levels could take place to the maximum of 50% of scheduled lectures, especially for large classes. Exemption from this was possible for small classes.

g. All Teaching and Learning should comply with applicable laws and regulations of the country relating to Covid-19 together with relevant University policies.

h. Laptops would be compulsory for all First-Time Entering Students.

i. The Acting Registrar to prepare a communique to the University community on the decisions taken by Senate.

- Senate approved the revised Faculty Quality Assurance Committee (FQAC) charter.

- It approved the MUT WIL Partner Excellence Awards Guidelines and the hosting of the biennial MUT WIL Partner Excellence Awards.

11.2.2. May 24, 2022: Second Ordinary Meeting

The Senate approved:

- Teaching Portfolio Guidelines
- Procedures for capturing and changing of assessment marks.
- Improvement Plan 2026 for the Department of Electrical Engineering.

11.2.3. June 15, 2022: Special Meeting

Senate was requested to approve the University's Self-Evaluation Report (SER), prepared as part of the CHE Institutional Quality Audit (IQA). The SER was to be submitted to the CHE prior to the Institutional Audit from 14 to 18 November 2022. The special meeting deliberated on the document and approved the SER for submission to CHE and recommended it for the approval of Council.

11.2.4. August 25, 2022: Third Ordinary Meeting

The Senior Director: Library Services submitted a proposal for Senate to adopt the amendments made under the Library section of the General Regulations Handbook. After deliberations, Senate approved the amendments made in the Handbook under the Library section.

11.2.5. November 22, 2022: Fourth Ordinary Meeting

The Faculty of Management Sciences proposed new qualifications for inclusion in its Programme and Qualifications Mix (PQM) to enhance relevancy and response to industry needs. The proposed new PQM for the Faculty of Management Sciences was presented and deliberated on and inputs were received from the Senate. Senate supported and approved the Faculty to proceed with the proposed new PQM.

The Faculty of Engineering presented amendments to the existing programmes in Construction Management & Quantity Surveying and proposed a name change from "Diploma in Building" to "Diploma in Construction Studies". The purpose of this amendment was to acquire accreditation status from the accrediting bodies and to meet the needs for sustainable teaching and learning outcomes of students. Senate approved the re-curriculum of the existing programmes and a change of name from "Diploma in Building" to "Diploma in Construction Management & Quantity Surveying".

The Faculty of Engineering also presented a proposal for a new Postgraduate Diploma in Chemical

Engineering. Senate approved the proposed qualification.

The Director: Cooperative Education presented the reviewed policy on Industry Advisory Boards. Senate supported the proposal and recommended the policy for the approval of the Administrator.

11.3. Changes to the Academic Structure

11.3.1. Discontinuation of National Diploma qualifications

Subsequent to the approval of Senate to phase out all National Diploma qualifications across all faculties by December 2023, no registrations towards National Diploma qualifications will be permitted in January 2024.

Students who fail to complete their respective National Diploma qualifications by December 2023, will be migrated to Diploma qualifications and granted credits where necessary.

An extensive communication regarding the discontinuation of National Diploma qualifications was disseminated across all staff and students through notices in the university website, MUT social platforms and stated clearly in all faculty prospectuses.

11.3.2. New Qualifications

The following qualifications were introduced, for which students were registered for the first time in the 2022 academic year:

- Advanced Diploma in ICT (Application Development)
- Postgraduate Diploma in Marketing
- Advanced Diploma in Accounting

11.4. Teaching and Learning

11.4.1. Completion of the 2022 Academic Year

The administration of examinations took place in November and December to conclude the 2022 academic year. The Faculties prioritized providing students with adequate support to ensure their preparedness and success during the examinations.

11.4.2. The 2022 MUT Institutional Audit

As part of an institutional audit by the Council on Higher Education (CHE), the University received a visit from the audit panel of the CHE from 13-16 November 2022. The panel conducted interviews and

also had the opportunity to tour our teaching and learning facilities

11.4.3. Student Academic Support

At-risk students received support through various interventions such as tutorials, one-on-one support, mentorship, and academic literacy and language workshops. Lecturers in the Faculties identified students for support, and lecturers in the Mathematics and Science Education Unit (MSEU) and the Academic Literacy and Language Unit (ALLU), as well as Student Academic Advisors, provided the necessary assistance. Additionally, the Library conducted information literacy workshops covering topics like online database searching, the use of Turnitin and Mendeley, and exam preparation.

11.4.4. Programme Development

During the last quarter of 2022, Senate approved the Postgraduate Diploma in Chemical Engineering, which is awaiting endorsement from the Engineering Council of South Africa and approval from the CHE for PQM clearance. The Department of Electrical Engineering developed two Advanced Diplomas, in Power Engineering and in Process Instrumentation and Communication, which will be submitted for Senate approval in 2023. The Department of Agriculture held a curriculum review and development engagement with industrial partners.

The Department of Public Administration and Economics held a curriculum development workshop and proposed new programmes, including Diplomas in Supply Chain Management, Economics, and Maritime Economics.

11.4.5. Work Integrated Learning (WIL)

In terms of work-integrated learning (WIL), the target for placing eligible students was exceeded by 8%. The contribution of WIL placements to the graduation rate is yet to be established. With regards to student employability, 85% of programmes with a WIL component have a formalised work-readiness training component, and 1,252 students completed the training in 2022. The Co-Operative Education Directorate has conceptualised the implementation of a virtual reality work readiness training programme which is anticipated to be functional from the second semester of 2023. The primary objective of this programme is to provide online work readiness

training to students.

11.4.6. Implementation of the E-Learning Strategy

The approval of the eLearning Strategy required that the strategy be piloted. In 2022, 104 academics participated in capacity development workshops, and more than 60% of first-time students participated in digital literacy workshops. Various interventions were implemented to capacitate academics. These interventions included an Introduction to Blended Learning provided by Rhodes University, a Digital Teacher Essentials course, and a Learning Design retreat. In addition, the academics received training on Facilitating Online, which was offered by Emerge Africa.

11.4.7. Professional Development and Support of Academic staff

MUT's professional development initiatives were primarily focused on enhancing the capacity of academics in developing online learning materials, as mentioned above. However, the Teaching and Learning Development Centre (TLDC) conducted additional professional development workshops, including a series of workshops focused on promoting the Scholarship of Teaching and Learning through writing for publication. This effort culminated in a writing retreat that produced eight journal articles, which are currently under review by publishers. It is expected that some of these articles will be published in 2023.

The TLDC held its annual Teaching and Learning conference, the Focus Conference, which resulted in the production of a conference proceedings publication, Proceedings of The Focus Conference (TFC 2022, Volume 732) by Atlantis Press. Additionally, the TLDC organized the Vice Chancellor's Teaching Excellence Awards, which recognise and celebrate outstanding teaching achievements.

The following staff members completed their Doctoral studies in 2022:

- Dr Phumzile Masala, Registrar, obtained a PhD in communication from the Central University of Technology.
- Dr Thobeka Makhathini, PhD in Chemical Engineering from the University of Witwatersrand.
- Dr Bule Ngyangiwe, PhD qualification from the University of KwaZulu-Natal.

- Dr Bongekile Mvuyana, Head of the Department of Public Administration and Economics, obtained her PhD from the University of KwaZulu-Natal.
- Dr Thulile Duma, Human Resource Management, obtained her PhD from University of KwaZulu-Natal.
- Dr Thembi Kweyama, Dean of Students, obtained her PhD from the University of Zululand.
- Dr Azwi Mufamadi, Director: Public Relations and Brand Management at MarComms, obtained his PhD in Philosophy from Rhodes University.

11.4.8. Teaching Awards

Best Established Teacher Awards

Gold Award

- Dr L Qwabe, Analytical Chemistry

Silver Award

- Dr M Lecheko, Environmental Health
- Dr BYC Mvuyana, Public Administration and Economics
- Dr AT Jaiyeola, Civil Engineering and Surveying
- Mr N Thembane, Biomedical Science

Bronze Award

- Mr H Els, Agriculture
- Mr K Mathe, Accounting and Law

Best Emerging Teacher Awards

- Mr S Khuzwayo, Accounting and Law
- Mr ZN Jaya, Biomedical Sciences

Teaching and Learning Advancement Awards

- Mr E Selebi, Entrepreneurship Education
- Ms NA Mthembu, Entrepreneurship Education
- Mr PK Ramdeyal, Information and Communication
- Dr PT Duma, Human Resource Management

11.5. Research

The University's total research output target for 2022 was 91 DHET units, including 28 research publication units. The 97.7471 publication units received for 2022 is significantly higher than the 72,467 units received during 2021 and also exceeds our annual target. As in 2021, articles published in predatory journals, although DHET accredited, are not included in the cumulative output for 2022. DHET units for book chapters and peer reviewed conference proceedings are difficult to estimate and they are reported on annually, after feedback is received from the DHET Research Output Committees.

Enhancing research skills is an important objective in the MUT strategy. To this end, several capacity

Table 13: Research Journal Articles in 2022

| Period | Admin | Engineering | Management Sciences | Natural Sciences | Total |
|-----------------------|---------------|----------------|---------------------|------------------|----------------|
| Baseline: 2021 | 6.784 | 14.725 | 18.910 | 12.732 | 53.151 |
| Q1 2022: Jan - Mar | 0.1666 | 2.7499 | 1.3333 | 7.5278 | 11.7776 |
| Q2 2022: Apr - Jun | 0.1666 | 7.3299 | 2.5833 | 5.4357 | 15.5155 |
| Q3 2022: Jul - Sep | 3.4000 | 7.7262 | 14.5001 | 8.3000 | 33.9263 |
| Q4 2022: Oct - Dec | 0.3333 | 5.4460 | 19.2501 | 11.4983 | 36.5277 |
| TOTAL: 2022 | 4.0665 | 23.2520 | 37.6668 | 32.7618 | 97.7471 |

building workshops and seminars were hosted by the Research Directorate, funded by the University Capacity Development Grant (UCDG) during 2022, as outlined in Table 13 below.

Table 14: Research capacity-building workshops and seminars hosted by the Research Directorate

| Name of workshop/seminar | Presenter/s | Date |
|--|--|-----------------------|
| How to develop a predictive model from your data using machine learning algorithms | Dr Mc-Alain Mutombo (MUT) | 21 – 25 February 2022 |
| Introductory seminar to SPSS and NVivo sessions | Prof Urmilla Bob (UKZN) | 28 February 2022 |
| Overview on how to use SPSS | Dr S Munien (UKZN) | 01 March 2022 |
| Data Analysis using SPSS | Dr S Munien (UKZN) | 02 - 03 March 2022 |
| Overview of how to use NVivo | Dr A Okem (UKZN) | 07 March 2022 |
| Creating nodes/themes and coding as well as data analysis using NVivo | Dr A Okem (UKZN) | 08 March 2023 |
| The Supervision of Higher Degrees | Prof Sam Lubbe (MUT) | 01 September 2022 |
| Statistical Analysis | Prof Sam Lubbe (MUT) | 02 September 2022 |
| Research Productivity and Incentives | Ms L Sikhakhane (MUT) | 26 September 2022 |
| Research Centres and Institutes | Prof A Anandraj (MUT) | 26 September 2022 |
| Recognition of Researchers | Dr A Mienie (MUT) | 26 September 2022 |
| The Role of and Expectations from Retired Research Professors | Dr A Mienie (MUT) | 26 September 2022 |
| Integrating Community Engagement into Teaching and Learning and Research | Prof B Nkonki-Mandleni (MUT) | 27 September 2022 |
| Technology Station in Chemicals | Ms X Ngubane (MUT) | 27 September 2022 |
| Open Access Publishing | Dr N Mosala-Bryant (MUT) | 27 September 2022 |
| NRF Information Session for Emerging Researchers | Ms. Thandeka Mthethwa and Ms. Maphuti Madiga (NRF) | 11 October 2022 |
| The Academic Publishing Process | Prof Sam Lubbe (STADIO) | 17 – 18 November 2022 |
| Postdoctoral Research Fellowships – SARS Ruling and MUT Policy | Dr Anette Mienie (MUT) | 25 November 2022 |
| Procurement Procedures for Research | Mr Sfiso Qwabe (MUT) | 25 November 2022 |
| Publication Practices | Dr Anette Mienie (MUT) | 25 November 2022 |
| Postdoctoral Research Fellowships – the journey | Dr MA Jordaan (MUT) | 25 November 2022 |

The National Research Foundation (NRF) rating system is a useful tool for benchmarking the quality of our researchers against the best in the world. The ratings are based on a researcher's recent research outputs and impact as perceived by international peer reviewers. Table 14 below reflects the MUT researchers with NRF ratings in 2022.

Table 15: NRF-rated researchers at MUT

| Name | Rating category | Period of Rating |
|-----------------|-----------------|------------------|
| Prof. TC Haupt | C1 | 2021 - 2023 |
| Dr K Tumba | C2 | 2021-2026 |
| Prof. BF Bakare | Y2 | 2019-2024 |
| Dr M Lasich | Y2 | 2019-2024 |
| Dr BP Numbi | Y2 | 2019-2024 |
| Dr F Adejoro | Y2 | 2022 - 2027 |

Research Grants and Contracts play an important role in capacity development, national and international collaboration, and increased research productivity and output. The Research Directorate assists with raising awareness of opportunities, proposal writing, and the evaluation and submission of proposals. Table 15 below shows the external research income received by MUT during 2022.

11.5.1. Research Awards

Table 16: External Research Income Received during 2022

| Funder | Programme | Grant Holder | Amount (R) |
|---|--|--------------------------------|---------------|
| NRF | SA Research Chairs | Prof T.C Haupt | R1 764 000,00 |
| NRF | Competitive Funding for Rated Researchers | Dr A.T Kaniki | R 108 000,00 |
| NRF | Research Development Grant for Rated Researchers | Prof B.F Bakare | R80 000,00 |
| NRF | Travel Grant for Participating in SA-France Higher Education & Research | Prof BF Bakare | R50 000,00 |
| NRF | Travel Grant for Participating in SA-France Higher Education & Research | Dr NJ Gumede | R50 000,00 |
| NRF | Evaluating and Rating | Dr F.A Adejoro | R50 000,00 |
| NRF | Thuthuka Grant (Post-PhD Track) | Dr L.Q Qwabe | R100 000,00 |
| NRF | Thuthuka Grant (Rating Track) | Dr T Mutanda | R63 333,34 |
| NRF | IRG-SA/Astria Joint Scientific and Technological Cooperation Programme | Dr T Mutanda | R112 596,72 |
| NRF | Black Academic Advancement Programme | Mrs T.G Cele | R67 999,97 |
| NRF | S & F NRF Freestanding Postdoctoral Fellowships | Dr N. Ngxongo | R250 000,00 |
| NRF | S & F Research Development Grant for NGAP Scholars | Mr K.P. Shabangu | R30 000,00 |
| NRF | Customised Interventions for Universities | Dr M.A Jordaan and Dr A Mienie | R38 764,00 |
| NRF | Knowledge, Interchange and Collaboration Programme (KIC) | Dr NM Buthelezi | R45 000, 00 |
| NRF | Knowledge, Interchange and Collaboration Programme (KIC) | Dr T Mutanda | R41 379,0 0 |
| SAMRC | Self-Initiated Research Grant | Dr D Naidoo | R174 127,25 |
| SAMRC | Early Investigators Programme | Ms N Mkhize | R184 000,00 |
| SAMRC | Early Investigators Programme | Ms S Ndlovu | R184 000,00 |
| SAMRC | Early Investigators Programme | Ms N Cibane | R230 000,00 |
| SAMRC | Early Investigators Programme | Ms P Sikosana | R230 000,00 |
| SAMRC | Early Investigators Programme | Ms R Pillay | R230 000,00 |
| DHET /British Council/ Manchester Metropolitan University/ UJ | USDP11 | Prof B.F Bakare | R270 000,00 |
| Alexander von Humboldt | Equipment | Prof TC Davies | EUR20 000, 00 |
| SARIMA | An award for the Research Administration Professional Registration (RAP) application fee | Dr Maryam Amra Jordaan | R 3 450,00 |
| UCDG | Research Capacity Development | Mr S Qwabe and Dr A Mienie | R3 200 000,00 |

| | | | |
|--------------|---|----------------|----------------------|
| DHET | University Staff Development Programme (UCDP) | Ms ZN Jaya | R500 000, 00 |
| DHET | University Staff Development Programme (UCDP) | Ms PQ Mthiyane | R500 000, 00 |
| TOTAL | | | R8 884 950.20 |

MUT has been recognizing excellence in research since 2001. The University was not able to host an event during 2020 due to Covid-19 and a limited number of applications was received. The 2022 event, which marked the 20th Research Awards, recognised research excellence in 2021. The Research Awards Evening was hosted on 16 September 2022. The following awards were made:

Faculty of Engineering

Most Productive Researcher

- Prof AT Kaniki

Runner-up to the Most Productive Researcher

- Dr BP Numbi

Most Productive Novice Researcher

- Dr JK Bwapwa

Faculty of Natural Sciences

Most Productive Researcher Prof

- MR Cooposamy

Senate Prize (Researcher who published most papers during 2021)

Prof BF Bakare published 10 papers during 2021

Research Acknowledgements

External Funding Secured (More than R200,000 received)

- Dr T Mutanda NRF R238,450
- Prof A.T. Kaniki NRF R324,000
- Mrs. T.C. Cele NRF R365,000
- Prof A. Anandraj EDTEA R500,000

Most published Retired Research Professor

- Prof E Mantzaris published 7 journal articles.

Most published Postdoctoral Research Fellows

Faculty of Engineering

- Dr Akinlolu published 3 papers.

Faculty of Management Sciences

- Dr Adewumi, Dr Mlambo and Dr Msosa each published 4 papers.

Faculty of Natural Sciences

- Dr Abayomi published 9 articles.

11.5.2. Innovation

MUT is a research-informed university and, as such, its emphasis and resource allocation are not primarily on research and development. In turn, a small number of research and development initiatives result in protectable intellectual property, which results in a modest Intellectual Property portfolio.

MUT currently owns four South African patents, of which two were granted during 2022, as well as two trademarks. One disclosure for an organic herbicide was received. A provisional patent will be filed during 2023.

The successfully examined Patent Cooperation Treaty (PCT) applications have entered the national phase and were submitted to the United States Patent Office, European Patent Office, Canadian Patent Office and the Intellectual Property Office in China. Should the national phase be successful, MUT will have two additional patents granted in South Africa, the USA, China, Canada and the 38 countries who are members of the European Patent Office.

During the reporting period the two China national phase applications were granted. This is an exciting development as it is the first patents owned by MUT, protected outside of the South African borders.

11.6. Community Engagement

Through Community Engagement (CE), MUT extended university knowledge, resources and expertise to contribute towards the advancement of society while enriching its teaching and learning and research through its academic staff, support staff and students. The University interacted with communities in a variety of community engagement projects that are focused on food security; health and safety; environmental sustainability and resilience; science, technology, engineering and mathematics (STEM); entrepreneurship; and skills development.

The University has been actively involved in strategic partnerships with the local and broader community to enrich learning and research, prepare engaged citizens, and build capacity for internal and external stakeholders. The CE Policy has been reviewed to align the community engagement mandate with the mission statement of MUT, while the CE Implementation Strategy was developed to encourage the scholarship of engagement within the MUT campus, and with external stakeholders.

11.6.1. Review of Community Engagement Policy

The Senate approved the reviewed Community Engagement Policy on 24 May 2022 after extensive consultations with the Executive Management Committee, Community Engagement Committee (COEC), and the Faculty Boards. The review of the CE Policy has been aligned to the MUT's Strategic Plan 2020-2025 and incorporates the scholarship of community engagement. The approach to community engagement is described as a collaborative one through which knowledge is jointly discovered with communities, and in which there is reciprocal exchange of teaching and learning through service-learning, thus presenting opportunities for the University to enhance its teaching, learning and research capabilities.

11.6.2. Finalisation of CE Implementation Strategy

The Directorate of Community Engagement and Development (CEAD), through consultations with internal and external stakeholders, developed and finalised the Community Engagement implementation strategy. The strategy was approved by the Senate on 24 May 2022. The purpose of the CE Strategy is to ensure that community engagement is "integrated into the strategic priorities and the core functions of teaching, learning and research" (HEQC, 2012).

11.6.3. Capacity-building initiatives for internal and external stakeholders

MUT has made a conscious decision to build capacity for internal stakeholders and external communities. The CEAD Directorate capacitated Grade 12 learners of a local school, Umlazi Commercial Technical High School, on career options. For internal stakeholders The CEAD Directorate conducted quarterly CE forum sessions to capacitate project leaders on CE matters. The Directorate also took part in the induction of new staff and student leadership on Community Engagement.

Based on the intersection model that MUT has adopted, the CEAD Directorate continued to support the Cooperative Education Directorate by capacitating academic staff to integrate CE into teaching, learning and research through attendance of weekly Service- Learning Forum (SLF) sessions with eThekweni municipality. The academic staff learned best practices on service-learning (SL). The MUT community was also capacitated to integrate CE into teaching, learning and research through its affiliation in the South African Higher Education

Community Engagement Forum, which equipped academic staff on the scholarship of engagement.

11.6.4. Community Engagement projects

Registered Community Engagement projects were aligned to STEM, environmental sustainability and resilience, entrepreneurship and skills development. Eleven projects were active in 2022, listed in Table 16 below according to the strategic focus of the University with which they are associated.

11.6.5. Social Entrepreneurial Programme

Table 17: Registered CE Projects by Strategic Focus Area

| Strategic Focus Area | Project Name |
|---|---|
| Food Security, Health and Safety | Food Security for Better Health |
| | Agricultural Support for Umlazi Community |
| | The Food Safety Training of the Ready-to-Eat Informal Traders in Umlazi |
| Environmental Sustainability and Resilience | Ecosystems Rehabilitation and Restoration |
| Skills development | Professional Development of Agricultural Sciences Educators |
| | Impilo Community Development |
| | Reading Project |
| | 9/10 ^{ths} Matric Mentoring Project |
| | Vulamehlo Early Childhood Development Centre |
| STEM | Ministerial Special Project: Coding and Robotics |
| Entrepreneurship | Social Entrepreneurial Programme |

In 2022 MUT continued to be part of the Social Entrepreneurial Programme for Higher Education Institutions in KZN, a programme led by the UKZN Graduate School of Business and Leadership and funded by the Provincial Department of Economic Development, Environment, Tourism and Agriculture. Social entrepreneurs operating ventures that make a positive social impact, while generating moderate returns for their sustainability, were selected and enrolled into the programme. These Champions, as they are called, were exposed to cutting-edge design thinking and innovative practices is social entrepreneurship for their personal development as well as the up-scaling of their social ventures.

11.6.6. Partnerships with local government and

communities

In order to increase coverage of CE and leverage resources, MUT engages in a number of partnerships with local government and communities. Six partnerships were established and maintained in 2022, with Moses Kotane Institute, Vumengazi Ttraditional Ccouncil, eThekwini municipality, Ubhavu social outreach NPO, Impilo home NPO, and Ikamva Youth Organisation NGO.

For knowledge sharing, MUT continued to host Public lectures in 2022 which benefited the University community and external stakeholders.

11.7. Staff and Student Awards and Achievements

in 2022

A summary of notable student and staff achievements, not already mentioned in earlier sections, is provided below.

11.7.1. Staff and Student awards and achievements

- Mrs Mbali Mkhize received a Nexus 2022 International Thought Leader Award.
- Dr Paulette Naidoo, Student Counselling, was accepted into the USA/Helm Woman in Leadership programme.
- Ntombifuthi Mthembu MUT Entrepreneurship Coordinator, won a Wadhvani Foundation award.
- Dr Mogasuri Moodley, Director of Quality Assurance Management, was appointed by the CHE as an institutional panel member.
- Lindokuhle Zulu, a Management Sciences student, competed for the Junior Chamber International's Ten Outstanding Young Persons of South Africa awards.
- MUT graduate, Bright Hlongwane, promoted Youth Business at the Qatar Economic Forum.
- Miss Sipiwo Ngcobo a Quantitative Surveying graduate, was awarded the 2022 Vice-Chancellor's Award.
- Mr Sthenjwa Nene completed a Diploma in Information Communication and Technology at MUT - from security guard to IT graduate.
- Miss Silindile Shongwe received a South African Institute of Electrical Engineers Award for best design.
- Professor Marcus Ramogale, Acting Vice-Chancellor, presented a certificate to the new AmaZulu King Misuzulu kaZwelithini.
- MUT Director of Strategic Planning in DIPR, Ms Lerato

Lekena, was elected as President of the Southern African Association for Institutional Research (SAAIR).

11.7.2. Sporting achievements and awards

- Mr Phelelani Khomo, MUT Soccer Coach, obtained a CAF C certificate in soccer coaching.
- MUT Basketball ace selected to go to China with the national team.
- MUT Boxers dominated USSA Games. Sandile Khumalo and Siyabonga Chili were nominated to represent SA in Turkey.
- The MUT Soccer team bagged the league Championship.
- MUT Hockey Coach, Mr Sanele Madida, excelled at the South African Masters interprovincial tournament held in Cape Town.
- MUT star athlete, Ms Mbali Mashaba took part in the annual USSA Games at Greenpoint, Cape Town.
- MUT Boxers dominate Elite Boxing Tournament. Sandile Khumalo, an Advanced Diploma in Accounting Student, Won Gold after winning 4 fights.
- MUT Sport Deputy Director, Siyabulela Mkhwalo, elected to Continental Sporting Board.

11.7.3. Student Governance activities and achievements

- SRC President, Ms Makaziwe Ndlovu, paves the way for women and other disadvantaged students.
- Acting Vice Chancellor gave new SRC Leadership advice during inauguration.
- Newly elected SRC President for 2023, Vusumuzi Mthethwa, identified four focus areas for his administration: policy work, campus work, internationalisation, and community work.

11.8. Composition and Size of the Student Body

Figure 1 below reflects the five-year trend in planned versus actual student headcount enrolments at MUT. Most students enrolled at MUT in 2022 are African, at 99.72% in 2022. Coloured students made up 0.14% of the

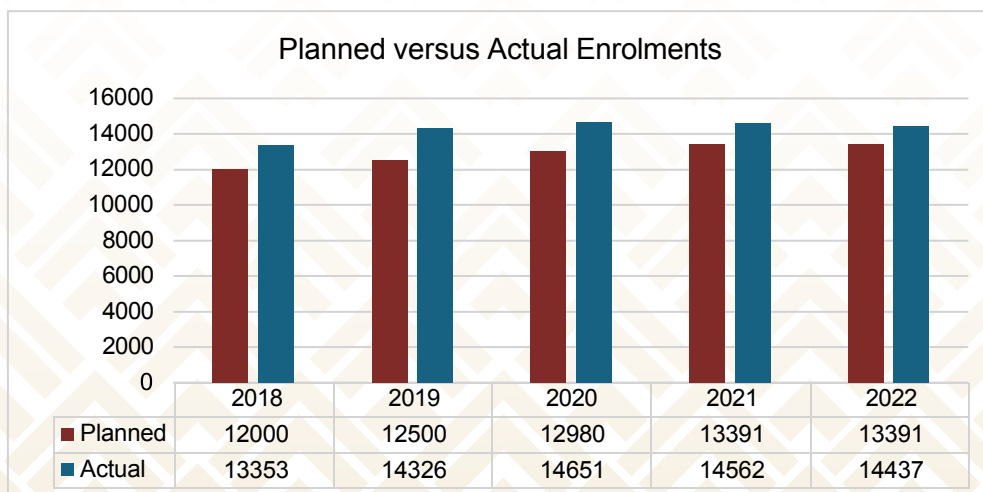


Figure 1: Headcount enrolments, planned vs actual (2018-2022)

student body, Indian students 0.12%, and White students 0.02%, representing about 0.3% together. This demographic trend has remained consistent over the last five years.

Figure 2 below shows the distribution of students in terms of gender. There has been a gradual increase in the proportion of female students in recent years. MUT achieved gender parity in 2020 and 2021. In 2022 female students comprised 51% of the student body.

In 2022, the proportion of headcounts by major field of study were virtually unchanged from 2021. The

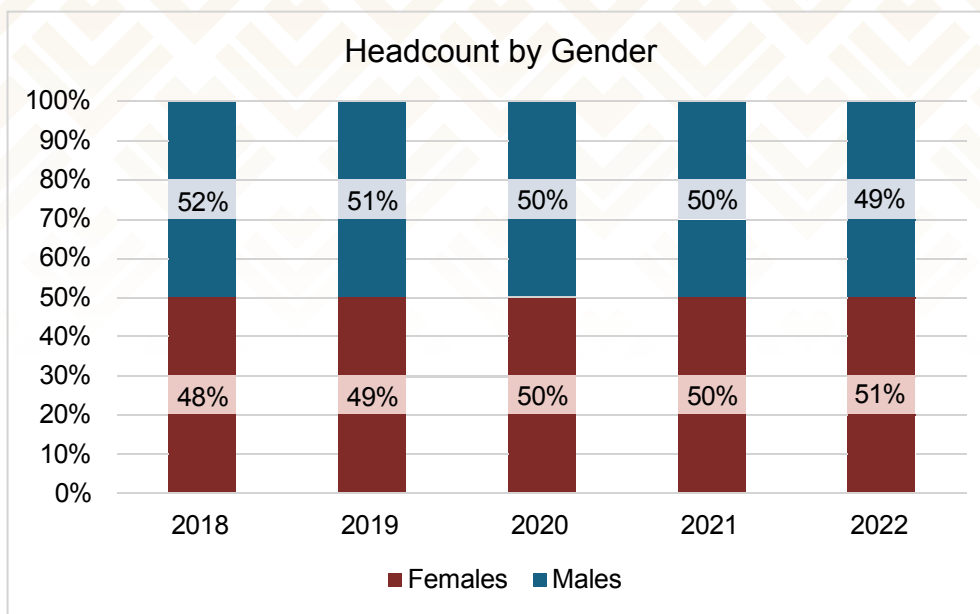


Figure 2: Headcounts by gender (2018-2022)

proportion of enrolments in Science, Engineering and Technology (SET) was 57,6%. The proportion of students in Business/Management was 33,6% and 8,8% in Other Humanities (see Figure 3). The success rate reflects the proportion of subjects that students pass (expressed as credit values), compared

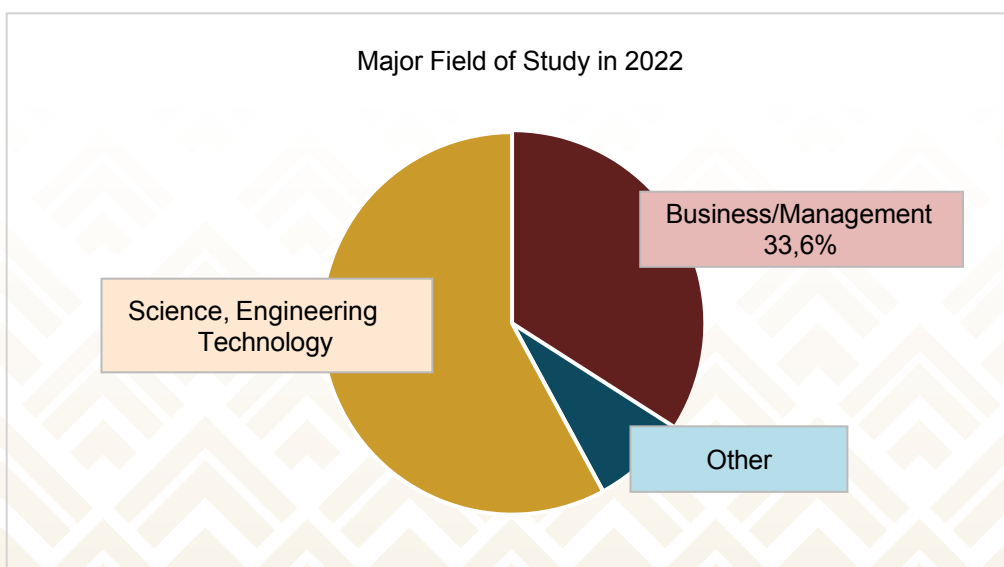


Figure 3: Headcounts by major field of study in 2022

to the subjects for which they were enrolled. Figure 4 shows the planned versus actual success rates at the University for the period 2018 to 2022.

The success rate decreased from 84% in 2021 to 76% in 2022. MUT's success rate for 2022 fell short of the planned target by 5 percentage points.

The graduation rate (number of students who graduated divided by the total number of students enrolled in that

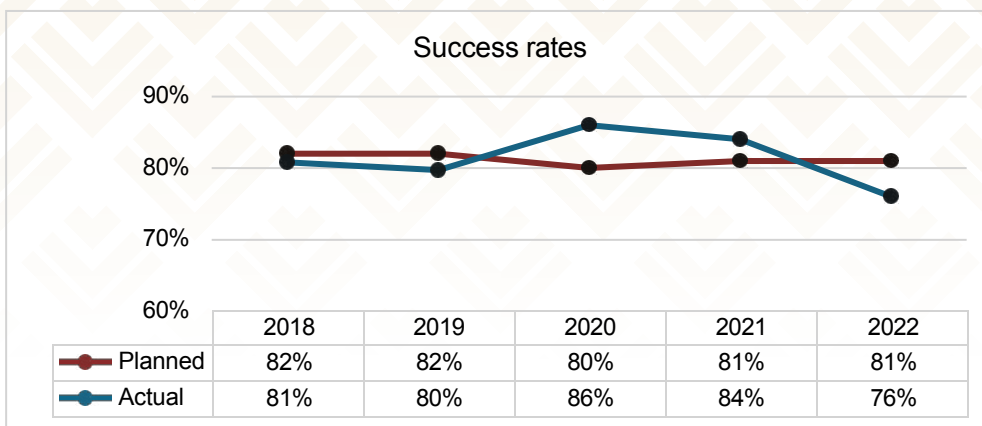


Figure 4: Success rates, planned vs actual (2018-2022)

year) stood at 21% in 2022 (Figure 5). This was one percentage point below the target.

The throughput rate aims to provide an indication of a University's academic efficiency. It is defined as the

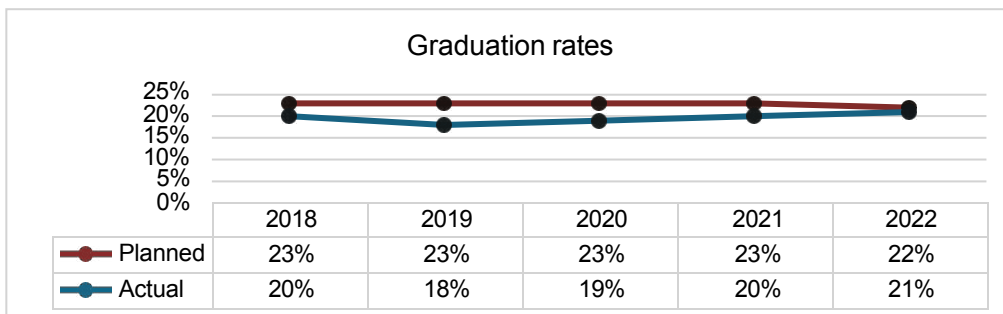


Figure 5: Graduation rates, planned vs actual (2018-2022)

number of new undergraduate students, analysed as a specific cohort tracked for a particular period, who have graduated either within the minimum time or more than the minimum time.

For the 2018 cohort of first-time entering undergraduate students entering a Diploma qualification for the first time, 25,8% of students graduated in the minimum time (in 2020). A further 17,8% graduated in the minimum time +1 year (in 2021) and another 11,3% completed in the minimum time +2 years (in 2022). Overall, 55% of Diploma

students who enrolled in 2018 graduated within five years of registration (min+2).

Dropout rates complement our understanding of student throughput rates. For the 2018 cohort of 3,339 new students enrolled in Diploma qualifications, 27% had dropped out by 2022. A further 18% of the students who registered for the first time in 2018 were still registered at the University in 2022.

NSFAS is the major source of student funding at MUT. Figure 6 below shows the five- year trend in the

proportion of students who are funded by NSFAS. In 2022 the NSFAS grant was allocated to 72% of MUT's student population of 14,437.

For the first time in five years there was a slight decline in the proportion of MUT students receiving NSFAS

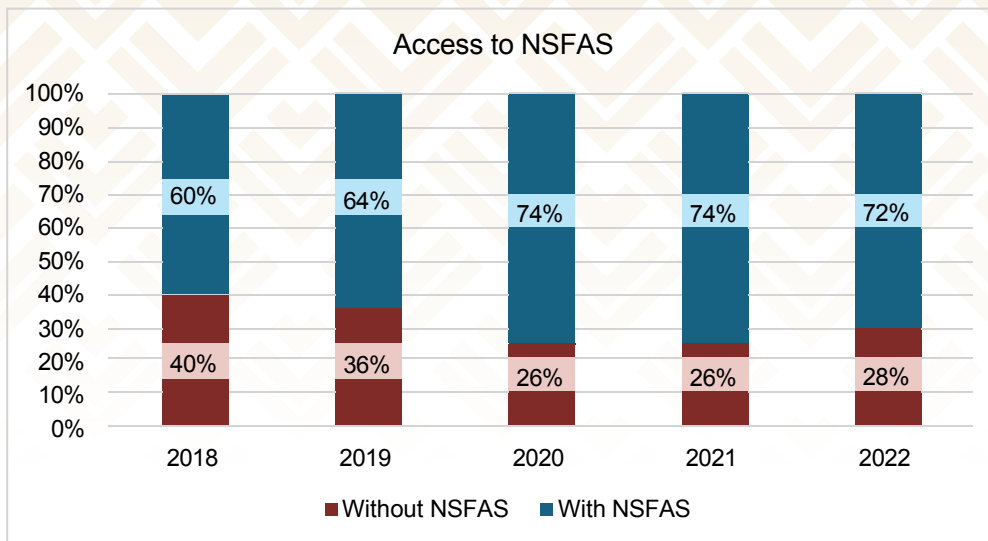


Figure 6: Student access to NSFAS funding (2018-2022)

funding, from 74% in 2021 to 72% in 2022. MUT draws a large number of students from historically disadvantaged communities where many parents are either unemployed or dependent on government social grants. Additional financial aid from the private sector is insufficient to meet current needs.

Prof MM Ramogale
Acting Vice-Chancellor & Principal

12. REPORT OF THE INSTITUTIONAL FORUM



Institutional Forum (IF) Chairperson, Lwazi Mthimkhulu

The charter of the Institutional Forum (IF) states that its purpose is to promote the transformation agenda of the University by giving advice to Council. The MUT Statute outlines the role of the IF as an advisory body to Council on issues 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 IF consists of representatives from Management, Council, Senate, Convocation, academic employees, administrative and support employees, representative employee organisations, students, and an expert on transformation.

The IF held four ordinary meetings in 2022, as well as four special meetings. The composition of the IF and attendance of the meetings is reflected in Table 17 below.

Table 18: IF composition and attendance

| Membership | 2022 Institutional Forum Attendance | | | | | | | | % |
|-------------------------------|-------------------------------------|-----------------------|--------------------|------------------|-------------------|------------------------|------------------------|------------------------|------|
| | 4 February (Special) | 18 February (Special) | 4 March (Ordinary) | 16 May (Special) | 27 May (Ordinary) | 7 September (Ordinary) | 28 September (Special) | 25 November (Ordinary) | |
| Mr L. Mthimkhulu, Chairperson | P | P | P | P | P | P | P | P | 100% |
| Mr T. Hadebe | P | P | P | P | P | P | P | P | 100% |
| Mr S. Mbonambi | P | P | P | P | P | P | P | P | 100% |
| Mr S. Mthethwa | P | P | P | P | AP | P | P | | 86% |
| Mr M. Msimang | P | P | P | P | AP | P | P | | 86% |
| Mr L.P. Nzama | AP | A | P | A | A | P | P | P | 50% |
| Dr B.Y.C. Mnyana | AP | P | P | P | P | P | | | 83% |
| Mrs J. Bosh | P | P | P | P | P | AP | | | 83% |
| Prof. A. Msomi | P | P | P | A | P | P | | | 83% |
| Ms L.T. Kweyama | AP | P | P | P | P | P | | P | 86% |
| Dr T.F. Poswa | P | P | P | P | P | P | | | 100% |
| Mr T. Zwane | P | P | AP | A | P | A | P | P | 83% |
| Mr N. Fuyane | P | P | A | P | P | A | | | 87% |
| Mr A.Z.M. Kubone | P | P | P | P | P | P | | | 100% |
| Dr J.M. Makua | P | AP | AP | P | P | P | A | P | 83% |
| Dr C. Ismail | | | | | | | | P | 100% |
| Mr G. Govender | | | | | | | | P | 100% |
| Ms M. Ndlovu, SRC | | | A | P | A | | | | 33% |
| Ms N. Henggethwa, SRC | | | | | | A | P | | 50% |
| Ms S. Ndumasa, SRC | | | | | | | A | | 0% |
| Ms N. Ngondeni | | | | | | | | P | 100% |
| Mr S. Luthuli, SRC | | | | | | | | P | 100% |

Not a member
 P Present
 A Absent
 AP Apology

During 2022, the IF deliberated on the following matters, among others, and provided advice to Council.

- It received reports on transformation matters, security measures, the implementation of the Employment Equity Plan, and the implementation of Broad-based Black Economic Empowerment (BBBEE).
- The Forum considered and expressed its view on the suitability of candidates for the executive positions of Deputy Director: Resources and Planning; the Registrar; and the Executive Director: Institutional Advancement.
- The IF considered and expressed its view on the suitability of candidates for the executive positions of Deputy Vice-Chancellor: Research, Innovation and Engagement
- The Forum recommended that the guidelines on senior appointments should be revisited with regard to consultation of the IF.
- The IF considered the guidelines for the appointment of the Vice-Chancellor and made recommendations.
- The Forum agreed to a request from the Parliamentary Portfolio Committee on Higher Education, Science, and Innovation to make a short presentation to a meeting of the Committee with MUT on 18 May 2022.
- The IF considered nominees for appointment as University Chancellor and made its recommendation.
- It considered a draft job description for the position of Vice-Chancellor and provided advice to the Council Election Committee



Mr L Mthimkhulu
Chairperson of the Institutional Forum

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

The Executive Management and the Council of the University commenced the year with a decision to hold a Governance Lekgotla to address some of the recommendations provided by the Independent Assessor, Professor Anthony Staak, in his assessment report sent to DHET and shared with the University on the 15 November 2021.

Primarily, the purpose of the workshop was to develop a shared understanding of the elements of corporate versus co-operative governance as they relate to the functioning of a University, and thereby ameliorate tensions that arose from different views by members of Council and Executive Management as mentioned in the assessor's report.

In September of 2022, the University was informed that the Minister of Higher Education, Science and Innovation was dissolving the University Council with effect from 28 September 2022. Professor Lourens Van Staden was appointed as the Administrator of the University in accordance with section 49B of the Higher Education Act (Act 101 of 1997, as amended).

All functions and duties of Council were now undertaken by the Administrator. The Management however remained in place and continued to pursue

the University's strategic objectives outlined in approved plans.

Executive appointments that were concluded in 2022 included the appointment of the Deputy Vice Chancellor, Research, Innovation and Engagement, the University Registrar and the Executive Director Institutional Advancement. These appointments are expected to go a long way in improving performance in the areas of research, governance and University partnerships.

The recruitment process for the appointment of a substantive Vice-Chancellor was held in abeyance as this appointment now fell within the purview of the University Administrator. Specific timelines were set for the conclusion of this process.

The lessening of the impact of the Covid-19 pandemic allowed for the resumption of face-to-face teaching in a more sustained manner during 2022. With the return to normal teaching and learning, the University's Senate reversed special dispensation resolutions that had been taken to accommodate restrictions placed on contact sessions under Covid. The year in review marked the completion of two large infrastructure projects that commenced some

years ago. The new Engineering building and the state of the art Student Centre are expected to enhance efficiencies both from an academic and a student social experience perspective.

University operations were constrained by an intermittent water supply following the floods in KwaZulu Natal in April 2022. Unreliable electricity supply as a result of Eskom load-shedding was another constraint. Contingency measures were put in place to mitigate the challenges caused by these external constraints.

The strengthening of University's community partnerships formed part of the plan of the newly-appointed Executive Director for Institutional

Advancement and It is expected that this area will receive more attention in future.

The Turnaround Strategy, including the financial sustainability plan that was mentioned in last year's Annual Report, has gained traction during this reporting period. The momentum generated has resulted in University-wide buy-in and the final Turnaround Strategy is expected to serve for approval by the Administrator during the course of 2023.

In 2022, 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



Acting Vice-Chancellor, Professor Marcus Ramogale

Handwritten signature of Prof MM Ramogale in black ink.

Prof MM Ramogale
Acting Vice-Chancellor & Principal

14. REPORT ON INTERNAL ADMINISTRATIVE AND OPERATIONAL STRUCTURES AND CONTROLS



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

The University relies on enterprise resource planning (ERP) software to manage its information resources, namely staff, student, space and financial data. Information management systems have been developed and implemented according to defined and documented standards, including HEMIS protocols. 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 reported findings and recommendations to the EMC and ARCC. Corrective actions were taken to address control deficiencies and other opportunities for improving systems are adopted when identified. The audit log was maintained to assess progress on the implementation of management action plans in terms of addressing both internal and external audit findings raised previously.

The University prepares its annual financial statements internally using specialized software. The financial statements are prepared by the Budget and Reporting Accountant, with the assistance of the Director: Finance and under the supervision of the CFO. The draft annual financial statements are subject to an independent review by the Internal Audit, Risk & Compliance directorate. The statements were submitted to the Administrator's Working Group on Finance and Investment for approval.

Prof MM Ramogale
Acting Vice-Chancellor & Principal

Professor L van Staden
MUT Administrator

15. REPORT ON TRANSFORMATION



Acting Vice-Chancellor, Professor Marcus Ramogale

15.1. Foundational Themes

During this reporting period, MUT paid greater attention to weaving in some critical capabilities which it needs to develop for the success of its strategy. These capabilities are referred to in the University's Strategic Plan 2020-2025 as the foundational themes of leadership. They are:

- a. Transformative leadership
- b. Diversity and
- c. Globalisation.

These Foundational Themes of Leadership point to the skills and perspectives to inform the culture within MUT and guide MUT's role beyond the University. They are:

15.1.1. Transformative leadership

One of the skills that executive management sought to inculcate was critical thinking, analytical and reflective evaluation, and the ability to effect positive change.

In preparing for an Institutional Quality Audit (IQA) which was conducted at MUT by the Council on Higher Education, the Office of the Deputy Vice-Chancellor, Teaching & Learning, in conjunction with the Quality Management Directorate (QMD). This

huge project provided an opportunity for the University community to engage with and develop a good understanding of its quality management system.

The outcomes of the IQA will be used for the improvement of the University's quality of provision and will feed into the new Quality Assurance Framework (QAF). One of the highlights of this project was getting various departments, decisions, and individuals, regardless of rank, working together to for the greater good of the University. A Self-Reflection document became the output of this process and has become huge support on referencing quality initiatives across the University. The Self-Reflection document was disseminated to every University stakeholder in order for them to start reflecting on how they could each make the University more effective and efficient. This self-reflection cut across

Another ground-breaking approach used by the University executive to inculcate critical thinking was a University-wide consultative programme on how the University could develop a Turn-around strategy that would see the University become more sustainable beyond 2050.

15.1.2. Promoting diversity

In promoting diversity, the University's Employment Equity Policy was approved, and the University straight away undertook a more intentional approach on equity. The EE statistics are outlined on this document. There were several campaigns that were also undertaken to raise awareness of on Human Rights and GBV. The University had about 11 Womanity Podcasts on MUT Radio every Thursday in 2022.

15.1.3. Globalisation

MUT increased its visitors from a baseline of 102 690 475 web hits to 17 134 591 web hits for Quarter 4 - top pages - student portal, landing page, vacancies pages, how to apply to MUT, an increase of 16.69%.

MUT's profile was also elevated internationally with new collaborations and visits to MUT. The University was represented at strategic benchmarking visits that were organised by DHET in France and Finland. MUT signed an MoU with a University, ESAIP in France, and became a member of South Africa-Sweden Forum (SASUF). The dean of engineering also led a delegation to London South Bank University (UK) which was also funded through DHET.

In terms of engagements, the University hosted Africa Week which enabled MUT students to listen to recorded voices of Africa so that they could understand other cultures while academics attended online webinars in celebration of Africa Day. One of the webinars was covered by a well-known KZN TV station.

MUT's Africa Day firmed up its Internationalisation at Home strategy with online webinars on:

- Africanisation of the curriculum: Prof Nkoane, UFS-Microsoft Teams, MUT Radio, Podcast.
- The marginalised Indigenous Peoples of Africa - downtrodden or has the agenda changed? Dr Godson Gatsha, DVC: Student Services, Botswana Open Air University
- Infusing Africanness in the methodologies of instruction in teacher education programmes-Prof Jane Iloanya-Botho University, HoD, Education.
- Decolonised curriculum, Prof Marcus Ramogale, DVC Teaching & Learning
- Nutrition in Africa: Dr Xoli Mkhize, Senior Lecturer, MUT, Community Extension

The University also hosted an International Week where the the following people presented and participated during the I-Week and as such elevated brand MUT:

- DVC Research & Innovation (UKZN)
- eThekweni Municipality: Councilor Nyawose
- Head of Intergovernmental Relations, Mr Eric Apelgren.
- BrandSA which provided an in-depth perspective on how universities could use BrandSA resources to build equity as on their internationalization efforts.

MUT University partners and friends to MUT:

- o Univen
- o Botswana Open Air University
- o University of Pretoria,
- o Appalachian State University (USA)
- o ENSIEE (France)
- o University of the Free State
- o UKZN
- o UWC
- o French embassy
- o NRF
- o USAf

Apart from these, there were various visits to MUT from France, UK, and Australia, participating in various conferences such as Focus Conference, Empowered Administrators Conference and others.

15.2. Employment Equity

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

The importance of transformation in terms of demographic is clear, which is why MUT is trying its level best to reflect the race, gender and disability profile of the people of the country. The objective of the employment equity plan is to arrive at a more equitable and diverse staff composition at MUT, however challenges and difficulties are there, but we are trying to embrace those challenges and strive hard to achieve more equitable staff composition as the University.

The University Council approved the interim Employment Equity Plan for twenty months as the previous plan expired. The reason for the interim employment equity plan is that there are still consultations throughout the sector and the promulgation of the Employment Equity Amendment bill is still awaited. This will determine sectoral targets

applicable to the University sector. The University is committed to eliminating unfair discrimination in all human resources policies and practices within MUT and designing and implementing affirmative action measures to achieve equitable representation of designated groups in all occupational categories and levels. All this is done through the implementation of the EE Plan.

Table 18 below summarises the University's success in meeting its employment equity targets.

All the figures in the negative represent a deficit in terms of employees required. The University has committed

Table 19: University Employment Equity targets

| University Employment Equity Targets | | | | | |
|---|---------------|-----------------|---------------------|------------------|---------------------------|
| Population Group | Gender | EAP 2021 | Filled Posts | EE Target | Employees Required |
| African | Male | 46,20% | 283 | 339,12 | -56,12 |
| | Female | 40,50% | 309 | 297,31 | 11,69 |
| Coloured | Male | 0,60% | 3 | 4,43 | -1,43 |
| | Female | 0,50% | 4 | 3,71 | 0,29 |
| Indian | Male | 6,00% | 35 | 44,04 | -9,04 |
| | Female | 3,60% | 20 | 26,45 | -6,45 |
| White | Male | 1,50% | 6 | 11,05 | -5,05 |
| | Female | 1,10% | 8 | 8,08 | -0,08 |
| TOTAL | | | 668 | 734 | -66 |

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

One of the difficulties in recruitment and selection of people from targeted groups has been in the area of scarce skills, especially Engineering. It is difficult to attract staff as we are competing with very high remuneration packages offered in industry. Deviations to hiring staff in the targeted groups in this area were expected and necessary, to ensure continuity of teaching at the University.

MUT's workforce profile, in terms occupational levels, gender and race as at 31 December 2022, is shown in Table 19 below.

Senior posts filled in 2022:

Table 20: Workforce Profile by Occupational Level

| Occupational Levels | Male | | | | Female | | | | Foreign Nationals | | Total |
|--|------------|----------|-----------|-----------|------------|----------|-----------|----------|-------------------|----------|------------|
| | A | C | I | W | A | C | I | W | Male | Female | |
| Top management | 2 | 0 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | 0 | 5 |
| Senior management | 1 | 1 | 1 | 1 | 3 | 0 | 1 | 0 | 0 | 0 | 8 |
| Professionally qualified and experienced specialists and mid-management | 47 | 0 | 12 | 2 | 30 | 1 | 4 | 3 | 14 | 1 | 114 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 191 | 2 | 19 | 2 | 194 | 2 | 16 | 6 | 7 | 2 | 441 |
| Semi-skilled and discretionary decision making | 50 | 0 | 0 | 0 | 49 | 0 | 1 | 0 | 0 | 0 | 100 |
| Unskilled and defined decision making | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL PERMANENT | 291 | 3 | 33 | 5 | 277 | 3 | 23 | 9 | 21 | 3 | 668 |
| Temporary employees | 69 | 0 | 2 | 5 | 56 | 2 | 2 | 0 | 14 | 1 | 151 |
| GRAND TOTAL | 360 | 3 | 35 | 10 | 333 | 5 | 25 | 9 | 35 | 4 | 819 |

Deputy Vice-Chancellor: Research, Innovation and Engagements: African Female

Registrar: African Male

Executive Director: Institutional Advancement: Indian Female

15.3. Staff development and capacity building

Employees are a key determinant of an organisation's success and maintaining a well-trained and well-qualified workforce is a critical function of both employees and managers. Skills development supports transformation, the University goals, and professional and personal development and advancement. Employee training and development is a continued effort of the University to boost the performance of its employees. Staff development

presents an opportunity to instil the needed skills for the employees and in doing so the University is able to bridge any gaps and weak links. Employees who receive training from time to time are in a better position to improve their work productivity.

Investing in the professional development of staff is important to maintaining and enhancing the knowledge and skills needed to deliver high levels of service to our stakeholders. Moreover, continuous professional development is among the key strategic objectives (2020-2025) to create an organisational culture that optimises

productivity at MUT. In support of the strategic objective, a Leadership Development Programme was provided during 2022 .

The Finance and Investment Committee (FIC) held three ordinary meetings and one special meeting



Part C: Annual Financial Review

16. REPORT OF THE CFO AND THE FINANCE AND INVESTMENT COMMITTEE



CFO, Rodney Delomoney

during the year to consider various financial and investment issues as mandated. The fourth ordinary meeting of this sub-committee did not take place as the Minister of Higher Education, Science and Technology dissolved the Council of the University in September 2022 and appointed an Administrator with effect from 28 September 2022.

We reported in the prior year the progress made toward policy development. The Finance Department has drafted the three remaining policies as per the policy schedule and have revised two existing policies. These policies will be tabled for the Administrator's approval in 2023.

The 2022 year saw the lockdown restrictions implemented in 2020 as a result of the Covid-19 pandemic being lifted. Although the 2021 academic year was extended into the first quarter of 2022, the 2022 academic year was successfully completed at the end of December 2022. A portion of 2021 revenue was deferred and recognised in the 2022 financial year as a result of the extension of the 2021 academic year into the 2022 financial year.

The Covid-19 pandemic had dire consequences for the Higher Education sector. The effects of the pandemic on the economy and already declining

economic climate places more pressure on the University from a cash flow perspective. This is because of the higher unemployment rates contributing to the inability of students to settle their fees when due.

The issue of diminishing funding in the sector continues to be a concern and this was exacerbated in October 2022 when the DHET issued a notice advising of a shortfall in NSFAS funding to the amount of R1.5-billion (one billion, five hundred million rand). This necessitated the reprioritisation of earmarked grants which effectively meant a reduction in the 2022 earmarked grant allocations. Furthermore, the Covid-19 responsive grants were terminated at the end of March 2022 and any unspent balance on these grants was directed towards the block grant.

MUT continued to navigate through these difficult times, addressing various challenges including capacitating Finance in all aspects with a view to achieving improved efficiency, effectiveness and compliance.

The University remains steadfast in prioritising financial sustainability and significant progress has been made towards the development of a turnaround

strategy that will be implemented in phases, commencing in 2023.

There are still significant challenges in respect of Supply Chain Management (SCM). Although two key positions were filled in SCM in early 2022, the department continues to operate with a structure that is not fit for purpose. This makes it extremely difficult to make impactful improvements and achieve overall efficiency and effectiveness. The fullcapacitation of the SCM unit remains critical in the overall progress and development of the University.

Privately-funded student debt still remains a concern and major challenge for the University. This has been aggravated by the Covid-19 pandemic and its devastating impact on the economy. MUT has handed over the collection of student debt to a panel of service providers. There is a significant volume of accounts handed over with the total handover value of approximately R557-million at year end. These service providers have made steady but slow progress in the collection of such debt. The average collection rate is 8%. We engage with debt collectors on a regular basis to review and discuss their progress in respect of collections. MUT's in-house capacity for debt management is very limited. The revised proposed structure of the unit has made provision to partially address this issue.

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

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

The Provision for Doubtful Debt is significant and represents 48% (2021: 60%) of the Gross Student Receivables. The major reason for the decline in the ratio at the end of 2022 was a reclassification of privately funded debt of R88-million to NSFAS funded debt based on the Close-out Project for the academic years 2017 to 2020.

We have made progress towards regularising the non-profit entity controlled by MUT, namely, First Ready Development 143 NPC. In this regard the company has been reinstated with the Companies & Intellectual Properties Commission (CIPC). The next steps will be to change directors, amend the main objects of the company and thereafter proceed with the transfer of property to the University.

MUT recorded a surplus during the current year. The surplus before Other Comprehensive Income is R127-million (2021: R194-million).

There was a decrease in total revenue of 3% (2021: increase of 26%) and the increase in total expenses was 2% (2021:10%). The decrease in income was mainly due to a decrease in Government grants of 8%, as well as a decline in tuition revenue by 6% whilst student accommodation revenue declined by 1%.

The number of Full Time Equivalent (FTE) students decreased by 524 (5%) from 10,189 in 2021 to 9,665 in 2022, whilst head count numbers decreased by 125 (1%) from 14,562 in 2021 to 14,437 in 2022.

The number of students in residences decreased from 10,739 in 2021 to 10,326 in 2022, a decrease of 413 students which is a 3% decrease compared to 2021.

16.1. Budgeting process



MUT students study, graduate, get jobs and make a telling impact in their communities and the economy. Lately, some are creating their own businesses

The budget supports the implementation of plans aimed at achieving the objectives of MUT's Annual Performance Plan. The budget for 2022 was a balanced budget in line with historical trends. A Budget Committee is responsible for overseeing the budget and recommending the budget to the FIC, which recommends it to Council for approval. The University issues a detailed budget guideline document on an annual basis in order to assist budget holders in the budget-setting process. The 2022 budget was approved by Council at the end of 2021 and was implemented in 2022.

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 fees is funded from the National Student Financial Aid Scheme (NSFAS), plus a small proportion of bursaries or scholarships from independent donors, with the balance made up of privately funded (cash paying) students.

The following graph illustrates the proportion of students in the three funding categories for the 2022 academic year.

16.2.1. NSFAS

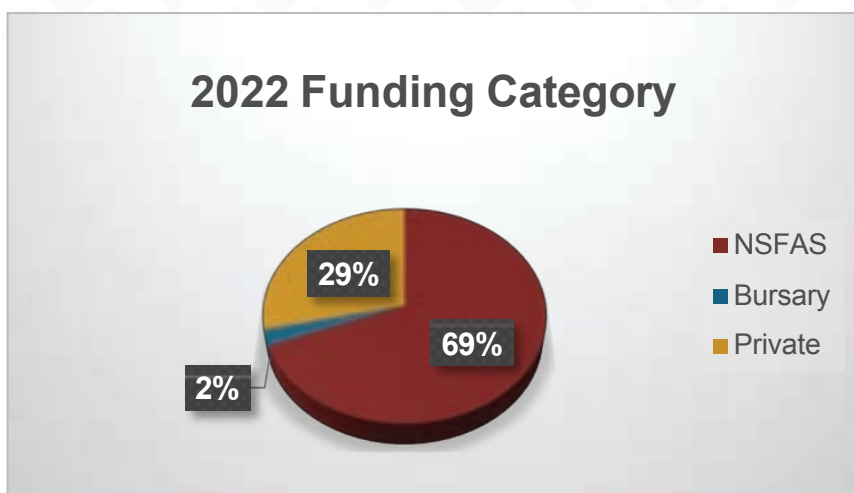


Figure 7: 2023 Student Funding by Category

In respect of the 2022 year, the number of NSFAS-funded students as of 31 December 2022 was 10,562 (2021:10,797) representing a decrease of 2%. The number of students funded does fluctuate during the year as students are added onto the funded report when new applicants are funded or when appeals are approved by NSFAS. Students are removed from the funded report if they cease to meet the requirements for funding.

The total funded amount for 2022 was R881-million. (2021: R843-million). Our records indicate that NSFAS still owes the University an amount of R114-million in respect of the 2022 academic year and R36-million for the 2021 academic year.

The amounts reflected above will be subject to confirmation by NSFAS through their Close-out Project. The project was initiated in previous years commencing with the period 2017 to 2020. In respect

of these years, NSFAS is at the conclusion of the project and issued the University with a finalisation letter in July 2022 reflecting a net amount due to the University of R193-million and a further R26-million related to missing students which has not been confirmed as yet. The close-out for the 2021 and 2022 academic years has commenced and the University was requested to provide information to NSFAS, which it has done. There has been no further correspondence from NSFAS regarding the close-out of the 2021 and 2022 academic years.

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

NSFAS will be taking over the disbursement of student allowances during the 2023 academic year

and is also planning to administer directly the student accommodation for students funded via NSFAS.

16.2.2. Bursaries and scholarships

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

Bursaries and scholarships amounted to R22-million (2021: R23-million) and funded 420 (2021: 402) students.

The Financial Aid Office performs an administrative function in respect of bursaries and scholarships; and although it does not actively source bursaries and scholarships for students, it does respond to funding proposals from potential funders.

The University appointed an Executive Director: Institutional Advancement during the 2022 year. This office has overall responsibility for fundraising, bursaries and scholarships as well as donor management. We believe that this office will grow the donor funding base of the University and also increase the quantity and rand value of bursaries for students.

16.3. Financial highlights: Income and expenditure

16.3.1. Income

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

Total income decreased from R1 344-million in 2021 to R1 297-million in 2022, which is a decrease of R47-million (3%).

Council-controlled income amounted to R804-million compared to R845-million in 2021. This is a decrease of R41-million (5%).

Government subsidies and grants decreased from R511-million in 2021 to R471-million in 2022, a decrease of R40-million (8%) with the block grant the major contributor, decreasing by 8%.

Tuition and other fee income decreased from R334-million in 2021 to R315-million in 2022, which is a decrease of R19-million (6%). The tuition fee increment for the 2022 year was 4.23% (2021: 4.7%) which was in accordance with the fee compact issued by the Minister of Higher Education, Science and Technology. However, average tuition fees for the year were 5% lower than 2023. The student headcount and FTE numbers declined, which contributes to lower tuition and other fee income.

Income from student residence fees decreased from R483-million in 2021 to R478-million in 2022, which is a decrease of R5-million (1%). The increment in University residence fees was 6.23% (2020: 6.7%) which was in accordance with the Fee compact issued by the Minister of Higher Education, Science and Technology. The number of students in residences decreased by 3%.

16.3.2. Expenditure

Total expenditure amounted to R1 169-million, which is an increase of R18-million (2%) on the 2021 amount of R1 151-million.

Council-controlled unrestricted expenditure amounted to R797-million in 2022 compared to R791-million in 2021, which is an increase of R5-million (1%).

Personnel costs amounted to R507-million compared to R479-million in 2021, which is an increase of R28-million (6%). The salary increment for the year was 4.5%. The ratio of personnel costs to unrestricted income is 63% (2021: 57%).

16.4. Other operating expenses

Other operating expenses amounted to R584-million, which is an increase of R24-million (4%) on the 2021 expenses of R560-million.

The University spent 33% more on repairs and maintenance in 2022 than 2021 due to backlog maintenance projects which commenced in 2022 and will continue in 2023. A backdated increment for security services was incurred which contributed to the 15% increase in security expenses compared to the prior year. Research costs significantly increased as a result of an increase in post-doctoral expenses due to more post-doctoral research fellows being engaged. External leased accommodation increased

by 4% as more students were housed in external residences due to some internal residences being refurbished. The University entered into new three-year lease agreements with landlords at the beginning of the 2022 year with no fixed escalation. The escalation for 2022 was negotiated at 5.5%.

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

16.5. Surplus/deficit

There is an overall surplus before other comprehensive income of R127-million in 2022 which is a decrease of R67-million compared to the 2021 surplus of R193-million. The major reason for this decrease is the significant decrease in revenue as explained above.

16.6. Statement of financial position

16.6.1. Non-current assets

Property, Plant and Equipment increased by 9% from R1 057-million in 2021 to R1 147-million in 2022. The increase is a result of significant progress being made on construction of the new Engineering laboratories and the Student Centre.

The University will continue with its annual physical verification of property, plant and equipment. The introduction of better asset management software and technology is being considered to improve the management of moveable assets.

16.6.2. Current assets

Current assets increased by 1% from R1 500-million in 2021 to R1 518-million in 2022. The increase is mainly due to an increase in trade and other receivables of R148-million. This also includes an accrual of interest for the 2022 year of R18-million.

16.6.3. Non-current liabilities

Non-current liabilities increased by 9% from R1 178-million in 2021 to R1 282-million in 2022. The increase is mainly due to the increase in deferred Income of R121-million as a result of work-in-progress being raised on the infrastructure projects. There was also an increase of 8% in the University's post-retirement medical aid obligation, which is based on an annual actuarial valuation.

16.6.4. Current liabilities

Current liabilities decreased by 27% from R424-million in 2021 to R308-million in 2022. This is mainly due to the decrease in restricted grants of R30-million and a decrease in trade and other payables of R88-million. Included in trade and other payable are special restricted funds, which decreased by R11-million (37%). These special restricted funds are represented by grants from various funders, to be used for specific purposes, as well as other fund balances specific to various units within the University.

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 R1 093-million (2021: R970-million). Liquidity is also positive with current assets exceeding current liabilities by R1 210-million (2021: R1 075-million). The University's own cash balance after deducting earmarked grants is R397-million (2021: R483-million) as at 31 December 2022.

There is a focused effort to improve the financial sustainability of the University. The table above reflects minor improvements in some ratios, whilst student debt still remains a concern.

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

Table 21: Financial indicators and ratios (2018-2022)

| | 2018 | 2019 | 2020 | 2021 | 2022 |
|---|-------------|-------------|-------------|-------------|-------------|
| Personnel cost to unrestricted Income | 58% | 65% | 64% | 57% | 63% |
| Personnel cost as a % of total expend. | 45% | 47% | 45% | 36% | 43% |
| Subsidy as a % of income | 45% | 41% | 41% | 37% | 35% |
| Tuition and residences as % of income | 54% | 56% | 55% | 61% | 61% |
| Other Income as a % of Income | 1% | 1% | 1% | 1% | 2% |
| Current Ratio | 1 | 1 | 1 | 2 | 3 |
| Cash Ratio | 3 | 3 | 1 | 1 | 1 |
| Total debtors as a % of fees | 98% | 39% | 75% | 70% | 89% |
| Provision for bad doubtful as a % of debt | 50% | 54% | 46% | 60% | 48% |
| (Decrease)/Increase in debtors (R000) | 109 118 | -44 951 | 127 497 | -112 413 | 148 137 |



Mr R Delomoney
Chief Financial Officer



Professor L van Staden
MUT Administrator

17. REPORT ON ENTERPRISE RISK MANAGEMENT



Zimasa Gwarube

The Council of Mangosuthu University of Technology through the approved Enterprise Risk Management (ERM) framework recognised that risks are intrinsic in pursuing the strategy of the university and therefore the need to ensure a balance in managing risks and opportunities is critical. The effective implementation of a robust ERM process requires commitment and support from governance structures and executive management.

The framework facilitates a formal ERM approach and structure for achieving strategic objectives. The approach assists in: 26/07/2023

- Identification and evaluation of risks;

- Setting a structure for the formal setting of acceptable risk limits and tolerance levels;
- Continuous monitoring of management actions and controls university wide; and
- Enforcing accountability at all levels within the university, risk management is a responsibility of all employees of MUT

Formal risk assessments are conducted by the University's Risk Management Committee (RMC), which is essentially the Executive Management Committee (EMC). Risk reporting is facilitated by the University's Director: Risk and Audit and submitted to ARCC on a quarterly basis for oversight.

The University has identified 11 strategic risks, listed

Table 22: Top 11 risks in 2022

| BRIEF DESCRIPTION OF RISK | Strategic Goals | RESIDUAL RISK ¹ RATING |
|---|---|-----------------------------------|
| 1. Failure to maintain academic quality and standards | Goal 1: Excellence in Teaching and Learning | 10 |
| 2. Inability to strengthen our position as a research-informed University | Goal 2: Excellence in Research, Innovation and Engagement | 10 |
| 3. Not being relevant or responsive to community needs | Goal 3: Excellence in Community Engagement | 8 |

| | | |
|--|---|-----|
| 4. Inability to form collaborations nationally and internationally | Goal 4: Targeted National Engagement and Internationalisation | 15 |
| 5. Non-alignment of skill set to achieve strategic imperatives | Goal 5: To create an Enabling Support Environment | 15 |
| 6. Non-alignment of IT Strategy to organisation-wide strategy and needs. | Goal 5: To create an Enabling Support Environment | 15 |
| 7. Inability to remain financially sustainable | Goal 5: To create an Enabling Support Environment | 15 |
| 8. Lack of fit-for-purpose infrastructure | Goal 5: To create an Enabling Support Environment | 15 |
| 9. Non-compliance to laws, regulations, and processes | Goal 5: To create an Enabling Support Environment | 8 |
| 10. Inadequate whole student life (other activities) | Goal 5: To create an Enabling Support Environment | 12 |
| 11. Disruptions to normal business events | Goal 5: To create an Enabling Support Environment | 7,5 |

Residual risk rating scale descriptions as per ERM framework:

| | | |
|----------|-----------------------------------|---|
| 3 | Residual rating between 15.1 - 25 | Actual level of risk exposure after controls is considerable higher than risk appetite and requires management constant attention to ensure residual risk does not occur. |
| 2 | Residual rating between 5.1 - 15 | A reasonable level of risk exposure, after controls, was left that requires management attention from time to time to ensure residual risk does not occur. |
| 1 | Residual rating between 0 - 5 | The level of risk exposure is minimal after controls were applied and within the risk appetite. |

in the table below.

17.1. Fraud Risk Management

The Vice-Chancellor of MUT is responsible to Council to ensure that risk, including fraud risk and regulatory compliance, is appropriately managed. Council, through its Audit Risk and Compliance Committee (ARCC), has oversight responsibility for the management of enterprise risk. MUT has a hotline facility independently managed by Deloitte Tip-Off Anonymous (Pty) Ltd.

The Vice-Chancellor has re-established an Anti-Fraud Working Group, a select executive

management structure that receives and analyses fraud and corruption reports that come through the various available channels of the University, coordinated by the Director Risk and Audit. MUT does not have an internal forensic division and the function is outsourced. The Risk and Audit Directorate is responsible for the coordination all the forensic investigations and reports on behalf of the Vice Chancellor.

A quarterly report on Fraud and Other Investigations (Hotline report) is developed and reported to the ARCC of Council. This report covers a register of all the reported cases with the status of management actions taken. The report also covers new cases that



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

18. REPORT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE

were not previously reported in the previous quarter. The Audit, Risk and Compliance Committee (ARCC) comprises 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 responsibility is to provide 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):

- i. Assist the Council in fulfilling its role of providing assurance on corporate governance.
- ii. Facilitate effective working relationships between the Council, management, and the external and internal auditors.
- iii. Review the financial statements and consider all factors and risks that may affect the integrity of the financial statements.
- iv. Consider the need for summarised information and engage with external auditors.
- v. 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.
- vi. Ensure that each Committee member understands the detailed responsibilities of Committee members as well as the institution's business, operations and risks in order to

perform his or her duties effectively.

18.1. Internal audit

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

The Internal Audit (IA) function at MUT works in line with the Internal Audit Charter as approved by the ARCC of Council. The internal audit activity is co-sourced with appointed service providers reporting to the MUT Director Risk and Audit.

The Director Risk and Audit, as the custodian of the internal audit function, reports regularly to ARCC and has unrestricted access to the Committee Chairperson. A three-year strategic rolling plan including an annual operational plan were developed and approved for the 2022 financial year. This is a risk-based plan and reports are submitted to ARCC on a quarterly basis for monitoring and oversight purposes.

Internal Audit also assists management by coordinating the process of closing out reported external and internal audit queries, by following up quarterly on the specified target action dates. An audit register report is compiled and updated quarterly and reported to ARCC. Table 22 below

Table 23: Status of Internal Audit findings, 2022

| Status | Teaching & Learning | Finance | HR | Marcomms | Student Affairs | Registrar | DIPR | IT&N | Operatio | Total |
|----------------------------|---------------------|---------|----|----------|-----------------|-----------|------|------|----------|-------|
| Not Resolved | 0 | 21 | 0 | 0 | 4 | 1 | 0 | 3 | 8 | 37 |
| Resolved | 54 | 208 | 19 | 9 | 16 | 12 | 22 | 20 | 13 | 373 |
| In progress | 8 | 13 | 6 | 0 | 6 | 13 | 5 | 6 | 11 | 68 |
| Not due for implementation | 0 | 1 | 0 | 0 | 0 | 8 | 16 | 0 | 1 | 26 |
| | 62 | 243 | 25 | 9 | 26 | 34 | 43 | 29 | 33 | 504 |

shows the status of internal audit findings as at 31 December 2022.

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 AFS in 2022.

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

18.2. Risk Management

Risk management at MUT is guided by an Integrated Enterprise Risk Management (ERM) and Combined Assurance Framework. The risk management process is aligned to the institutional strategy, which ensures a focused and integrated process of risk management.

The MUT Council, with the support of ARCC, has provided oversight for risk management and Internal Audit. The Vice-Chancellor, with the risk management committee (EMC), is responsible for the implementation of the Enterprise Risk Management (ERM) and Combined Assurance Framework.

The Director Risk and Audit is responsible for co-ordinating ERM activities. The Risk and Audit function, as a second line of defence, facilitates the enterprise-wide risk management and combined assurance process. The risk management function conducts risk assessment workshops or training, which result in the development and update of the strategic risk register and the fraud risk register on a quarterly basis.



Students crafting a better future for themselves

18.3. Compliance

18.3.1. Monitoring health and safety

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

Health and Safety was part of a team that recommended the closure of internal student residences which were noncompliant with relevant legislation and safety standards. The residences concerned are currently being renovated and alternative external student accommodation was found by Student Housing.

The dining facilities utilised by students situated at Main Campus are currently not in operation, owing to conditions which compromised food safety and general hygiene in the dining facilities.

Bearing in mind the importance of emergency preparedness, Health and Safety organised emergency simulation exercise at residence Block H (commonly known as E'Nkandla) where students

were evacuated. This was done to prepare them for any unplanned emergency situation that could affect them while they are in residence.

An awareness campaign was conducted to ensure that students are vigilant about health and safety matters in their residences. In the interest of health and safety, students are represented by an SRC member in the Health and Safety Committee, and the member is responsible for raising health and safety issues affecting students at MUT Campus. Health and Safety compliance matters were presented during the meeting with the landlords of external residences in collaboration with Students Housing.

In championing health and safety, groups of students were trained on First Aid response by an accredited service provider to equip them with the necessary skills in terms Level 1 First Aid training.

18.3.2. Monitoring IT governance

IT&N, the ICT function within the University, submitted quarterly IT Governance reports for risk oversight purposes to ARCC. ICT has been identified as a priority risk areas and forms part of the University's strategic risk register. To this end, progress towards developing a comprehensive IT strategy and IT governance policy that supports the academic enterprise as well as the support services of the University began in 2020 and continued in 2022.



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



Professor L van Staden
MUT Administrator



Part D:
Consolidated financial statements

3. REPORT ON THE COUNCIL AND ADMINISTRATOR PERIODS

| | |
|--|---|
| Country of incorporation and domicile | South Africa |
| Nature of business and principal activities | Provision of Higher Education |
| Administrator | Prof. LR van Staden |
| Registered office | 511 Mangosuthu Highway Umlazi Durban KwaZulu-Natal 4031 |
| Postal address | P.O Box 12363 Jacobs 4061 |
| Auditor | Nexia SAB&T Chartered Accountant (SA) Registered Auditors |
| Level of assurance | These consolidated financial statements have been audited in compliance with the applicable requirements of the Higher Education Act (Act No. 101 of 1997, as amended). |
| Issued | 24 July 2023 |

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These financial statements were prepared under the supervision of:

Rodney Delomoney

ADMINISTRATOR'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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

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

The Administrator acknowledges that he is ultimately responsible for the system of internal financial control established by the Mangosuthu University of Technology and places considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Administrator 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 Administrator is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Administrator has reviewed the Mangosuthu University of Technology's cash flow forecast for the year to 31 December 2023 and, in light of this review and the current financial position, he is satisfied that the Mangosuthu University of Technology has access to adequate resources to continue in operational existence for the foreseeable future.

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

The consolidated financial statements set out on pages 13 to 61, which have been prepared on the going concern basis, were approved by the Administrator on 24 July 2023 and were signed by:

Approval of financial statements



INDEPENDENT AUDITOR'S REPORT TO THE ADMINISTRATOR OF THE MANGOSUTHU UNIVERSITY OF TECHNOLOGY

Report on the audit of the consolidated financial statements

Opinion

1. We have audited the consolidated financial statements of the Mangosuthu University of Technology and its subsidiary (the group) set out on pages 13 to 59, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

2. In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Mangosuthu University of Technology and its subsidiary (the group) as at 31 December 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, Act no. 101 of 1997.

Basis for opinion

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

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

Professional Accountants (Including International Independence Standards).

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

Emphasis of matter

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

Material impairments – trade and other receivables

7. As disclosed in note 7 to the consolidated financial statements, a material impairment to the amount of R340 208 000 (2021: R339 868 000) was incurred.

Restatement of corresponding figures

8. As disclosed in note 21 to the consolidated financial statements, the corresponding figures for 31 December 2021 were restated due to errors identified which have been adjusted for in the consolidated financial statements of the University for the year ended 31 December 2022.

Responsibilities of Council for the financial statements

9. The council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, Act no. 101 of 1997, and for such internal control as the council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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



Report on the audit of the annual performance report

Introduction and scope

13. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, we have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify material findings but not to gather evidence to express assurance.

14. Our procedures address the usefulness and reliability of the reported performance information, which must be based on the University's approved performance planning documents. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures do not examine whether

the actions taken by the University enabled service delivery. Our procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

15. We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the University's annual performance report for the year ended 31 December 2022:

| Number | Programmes | Pages in the annual performance report |
|--------|---|--|
| 1 | Excellence in teaching and learning | 11 – 13 |
| 2 | Excellence in research, innovation and engagement | 14 - 14 |

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

17. We did not identify any material findings on the usefulness and reliability of the reported performance information for these programmes:

- Excellence in teaching and learning
- Excellence in research, innovation and engagement

Achievement of planned targets

18. Refer to the annual performance report on pages 10 to 22 for information on the achievement of planned targets for the year.

Report on the audit of compliance with legislation

Introduction and scope

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

20. The material findings on compliance with specific matters in key legislation are as follows:

Procurement and Contract Management

21. Member of staff did not notify the University of a conflict or possible conflict of interest before the University procured goods or services from such member of staff or an organisation within which such employee held an interest, in contravention of section 34(4)(b) of the Higher Education Act.

Other information

22. The council is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated financial statements, the auditor's report and those selected programmes presented in the annual report that have been specifically audited and reported on in the auditor's report.

23. Our opinion on the consolidated financial statements and findings on the reported performance

information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

Internal control deficiencies

26. We considered internal control relevant to our audit of the financial statements, reported performance information and compliance with applicable legislation.

27. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.

28. The management of the University did not implement effective processes to ensure conflicts of interests were adequately disclosed.

Other reports

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

Audit-related services (Agreed-upon procedures)

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

| Engagement Name | Purpose of Engagement | Reporting Due Date | Status |
|--|---|--------------------|-----------|
| Technology Station In Chemical | Ensure compliance with the reporting requirements for the period of 01 January 2021 – 31 December 2021. | 31 May 2022 | Completed |
| Clinical Training Grant Financial | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |
| National Research Foundation (NRF) | Ensure compliance with the reporting requirements for the period of 01 January 2022 – 31 December 2022. | 31 May 2023 | Completed |
| Research Publications | Ensure compliance with the reporting requirements for the period of 01 January 2022 – 31 December 2022. | 31 May 2023 | Completed |
| Foundation Programmes HEMIS | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |
| Infrastructure Grant | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 28 Feb 2023 | Completed |
| New Generation of Academics (nGAP) | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |
| University Capacity Development Programme (UCDP) | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |
| Nurturing Emerging Scholars Programme Grant | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |
| Sibusiso Bhengu Development Programme (UCDP) | Ensure compliance with the reporting requirements for the period of 01 April 2022 – 31 March 2023. | 31 May 2023 | Completed |

Auditor tenure

31. In terms of the IRBA rule published in Government gazette number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of the Mangosuthu University of Technology and subsidiary for 2 years.

Nexia SAB&T

Annexure – Auditor’s responsibility for the audit

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

Financial statements

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

identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control

evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council

conclude on the appropriateness of the council’s use of the going concern basis of accounting in the preparation of the consolidated financial statements.

We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mangosuthu University of Technology and its subsidiary’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the consolidated financial statements. Our conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause the group to cease continuing as a going concern

evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation

obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

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

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Consolidated Statement of Financial Position as at 31 December 2022

| Figures in Rand Thousands | Note(s) | 2022 | 2021 Restated |
|-------------------------------------|---------|------------------|------------------|
| Assets | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 2 | 1 147 387 | 1 057 539 |
| Employee benefits | 4 | 12 510 | 11 724 |
| Intangible assets | 5 | 4 977 | 3 347 |
| | | 1 164 874 | 1 072 610 |
| Current Assets | | | |
| Inventories | 6 | 4 796 | 5 990 |
| Trade and other receivables | 7 | 386 358 | 238 221 |
| Investments at fair value | 8 | 3 653 | 3 363 |
| Cash and cash equivalents | 9 | 1 123 362 | 1 252 741 |
| | | 1 518 169 | 1 500 315 |
| Total Assets | | 2 683 043 | 2 572 925 |
| Equity and Liabilities | | | |
| Equity | | | |
| Reserves | 10 | 526 712 | 535 021 |
| Retained income | | 566 500 | 434 984 |
| | | 1 093 212 | 970 005 |
| Liabilities | | | |
| Non-Current Liabilities | | | |
| Employee benefits | 4 | 37 332 | 34 628 |
| Interest bearing loans | 11 | 66 075 | 72 942 |
| Restricted grants | 12 | 684 319 | 697 472 |
| Deferred income | 13 | 494 097 | 373 009 |
| | | 1 281 823 | 1 178 051 |
| Current Liabilities | | | |
| Interest bearing loans | 11 | 6 867 | 6 131 |
| Restricted grants | 12 | 41 624 | 71 667 |
| Trade and other payables | 14 | 258 661 | 347 071 |
| Bank overdraft | 9 | 856 | - |
| | | 308 008 | 424 869 |
| Total Liabilities | | 1 589 831 | 1 602 920 |
| Total Equity and Liabilities | | 2 683 043 | 2 572 925 |

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Consolidated Statement of profit/loss & other comprehensive income for the period ended 31 December 2022

| Figures in Rand Thousands | Note(s) | Council- Controlled Unrestricted | Specifically funded restricted | 2022 Sub-total | 2022 Student and staff accommodat ion | 2022 Total | 2021 |
|---|---------|--|--------------------------------------|-------------------|---|------------------|------------------|
| TOTAL REVENUE | 15 | 804 309 | 13 870 | 818 179 | 478 374 | 1 296 553 | 1 344 299 |
| RECURRENT REVENUE | | 804 309 | 13 870 | 818 179 | 478 374 | 1 296 553 | 1 344 299 |
| Government grants | 15 | 457 143 | 13 870 | 471 013 | - | 471 013 | 511 185 |
| Income from other activities | 15 | 4 164 | - | 4 164 | - | 4 164 | 1 826 |
| Tuition and other fee income | 15 | 314 766 | - | 314 766 | 478 374 | 793 140 | 817 129 |
| Interest revenue calculated using the effective interest method | 16 | 28 236 | - | 28 236 | - | 28 236 | 14 159 |
| TOTAL EXPENDITURE | | 797 793 | - | 797 793 | 371 705 | 1 169 498 | 1 150 668 |
| RECURRENT EXPENDITURE | | 791 157 | - | 791 157 | 371 705 | 1 162 862 | 1 144 911 |
| Staff costs - Academic professional | 17 | 247 971 | - | 247 971 | - | 247 971 | 241 366 |
| Staff costs - Non-academic professional | 17 | 259 060 | - | 259 060 | - | 259 060 | 237 499 |
| Amortisation | 5 | 347 | - | 347 | - | 347 | 433 |
| Depreciation and impairment | 2 | 58 211 | - | 58 211 | - | 58 211 | 44 117 |
| Impairment loss - Student receivables | 7 | 340 | - | 340 | - | 340 | 48 901 |
| Other operating expenses | 18 | 212 419 | - | 212 419 | 371 705 | 584 124 | 559 701 |
| Finance costs | 19 | 12 809 | - | 12 809 | - | 12 809 | 12 894 |
| NON-RECURRENT EXPENDITURE | | 6 636 | - | 6 636 | - | 6 636 | 5 757 |
| Loss on disposal of property, plant and equipment | | 6 636 | - | 6 636 | - | 6 636 | 5 757 |
| Surplus / (Deficit) for the year | | 6 516 | 13 870 | 20 386 | 106 669 | 127 055 | 193 631 |
| Other comprehensive income: | | | | | | | |
| Other comprehensive income - actuarial (loss) / gain | 4 | (2 751) | - | (2 751) | - | (2 751) | 2 696 |
| Total comprehensive income | | 3 765 | 13 870 | 17 635 | 106 669 | 124 304 | 196 327 |

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Consolidated Statement of Changes in Equity

| Figures in Rand Thousands | Revaluation reserve - non distributable | Retained income | Total equity |
|--|---|-----------------|------------------|
| Opening balance as previously reported | 535 021 | 213 398 | 748 419 |
| Prior period error | - | 25 259 | 25 259 |
| Balance at 01 January 2021 as restated | 535 021 | 238 657 | 773 678 |
| Surplus for the year ended | - | 193 631 | 193 631 |
| Other comprehensive income | - | 2 696 | 2 696 |
| Total comprehensive income for the year | - | 196 327 | 196 327 |
| Balance at 01 January 2022 | 535 021 | 434 984 | 970 005 |
| Surplus for the year ended | - | 127 055 | 127 055 |
| Other comprehensive income | (8 309) | (2 751) | (11 060) |
| Total comprehensive income for the year | (8 309) | 124 304 | 115 995 |
| Prior period error (note 21) | - | 7 212 | 7 212 |
| Total movement for the year | - | 7 212 | 7 212 |
| Balance at 31 December 2022 | 526 712 | 566 500 | 1 093 212 |
| Note(s) | 10 | | |

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Consolidated Statement of Cash Flows

| Figures in Rand Thousands | Note(s) | 2022 | 2021 |
|---|---------|------------------|------------------|
| Cash flows from operating activities | | | |
| Cash (used in)/generated from operations | 20 | (70 970) | 321 971 |
| Finance income | | 66 483 | 14 159 |
| Finance costs | | (12 809) | (12 894) |
| Restricted grants expenditure | | (85 714) | - |
| Net cash from operating activities | | (103 010) | 323 236 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (147 232) | (163 488) |
| Purchase of other intangible assets | 5 | (1 977) | - |
| Net cash from investing activities | | (149 209) | (163 488) |
| Cash flows from financing activities | | | |
| Repayment of borrowings | | (6 131) | (5 451) |
| Net movement of lease liabilities | | - | (2 155) |
| Restricted grants received | | 128 115 | 123 333 |
| Net cash from financing activities | | 121 984 | 115 727 |
| Total cash movement for the year | | (130 235) | 275 475 |
| Cash at the beginning of the year | | 1 252 741 | 977 266 |
| Total cash at end of the year | 9 | 1 122 506 | 1 252 741 |

ACCOUNTING POLICIES

1. Significant accounting policies

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

1.1 Reporting entity

Mangosuthu University of Technology is an educational institution domiciled in the Republic of South Africa and is governed by the Higher Education Act (Act no 101 of 1997, as amended). The consolidated financial statements as at and for the year ended 31 December 2022, comprises of the University and its subsidiary, First Ready Development 143 NPC collectively referred to as 'the University'. The address of the University's registered office is 511 Mangosuthu Highway, Umlazi, 4031, South Africa. Where reference is made to the financial statements in the accounting policies, it should be interpreted as referring to the consolidated financial statements where the context requires, unless otherwise noted.

1.2 Basis of preparation

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

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

1.3 Significant judgements, assumptions and sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income, and expenses. These estimates and associated

assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

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

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

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

No revenue and expenditure have been recognised in the accounting records of First Ready Development 143 NPC (FRD) in view of the fact that these records were not maintained, and all revenue and expenditure in respect of the property owned by FRD has been recorded in MUT's financial system. Management is not aware of any revenue or expenditure in the name of FRD.

Key sources of estimation uncertainty

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions on risk of default and expected loss rates. The Mangosuthu University of Technology uses judgement in making these assumptions and selecting the inputs for the impairment calculation, based on the Mangosuthu University of Technology's

history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

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

Allowance for slow moving, damaged and obsolete inventory

Management assesses whether inventory is impaired by comparing its cost to its estimated net realisable value. When cost is higher than NRV, inventory items are written down to net realisable value. The write-down is included in operating expenses.

Fair value estimation

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

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 4 (employee benefits), note 8 (investments at fair value) and note 2 (property, plant and equipment).

Impairment of property, plant and equipment

The Mangosuthu University of Technology reviews and evaluates 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 determines 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. Refer to note 2.

Useful lives of property, plant and equipment

Management assesses 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.

Employee benefits

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

Expected credit losses

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

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

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

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

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

Revaluations are made with sufficient regularity such

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

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

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

Depreciation 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.

Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

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

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

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

1.5 Financial instruments

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

Financial liabilities:

- Amortised cost.

Note 26 Financial risk management presents the financial instruments held by the Mangosuthu University of Technology based on their specific classifications.

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

Trade and other receivables

Classification

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

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

Recognition and measurement

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

They are subsequently measured at amortised cost. The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus

cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

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

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

Measurement and recognition of expected credit losses

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

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

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

Write off policy

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

Any recoveries made are recognised in profit or loss.

Investments in equity instruments

Classification

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

Recognition and measurement

Investments in equity instruments are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. All other transaction costs are recognised in profit or loss.

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

Trade and other payables

Classification

Trade and other payables (note 14), including 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 19).

Trade and other payables expose the Mangosuthu

University of Technology to liquidity risk and possibly to interest rate risk. Refer to note 26 for details of risk exposure and management thereof.

Financial liabilities

Classification

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

Recognition and measurement

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

Interest paid on financial liabilities at fair value through profit or loss is included in finance costs (note 19).

Investments in equity instruments

Classification

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

Recognition and measurement

Investments in equity instruments are recognised when the Mangosuthu University of Technology becomes a party to the contractual provisions of the instrument. The investments are measured, at initial recognition, at fair value. All other transaction costs are recognised in profit or loss.

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

Cash and cash equivalents

Cash and cash equivalents include bank accounts and short-term investments with maturities of less than one year. Cash and cash equivalents are stated at amortised costs.

Bank overdrafts

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

1.6 Leases

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

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

Mangosuthu University of Technology as a lessee

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

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

Lease liability

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

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

- fixed lease payments, including in-substance fixed payments, less any lease incentives.

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 19).

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. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term.

1.7 Inventories

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

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

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

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

1.8 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.

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.

The liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries. Full retrospective application with limited exceptions is applied.

Defined benefit plans ("DB Plans"), full deficit – or surplus are recognised on the statement of financial position, as other comprehensive income.

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 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.

1.9 Provisions and contingencies

Provisions are recognised when the University has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

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

Provisions are not recognised for future operating losses.

1.10 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and

- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

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

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

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

Item

Computer software - purchased
Oracle database - purchased

Useful life

3 -5 years
Indefinite

1.11 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

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

1.12 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.

1.13 Income from other activities

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

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

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

Venue hire income

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

cultural organisations and private entities.

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

Donations

The University receives donations from various private and corporate donors during the course of the year.

Revenue from donations is recognised when the funds are deposited into the Universities bank account.

Sale of products

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

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

1.14 Reserve categories

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

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

1.15 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.

1.16 Unauthorised expenditure

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

1.17 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.

1.18 Consolidation

Basis of consolidation

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

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

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

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

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

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Notes to the consolidated financial Statements

Figures in Rand Thousands

2. Property, plant and equipment

| | 2022 | | | 2021 | | |
|------------------------|---------------------|--------------------------|------------------|---------------------|--------------------------|------------------|
| | Cost or revaluation | Accumulated depreciation | Carrying value | Cost or revaluation | Accumulated depreciation | Carrying value |
| Land | 41 208 | - | 41 208 | 41 208 | - | 41 208 |
| Buildings | 1 060 922 | (62 933) | 997 989 | 948 718 | (42 094) | 906 624 |
| Furniture and fittings | 31 030 | (19 706) | 11 324 | 34 008 | (16 957) | 17 051 |
| Motor vehicles | 8 619 | (5 833) | 2 786 | 11 109 | (8 055) | 3 054 |
| General equipment | 95 943 | (56 569) | 39 374 | 103 347 | (55 738) | 47 609 |
| Computer equipment | 67 366 | (35 383) | 31 983 | 57 073 | (26 163) | 30 910 |
| Land improvements | 24 716 | (1 993) | 22 723 | 12 158 | (1 075) | 11 083 |
| Total | 1 329 804 | (182 417) | 1 147 387 | 1 207 621 | (150 082) | 1 057 539 |

Notes to the consolidated financial Statements

Figures in Rand Thousands

2022

2021

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

| | Land | Buildings | Furniture and fittings | Motor vehicles | General equipment | Computer equipment | Land improvements | Total |
|---|---------------|----------------|------------------------|----------------|-------------------|--------------------|-------------------|------------------|
| Opening balance | | | | | | | | |
| Cost or revaluation | 41 208 | 948 718 | 34 008 | 11 109 | 103 347 | 57 073 | 12 158 | 1 207 621 |
| Accumulated depreciation and impairment | - | (42 094) | (16 957) | (8 055) | (55 738) | (26 163) | (1 075) | (150 082) |
| Net book value at 01 January 2022 | 41 208 | 906 624 | 17 051 | 3 054 | 47 609 | 30 910 | 11 083 | 1 057 539 |
| Additions | - | 1 090 | 344 | 1 500 | 8 580 | 14 335 | 12 558 | 38 407 |
| Work in progress | - | 111 115 | - | - | - | - | - | 111 115 |
| Disposals and scrapings - cost | - | - | (3 871) | (3 990) | (19 031) | (5 621) | - | (32 513) |
| Disposals and scrapings - accumulated depreciation | - | - | 3 109 | 3 385 | 14 628 | 4 754 | - | 25 876 |
| Prior year gains from verification exercise (note 21) | - | - | 548 | - | 3 046 | 1 580 | - | 5 174 |
| Depreciation | - | (20 840) | (5 209) | (1 163) | (14 146) | (12 913) | (918) | (55 189) |
| Impairment loss | - | - | (648) | - | (1 312) | (1 062) | - | (3 022) |
| Net book value at 31 December 2022 | 41 208 | 997 989 | 11 324 | 2 786 | 39 374 | 31 983 | 22 723 | 1 147 387 |
| Made up as follows: | | | | | | | | |
| Cost or revaluation | 41 208 | 1 060 922 | 31 030 | 8 619 | 95 943 | 67 366 | 24 716 | 1 329 804 |
| Accumulated depreciation and impairment | - | (62 933) | (19 706) | (5 833) | (56 569) | (35 383) | (1 993) | (182 417) |
| | 41 208 | 997 989 | 11 324 | 2 786 | 39 374 | 31 983 | 22 723 | 1 147 387 |

Mangosuthu University of Technology

Consolidated Financial Statements for the year ended 31 December 2022

Notes to the consolidated financial Statements

Figures in Rand Thousands

2022

2021

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2021

| | Land | Buildings | Furniture and fittings | Motor vehicles | General equipment | Computer equipment | Land improvements | Total |
|--|---------------|----------------|------------------------|----------------|-------------------|--------------------|-------------------|------------------|
| Opening balance | | | | | | | | |
| Cost or revaluation | 41 208 | 825 569 | 30 660 | 11 100 | 95 828 | 48 153 | 12 158 | 1 064 676 |
| Accumulated depreciation and impairment | - | (20 801) | (10 658) | (7 461) | (53 666) | (26 293) | (537) | (119 416) |
| Net book value at 01 January 2020 restated | 41 208 | 804 768 | 20 002 | 3 639 | 42 162 | 21 860 | 11 621 | 945 260 |
| Additions | - | - | 167 | - | 5 035 | 15 577 | - | 20 779 |
| Work in progress | - | 122 115 | - | - | - | - | - | 122 115 |
| Disposals and scrapings - cost | - | - | (2 607) | - | (9 401) | (4 099) | - | (16 107) |
| Disposals and scrapings - accumulated depreciation | - | - | 2 086 | - | 7 082 | 1 182 | - | 10 350 |
| Reclassifications | - | 335 | 480 | - | 567 | (1 383) | (1) | (2) |
| Prior period adjustment for reclassification and assets with R1 book value (note 21) | - | - | 1 009 | 6 | 3 870 | (3 277) | - | 1 608 |
| Prior period gains | - | - | 2 084 | - | 6 875 | 6 979 | - | 15 938 |
| Depreciation | - | (20 594) | (6 175) | (591) | (8 472) | (5 960) | (537) | (42 329) |
| Impairment loss | - | - | 5 | - | (109) | 31 | - | (73) |
| Net book value at 31 December 2021 | 41 208 | 906 624 | 17 051 | 3 054 | 47 609 | 30 910 | 11 083 | 1 057 539 |
| Made up as follows: | | | | | | | | |
| Cost or revaluation | 41 208 | 948 718 | 34 008 | 11 109 | 103 347 | 57 073 | 12 158 | 1 207 621 |
| Accumulated depreciation and impairment | - | (42 094) | (16 957) | (8 055) | (55 738) | (26 163) | (1 075) | (150 082) |
| | 41 208 | 906 624 | 17 051 | 3 054 | 47 609 | 30 910 | 11 083 | 1 057 539 |

2. Property, plant and equipment (continued)

Changes in estimates

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

The depreciation methods and average useful lives of Mangosuthu University of Technology have been assessed and based on this analysis, the useful lives of General Equipment, Vehicles, Office Furniture & Fittings and Computer Equipment have been revised. The impact of the change is a decrease in the annual depreciation charge for the current year of R10 326 972 (2021: R6 885 605). It is not practical to provide an estimate for future years.

Revaluations

Formal revaluations are performed every 5 years by a professional and independent external valuer. The last revaluation was done at the end of 2019. This valuation was performed by Knight Frank, independent valuers who are members of the South African Institute of Valuers. The next revaluation will be performed in 2024 in line with the revaluation policy. Refer to note 10.

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. In this regard assets that were deemed to be poor or in a very poor condition were further tested for impairment. These assets were tested for impairment by comparing the carrying amount to its recoverable amount. As a result, an impairment charge of R3 022 000 (2021: R73 000) was recorded in profit or loss for the year.

The verification exercise also revealed that a significant number of assets have been found in the University, but these assets were not recorded in the fixed asset register. These assets were inspected, fair

values determined and have been recorded as asset gains in the current financial year. The financial impact of this gain is R5 174 000 (2021: R15 938 000). Refer below for fair value measurement methodology.

Impairment of non-financial assets

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

The Current Replacement Cost (CRC) is the equivalent of the price of a new or similar asset on the date of testing. Replacement costs were obtained from various sources including quotations and prices obtained from other institutions and the internet.

The Depreciated replacement Cost (DRC) is equal to $CRC \times RUL/EUL$. The remaining useful life (RUL) of an asset was determined based on the condition assessment performed during the physical verification. The expected useful life (EUL) is based on MUT's policy and practice.

Condition = Poor (factor of 30.5%)

Condition = Very poor (factor of 10.5%)

The recoverable amount of MUT assets is realised through value in use.

Fair value of newly identified assets

The fair value of newly identified assets were determined using the Depreciated Replacement Costs (DRC) method. This method involves determining the costs of the new assets of the same type and adjusting the cost to take into account the condition and to reflect the remaining useful life of the actual asset on hand.

The formula to calculate the DRC is: $DRC = CRC \times RUL/EUL$

CRC = current replacement cost

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2. Property, plant and equipment (continued)

RUL = remaining useful life

EUL = Expected useful life

The CRC is the equivalent of the price of a new or similar asset.

The RUL of an asset was determined based on the condition assessment performed during the physical verification and the Local Government Capital Asset Management guideline as issued by the National Treasury was applied in respect of percentages of RUL by asset condition to determine the RUL of the asset as at 31 December 2022. The following percentages were applied:

Condition: Very good = 90.5%

Condition: Good = 70.5 %

Condition: Fair = 50.5%

Condition: Poor = 30.5%

Condition: Very poor = 10.5%

The EUL are based on MUT's policy (refer to accounting policy 1.4 - Property, Plant and Equipment)

Depreciation and impairment

| | | |
|---|---------------|---------------|
| Depreciation on owned Property, plant and equipment | 54 808 | 42 329 |
| Depreciation - Right of use assets | - | 1 715 |
| Impairment loss | 3 022 | 73 |
| | 57 830 | 44 117 |

Capital commitments

Contracted

1. Capital commitment amounting to R21 200 000 (2021: R52 600 000) for the New Engineering Laboratories as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

2. Capital commitment amounting to R5 000 000 (2021: R58 800 000) for the completion of the Student Centre as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

3. Capital commitment amounting to R7 000 000 for the construction of a new Block E TV room and study area at MUT residences as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

4. Capital commitment amounting to R1 700 000 for the installation of fencing at MUT main and natural sciences campuses as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

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|---------------------------|------|------|
|---------------------------|------|------|

2. Property, plant and equipment (continued)

5. Capital commitment amounting to R5 900 000 for new roof replacement at MUT Executive Hotel Student residence as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

6. Capital commitment amounting to R6 100 000 for the refurbishment of MUT Biomedical laboratory as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

7. Capital commitment amounting to R2 300 000 for the refurbishment of the ablution facilities at MUT Natural Science campus as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

8. Capital commitment amounting to R1 600 000 for the supply, installation and commissioning of CCTV cameras at MUT campus as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

9. Capital commitment amounting to R347 000 Jetting & CCTV inspection of Sewer & Stormwater Line at MUT campus as at 31 December 2022. The expenditure is funded by the Infrastructure and Efficiency grant received from the Department of Higher Education and Training.

The above mentioned projects are also included in the work-in-progress for the year.

3. Leases (company as lessee)

The Mangosuthu University of Technology leases student residences and photocopying machines. The average lease term is three years for student residences and five years for photocopying machines.

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

Leases - Student residences

MUT entered into new lease agreements for student residences commencing at the beginning of the 2022 year for a three-year period. The escalation thereof is to be agreed upon by the parties on an annual basis. The rental is therefore considered variable based on usage and as such variable payments are not included in the measurement of the lease liability at commencement of the lease. The lease payments are recognised as an expense in the Statement of comprehensive income.

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.

| | | |
|-----------|---|-------|
| Buildings | - | 1 715 |
|-----------|---|-------|

Other disclosures

| | | |
|---|---------|---------|
| Interest expense on lease liabilities | - | 19 |
| Lease payments of low value assets and student residences | 339 386 | 325 686 |
| Total cash outflow from leases | - | (2 155) |

Right-of-use assets reconciliation

| | | |
|-----------------|---|---------|
| Details | | |
| Opening balance | - | 1 715 |
| Depreciation | - | (1 715) |
| | - | - |

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|--|----------------|--------------|
| 4. Employee benefits | | |
| Carrying value | | |
| Present value of the defined benefit obligation-partially or wholly funded | (24 822) | (22 904) |
| Non-current assets - National Tertiary Retirement Fund (NTRF) Asset | 12 510 | 11 724 |
| Non-current liabilities - Post Retirement Medical Aid Obligation | (37 332) | (34 628) |
| Net gain or (loss) recognised in other comprehensive income | | |
| Pension fund asset (page 35) | (182) | 4 967 |
| Medical aid obligation (page 37) | (2 569) | (2 271) |
| | (2 751) | 2 696 |

NTRF Retirement Fund

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

It was assumed that early ill-health retirement would occur at 40% (2021:40%) of the pre-retirement mortality rates. An expected retirement age of 63 (2021:63) was assumed and is based on the average age of retirements. It was assumed that 95% (2021:95%) of the members would be married at retirement with a spouse 4 years younger than the husband.

The University's obligation towards the NTRF pension fund was actuarially calculated as at 31 December 2022 by Alex Forbes.

Statement of financial position

| | | |
|-------------------------------------|---------------|---------------|
| Present value of funded obligations | (2 258) | (5 656) |
| Fair value of plan assets | 14 768 | 17 380 |
| | 12 510 | 11 724 |
| Fair value of planned assets | | |
| Opening balance | 17 380 | 25 515 |
| Interest income on assets | 1 572 | 1 598 |
| Actuarial (loss) / gain | (1 843) | 1 848 |
| Benefits paid | (2 341) | (11 581) |
| | 14 768 | 17 380 |
| Actual return on plan assets | (271) | 3 446 |

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

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

Unrecognised actuarial gains/(losses)

| | | |
|--------------------|-------|---------|
| Opening balance | - | - |
| Amortisation | 182 | (4 967) |
| New gains/(losses) | (182) | 4 967 |
| | - | - |

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| Figures in Rand Thousands | 2022 | 2021 |
|---|----------------|----------------|
| 4. Employee benefits (continued) | | |
| Present value of funded obligation | | |
| Opening balance | 5 656 | 18 969 |
| Service costs | 154 | 296 |
| Interest cost | 450 | 1 091 |
| Actuarial (gain)/loss | (1 661) | (3 119) |
| Benefits paid | (2 341) | (11 581) |
| | 2 258 | 5 656 |
| Per statement of comprehensive income | | |
| Profit or loss | | |
| Service cost (included in staff costs - note 17) | 154 | 296 |
| Net interest cost: | | |
| - Interest cost (note 16) | (1 122) | (507) |
| Amount recognised in profit and loss | (968) | (211) |
| Other comprehensive income | | |
| Actuarial (gain)/loss | (1 661) | (3 119) |
| Cumulative amount recognised in other comprehensive income | (22 425) | (22 243) |
| Factors contributed to net actuarial gains | | |
| The following factors contributed to the net actuarial gain: | | |
| Change in economic assumptions | (541) | (1 235) |
| Experience: Member share increases | 2 209 | (3 451) |
| Experience: Salary increases | (257) | 898 |
| Experience: Data and model changes | (1 847) | (557) |
| Experience: Demographic experience | (1 225) | 1 226 |
| | (1 661) | (3 119) |
| Reconciliation of Statement of financial position | | |
| Opening value | 11 724 | 6 546 |
| Amount recognised in profit and loss | 968 | 211 |
| Amount recognised in other comprehensive income (page 34) | (182) | 4 967 |
| | 12 510 | 11 724 |
| <p>The paragraph 65 limit in terms of IAS 19 (Employee Benefits) ensures the asset to be recognised in the University's statement of financial position is subject to a maximum of the present value of any economic benefits available to the University in the form of refunds or reductions in the future contributions. The paragraph 65 limit is not applicable for the year under review and the prior year, accordingly there is no unrecognised surplus as the paragraph 65 limit is not applicable.</p> <p>The defined benefit plan exposes the University to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk. The economic assumptions used in this valuation are based on market information as at 31 December 2022. The market information and rates fluctuate daily therefore the assumptions in 2022 will differ from the assumptions used in 2021.</p> | | |
| Significant valuation assumption | | |
| Discount rate | 9,6% | 9,7% |
| Inflation rate | 5,1% | 5,5% |
| Pension increase rate | 2,81% | 3,03% |

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4. Employee benefits (continued)

Discount rate

The rate used to discount post-employment benefit obligations should be determined by reference to market yields at the reporting date on high quality corporate bonds. In countries where there is no deep market in such bonds, the market yields (at the reporting date) on government bonds should be used. In our opinion, there is no deep market in corporate bonds in South Africa and as such we have set our recommended assumption with reference to the Nominal Bond Curve, as compiled by the Johannesburg Stock Exchange of South Africa and obtained from Inet Bridge, at the duration of the liabilities of 7 years. This converts into an effective yield of 9.60% as at 31 December 2022. In terms of the accounting standards historical yields are less important and we consequently consider it appropriate to use the discount rate of 9.60% per annum.

Inflation rate

While not used explicitly in the valuation, we have assumed the underlying future rate of consumer price inflation (CPI) to be 5.10% per annum. This assumption is in line with the SA Government's Monetary Policy target of 3% to 6% per annum. This assumption has been based on the relationship between the current Nominal and Real Bond Curves, as compiled by the Johannesburg Stock Exchange of South Africa. The real bond yield was rounded to the nearest 0.1% as in the case of the discount rate. We calculated our inflation assumption as the difference between the discount rate and the real bond yield and adjusted for an inflation risk premium which we assumed to be 0.5%. The yield on a conventional bond is assumed to equal inflation plus the real yield on an index-linked bond plus an inflation risk premium. There is a premium to compensate the conventional bondholder for the uncertainty regarding future inflation. If inflation is higher than expected, their real yield will be lower than expected. The index-linked bondholder does not require such a premium as their yield is protected against higher- than-expected inflation.

Pension increase rate

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

Fund membership

The active members covered by the fund is 43 (2021:49)

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

Sensitivity information: 2022 / 2021

1% increase in discount rate

Decrease in defined benefit obligation (754) (3 176)

1% decrease in discount rate

Decrease in defined benefit obligation (6 515) (11 227)

1% decrease in inflation rate

Increase in defined benefit obligation (1 060) (9 345)

1% increase in inflation rate

Decrease in defined benefit obligation (4 969) (3 666)

Expected retirement age: 63 years

1% increase in pension increase rate

Decrease in defined benefit obligation (4 774) (8 948)

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|--|-----------------|-----------------|
| 4. Employee benefits (continued) | | |
| 1% decrease in pension increase rate | | |
| Increase in defined benefit obligation | (1 085) | (3 697) |
| Post Retirement Medical Aid Fund Benefit | | |
| Post-retirement Medical Aid benefit (PRMA) is post-retirement health-care benefit which includes subsidisation of medical aid premiums to employees and retirees and to their registered dependents. The University offers employees and retirees the opportunity to belong to one of several medical schemes. | | |
| The Projected Unit Credit method has been used to value the liabilities. This post-retirement benefit obligation exposes the University to actuarial risks, such as longevity risk, currency, interest rate and risk and market (investment) risk. | | |
| The University's obligation towards the PRMA obligation was actuarially calculated as at 31 December 2022 by Simeka Consultants and Actuaries (Pty) Ltd. This obligation is fully funded by the University. | | |
| Statement of financial position | | |
| Present value of funded obligations | 37 332 | 34 628 |
| Movement in plan assets | | |
| Contributions by University | 3 176 | 2 913 |
| Benefits paid | (3 176) | (2 913) |
| Closing balance | - | - |
| Movement in present value of funded obligation | | |
| Opening balance | 34 628 | 32 438 |
| Interest cost | 3 311 | 2 832 |
| Actuarial (gain)/loss arising from financial assumptions (page 34) | 2 569 | 2 271 |
| Benefits paid | (3 176) | (2 913) |
| Closing balance | 37 332 | 34 628 |
| Profit or Loss | | |
| Interest cost (note 19) | 3 311 | 2 832 |
| Other comprehensive income: Actuarial losses | | |
| Opening balance: | (59 504) | (57 233) |
| Amount recognised during the year (page 34) | 2 569 | (2 271) |
| | (56 935) | (59 504) |
| Actuarial (gain)/loss | | |
| Change in actuarial assumptions | (28) | 117 |
| Actual health care cost inflation compared with expected | 714 | (413) |
| Change in demographic profile of the membership | 1 585 | (926) |
| | 2 271 | (1 222) |
| Reconciliation of statement of financial position | | |
| Opening value | 34 628 | 32 438 |
| Employee contribution | (3 176) | (2 913) |
| Amount recognised in profit or loss | 3 311 | 2 832 |
| Amount recognised in other comprehensive income | 2 569 | 2 271 |
| | 37 332 | 34 628 |

Mangosuthu University of Technology

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Notes to the consolidated financial Statements

| Figures in Rand Thousands | 2022 | 2021 |
|--|--------|--------|
| 4. Employee benefits (continued) | | |
| Key valuation assumptions | | |
| Discount rate | 11,11% | 10.02% |
| Mortality rate (PA(90)) mortality tables for males and females with age reduction of 2 years | (2) | (2) |
| Sensitivity information: 2022 | | |
| 1% increase in discount rate | | |
| Decrease in defined benefit obligation (effect in % terms) | (6) | (7) |
| Increase in annual expense (service cost plus interest cost) (effect in % terms) | 2 | 2 |
| 1% decrease in discount rate | | |
| Increase in defined benefit obligation (effect in % terms) | 7 | 8 |
| Decrease in annual expense (service cost plus interest cost) (effect in % terms) | (2) | (3) |
| Medical mortality rate rated down by 1 year PA 90-3 | | |
| Increase in defined benefit obligation (effect in % terms) | 4 | 4 |
| Increase in annual expense (service cost plus interest cost) (effect in % terms) | 4 | 4 |
| Medical mortality rate rated up by 1 year PA 90+3 | | |
| Decrease in defined benefit obligation (effect in % terms) | (4) | (4) |
| Decrease in annual expense (service cost plus interest cost) (effect in % terms) | (4) | (4) |

5. Intangible assets

| | 2022 | | | 2021 | | |
|--------------------------------|---------------|--------------------------|----------------|--------------|--------------------------|----------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Computer software - definite | 7 424 | (5 794) | 1 630 | 5 447 | (5 447) | - |
| Computer software - indefinite | 3 347 | - | 3 347 | 3 347 | - | 3 347 |
| Total | 10 771 | (5 794) | 4 977 | 8 794 | (5 447) | 3 347 |

Intangible assets consist of Integrated Tertiary Software (ITS) system and Oracle database. These are purchased software and not internally generated. The Oracle software has an indefinite useful life.

Reconciliation of intangible assets - 2022

| | Opening balance | Additions | Amortisation | Total |
|-------------------|-----------------|-----------|--------------|-------|
| Computer software | 3 347 | 1 977 | (347) | 4 977 |

Reconciliation of intangible assets - 2021

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

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| Figures in Rand Thousands | 2022 | 2021 |
|--|---------------------|---------------------|
| 6. Inventories | | |
| Maintenance stock and consumables | 1 365 | 1 312 |
| Student laptops held for resale | 4 161 | 5 048 |
| | <u>5 526</u> | <u>6 360</u> |
| Inventories (provision for obsolescence) | (730) | (370) |
| | <u>4 796</u> | <u>5 990</u> |

During the year management transferred computer laptops held for resale to the value of R801 000 to fixed assets to be utilised by the University staff for operational reasons. Inventories reduced by the value of R730 000 (2021: R370 000) due to stock that has been regarded as obsolete. The movement in the provision was recognised in the Statement of Profit or Loss and Other Comprehensive Income under Other Operating Expenses.

7. Trade and other receivables

Financial instruments:

| | | |
|--|-----------------------|-----------------------|
| Student receivables | 707 333 | 570 474 |
| Allowance for impairment loss | (340 208) | (339 868) |
| Net student receivables | <u>367 125</u> | <u>230 606</u> |
| Sundry debtors | 19 233 | 7 615 |
| Total trade and other receivables | <u>386 358</u> | <u>238 221</u> |

Categorisation of trade and other receivables

Trade and other receivables are categorised as follows:

| | | |
|-------------------|----------------|----------------|
| At amortised cost | <u>386 358</u> | <u>238 221</u> |
|-------------------|----------------|----------------|

Exposure to credit risk

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

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

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7. Trade and other receivables (continued)

| | 2022 | 2022 | 2021 | 2021 |
|---|--|--|--|--|
| | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) | Estimated gross carrying amount at default | Loss allowance (Lifetime expected credit loss) |
| Expected credit loss rate: | | | | |
| Categories of Debtors | | | | |
| NSFAS - Current (0%) | 140 807 | - | 15 357 | - |
| NSFAS - 1 year past due (0%) | 1 130 | - | 33 360 | - |
| NSFAS - 2 years + past due (0%) | 4 473 | - | 151 646 | - |
| Privately Funded - Current (75%) | 58 073 | (42 517) | 12 638 | (8 812) |
| Privately Funded - 1 year past due (100%) | 15 502 | (15 023) | 10 298 | (9 591) |
| Privately Funded - 2 years + past due (100%) | 280 823 | (269 987) | 318 378 | (311 244) |
| Bursary/Sponsored - Current (25%) | 3 771 | (315) | 541 | (2 140) |
| Bursary/Sponsored - 1 year past due (50%) | 873 | (247) | 1 062 | (1 115) |
| Bursary/Sponsored - 2 years + past due (100%) | 15 291 | (12 119) | 27 194 | (6 966) |
| | 520 743 | (340 208) | 570 474 | (339 868) |

Reconciliation of loss allowances

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

| | | |
|----------------------------|------------------|------------------|
| Opening balance | (339 868) | (290 967) |
| Increase in loss allowance | (340) | (48 901) |
| Closing balance | (340 208) | (339 868) |

There were no debts written off during the year.

8. Investments at fair value

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

Mandatorily at fair value through profit or loss:

| | | |
|---|--------------|--------------|
| Other equity instrument | 3 653 | 3 363 |
| Old Mutual Wealth Investment. This investment was made several years ago and can be drawn down at any time. | | |
| | 3 653 | 3 363 |

The investment is a Unit Trust held with Old Mutual Investment. The investment is held with Old Mutual investments and is invested in two funds namely: Nedgroup Investment SA Equity Fund R class and Old Mutual Money Market.

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| Figures in Rand Thousands | 2022 | 2021 |
|---|------------------|------------------|
| 9. Cash and cash equivalents | | |
| Cash and cash equivalents consist of: | | |
| Cash on hand | 143 | 1 862 |
| Cash on term deposit | 1 123 219 | 1 250 879 |
| Bank overdraft | (856) | - |
| | 1 122 506 | 1 252 741 |
| Current assets | 1 123 362 | 1 252 741 |
| Current liabilities | (856) | - |
| | 1 122 506 | 1 252 741 |
| Cash and cash equivalents held by the entity that are not available for use by the group. | 726 432 | 769 262 |
| Cash on term deposits | | |
| Financial institution | | |
| ABSA | 328 989 | 810 195 |
| Nedbank | 313 421 | 296 476 |
| Investec | 80 532 | 76 650 |
| Grindrod | 400 277 | 67 558 |
| | 1 123 219 | 1 250 879 |
| 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. | | |
| Opening balance | 535 021 | 535 021 |
| Reversal of revaluation (refer to note 21, item 4) | (8 309) | - |
| | 526 712 | 535 021 |
| 11. Loans and Borrowings | | |
| The loans and borrowings consist of two unsecured loans from ABSA. | | |
| Held at amortised cost | | |
| Unsecured | | |
| ABSA Bank Limited | 72 942 | 79 073 |
| Split between non-current and current portions | | |
| Non-current liabilities | 66 075 | 72 942 |
| Current liabilities | 6 867 | 6 131 |
| | 72 942 | 79 073 |

An unsecured loan of R35 319 250 (2021: R38 878 876) from ABSA Bank Limited bearing a fixed interest rate of 11.06% and repayable in two instalments of R3 881 641 per annum including interest and capital. The instalments are due in June and December each year. The final date for repayment is 23 June 2029.

11. Loans and Borrowings (continued)

An unsecured loan of R37 623 093 (2021: R40 194 755) from ABSA Bank Limited bearing a fixed interest rate of 13.04% and repayable in two instalments of R3 858 192 per annum including interest and capital. The instalments are due in June and December each year. The final date for repayment is 23 December 2030. The above loans were taken out to fund the construction of a new student residence which was completed in 2018.

12. Restricted grants

Cumulative government grants of R725 943 000 (2021: R769 139 000) 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. Restricted grants classified as non-current are in respect of projects that are expected to be completed over a period longer than twelve months whilst restricted grants classified as Current are in respect of projects that are expected to be completed in twelve months.

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| Figures in Rand Thousands | 2022 | 2021 | | | |
|--|-----------------|-----------------|---------------|------------------|-----------------|
| 12. Restricted grants (continued) | | | | | |
| Non - Current | | | | | |
| 2022 | Opening balance | Grants received | Interest | Expenditure | Closing balance |
| HDI Grant | 298 368 | 13 365 | 16 884 | (18 034) | 310 583 |
| Deferred maintenance | 23 569 | - | 1 219 | (2 272) | 22 516 |
| Alga biotech & equipment | 388 | - | 21 | (196) | 213 |
| Student centre/bridge | 2 284 | 19 677 | 1 601 | (7 120) | 16 442 |
| New student housing | 103 589 | - | 5 017 | (34 628) | 73 978 |
| FC2 Engineering labs | 1 107 | 7 081 | 955 | (1 113) | 8 030 |
| FC11 Project management | (501) | - | - | (685) | (1 186) |
| Infrastructure efficiency | 207 993 | 65 163 | 6 533 | (82 838) | 196 851 |
| University essential projects | 10 594 | - | 573 | (1 131) | 10 036 |
| Bulk infrastructure | 50 081 | - | 2 745 | (5 970) | 46 856 |
| | 697 472 | 105 286 | 35 548 | (153 987) | 684 319 |

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.

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

Current

| | | | | | |
|-----------------------------------|-----------------|-----------------|--------------|-----------------|-----------------|
| 2022 | Opening balance | Grants received | Interest | Expenditure | Closing balance |
| New generation of academics | 13 623 | 5 787 | 649 | (6 333) | 13 726 |
| Clinical training | 16 377 | 1 254 | 857 | (3 460) | 15 028 |
| Teaching and Learning | 4 708 | 14 478 | 1 035 | (11 559) | 8 662 |
| Science equipment | 694 | - | 39 | - | 733 |
| Refurbishment of lecture theatres | 314 | - | 17 | - | 331 |
| DHET NSFAS | 132 | - | - | - | 132 |
| Construction of social spaces | 173 | - | 1 | - | 174 |
| NSF Integration programme | 1 980 | 1 310 | 101 | (758) | 2 633 |
| CRG 1 Covid Response | 18 005 | - | - | (18 005) | - |
| CRG 2 Campus Readiness | 15 661 | - | - | (15 456) | 205 |
| | 71 667 | 22 829 | 2 699 | (55 571) | 41 624 |

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Notes to the consolidated financial Statements

| Figures in Rand Thousands | | | 2022 | 2021 | |
|--|-----------------|-----------------|--------------|-----------------|-----------------|
| 12. Restricted grants (continued) | | | | | |
| 2021 | Opening balance | Grants received | Interest | Expenditure | Closing balance |
| New generation of academics | 20 942 | - | 622 | (7 941) | 13 623 |
| Clinical training | 11 441 | 5 311 | 501 | (876) | 16 377 |
| Teaching and learning | 1 551 | 14 478 | 581 | (11 902) | 4 708 |
| Science equipment | 672 | - | 22 | - | 694 |
| Refurbishment of lecture theatre | 152 | 154 | 8 | - | 314 |
| DHET NSFAS | 132 | - | - | - | 132 |
| Construction of social spaces | 172 | - | 1 | - | 173 |
| NSF Integration programme | - | 2 295 | - | (315) | 1 980 |
| CRG 1 Covid Response | 36 225 | - | - | (18 220) | 18 005 |
| CRG 2 Campus Readiness | 22 731 | - | 1 675 | (8 745) | 15 661 |
| | 94 018 | 22 238 | 3 410 | (47 999) | 71 667 |

Analysis as follows

| | | |
|---------------------------------|----------------|----------------|
| Restricted grants - non-current | 684 319 | 697 472 |
| Restricted grants - current | 41 624 | 71 667 |
| | 725 943 | 769 139 |

13. Deferred income

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

| | | |
|---|----------------|----------------|
| Opening balance | 373 009 | 243 068 |
| WIP | 123 844 | 122 115 |
| Other assets funded through grants | 2 290 | 9 102 |
| Income recognised | (1 981) | (1 276) |
| Corrections to WIP and Deferred income (refer to note 21, item 5) | (3 065) | - |
| | 494 097 | 373 009 |

14. Trade and other payables

Financial instruments:

| | | |
|--|---------|---------|
| Trade accounts payables and other accruals | 106 785 | 141 301 |
| Payroll accruals | 36 467 | 44 182 |
| Special restricted funds | 19 098 | 29 759 |
| Unallocated funds received | 19 455 | 19 872 |

Non-financial instruments:

| | | |
|------------------------------------|----------------|----------------|
| Credit balances in student debtors | 76 856 | 75 792 |
| Deferred revenue | - | 36 165 |
| | 258 661 | 347 071 |

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| Figures in Rand Thousands | 2022 | 2021 |
|--|----------------|----------------|
| 15. Income | | |
| Government grants | | |
| Government Subsidy | 457 120 | 495 307 |
| Grant income - laptop | 23 | 255 |
| | 457 143 | 495 562 |
| Council controlled government grants | | |
| Foundation grant | 9 542 | 12 412 |
| Programme funding | 2 347 | 1 935 |
| Realised deferred grant | 1 981 | 1 276 |
| Specifically funded restricted grants | 13 870 | 15 623 |
| | 471 013 | 511 185 |
| Revenue other than from contracts with customers | | |
| Student accommodation fees | 478 374 | 483 085 |
| Disaggregation of revenue from contracts with customers | | |
| The Mangosuthu University of Technology disaggregates revenue from customers as follows: | | |
| Tuition and other fee income | | |
| Tuition fees | 308 545 | 327 837 |
| Examination fee | 175 | 168 |
| Student levies | 6 046 | 6 040 |
| | 314 766 | 334 045 |
| Income from other activities | | |
| Donations Received | 867 | 802 |
| Rebates | 155 | 163 |
| Student Cards | 65 | 49 |
| Library Fines | 6 | 11 |
| Short Courses Income | 28 | 8 |
| TSC Projects Income | 45 | 73 |
| Hire of Venue | 293 | 205 |
| Conference Income | 47 | 22 |
| Sundry Income | 5 | 8 |
| Internal Costs Recovery | 1 884 | 485 |
| Insurance Claim Received | 769 | - |
| | 4 164 | 1 826 |
| 16. Investment income | | |
| Interest income | | |
| Investments in financial assets: | | |
| Bank and other cash | 27 114 | 13 652 |
| Interest - post retirement fund obligations (note 4, page 35) | 1 122 | 507 |
| Total interest income | 28 236 | 14 159 |
| 17. Staff costs | | |
| Employee costs | | |
| Academic Professionals | 247 971 | 241 366 |
| Non-Academic Professionals | 259 060 | 237 499 |
| | 507 031 | 478 865 |

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| Figures in Rand Thousands | 2022 | 2021 |
|---|----------------|----------------|
| 17. Staff costs (continued) | | |
| Average number of persons employed during the year | | |
| Academic professionals | 224 | 225 |
| Non academic professionals | 354 | 355 |
| | 578 | 580 |
| 18. Other operating expenses | | |
| Auditor's remuneration | | |
| External | 1 977 | 2 206 |
| Internal | 2 171 | 2 112 |
| Repairs and maintenance | 17 151 | 12 831 |
| Legal fees | 2 774 | 3 874 |
| Outsourced services | | |
| Catering expenses | 1 134 | 603 |
| Cleaning, hygiene and sanitation | 18 108 | 19 086 |
| Grounds and gardens | 2 382 | 2 925 |
| Information technology and computer services | 9 855 | 8 901 |
| Security | 26 671 | 23 040 |
| Student Transport | 35 421 | 36 421 |
| Operating leases - Student residences | 335 937 | 322 368 |
| Rental of photocopy machines | 3 449 | 3 318 |
| Software licensing | 11 844 | 10 641 |
| Assessment rates & municipal charges | 36 723 | 50 184 |
| Telephone expenses | 4 305 | 4 868 |
| Periodicals (subscriptions to online journals and other academic materials) | 10 044 | 8 064 |
| Insurance | 2 791 | 2 454 |
| Professional fees | 7 263 | 6 245 |
| Consumables | 2 809 | 2 224 |
| Bank charges | 1 274 | 1 162 |
| Debt collection | 3 136 | 2 446 |
| Student related functions | 983 | 1 100 |
| Books and materials | 1 046 | 1 092 |
| Research and development costs | 10 821 | 4 049 |
| Membership fees | 1 390 | 1 101 |
| Training | 2 145 | 2 567 |
| Free study dependents | 1 960 | 1 646 |
| Functions | 976 | 1 125 |
| Council fees | 1 859 | 1 522 |
| Students sports body | 2 337 | 2 076 |
| Teaching aids | 1 327 | 1 990 |
| Conferences and workshops | 1 676 | 472 |
| Printing costs | 1 147 | 384 |
| Stationery | 1 168 | 818 |
| Petrol and oil | 1 265 | 851 |
| Other operating expenses | 16 805 | 12 935 |
| | 584 124 | 559 701 |
| 19. Finance costs | | |
| Lease liability | - | 19 |
| Interest - post retirement medical aid obligation (note 4, page 37) | 3 311 | 2 832 |
| Interest paid | 9 498 | 10 043 |
| Total finance costs | 12 809 | 12 894 |

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Notes to the consolidated financial Statements

| Figures in Rand Thousands | 2022 | 2021 |
|---|-----------------|----------------|
| 20. Cash (used in)/generated from operations | | |
| Surplus for the year | 127 055 | 193 631 |
| Adjustments for: | | |
| Depreciation and amortisation | 55 536 | 44 477 |
| Losses on disposals, scrappings and settlements of assets and liabilities | 6 637 | 5 757 |
| Finance income | (28 236) | (14 159) |
| Finance costs | 12 809 | 12 894 |
| Impairment of PPE | 3 022 | 73 |
| Prior period gains from verification exercise | (5 174) | - |
| Other comprehensive income - actuarial loss | (2 751) | - |
| Prior year adjustment | 7 212 | - |
| Revaluation reserve adjustment | (8 309) | - |
| Fair valuation of investment | (290) | (483) |
| Correction of WIP and deferred income | (3 065) | - |
| Impairment loss | 340 | - |
| Movement in post-retirement obligations | 1 918 | (296) |
| Deferred income recognised | (1 981) | (1 276) |
| Changes in working capital: | | |
| Inventories | 1 194 | (4 803) |
| Trade and other receivables | (148 477) | 112 146 |
| Trade and other payables | (88 410) | (25 990) |
| | (70 970) | 321 971 |

21. Prior period errors

The following prior period errors were corrected in 2022, following a prospective approach where the correction was done from the earliest date practical, being 2022.

1. The physical verification of assets identified a significant number of assets were not recorded in the assets register. They were subsequently recorded in 2022. This resulted in an increase in assets to the amount of R5 174 000.
2. A maintenance expense transaction in the amount of R1 539 000 was incorrectly recorded in 2021. It was recorded as Deferred income instead of maintenance expense. This was corrected in 2022.
3. Depreciation on grant funded assets in the amount of R162 000 was not correctly recorded against the Deferred income account in 2021. This was corrected in 2022.
4. There was a reversal of WIP in relation to a building to the amount of R8 309 000. This building was previously revalued and therefore the correction was processed against the Revaluation Reserve. Refer to note 10. This had no impact on Retained Earnings.
5. The WIP in respect of grant funded assets in the amount of R3 065 000 was corrected in 2022 and was accordingly adjusted against the Deferred income account and WIP account in 2022 (refer to note 13). This had no impact on opening Retained earnings.
6. A amount of R333 000 in respect of workmens compensation included in Trade and other payables was corrected as this amount is no longer due.

Prior period restatement of Property, plant and equipment

1. During the 2022 assets verification exercise, assets with a R1 book value which were still in use were identified. The fair value of these assets were determined using the Depreciated replacement cost method. The fair value of the assets amounted to R1 600 000 which were restated in the 2021 financial year.
2. The 2022 assets verification exercise also identified certain assets that were incorrectly classified in previous periods. These assets with a carrying value of R8 000 were reclassified in the 2021 financial year.

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| Figures in Rand Thousands | 2022 | 2021 |
|--|---------|-------|
| 21. Prior period errors (continued) | | |
| The impact of the prior period errors on the Statement of Financial Position is as follows: | | |
| Statement of Financial Position | | |
| Property, plant and equipment | 5 174 | - |
| Deferred income assets | 1 705 | - |
| Trade and other payables | 333 | - |
| Retained earnings | 7 212 | - |
| Revaluation reserve | (8 309) | - |
| Impact of prior period restatement of PPE | | |
| Effect on statement of financial position | | |
| Property, plant and equipment | - | 1 608 |
| Retained earnings | - | 1 608 |

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Consolidated Financial Statements for the year ended 31 December 2022

Notes to the consolidated financial Statements

| Figures in Rand Thousands | 2022 | 2021 |
|--|--------------|--------------|
| 22. Payment to Council and Administrators Committees for attendance of meetings | | |
| To whom paid | | |
| Council members | | |
| M Morilane (Chairperson) | 271 | 313 |
| NZ Qunta (resg June 2021) | - | 50 |
| OM Galane | 109 | 137 |
| BA Makhathini | 63 | 50 |
| MT Msimang | 79 | 43 |
| S Makhunga | 48 | 5 |
| L Thabethe (resg October 2021) | - | 38 |
| M Makhura | 63 | 5 |
| Z Zulu | 65 | - |
| HT Zwane | 135 | 113 |
| V Bhimma | 86 | - |
| B Kraziya | 18 | - |
| AM Mondli (term ended April 2021) | - | 5 |
| PL Buthelezi | 23 | - |
| L Mbatha | 99 | 63 |
| SS Mthethwa | 60 | 71 |
| NC Nyama | 98 | 58 |
| L Noge-Tungamirai | 50 | 66 |
| N Grove (resg January 2021) | - | 33 |
| B Zulu | 5 | - |
| NS Mlaba | 85 | 117 |
| TL Toni | 94 | 81 |
| S Dlamini | 141 | 118 |
| SZ Mnyandu | 189 | 94 |
| Total Council members | 1 781 | 1 460 |
| Administrator | | |
| Prof LR van Staden - Administrator | 882 | - |
| MR Mokuele - Technical team member | 635 | - |
| PK Slack - Technical team member | 375 | - |
| Dr D Naidoo - Technical team member | 375 | - |
| Total Administrator | 2 267 | - |
| | 4 048 | 1 460 |

The Minister of Higher Education, Science and Innovation, Dr BE Nzimande dissolved the Council of MUT and appointed an Administrator to MUT effective 28 September 2022 as per Government Gazette No 44280, dated 10 October 2022. The Administrator is Prof LR van Staden. The Administrator has appointed a technical team to assist him in carrying out his mandate. The Administrator has been appointed for a 24-month period from effective date.

The increase in Council fees for the 2022 year was as a result of more Council meetings held in 2022 and some Council members also being involved as panel members in selection and recruitment processes for executive positions.

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Notes to the consolidated financial Statements

Figures in Rand Thousands 2022 2021

23. 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 2022 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. All these benefits fall within the category of short-term employee 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 | 2022 | 2021 |
|---------------------------------|---|---------------|---------------|
| Dr ED Malaza | Vice-Chancellor & Principal | 1 940 | 3 994 |
| Prof M Ramogale | Acting Vice-Chancellor and Principal | 3 411 | 3 421 |
| Prof N Sibiyi (appt 01/09/2022) | DVC: Research, Innovation and Engagements | 903 | - |
| Dr CM Israel (appt 01/08/2022) | | 696 | - |
| Mr G Govender | Snr Director: Office of the Vice-Chancellor | 1 761 | 1 530 |
| D Brijlal (appt 01/11/2021) | Snr Director: Human Resources and Development | 1 640 | 265 |
| MHL Kau | Interim Snr Director: Operations | 1 587 | 926 |
| F Madhi | Snr Director: Legal Services | 2 041 | 2 027 |
| Dr JM Makua | Acting DVC: Teaching and Learning | 2 212 | 2 159 |
| EMF Mkhize | Snr Director: MARCOMMS | 1 775 | 1 786 |
| MT Khumalo | Snr Director: Operations | 1 993 | 2 118 |
| S Naidoo (resg 31/08/2021) | Registrar | - | 1 392 |
| Dr N Mosala-Bryant | Snr Director: Library | 1 703 | 1 764 |
| Dr PR Gumede | Acting Snr Director: TLDC | 1 303 | 1 196 |
| Dr PP Masala | Registrar | 1 906 | 1 770 |
| Dr M de Swardt | Snr Director: ITN | 1 989 | 2 027 |
| Dr JF van Koller | Acting DVC: Resources and Planning | 2 135 | 2 142 |
| Dr NJ Mabaso | Acting DVC: Resources and Planning | 1 444 | 1 269 |
| R Delomoney | Chief Financial Officer | 2 135 | 2 146 |
| Dr BA Ntshangase | Acting Dean Management Sciences | 1 710 | 1 579 |
| Dr LT Kweyama | Dean of Students | 1 680 | 1 688 |
| Prof BF Bakare | Acting Dean Engineering | 1 420 | 1 294 |
| Prof M Coopoosamy | Acting Dean Natural Sciences | 1 740 | 1 546 |
| Prof AM Msomi | Acting Dean Natural Sciences | - | 1 656 |
| | | 39 124 | 39 695 |

Exceptional payments

During the year ended 31 December 2022 settlement agreements were agreed with three executives (Dr ED Malaza, Dr NJ Mabaso and Mr MT Khumalo) in terms of the disputes that were resolved at the CCMA. This resulted in the following settlements: Dr ED Malaza (R1 600 000), Dr NJ Mabaso (R1 100 000), and Mr MT Khumalo (R1 400 000). Other than the ones stated above no other exceptional payments in excess of R 249 999 were made to the members of the executive and senior management for the years ended in 2021 and 2022. 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.

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24. Taxation

Income Taxation

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

First Ready Development 143 NPC, a subsidiary of the university, has no tax exemption. However, the company is dormant and there is no tax obligation that flows through the group. No tax returns have been submitted to SARS; the company is rectifying the non-compliance.

Value Added Tax

The University is registered as a VAT vendor. Educational services are an exempt supply under section 12(h) of the VAT Act of 1991. Under current legislation, tuition fees, accommodation fees and some state funded research grants have no VAT implications.

First Ready Development 143 NPC is not registered for VAT as its primary asset is a building, and this building is defined under the VAT act as a dwelling for SARS purposes which is not vatable (refer to note 29 for further explanation).

25. Related parties

Relationships

Subsidiaries

Statutory Regulatory Authority

MUT is member of PURCO

Members of Council

Members of senior management

First Ready Development 143 NPC - refer to note 30

Department of Higher Education (DHET)

Purchasing Consortium Southern Africa NPC (PURCO)

Refer to note 22

Refer to note 23

Related party balances

Restricted grants

DHET restricted grants

726 432

769 262

Related party transactions

Grants received

DHET Block grant

457 120

495 307

DHET Fee gap grant

-

18 051

DHET Restricted grants

72 720

123 328

Rebate

PURCO

155

187

Payments to related parties

PURCO

52

50

Mangosuthu University of Technology

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Notes to the consolidated financial Statements

26. Financial risk management

Categories of financial instruments

Categories of financial assets

2022

| | Note(s) | Fair value through profit or loss - Mandatory | Amortised cost | Total | Fair value |
|-----------------------------|---------|---|------------------|------------------|--------------|
| Investments at fair value | 8 | 3 653 | - | 3 653 | 3 653 |
| Trade and other receivables | 7 | - | 386 358 | 386 358 | - |
| Cash and cash equivalents | 9 | - | 1 123 362 | 1 123 362 | - |
| | | 3 653 | 1 509 720 | 1 513 373 | 3 653 |

2021

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

Categories of financial liabilities

2022

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|--------------------------|---------|----------------|---------------|----------------|------------|
| Trade and other payables | 14 | 190 337 | - | 190 337 | - |
| Borrowings | 11 | - | 72 942 | 72 942 | - |
| Bank overdraft | 9 | 856 | - | 856 | - |
| | | 191 193 | 72 942 | 264 135 | - |

2021

| | Note(s) | Amortised cost | Leases | Total | Fair value |
|--------------------------|---------|----------------|---------------|----------------|------------|
| Trade and other payables | 14 | 235 114 | - | 235 114 | - |
| Borrowings | 11 | - | 79 073 | 79 073 | - |
| | | 235 114 | 79 073 | 314 187 | - |

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).

26. Financial risk management (continued)

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

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

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

The University's policies regarding insurance and risk cover are set and monitored by the ARCC. Likewise, decisions on the level of financial risk are taken by the ARCC and enforced by the University's Finance Division in terms of established limits by reference, in each case, to the particular transaction type, the monetary amounts and the counterparties involved.

The University is exposed to market risk as it holds an investment in funds which are significantly affected by fluctuations in market conditions. The University is exposed to changes in market prices through its investment in unit trust funds with Old Mutual. This investment was taken out in 1999 and is subject to fluctuations in the market prices of the units it is invested in. (Refer note 8)

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

There has been no change to the University exposure to market risks during the year of assessment or the

manner in which these risks are managed and measured.

Credit risk

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

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

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

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

Liquidity risk

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

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

Mangosuthu University of Technology

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Figures in Rand Thousands

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26. Financial risk management (continued)

Market risk

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

a) Interest rate risk

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

b) Foreign exchange risk

The University has minimal exposure to foreign exchange risk.

Fair value versus carrying value

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

| | 2022 | | 2021 | |
|---------------------------|------------------|------------------|------------------|------------------|
| | Carrying amount | Fair Value | Carrying amount | Fair value |
| Cash and cash equivalents | 1 123 362 | 1 126 362 | 1 252 741 | 1 252 741 |
| Employee benefits | (37 332) | (37 332) | (34 628) | (34 628) |
| Interest bearing loans | (72 942) | (72 942) | (79 073) | (79 073) |
| | 1 013 088 | 1 016 088 | 1 139 040 | 1 139 040 |

Basis for determining fair values

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

a) Cash and cash equivalents

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

b) Employee benefits

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

c) Interest bearing loans

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

Interest rate sensitivity analysis

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

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

Mangosuthu University of Technology

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26. Financial risk management (continued)

Credit risk

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

Credit losses

Refer to note 7 for the ageing of student receivables.

Liquidity risk - contractual cash flows

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

| 31 December 2022 | 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 | 190 337 | 190 337 | 190 337 | - | - |
| Interest bearing loans | 72 942 | 112 192 | 7 740 | 7 740 | 96 712 |
| | 263 279 | 302 529 | 198 077 | 7 740 | 96 712 |

| 31 December 2021 | Carrying amount R'000 | Contractual cash flows R'000 | 6 months or less R'000 | 6 - 12 months R'000 | >1 year R'000 |
|--------------------------|--------------------------|---------------------------------|---------------------------|------------------------|------------------|
| Trade and other payables | 235 114 | 235 114 | 235 114 | - | - |
| Interest bearing loans | 79 073 | 127 672 | 7 740 | 7 740 | 112 192 |
| | 314 187 | 362 786 | 242 854 | 7 740 | 112 192 |

Accounting classification and fair values

Fair value hierarchy

The table below analyses 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:

| 2022 | Level 2 R'000 | Total |
|--------------------------|------------------|--------------|
| Investment at fair value | 3 653 | 3 653 |
| | 3 653 | 3 653 |

| 2021 | Level 2 R'000 | Total |
|---------------------------|------------------|--------------|
| Investment at fair values | 3 363 | 3 363 |
| | 3 363 | 3 363 |

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

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

26. Financial risk management (continued)

2. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices), or indirectly (i.e. derived from prices).

3. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

CPI Adjustment

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

Median value

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

Traded value

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

Condition

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

of the economic value of the asset in its current condition.

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

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

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

27. Contingencies

1. Litigation is in progress against Mangosuthu University of Technology from the parents of a former student who was shot and killed at one of the University's external residences. The claim documents reflect the amount of R10 050 000 being claimed:

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

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

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27. Contingencies (continued)

3. Litigation is in progress against Mangosuthu University of Technology from Peak Consulting Engineers for unpaid invoices. The amount claimed by the plaintiff is R1 186 050. The University is defending the matter.

4. Litigation is in progress against Mangosuthu University of Technology from HR Touch for unpaid invoices. The amount claimed by the plaintiff is R977 500. The University is defending the matter.

28. Contingent asset

The University and NSFAS embarked on a "Close-out" process for the academic years 2017 to 2020. This "Close -out" project which was initiated by NSFAS is in its final stages of verification by NSFAS.

NSFAS issued the University with a finalisation letter in July 2022 advising of the outcome of the close-out project for the respective years. The communication from NSFAS acknowledges NSFAS's total exposure to the University of R193 645 000 after taking into consideration any overpayments.

The communication issued to the University also identified students classified as "missing" with a total value of R26 356 000. These are students listed on the Universities claims, however NSFAS rejected them or unfunded them or has not made a funding decision on them yet. Although the University has written to NSFAS disputing this matter, NSFAS has not officially responded on the same, therefore the University has not accounted for this amount in its records but has recorded this as a contingent asset.

29. Irregular expenditure

Details

| | | |
|--------------------------------------|----------------|----------------|
| Balance at beginning of the year | 170 314 | 141 949 |
| Expenditure incurred during the year | 27 576 | 28 365 |
| | 197 890 | 170 314 |

The following expenditures were paid

| | | |
|---|---------------|---------------|
| Snow Capped Trading 801cc | 70 | - |
| Servest Security - security services | 26 281 | 22 875 |
| Konica Minolta - leasing of printers | - | 1 743 |
| City Hospital - ambulance services | 65 | 400 |
| Enviroserve Waste Mngt - waste removal services | 176 | 557 |
| Bidvest Steiner - hygiene consumables | 984 | 2 646 |
| Thulamuntu Development | - | 50 |
| Forms Media | - | 2 |
| Lopac Tissue | - | 25 |
| Dexaco | - | 36 |
| Isibindi Stationers | - | 17 |
| Ekhwesi | - | 1 |
| Halls Hardware | - | 6 |
| Getshi Trading | - | 7 |
| | 27 576 | 28 365 |

Items that meet the qualification for irregular expenditure as per the Mangosuthu University of Technology's Irregular, Fruitless and Wasteful and Unauthorised expenditure (IFAWUE) framework are reported as irregular expenditure in the financial statements. Condonations for irregular expenditure are made to Council once the matter is fully investigated and concluded upon. This will include any potential recovery and disciplinary action taken.

30. Interests in subsidiaries - First Ready Development 143 NPC

Included in Mangosuthu University of Technology's Property, Plant and Equipment balance is the student residence known as the "Executive Hotel". This property is owned by First Ready Development 143 NPC, a company specifically formed in 1998 by the then Council and management of MUT for the purpose of acquiring the property to be used as student residence for Mangosuthu University of Technology's students. The property was acquired in 1999 at a cost price of R3 500 000. The carrying value of this property as at 31 December 2022 is R22 895 977 (as per the latest valuation conducted as at 31 December 2019). The property has been used as student accommodation since acquisition. The administration matters of this non-profit company were not fully attended to. This resulted in the company being in placed under final de-registration with the Companies and Intellectual Property Commission (CIPC).

The Mangosuthu University of Technology has currently taken steps to regularise the administrative affairs of the company. This company has been reinstated with the CIPC. In respect of SARS, Mangosuthu University of Technology appointed tax specialist through a professional services firm to attend to all tax aspects that may arise in respect of the company.

The property is accounted for in the financial records of MUT and all related revenues and expenditures (including capital expenditure) are also accounted for in the financial records of the University. This was done because there were no separate accounting records of the company and in substance the company is controlled by Mangosuthu University of Technology. Mangosuthu University of Technology's financial statements are reported as consolidated financial statements as a result of assets, revenue and expenditure of this entity being included in the accounting records of Mangosuthu University of Technology and reported as such in the annual financial statements.

The student accommodation that is provided is primarily used for the purposes of a dwelling and therefore regarded as exempt from VAT.

The accommodation fee per student for this residence is R13 900 (2021: R13 090) per semester. The residence has a capacity of 240 students. This residence was not occupied in the 2022 academic year and thus no income was earned from this residence.

Contingent liability

The company is a non-profit company. The company is registered for income tax. There is no record of the submission of income tax returns for the company. The Mangosuthu University of Technology has commenced the process of addressing this matter in order to further engage with SARS. Therefore, there exists a contingent liability in respect of potential income tax payable on possible taxable income of the company from the time it commenced trading. There is also a contingency in respect of penalties and interest on such income tax. However, at this stage of the process, it is not possible to reliably estimate the amount of this liability.

31. Going concern

Mangosuthu University of Technology is a 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.

The consequences of the COVID-19 pandemic significantly affected the ability of the University to continue normal operations in delivering face to face educational services to its students during the 2020, 2021 and 2022 years. The university adopted a blended model for teaching and learning during the pandemic and continued with this model into the 2022 academic year during which the University also experienced a water crisis.

The 2021 academic was successfully completed in January/February 2022. The 2022 academic year commenced in March 2022 and was successfully completed by 31 December 2022.

Although NSFAS did not make any upfront payment to MUT in the first quarter of 2022 and the DHET block grant funding only commences at the beginning of the second quarter of the year, MUT was able to settle obligations and continue operations during the first quarter of the year without any challenges.

The President announced the lifting of lockdown restrictions and the retraction of the national state of disaster during the first quarter of 2022. The DHET terminated the Covid-19 Response grants (CRG-1 and CRG-2 grants) effective at the end of March 2022 and advised that the remaining balances on the CRG-1 and CRG-2 were to be used to fund a portion of the Block grant.

31. Going concern (continued)

The DHET also advised revised allocations for certain earmarked grants during the year due to the reprioritisation of funds required to assist with the shortfall for the funding of students by NSFAS. The shortfall was in the amount of R1 499.999 million as per the letter received from DHET. However, the DHET has not indicated any plans to close or wind down the operations of the University. The 2022 academic year of MUT was successfully completed in December 2022 without the need to extend the academic year into 2023, and it is anticipated that normal operations will continue into the future.

An analysis of MUT's financial results and financial position as at 31 December 2022 indicates that MUT is performing well in certain areas and has made improvements, whilst in other areas it is not performing well and will need to make further improvements. However, on the whole there is no indication that the University will not be able to continue as a going concern into the foreseeable future.

There is no uncertainty that the University will continue operations and further that the DHET will continue in its role to support all institutions of higher education in delivering on their mandate. There are no plans to significantly curtail the operations of MUT. In fact, MUT has embarked on a turn-around strategy with the view to improving and enhancing its academic programme and status as an institution of higher learning as well as to reduce its dependence on the DHET for financial support with the aim of improving its financial sustainability. There are various processes and projects in place to improve all aspects of University and solidify its place in the wider South African and international higher education sector.

Therefore, based on all these factors as well as the financial analysis performed, it is our assessment that the MUT will continue as a going concern and there are no significant factors that at this time cast significant doubt on the MUT's ability to continue as a going concern.

32. Events after the reporting period

NSFAS Funding Policy

During the 2022 year, NSFAS announced that it will taking over the disbursements of student allowances from universities and will also be taking over the administration of leased accommodation including the accreditation of such accommodation and placing of students in leased accommodation from the 2023

academic year. It also announced that it will be capping student allowances to R45 000 per annum for the 2023 year. These announcements were confirmed in the NSFAS Eligibility Criteria & Conditions for Financial Aid Policy Standard for the 2023 academic year issued late December 2022 for the 2023 academic year.

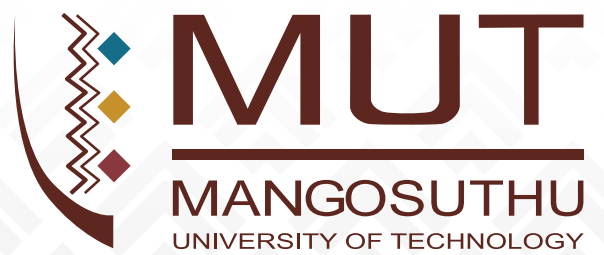
The direct payment of allowances to students does not appear to have any financial consequences for the University, however MUT will have to review and consider the implications of this change on the capacity requirements of its Financial Aid Office. It will only be able to do so once NSFAS has advised on how this new disbursement process will work.

The administration of student accommodation and placing of students in NSFAS accredited accommodation together with the capping of accommodation allowances may have greater financial implications for MUT. These financial implications relate to the recognition and recording of student residence fees in the financial records of MUT and expenditure in respect of the leased accommodation, especially lease rentals and transport costs. However, at this stage it is not possible to determine or quantify the impact of this due to NSFAS not providing any further detail on how this new approach to student accommodation will work. It is possible that MUT may in future not be able to recognize any residence fees from external residences in its financial records and it may also not incur and recognize related costs such as lease rentals and transport costs.

Furthermore, due to the capping placed on the accommodation allowance in 2023, MUT may not be able to recover its full residence fees charged to students who are funded by NSFAS. MUT's average residence fees for leased accommodation is R52 000 per annum whilst the NSFAS capped allowance is R45 000 per annum for the 2023 year.

This means that MUT will have to recover the difference from students if NSFAS does not agree to MUT's request for an exemption to the capping. It also means that MUT will have to review its pricing for student accommodation for the 2024 and future academic years so that it is brought in line with the NSFAS capped amount if possible.

The Mangosuthu University of Technology has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 December 2022 have not been adjusted to reflect their impact.



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