

# ANNUAL REPORT 2020



UNIVERSITY OF  
**CAPE TOWN**



Compiled in terms of the Regulations for reporting by Public Higher Education Institutions published under Government Notice No R 464 of 9 June 2014.

Incorporated in terms of the Higher Education Act, 1997, and the Statute of The University of Cape Town, promulgated under Government Notice No. 1199 of 20 September 2002 and as amended by Government Notice 259 of 26 February 2004; 476 of 20 May 2005; 748 of August 2010; and 408 of 23 May 2012.

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# REPORT OF THE CHAIR OF COUNCIL FOR 2020

The term of appointment of the members of Council is for a period of four years. The details of the membership of Council are recorded below.

## DETAILS OF THE COUNCIL OF THE UNIVERSITY OF CAPE TOWN AS AT 19 JUNE 2021

### EXECUTIVE OFFICERS OF THE COUNCIL

**Professor M Phakeng** (Vice-Chancellor)

**Professor S Harrison** (Deputy Vice-Chancellor)

**Dr R Morar** (Chief Operating Officer)

**Mr R N Pillay** (Registrar) (Secretary to Council)



» BABALWA NGONYAMA

### MEMBERS OF COUNCIL

#### Ministerial Appointees

1. Ms S Barsel
2. Ms Pheladi Gwangwa (Deputy Chairperson)
3. Ms Siza Mzimela
4. Ms Kunyalala Maphisa
5. Professor Neil Eccles

#### Members elected by convocation

6. Ms Marlene le Roux
7. Dr S Manjra
8. Professor Christopher Vaughan (A fourth member elected by Convocation resigned and was replaced via the Appointments Committee of Council)

#### Academic and professional administrative & support staff (PASS) elected members

9. Vacant (PASS 2-6)
10. Mr S Chetty (PASS 7-13)
11. Professor Rudzani Muloiwa (Academic)

#### Members elected by Senate

12. Professor N Ntusi
13. Professor D Chirwa
14. Mr J Rousseau

#### Members elected by donors

15. Mr E Davids
16. Ms D Yach

#### Nominee of Cape Town City Council

17. Cllr A Kuhl

#### Nominee of the Premier of the Western Cape

18. Dr M Cardo

#### Appointed by the Appointments Committee of Council \*

19. Mr M Campbell
20. Ms Z Khanyile
21. Ms K Makhohliso
22. Ms N Mohamed
23. Ms T Mokgabudi
24. Ms B Ngonyama (Chairperson)

#### Appointed by the Students Representative Council

25. Mr D Dyer
26. Mr S Lonzi
27. Mr P Ntentema

\* The Appointments Committee is responsible for filling vacancies occurring in the Convocation and Donor constituencies during the four-year term of office. The UCT Council had one resignation from the Convocation constituency. This vacancy was filled by the Appointments Committee in terms of Section 16(2A) of the Statute.

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# COUNCIL STATEMENT ON CORPORATE GOVERNANCE

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## LEGAL PERSONA AND CAPACITY

The University is autonomous and is a legal persona with full juristic capacity by virtue of its incorporation as a university (originally by an Act of the Union Parliament of 1916 when Parliament incorporated the South African College, and now in terms of the Higher Education Act, 1997 (the Act) and the Institutional Statute of the University of Cape Town published under that Act). This legislation places the governance of the University in the hands of a Council, provides for the Council's composition and powers, and provides for the role and powers of the Senate and the role and functions of the Institutional Forum.

## THE COUNCIL AND GOVERNANCE STRUCTURES PROVIDED FOR IN THE ACT

The University of Cape Town grew out of the South African College, which had been established in 1829. The institution became a University in 1918 under a 1916 Act of the Union Parliament. That, and successive legislation, gave way to the Higher Education Act, No. 101 of 1997 (the Act), and the promulgation in terms of the Act of the Institutional Statute of the University of Cape Town (under government notice No 1199 of 20 September 2002 and as subsequently amended). The Act deals inter alia with public higher education institutions, of which the University is one.

The Act requires a public higher education institution to have a Council, a Senate, a structure to advise the Council on student matters, an Institutional Forum, and a Students' Representative Council. The Act, read with the Institutional Statute, defines the role, powers and composition of each of these bodies.

The Council governs the University in terms of the Act and the Statute. It consists of not more than 30 members, of whom 6 are external or independent (in that none may be a student nor a staff member). The term of office (other than for the student members who serve for one year, and the Vice-Chancellor and Deputy Vice-Chancellors who serve ex officio) is four years.

While the Council governs the University, the Senate has jurisdiction over the academic functions of the University. The Senate consists of all professors, all heads of academic departments, elected academic and support staff, members appointed by the UCT Nominations Committee from the academic departments, elected student members and co-opted members. Much of the work of Senate is done by the Faculty Boards (UCT has six faculties, a centre for higher education development and a business school) and by committees of the Senate.

The Institutional Forum brings together (in a body of 30) ten student members chosen by the Students' Representative Council, ten staff members chosen by trade unions and staff bodies, and ten members representing Council, Senate and executive leadership. It advises the Council on issues affecting the University as required by the Act.

The Council is supported by specialist committees and working groups.

The matters reserved for decision by full Council are those specified in the Act (changes to the Institutional Statute, adopting institutional rules, acquiring or disposing of fixed property, setting fees, and specified financial transactions), those listed in the Institutional Statute (paragraph 12(5)), and matters that Council has reserved to itself. Beyond this, Council has powers of delegation and has made use of these powers to delegate or assign some of its powers and functions to a committee of Council, a member of Council, or an officer of the University (paragraph 12(4) of the Statute). Schedules of delegated authority are reviewed periodically by Council.

The Council as currently constituted complies with the requirements of the law. Members of Council are not remunerated. Should a Council member need to travel outside Cape Town, or to Cape Town to attend a meeting however, s/he may be reimbursed for the travel expenses incurred.

## ETHICS IN DECISION-MAKING AND IN UNIVERSITY WORK

The Council is committed to behaving ethically and with integrity in all its dealings.

Care is taken to ensure that:

- the University complies with the governance prescripts contained in the Act and the Institutional Statute;



- the mandates of committees are clear, written, consistent with the legislation and adhered to;
- full records are kept of the proceedings of Council, Senate, the Institutional Forum and their applicable committees;
- where decisions are made under delegated authority the written authority limits are not exceeded.

In order to ensure that there is neither an actual nor a perceived conflict of interest, and that decisions are made independently of the personal interests of members, each Council member, all senior managers, and all members of Council committees are required: (i) to make an annual declaration of interests; (ii) to declare any conflict or potential conflict ahead of discussion of relevant issues; and (iii) to recuse themselves should any such conflict of interest arise. In addition, all Council members must subscribe to the Council's code on conflicts (or potential conflicts) of interest.

The Ombud's Office represents a further step to ensure fairness in all institutional dealings with staff, students and third parties, and to promote probity.

In addition, a whistle-blower hotline which has been in operation since 2015 has been managed externally through Whistleblowers Inc. since 2018. Allegations of fraud, corruption, or unethical conduct may be reported confidentially and anonymously.

Corporate governance and ethics in decision-making are further reinforced by the University's statement of values<sup>1</sup>, updated in December 2016, and the Fraud and Corruption Prevention Policy<sup>2</sup>.

## STAKEHOLDERS

UCT is a diverse community, located within a wider context of multiple stakeholder groups on whom UCT relies and who have expectations of the University in terms of its mission, actions and decisions. The University's stakeholder network includes, inter alia, academic partners, staff (academic and professional), students, government agencies, the private sector, civil society groups, parents, funders, and the media. These relationships are valued and nurtured at various levels in the institution. For example, this is done via the Executive with government agencies, via the faculties and research units with research partners, via the Development and Alumni Department with donors, alumni and members of Convocation, with schools and parents via the Student Recruitment Office, with staff members via the representative bodies and consultative forums, with students via the SRC and other student formations, with the media via the Executive and the Department of Communication and Marketing, and with civil society groupings through the work of the University in its social responsiveness and community engagement endeavours.

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## THE RESPONSIBILITIES OF THE COUNCIL

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The Council's key responsibilities are to ensure that:

- The University has clear strategic goals and objectives.
- The Executive Officers (the Vice-Chancellor, Deputy Vice-Chancellors and Chief Operating Officer) are held to account in achieving the University's goals and objectives.
- The University's financial position is sound in the short and long term.
- No fees are set, and no financial appropriations made, without Council approval.
- Risk management and internal controls are in place.
- All the University's members (staff, students, and alumni), donors, clients, and suppliers are treated in an appropriate manner.
- The University complies with relevant laws, regulations and accounting policies.

The committees and sub-committees necessary to achieve the above are in place, are properly constituted and have appropriate terms of reference and reporting procedures.

<sup>1</sup> [https://www.uct.ac.za/downloads/uct.ac.za/about/policies/UCT\\_Statement\\_of\\_Values.pdf](https://www.uct.ac.za/downloads/uct.ac.za/about/policies/UCT_Statement_of_Values.pdf)

<sup>2</sup> [http://www.staff.uct.ac.za/sites/default/files/image\\_tool/images/431/finance/operations/policies/gen005.pdf](http://www.staff.uct.ac.za/sites/default/files/image_tool/images/431/finance/operations/policies/gen005.pdf)

## OBJECTIVES FOR THE COUNCIL FOR 2020

The Chair of Council is required to report annually on the work of the Council. The Auditor General requires that the Council report on the extent to which the Council has met its pre-determined objectives for the year. The reporting regulations as published in the Gazette of 9 June 2014 under Government Notice No. R.464 are designed for reporting against such pre-determined objectives. A key part of this is the Annual Performance Plan. Having regard to this, and its responsibilities under the Act and the Statute, the Council (at its meeting of 7 December 2019) set the following high-level objectives for 2020.

**Table 1: Objectives for the Council for 2020**

Council objectives related to predetermined objectives and statutory oversight follows below:	
<p>To receive and authorise the submissions to the Department of Higher Education and Training as they relate to the annual cycle of planning and reporting as follows:</p> <ol style="list-style-type: none"> <li>The 2019 Annual Report</li> <li>The 2020 Mid-year Performance Report</li> <li>The 2021 Annual Performance Plan</li> </ol>	<p>Council authorised for submission to the Department of Higher Education (a) the 2019 Annual Report in June 2020; (b) the 2020 Mid-year Performance Report in November 2020; and (c) the 2021 Annual Performance Plan in March 2021.</p>
<p>To achieve the approved enrolment targets for 2020, as well as the graduate output and throughput targets.</p> <p>UCT's enrolment planning compact with the Ministry and the Department of Higher Education and Training required that UCT achieve a headcount enrolment of 28 037 (2019: 29 609) students in 2020. This agreed target total can be broken down as follows: 1 488 occasional students, 16 291 (2019: 17 531) undergraduate students, 3 118 (2019: 3 804) postgraduates below the master's level, 5 087 (2019: 5 232) master's students and 2 053 (2019: 1 674) doctoral enrolments. The headcount enrolment is projected to translate into 21 322 (2019: 22 489) full-time equivalent enrolments.</p>	<p>See pages 23 to 27</p>
<p>To ensure that earmarked funds designated and awarded to UCT by the Minister of Higher Education are utilised for the specific purposes as intended. These include:</p> <ul style="list-style-type: none"> <li>the 2020 University Capacity Development Grant (encompassing teaching- and research-development);</li> <li>the 2020 earmarked foundation programme grants;</li> <li>the 2020 infrastructure and efficiency grants;</li> <li>the 2020 earmarked clinical training grants</li> </ul> <p>Earmarked grants are funds that may be used only for specific purposes designated by the Minister, and the accountability for the use thereof is through the submission of progress reports and financial statements which are provided on an annual basis by the universities. The University enters into an agreement with the Department of Higher Education about programmes and activities that will be funded and the funds that will be made available.</p>	<p>See pages 27 to 35</p>
<p>To monitor and receive progress reports in relation to the strategic plan which Council approved in 2016.</p>	<p>At its June 2020 meeting, and within the context of the conceptual framework to monitor the 2016-2020 strategy, Council considered the 2019 mid-period update, and which had been prepared for the Council whose term of office was due to end on 30 June 2020.</p>
<p>To adopt a strategic plan (Vision 2030) for the University for the period 2021 to 2030. At its December 2020 meeting, Council unanimously approved Vision 2030, confirming the strategic direction for the University over a period of 10 years commencing in 2021.</p>	<p>See page 11</p>

**Council objectives in relation to governance and internal objectives follow below:**

To govern the University effectively, ensuring and promoting academic freedom, transformation and sustainability, and success in the core activities of teaching & learning, research, and community engagement. Key deliverables in relation to this are as follows:

- The recruitment of senior staff in respect of vacant posts. During the course of 2020, the following senior appointments took effect: (1) Dr Linda Mtwisha as the Executive Director of Research; (2) Professor Alan Cliff's extended term as the Acting Dean of the Centre for Higher Education Development; (3) Associate Professor Lionel Green-Thompson as the Dean of Health Sciences; (4) Emeritus Professor Hugh Corder as the Interim Director of the Graduate School of Business; and (5) Dr Catherine Duggan as the Director of the Graduate School of Business.
- To receive reports on teaching & learning; research; and social responsiveness and engaged scholarship.
- To receive a report on Transformation and monitor progress to advance institutional transformation.

See pages 36 to 45 for relevant information as drawn from the Reports

To hold the Vice-Chancellor accountable for her objectives and for effective administration.

See pages 10 to 22 for the Vice-Chancellor's self-assessment in the later section of this report

To maintain the fitness for purpose of Council by ensuring that the process to appoint the new Council, with effect from 1 July 2020, is concluded timeously and in line with the proposed amendments to the UCT institutional statute.

Refer also to pages 6 to 9 for key committees of Council

Following the 2019 review of the composition of Council, the new Council was duly constituted with effect from 1 July 2020. The Council composition changes included the increase of the number of ministerial representatives from three to five, an increase in student members from two to three, an increase in the number of professional and administrative staff from one to two, the inclusion of one Deputy Vice-Chancellor and the Chief Operating Officer as a member of Council.

# THE COMMITTEES OF COUNCIL

## REGULAR COUNCIL MEETINGS

The term of office of the previous Council having ended on 30 June 2020, the meeting attendance records below include the pre- and post-June 2020 Council members.

**Attendance at the regular Council meetings: 1 January 2020 to 31 December 2020.**

**Table 2: Attendance at regular Council meetings 2020**

Council Member	14 Mar	20 Jun	11 Jul	17 Oct	5 Dec	% Attendance
N Arendse	P	P	N/A	N/A	N/A	100
E Balarin	P	P	N/A	N/A	N/A	100
S Barsel	Ap	P	P	P	P	80
DW Bryant	P	P	P	N/A	N/A	100
DJ Budlender	P	N/A	N/A	N/A	N/A	100
M Campbell	P	P	P	P	Ap	80
M Cardo	Ap	P	P	P	Ap	60
S Chetty	N/A	N/A	P	P	P	100
E Davids	Ap	P	P	P	P	80
D Chirwa	N/A	N/A	P	P	P	100
D Dyer	N/A	N/A	N/A	N/A	P	100
N Eccles	N/A	N/A	P	P	P	100
L Feris	P	P	N/A	N/A	N/A	100
P Gwangwa	N/A	N/A	P	P	P	100
S Harrison	P	P	P	P	P	100
B Jakoet	P	P	N/A	N/A	N/A	100
Z Khanyile	N/A	N/A	P	P	P	100
W Kasibe	P	P	P	P	N/A	100
A Kuhl	N/A	N/A	P	P	Ap	67
L Lange	P	P	N/A	N/A	N/A	100
M le Roux	N/A	N/A	P	P	Ap	67
S Lonzi	N/A	N/A	P	P	P	100
N Mahlangu	P	P	N/A	N/A	N/A	100
S Manjra	Ap	P	P	P	P	80
K Maphisa	N/A	N/A	P	Ap	P	67
N Mohamed	P	P	P	P	P	100
T Mokgabudi	Ap	P	P	P	P	80
T Moultrie	P	P	N/A	N/A	N/A	100
R Morar	N/A	N/A	P	P	P	100
R Muloiwa	N/A	N/A	P	P	P	100
S Mzimela	N/A	N/A	P	Ap	P	67
B Ngonyama	P	P	P	P	P	100

Council Member	14 Mar	20 Jun	11 Jul	17 Oct	5 Dec	% Attendance
P Ntentema	N/A	N/A	P	P	P	100
D Ntsebeza	N/A	N/A	P	Ap	N/A	50
N Ntusi	P	P	P	P	P	100
R Omar	P	P	N/A	N/A	N/A	100
SM Pityana	P	P	N/A	N/A	N/A	100
M Phakeng	P	P	P	P	P	100
E Ramugondo	P	P	N/A	N/A	N/A	100
J Rousseau	P	P	P	P	P	100
C Vaughan	N/A	N/A	P	P	P	100
D Yach	P	P	P	P	P	100
S Zinn	P	P	N/A	N/A	N/A	100
B Zwane	P	P	N/A	N/A	N/A	100

P = Present      Ap = Apology      Ab = Absent      N/A = Not a member

## COUNCIL'S EXECUTIVE COMMITTEE

Council is supported by a standing Executive Committee (EXCO) to which Council has delegated specific formal decision-making functions. Council meets at least four times each year and EXCO meets regularly between February and November, generally in those months in which Council does not meet.

The EXCO consists of the Chair and Deputy Chair of Council, the Chair of the University Finance Committee, four additional members of Council (two of whom must be external members and one of whom must be a student member) and the Vice-Chancellor.

The table below sets out the number of EXCO meetings held in 2020 and each member's attendance record.

**Table 3: Attendance at Council Executive Committee (Council EXCO) meetings 2020**

Council EXCO Member	21 Feb	21 Aug	13 Nov	% Attendance
N Arendse	P	N/A	N/A	100
S Barsel	N/A	P	P	100
DJ Budlender	P	N/A	N/A	100
D Dyer	N/A	N/A	P	100
Z Khanyile	N/A	P	P	100
S Lonzi	N/A	P	N/A	100
N Mahlangu	P	N/A	N/A	100
S Manjra	P	N/A	N/A	100
B Ngonyama	Ap	P	P	67
N Ntusi	N/A	P	P	100
M Phakeng	P	P	P	100
SM Pityana	P	N/A	N/A	100
J Rousseau	P	N/A	N/A	100
D Yach	N/A	P	P	100

P = Present      Ap = Apology      Ab = Absent      N/A = Not a member

## THE COUNCIL APPOINTMENTS COMMITTEE

The Council Appointments Committee considers nominations for certain vacancies in the Council in terms of paragraph 46 of the Statute and appoints five members of the Council. The Appointments Committee met twice in 2020 to make five substantive appointments to the Council for the term of office 1 July 2020 to 30 June 2024.

## THE UNIVERSITY AUDIT AND RISK COMMITTEE

The University Audit and Risk Committee (UARC) is a standing committee of Council and consists of external members of Council and independent members. The Audit and Risk Committee met on six occasions in 2020, and once jointly with the University Finance Committee. The University Audit and Risk Committee's responsibilities are to:

- Ensure that there is an effective process for assessing and managing risk;
- Assess the financial statements for reasonableness and accuracy, and for compliance with accounting policies and regulations laid down by the Minister under the Act;
- Recommend to Council the approval of the Annual Report, incorporating the Annual Financial Statements;
- Review and approve the scope of the internal audit programme;
- Recommend the appointment and retention of the independent external auditors;
- Review the scope of the audit conducted by the independent external auditors; and
- Review the adequacy and effectiveness of internal control.

## THE UNIVERSITY FINANCE COMMITTEE

The University Finance Committee (UFC) is a standing committee of Council and is chaired by an external member of Council. The committee consists of four members appointed by Council (one of whom must be the Chair, and one of whom ceased to be a Council member from July 2020), the Vice-Chancellor, the Chief Operating Officer, the Executive Director: Finance, three members nominated by Senate and two members nominated by the Students Representative Council. The UFC advises Council on financial strategy, makes recommendations on revenue and capital budgets, and monitors and reports quarterly on progress against these budgets. The committee met eight times during 2020, and once jointly with the University Audit and Risk Committee.

## THE COUNCIL REMUNERATION COMMITTEE

The Council Remuneration Committee (RemCom) is a standing committee of Council and consists of external Council members, the Chair and Deputy Chair of Council, the Chairs of the University Audit, Human Resources and Finance Committees, and the Vice-Chancellor (except for matters relating to senior staff).

RemCom is responsible for:

- Advising the Council on remuneration policy;
- Setting mandates for consultation and negotiations on remuneration and conditions of service with staff bodies and trade unions;
- Evaluating the performance of the Vice-Chancellor and senior staff; and
- Determining the remuneration of the senior leadership group members in terms of the performance management system.

The Remuneration Committee reports to Council each year setting out the decisions taken, thus ensuring transparency in respect of executive and senior staff salaries. RemCom met thrice during 2020.

## THE UNIVERSITY STUDENT AFFAIRS COMMITTEE

The University Student Affairs Committee (USAC) is a standing committee of Council established in terms of section 27 (3) of the Act. It includes one member of the Executive, two Council members, members of the academic staff (appointed by Senate) and student representatives. It is chaired by a Deputy Vice-Chancellor and advises the Council on student matters. Council requires the USAC to report on student concerns. USAC met five times in 2020.

## THE UNIVERSITY HUMAN RESOURCES COMMITTEE

The University Human Resources Committee (UHRC) is a standing committee of Council that advises Council on HR policy and employment equity policy and plans and previously played a role in considering reports on outsourced providers' compliance with the code of conduct. The UHRC ensures oversight to Human Resources strategy and policy, including employment equity, and reviews staff attraction, recruitment policies and practices. It also provides information on staff issues and staff concerns. The committee met four times during 2020. An external Council member chairs the UHRC.

## THE UNIVERSITY INFORMATION AND COMMUNICATION TECHNOLOGY COMMITTEE

The University Information and Communication Technology Services Committee (UICTC) is a standing joint committee of Senate and Council. It was established in recognition of the vital role of Information Communication Technology Services (ICTS) in teaching, research, administration and communication. This committee is responsible for formulating strategy proposals for ICTS at UCT.

It is chaired by the Chief Operating Officer, and it includes a member of Council, members of the academic staff appointed by Senate, the Executive Director: Finance, the Registrar and SRC-appointed members. The UICTC met four times in 2020.

## THE UNIVERSITY BUILDING AND DEVELOPMENT COMMITTEE

The University Building and Development Committee (UB&DC) is a standing committee of Council and advises Council on development of the physical plant and oversees major capital projects.

This committee includes nominees of the Cape Provincial Institute of Architects, and one of its functions is to advise on the development of the University's campus-assembly of spaces and buildings. The committee is chaired by a member of Council and met six times during 2020.

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## CONCLUSION

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On behalf of the Council, I extend to the Chairperson (Sipho M Pityana), Deputy Chairpersons (Dr Shirley Zinn and Ms Nazeema Mohamed who served in this capacity for part of this reporting period) and members of the 2016/20 Council our gratitude for the significant contribution that has been made during the four-year term of the Council that ended in June 2020. This has been a fascinating period in the history of UCT, with much change and challenge, where obstacles have been approached as opportunities, and where crises have given cause for reflection and growth. Council has been steadfast in carrying out its governance obligations, has been future-focused in its wisdom and guidance, and generous in accommodating the extraordinary demands, often at short notice, on the time of members.

I also extend my gratitude to the members and chairpersons of Council committees and task teams, for the work they have done, and to all members for always doing what is in the best interest of UCT.



**Babalwa Ngonyama**

Chair: Council

19 June 2021



# REPORT ON UCT OPERATIONS DURING 2020

## INTRODUCTION

The report on UCT operations consists of four sections. Section 1 deals with a reflection on executive objectives for 2020, as derived from UCT's Strategic Plan 2016-2020. Section 2 deals with a quantitative analysis of our student body in relation to our targets, enrolment plan and our academic staffing capacity. This analysis also covers overall student enrolment and demographic profiles, student academic performance and student housing provision. All universities receive several earmarked grants for specific purposes from the Department of Higher Education and Training, and Section 3 provides an update on the progress in utilising these grants. Section 4 deals with the reports of Senate to Council in 2019, consisting of the Research Report, Teaching and Learning Report and Social Responsiveness Report which served at Council during 2020.



» PROFESSOR MAMOKGETHI PHAKENG

## REPORT ON 2020 EXECUTIVE OBJECTIVES

### UCT STRATEGIC PLANNING FRAMEWORK 2016-2020

The Strategic Planning Framework (SPF) 2016-2020 details five broad strategic goals that seek to give effect to improvements in the areas of research, teaching and learning, internationalisation and social responsiveness, while infusing all of these with the transformation ideals. The five strategic goals are:

- **Goal 1: Inclusivity**  
To forge a new inclusive identity that reflects a more representative profile of students and staff, and the cultures, values, heritage and epistemologies of the diversity of UCT's staff and students.
- **Goal 2: Internationalisation**  
To promote UCT as a vibrant and supportive intellectual environment that attracts and connects people from all over the world and advances the status and distinctiveness of scholarship in Africa.
- **Goal 3: Research**  
To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.
- **Goal 4: Teaching and Learning**  
To renew and innovate in teaching and learning – improving student success rates, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens.
- **Goal 5: Engaged Scholarship**  
To enhance the scope, quality and impact of engaged scholarship with an emphasis on addressing development and social justice.



The objectives relating to the 2016-2020 SPF Strategic Goals are of two types: those that are values-driven objectives in nature, relating to fairness, redress and inclusion, etc.; and outcomes-driven objectives, relating to improvement in student performance, changes in the staff equity profiles and the extent of curriculum change, where progress is sought.

UCT's SPF 2016-2020 was developed against the backdrop of widespread social action on campuses throughout the country. The focus of this social action has been on the inequalities, prejudices and structural disadvantages that continue to characterise South African society and their manifestation at universities. In this plan, UCT has attempted to infuse the urgency for change and transformation in all its areas of performance and organisation while asserting its mission as a research-intensive university.

## FROM PLANNING TO MONITORING AND EVALUATION

During 2019 UCT focused on streamlining its strategic objectives and developing appropriate performance indicators to monitor progress.

As previously noted in the 2019 Annual Report, the revised approach to strategic planning has reduced the number of areas to be monitored without compromising the high-level goals of the SPF. While as a statement of values, all that is documented in the SPF is of importance, we have identified considerable slippage between actions needed to achieve an objective, and the objectives themselves. Taking this into account we have re-aligned areas of performance into revised objectives in relation to the high-level goals to make implementation and monitoring simpler.

As mentioned above, when it was initially approved in December 2017, the framework did not identify key performance indicators that were linked to the objectives. In June 2018 the University Council approved a conceptual framework to monitor the strategic planning framework and in March 2019, Council approved an evaluation framework that would allow the institution to monitor progress of the SPF via a set of objectives, each in relation to performance indicators, as they pertain to each of the five goals.

In practical terms, this has two important consequences. Firstly, the core functions of teaching and learning, and research are reinforced and support each other through integrated planning. Secondly, all transformative goals identified in the strategic plan need to find concrete expression in the core functions of the university as well as in the support services that make the functioning of the university possible.

## FROM 2020 TO VISION 2030

With 2020 representing the final year of the UCT SPF 2016-2020, a great deal of the focus in relation to strategic planning at the university has been consumed by the conceptualising and planning for Vision 2030.

As noted in the 2021 Annual Plan, the University of Cape Town Council at its meeting of June 2020 affirmed the future strategic planning framework for the university: **Vision 2030: Unleash human potential to create a fair and just society.** As a statement of intent, UCT seeks to “draw from the extraordinary social and cultural diversity, creativity and capacity for innovation of all our staff and students to contribute to making the 21st century the Afrikan century; to look at ourselves as a university and create together the top global university in Afrika – a university that is uncompromising in its transformative intent, deeply rooted in academic excellence and that strives for social, environmental and financial sustainability.”

It has to be noted that the COVID-19 pandemic that began in March 2020 became the all-encompassing context within which the UCT executive was simultaneously assessing the progress made in relation to the SPF 2016-2020, developing Vision 2030, and ensuring the continuity of the teaching and learning and research operations under different levels of lockdown. The detail of the work done by UCT to run the academic project, the teaching and learning and research functions, under COVID-19 will only be reflected fully in the Senate reports that will be developed during 2021 and will constitute part of the next annual report to the Department of Higher Education and Training. Suffice it to say here that the University was able to move swiftly into Emergency Remote Teaching (ERT) for both undergraduate and postgraduate programmes and that arrangements were made to maintain the continuity of the research enterprise in critical areas that required physical presence in laboratories. The decision to move into ERT as well as the modality chosen to do so were informed by a survey of student ability to access the internet, data and devices. Throughout 2020, UCT monitored student engagement online and put in place different forms of support to facilitate student performance in ERT. Like all other public universities during 2020, UCT has been providing the Department of Higher Education and Training with regular reports on its management of the academic project, staff, students and finances during the pandemic. Full reports on how UCT managed teaching and learning and research under COVID-19 in 2020, will serve in Senate in the second semester of 2021.

## PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2020

The Executive Objectives for 2020, linked to the Strategic Planning Framework goals, are as follows:

# 1

**Goal 1 - To forge a new inclusive identity that reflects a more representative profile of students and staff, and the cultures, values, heritage and epistemologies of the diversity of UCT's staff and students.**

**Objective 1: Improve the diversity of the UCT student profile in terms of demographics, economic status and disability**

Each year, UCT undertakes a rigorous internal enrolment planning exercise in order to arrive at a set of overall numerical target enrolments, as well as equity targets within these overall numerical targets. The target setting process takes place in the form of dialogues between the Institutional Planning Department and appropriate representatives from each of the faculties, and culminates in a set of detailed demographic targets that serve at the Admissions Committee, at the Senate Executive Committee and at Senate ultimately for approval by Council. The detailed 2020 enrolment planning targets were approved by Council on 20 June 2019.

Overall, 2020 first-time entering undergraduate targets set for African, coloured and Indian students were all met and exceeded. The target for white students was 94% achieved while that for international students was 63% achieved.

Very small numbers of 2020 applications to UCT (356 out of a total of 63 503 first-time entering undergraduate applications) recorded any form of disability during the application process. However, 92% of all first-time entering applications to faculties other than Health Sciences (which has its own specific method of scaling applicant disadvantage) reflected some measure of either home or school background disadvantage on the ten point scale employed within the admissions process.

During the necessary shift to Emergency Remote Teaching in 2020 as the COVID-19 epidemic took hold, UCT was acutely aware of the need to support students with disabilities as well as other vulnerable students. The university's Disability Service spent several weeks establishing how each individual disability would require a shift in learning technique and discussing any challenges that could arise. As a starting point, the university set out to establish whether students with disabilities had access to technology and the necessary software programmes to ensure "equitable access" to online learning. Support systems for students with disabilities remained in place throughout the lockdown; these included advocacy guidance and advice, processing applications for extra time, test and exam concessions, and text conversion for visually impaired students. Students were encouraged to make use of these services online when necessary.

UCT also recognised that physical and environmental stressors, such as gender-based violence and unfavourable living conditions, could make learning from home difficult, and set out to respond, within obvious limitations, to these situations. UCT's Office for Inclusivity and Change was instrumental in creating awareness of these issues.



Table 4a: Demographic profile of academic staff by rank, 2018 - 2020

2018

Category of staff	Female					Total Female	Male					Total Male	Foreign National		Total		
	African	Asian	Coloured	Indian	Not Declared		Other	White	African	Asian	Coloured		Indian	Not Declared		Other	White
PROF	-	-	3	3	2	-	51	11	-	6	12	4	-	87	13	50	242
ASS PROF	3	-	9	7	1	-	74	4	-	15	11	2	-	59	19	47	251
SNR_LECT	11	-	24	15	1	-	115	14	1	18	10	3	-	76	34	67	389
LECTURER	27	1	39	16	1	-	71	31	2	26	10	-	-	34	28	36	322
<b>Total</b>	<b>41</b>	<b>1</b>	<b>75</b>	<b>41</b>	<b>5</b>	<b>-</b>	<b>311</b>	<b>60</b>	<b>3</b>	<b>65</b>	<b>43</b>	<b>9</b>	<b>-</b>	<b>256</b>	<b>94</b>	<b>200</b>	<b>1 204</b>

Permanent only, not including 2-5yr contracts  
Table 4b includes Senior Academics  
Includes Full-time and Part-time staff  
Foreign definiton = Nationality not South African

2019

Category of staff	Female					Total Female	Male					Total Male	Foreign National		Total		
	African	Asian	Coloured	Indian	Not Declared		Other	White	African	Asian	Coloured		Indian	Not Declared		Other	White
PROF	2	-	8	4	2	-	41	8	-	9	13	3	-	79	18	45	232
ASS PROF	-	-	12	8	2	-	80	5	1	17	9	2	-	52	22	57	267
SNR_LECT	14	-	28	17	-	-	105	15	-	21	12	2	-	61	37	50	362
LECTURER	42	-	47	16	-	-	63	38	-	26	9	-	1	31	24	28	325
<b>Total</b>	<b>58</b>	<b>-</b>	<b>95</b>	<b>45</b>	<b>4</b>	<b>-</b>	<b>289</b>	<b>66</b>	<b>1</b>	<b>73</b>	<b>43</b>	<b>7</b>	<b>1</b>	<b>223</b>	<b>101</b>	<b>180</b>	<b>1 186</b>

2020

Category of staff	Female					Total Female	Male					Total Male	Foreign National		Total		
	African	Asian	Coloured	Indian	Not Declared		Other	White	African	Asian	Coloured		Indian	Not Declared		Other	White
PROF	1	-	8	6	2	-	46	8	-	10	15	3	-	76	17	45	237
ASS PROF	3	-	13	8	2	-	74	6	1	16	6	2	-	53	27	53	264
SNR_LECT	12	-	26	20	-	-	105	19	-	22	15	2	-	56	35	49	361
LECTURER	51	-	41	17	-	-	58	41	-	29	9	-	1	35	25	27	334
<b>Total</b>	<b>67</b>	<b>-</b>	<b>88</b>	<b>51</b>	<b>4</b>	<b>-</b>	<b>283</b>	<b>74</b>	<b>1</b>	<b>77</b>	<b>45</b>	<b>7</b>	<b>1</b>	<b>220</b>	<b>104</b>	<b>174</b>	<b>1 196</b>

 Objective 3: Increase the diversity of senior professional and support (PASS) staff

Permanent only, not including 2-5yr contracts  
Table 4b includes Senior Academics  
Includes Full-time and Part-time staff  
Foreign = Nationality not South African

**Table 4b: Demographic profile of PASS staff by payclass, 2018-2020**

**2018**

Category of staff	Female						Male						Total					
	African	Asian	Coloured	Indian	Not Declared	Other	White	Total Female	African	Asian	Coloured	Indian	Not Declared	Other	White	Total Male	Foreign National	Total
Top Management PC13PG1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	1	-	1
Senior Management PC13PG2 PC13PG3	1	-	2	2	-	-	6	11	3	5	-	-	-	-	2	10	-	21
Professionally qualified, mid-management PC13PG4 PC13PG5 PC12	13	-	14	14	-	-	38	79	10	29	9	-	-	1	54	103	5	194
Skilled technical, academically qualified, junior management PC11 PC10 PC09 PC08	115	3	419	50	4	1	223	815	88	208	13	6	-	-	113	428	34	1 316
Semi-skilled and discretionary decision making PC07 PC06 PC05 PC04 PC03	242	-	435	16	4	-	50	747	377	272	1	1	-	-	14	665	11	1 426
Unskilled and defined decision making PC02 PC01	346	-	184	-	4	-	3	537	134	69	-	-	1	-	-	204	13	762
<b>Total</b>	<b>717</b>	<b>3</b>	<b>1 054</b>	<b>82</b>	<b>12</b>	<b>1</b>	<b>320</b>	<b>2 189</b>	<b>612</b>	<b>583</b>	<b>23</b>	<b>8</b>	<b>1</b>	<b>184</b>	<b>1 411</b>	<b>63</b>	<b>57</b>	<b>3 720</b>

**2019**

Category of staff	Female						Male						Total					
	African	Asian	Coloured	Indian	Not Declared	Other	White	Total Female	African	Asian	Coloured	Indian	Not Declared	Other	White	Total Male	Foreign National	Total
Top Management PC13PG1	1	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	1
Senior Management PC13PG2 PC13PG3	-	-	2	3	-	-	4	9	1	3	2	-	-	-	1	7	2	19
Professionally qualified, mid-management PC13PG4 PC13PG5 PC12	13	-	24	13	1	-	40	91	9	29	9	-	-	1	46	94	6	197
Skilled technical, academically qualified, junior management PC11 PC10 PC09 PC08	124	2	447	53	3	1	198	828	98	208	20	5	-	-	88	422	32	1 318
Semi-skilled and discretionary decision making PC07 PC06 PC05 PC04 PC03	283	-	413	15	4	-	41	756	393	256	2	3	-	-	11	668	8	1 437
Unskilled and defined decision making PC02 PC01	311	-	171	-	2	-	3	487	87	55	-	-	-	-	-	146	12	649
<b>Total</b>	<b>732</b>	<b>2</b>	<b>1 057</b>	<b>84</b>	<b>10</b>	<b>1</b>	<b>286</b>	<b>2 172</b>	<b>588</b>	<b>551</b>	<b>33</b>	<b>8</b>	<b>1</b>	<b>146</b>	<b>1 337</b>	<b>60</b>	<b>52</b>	<b>3 621</b>

Category of staff	Female						Male						Total Male		Foreign National		Total
	African	Asian	Coloured	Indian	Not De- clared	Other	White	African	Asian	Coloured	Indian	Not Declared	Other	White	F	M	
Top Management PC13PG1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Senior Management PC13PG2 PC13PG3	1	-	2	3	-	-	3	1	3	2	-	-	-	1	3	1	20
Professionally qualified, mid-management PC13PG4 PC13PG5 PC12	13	-	32	13	1	-	41	9	32	9	-	1	1	50	8	8	217
Skilled technical, academically qualified, junior management PC11 PC10 PC09 PC08	132	2	450	57	3	1	189	102	216	24	5	-	-	84	32	31	1 328
Semi-skilled and discretionary decision making PC07 PC06 PC05 PC04 PC03	277	-	394	15	3	-	41	396	254	1	3	-	-	10	6	5	1 405
Unskilled and defined decision making PC02 PC01	305	-	169	-	2	-	3	87	53	-	-	-	-	-	12	4	635
<b>Total</b>	<b>729</b>	<b>2</b>	<b>1 047</b>	<b>88</b>	<b>9</b>	<b>1</b>	<b>277</b>	<b>595</b>	<b>558</b>	<b>36</b>	<b>8</b>	<b>1</b>	<b>145</b>	<b>61</b>	<b>49</b>	<b>3 606</b>	

While the global challenges of 2020 have slowed the implementation of affirmative action measures and hindered the general recruitment processes at UCT, the university remains committed to addressing all identified Employment Equity (EE) barriers. A Draft Employment Equity Policy, adopted by Council in December 2020, sets out clearly the policy and procedures for recruitment processes aimed at ensuring that UCT meets its EE goals and targets. The EE policy renews UCT's commitment to redress, restoring dignity and social justice. In addition, it establishes accountability in this regard at management level. The policy encompasses a fresh approach to EE implementation, by providing clear definitions of key concepts, encapsulating the key principles that are embedded in EE legislation, and covering EE implementation guidelines at every stage of an employee's life cycle in the organisation, including a dispute resolution mechanism for interpreting UCT's EE plan. The Policy clearly articulates UCT's strong commitment to staff transformation and professional development. It also strengthens and encourages students to consider UCT as their employer of choice by accelerating the academic pipeline from our pool of exceptional graduates and researchers.

UCT has been addressing the challenge of increasing the number of black South African academics on its academic staff for at least the last ten years. Despite these systemic efforts, progress has been slow, with the designated groups (including black South Africans, women and persons with disability) still under-represented at the level of associate professor and professor.

An Action Plan for Accelerated Transformation at UCT (which served at the October 2020 Council Meeting) flowed from the recently published Report from the Ministerial Task Team on the recruitment, retention and progression of black South African academic staff; conversations that the Vice-Chancellor had with stakeholders to better understand specific barriers; and a request by Council for a plan that speaks to the identification of current gaps in transformation and ways to address them. The action plan focuses on the need to accelerate the recruitment of black South African staff, in particular, at the level of the professoriate. It also acknowledges the need to attract and retain black South African postgraduate students to feed into a pipeline to be considered for academic positions. Improving the throughput rate of black South African postgraduate students is an important part of the plan to accelerate transformation: the Action Plan focuses on the need to ensure that all black South African postgraduate students graduate within the allocated timeline for their degrees, to facilitate access into an academic career and the economy more broadly. This will require dedicated and focused support. The plan includes two key components: (1) the expansion of the VC employment equity fund; and (2) an academic pipeline programme and enhanced support to ensure career progression for black SA academics.

The New Generation of Academics Programme (nGAP) is an early career initiative funded by the Department of Higher Education and Training that seeks to accelerate transformation at South African universities, including UCT, by assisting with staffing and capacity needs, and building a new generation of black South African academics. UCT has been awarded 27 nGAP posts, including five posts in Phase 5 and five posts in Phase 6 of the programme. The Phase 5 and 6 posts were advertised and occupied across 2019–2021. There will be an additional five posts allocated in Phase 7.

Successful nGAP candidates are required to participate in a six-year development and induction programme, and once concluded, assume positions as academic staff members. The programme incorporates several benefits, including a PhD or post-doctoral research study term, a permanent lecturing position and a full salary. The nGAP's mentorship programme ensures that applicants are fully supported for the duration of the programme. The nGAP programme also builds new networks among staff in these posts, ensuring that they settle into their roles and feel confident about their future at UCT.

In addition, UCT formally launched its own internal Next Generation Professoriate (NGP) initiative in September 2015. This has now grown from its original 35, to 45 black and female mid-career staff members. The goal for this group is to obtain promotion into the professoriate. It is a support initiative for mid-career staff, those at the senior lecturer and associate professor levels. Another of the NGP aims is to impact UCT's institutional culture, addressing the perceptions of many black staff members that they were unacknowledged by or felt disconnected from the University. On 1 January 2020, eight Next Generation Professoriate (NGP) members, formerly senior lecturers at the University of Cape Town (UCT), were promoted to associate professors; two staff members were promoted to associate professor during 2020 (effective 1 January 2021) bringing the total to 30 promotions since the inception of the programme.

The annually published Employment Equity (EE) Report to the government provides an indication of UCT's progress in implementing EE in the workplace. The most recent report covers the period from 1 July 2019 to 30 June 2020 and is essentially a progress report on the university's three-year EE plan, which was approved by the Department of Employment and Labour in March 2019. At that time, UCT had identified a number of possible barriers to EE in the workplace. So far, three of the 12 barriers identified have been sufficiently addressed, with affirmative action measures put in place during the

reporting period. These are reflected in how UCT advertises positions, the selection criteria used, as well as disciplinary measures followed. Other barriers to EE identified are still being addressed. The fact that UCT only has 12 South African African professors remains the most concerning failure of all these initiatives. Measures are being put in place to deal with the deficiency of UCT's transformation path as a matter of priority during 2021.

## 2 Goal 2 - To promote UCT as a vibrant and supportive intellectual environment that attracts and connects people from all over the world and advances the status and distinctiveness of scholarship in Africa.

### Objective 1: Increase the international participation in terms of UCT's core function

A number of initiatives provide evidence of UCT's endeavours to increase international participation in core areas.

A specific objective identified in the Strategic Planning Framework 2016-2020 was to increase enrolments from countries in SADC, the rest of Africa, and the BRICS countries. Baseline figures extracted from HEMIS reflected a total of 2 736 SADC students, 888 students from the rest of Africa, and 85 BRICs students in 2017. The equivalent 2020 figures showed 2 329 SADC students, an increase in the number of students from the rest of Africa (917 students) and 65 students from the BRICs countries. The 2020 COVID-19 epidemic situation and associated travel restrictions may well have had a negative impact on the numbers of international enrolments, including those from these targeted areas.

In terms of international co-badged degrees and co-supervision arrangements, UCT has an agreement with the University of Bristol (the Research without Borders Cotutelle programme) which provides opportunities for co-tutored doctoral candidates to work on research projects at both institutions. Participating postgraduate researchers are registered at, and have supervisors at, both universities, spending roughly equal amounts of time at each institution. A joint Master of Arts (MA) with the London School of Economics is also offered.

UCT also has partnership agreements for joint degrees at a number of institutions in Europe (such as the University of Groningen and the University of Potsdam), the Catholic University of the North in Chile and two Australian universities (Macquarie and the University of Western Sydney).

In addition to these partnership agreements, UCT planned to increase the number of research articles published in open scholarship channels as part of this particular objective, as well as to increase the number of research publications co-authored with researchers at international universities. The number of articles published in open scholarship channels increased from 1 254 in 2017 to 2 142 in 2020, or by 71%; in 2020, publications in open access journals made up 60% of all journal articles. Satisfactory growth was also recorded in the numbers of research publications co-authored with researchers at international universities. The table below reflects rolling 5-year totals in the numbers of such publications, against the global locations of the co-authors:

**Table 5: Global locations of co-authors, rolling 5-year totals, 2013-2017 to 2016-2020**

Location of co-authors	Rolling 5-year totals				
	2013-17	2014-18	2015-19	2016-20	% Increase
Within Africa	5 709	6 652	7 433	8 169	43%
Within Asia - Pacific Rim	2 575	2 948	3 310	3 684	43%
Within Europe	6 185	6 958	7 580	8 266	34%
Within the Middle East	1 047	1 193	1 280	1 352	29%
Within North America	4 476	5 117	5 550	6 030	35%
Within South America	1 270	1 464	1 589	1 742	37%
<b>Total co-authored publications with researchers at international universities</b>	<b>21 262</b>	<b>24 332</b>	<b>26 742</b>	<b>29 243</b>	<b>38%</b>

Particularly large increases (43% in both cases) were observed in numbers of publications co-authored with researchers elsewhere in Africa and within the Asia – Pacific Rim area. Overall, the number of publications co-authored with researchers at international universities increased by 38% between 2013-17 and 2016-20.

## 3 Goal 3 - To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.

### Objective 1: Improve the recruitment and retention of senior academic staff

Please see the section on Goal 1, Objectives 2 and 3 (Objective 2 - Increase the diversity of academic staff; Objective 3 - Increase the diversity of senior professional and support (PASS) staff) on pages 22 to 25 above.

### Objective 2: Improve the quality of postgraduate education

### Objective 3: Improve the quality of the senior postgraduate experience

The activities described below are geared towards both Objective 2 and Objective 3, i.e. improving the quality of postgraduate education, and more specifically improving the quality of the senior postgraduate experience.

UCT's Postgraduate Studies and Researcher Development Unit (within the Research Support Hub) supports the development of research capacity through seminars, workshops, one-on-one consultations and some research funding. The unit aims to support academics to achieve key research milestones - their PhDs, publications, successful postgraduate supervisions and winning grant proposals, among others.

The Unit offered or facilitated 129 workshops on more than 65 topics during 2020, covering a range of topics. These sessions dealt with diverse material including a COVID-19 Wellness Webinar (which was repeated 9 times), a "Shut Up and Write" session (which was repeated 22 times, online), an extension of this particular workshop that was repeated 6 times, and multiple research writing sessions, several of which were online. In some cases, the Unit runs these sessions from start to finish, while in other cases it facilitates, and CHED, the Libraries or the Writing Centre actually effectively run the workshops. While it is not possible in this space to do justice to the full range of workshops offered by this Unit, it is important to note the critical impact of its work on the recruitment and retention of postgraduate students at UCT, as well as in relation to assisting postgraduate students along their paths to successfully completing their research studies.

The Unit maintains an actual calendar of annual events offered at:

<https://conference.uct.ac.za/calendar/pgstudies/?cid=6024&t=d&d=0000-00-00&cal=6024&inc=0>

The Postgraduate Studies and Researcher Development Unit also maintains a comprehensive website, the Postgraduate Hub, which collates information and resources critical to postgraduate study at UCT. The Postgraduate Hub provides support for the entire postgraduate experience, beginning with information to guide applications, access to funding sources, as well as in relation to support for registered students in the context of both Health and Wellness and aspects of the academic process. The website can be viewed here: <http://www.postgradhub.uct.ac.za/>

A number of current University Capacity Development Project (UCDP) projects also support postgraduate students (and in some instances undergraduate students), enhancing both the student experience and the quality of postgraduate education. Examples include three projects geared towards developing postgraduate writing skills ("The Writing Centre", "Legal Writing Project" and "Writing and Academic Literacies in the Faculty of Health Sciences"). "The Writing Centre" project recruits black South African tutors and provides both one-on-one sessions for students with these tutors, as well as integrated writing support workshops across the faculties. "The Legal Writing Project" recruits and trains postgraduate law students and tutors, offering tutor assessments and individual mentoring programmes, while the "Writing and Academic Literacies in the Faculty of Health Sciences" aims to enhance access to academic writing and literacies of postgraduate students within the faculty, using postgraduate students as consultants.

### Objective 4: Increase the responsiveness and impact of UCT's research and innovation

As part of its Strategic Planning Framework 2016 – 2020, UCT set itself the objective of developing a framework for the measurement of research impact, to be developed by 2020. In 2019 the University Research Committee voted to support the principles of the San Francisco Declaration of Research Assessment (DORA), whereby peer-assessment based on qualitative impact on stakeholders is brought in to play. The framework currently used consists of standard metrics, supplemented by peer-assessment based on the qualitative impact on stakeholders. Guidelines



to broaden Research Impact Assessment in line with the Principles of the Declaration of Research Assessment (DORA) were endorsed by the URC and are currently being discussed at Faculty level.

During 2020, UCT participated for the first time in the Times Higher Education (THE) Impact Rankings, which – unlike other such international rankings – aims to assess the impact of higher education institutions against the United Nations’ Sustainable Development Goals (SDG). UCT participated in the following SDGs:

- SDG 1 – no poverty
- SDG 5 – gender equality
- SDG 10 – reduced inequalities
- SDG 3 – good health and well-being
- SDG 16 – peace, justice and strong institutions
- SDG 17 – partnerships for the goals

In order to assess a university’s success in delivering the SDGs, THE looks at indicators across four broad areas: research, stewardship, outreach and teaching. Universities that provide data on SDG 17 and at least three other SDGs are included in the overall ranking exercise.

In the rankings for individual SDGs (which were released early in 2021), UCT was placed in the top 100 institutions for three critical areas: reduction of poverty, gender equality and reduced inequalities. UCT was placed in the 101–200 band in the overall global ranking.

An additional KPA within this particular Objective is the provision of access to development opportunities for research. UCT continues to run 6 development programmes in this regard, namely the ERP (Emerging Researcher Programme), ESP (Engaged Scholarship Programme) and, for those registered for master’s or doctoral studies, nGAP (New Generation of Academics Programme), the NGP (Next Generation Professoriate) and RCA (Research Career Advancement) fellows (which is NRF funded).

## **4 Goal 4 - To renew and innovate in teaching and learning - improving student success rates, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens.**

 Objective 1: Improve the undergraduate student experience

 Objective 2: Improve the undergraduate performance

These two objectives are considered together, given the inter-dependencies of the overall student experience and academic performance.

UCT’s Data Analytics for Student Success (DASS) project was launched in January 2020, and rapidly found itself on the frontline of the demand for urgent data analytics as COVID-19 lockdowns forced UCT to abandon face-to-face teaching and migrate to Emergency Remote Teaching (ERT). DASS, which is led within the Centre for Innovation in Teaching and Learning (CILT), is a collaboration between UCT’s Centre for Higher Education Development (CHED), the Institutional Planning Department (IPD) and Information and Communication Technology Services (ICTS). The fundamental goal of DASS is to help students succeed on their paths to graduation, by developing institutional capacity to identify and remediate the various and diverse obstacles that can impede students’ progression. The project will thus focus on tracking student performance over time across programmes, with a view to identifying key “blockages” and thereby addressing the critical issue of attrition. Within the climate of enormous uncertainty created by the COVID-19 pandemic, the project however leveraged the power of data and analytics on order to provide real-time insights that proved invaluable to university leadership tasked with supporting students to rapidly make the shift from traditional pedagogy to ERT.

Accelerated by COVID-19, the design and delivery of a crucial student access survey for the Teaching Online Task Team was among DASS’s first responsibilities. This produced a reasonably clear and accurate picture of students’ abilities to participate in online learning, which guided the provision of student laptops and also informed other decisions, such as determining the optimal number of ERT study hours per week.

DASS also conducted an analysis of first-semester marks in order to assist the university leadership with fully comprehending the impact of ERT, and to inform teaching, learning and assessment practices in the second semester of 2020, as well as into

2021. DASS subsequently undertook further examination analyses, including measuring variations in assessments across a wide range of courses and tracking the extent of those differences.

Also in respect of 2020, UCT was named among three new additions to the Kresge Education Program's Siyaphumelela Initiative. This national initiative is aimed at identifying and addressing the systemic obstacles to equitable student success at tertiary level. This aligns clearly with the DASS project objectives described above, which are geared towards enabling the evidence-based development of interventions to support student success and improving the quality of teaching and learning at the institution.

Siyaphumelela@UCT represents a wide array of support services that contribute to the student experience, and student performance, and which are to be reflected in the design of student support systems. It has three goals:

- **Goal 1:** Implement or expand evidence-based decision-making processes to support institutional leadership, student support and faculty management to improve throughput rates (time to completion) and the removal of performance disparities among different racial and gender categories at their institution.
- **Goal 2:** Develop and offer at least one service to improve student success for their own institution and for the wider Siyaphumelela Network.
- **Goal 3:** Play a leadership role in regional sub-networks to share insights into and learn how to better support student success regionally.

In 2020 Siyaphumelela@UCT engaged in a number of activities aimed at investigating the most meaningful ways in which it could contribute to designing evidence-based systems that advance student success. This included close collaboration with the DASS and Academic Advising (AA) teams. Additional activities included engaging stakeholders for representation on the Siyaphumelela@UCT reference group and hosting a number of showcase events for student support tools and systems both internal and external to UCT. UCT representatives also participated in national workshops covering a range of topics around data management and analytics and attended the international Achieving the Dream conference. Other partner institutions were engaged in order to understand their data frameworks for student support. Regular meetings were also held with UCT's Siyaphumelela appointed coach in order to work towards a better understanding of our own institutional context.

Work completed in 2020 gave rise to a data-based model for academic advising at UCT that will allow the tracking of the student experience, identifying students at risk and intervening as needed. There are five components to this model, all of which are governed by a data ethics framework. These include: a case management system that will deepen the understanding of student movement through the system; accessible student performance data; and an advising system that reacts to "red flags" in the first two components in respect of individual students. Data extracted from these three components will be used to build a fourth component, namely recommendations for curriculum changes, while a fifth component looks at building predictive models that empower decision making in the advising and curriculum components. The capacity developed by UCT in the area of data analytics for student success in the context of this project provided an invaluable resource when it came to monitoring student performance under ERT conditions.

UCT has an array of services that help students and staff members navigate life at the institution, recognising that it is not always easy for students to know who to contact when they are in need, particularly in moments of distress. In the context of the COVID-19 pandemic, UCT's Academic Advising Project has therefore developed the UCT "Call Centre and Referral System" (UCT Cares), which aims to provide students with a central point of contact for the information and services they need. The service, which was founded at the end of April 2020, received and dealt with a multitude of queries during 2020. These queries came from students across the faculties and levels of study, and spanned a range of topics, including problems with connectivity and access to financial aid. The service was also used by staff members looking for information in order to help students struggling under lockdown conditions.

UCT had planned to participate in the annual University of the Free State (UFS) administered South African Survey of Student Engagement (SASSE) survey during 2020. Because of the extraordinary circumstances that arose as a result of the COVID-19 epidemic, this survey was not administered. As has been mentioned above, UCT nevertheless conducted its own survey of student ability to access to internet, data and devices among students. The university also participated in the UFS administered Students' Access to and Use of Learning Materials (SAULM) survey, which captured the experiences of almost 50,000 students nationally in relation to ERT, and which could inform how sectoral and institutional policy-making mechanisms respond to the shifting nature of teaching and learning in a more digitally demanding world.

### Objective 3: Promote better use of blended and online education

As part of UCT's commitment to innovation in learning and teaching, it was necessary to increase the variety and profile of online education provision both for on-campus students and to provide access to new and traditionally underserved populations of students. This movement is in line with global developments that have seen the adoption and promotion of online education by research intensive campus-based universities. The importance as well as the experimental nature of the drive for online and blended education was reflected in this project receiving Vice-Chancellor Strategic Funds under the 2016-2020 Strategy. In September 2017, UCT adopted a new Online Education Policy linked to Goal 4 of the 2016-2020 Strategic Planning Framework, as shown above. The policy recognises that "higher education in general is moving towards flexible forms of provision, and increasingly includes mixes of blended and fully online provision in various configurations". It commits UCT to strengthening our capacity to support online delivery of selected courses and programmes.

The UCT formal Online Education project has been piloting new online programmes and technology since 2018, focused mostly on postgraduate education and Massive Open Online Courses (MOOCs) within the specific boundaries of UCT as a residential contact research intensive university. Teams from the Centre for Innovation in Learning and Teaching (CILT) have supported departments in developing online and blended course designs in various ways, from course structuring, content and activity design (including the ability to design and plan engaging video content), assessment design, tool selection and implementation. The 2020 shift to Emergency Remote Teaching context affected planned work schedules with some courses continuing, and others being pushed back due to academics' limited availability.

Undergraduate courses that were developed for use online in 2020 included "Towards Decolonising South African Science" and "Introduction to Discrete Mathematics", both within the Faculty of Science. An additional course redesigned to be fully online and remotely offered in 2020 was "Project Management for Engineers" within the EBE faculty. Due to the success of this offering, it will be repeated in 2021 using the same online format. Future work includes the launching of "Introduction to Programming" within the Faculty of Science, which will now commence in 2022. These courses constitute online experiments within the fundamentally contact-based undergraduate education framework that defines UCT.

At the postgraduate level, the Postgraduate Diploma in Emergency Care was developed for implementation during 2021. Course offerings within this programme needed to be adapted due to the availability of doctors who were also required on the frontline for patient care during the outbreak of the pandemic, but it was nevertheless well received, with approximately 30 students enrolled in the first year.

Also during 2020, UCT commenced a review of the existing Learning Management System, with a view to scoping a new learning platform that would include cloud hosting. The scope of the review includes a core Learning Management System (LMS), wrap around services, consideration of the needs of both postgraduate and undergraduate students, and course evaluations. The overall goal for this project is to select a core set of integrated learning platforms to meet the university's online and blended learning needs for the next 5-10 years, in the process identifying and implementing new learning platforms and tools.

Due to the COVID-19 pandemic and the need to redirect energies to the successful implementation of Emergency Remote Teaching (ERT), this project was paused in March 2020, but planning resumed in August 2020. The project is run by CILT, and planned implementation post initial platform set-up is set for January 2022.

It is worth highlighting that the work done over two decades in relation to online and blended education at CILT within the Centre for Higher Education Development, and especially the work done since 2017, put UCT in good stead to move into emergency remote teaching under COVID-19 conditions. UCT was able to move into ERT almost seamlessly thanks to the technical and pedagogic know-how housed in CILT as well as its capacity to train and support large numbers of staff to move their courses online.

At the same time, the rapid move into ERT created a fertile space for innovation and experimentation that fit with UCT's new Vision 2030 and its conceptualisation of digitally-enabled education as one of the characteristics of its academic offerings into the next decade.

## Objective 4: Ensure that teaching and learning is fully funded to meet institutional objectives

UCT has been concerned, for several years, that during the institutional block grant calculation process, the university's actual Weighted Teaching Input (TIU) total has consistently exceeded the DHET's Planned Weighted Teaching Input total, this despite the fact that the university has tended to be within a 1 – 2% of both its headcount and full-time equivalent targets. This meant that in terms of the 2020 funding year, for example, there was a differential of some 3 383.5 TIUs, which equated to an effective loss to the university of over R52.5 million in terms of teaching input subsidy, and which thus impacted negatively on the university's capacity to meet institutional objectives.

Towards the end of 2020, representatives from UCT met with a delegation from the DHET to explore the issue. Data was shared by both parties, and the meeting culminated in an assurance from the DHET that the situation would be rectified in respect of the 2022 funding year. This will hopefully enable UCT to achieve its stated goal of a ratio of 30 FTE students per academic staff member at the undergraduate level.

## **5 Goal 5 - To enhance the scope, quality and impact of engaged scholarship with an emphasis on addressing development and social justice.**

### Objective 1: Increase the number of academic staff engaging with external stakeholders in response to their need

### Objective 2: Provide opportunities for staff and students to do service learning

The UCT Knowledge Co-op was established in 2010 out of the conviction that it is especially appropriate for a university in a developing country to earn the respect of the communities that it serves by making a difference to the problems faced by our communities, thereby promoting engaged scholarship.

The Co-op develops long-term relationships with non-profit organisations and interest groups. These groups share questions arising from their work, and the Co-op advertises those that can be addressed through student dissertations in appropriate academic departments. Graduate students then develop their research proposals around these topics and the Co-op facilitates the collaborative process with the community partner, to address both community and academic requirements.

During 2020, 58 new project topics were submitted by 25 partners. A total of 35 projects were facilitated during the year, with 10 projects completed. (Some projects are completed within one semester; others stretch over more than one year, but COVID19-related adjustments to data collection delayed the completion of a number of the student projects beyond the norm).

The bulk of the 29 academics and 70 students involved in these research projects were from the Faculty of Humanities, but all other faculties were also represented, with a steady component of under-graduate research in Commerce. Most of the academics become involved in Knowledge Co-op projects as supervisors of students who have chosen a topic from a Co-op community partner. A few, however, approach the Co-op each year to source topics that they can offer to their students and supervise numerous Co-op projects over time.

Topics addressed in 2020 ranged from “care-givers” apparent acceptance of abuse of children in their care” (Humanities), through “transport affordability for low-income communities” (EBE), “evaluating a Girl Child movement” (Law), to “challenges when introducing climate change adaptations in low-income communities” (Science) and “designing an app to track employment outcomes for job-seekers” (Commerce/Science).

Six community service projects involving 18 students, all in the Information Systems Honours programmes, offered IT training to NGO staff or beneficiaries, or assisted them in addressing IT-related challenges. Unfortunately, these projects had to be discontinued almost as soon as they started, due to the COVID-related lockdown.

At the undergraduate level, UCT's DVC: Transformation and Social Responsiveness, along with the DVC: Teaching and Learning, have initiated a specific project aimed at embedding social responsiveness into the undergraduate curriculum, across all faculties. The Social Responsiveness Hub, together with the Global Citizenship Programme, has been tasked with initiating an institutional conversation towards developing a proposal for consideration by the University Teaching and Learning Committee, bringing together and learning from the multiple practices that currently exist on campus.

## PERFORMANCE AGAINST TARGETS IN THE ANNUAL PERFORMANCE PLAN

The data and numbers reported in this section are all based on an early HEMIS submission 3.

### Student numbers<sup>3</sup>

The actual enrolment in 2020 was 28,233 students, including 510 occasional students, 16,530 undergraduate full degree students, 3,164 postgraduates below the master's level, 5,817 master's students and 2,212 doctoral enrolments. The actual 2020 headcount enrolment exceeded the 2020 headcount enrolment target of 28,037 by 196 students (or 0.7% of the target).

The variances within the various qualification types against 2020 targets are quite marked in some cases, but are understandable given the acceleration of senior postgraduate enrolment growth beyond expected levels, and the contraction of semester study abroad enrolments in the wake of the #RhodesMustFall/#FeesMustFall protests, the severe drought and the subsequent COVID-19 epidemic. While there were positive variances in student enrolments at the undergraduate level (16,530 compared to a target of 16,421), at the postgraduate below master's level (3,164 compared to a target of 2,988), at the master's level (5,817 actual against a 5,087 target) and at the doctoral level (2,212 against a target of 2,053), the 2020 occasional enrolment, which includes the Semester Study Abroad enrolment, was just 510 against a target of 1,488.

While the current enrolment planning submission reflects a target of zero in respect of distance students, the 2020 HEMIS submission shows a total of 42 non-contact students; these students were mostly enrolled in the Postgraduate Diploma in TB-HIV Management, which was approved subsequent to the DHET enrolment planning exercise that yielded the agreed targets.

The 2020 first-time entering, full degree undergraduate enrolment (3,807) was reasonably close to the target of 4,059.

In terms of disciplinary fields, the 2020 enrolment was projected to be made up of 43% in Science, Engineering and Technology (SET), 24% in Business/Management, 1% in Education and 32% in the broad Humanities. The actual proportions for 2020 were as follows: 46% in SET, 21% in Business/Management, 2% in Education and 30% in the broad Humanities.

### Demographic statistics

The targeted racial profile of the 2020 South African enrolment was 38% African, 18% coloured, 9% Indian and 35% white. The actual demographic profile of the 2020 South African enrolment was as follows: 33% African, 16% coloured, 7% Indian, 22% white and 23% undisclosed. The continuing pattern of a high proportion of students with undisclosed race makes it difficult to assess performance in relation to our demographic targets. The demographic profile of the overall 2020 enrolment is shown below.

**Table 6: Headcount Enrolments 2016-2020 showing percentage growth on base**

	2016	2017	2018	2019	2020	% Change
SA African	6 781	7 114	7 197	7 356	7 915	16,7%
SA Coloured	3 832	3 817	3 761	3 589	3 738	-2,5%
SA Indian	1 936	1 883	1 708	1 570	1 599	-17,4%
SA White	7 985	7 176	6 323	5 644	5 353	-33,0%
International	5 381	4 920	4 962	4 620	4 068	-24,4%
Unknown	3 317	3 814	4 793	5 826	5 560	67,6%
<b>Total</b>	<b>29 232</b>	<b>28 724</b>	<b>28 744</b>	<b>28 605</b>	<b>28 233</b>	<b>-3,4%</b>

A disproportionate but desirable increase in South African African enrolments (16.7% against an overall decrease of 3.4%) is apparent. Over the 2015 to 2020 period, white enrolments decreased by 33%, while international enrolments decreased by 24.4%; the marked decline in international enrolments since 2016 was largely due to the substantial decrease in enrolments in the Semester Study Abroad (SSA) programme mentioned above.

<sup>3</sup> The targets derive from the approved enrolment and efficiency targets for 2020 to 2025 as set out in the Minister's letter of 29 January 2020.

There has been a substantial increase in students with undisclosed race in the past six years (from 3,317 in 2016 to 5,560 in 2020). Comparative analysis of the relevant demographic data indicates that the unwillingness to declare race is an issue across all population groups. This is particularly evident at the undergraduate level, where “redress category” data from the applicant file is reasonably complete and can be used for comparative purposes. At this stage, there is however no coherent strategy in place that encourages students to disclose their race upon registration.

**Table 7: Headcount enrolments 2016 - 2020 by race, showing percentage of total**

Population Group	2016	2017	2018	2019	2020
SA African	6 781	7 114	7 197	7 356	7 915
% of total incl. International	23,2%	24,8%	25,1%	25,7%	28,0%
% of total excl. International	28,4%	29,9%	30,3%	32,3%	32,8%
SA Coloured	3 832	3 817	3 761	3 589	3 738
% of total incl. International	13,1%	13,3%	13,1%	12,5%	13,2%
% of total excl. International	16,1%	16,0%	15,8%	15,8%	15,5%
SA Indian	1 936	1 883	1 708	1 570	1 599
% of total incl. International	6,6%	6,6%	5,9%	5,5%	5,7%
% of total excl. International	8,1%	7,9%	7,2%	6,9%	6,6%
SA White	7 985	7 176	6 323	5 644	5 353
% of total incl. International	27,3%	25,0%	22,0%	19,7%	19,0%
% of total excl. International	33,5%	30,1%	26,6%	24,8%	22,2%
International	5 381	4 920	4 962	4 620	4 068
% of total incl. International	18,4%	20,7%	17,3%	16,2%	14,4%
Other/?	3 317	3 814	4 793	5 826	5 560
% of total incl. International	11,3%	13,3%	16,7%	20,4%	19,7%
% of total excl. International	13,9%	16,0%	20,2%	25,6%	23,0%
<b>Total</b>	<b>29 232</b>	<b>28 724</b>	<b>28 744</b>	<b>28 605</b>	<b>28 233</b>

This is the % of total, including international students

This is the % of total, excluding international students



## Student Housing

The 2020 UCT bed capacity per tier of residence, and in relation to new and returning students, was 6 707. The table below shows that 6 656 students were accommodated in the on-campus residence system as of 15 March 2020, and that the occupancy rate was thus 99,4%, very slightly short of the 100% occupancy target. It should be noted that only 1 861 new First Tier students reflect as bookings, against a capacity of 2 250, largely due to the low take-up rate on the 4 500 housing offers made against places at this Tier. When it became apparent that there was an issue with bookings at this level, Student Housing and Residence Life allocated residence places to a number of first years on the waiting list and also re-allocated a number of first-time entering students who were initially placed in leased off-campus accommodation. Included in the table are the totals for the students who have been allocated to university leased off-campus accommodation.

The initial COVID-19 hard lockdown required that almost all students had to leave residence and return home. Only a small number of students were permitted to stay on in residence during the hard lockdown: these were largely international students who were not able to travel home, and they were accommodated in leased off-campus accommodation. Later in the year, various groups of students who needed to be on campus (including vulnerable students, clinical Health Sciences students, those in the performing and creative arts etc.) were able to return to residence under carefully controlled, single-occupancy conditions.

**Table 8: 2020 Residence Bookings and Available Spaces by Tier**

Residence Tier	Student	Capacity	Bookings
First	New	2 250	1 861
	Returning	1 473	1 839
	<b>Total</b>	<b>3 723</b>	<b>3 700</b>
Second	New		156
	Returning	2 250	2 055
	<b>Total</b>	<b>2 250</b>	<b>2 211</b>
Third	New		465
	Returning	734	280
	<b>Total</b>	<b>734</b>	<b>745</b>
Total Campus Accommodation	New		2 482
	Returning	6 707	4 174
	<b>Total</b>	<b>6 707</b>	<b>6 656</b>
Leased Accommodation	New		305
	Returning	1 069	676
	<b>Total</b>	<b>1 069</b>	<b>981</b>
Grand Total	New		2 787
	Returning	7 776	4 850
	<b>Total</b>	<b>7 776</b>	<b>7 637</b>

## Student success rates

Please note that specific objectives linked to the University Capacity Development Grant are discussed on pages 28 to 30 below.

UCT expected in the region of 6,794 graduates in 2020. This target included a projected 3,457 undergraduate completions, 2,001 completions below the master's level, 1,086 master's graduates and 250 doctoral graduates. To date, we have recorded 7,318 graduates in respect of 2020, made up of 3,538 undergraduate completions, 2,177 postgraduates below the master's level, 1,327 master's graduates and 276 doctoral completions.

Among the graduates to date, 43% were in SET, 23% were in business/management, 4% were in education and 29% were in the broad humanities. The 2020 graduate total included 716 research master's graduates in all disciplines (against a target of 613).

The expected 2020 graduate outputs in the scarce skills areas included 524 Engineering graduates, 249 Life and Physical Sciences graduates, 408 Human Health graduates and 120 Teacher Education graduates. Actual graduates in the scarce skills areas included 632 Engineering graduates, 205 graduates in the Life and Physical Sciences, 365 Human Health graduates and 167 Teacher Education graduates. Graduate targets were thus largely achieved, apart from in the Human Health area.

The undergraduate course success rate in 2020 was 89% (against a target of 85%), while the overall success rate was on target at 82%. The 2020 undergraduate course success rates among South African and international students are shown below:

**Table 9: 2020 UG Course Success Rate Demographic Profile**

	SA African	SA Coloured	SA Indian	SA White	SA Undisclosed	International
UG course success rates in 2020	83.1%	89.7%	95.2%	96.4%	89.9%	90.1%

The undergraduate course success rates in 2020 thus ranged between 83.1% (for SA African students) and 96.4% for SA white students. The success rates at the lower end of the spectrum were thus reasonably close to the target of 85.6%.

Course success rates in the scarce skills areas were as follows: 90% in Engineering (against a target of 84%), 92% in the Life and Physical Sciences (against a target of 84%), 98% in Animal and Human Health (against a target of 96%) and 93% in Teacher Education (against a target of 97%), despite the shift to Emergency Remote Teaching, precipitated by the COVID pandemic, in the first semester.

Examination of the longitudinal performance of the 2016 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- 70% of the 2016 FU cohort (in comparison with 71% the equivalent 2015 FU cohort) had completed an undergraduate qualification within five years of registering at UCT.
- 9% of the 2016 cohort (the same as within the 2015 cohort) had been excluded from UCT on academic grounds during the five-year period of the analysis.
- The rate of dropout in good academic standing among the 2016 FU cohort had increased to 12%, in comparison with 11% among the 2015 cohort.
- 9% of the 2016 FU cohort were still busy with undergraduate studies at the end of 2019. This proportion had stabilised at between 6% and 8% within recent FU cohorts.

## Research Outputs

The table below includes the 2020 publication count, and the weighted research outputs generated by research master's and doctoral graduates. The publication unit figure reflects the final claimed publication count for submission to the DHET.

**Table 10: 2020 Research Outputs**

Output Category	Research Outputs for 2020
Publication Units	1 921
Research Master's Graduates	716
Doctoral Graduates	276
<b>Total Weighted Research Outputs</b>	<b>3 465</b>

Note: Publication Units are provisional, as at 8 June 2021, research M and D graduates are provisional, as at early HEMIS Submission 3

The 2020 ratio of weighted research outputs per permanent instruction/research staff member was thus approximately 2.95, against a target of 2.44.



## Academic staffing

UCT's 2020 HEMIS staffing submission shows that a total of 1,176 (against a target of 1,208) permanent instruction/research or academic staff were employed in the six faculties and in CHED. This is slightly lower than the 2019 total of 1,184. The 2020 academic staffing headcount translated into 1,648 instruction/research staff FTEs (against a target of 1,830).

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2020 was 61% (66% in 2019). A further 29% of these academic staff held master's degrees. The Research sections of this report suggest that students across the University could expect to be taught by academic staff actively engaged in research in their particular disciplines.

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## REPORT ON EARMARKED GRANTS

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Universities receive government funding in the form of block grants and earmarked grants. The block grant is Council controlled and is used at the discretion of Council and university management. This grant is intended for operational costs, including operational maintenance of assets related to university teaching, learning and research activities. The earmarked grants are funds that may only be used for specific purposes designated by the Minister, and the accountability for the use thereof is through the submission of progress reports and audited financial statements which are provided on an annual basis by the universities. Reporting in relation to most of the grants covers actual expenditure incurred and financial commitments already made such as payment of salaries and related operational expenses over a specific period. The University enters into an agreement with the DHET about programmes and activities that will be funded and the funds that will be made available. Funds are allocated in line with the government financial year which begins on 1 April and ends on 31 March the following year. The DHET normally disburses between 20% to 40% of the allocation due to universities, with the remaining balance only allocated after a satisfactory progress report about the use of the previous year's allocation. For 2019, UCT received all its budgeted allocations.

This report on earmarked grants is not a comprehensive account of activities for the year under review but a high-level overview of how UCT spends the various allocations it received from the DHET. Detailed progress reports are submitted separately to the Department.



## REPORT ON THE INSTITUTION'S UTILISATION OF THE UNIVERSITY CAPACITY DEVELOPMENT GRANT (UCDG)

The University Capacity Development Programme (UCDP), which is resourced by the UCDG completed its first cycle at the end of 2020, with the Department approving the use of 2020 funds until 31 March 2021.

The UCDP has three sub-programmes in student and staff development and curriculum transformation to enable student success, academic and professional staff development, and the review and renewal of curricula to enable responsiveness to transformation imperatives in higher education.

### Main Grant

The total 2020 allocation for the Institutional Plan is R11 928 000. Total expenditure was R10 525 244. The total underspend amounted to R1 423 417 with a nett underspend of R1 402 755 (having subtracted overspends).

**Table 11: Summary of 2020 spend for the UCDG Main Grant**

Name of Project/Activity	Amount available after approved change request	Total expenditure in 2020 including commitments as at 31 March 2021	% Spent
<b>Project 1: Access, Equity and Success - enabling access to the curriculum for deaf students</b>			
Activity 1: Support of deaf students	278 417	276 690	99%
<b>Project 2: Transformation of Mathematics Teaching &amp; Learning at UCT</b>			
	440 562	-	-
<b>Project 3: Undergraduate Student Success</b>			
Activity 1: Science Odyssey: Finding a place in Science	174 279	-	-
Activity 2: Winter Studios	174 865	101 675	58%
Activity 3: EBE Undergraduate Tutored Reassessment Programme	391 938	184 503	47%
Activity 5: Tutoring towards academic resilience in Science	297 166	248 463	84%
Activity 6: Academic Support to Students in Law	267 498	267 498	100%
<b>Project 6: Multilingualism for staff and students</b>			
Activity 1: Developing multilingual awareness, proficiency and teaching competency	462 454	462 454	100%
<b>Project 7: Writing and academic literacies for undergraduate &amp; postgraduate students</b>			
Activity 1: Expanding access and embedding academic literacies in the Faculty of Health Science	368 990	368 989	100%
Activity 2: Developing academic writers, writing tutors and future academics through the Writing Centre	336 723	336 723	100%
Activity 3: Legal writing	56 742	56 742	100%
Activity 4: Postgraduate Writing: From Critical Dialogues to Pathways	85 709	85 708	100%
Activity 5: Postgraduate research literacies in Science	42 499	42 499	100%
Activity 6: Embedding Academic Literacies and Improving Throughput in the Faculty of Commerce	166 821	173 876	100%
<b>Project 8: Student Mentoring programmes</b>			
Activity 1: Geomatics	2 416	546	23%

Name of Project/Activity	Amount available after approved change request	Total expenditure in 2020 including commitments as at 31 March 2021	% Spent
Activity 2: DSA	405 178	413 395	100%
<b>Project 9: First Year experience</b>	785 921	785 920	100%
<b>Project 10: Postgraduate student development</b>			
Activity 1: Additional Tutoring for MLA students from Previously Disadvantaged Institutions	11 380	14 320	100%
Activity 2: Health Sciences Postgraduate Student Development	26 227	-	0%
Activity 3: Theories of Justice and Inequality: Postgraduate student development Programme	1 439 936	1 335 385	93%
<b>Project 11: Developing Teaching Capacity</b>			
Activity 1: Supporting Aspiring Academics' Teaching	342 764	342 765	100%
Activity 2: New Academic Practitioners Programme (NAPP)	204 964	204 964	100%
Activity 3: Developing capacity for critical quantitative literacy	102 518	102 518	100%
Activity 4: Supporting the teaching development of established academics	414 740	414 740	100%
Activity 5: Teaching grants and awards	294 248	156 593	53%
<b>Project 12: Decolonising Pedagogy in the Humanities</b>			
Activity 1: Curriculum design & materials development for Introductory Courses	-	-	-
Activity 2: Appoint and train Tutors to run Plus Tuts across the Humanities Faculty	1 034 335	1 036 784	100%
Activity 3: Appoint and train Mentors to run the HUMAN project across the Humanities Faculty	-	-	-
<b>Project 13: Cross-disciplinary programmes to develop research and supervision capacity</b>			
Activity 1: Research Development grants	2 380 520	2 375 986	100%
Activity 2: Grant writing workshops	18 500	9 236	50%
Activity 3: Support for academic staff without PhD's	45 961	1 550	3%
Activity 4: Supervision training	58 000	7 417	13%
Activity 5: Programme to develop engaged scholarship in research, innovation and teaching	32 367	-	0%
<b>Project 14: Curriculum Review</b>			
Activity 4: Writing your World A wrapped MOOC for first year Humanities students	70 963	70 962	100%
<b>Project 15: Integrated Commerce core first year case study</b>	138 619	72 567	52%
Management of the Grant	573 767	573 766	100%
<b>TOTAL</b>	<b>11 928 000</b>	<b>10 525 244</b>	<b>88%</b>

## Collaborative Projects

The Institution managed the following national collaborative UCDP projects in 2020:

**Table 12: Summary of 2020 spends for the UCDG National Collaborative Grants**

Project title	Amount available for 2020	Total expenditure in 2020 including commitments as at 31 March 2021	Comment
New academics transitions into Higher Education	R2 093 797	R800 549	This project was approved for extension until the end of 2021.
Diagnostic Mathematics Information for Student Retention and Success	R1 168 495	R504 212	This project was approved for extension until the end of 2022.
University Staff Doctoral Programme (USDP) - Climate Risk, Resilience, and Sustainable Development	R2 243 360	R875 536	The USDP project will only be completed in 2023.
University Staff Doctoral Programme (USDP) – Engineering Education	R1 322 365	R48 796	The USDP project will only be completed in 2023

## CLINICAL TRAINING GRANT

Since the introduction of the Clinical Training Grant (CTG) in 2008 to support clinical training for the Bachelor of Medicine and Surgery (MBChB), the grant has evolved to become more inclusive in relation to other health science programmes. As an earmarked grant, it has become an established source of additional funding on which universities rely strongly for training health professionals. UCT has utilised the grant to make strategic appointments of clinical teachers, to appoint administrative staff to support clinical teaching and training, to invest in key infrastructure projects and to purchase equipment for clinical training that the public sector is not able to afford. The CTG has allowed the faculty to expand its clinical training platform to Vredenburg on the West Coast and the Garden Route District in the Southern Cape. The CTG has not only impacted on clinical training and teaching but also on the care that is offered to patients in the Western Cape. The CTG substantively supports the MBChB programme, specifically students in years 3, 4, 5 and 6. The other programmes that the CTG supports are the 3rd and 4th year students in the Allied Health programmes (Physiotherapy, Occupational Therapy, Speech Language Pathology and Audiology) and the MMed programmes.

In 2020/21, the largest part of the R58,194,989 grant was used to appoint a cohort of clinical- educators and teachers which has extensively strengthened undergraduate and postgraduate teaching and training across all departments in the Faculty of Health Sciences. The grant has also supported to a lesser extent, the appointment of support- and administrative staff who provide integral assistance to the operational financial- and human resource requirements of the clinical training of students. UCT allocated a small part of the grant to fund the operations and equipment requirements associated with clinical teaching. After approval of a virement, we were able to extend and renovate buildings in the Eden District which has allowed a larger cohort of students to be trained in Knysna and Oudtshoorn Hospitals. The grant is essential for supporting the training of our clinical programmes. During the current unprecedented times, the grant has been especially valuable to fund additional support to release clinical practitioners to assist in the dire need for COVID-19 support in the Western Cape.

## NATIONAL STUDENT FINANCIAL AID SCHEME

The National Student Financial Aid Scheme (NSFAS) is an entity that plays an important role in the provision of financial assistance to eligible undergraduate students and provides support to several postgraduate diplomas and qualifications. Over the last few years, there have been significant challenges, including the media reports of poor administration and mismanagement which ultimately resulted in the entity being placed under Administration. Despite the spate of challenges that continue to be reported in the media about the perceived failures of the entity, UCT benefits from the financial support NSFAS provides to students. NSFAS remains by far the biggest funder to financially and academically needy students at the university.

In 2020, UCT students received funding to the value of R639,1 million (R429,3 million in 2019). Given that students were

requested to vacate their residences during 2020 because of health and safety concerns about the COVID-19 pandemic, NSFAS will be receiving credits for days students were not in residence. A total of 5 791 students were provided financial assistance through or facilitated by NSFAS. The total number of students funded by NSFAS includes those on the Funza Lushaka bursary, Department of Social Development and other NSFAS facilitated funding. In keeping with the support, the university provides for the so called missing middle or GAP funded students, 477 of whom were assisted from funds made available by the University and facilitated through NSFAS. In total, the University spent R173,8 million of its own resources to support undergraduate students.

Other notable funders include multiple corporates providing R175,3 million to support 1 960 undergraduate students. An analysis of student financial assistance shows that 48% of undergraduate students' fees are covered by a combination of NSFAS, corporates, NGOs, donations or UCT funding. In addition, to the support UCT provides, there are funds raised for final year students to clear their debt (to enable graduation) and other bailouts for continuing students.

## **FOUNDATION PROVISION GRANT**

The Foundation Provision Grant complements the teaching output sub-block grant through which graduates are funded. The main purpose of this grant is to improve the academic performance of first-time entering UG students, who already comply with the minimum requirements to enrol for a university qualification, and who have already enrolled for that qualification, but who are at risk of failing or dropping out. Such students are placed on extended curriculum programmes approved by the minister. These are in most cases one year longer than the regular qualification. In 2020, UCT had eight approved extended curriculum programmes offered by the Faculties of Humanities, Science, Engineering and the Built Environment, Commerce and Health Sciences. As is the case every year, the University made a substantial additional financial contribution to ensure responsible delivery of its extended curriculum programmes. This signals the importance that the institution attaches to supporting vulnerable students academically.

The DHET allocation to UCT was R14,235 million in 2020, with UCT using substantially more to supplement this provision. The COVID-19 pandemic impacted negatively on the numbers of first-time entering students enrolled in extended curriculum programmes at UCT. A total of 551 first-time entering students were enrolled in extended curriculum programmes in 2020, compared with the enrolment figure of 659 in 2019. Because of the impact of the pandemic on mid-year assessments, the Faculty of Health Sciences did not have reliable means to identify students at risk of failing and therefore decided not to run the extended curriculum programmes in during 2020.

Despite these setbacks, UCT continues to act as a dedicated provider of foundation provision in extended curriculum programmes, offering students carefully structured opportunities to study successfully at a higher education level in all its faculties.

## **NEW GENERATION OF ACADEMICS PROGRAMME**

The New Generation of Academics Programme (nGAP) is a prestigious programme funded by the Department of Higher Education and Training (the Department) which involves the recruitment of highly capable scholars as new academics. The recruitment of these academics is based on carefully designed and balanced equity considerations and considering the disciplinary areas of greatest need in the higher education system. The nGAP is currently the biggest programme within the Staffing South Africa's Universities Framework (SSAUF), a university staff development component under the University Capacity Development Programme (UCDP). The nGAP was created in terms of Staffing South Africa's Universities Framework (SSAUF), which was approved in January 2015 by the then Minister of Higher Education, Dr Blade Nzimande.

The most important features of the programme are that successful applicants (black South African and female) are appointed into permanent posts firmly factored into long-term staffing plans right from the outset, and that appointments are governed by contracts that clearly spell out the expectations, obligations, roles and responsibilities of the employing university and of the newly appointed academics. The number of posts that to be made available, and the intervals between successive cohorts, is determined by the ability of the DHET to source funding for successive cohorts. Thus far, 27 posts over six rounds have been awarded to UCT. UCT has applied for a further 5 posts in Phase 7 and awaits the outcome with anticipation.

The DHET does not carry the full costs of employment of nGAP appointments. It contributes a substantial amount for salaries in the first three years, whereafter this contribution decreases until, in the seventh year, there is no DHET contribution to salary. Institutions are required to bear the full employment costs for the post after 6 years. The balance between the DHET contribution

and the cost of employment (CoE) is covered by the respective employing Faculties. In addition to the salary contribution, amounts are awarded (over the entire six-year period) to support conference attendance, degree costs (registration and tuition), research infrastructure, mentoring and participation in SSAUF activities. nGAP has required institutions to develop long-term staffing plans, considering equity, enrolment and strategic size and shape plans (including growth), anticipated retirements of staff, and the usual attrition rates over and above retirements.

A UCT nGAP steering committee oversees submissions by UCT Faculties and provides developmental support to Departments and Faculties that wish to participate. nGAP at UCT is managed out of the Office of the Vice Chancellor and involves close liaison between Human Resources (HR), Finance, and the Faculties. A primary goal of nGAP is for lecturers to complete doctoral degrees. Thus far 3 out of 5 Phase 1 nGAP lecturers have completed their doctorates. Two of four Phase 2 nGAP lecturer have completed their PhDs. One of the Phase 4 lecturers has completed her PhD while two other nGAP lecturers joined the programme having already completed their PhDs. At the time of writing, 7 nGAP lecturers held PhDs (noting that one nGAP Phase 1 lecturer, holding a PhD, left the service of UCT towards the end of 2019). COVID-19 and the associated lockdowns have hampered progress of doctoral work but the expectation is that many nGAP lecturers will submit their PhDs for examination in the calendar year (2021).

Each nGAP lecturer has a mentor and the entire nGAP cohort is invited to participate in writing retreats, quarterly meetings, and other support activities.

**Table 13: nGAP budget over the six phases**

nGAP	DHET	Total Disbursed	Interest Earned	Interest Utilised	Balance
Phase 1	10 874 395	9 700 343	3 073 899	639 861	3 608 090
Phase 2	9 330 932	7 313 952	2 278 101	104 000	4 191 081
Phase 3	7 500 000	4 839 000	1 612 100	103 000	4 170 100
Phase 4	12 500 000	5 275 000	1 397 810	103 000	8 519 810
Phase 5	12 500 000	3 215 000	668 391	80 000	9 873 391
Phase 6	12 955 550	-	61 334	-	13 016 884
TOTAL	65 660 877	30 343 295	9 091 635	1 029 861	43 379 356

The budget above shows the funding provided by the DHET and what has been utilised. Phase 6 funding was received later than normal, and no disbursements had been finalised by the end of 2020. Plans were underway to allocate the funding as part of the 2021 budget.

## INFRASTRUCTURE AND EFFICIENCY GRANT

The DHET infrastructure funding cycle has been explained in detail in past reports. The 2019 annual report provides a breakdown of each funding cycle while the focus for this report is on projects funded in the fifth cycle.

### UCT Chris Hani Lecture Theatre Refurbishment

The Chris Hani Building - previously known as the New Science Lecture Theatre - was built in the 1960's as a large lecture theatre. The steeply raked lecture theatre was not conducive to modern teaching methods. This building occupies prime space on UCT's Upper Campus but the internal space was not efficiently used. The project intention is to repurpose the building to accommodate a large modern lecture theatre, flat floor study space, a general student centre where key student support services will be provided and a science student learning centre, linked to a new science faculty administrative suite. To achieve this improvement in the efficiency of use of the building, an additional floor and mezzanine will be added within the heritage external envelope which will be retained. The relocation of the Science Faculty administrative suite from its current location will release valuable academic space elsewhere on campus. The science learning centre will be central to improved throughput and graduation numbers of students in the faculty of science.

The main contract was awarded in July 2020. The main contractor, Isipani is now progressing well, heading into month eight of the programme. The procurement schedule for this project is on track and under close review for any possible delays in sourcing material, components, and equipment. All outstanding claims by the main contractor have been resolved. Health and

Safety inspections are being conducted on a regular basis and there have been no reported COVID-19 cases to date. Internal finishes are in the process of being finalised by the professional teams in conjunction with the UCT Properties and Services team. The lift has been ordered. Much of the disruptive work is complete as piling rigs are no longer in use and this will provide noise relief for staff and students as campus gets busier into the new academic year. Upcoming and ongoing works include trimming of piles, exporting soil, backfilling of staircases, and casting of surface beds, commencement of the decking and formwork to the internal areas and casting of staircases from levels 1 to 2. Contractually, the practical completion date is set for 29 October 2021.

## UCT School of Education

A new School of Education building on Lower Campus is being constructed to accommodate post graduate teaching and training for teachers in the Western Cape Province. The project budget is R90 million. The project is on programme. Council planning approval has been granted, allowing excavations of the basement, soil retaining structures and piling to commence. In addition, lateral support and bulk excavation are 90% complete and the construction of concrete bases has commenced. The practical completion dates are Section A (northern building), 16 November 2021 and balance of the works, on 10 December 2021.

## Avenue Road Residence

The University of Cape Town's (UCT) new R222 million Avenue Road Residence in the Mowbray precinct will provide 500 additional student beds, an invaluable addition to the university's student accommodation provision. Avenue Road Residence is part of UCT's extended plan for the Mowbray precinct, which will boost student accommodation by 2 000 beds once completed. The first-tier residence represents phase one of a planned cluster of developments in this area, which will include a separate multi-residence dining hall for first-year students. As there are houses on the site that are of heritage significance, UCT has obtained heritage approval to ensure the development does not detract from the existing buildings on the site.

The residence has achieved a four-star green rating from the Green Building Council South Africa (GBCSA) for its energy- and water-saving features - and includes a full suite of disability facilities. The development is being co-funded by the Department of Higher Education and Training with an additional R130 million from UCT.

Additional care has been taken to provide accommodation that offers universal access to students with physical and other disabilities. This aspect was overseen by UCT Disability Service's manager Edwina Ghall and her team, who were pleased to have a "blank slate" at the start.

The residence has 12 universal access rooms and six assisted-living facilities for students with disabilities. These rooms are interleading, providing accommodation for live-in carers. Although three other UCT residences have been retro-fitted to provide similar facilities (one each at Graça Machel Hall, Leo Marquard and Woolsack), this will be a first for a new residence.



The three-storey residence has 144 single rooms and 173 double rooms. Phase two will be developed on land currently occupied by UCT family “barracks” opposite Mostert’s Mill, below the M3. This has been earmarked for the student dining hall. Phase three, a 300-bed residence, will be built on the Edwin Hart site. Practical Completion according to the Joint Buildings Contract Committee (JBCC) building contract was achieved on 7th December 2020.

## Network Renewal Project Report

The demand for reliable ICT services on campus continues to grow exponentially and the entire University community, both staff and students is critically dependent on the network to provide these services. The emergence of mobile computing devices has necessitated a substantial investment in wireless technologies. Wireless connectivity has overtaken wired connectivity as the medium of choice. Research and teaching have become increasingly dependent on computing and use of digitized datasets thus requiring vast amounts in relation to storage, computing, and bandwidth. The University’s current data network has evolved over several years and stretches across several geographically discrete sites such as the Upper, Middle & Lower, Health Science and Groote Schuur Campuses, as well as Hiddingh Campus in Orange Street, Gardens, and the Breakwater Campus, including a planned facility in Sandton, housing the Graduate School of Business. The network also includes off campus Health Science Faculty research and teaching sites at Red Cross Children’s Hospital, Valkenberg Hospital, the Sports Science Institute and the Children’s Institute in Sawkins Road, Mowbray, as well as several student residences (both on and off campus). The network is also extended to the Microsoft Azure Cloud and connects to UCT resources housed at the Neotel Data Centre.

Through ‘Network Renewal Projects’ modern universities ensure they are able to actuate their strategic plans and achieve their operational goals in a dynamic world. Such projects are inevitably multi-year endeavours. The deployment is a hierarchical topology utilising network core, distribution and access layers connected in either multiples of 1Gbps or single 10Gbps links. This infrastructure was deployed as part of the previous Network Renewal Project in 2004. The infrastructure deployed at the time was quite robust and has served the University well over the past decade.

UCT’s ‘Network Renewal Project’ commenced in March 2018. As with previous projects, it is a multi-year project and will extend into 2021. The project is partly funded by a Department of Higher Education and Training (DHET) grant of R78 million, with the balance of the funding coming from a combination of Council-approved project funding (R30 million) and ICTS’s annual infrastructural life-cycle renewal funds (R60 million.) UCT has expended the DHET grant funding.

The project’s key objectives are to refresh the network architecture and infrastructure to:

- mitigate risk by replacing end of end of life and/or support network infrastructure components;
- increase the speed of the university network to cater for significant growth in bandwidth demand from the UCT research community;
- improve the support, monitoring, security, flexibility, and resilience of the network infrastructure;
- facilitate the delivery of several advanced services that are likely to be required during the lifetime of the upgraded network; and
- sustain the provision of ubiquitous wireless access to electronic information resources irrespective of location within the boundaries of the University campus.

The project is being delivered in multiple phases, with the DHET, UCT co-funded portion at around 84% completion with the infrastructure life-cycle phase focusing on the access-layer at circa 36% completion. There are circa 49 sites remaining which require various levels of renewal of the access layer. The new network equipment has been procured.

The COVID-19 pandemic has adversely affected the projects’ ability to implement the renewal of the access layer. Key constraints have been the general lockdown with most, if not all staff working from home, which translates into difficulties in accessing buildings and offices that have been locked with the occupant off-campus, leaving the project unable to locate keys and thus access areas within a building/site. The need to ensure the safety of network staff and supporting companies working on the structured cabling and those who assist with the placement of new wireless access points has posed many challenges, which combined with the “return to campus of vulnerable students and selected others to residences” has introduced further delays. There is urgency associated with the wireless access point (WAP) replacement as the old WAPs are reaching the end of support and life. This poses a risk to network operations and therefore residences and sites with such WAPs are being prioritised. The project has restructured its implementation plan as best it can in response to the dynamic and uncertain circumstances. It is striving to meet its commitment of completion by the end of December 2021. The latter still appears to be achievable if ways and means can be identified and implemented to ensure access to buildings and offices.



## Water Sustainability Project

Given the severe drought that the Western Cape experienced in recent years, there is a critical need for UCT (a major water user catering for roughly 30,000 students) to establish a resilient and sustainable approach to deal with long term water scarcity and sustainability in a region that is likely to become more drought prone. In addition to the moral and environmental obligation, the cost of water and water services in the city is rising annually, and is likely to treble within the next five years. Funding was requested to develop a sustainable water management strategy and implement systematic interventions to reduce municipal water consumption in student residences to allow for water saving and recycling through a range of 'fit for purpose' interventions. This will significantly reduce water demand and associated monetary and environmental costs. The progress on the project thus far has included the development of UCT's sustainable water management strategy, the conclusion of several enabling projects and the development of tender specifications for the first few watersaving projects. This DHET funded project will see over 50 sub-projects implemented over the next 3 years that will result in millions of litres of municipal water saved.

## IDM Extension Project

The Department of Higher Education and Training has approved the University of Cape Town's master plan for seven new buildings and developments which are currently underway and in various stages of completion. Two of these buildings are located at the Faculty of Health Sciences (FHS) and one specifically at the Institute of Infectious Disease and Molecular Medicine (IDM) – the IDM Extension Project.

The IDM Extension project is spearheaded by the IDM and will provide additional workspace in a minimalist envelope to respect the heritage building enfolding it. The Institute is having two extensions built within the Wernher Beit North "E" frame, the courtyard space between the three wings of the building, to increase laboratory space as well as create more open-plan office space. The new buildings will be freestanding in the courtyards. The floor plans allow for open plan office space with a central strip of cellular offices and meeting rooms. This is due to the expanded research programme of the IDM and the increasing demands of working space for technicians, scientists and administrators.

The site establishment took place on the 10th of November with work starting on the 14th. The anticipated completion date is July 2021.

## New d-school building

Since its inception in 2015, the Hasso Plattner School of Design Thinking (d-school) has been temporarily located at the University of Cape Town Graduate School of Business (UCT GSB) V&A Waterfront campus. Now a new building for Africa's first school dedicated to design thinking is officially under construction on UCT's middle campus, with the team having broken ground in late 2020.

The Hasso Plattner Foundation is funding the new building in its entirety, which will play a strategic role as part of UCT's Vision 2030.

The new building aligns with UCT's Vision 2030 to position itself as a global university in Africa, focused on unleashing human potential for a fair and just future. The d-school's new home at UCT will have multiple floors and a standout architectural and interior design, including space for electric cars and student and staff collaboration. The new four-storey building is targeting a 6-star Green Star rating from the Green Building Council South Africa (GBCSA). It aims to be the first 6-star Green Star-rated university building in Africa.

Environmental sustainability is an essential value for UCT, and this project was able to be more ambitious in its green building objectives by going well beyond UCT's minimum requirement for new buildings (4 star) to targeting a 6-star green building rating, which equates to 'World Leadership' according to the GBCSA. The integrated green building design of the space aligns with the d-school's approach to learning and problem-solving, and it's therefore a perfect fit in terms of accommodating world-class thought leadership.

Construction of the new d-school building is set to be complete by early 2022.

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## SENATE REPORTS TO COUNCIL

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There are three annual Senate Reports to Council, namely the Teaching and Learning Report, the Report on Research and the Social Responsiveness Report. The 2019 Research Report was approved by Council on 20 June 2020, and the 2019 Teaching and Learning Report was approved by the Teaching and Learning Committee of Senate in October. It was not included in the last agenda of the Senate in 2019 and served at Council in December, who knew the document before it had not yet been approved by Senate (but the report will be presented at Senate in June 2021). The 2019 - 2020 Social Responsiveness Report was adopted by Council at its December 2019 meeting.

### THE 2019 REPORT ON RESEARCH TO SENATE AND COUNCIL

The 2019 Report on Research records progress on UCT's achievement of its goals of serving the country and the continent as its leading broadly based university, contributing new knowledge to tackle the grand challenges of a fast-changing world, and driven by the need for deep and rapid societal transformation.

The 2019 report reflects on UCT's performance through the prism of questions related to the transformative nature, productivity, impact and sustainability of its research.

In relation to demographic change, a comprehensive report was commissioned that demonstrates a steady but slow increase in numbers of black researchers at UCT. A number of new initiatives have been implemented, further demonstrating the shift towards a more inclusive identity in the research space. In terms of transformation, the Report recognises that UCT needs to simultaneously challenge and support our existing scholars while nurturing the growth of the next generation.

UCT's research productivity continues to grow as measured through internationally recognised indicators, such as income generated through grants and contracts, the increased number of journal and book publications and patents submitted to the national Department of Higher Education and Training (DHET), and the growth in the number of research master's and doctoral graduates.

UCT's advancement in the world rankings as well as its comparative performance in the National Research Foundation (NRF) rating system are also proxies for research productivity and recognition. The university recognises that the standard metrics can be bland and problematic when used in isolation, and thus in 2019 the University Research Committee voted to support the principles of the San Francisco Declaration of Research Assessment (DORA), whereby peer-assessment, based on qualitative impact on stakeholders, is brought into play.



## Key Performance Indicators

UCT generated a total of R1.77 billion in research contract income in 2019 (with 2163 contracts signed), representing an increase of R10 million compared to 2018. Of this income, R1.64 billion was from sources external to the university. One spin-off company was also started.

UCT was awarded 1826.56 units (equating to approximately R226 million in research subsidy income) for publications authored in 2018, a slight increase of 94.94 units in relation to the prior year.

In terms of NRF rated researchers, UCT recorded a slight reduction in the number rated researchers, down to 512 in 2019, following a peak of 542 in 2017. 12% of all national NRF-rated researchers were based at UCT in 2019. Approximately 30% of all A-rated researchers in South Africa were at UCT, and 43 SARChI Chairs (18% of the country's total) to date have been awarded to UCT.

UCT's ranking results are monitored across five world university rankings: Quacquarelli Symonds (QS), Times Higher Education (THE), Shanghai Rankings Academic Rankings of World Universities (ARWU), and the Center for World University Rankings (CWUR). UCT moved up from 200 to 198 in 2019 in terms of the QS World Rankings, and jumped from position 156 to 136 in the US News Best Global Universities Rankings. Similarly, UCT moved from the 301-400 band, up to the 201-300 band in relation to the AWRU Shanghai Rankings. The university however dropped slightly (from position 114 in 2018 to 121 in 2019) on the THE World University Rankings, and also dropped by 29 places to 252 on the CWUR. UCT remained the top university in Africa in 2019, in relation to the international rankings.

## UCT support for graduates (master's and doctoral students) and postdoctoral fellows

In 2019, 33.9% (2 837 awardees) of all eligible postgraduate applicants received awards to a total value of R274 million. Included in this figure were 784 international and refugee students who received awards to a total value of R75 million. Of the students who received awards, 35% (1011 awardees) were black South African (African, Indian, coloured and Chinese) postgraduate students. Additional awards from external sources made via the Fees Office brought the total postgraduate funding available in 2019 to R302 million (a decrease from R313 million in 2018).

The university, as an institution, continued to host the largest number of postdoctoral research fellows (PDRFs) in the country, with an increase of R1 million in awards since 2018, totalling R79 million. In 2019, there were 364 (179 South African and 185 international) PDRFs, of whom 191 were in the black group, 147 were White, and 36 had not declared their race.

## Donor support for graduates and early career academics

The Report highlights two initiatives that were focused on donor support for graduates and early career academics, viz. the Carnegie Corporation's Developing Emerging Academic Leaders (DEAL) and the Black Advancement Programme.

The Carnegie Corporation's Developing Emerging Academic Leaders (DEAL) in Africa project (in its final year in 2019) excelled in its aims to support research-leaders-in-training in the fields of infectious diseases (including the disciplines of molecular medicine and molecular and cell biology), civil engineering and economics. Of the 27 fellows in the last cohort (2018-19), 14 were female, 23 were black and 22 came from the rest of Africa. Achievements by the fellows during the course of the programme include (amongst others):

- publication or co-publication of 110 academic articles since 2017, including 49 published in 2019, and a further 46 under review;
- registration of a patent;
- successful co-applications for eight international research grants and involvement in international research collaboration with key African and international universities.

The Black Academic Advancement Programme (NRF-FRF Sabbatical Awards) is funded by the NRF and the FirstRand Foundation. UCT was invited to submit eight applications in 2019, all of whom were successful; awards were planned to commence in 2020.

## UCT investment in new programmes that forge an inclusive identity and sustain excellence

Seven funding instruments that link research to the university's vision for an inclusive identity and sustainable excellence are described in the Report. These are:

- the **Enabling Grant Seeker Excellence (EGSE) awards** which aim to encourage applications to external (particularly international) funders, thus decreasing dependencies on the university itself and the NRF. In terms of these awards, 61 researchers received support in 2019 to a total value of R3 650 000;
- the **Junior Research Fellowships**, which aim to increase research productivity and to strengthen the career path of the next generation of researchers through mentoring and networking, and in terms of which 10 awards of R500 000, annually for three years, were made in 2019;
- the **Programme for Building Research-Active Academics**, which enables new staff members to develop supervision expertise and to build a team in an area of their choice. This initiative allowed 66 early-career academics in permanent positions for 3 years or less to provide a two-year bursary to a master's student. The total value awarded through this initiative was R8 562 000;
- as mentioned in the 2018 annual report, the **UCT Seed Awards** were established to address the abrupt decline in the number of applications for NRF rating in the wake of the NRF's policy change. UCT seed awards are made to successful first-time rating applicants and those whose ratings are successfully renewed. In 2019 awards to the value of R1 960 000 were made to 64 eligible applicants;
- the **three-year Decoloniality Project (2017–2019)** challenges academics to develop new thinking about problems that should be addressed most urgently by UCT as an African university. The three projects that were selected through a competitive proposal-driven process are currently going into their last round of the funding of R300 000 each per annum;
- the **2030 Future Research Leaders Programme** aims to lift out a small cohort of exceptionally talented early-career researchers, selected by the Vice-Chancellor, who are recognised by their peers as future world-leaders in their fields. The programme has an annual budget of R5 million; a further three researchers were selected in 2019 to join the founding cohort of 10, bringing the number up to 13; and
- the **Advancing Womxn Awards (2019–2024)**, another Vice-Chancellor initiative, aims to amplify female researchers' voices both for their own advancement and the advancement of others. Five substantial grants, totalling R4.5 million, have been awarded over five years.

## Researcher development

The Researcher Development Academy (RDA) was established within the Research Office in 2018 and offers an array of skills development courses to UCT's sister universities in South Africa and elsewhere on the continent.

The Research Office also runs several staff development programmes for UCT staff, postdoctoral fellows and postgraduate students; these are however dependent on soft funding, which places them at risk.

The Emerging Researcher Programme (ERP) (now subsumed into the Researcher Development Academy) enrolled 79 new members in 2019. All eligible black South Africans were awarded research development grants in 2019 (65.1% of available funds). Of the 87 UCT academics who received promotions in 2019, 41 had been ERP members at some stage in their career. Representation of black South Africans in the ERP is 56.5%, while 58.3% are female.

The International Grants Support Hub bolstered its capacity at the end of 2019 and now provides pre-award assistance for applicants who need to engage with large, international consortia and to comply with the increasingly complex requirements of international grant agencies.

## Centres of Excellence at UCT

The two UCT-hosted, out of 13 African Research Universities Alliance (ARUA) centres of excellence, consolidated their strengths in 2019 and continued to excel. These are the African Centre of Excellence for Inequality Research (ACEIR), and the ARUA Centre of Excellence in Climate and Development (ARUA-CD). The University of Ghana and the University of Nairobi are co-hosting nodes of both UCT centres, providing exceptionally fertile ground for enhanced collaboration with these two African universities.

## Research Risk

Dealing with the issue of research risk, the Report confirms that UCT continues to excel as the leading research-intensive university in Africa, notwithstanding an element of risk. **The vulnerability of soft-funded academic research staff (SFARS)** is an example of such an area of risk: due to a lack of resources, UCT remains unable to implement multiple business plans that have been developed to adequately support these groups of highly-productive staff, who also supervise postgraduate students. The lack of support for this constituency places the research enterprise at grave risk, especially in the faculties of Health Sciences and Engineering & the Built Environment. In response to this issue, a task team under the leadership of Deputy Vice-Chancellor for Research and Internationalisation is fast-tracking planned improvements for this critical constituency.

Another risk mentioned relates to the **falling income from national funding, particularly from the NRF**, which gave rise to challenges due to changing policies and rigorous adherence to demographic targets. This situation also impacted on researchers' ability to top up postgraduate bursaries, and to provide running costs for student research. Particularly at risk beyond 2022 are the two national DST/NRF Centres of Excellence hosted at UCT (c\*change, and Birds as Keys to Biodiversity Conservation). These Centres are important research training sites for postgraduate students but, although new business plans were submitted on request to the NRF, their financial future remains uncertain.

The **DST/NRF South African Research Chairs Initiative (SARChI)** currently provides a significant source of research income for the university and also, importantly, a critical platform for postgraduate and postdoctoral training and research. However, as per the 2019 Report, more than half of the current 43 Chairs are in their final funding cycle, with their grants expected to end in 2022 and 2023. While efforts are underway to explore funding for these Chairs, UCT is also planning ahead in an attempt to secure at least partial financial support for the Chairs in 18 to 24 months' time.

The university's increasing **dependency on international grants** leaves it progressively more exposed to foreign exchange risks, which are amplified by an increasingly onerous environment in terms of legislative requirements, as well as the reality that this income is currently raised by relatively few individuals, some of whom are SFARS. This particular risk is partially mitigated by UCT's new funding mechanisms which seek to incentivise the raising of international funds (including enhanced support for proposal development), as well as to address institutional under-preparedness in relation to legislative compliance. The latter is of particular importance as ill-prepared South African universities grapple with a raft of new policies and legislation, raising new demands for compliance.

Universities in South Africa are currently grappling with a plethora of new policies and legislation that raises new **demands for compliance** for which institutions are ill-prepared. Universities South African Forum (USAf) is working with universities to fully understand the scale of the compliance imperative, how it will be done, by whom, and what the role of the different departments and individuals within universities will be. In order to mitigate the associated risk, an executive task team, assisted by the Office of Research Integrity (ORI), concluded an extensive mapping of the research compliance landscape at UCT. The 2019 Report noted that work was underway in relation to (i) addressing the immediate gaps identified, and (ii) the establishment of a short-term Ethics Governance Review Committee to oversee the harmonisation and adjustment of UCT's relevant structures, policies and procedures.

The current **fragmentation of research support structures** is also flagged as a risk, given that resourcing the administration and support for research has not kept pace with the massive growth of the research enterprise over the past five years. Moreover, the administration that supports research is currently spread across faculties as well as a range of independent PASS departments. The current model is cumbersome and confusing for researchers to navigate and adds to the risk in terms of the increasingly complex policy and compliance environment. Progress towards the establishment of a virtual platform, where the full range of administrative activities that support research are visible, aligned and coordinated is coming to fruition in certain areas of research activity. Full implementation of the electronic research administration (eRA) system, to be concluded in 2020, will go a long way towards providing more holistic research support services.

A final risk identified in the 2019 Report was the issue of **research equipment infrastructure**, which is essential to UCT's research competitiveness. The budget of the University Equipment Committee (UEC), which is responsible for the strategic acquisition and maintenance of such equipment, is inadequate in relation to need. An improved analysis of the risks to UCT in 2019 gave rise to a 6% increase to the UEC fund, and re-allocated it to the university's capital expenditure budget, which allows for greater agility when dealing with, for example, instances where high-end laboratory equipment required for major research and postgraduate teaching needs to be replaced.

## Concluding Comments

In terms of concluding comments, the Report recognises that UCT faces a challenging future, but that there is a collective determination to embrace this through transformative innovation. The necessary work had started and some components were well underway at the time of writing, in some cases spurred on by the exceptional demands raised by the COVID-19 epidemic. UCT is confident of the future impact of its research in helping societies, broadly, adapt to a post-pandemic world.

## SOCIAL RESPONSIVENESS REPORT 2019 - 2020: TRANSFORMATIVE PORTRAITS OF PRACTICE

The 2019-2020 Social Responsiveness (SR) Report was designed around cases of good practice, presented with the intention of enabling the university community to deepen its understanding of engaged scholarship as a scholarly practice.

## The Case Study Approach

The 'rigorous and robust case study' approach has been endorsed by the United Nations Educational, Scientific and Cultural Organization (UNESCO) Chairs of Community Engagement, as a result of their international study on university-community research partnerships (Hall et al, 2015). The Carnegie Foundation (2015) also argued that the "existence of systematic, historic and ongoing efforts to assess community engagement within universities" is key to embedding engaged scholarship in the fabric of institutions. The Report postulates that a case studies approach can yield some of the most useful evidence of what counts as practice within the institution, i.e. what colleagues are actually doing in their social responsiveness practice through teaching, research, and service. In this way, case studies can serve as important tools for critical reflection on practice and are important in demonstrating how engagement as a methodology can be deeply woven into the fabric of research and teaching.

## Methodology

For the 2019-2020 report, the University Social Responsiveness Committee (USRC) asked faculty representatives to collect four to five cases in their respective faculties that would contribute to deepening knowledge of the field of engaged scholarship, and its links with research, teaching and service. Colleagues were asked to present their work in ways indicating its links with the broader institutional transformation project, which is an important dimension in understanding this work going forward. This was done through requesting faculties to structure their cases around a set of criteria/broad categories critical to broadening an understanding of engaged scholarship. These criteria/broad categories faculties included the background to the work; the reason for initiating it; the aims and values underpinning the work; key thematic issues addressed; the nature of partnerships involved; links with teaching, research and transformation; the contribution or added value to UCT and any external constituency involved; an evaluation of the activity and its impact; and the nature of the outputs emanating from the work.

The Report highlights themes that emerged from the cases, relating to faculty cases (which were also analysed to reflect on how engagement feeds into research, teaching and transformation), a summary of the work of the Knowledge Co-op, and a description of UCT's work with its regional partners, i.e. the Western Cape government and the City of Cape Town.

The cases submitted in some instances showcased examples of practitioners providing technical advice to outside organisations and developing online platforms to enable people to access information pertaining to their health needs.

## Conceptualisation of Engagement

The Report indicates that the university is reflecting on the notion of engagement and its role within the area of social responsiveness. Like many other institutions, UCT has been grappling with and discussing deep questions that relate to the specific role(s) of universities in the context of growing inequalities, poverty and unemployment; how the knowledge project at universities makes life better for the majority of people living in abject poverty; and what modalities are required to generate transformative knowledge. The Report notes that international literature in the field of engaged scholarship also points to the significance of these kinds of issues, linking such work to projects around 'knowledge democracy', at the heart of which lies a transformed notion of scholarship. The challenge, therefore, is for scholars to reflect on their SR work in ways that link to the broader knowledge transformation project. The cases submitted appeared to reflect these broad contestations, many of which related to the core question of the purpose, role and responsibility of the university as an institution.

## Portraits of Practice

The Report describes what emerged from the exercise as a rich tapestry of cases or 'portraits of practice' that reveal a broad interpretation of 'engagement'. Several of the cases submitted were however in response to government needs, and as such incorporated low levels of community engagement. The report mentions that there are many community-based research cases which demonstrate high levels of engagement with external constituencies, some of which have been highlighted in the previous annual report. The Report, however, includes many community based research cases that demonstrate high levels of engagement with external constituencies (such as Eh!woza from Health Sciences and Seed Knowledge from Science). The report also includes a number innovative teaching and learning cases that draw on external constituencies to enrich the practice and curriculum development (for example the Khoekhoegowab Foundation Language courses from Humanities and Lived Experiences of Housing Struggle and Policy from EBE). Such engagements have the benefit of providing students with the opportunity to apply the theory of their disciplines in a practical context, thereby responding to a growing student demand for practical relevance from higher education and challenging traditional interpretations of knowledge and knowledge sharing.

## Extension of Knowledge

Extension of knowledge falls within the ambit of engagement as demonstrated by the important work of Centre for Extra Mural Studies which contributes to UCT's social responsiveness mission by making the intellectual resources of the university accessible to a wide range of participants 'outside the walls' of academe.

## Conclusion: No easy and neat categorisation of SR work

Common to all of cases was a demonstrated willingness to respond to the challenges facing society. While some of the cases did not adhere to the format suggested by the USRC, they did clearly demonstrate the varying understanding of SR work. The Report suggests that although it may not be possible to develop a comprehensive picture of engagement at UCT, the cases presented can nevertheless contribute to a better understanding of the inherent breadth of SR work, how this inherently defies easy and neat categorisation, and how it fundamentally benefits the university enterprise.



## 2019 TEACHING AND LEARNING REPORT

The Teaching and Learning Committee of Senate (T&L Comm) has as its main responsibilities the advancement of teaching and learning and reflecting on the performance of the University of Cape Town (UCT) in this core function. The production of the annual Teaching and Learning Report to Senate and Council forms part of this committee's oversight role on behalf of the Senate. The Report must also engage the broad UCT community, that is, academics not in Senate, PASS (professional, administrative support and service staff), and students, about the state of teaching and learning at the university.

### A More Critical and Self-Reflective Approach to Reporting on Teaching and Learning

The 2018 Teaching and Learning Report marked the start of a more systematic and institutionally driven conceptualisation of teaching and learning and an attempt to develop a more critical and self-reflective approach to reporting on teaching and learning at UCT. Owing to the COVID-19 pandemic and its impact on teaching and learning, the T&L Comm decided to reduce the size and coverage of the 2019 report since many of the contributors were necessarily consumed with the lockdown arrangements, and the implementation of emergency remote teaching for UCT's students. Similarly, having systematic access to the student voice during this year was more difficult, given the students' own particular stresses. Thus, unlike in the 2018 report, the T&L Comm did not have the opportunity to engage directly with students, or the faculties, for their contributions to this report. The pandemic has, in reality, had an impact on the conceptualisation and delivery of teaching and learning, and on the understanding of academic identity and on students' experiences of the university. An analysis of the university's performance within the situation can, however, illuminate areas for improvement and assist with the mapping of the future.

The 2019 T&L Report continues on from the 2018 version; it is organised into four chapters, alongside an introduction and the conclusion. Chapter 1 reports on pathways and data analytics for student success; Chapter 2 reflects on curriculum change; Chapter 3 looks at improving the quality of teaching through a focus on lecture recording and the recognition of teaching excellence; and Chapter 4 focuses on student performance through the analysis of quantitative indicators of success. Finally, the conclusion draws attention to the themes that require further engagement and decision-making to achieve the teaching and learning objectives of Vision 2030.

### Pathways for Student Success

This chapter focuses on student success through the lens of the use of data to identify problems and design interventions. Although UCT has a long tradition of using data in teaching and learning at a descriptive level, data analytics in relation to student performance, is a relatively new initiative. This section showcases two projects designed to understand the factors that hinder student progress, and to identify interventions to improve student success. The Report features the "Academic Advising Project", and the "Courses Impeding Graduation (CIG) Project", also touching on the development of a collaborative multiliteracies network to strengthen and enhance the curriculum, student learning, and early professional development of postgraduate consultants and tutors; as such, there is a particular focus on the process and outcomes of academic exclusions during 2019.

The 2019 Teaching and Learning Report recognises that student success is the result of the combination of support systems that guide students, such as advising, monitoring systems that look at student performance in order to provide timely feedback, data analytics that support the understanding of student performance and the design of appropriate interventions, and the capacity to change the curriculum. While 2019 was clearly a good year in making progress in all these areas, the Report nevertheless suggests that there is still work to be done in order to ensure that these projects are embedded in the faculties as a normal part of the way UCT approaches teaching and learning.

### Imperatives for Curriculum Change

In 2019, the T&L Comm took the conversation about reviewing undergraduate curriculum change forward by bringing together the 2018 Curriculum Change Framework (CCF) recommendations and the comments to the framework provided by staff and students who participated in an open consultation on the document. This exercise helped develop a set of principles and guidelines to support curriculum review at the faculty level. The *Taking Curriculum Change Forward* document was submitted to Senate for approval during 2019. The document was focused on undergraduate programmes and understood the curriculum to include the selection and organisation of knowledge content, the pedagogic relationship between teacher and student, and teaching and learning activities.



*Taking Curriculum Change Forward* made it clear that the unit of analysis for a comprehensive curricular review has to be the academic programme. Further discussions made it clear that academics would like to see more explicit guidelines that help them give effect to the principles set out in this document in undertaking curricular reviews. As this work proceeded, UCT, together with the rest of the country, went into lockdown due to the COVID-19 pandemic. The changes in teaching and learning introduced by the pandemic, as well as further discussion in the T&L Comm, have been helpful in identifying blind spots in thinking about curricular review and reimagining curricula at UCT that are socially just and inclusive.

As has been mentioned in discussions at committee, faculty and Senate level, for a process of curricular review to be effective, it will also be necessary to balance curriculum reviews in the faculties with centralised initiatives, such as reviews of credit loads, accreditation changes, quality assurance, timetabling, classroom allocations, enrolment planning and general policy reviews. All of these efforts should be seen as necessary processes on a path towards renewal and decolonisation of the curriculum and institutional culture at UCT.

## Quality of Teaching and Learning

This chapter of the Report focuses on two aspects of the quality of teaching at UCT: technical support in the form of lecture recording, and teaching excellence through the showcasing of the Distinguished Teacher Awards adjudicated in 2019.

The lecture recording component of this chapter focuses attention on:

- the number of equipped venues: by the end of 2019, 129 venues in total (including 25 new venues) were equipped for lecture recording, an increase from the 94 venues in 2018;
- application development and storage: in December 2019, Opencast was updated to Version 8;
- the “opt-out” model for lecture recording;
- a captions pilot: Nibity, an application programming interface, was designed for importing human transcriptions from WayWithWords. This allowed for captions provided from a third-party vendor to be overlaid on the Opencast player;
- recording volumes and success rates: the number of published recordings increased from 16 356 in 2018 to 17 420 in 2019 (6.5% year-on-year growth), with a recording reliability rate of 97.6% in the first semester and 99.6% in the second semester;
- publication time: all recordings are reviewed before publication for consent and trimmed so that space at the start and end of recordings is removed. Most students want recordings to be available as soon as possible after the lecture, so publication time is a key metric. For the second semester of 2019, 88% of recordings were published within 24 hours (2018: 95%), and 64% within eight hours (2018: 70%);
- student usage: student usage continues to increase gradually. The total number of users accessing lecture recordings over the year increased by 1.8% from 16 345 in 2018 to 16 632 in 2019. The number of active users in a week increased to a peak of 7 352 (2018: 7 049), with a daily peak of 2 973 users (2018: 2 961). The peak number of different recordings accessed in a day during 2019 was 2 833 (2018: 2 900);
- staffing and sustainability: lecture recording is supported by CILT Learning Technologies, ICTS Enterprise Infrastructure Services, ICTs Classroom Support Services Helpdesk and ICTS Classroom Support Services Onsite. Although staffing levels are sufficient for the current recording volumes, there is work under way to automate some manual processes further.

UCT has been making important progress towards developing technical infrastructure and expertise to support teaching and learning. The work of lecture recording, transcription and captioning plays an important role in providing access for students with different learning needs.

The Distinguished Teacher Awards section of the chapter examines the 2029 Distinguished Teacher Awards.

The Distinguished Teacher Award (DTA) is an institutional accolade that recognises outstanding teaching at UCT and acknowledges the recipient’s contribution to the promotion of teaching and learning excellence at the institution. Every year, the DTA Committee undertakes the task of choosing awardees from a large pool of eligible teachers whose portfolios, submitted in support of their nominations, attest to the distinctiveness of their teaching. The committee engages in a semester-long process of considering each teaching portfolio and examining the evidence for excellence in teaching over several years.

The 2019 awards went to staff in the following departments and recipients:

- Paediatrics and Child Health (Faculty of Health Sciences): Professor Andrew Argent
- African Languages and Literature (Faculty of Humanities): Dr Tessa Dowling
- Sociology (Faculty of Humanities): Associate Professor Amrita Pande
- Anaesthesia and Perioperative Medicine (Faculty of Health Sciences): Associate Professor Romy Parker

The 2019 Report notes that the allocation of the Distinguished Teacher Awards was carried out under lockdown. In a context of uncertainty, the analysis of the portfolios submitted to the committee was reassuring in more ways than one. In all cases UCT's distinguished teachers are recognised in their disciplines and are conscious, reflective teachers who engage with their classroom practices. Each with their own style and area of expertise, they raise the bar of what is possible in terms of teaching excellence.

## Assessing student performance by key indicators

This chapter examines student and staff headcounts and profiles as well as student academic performance from 2015 to 2019. Within this section of the report, each section begins with a note identifying the relevant table contained in the appendix. The chapter has three sections. The first section focuses on enrolments and enrolment profiles of students within the 2019 year and how this compares with the growth experienced since 2015; the second section analyses academic staff composition and changing staff:student ratio; while the third section speaks to teaching and learning in terms of graduate success, and undergraduate and postgraduate student performance.

In terms of **enrolments**, there was a very small increase in the overall enrolment between 2018 and 2019. The 2019 total enrolment of 28 641 students was made up of 17 320 undergraduates and 11 321 postgraduates. The overall postgraduate fraction of the enrolment grew from 35% in 2015 to 39% in 2019. By 2019, South African (SA) African, Coloured and Indian students made up 45% of the total enrolment, while the White proportion was 20%. These figures must be interpreted with caution, given the substantial and increasing fraction of the enrolment (20% of all SA students registered in 2019) not declaring their race upon registration.

In 2019 there were 1 063 (997 in 2018) permanent, **full-time teaching staff** spread across the six faculties, the GSB and CHED. A critical indicator is the proportion of academic staff holding a doctoral degree, and it is therefore concerning to note that this proportion has dropped, from 71% in 2015 down to 63% in 2019. Senior lecturers made up the largest proportion of the academic staff in 2019 (29%); there has been a concerning decrease in the number of professors in recent years: this number has dropped from 234 in 2017, down to 206 in 2019. Broadly speaking, White staff made up 42% of the 2019 academic staff complement, in comparison with only 13% African, 15% Coloured and 8% Indian academic staff members. The proportion of international academic staff was 20% of the total in 2019. The Report acknowledges that UCT still has fundamental work to do to change the profile of its academic staff in order to give credence to the declared institutional commitment to transformation.

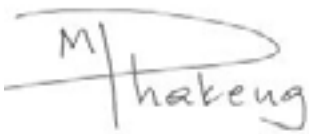
There has been very little overall change in the ratio of weighted student FTEs to permanent academic staff. This figure was 31.6 in 2015, dropping very slightly to 31.5 in 2019.

The **graduate** component of the Report looks at numbers of graduations and graduation rates, class of pass among undergraduate completions, and conversion to postgraduate study amongst bachelor's graduates.

**Undergraduate success rates** are discussed in an examination of course success rates (where a slight overall improvement – up to 85.1% - was reflected in 2019), an analysis of the academic progression codes over the period 2015 – 2019, and a discussion of the academic progress among successive cohorts (2011 – 2015) of first-time entering undergraduate students. These overall entry cohorts showed a marked consistency in relation to completion rates among the 2011 to 2014 cohorts (72–73%), but the completion rate among the 2015 cohort dropped to 70%. Looking at the 2015 cohort, the completion rate among White students dropped by three percentage points to 82% and by two percentage points to 59% among African students; there remains a marked disparity in the cohort success of White and African students.

The Report goes on to reflect on the cohort retention patterns among recent master's and doctoral cohorts. The overall completion rate among the master's cohorts described ranged between 64% (of the 2011 and 2014 intakes) and 75% (of the 2012 intake). The overall completion rate among new doctoral intakes peaked at 51% (of the 2013 intake), but then dropped markedly to only 36% with respect to the 2014 cohort and 31% of the 2015 cohort. This section of the Report goes on to focus on the time to degree among recent cohorts of postgraduate diploma graduates (which fluctuated between from 1.3 years and 1.4 years over the period examined), amongst honours graduates (which remained level at 1.2 years across the 2015 to 2019 period), amongst master's graduates (which remained level at 3.0 years in 2019), and amongst doctoral graduates, where the time to degree increased for the third consecutive year, to 5.7 years in 2019.

As can be seen, the problems that UCT faces tend to persist from year to year. Interventions, when put in place, take time to yield fruit, but in order to decide on interventions it is necessary to understand the problems we are dealing with. During 2019, the university made progress in sourcing skills and funds, and putting in place organisational arrangements in order to tackle these problems systematically. The next three years will show whether and to what extent these initiatives have been successful.

A handwritten signature in black ink, consisting of the letters 'M' and 'Phakeng' written in a cursive style.

**Professor Mamokgethi Phakeng**

Vice-Chancellor

19 June 2021





# INSTITUTIONAL FORUM REPORT TO COUNCIL FOR 2020

## OVERVIEW OF THE UCT INSTITUTIONAL FORUM 2020: CONSIDERATIONS OF THE INSTITUTIONAL FORUM

### INTRODUCTION

As outlined in the Higher Education Act, Act No.101.1997 S31 (ss 1) the Institutional Forum of a public higher education institution must (a) Advise the council on issues affecting the institution, including – the implementation of this Act and the national policy on higher education, race and gender equity policies; the selection of candidates for senior management positions; codes of conduct, mediation and dispute resolution procedures; and the fostering of an institutional culture which promotes tolerance and respect for fundamental human rights and creates an appropriate environment for teaching, research and learning; and perform such functions as determined by council.

During 2020, the University of Cape Town, Institutional Forum inducted ten new members, held four meetings, three Special IF meetings and one IF Executive Committee meeting. The IF EXCO was reconstituted with new members joining IF in June 2020.

### POLICY AND PROCEDURE

Governance considerations by IF members this year focused on the amplification of transformation process as the university operated under COVID-19 conditions. The IF in particular focused on matters related to the UCT Transformation benchmarks; the Racism and Sexual Violence Report, employment equity and transformation seminars nationally and internally, and continued to review the appointment of senior management positions in the university. Notably, the IF raised important procedural questions in relation to policy and/or appointments which were tabled in the advice to Council during the course of 2020. In 2019, the IF requested that more procedural clarity is incorporated in selection committee reports so that IF can clearly understand the steps that are followed during selection committee processes. This request has been fulfilled, with comprehensive selection committee documents being put before IF and presented by an Executive member who is able to respond to questions of clarity. IF continues to raise the concern about existing policies for the Appointments without Advertisement policy; the Post-retiree policy; the need for a succession planning procedure and transparent policy monitoring processes. These four factors will remain on the IF agenda in 2021.

### TRANSFORMATION

The IF requested quarterly feedback from all units involved with Transformation on campus. The Office for Inclusivity & Change (OIC) comprising of Disability Services and Employment Equity, within the Office for the Deputy Vice Chancellor for Transformation, provides this quarterly feedback to IF on matters related to inclusion, equity and disability. In addition, both the Transformation Forum and the Employment Equity Forum reports to IF. Documentation was provided from the OIC at each meeting of the IF.

## TRANSFORMATION FORUM

In a society defined by deep rifts of inequality, power disparities and violence – new strategies, actions and collaborations are needed. In this difficult climate, higher education institutions are struggling to deal with the new manifestations of these old challenges. What new strategies, actions or collaborations are needed to build transformed, inclusive and critically diverse higher education institutions?

In 2020, the UCT Transformation Forum convened with the aim to begin to answer this question. The Forum focused on the theme: “Transformation Practice or Activist Praxis: tools and practices for challenging oppression in higher education”. Four key focal points in 2020 were identified by the Transformation Forum, these were Decolonisation; Gender Based Violence; Curriculum Change and Racism. Interventions and events connected to these focal points were planned by TF members, to broaden the discussion of transformation throughout the university. However, due to COVID-19 these plans were thwarted. However, in order to maintain some momentum on transformation matters, the TF members were invited to attend think tanks, capacity building workshops on these focal points. The TF also actively engaged with policy and organisational practices that were barriers to transformation at UCT. A task-team focused on religious observances and traditional practices was formed in 2020 with a view to assist the university in broadening the observances of religious and traditional practices.

## EMPLOYMENT EQUITY FORUM

The employment equity portfolio continued working consistently to create a more diverse and inclusive campus environment. The university Employment Equity Plan has been approved in December 2018 by Council and March 2019 by the Labour Department and is valid until 2021. The plan outlines the key annual objectives, the barriers and affirmative action measures, the workforce profile at the time, numerical goals and targets amongst other aspects. During the 2019-2020 period, the university has filled several vacancies attributed to a positive shift in the achievement of the employment equity numerical goals and targets. The Employment Equity Forum (EEF), as a sub-committee of both the Institutional Forum and University Human Resource Committee, is part of the governance structures and serves as an employee consultative forum where employment equity policy, the employment equity plan and implementation of both are considered, among other deliverables.

The statistical representation showing traction in terms of the overall EE numerical goals and targets reveals that the university remains on track half-way through the implementation of the EE Plan, where the black designated groups are sitting at 71% with a numerical target of 71% in August 2020 and a numerical goal of 73% in 2021. However, the university is lagging behind by 5% mid-way through the EE Plan, and by 8% relative to the numerical goal, with achieving its EE numerical goals and targets in the professionally qualified occupational level (i.e. pay-classes 12 and 13 – pay grades 4 and 5). The trend analysis reflects that the gap between the designated groups and the non-designated groups continues to narrow. The disability goal for 2021 is sitting at 2% and currently the stats show that the university is sitting at 1.6%.



The number of trained EE reps significantly increased, this made it easier for EE reps to participate in recruitment and selection processes. Due to the demand for training a more comprehensive training was offered on a monthly basis. In 2020, the EE portfolio was forced to shift the trainings online due to the national lockdown. In 2021 it is envisioned that the online training will be further developed and expanded, even modularised, to cater for the varying training gaps. The KPA for Transformation, Diversity and Inclusion was adopted in 2020 to ensure that all line managers actively work towards employment equity and transformation goals.

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## CONCLUSION

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The IF at UCT in 2020 continued to fulfil an important role with respect to its mandate in terms of governance of transformation by working closely with the transformation structures. Its subcommittees (The Transformation Forum and EEF) remain active and robust spaces that drive and operationalise the overall transformation agenda in collaboration with the OIC and Transformation Committees.



**Professor Maano Ramutsindela**

IF Co-Chair

19 June 2021





# REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE

## UNIVERSITY AUDIT AND RISK COMMITTEE

The UARC is a standing committee of Council, which in terms of its constitution includes at least five members appointed by Council, who are neither staff nor students, and of whom at least two should be external members of Council. The UARC is chaired by an external member of Council and as such has direct access to all Council matters.

On 30 June 2020, the term of the previous University Council came to an end resulting in a change in the membership of the Committee. Ms T Mokgabudi and Mr E Davids were re-elected onto Council retaining their positions as the Chair and member of the UARC, respectively. The continuation of members has afforded the Committee to have continuity with minimal disruptions. Professor N Eccles and Ms K Maphisa were elected to the new Council and appointed as additional new members of the UARC. Mr T Murray was elected by Council as an independent member and Deputy Chair of the UARC. Ms Z Khanyile and Professor G Gray's terms came to an end.

In line with the Committee's name change and emphasis with regards risk matters into the Committee's terms of reference in the prior year, an additional meeting was introduced with a greater focus on risk management. Moreover, the presentation of the Risk report has been incorporated as a substantive standing item in all UARC meetings. The key responsibilities of the UARC are listed in Council's report on corporate governance (page 3) of this report.

Attendance at UARC meetings during 2020 is presented in the table below:

**Table 14: 2020 University Audit and Risk Committee Attendance**

Member	Designation	Mar	May	Jun	June <sup>1</sup>	Sep	Nov	%
Ms T Mokgabudi	Chair & Council Member	P	P	P	P	Ap	P	83%
Mr T Murray	Deputy Chair (independent)	P	P	P	P	P	P	100%
Mr E Davids	Council Member	P	P	P	P	P	P	100%
Professor N Eccles <sup>3</sup>	Council Member	-	-	-	-	P	Ap	50%
Ms Z Khanyile <sup>2</sup>	Council Member	P	P	Ap	Ap	-	-	50%
Professor G Gray <sup>2</sup>	Council Member	Ap	P	P	P	-	-	75%
Ms K Maphisa <sup>3</sup>	Council Member	-	-	-	-	P	P	100%

<sup>1</sup> Special meeting

<sup>2</sup> Term ended 30 June 2020

<sup>3</sup> New Committee members as from 1 July 2020

P = Present      Ap = Apology

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## INTERNAL ADMINISTRATION, OPERATIONAL STRUCTURES AND CONTROLS

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The Council through the University Audit & Risk Committee provides oversight of the preparation, integrity and fair presentation, by management, of the Annual Financial Statements and of the financial reporting process. Key functions and responsibilities of Council include management of risk and continuous implementation of effective and efficient internal control systems and processes. The University maintains systems of internal control to mitigate identified risks, to ensure the integrity of the University's core activities of teaching, learning and research including safeguarding of its assets. The University has an organizational structure and division of responsibilities, together with established policies and procedures that are communicated throughout the institution. Organizational structures are not static and are continually under review by management.

Information systems utilising modern information technology are deployed throughout the University. These have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. There were no major changes to the University's key systems during 2020. However, sub systems were added to adapt to cyber security challenges as well as adaptation to more digital operations.

The University applies acceptable standards to protect privacy and ensure control over all data, including disaster recovery and back-up procedures, while at the same time complying with the intention of the Promotion of Access to Information Act to make available information and data that should be in the public domain, as befits a public institution.

A system of internal controls is in place at UCT and operatively effectively, however, there are inherent limitations to the effectiveness and adequacy of any system of internal control, including the possibility of human error, (heavy reliance on manual procedures), lack of segregation of duties and the circumventing or overriding of controls. UCT can reduce the instance of management override by building a culture that promotes honesty and supports a 'speak up' culture when things go wrong. Furthermore, maintaining an effective system of internal controls, can further be supported by having robust Policies and Procedures that support key processes throughout UCT. Accordingly, an effective system of internal control can provide reasonable assurance with respect to the preparation of the Annual Financial Statements and safeguarding of assets.

The University's independent external auditors, Ernst and Young (EY), assess key accounting systems and financial reporting control system for the purpose of reliance on these controls. EY has performed substantive audit testing in the year 2020 due to non-reliance on general controls. However, the UCT combined assurance model is being implemented to improve the general controls environment. The Combined Assurance Model will allow UCT to formulate an approach to managing Risk. Through the use of the Combined Assurance model it will allow UCT to gradually increase assurance over the four lines of defense.

The Internal Audit division which functionally reports to the UARC and administratively reports to the Vice Chancellor, assesses and monitors internal operational control systems for adequacy and reports to the UARC all deficiencies, improvement and effectiveness of controls.





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## AREAS OF FOCUS OF THE UNIVERSITY AUDIT AND RISK COMMITTEE

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The UARC is required by Council to ensure that management has adequate controls in place over assets, risk and financial systems, and has systems to allow for timeous and accurate financial reporting that complies with all applicable requirements. Therefore, UARC plays a key role in the assurance process and effectiveness of risk management processes at the University. The UARC's roles and responsibilities are guided by its Terms of Reference (ToRs).

Below are some of the 2020 key areas of focus of the UARC:

### IMPROVING THE INTERNAL CONTROLS RELATING TO, AND THE MANAGEMENT OF PURCHASING CARDS (PCARDS)

The PCard is a Visa credit card issued by Nedbank to authorized staff members and is a convenient and cost-effective alternative purchasing tool to replace low-value, high-volume purchase orders that are administratively expensive (e.g. office consumables) and provide a purchasing tool for those purchases that normally result in reimbursements (e.g. internet payments, subscriptions, and conference fees).

Management commissioned an external party to review a selected number of PCards in 2019. The purpose of the review was to provide management with the assurance that spending was aligned with various policies related to PCards. The outcome of the review showed that several PCard users were not fully adhering to PCard policies. It was however noted that most of the transgressions did not constitute fraud, misconduct, or misappropriation of resources, but in general reported procedural and threshold transgressions, which are relatively straightforward to remedy. These included, among others, expense reports not prepared by card processors or signed by the line managers responsible. The most appropriate intervention in many instances requires greater awareness and formal reprimands about adherence to the PCard policies, and where this does not change compliance with policies, cards will be suspended. Improving internal communication and a greater commitment to policy adherence were the recommended courses of action, and these are being remedied through a number of complementary interventions. However, where there were serious transgressions, disciplinary action was initiated as part of consequence management, and two staff members were appropriately sanctioned.

As part of improving internal controls, management has introduced several new improvements all aimed at making compliance and accountability easier. These improvements include a new electronic form for submission and storage of supporting documentation for PCard transactions. Weekly Business Objects (BOBJ) reports detailing unposted transactions are emailed to PCard holders for follow-up, and PCards with unposted transactions more than two months old are blocked automatically. In addition, further training is provided for PCard holders and there are targeted regular messages and training for all key individuals involved in the management of PCards. Given the importance of the PCard to university operations, there has been a concerted effort and focus by management, overseen by the UARC, supported by the work of Internal Audit, to ensure that PCard internal controls are enhanced and operate as intended. Management and the committee will continue to monitor the effectiveness of internal controls in this area, with audits being performed as appropriate.

### IMPROVING THE INTERNAL CONTROLS OVER HUMAN RESOURCES BUSINESS PROCESS REVIEW

A Business Process Review (BPR) of the Human Resources department was initiated to enhance process automation. The BPR was a standing item on the committee's agenda during 2019 and 2020. Considerable progress was made during the year, including:

- Implementation of interim controls while the BPR automation processes were rolled out.
- Engagement with an external service provider regarding an automated solution for the bulk capture process.
- Implementation of the Query Manager Software to distribute reports to line managers.

With only less-substantial issues remaining to be actioned, the committee agreed that feedback on HR activities would be received via Internal Audit findings, and this item would no longer be a standing item on the agenda.

## ANNUAL FINANCIAL STATEMENTS

The committee continues to focus on the preparation and audit of the Consolidated Annual Financial Statements, and the focus for the 2020 financial year related to the following:

### The Impact of COVID-19

The nationwide lockdown resulted in adjustments having to be made on how the audit was conducted and how audit evidence could be provided to the auditors. COVID-19 also had implications regarding additional disclosure requirements in the 2020 financial statements and will have an impact on the 2021 results, e.g. impairment of right-of-use assets, debt recoverability, loss of revenue due to the temporary closure of residences. These are disclosed in the notes to the 2020 Consolidated Annual Financial Statements which are presented in this report.

## AUDITOR GENERAL REQUIREMENTS

The Auditor General mandates that the external auditors perform certain additional procedures as detailed below:

- Compliance with the Higher Education Act, No 101 of 1997 (as amended)
- Understanding the Procurement and contract management processes
- The audit of predetermined objectives in terms International Standards on Assurance Engagement 3000
- Conflict of interest declarations

## INTERNAL AUDIT AND THE INTERNAL AUDIT PLAN

The objective of the Internal Audit department is to evaluate and recommend improvements to the University's internal control structure, prioritising its efforts by continuously facilitating an objective risk assessment. The Head of Internal Audit reports functionally to the UARC and has access to the Chair of the UARC. Internal Audit remains functionally independent of the activities that they audit and the day-to-day internal control processes that they audit. The UARC is responsible for approving the Audit Plan, the Internal Audit Charter and provides oversight over the Internal Audit function. Internal audit can carry out and conduct their audits, free of influence by any element in the University, including matters of audit selection, scope, procedures, frequency of audits, timing, and report content to maintain independence and objectivity. Internal Audit continues to deliver on the agreed Audit Plan and meet with stakeholders to understand their key risks and adapt the audit plan accordingly. The internal audit annual plan considers the key risks identified by management, the requirements of the UARC and management, as well as available resources.

Regular reports are presented at the UARC for consideration. Based on the results of the planned audits and ad hoc reviews undertaken during 2020, it is concluded that the key internal financial controls were generally effective in all material aspects and reported findings did not expose the University to significant risks.

## GOING CONCERN & FINANCIAL SUSTAINABILITY

The University maintains a delicate balance between income received from government, student fees, and third-stream funding against the expenditure priorities. The biggest spend is on personnel expenditure, followed by other activities related to the University overall objective of teaching, learning and research. Although there has been an increase in government subsidies over the last few years, the level is still not enough to make up for over two decades of chronic underfunding from government. The University Finance Committee (UFC) plays an important role in oversight of the continued financial sustainability of the University. One of the areas reviewed is the support the University provides to financially needy and academically eligible students. The review showed the important role that the University plays in the funding of students, and highlighted areas of concern given that the level of government funding is not sustainable over the medium to long-term given the economic challenges faced by the country.

The UARC, having considered the Consolidated Annual Financial Statements, has not identified any issues to indicate that the going concern assumptions applied by management were inappropriate. The Committee has taken note of and reviewed the disclosures in respect of post balance sheet events such as the fire, the continued impact of COVID-19, student fee debt challenges for the sector as well as the outlook for state funding and NSFAS.

Given the insights and details provided by management, the UARC is thus supportive of the going concern assumption being appropriate.

## ROTATION OF THE INDEPENDENT AUDITORS

The University's policy is that external auditors will be appointed for a period of five years, subject to the annual recommendation from the UARC to the University Council for approval, as well as concurrence from the Auditor General South Africa (AGSA). The University can terminate the appointment at any time during the five-year period.

Under the provisions of the Public Audit Act, the appointment of auditors is to be made in consultation with the AGSA. EY was appointed as the University's external auditor in 2017, following a competitive tender process. The UARC was satisfied with the performance of EY and recommended their re-appointment for the 2020 audit, which would serve as their final year as the external auditors given the need for mandatory auditor rotation (this change means that EY's final appointment was for a four year period). This recommendation was endorsed by Council and ratified by the AGSA.

During August of 2020, a tender process for the appointment of new external auditors for the 2021 financial year commenced. The University ran an open tender, and the process was facilitated by the University's Procurement and Payment Services department. A briefing session was held with interested audit firms. Seven firms had fully compliant tender submissions and three firms were shortlisted. Interviews took place during October 2020 and PwC were awarded the tender. The appointment of PwC will be as per the University policy and AGSA concurrence as detailed above.

UARC meetings are attended by the AGSA representative and at times guidance is provided on aspects relating to the public audit prescripts.

## INDEPENDENT EXTERNAL AND INTERNAL AUDITS

The UARC reviewed the audit approach and key risk areas of the external audit. During the year under review, the UARC has interacted with Internal Audit in respect of the internal audit plan and continues to review progress against the plan and the findings from the respective audits. UARC is satisfied that the auditors have communicated according to their mandate in 2020.

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## RISK MANAGEMENT EXECUTIVE COMMITTEE

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The University Risk Management Executive Committee (RMEC) is chaired by the Vice-Chancellor and comprises of all members of the UCT Executive, two Deans, Executive Director: Student Affairs and Director: Institutional Planning. The Committee has several key senior managers as assessor members covering key portfolios in the University. The Head of Internal Audit is also one of the assessor members. The Committee meets at least four times annually and engages on key risks and other related matters affecting the University. Following each meeting, a detailed report is prepared by the Vice-Chancellor and presented to the UARC. Following a review which began in 2019, the Committee approved its new terms of reference in March 2020.

The primary function of RMEC is to ensure that a sound risk management and internal control system is maintained at the University in line with strategic goals/plan set by management. Key areas requiring the attention of the RMEC include amongst others:

- the safety and welfare of all people who work (including third parties) and study at or for the University;
- the integrity of the University's academic and administrative work;
- all risks to which the university is exposed including strategic, operational, and reputational risk;
- the appropriate use and safeguarding of material assets; and
- any other risks associated with the activities of the University.

RMEC provides oversight on all the of Faculties and Departments operational risk registers and monitors the University's Strategic risk profile. The operational activities presented at RMEC include cyber security, business continuity management planning, financial management, governance and compliance, fraud, and health and safety. All members of the UCT Executive are now part of RMEC. As part of its efforts to ensure enterprise-wide risk management, the Committee facilitated the process for the drafting and recommendation of the Risk Management Policy.

**Table 15: 2020 Attendance at Risk Management Executive Committee Meetings**

Member	Designation	March	May	July	Oct	%
Professor M Phakeng	Vice-Chancellor (Chair and Member)	Ap	P	P	Ap	50%
Dr R Morar	Deputy Chair and Member	P	P	P	P	100%
Mr R Pillay	Registrar and Member	Ap	P	P	P	75%
Prof L Feris	Member	P	P	P	P	100%
Prof L Lange	Member	P	P	P	P	100%
Prof S Harrison	Member	Ap	P	P	P	75%
Dr M Khan	Member	P	Ap	P	P	75%
Dr C Duggan	Member	N/A	N/A	N/A	P	100%
Professor H Corder	Member	P	P	Ap	N/A	67%
Professor A Lewis	Member	N/A	N/A	P	P	100%
Ms J Henry	Member	N/A	N/A	P	P	100%

P = Present      Ap = Apology      N/A = Not/no longer a member at the time of the meeting

## RISK MANAGEMENT AREAS OF FOCUS

Risk management is the ongoing process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of an organisation's objectives. Risk management at the University is not only the domain of RMEC but is incorporated into the operational activities of the University. Key risk matters requiring urgent attention are dealt with at an operational level, and where Executive decisions are required, presentations are made to the Executive team which meets regularly (mostly weekly) and at some at the Leadership Lekgotla meetings. In addition, all faculties and departments regularly have meetings for dealing with matters that may impact on their operations and decision taken. The University has also various committees, working groups and task teams dealing with specific matters. In recent years, the University has made a concerted effort to adopt a risk-based approach, which requires it to be more proactive and deliberate in its risk management approach and activities. In line with this approach, the Council approved, the University's Risk Management Policy. The objectives of the Risk Management Policy are to enable the University to identify, assess, manage, monitor, and report all risks to ensure an efficient and effective integration of risk management. The Policy makes it clear that the University is committed to establishing and maintaining a systematic approach to the proactive identification, assessment, and management of risk. The management of risk at the University continues to evolve and the RMEC is confident that the processes and reporting developed will lead to greater effectiveness in subsequent years.

### DEALING WITH STRATEGIC, OPERATIONAL AND EMERGING RISKS

There was continued focus on the identification and mitigation of potential risks by the University. Despite the country being in lockdown from March 2020, several risk assessment workshops were successfully completed virtually and attendance at these workshops was better than ever. However, as with any virtual platform, there are challenges associated with continued connectivity and meaningful participation by all participants. The University managed to complete its strategic risk register which was presented to the RMEC and UARC before being presented and approved by Council. In addition, to the strategic risk register review and update, there were faculties and departments that also managed to complete their reviews of risk registers which were then approved by RMEC. As the control environment changed drastically when the pandemic emerged, new risks emerged and were identified, with mitigating action plans applied and presented to RMEC where appropriate.

## BUSINESS CONTINUITY MANAGEMENT

The complexity of the University operations cannot be underestimated, and despite the various challenges the University faced in 2020, it was able to fulfil its primary obligations, these being teaching, learning and research. Community engagement however suffered, with services limited due to the COVID-19 pandemic and the need to ensure student and staff safety. Despite the University not having a formalised business continuity management plan, measures were put in place to ensure the successful completion of the 2020 academic year. Staff, students and third parties got used to remote operations in a way never envisaged before, while the pandemic allowed the university to take advantage of unexpected opportunities to test new ways of teaching, learning and working.

To respond effectively to the COVID-19 pandemic challenges, the University leadership established the COVID Coordinating Committee (CCC) – which is responsible for responding to the outbreak. The committee is chaired by UCT's Chief Operating Officer (COO), Dr Reno Morar. It is tasked with continued close monitoring of any developments around COVID-19 related matters and is working in partnership with the Department of Health, the NICD, the Western Cape Department of Health, and other spheres and agencies of government. The Committee provided advice and recommendations to Management on how to respond to the COVID pandemic. The University managed to develop several policies in support of remote teaching, working from home and connectivity.

## DISRUPTIVE PROTEST ACTION

One of the risks facing higher education institutions is the disruptive nature of student and staff protests. At the beginning of the 2020 academic year, several institutions faced disruptive protest from students and some staff. The University through its active engagement of key stakeholders including staff and students has been able to identify and mitigate action which may lead to protest action. Several universities experienced student protests relating to academic and financial exclusions with most of the issues relating to student funding. Through its proactive risk-based approach and management, the University was able to complete the academic year without any student protests. The student representative council (SRC) represents the interest of the students and is involved in many of the decision-making structures at the University, including Council. In addition to the governance structures, the University established the Rapid Response Task Team (RRTT) because of an agreement signed with student formations on 6 November 2016. The RRTT was instrumental in the 2020 academic year to identify several issues relating to academic and financial exclusion and ensure that Management was able to act on these issues. The engagement through the RRTT enables Management and students to identify key issues affecting students and find common solutions on how to address these matters. The National Student Financial Aid Scheme (NSFAS) is one of the biggest sponsors of undergraduate student financial aid, and challenges with its administration and management, including late funding decisions, inconsistent application of its funding guidelines and slow responses, if not proactively managed may lead to student protest action.

During 2020, there were no protest actions from staff or third-party employees seeking to be directly employed by the University. Continual engagement between Management and labour representatives remain important to ensure that staff concerns are adequately addressed.

## CYBERCRIME AND INFORMATION SECURITY BREACHES

The threat of cybercrime and information security breaches remains an ever-present danger for the University. In addition to a detailed cyber security report presented to RMEC and shared with the UARC, there are constant awareness and information campaigns aimed at staff and students. A few threats were detected in 2020 following breaches which impacted some staff members. The UCT response team was successful in mitigating the potential threats and minimising any adverse impact on operations. The University's well established Computer Security Incident Response Team (CSIRT) exists to respond to, control, and manage computer security incidents at UCT. The CSIRT is made up of highly skilled individuals who resolve issues when the campus network becomes compromised. To prevent recurrences the team investigates current and potential threats to the University's computer network, and the origins of any cybersecurity incidents. The CSIRT also provides cybersecurity awareness on campus, which involves communicating potential vulnerabilities and threats to the campus community.

## COMBATTING FRAUD AND CORRUPTION

UCT has zero tolerance on fraud and corruption and focus has been placed on improving awareness within the University. UCT has previously acted against incidents of fraud; disciplinary action has followed and, where guilt has been proven, funds were recovered from the responsible individuals. Given that fraud is not only perpetrated against organisations, but also individuals, UCT promoted the International Fraud Awareness Week and released a series of five videos on fraud awareness to help develop knowledge and understanding of fraud at the University. The focus was not only on fraud perpetrated by organisations, but also raising awareness of some of the scams targeting staff. Internal controls, including our policies and procedures, play a critical role in fraud mitigation. However, fraud schemes are constantly evolving, therefore ongoing fraud awareness campaigns are necessary.

Management also relies on the external UCT hotline, where internal controls and management actions may have failed to identify potential staff, student and supplier transgressions. The whistle blowing hotline is managed by an external service provider, and on receipt of a report, the Registrar, who is the custodian of the hotline initiates an investigation. UCT is committed to a culture of ethical compliance, and the UCT whistle-blowing hotline plays an important role for staff, students and third parties who wish to inform the university of matters related to potential corruption and fraud.

## HIGH LEVELS OF CRIME ON AND OFF CAMPUS

The University's staff and students are affected by incidents of crime on and off campus. Prior to the national lockdown, the University reported a spike on crime related to vehicle thefts on campus and within the surrounding areas. However, during national lockdown with the University functions largely operating remotely, there was a significant drop in crime, which resulted in the lowest ever recorded levels of crime. The University is largely an open campus, and whilst efforts are made to protect staff, students and third parties and their property, past crime statistics show that unattended personal assets including laptops, are amongst the items most stolen on campus. UCT is very active in the management of crime and works closely with the South African Police Service (SAPS) and the Groote Schuur Community Improvement District (GSCID). In addition to awareness campaigns, the University has introduced several ongoing initiatives on- and off-campus aimed at increasing safety in the vicinity of the campus. Trends on the recent crimes and statistics are shared regularly by SAPS, and this informs the tactical deployment of staff on and off campus.

## LITIGATION AND EMPLOYMENT PRACTICES RISKS

A detailed list of litigation and arbitration matters is presented and discussed by RMEC. The number of matters which are discussed range from employment related cases to liability related cases. Whilst it is the intention of the University to avoid litigation, where matters end in court, the University will protect its interest. An update is provided at every meeting on all active cases and a register of dormant matters which may at some stage become active is recorded. A register on employment related activities is updated monthly and management pays attention to maintaining good labour practices. In recent years, there has been a drop in the number of Commission for Conciliation, Mediation and Arbitration (CCMA) cases, pointing to effective management of labour related risks and improving relations with labour within the University.

## INSURANCE RISK

UCT is part of Tertiary Risk Insurance South Africa (TERISA), which is made up of all public universities. TERISA is managed by Marsh Africa (Insurance Brokers) to cater for the insurance needs of Higher Education institutions. An executive committee, made up of representatives from universities are responsible for managing and exercising general supervision over the affairs of TERISA, deciding on cover placement and risk and insurance solutions for universities. Each university is responsible for the level and extent of insurance cover it requires based on its risk profile. Insurance cover is provided for all UCT operations, including activities linked to teaching and learning, research, and community engagement.

The RMEC was satisfied that all reasonable steps are undertaken to ensure that the University has appropriate insurance cover. Cover is reviewed annually and there is constant engagement with all internal stakeholders about the adequacy of UCT's insurance cover. An internal insurance guideline, providing a summary of all UCT's insurance cover was prepared and approved in 2020.

## TAX RISK

Tax risks are managed through a tax task team established under the auspices of Universities South Africa (USAf). The team comprises external tax experts and representatives from various higher education institutions. There is ongoing engagement between the task team and representatives from the South African Revenue Services (SARS) on higher education taxation related matters.

Through involvement in the team, the University has been effective in its management of all tax related risks and there have not been any adverse findings by SARS. Some of the tax matters addressed by the Committee included carbon tax, VAT on student accommodation, foreign donor funded projects, fringe benefits on staff/dependent tuition rates. Key Tax related matters are presented to the University Finance Committee (UFC) for discussion and noting.

## BROAD BASED BLACK ECONOMIC EMPOWERMENT SCORECARD

In 2018 the University's Broad-Based Black Economic Empowerment (B-BBEE) score/rating was non-compliant. A task team was put in place to address this and improve the rating of the University with the aim of ensuring the University attains a B-BBEE level. Non-compliance potentially impacted the University's ability to contract or continue with government contracts at the risk of financial penalties. The efforts put in place resulted in the University improving its score to a level four in 2020, the highest current rating of any South African University.

## OTHER RISKS

Investment, financial, market and price risks are addressed in the financial report section.



**Ms Tshidi Mokgabudi**

Chair: University Audit and Risk Committee

19 June 2021



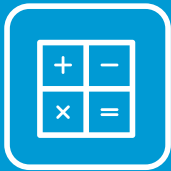
**Prof Mamokgethi Phakeng**

Vice-Chancellor and Chair: Risk Management Executive Committee



**Ms Bahijah Hashim**

Director: Internal Audit



# REPORT OF THE UNIVERSITY FINANCE COMMITTEE

## FINANCIAL POLICY

### Securing Financial Sustainability for UCT

Our financial policy is to provide for sustainable operations and the ability to invest in educational initiatives consistent with our mission. We practise conservative financial management, by striving for efficient recurrent operations which generate funds to support strategic initiatives.

UCT plans within a multi-year framework. The financial policy is realised by integrating the following areas:

- We target a surplus from Council-controlled recurrent operations to fund new initiatives and provide a hedge against unforeseen circumstances;
- Capital expenditure is undertaken in terms of the strategic framework and is constrained by affordability as evidenced by available cash resources and borrowing capacity;
- Debt finance is used conservatively if required and further constrained by the ability to service the debt, in terms of both the interest and capital repayments;
- Investment income after deducting all financing costs, being volatile in nature, is only used to seed new initiatives and other strategic choices.

## UNIVERSITY FINANCE COMMITTEE

The University Finance Committee (UFC) is a standing committee of Council and is chaired by an external member of Council. The committee consists of four members of Council (one of whom must be the Chair), the Vice-Chancellor, the Chief Operating Officer, the Executive Director: Finance, three members nominated by Senate and two members nominated by the Students Representative Council.

The UFC operates within the planning and strategic frameworks decided by Council and in turn advises on financial strategy, makes recommendations on revenue and capital budgets, and monitors and reports quarterly on progress against these budgets. It does not explicitly recommend the allocation of resources but considers the risk of the specific allocations on cash flow and free cash.

On 30 June 2020, the term of the previous University Council came to an end resulting in a change in the membership of the Committee. Some of the previous members were re-elected as Committee members and this continuation of members has afforded the Committee good continuity with minimal disruptions.

The committee met eight times during 2020.



## Attendance at University Finance Committee Meetings:

**Table 16a: University Finance Committee 1 January to 30 June 2020**

Member	13 March	17 March	16 April	29 May	8 June	12 June	%
Ms B Ngonyama (Chair)	P	P	P	P	P	Ap	83.3%
Mr B Jakoet (Deputy Chair)	P	P	P	P	P	P	100%
Prof T Moultrie	P	P	P	P	Ap	P	83.3%
Ms D Yach	N/A	N/A	P	P	P	P	100%
Mr A Francis	P	P	P	P	P	P	100%
Dr R Morar	P	P	P	P	P	P	100%
Prof M Phakeng	P	P	P	P	P	P	100%
Prof E Muchapondwa	P	Ap	P	P	P	P	83.3%
Prof N Natrass	P	P	P	P	P	Ap	83.3%
A/Prof T Gebbie	P	P	P	P	P	P	100%
Mr D Dyer	P	P	P	P	Ap	P	83.3%
Ms Z Hinana	P	P	P	P	P	P	100%

**Table 16b: University Finance Committee 1 July to 31 December 2020**

Member	18 August	18 November	%
Ms Z Khanyile (Chair)	P	P	100%
Mr B Jakoet (Deputy Chair)	P	P	100%
Ms S Mzimela	P	P	100%
Ms D Yach	P	P	100%
Mr A Francis	Ap	N/A	0%
Mr H Maritz	N/A	P	100%
Dr R Morar	P	Ap	50%
Prof M Phakeng	P	P	100%
A/Prof T Gebbie	P	P	100%
Prof E Muchapondwa	P	P	100%
Prof J Raju	P	P	100%
Mr D Dyer	P	N/A	100%
Ms Z Hinana	P	N/A	100%
Mr A Goso	N/A	P	100%
Ms O Thothela	N/A	P	100%

P – Present    Ap – Apology    N/A = Not a member

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## FINANCIAL MANAGEMENT

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UCT pays extensive attention to financial management, seeking to ensure a combination of good practice, stewardship and forward projection that provides the university with the financial resources needed to meet its objectives. The comprehensive university financial plan consists of seven distinct, yet interrelated components:

- Continuing educational operations;
- Research and other operations similarly dependant on specific funding;
- Staff and student housing operations;
- Investment income and financing expenditure;
- Capital expenditure;
- Capital structure and financing; and
- Cash flow planning.

### Highlights of the 2020 Annual Financial Statements

- Total recurrent revenue of R6,56 billion versus R6,60 billion in 2019, a small decrease of 0.6% (2019: 5.9% increase);
- Net Fee income of R1,44 billion versus R1,61 billion in 2020, a decrease of 10.6%. The reported fee income number is net of bursaries and scholarships as well as International Financial Reporting Standards (IFRS) adjustments of R223,6 million (2019: R290,4 million);
- Income from state appropriations of R2,29 billion versus R2,33 billion in 2019, a decrease of 1.7% (2019: 18.4% increase);
- Income from research contracts and grants of R1,04 billion versus R1,02 billion in 2019, an increase of 1.4% (2019: 9% decrease);
- Recurrent expenditure of R6,13 billion versus R6,26 billion in 2019, a decrease of 2.1% (2019: 8% increase);
- Consolidated operating surplus of R645,3 million versus a surplus of R732,3 million in 2019, an 11.9% decrease (172% increase in 2019);
- A deficit of R63,5 million (2019: R161,4 million) if investment income and fair value movements on fair value through surplus or deficit financial instruments are excluded;
- An increase in cash generated from operations to R713,3 million (2019: R90,3 million);
- Total assets of R14,3 billion versus R13,23 billion in 2019, an increase of 8.1% (2019: 11.1% increase);
- Of the consolidated operating surplus of R645,3 million, R927,3 million is attributable to restricted funds over which Council has no discretion. The balance of the result relating to council-controlled activities can be largely attributed to the net bottom line cost savings from Council Controlled operations, while the Student Housing operations reported a deficit of R321,95 million.

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## CONSOLIDATED CASH FLOW

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The operations yielded a net inflow of R713,3 million for the year. This is a significant increase from the prior year. The main contributing factors are:

- A substantial decrease in recurrent expenses (excluding depreciation) which is greater than the changes in recurrent revenue.
- An increase in investment income of R32 million.
- A decrease in other operating expenses of R386 million.

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## INCOME AND EXPENDITURE

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### CONTINUING EDUCATIONAL OPERATIONS

Continuing educational operations, otherwise known as Council Controlled Unrestricted operations, encompass the main recurrent operating activities that provide and support teaching and learning. Thus, in respect of the Continuing educational operations only, total recurrent operating income decreased by R267,4 million (7.2%) to R3,42 billion, primarily due to a decrease in state subsidy, the largest income source, of R31,0 million (1.7%) taking the 2020 total to R1,81 billion, and services rendered which decreased by R206,9 million (59.5%).

The decrease in state subsidy is primarily due to state cuts in funding made available from National Treasury to the Department of Higher Education (DHET) as a result of the COVID-19 pandemic. The decrease in services rendered relates primarily to third stream revenue and commercial activities, primarily accommodation related entities being our two Marriott operated hotels, vacation accommodation and the conference centre at the GSB. These operations were all severely impacted by lockdowns and travel restrictions imposed due to the COVID-19 pandemic. There are some related cost savings, but it is expected that these revenues will take between two and four years to recover to pre-pandemic levels.

Tuition fees are netted off against UCT council funded financial aid and bursaries as is required by IFRS. The tuition income before the IFRS mandated adjustments is R1,46 billion, a decrease of R7,7 million. At a net level post the required adjustments, tuition revenues increased by R59 million or 5%. The increase in tuition fees is attributable to a combination of decreased volumes, increased rates and more students being funded by NSFAS instead of the university in the year.

Expenditure increased by R50,8 million (1.4%) to R3,62 billion, mainly due to an increase in depreciation of R39,12 million (21.9%), impairment losses of R44 million (141.9%) and personnel costs of R205,6 million (8.8%). The main driver of the increase in the depreciation expense is the audit requirement to capitalise items regarded as minor capital items as per University policy (items costing less than R25k excluding VAT are expensed), now brought on to the Fixed Asset Register as an accounting adjustment and depreciated accordingly. Personnel costs increased primarily due to senior permanent posts being filled and the impact of the cost of living annual increment.

Our undergraduate students received a total of R1,43 billion in total financial support, up from R1,08 billion in 2019. This support comes from various sources; corporate and other external bursaries support students to a value of R222 million, while NSFAS provided grants amounting to R639 million and UCT a further R454 million from council-controlled funds (of which R49,5 million has been netted off against tuition fee income). In addition, income from endowments and other funds available to the University for the purposes of financial aid contributed R166,9 million.

As shown in the table below, when excluding the effect of the IFRS15 offsetting of Designated bursaries against Council-controlled tuition income, as well as the exclusion of net finance income, the council-controlled recurrent operations generated a deficit of R209 million, following a surplus of R39 million and R3 million in 2019 and 2018 respectively. The current deficit is reported following two consecutive years of a surplus. At a high level, this significant decrease can almost entirely be attributed to the dramatic decrease in third stream revenues and the decrease in the state funding.

The actual surplus attributable to council-controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 74 is R39,9 million, compared to R329,3 million in 2019, investment income R205,6 million (R246,8 million in 2019) being the major contributor in both years to the difference between this and the 2019 surplus mentioned above.

**Table 17: Analysis of Council-controlled recurrent operations**

	2020	% change from PY	2019	% change from PY	2018	% change from PY	2017	% change from PY	2016	% change from PY	2015
	R'millions		R'millions		R'millions		R'millions		R'millions		R'millions
<b>Recurrent income</b>	<b>3 392</b>	<b>-6,0%</b>	<b>3 609</b>	<b>16,2%</b>	<b>3 107</b>	<b>3,6%</b>	<b>2 998</b>	<b>5,3%</b>	<b>2 848</b>	<b>12,2%</b>	<b>2 539</b>
<b>State subsidies</b>	<b>1 815</b>		<b>1 846</b>		<b>1 479</b>		<b>1 370</b>		<b>1 306</b>		<b>1 122</b>
<i>% of recurrent income</i>	<i>53%</i>		<i>51%</i>		<i>49%</i>		<i>46%</i>		<i>46%</i>		<i>44%</i>
<b>Tuition fees</b>	<b>1 410</b>		<b>1 342</b>		<b>1 301</b>		<b>1 307</b>		<b>1 260</b>		<b>1 199</b>
<i>% of recurrent income</i>	<i>42%</i>		<i>37%</i>		<i>40%</i>		<i>43%</i>		<i>44%</i>		<i>47%</i>
<b>Other income</b>	<b>141</b>		<b>421</b>		<b>327</b>		<b>320</b>		<b>282</b>		<b>218</b>
<b>Recurrent expenditure</b>	<b>3 601</b>	<b>0,9%</b>	<b>3 569</b>	<b>15,0%</b>	<b>3 103</b>	<b>1,0%</b>	<b>3 073</b>	<b>4,1%</b>	<b>2 951</b>	<b>12,7%</b>	<b>2 618</b>
<b>Personnel costs</b>	<b>2 553</b>		<b>2 348</b>		<b>2 200</b>		<b>2 066</b>		<b>1 958</b>		<b>1 686</b>
<i>% of recurrent income</i>	<i>71%</i>		<i>66%</i>		<i>73%</i>		<i>68%</i>		<i>66%</i>		<i>64%</i>
<b>Bursaries</b>	<b>126</b>		<b>151</b>		<b>113</b>		<b>186</b>		<b>140</b>		<b>162</b>
<i>% of recurrent income</i>	<i>4%</i>		<i>4%</i>		<i>1%</i>		<i>6%</i>		<i>5%</i>		<i>6%</i>
<b>Other operating expenses</b>	<b>922</b>		<b>1 071</b>		<b>790</b>		<b>821</b>		<b>853</b>		<b>771</b>
<i>% of recurrent income</i>	<i>26%</i>		<i>30%</i>		<i>25%</i>		<i>27%</i>		<i>29%</i>		<i>29%</i>
<b>Recurrent Operating Surplus/(Deficit)</b>	<b>-209</b>	<b>-634,5%</b>	<b>39</b>	<b>1072,8%</b>	<b>3</b>	<b>-104,5%</b>	<b>-75</b>	<b>-27,2%</b>	<b>-103</b>	<b>30,4%</b>	<b>-79</b>

**Reconciliation to Recurrent Operating Surplus/(Deficit) as per the Annual Financial Statements**

Recurrent Operating Surplus/(Deficit) as above	-209		39		3
<i>IFRS15 Specifically-Funded Activities adjustment**</i>	-174		-164		-156
<b>Recurrent Surplus excluding financing component</b>	<b>-383</b>		<b>-125</b>		<b>-153</b>
Interest	206		247		251
Net finance costs	-15		4		42
<b>Recurrent Surplus</b>	<b>-192</b>		<b>126</b>		<b>140</b>

\*\* IFRS15: Revenue from Contracts with Customers requires bursaries that offset tuition costs be offset against tuition income, and not be disclosed as expenses. However, as all tuition income is Council-controlled, the portion of Specifically Funded Activities' bursaries that are offset against tuition income represents a transfer of expenses from Specifically Funded Activities to Council. For the analysis of Council performance above, the effect of this IFRS15 adjustment has been removed.

## CASH FLOW PLANNING

The cash flow cycle at UCT has a low point at the end of January and peaks in August/September after the bulk of fees and most subsidies have been received. Careful planning and management of our cash remains crucial in generating investment income and in providing the capacity to undertake projects, subject to a revised financial assessment at such time.

## SUSTAINABILITY

Our strategic goal of financial sustainability remains a function of recurrent operations and free cash reserves. While our operating margins are low, the risk is somewhat mitigated as we know the bulk of our income (subsidy and fees) are received early in the operating cycle, and if these are significantly different from plan, we would have the opportunity to react and adjust our operations accordingly. For the seventh consecutive year our free cash reserves are within the guidelines stipulated in our financial policy.

On the flipside, the constrained outlook for fee increases remains a concern and combined with the hangover effects of the COVID-19 pandemic on fee payers and increasing pressure on the state to continue meeting its funding commitments remain factors we are vigilant to. These events and uncertainties continue to provide a warning against complacency and emphasise the importance of being within our free cash reserve target as well as remaining aware of economic outlooks and challenges faced by the state.

## RESEARCH AND OTHER OPERATIONS SIMILARLY DEPENDANT ON SPECIFIC FUNDING

Research and other specifically funded activities are usually outside the decision rights of university management, while governance and monitoring rights and often approval rights are nevertheless retained. While these activities are of important academic and social value, they continue to add considerably to the risks of the university, particularly in respect of their restricted decision rights relating to cash flows, accounts receivable management and infrastructural support. Increasingly complex compliance and reporting requirements attached to research contracts also pose increasing risks and needs for resources to mitigate such risks.

Revenues increased by 19.08% to R2,89 billion. Government-related grants decreased by 1.9% from R488.8 million to R479.4 million, while contracts showed a slight increase of 1% from R1,03 billion to R1,04 billion. The University has now experienced substantial growth in research activity for an extended period which continues to place significant demands on core administrative departments, which in many cases continue to receive little in the way of real increases in resources to manage this growth. As these departments become more over-stretched, the risk of reputational damage increases.

## RELATING TO RESEARCH INCOME

As a research-intensive university, obtaining funding to do research remains a strategic imperative. Hence the importance of ensuring we have systems and people in place that enable research and continue to attract research funding in a sustainable manner. The University's research-related activities income has been on an upward trajectory for many years now, breaching the R1 billion threshold in 2014. Research related revenue (grants and contract income) stands at R1,52 billion (2019: R1,52 billion) which represents 53% of the total specifically funded activities (R2,89 billion) in value. It also continues to account for at least 23% of total university income.

Regarding the broad categories of funding, contract income of R1,04 billion (2019: R1,03 billion) constitutes 36% of the research revenue, with government grants amounting to R479,4 million (2019: R488 million) accounting for 17% of the research revenue. Research related donations totalling R734,9 million, showed a significant increase of R395 million when compared to 2019.

The top 10 major funders of research at the university include: the National Research Foundation (NRF), the Bill and Melinda Gates Foundation (BMGF), the National Institutes of Health (NIH), the Medical Research Council (MRC) and the Wellcome Trust. The NRF remains the biggest source of research funding, constituting at least 22% of the total research revenue. It also funds the most researchers and their students. Given the NRF is state funded, it too has come under severe funding pressure as a result of the COVID-19 pandemic's impact on the fiscus.

In 2020 further seed funding was allocated from the Innovation Builder Fund and 21 projects are in progress, maturing research outputs / technologies that typically already have protected intellectual property. This is establishing a strong pipeline for later-stage investment by the UCT Evergreen Fund and the external University Technology Fund (UTF). The UTF came into

being in January 2020, providing access to R50m that is earmarked for UCT spin-off companies, as well as additional seed funding for earlier-stage projects. Despite COVID-19 restrictions, the UTF concluded two UCT spin-off company investments during the year, taking equity in Cape Bio Pharms (Pty) Ltd through Series A investment and also invested in Hydrogen Energy Applications (Pty) Ltd in a Seed round. A project, “Marihealth Solutions”, also received Pre-Seed Funding. In addition to co-investment alongside the UTF in Cape Bio Pharms, the UCT Evergreen Fund invested in new spin-off company Registree Rocks (Pty) Ltd.

Two new spin-off companies were established, being Registree Rocks and Hydrogen Energy Applications, with the former providing a student-future employer matching platform, underpinned by block-chain technology, and the latter producing hydrogen from LPG to enable hydrogen fuel cells to provide electricity, especially in remote off-grid locations. We filed 64 new patent applications, with 48 of them being at national phase, while 26 patents were granted in different countries. There was also one South African design registration.

Income from donations and gifts amounted to R734,9 million compared to the R340,4 million raised in 2019. The primary reason for the increase is due to a single donation from the Atlantic Philanthropies towards the Nelson Mandela School of Public Governance building project. Outside of this single donation, other donations from the top ten donors have remained reasonably consistent versus prior years.

## STAFF AND STUDENT HOUSING OPERATIONS

The staff and student housing unit is required to cover its costs and provide resources for long-term maintenance, and ideally to contribute towards the expansion of housing stock thereby providing greater access to students and staff.

Total revenues decreased significantly by 49,1% to R243.5 million, while the recurrent deficit of R361,8 million, when added to the provision for loan repayments of R27 million, means the housing sector failed to make any significant progress in respect of its debt repayment obligations related to the OBZ Square development.

The primary driver underpinning the reported loss in operating our residences was the COVID-19 pandemic and related lockdown. In March, we closed our residences and students returned to their homes, with many not returning at all during 2020. UCT Council took a decision that where services were not rendered, fees charged should be refunded to fee payers. Thus, in respect of residence fees, this loss results from the refund of fees, while the majority of costs continued to be incurred.



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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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The consolidated assets increased by 8.1% with the following as significant contributors:

- Increase of 6.1% in Property, Plant and Equipment (2019: 6.4%);
- Current assets increased by 8.4% (2019: 66.5% increase), with student fee receivables increasing by 15% and cash and cash equivalents increasing by 5.6%.

Most of the non-current assets are designated and Council has no discretion over these. All immovable property cannot be alienated without the approval of the Minister of Higher Education and Training. This amounts to R3,7 billion, being 26% of total assets for the current financial year (2019: R3,5 billion).

Approximately 58% of the investments are held by the UCT Foundation and are designated for specific activities. The balance is held within the University operations, with 80% thereof designated for specifically funded restricted activities.

The increase in the student fee receivables is characterised by the fact that 15% of this debt is over 12 months due. Student fee debt collection remains a key focus by management, more so given the effect that COVID-19 may have on the timing and ability to effect collections. In person graduations have long been a strong driver of fee settlements, and the longer-term impacts of online graduations remain to be seen. Our delayed start to the academic year in 2021, also meant that our usual year on year benchmarks are somewhat skewed.

Capital Expenditure of R436 million was similar in value to the investment in 2019.

The University has a healthy gearing ratio, with liabilities totalling R3,27 billion against total assets of R14,3 billion; a debt ratio of 0.23. The University did not increase its long-term borrowings in 2020 but continued settling the total drawdown of R110 million from the Development Bank of Southern Africa (DBSA) loan facility, which was used to fund the conference centre at the Graduate School of Business. This loan is repayable over 10 years and the University is in its 3rd year of repayment.

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## FUTURE CHALLENGES – 2021 AND BEYOND

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In prior years, we indicated that the outlook for the economy in general remained bleak. Prior to the COVID-19 pandemic, this was still the view. The pandemic has simply served to pile additional pressure on an economy that was already struggling. With the confirmed decreases in state funding commitments in 2020 we remain concerned at how sustainable this funding will be given the significant challenges faced by government, especially in the wake of the COVID-19 pandemic and overall state funding constraints.

It is also well understood that inflation in the higher education (HE) sector (illustrated by the Higher Education Price Index (HEPI) and our own Internal Inflation) continues to be higher than the official consumer price index (CPI). Thus, by way of example, if the Department of Higher Education and Training (DHET) was to receive a CPI-related increase from National Treasury, in real terms this would result in a decline in funding of HE institutions. This situation would be exacerbated by the growth in student numbers and enrolments targeted by the DHET. The consequence of this is that until April 2018, additional volume into the national system was being funded by diluting the existing pool of funding. The result was that institutions such as UCT, which has limited opportunity for further student growth, received a lesser proportional share of state funding for a number of years. In March 2021, in presenting his budget to parliament, the Minister of Higher Education indicated cuts to budgets that will impact university block grants and NSFAS in 2022. The ministry has undertaken to work with the sector in managing the impact of these cuts, while cabinet also expects a report dealing with how the current NSFAS funding model can be made sustainable.

The impact of COVID-19 interventions and lockdowns on the future student pipeline, as well as the success rates of current students, remains to be seen. Although significant investments were made to ensure that all students were able to work online and complete the 2020 academic year as best possible, due to closure of residences and disruptions experienced, this resulted in the academic year only completing in the early months of 2021. In addition, it is uncertain how long it will take for confidence to return to society at large to allow for a full complement of students to return to more traditional methods of teaching and learning at an institution such as UCT. Time will tell how significant the impact on future applications and offer take-up rates is, but we are grateful to note that enrolment targets for first time entering students were exceeded in 2021.

In recent years, the University has aggressively pursued third-stream revenues. In 2018 the University created a new food services entity that provides food and related services on campus and expanded this in 2019 whilst bedding down the concept. The vacation accommodation and staff housing office came into the Commercial Development unit from April 2018, with a renewed focus on maximising its potential. The Conference Centre at the GSB commenced operations in June 2019, adding yet another diversified revenue stream to the University.

The COVID-19 pandemic and subsequent lockdown have impacted these third-stream revenue operations significantly. Food & Connect, as well as the UCT Conference Centre at the GSB were expected to show profits in the 2020 year, however, their business operations have all but been decimated as a result of the pandemic and shutdown regulations imposed in the country. Food & Connect has on the flip side picked up, but the recovery for our hotel and accommodation offerings, as well as the conference centre is going to take much longer given various lockdown levels and associated travel and business restrictions.

In April of 2021, a wildfire broke out in the Table Mountain National Park which subsequently spread onto the UCT campus. Management is currently in the process of quantifying the damage sustained. It is anticipated that the fire will have a financial impact on the University's Property Plant and Equipment and will result in increased repairs and maintenance costs in 2021 financial year.

We remain optimistic that given our history of appropriate financial management and forecasting, that UCT will weather the current economic and financial storm and continue on its path of excellence in teaching and research, supported by the well tested university integrated financial plan.



**Zama Khanyile**

Chair: University Finance Committee

19 June 2021



**Hardy Maritz**

Acting Executive Director: Finance





# COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The annual financial statements for the financial year 2020 presented on pages 68 to 131 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education and Training in terms of the Higher Education Act, 1997, and include amounts based on judgements and estimates made by management as more fully laid out in the notes to the financial statements. The Council has also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the annual financial statements.

The Council had adopted the going concern basis in the preparation of the annual financial statements. The Council has no reason to believe that the University of Cape Town is not a going concern in the foreseeable future based on forecasts and available cash resources. The Council believes that the financial statements confirm the viability of the institution.

The financial statements have been audited by Ernst & Young Inc. who have been given unrestricted access to all financial records and related data, including minutes of the meetings of Council and all its committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate. The annual financial statements set out on pages 68 to 131 were approved by the University Council on 19 June 2021 and are signed on its behalf by:

**Ms Babalwa Ngonyama**

Chair: Council

**Ms Zama Khanyile**

Chair: University Finance Committee

**Prof Mamokgethi Phakeng**

Vice-Chancellor

**Mr Hardy Maritz**

Acting Executive Director: Finance

**Ms Tshidi Mokgabudi**

Chair: University Audit & Risk Committee



# CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF HIGHER EDUCATION, SCIENCE AND TECHNOLOGY AND THE COUNCIL OF THE UNIVERSITY OF CAPE TOWN



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### Report on the audit of the consolidated financial statements

#### Opinion

We have audited the consolidated financial statements of the University of Cape Town and its subsidiaries (the University) set out on pages 73 to 131, which comprise the consolidated statement of financial position as at 31 December 2020 and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in fund balances and consolidated statement of cash flows for the year then ended as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the University as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, 1997 (Act no. 101 of 1997) (HEA).

#### Basis for Opinion

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

We are independent of the University in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct of Registered 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).

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

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

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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 HEA and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is included in the annexure to the auditor's report. This description, which is located at page 72, forms part of our auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

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

Our procedures address the usefulness and reliability of the reported performance information, which must be based on the approved performance planning documents of the University. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures did not examine whether the actions taken by the University enabled service delivery. Our procedures did 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.

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 objectives presented in the annual performance report of the University for the year ended 31 December 2020:

Objectives	Pages in the annual report
To renew and innovate in teaching and learning - improving student success rates and well-being, broadening academic perspectives, stimulating social consciousness and cultivating critical citizens.	19 to 22
To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally.	18 to 19

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.

We did not raise any material findings on the usefulness and reliability of the reported performance information for the selected objectives.

## Other matter

We draw attention to the matter below.

### Achievement of planned targets

Refer to the annual report on pages 23 to 27 for information on the achievement of the planned targets for the year.

## Report on audit of compliance with legislation

### Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof we have a responsibility to report material findings on the compliance of the University with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance. Accordingly, we do not express an opinion or conclusion on these matters.

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

### Other information

The Council is responsible for the other information. The other information comprises the information included in the 131-page document titled "Annual Report 2020". The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

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

In connection with our audit of the consolidated financial statements, 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 objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

### Internal control deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation. However, our objective was not to express any form of assurance on it. Accordingly, we do not express an opinion or conclusion on these matters.

Matters of internal control considered are limited to significant deficiencies that resulted in a basis for a modification of the audit opinion, or any material findings reported on the audit of the annual performance report or any material findings on the audit of compliance with legislation included in this report.

Consequently, as no matters were reported, we did not identify any significant deficiencies in internal control as described above.

### Other reports

We draw attention to the following engagements conducted by various parties 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 that are either in progress or have been completed. 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

We issued twenty-nine agreed-upon procedure engagement reports during the year ending 31 December 2020. Additionally, there were three agreed-upon procedure engagement reports that were still in progress at 31 December 2020, these reports were signed in 2021. Six additional agreed-upon procedure engagement reports were issued by other service providers. These agreed upon procedures were performed at the request of various entities providing funding to the University and covered periods ranging from 1 January 2017 to 30 June 2020.

We conducted one special audit as requested by donors during the year ended 31 December 2020. Additionally, there was one special audit as requested by donors that was still in progress at 31 December 2020. Ten additional special audits as requested by donors were performed by other service providers. These audits were signed off in terms of the entity specific accounting policies and were performed at the request of various entities providing funds to the University and covered periods ranging from 1 January 2016 to 30 April 2020.

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*Ernst & Young Inc.*

**Ernst & Young Inc.**

**Director: Lucian Rolleston**

Registered Auditor

Chartered Accountant (SA)

19 June 2021

## Annexure – Auditor’s responsibilities for the audit

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

### Consolidated Financial Statements

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

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Council’s use of the going concern basis of accounting in the preparation of the consolidated financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the University’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 us at the date of this auditor’s report. However, future events or conditions may cause the University to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the University and its subsidiaries 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

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2020

	Note	2020 R'000	Restated** 2019 R'000	Restated** 2018 R'000
<b>ASSETS</b>		<b>14 300 877</b>	<b>13 233 882</b>	<b>11 905 034</b>
<b>Non-current assets</b>		<b>12 067 088</b>	<b>11 172 725</b>	<b>10 667 270</b>
Property, plant and equipment	5	3 732 686	3 519 343	3 294 886
Right of use assets	20	457 373	574 669	-
Investments	6	7 853 849	7 058 137	7 353 773
Investments in associates	7	3 763	1 111	-
Non-current receivables and prepayments	8	19 417	19 465	18 611
<b>Current assets</b>		<b>2 233 789</b>	<b>2 061 157</b>	<b>1 237 764</b>
Inventories		1 998	1 614	5 697
Accounts receivable and prepayments	9	457 692	408 050	402 961
Student fees receivable	9	226 131	196 586	169 878
Contract assets	17	15 784	3 420	4 013
Cash at bank and cash equivalents	10	1 532 184	1 451 487	655 215
<b>ACCUMULATED FUNDS AND LIABILITIES</b>		<b>14 300 877</b>	<b>13 233 882</b>	<b>11 905 034</b>
<b>Accumulated funds</b>		<b>10 906 930</b>	<b>10 209 728</b>	<b>9 416 743</b>
Non-distributable funds		4 409 748	4 137 979	3 743 205
Endowed funds		4 409 748	4 137 979	3 743 205
Restricted funds designated for specific activities		3 429 762	3 126 972	3 142 874
Education and general		3 516 880	2 892 136	2 934 758
Student and staff accommodation		(87 118)	234 836	208 116
Unrestricted Council-controlled funds		3 056 652	2 934 668	2 521 271
Non-controlling interests		10 768	10 109	9 393
<b>Non-current liabilities</b>		<b>1 926 654</b>	<b>1 934 855</b>	<b>1 508 585</b>
Deferred revenue	11	876 926	817 756	784 200
Interest-bearing borrowings	19	84 895	92 961	87 441
Employee benefit liabilities	12	662 319	629 484	636 944
Lease liabilities	20	302 514	394 654	-
<b>Current liabilities</b>		<b>1 467 293</b>	<b>1 089 299</b>	<b>979 706</b>
Accounts payable and accrued liabilities	13	518 884	441 922	473 445
Contract liabilities	17	43 474	37 061	31 973
Deferred revenue	11	405 352	261 165	257 335
Interest-bearing borrowings	19	7 878	7 878	6 847
Student deposits		272 429	137 109	128 331
Employee benefit liabilities	12	107 532	83 821	81 775
Lease liabilities	20	111 744	120 343	-

\*\* The impact of the restatements has been disclosed in note 33.

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2020

(All amounts in R'000)

		EDUCATION AND GENERAL					
Note	Council-Controlled Un-restricted	Specifically Funded Activities Restricted	Sub-Total	Student and Staff Housing Restricted	2020 Total	% Change	
<b>Recurrent revenue</b>	<b>3 423 466</b>	<b>2 893 344</b>	<b>6 316 810</b>	<b>243 476</b>	<b>6 560 286</b>	<b>(0.6)</b>	
State appropriations-subsidies and grants	14 1 814 647	479 389	2 294 036	-	2 294 036	(1.7)	
Tuition and other fee revenue	17 1 236 338	-	1 236 338	206 051	1 442 389	(10.6)	
Gross fee revenue	1 459 965	-	1 459 965	206 051	1 666 016	(12.5)	
Council bursaries	21.1 (49 501)	-	(49 501)	-	(49 501)	(60.7)	
Restricted bursaries	21.1 (174 126)	-	(174 126)	-	(174 126)	5.8	
Income from contracts	-	1 040 291	1 040 291	-	1 040 291	1.4	
Rendering of services	17 140 904	362 654	503 558	24 616	528 174	(26.6)	
Donations and gifts	25 974	734 939	760 913	2	760 915	83.9	
<b>Sub-total</b>	<b>3 217 863</b>	<b>2 617 273</b>	<b>5 835 136</b>	<b>230 669</b>	<b>6 065 805</b>	<b>(0.7)</b>	
Interest	15 205 603	150 910	356 513	12 807	369 320	(7.4)	
Dividends	15 -	125 161	125 161	-	125 161	33.9	
<b>Recurrent expenditure</b>	<b>3 616 300</b>	<b>1 908 349</b>	<b>5 524 649</b>	<b>605 288</b>	<b>6 129 937</b>	<b>(2.1)</b>	
Personnel	16 2 553 491	1 109 416	3 662 907	148 464	3 811 371	7.0	
Other operating expenses	18 624 838	506 363	1 131 201	416 446	1 547 647	(20.1)	
Expected credit losses	9 79 169	-	79 169	-	79 169	153.4	
Financial aid and scholarships	21.1 126 197	185 287	311 484	-	311 484	(23.7)	
Depreciation	5 & 20 217 587	107 438	325 025	13 051	338 076	17.5	
<b>Sub-total</b>	<b>3 601 282</b>	<b>1 908 504</b>	<b>5 509 786</b>	<b>577 961</b>	<b>6 087 747</b>	<b>(2.2)</b>	
Net finance costs	15 018	(155)	14 863	27 327	42 190	22.7	
Finance costs	42 345	(155)	42 190	-	42 190	22.7	
Interest on internal borrowings	(27 327)	-	(27 327)	27 327	-	-	
<b>RECURRENT SURPLUS/(DEFICIT)</b>	<b>(192 834)</b>	<b>984 995</b>	<b>792 161</b>	<b>(361 812)</b>	<b>430 349</b>	<b>26.7</b>	
<b>NON-RECURRENT ITEMS</b>	<b>11 020</b>	<b>204 188</b>	<b>215 208</b>	<b>(255)</b>	<b>214 953</b>	<b>(45.3)</b>	
Profit/(Loss) on disposal of property, plant & equipment	10 356	(9 723)	633	(255)	378	(104.1)	
Income from associate	7 -	241	241	-	241	(58.7)	
Fair value movement on fair value through profit or loss financial instruments	664	213 670	214 334	-	214 334	(46.6)	
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>(181 814)</b>	<b>1 189 183</b>	<b>1 007 369</b>	<b>(362 067)</b>	<b>645 302</b>	<b>(11.9)</b>	
Transfers between funds	22.1 221 742	(261 855)	(40 113)	40 113	-	-	
<b>SURPLUS FOR THE YEAR*</b>	<b>39 928</b>	<b>927 328</b>	<b>967 256</b>	<b>(321 954)</b>	<b>645 302</b>	<b>(11.9)</b>	
Attributable to:							
University operations	39 928	926 669	966 597	(321 954)	644 643		
Non-controlling interests	-	659	659	-	659		
	<b>39 928</b>	<b>927 328</b>	<b>967 256</b>	<b>(321 954)</b>	<b>645 302</b>		

The surplus as reported above should be read in conjunction with the Report of the University Finance Committee, with particular reference to sustainability and research-related activities.



## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

(All amounts in R'000)

Note	Council-Controlled Unrestricted	Specifically-Funded Activities Restricted	Student and Staff Housing Restricted	2020 Total
<b>Surplus for the year</b>	39 928	927 328	(321 954)	645 302
<b>Other comprehensive income</b>				
Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods	51 900	-	-	51 900
Actuarial gains on post-retirement medical aid benefit obligation	12.3 51 900	-	-	51 900
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>91 828</b>	<b>927 328</b>	<b>(321 954)</b>	<b>697 202</b>
Attributable to:				
University operations	91 828	926 669	(321 954)	696 543
Non-controlling Interests	-	659	-	659
	<b>91 828</b>	<b>927 328</b>	<b>(321 954)</b>	<b>697 202</b>

## CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2020

(All amounts in R'000)

Note	Non-distributable	Funds Restricted for Specific Activities		Unrestricted Funds	Non-controlling interests	2020 Total
	Endowed Funds	Education and General	Student and Staff Housing	Council Controlled		
<b>OPENING FUND BALANCES</b>	4 137 979	2 892 136	234 836	2 934 668	10 109	10 209 728
Total comprehensive income	-	926 669	(321 954)	91 828	659	697 202
Surplus for 2020	-	926 669	(321 954)	39 928	659	645 302
Other comprehensive income	-	-	-	51 900	-	51 900
Transfers between funds	22.2 271 769	(301 925)	-	30 156	-	-
<b>CLOSING FUND BALANCES</b>	<b>4 409 748</b>	<b>3 516 880</b>	<b>(87 118)</b>	<b>3 056 652</b>	<b>10 768</b>	<b>10 906 930</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	2020 R'000	Restated** 2019 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from students, government and private sources		5 622 154	5 556 080
Cash paid to employees and suppliers		(4 908 901)	(5 465 709)
<b>Cash generated from operations</b>	<b>25</b>	<b>713 253</b>	<b>90 371</b>
Investment income – interest	<b>15</b>	369 320	398 748
Investment income – dividends	<b>15</b>	125 161	93 473
Finance costs		(42 190)	(34 397)
<b>Net cash inflows from operating activities</b>		<b>1 165 544</b>	<b>548 195</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment		(445 894)	(526 465)
Proceeds on disposal of property, plant and equipment		927	959
Purchase of investments		(1 360 255)	(1 072 436)
Proceeds from sale of investments		776 500	1 769 500
<b>Net cash used in investing activities</b>		<b>(1 028 722)</b>	<b>171 558</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term interest-bearing borrowings	<b>23.9</b>	-	14 327
Payment of principal portion of interest-bearing borrowings	<b>23.9</b>	(8 067)	(7 776)
Payment of principal portion of lease liabilities	<b>23.9</b>	(89 496)	(57 197)
Government grants relating to the Infrastructure Efficiency Grant	<b>11</b>	41 438	127 165
<b>Net cash inflows from financing activities</b>		<b>(56 125)</b>	<b>76 519</b>
Net increase/(decrease) in cash and cash equivalents		80 697	796 272
Cash and cash equivalents at beginning of the year		1 451 487	655 215
<b>Cash and cash equivalents at end of the year</b>	<b>10</b>	<b>1 532 184</b>	<b>1 451 487</b>

\*\* The impact of the restatements has been disclosed in note 33.



## RESTATED\*\* CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

(All amounts in R'000)

		EDUCATION AND GENERAL					
	Note	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Sub-Total	Student and Staff Housing Restricted	Restated 2019 Total	% Change
<b>Recurrent revenue</b>		<b>3 690 877</b>	<b>2 429 767</b>	<b>6 120 644</b>	<b>478 307</b>	<b>6 598 951</b>	<b>6.3</b>
State appropriations-subsidies and grants	14	1 845 679	488 843	2 334 522	-	2 334 522	18.4
Tuition and other fee revenue		1 177 260	-	1 177 260	435 632	1 612 892	3.7
Gross fee revenue		1 467 746	-	1 467 746	435 632	1 903 378	5.9
Council bursaries	21.1	(125 908)	-	(125 908)	-	(125 908)	44.3
Restricted bursaries	21.1	(164 578)	-	(164 578)	-	(164 578)	5.8
Income from contracts		-	1 026 294	1 026 294	-	1 026 294	(11.9)
Rendering of services		347 839	337 192	685 031	34 295	719 326	3.0
Donations and gifts		73 275	340 421	413 696	-	413 696	0.1
<b>Sub-total</b>		<b>3 444 053</b>	<b>2 192 750</b>	<b>5 636 803</b>	<b>469 927</b>	<b>6 106 730</b>	<b>5.2</b>
Interest	15	246 824	143 544	390 368	8 380	398 748	17.9
Dividends	15	-	93 473	93 473	-	93 473	38.1
<b>Recurrent expenditure</b>		<b>3 565 459</b>	<b>2 187 212</b>	<b>5 752 671</b>	<b>506 723</b>	<b>6 259 394</b>	<b>7.5</b>
Personnel	16	2 347 922	1 063 566	3 411 488	149 102	3 560 590	6.2
Other operating expenses	18	861 293	768 463	1 629 756	307 598	1 937 354	2.1
Expected credit losses	9	31 239	-	31 239	-	31 239	71.1
Financial aid and scholarships	21.1	150 551	257 487	408 038	-	408 038	10.2
Depreciation	5 & 20	178 469	98 483	276 952	10 824	287 776	56.5
<b>Sub-total</b>		<b>3 569 474</b>	<b>2 187 999</b>	<b>5 757 473</b>	<b>467 524</b>	<b>6 224 997</b>	<b>6.9</b>
Net finance costs		(4 015)	(787)	(4 802)	39 199	34 397	5 749.8
Finance costs		35 184	(787)	34 397	-	34 397	5 749.8
Interest on internal borrowings		(39 199)	-	(39 199)	39 199	-	-
<b>RECURRENT SURPLUS/(DEFICIT)</b>		<b>125 418</b>	<b>242 555</b>	<b>367 973</b>	<b>(28 416)</b>	<b>339 557</b>	<b>(12.1)</b>
<b>NON-RECURRENT ITEMS</b>		<b>(17 498)</b>	<b>401 123</b>	<b>392 625</b>	<b>103</b>	<b>392 728</b>	<b>(319.1)</b>
Loss on disposal of property, plant & equipment		(9 102)	(179)	(9 281)	-	(9 281)	(3.8)
Income from associate		-	582	582	-	582	-
Fair value movement on fair value through profit or loss financial instruments		(8 396)	409 720	401 324	103	401 427	(336.7)
<b>NET OPERATING SURPLUS/(DEFICIT)</b>		<b>107 920</b>	<b>652 678</b>	<b>760 598</b>	<b>(28 313)</b>	<b>732 285</b>	<b>253.3</b>
Transfers between funds	22.1	221 347	(276 380)	(55 033)	55 033	-	-
<b>SURPLUS FOR THE YEAR</b>		<b>329 267</b>	<b>376 298</b>	<b>705 565</b>	<b>26 720</b>	<b>732 285</b>	<b>253.3</b>
Attributable to:							
University operations		329 267	375 582	704 849	26 720	731 569	
Non-controlling interests		-	716	716	-	716	
		<b>329 267</b>	<b>376 298</b>	<b>705 565</b>	<b>26 720</b>	<b>732 285</b>	

\*\* The impact of the restatements has been disclosed in note 33.

## RESTATED\*\* CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

(All amounts in R'000)

Note	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	2019 Total
<b>Surplus for the year</b>	<b>329 267</b>	<b>376 298</b>	<b>26 720</b>	<b>732 285</b>
<b>Other comprehensive income</b>				
Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods	60 700	-	-	60 700
Actuarial gains on post-retirement medical aid benefit obligation	12.3 60 700	-	-	60 700
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>389 967</b>	<b>376 298</b>	<b>26 720</b>	<b>792 985</b>
Attributable to:				
University operations	389 967	375 582	26 720	792 269
Non-controlling interests	-	716	-	716
	<b>389 967</b>	<b>376 298</b>	<b>26 720</b>	<b>792 985</b>



## RESTATED\*\* CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2019

(All amounts in R'000)

Notes	Non-distributable	Funds Restricted for Specific Activities		Unrestricted Funds	Non-controlling interests	2019 Total
	Endowed Funds	Education and General	Student and Staff Housing	Council-Controlled		
Opening fund balances as previously reported	3 743 205	2 890 681	202 814	2 535 298	9 393	9 381 391
Prior period adjustment	-	(44 077)	(5 302)	14 027	-	35 352
<b>RESTATED OPENING FUND BALANCES</b>	3 743 205	2 934 758	208 116	2 521 271	9 393	<b>9 416 743</b>
Total comprehensive income	-	375 582	26 720	389 967	716	<b>792 985</b>
2019 surplus as previously reported	-	390 285	28 102	337 676	716	<b>756 779</b>
Prior period adjustment	-	(14 703)	(1 382)	(8 409)	-	<b>(24 494)</b>
Other comprehensive income	-	-	-	60 700	-	<b>60 700</b>
Transfers between funds <b>22.2</b>	394 774	(418 204)	-	23 430		-
<b>CLOSING FUND BALANCES</b>	<b>4 137 979</b>	<b>2 892 136</b>	<b>234 836</b>	<b>2 934 668</b>	<b>10 109</b>	<b>10 209 728</b>

\*\* The impact of the restatements has been disclosed in note 33.



# NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

## 1. UNIVERSITY INFORMATION

The University of Cape Town was established in 1829 and is domiciled in South Africa. The University's registered address is Private Bag X3, Rondebosch, 7701, South Africa.

The consolidated annual financial statements of the University for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of Council on 19 June 2021.

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

## 2. BASIS OF PREPARATION

The consolidated annual financial statements have been prepared on a going concern and historical cost basis, except where stated otherwise (refer to accounting policies). The consolidated annual financial statements are presented in South African Rands and all values are rounded to the nearest thousand (R'000) except where otherwise indicated.

The accounting policies adopted are consistent with those of the previous financial year, except where the University has adopted the IFRS amendments that became effective during the year.

### 2.1 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

There were several amendments to IFRS that became effective for periods beginning on or after 1 January 2020, however they did not have a material impact on the University.

### 2.2 IFRS AMENDMENTS AND IFRIC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

As at 31 December 2020, there are no such amendments and interpretations that would have a material impact on the University.

### 2.3 STATEMENT OF COMPLIANCE

The consolidated annual financial statements of the University of Cape Town and its related entities have been prepared in accordance with IFRS and in the manner required by the Minister of Higher Education and Training in terms of S41 of the Higher Education Act 101 of 1997 (as amended).

The consolidated financial statements comprise the financial statements of the University and its related entities as at 31 December each year. The financial statements include the operations of the related entities listed below.

### 2.4 BASIS OF CONSOLIDATION

Entity	Nature of ownership
The University of Cape Town Foundation	A trust of which the University of Cape Town appoints the trustees and is the sole beneficiary.
The UCT Lung Institute (Pty) Limited	A wholly owned subsidiary of the University of Cape Town.
The Graduate School of Business Foundation	A trust of which the University of Cape Town has appointed trustees and is the sole beneficiary.
UCT Foods Services (Pty) Ltd	A wholly owned subsidiary of the University of Cape Town.
Sports Science Share Block (Pty) Ltd	A private company where the University has appointed directors to the Board and has a 57% equity holding.

The financial statements of related entities are consolidated from the date on which the University acquires effective control, up to the date that such effective control ceases. The University controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and can affect those returns through its power over the entity.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the University controls another entity.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree.

For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition costs incurred are expensed and included in administrative expenses. When there is a disposal or loss of control of a related entity, the consolidated financial statements would include the results for the part of the reporting period during which the University had control. Any difference between the net proceeds on disposal and the carrying amount of the subsidiary is recognised in the surplus for the period.

If the business combination is achieved in stages, the previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in surplus or deficit.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *IFRS9: Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. All inter-University balances, transactions, unrealised gains and losses resulting from intra-University transactions, are eliminated in full.

The University re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the University gains control until the date the University ceases to control the subsidiary.



## 2.5. SEGMENT INFORMATION AND ACCUMULATED FUNDS

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A segment is a recognised component of the University that is engaged in undertaking activities and providing services that are subject to risks and returns different from those of other segments. Segmentation provided in surplus or loss of these financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training and is specifically not in terms of *IFRS8: Operating Segments*. The operating businesses are managed separately but fall under the oversight of the University of Cape Town's executive leadership.

### 2.5.1. Endowed funds income

Income from specific endowments, comprising investment income and realised profits arising from the sale of investments, is recognised in the Consolidated Income Statement as designated for specific purposes in the period in which it accrues.

It is the University's policy to utilise only a portion of this income and to re-invest the un-utilised portion in the underlying endowed funds in order to preserve the real value of the capital base.

### 2.5.2. Segment information and accumulated funds

Funds made available to operations, whether Council controlled or designated, which cannot be utilised due to a specific event not having occurred, are also capitalised. The utilisation of these funds for operational purposes and the capitalisation of all un-utilised funds, are effected by transfers within the Statement of Changes in Fund Balances.

### 2.5.3. Specifically-funded activities restricted (Education and General)

The specifically-funded activities restricted segment consist mainly of research activities. Decision making rights over income earned and related expenses rest with researchers. Council retains an oversight role with regard to ensuring that expenditure is in accordance with the mandate received from funders and University policies.

### 2.5.4. Unrestricted Council controlled funds

The Council controlled segment predominantly represents the teaching component of the University. Decision making rights relating to income earned in this segment rest with Council.

### 2.5.5. Student and Staff Housing restricted

The Student and Staff Housing segment relates to the provision of accommodation to both students and staff. The availability of this accommodation is a strategic initiative aimed at ensuring that students adopt the University as their preferred place of study and that the University is able to attract and retain appropriate staff.

## 2.6. TRANSFERS BETWEEN FUNDS

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Transfers between funds are reflected in two areas

### 2.6.1. Operational transfers

The transfer of funds is required for operational purposes between the three main operational segments namely, 'Specifically-Funded Activities Restricted (Education and General)', 'Unrestricted Council-Controlled Funds' and 'Student and Staff Housing Restricted'. These transfers are reflected in the Consolidated Income Statement.

### 2.6.2. Endowment related transfers

These transfers relate primarily to transfers to or from the endowment as a result of its investment activities. The transfers are reflected in the Statement of Changes in Fund Balances.



## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the University's consolidated annual financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at reporting date. However, uncertainty about these assumptions and estimates may result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

In the process of applying the University's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements.

### 3.1. JUDGEMENT

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#### 3.1.1. Revenue from contracts with customers

The University applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

##### Determining the timing of satisfaction of research services

The University concluded that the revenue for research services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the University. The fact that another entity would not need to re-perform the research that the University has undertaken to date demonstrates that the customer simultaneously receives and consumes the benefits provided by the University. The University recognises revenue on the basis of stage completion for each research contract. The stage of completion is determined according to the deliverables noted in each contract, as well as the University's performance against them.

##### Principal versus agent considerations

The University enters into collaborative research agreements between itself, funders and other Universities. Under these agreements, the University receives funds from the funders, and pays it over to other Universities when performance obligations have been met. The University recognises revenue to the extent that it controls the research services to be provided to the funders, and in such instances, the University is the principal. For the services provided by other Universities, the University has determined that it does not control the research services provided by the other Universities before they are transferred to the funders. The following factors indicate that the University does not control the services before they are transferred to the funders:

- The University is not primarily responsible for fulfilling the promise to provide the research services;
- The University has no discretion to determine the price of the services.

Therefore, the University determined that it is an agent in these contracts and does not recognise revenue relating to these contracts.

#### 3.1.2. Investments

In assessing the control over investments, the purpose and design of the investments were considered, as well as the identification of the activities of the investee that significantly affect the returns of the investee, management identified how decisions about these activities are made and concluded on whether the University has the rights to direct these activities. In addition consideration was given to whether or not the University is exposed, or has rights, to the variability associated with the returns of the investee and lastly management considered whether or not the University has the ability to use its own power of the investee to affect its own returns.

The University has determined that it has control over the University of Cape Town Foundation, a structured entity (trust) as the University appoints the trustees; and the UCT Lung Institute (Pty) Ltd, a wholly owned subsidiary; Graduate School of Business Foundation Trust, a structured trust as the University is the sole beneficiary; Sports Science Share Block (Pty) Ltd, an entity that the University has a controlling equity interest in. The University is exposed to variable returns of each entity. The University therefore controls the entities and consolidates them accordingly.

### 3.1.3. Provision for expected credit losses of trade receivables and student fees receivables

The University uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables and student fees receivable. The provision rates are based on days past due and historic default rates.

The provision matrix is initially based on the University's historical observed default rates. The University will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the higher education sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historically observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecasted economic conditions. The University's historical credit loss experience and forecast of economic conditions may also not be representative of students or customers' actual default in the future. The information about the ECLs on the University's trade receivables and student fees receivables is disclosed in Note 9.

### 3.1.4. Leases

Where the University is a lessee, the lease term of contracts with renewal and termination options is determined as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The University has several lease contracts that include extension and termination options. The University applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the University reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The University included the renewal period as part of the lease term for leases of buildings relating to student accommodation with shorter non-cancellable period (i.e. 1 to 3 years) and leases of buildings relating to research and academic activities. The University typically exercises its option to renew these leases because of the current shortage of student accommodation, and the negative impact to the University's core activities should academic and research buildings not be readily available. The renewal periods for leases of buildings relating to student accommodation with longer non-cancellable periods (i.e. greater than 3 years) are not included as part of the lease term as these are not reasonably certain to be exercised. The University has plans in place to acquire/construct buildings which will amply accommodate students in future and thus no further leases for student accommodation should be needed.

In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the University typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

## 3.2. ESTIMATION UNCERTAINTY

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

### 3.2.1. Investments – judgements over fair value

Financial assets within the scope of *IFRS9: Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss as appropriate. Management determines the classification of its financial assets at initial recognition. When the fair value of investments recorded in the Statement of Financial Position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques such as director's valuations based on recent equity transactions or discounted cash flows (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of estimates is required in establishing fair values. Estimates include considerations of inputs such as liquidity risk, credit risk and volatility.

### 3.2.2. Depreciation

At the end of each financial year management reviews property, plant and equipment to assess whether the estimated useful lives and estimated residual values applied to each asset are appropriate. The useful lives of assets are estimated by reviewing the degree to which assets are fully depreciated but still remain on the assets register and are in use. The University for the most part uses its asset until future rewards no longer accrue.

Typically, assets are assessed as having no residual value when calculating the depreciable amount because assets are of little value at the time they are sold or decommissioned.

### 3.2.3. Gratuity liability for academic staff

The University pays a gratuity to academic staff on retirement, retrenchment or death in special circumstances. In order to estimate the probability of incurring this liability, management make assumptions in respect of the number of academic staff that will reach retirement. In addition, to calculate the fair value of the liability the University needs to make assumptions regarding both expected future salary increases and a suitable discount rate. Additional details on these assumptions are provided in Note 12.1.

### 3.2.4. Post-retirement medical aid benefits obligation

The University's future obligation in respect of post-retirement medical aid contributions is actuarially valued based on the projected unit credit method. For the purpose of the valuation at 31 December 2019, key assumptions were made in respect of the discount rate, expected inflation on medical aid contributions, expected age of retirements and mortality rates. Additional details on these assumptions are provided in Note 12.3.

### 3.2.5. Student fees receivables

At year end management makes an estimate of the amount of total outstanding student fee debt that it expects to hand over to external debt collectors. In addition, management estimates the amounts that it expects to recover from outstanding balances handed over based upon the age profile of debts handed over. The estimate of current balances that may be handed over is based on outstanding balances at 31 December of the preceding year as a percentage of the total expected fees. The provision is therefore based on past write-off experience which has been analysed and updated with forward looking information, as well as the current year's performance. A provision for impairment is raised based on these estimates. Refer Note 9.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1. FOREIGN CURRENCY TRANSLATION

The consolidated annual financial statements are presented in South African Rands, which is the University's functional and presentation currency. Transactions in foreign currencies are initially recorded at the exchange currency rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange currency rate ruling at the reporting date. All differences are taken to surplus or deficit in the year in which they arise.

Non-monetary items carried at cost are translated using the exchange rate at the date of the transaction, whilst assets carried at fair value are translated at the exchange rate when the fair value was determined.

When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any exchange component of that gain or loss shall be recognised directly in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised directly in surplus or deficit, any exchange component of that gain or loss shall be recognised directly in surplus or deficit.

## 4.2. REVENUE RECOGNITION

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The University has different revenue streams and the following specific recognition criteria must be met before revenue is recognised:

### 4.2.1. State appropriations - subsidies and grants

State subsidies and grants for general purposes are recognised as income in the financial year to which they relate.

Subsidies and grants for specific research purposes are recognised as income in the financial year in which they accrue to the University in accordance with the relevant grants and agreements. Such subsidies and grants are presented separately in the Consolidated Income Statement.

Subsidies and grants relating to specific expenses are not offset against the expense but are included in the disclosure of 'State appropriations - subsidies and grants' (refer Note 14).

Where the grant relates to an asset, it is recognised as deferred revenue and released to income in equal annual amounts over the expected useful life of the relevant asset.

### 4.2.2. Designated income from contracts, grants and donations

Revenue received for designated specific purposes arises from contracts which are not *IFRS15: Revenue from Contracts with Customers*, grants and donations. Such revenue is recognised in the Consolidated Income Statement over time in the financial period in which progress is satisfied in accordance with the relevant agreement.

Donations received for endowment purposes are included in the Consolidated Income Statement in the period in which they are received.

### 4.2.3. Interest income

Revenue is recognised as interest accrues, using the effective interest method which is the rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

### 4.2.4. Dividends

Dividends are recognised when the right to receive payment is established.

### 4.2.5. Revenue from contracts with customers

Revenue from contracts with customers relates to income from research contracts, not dealt with in 4.2.2 above. This revenue is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the University expects to be entitled in exchange for those goods or services. The University has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer other than in instances mentioned in 3.1.1 above.

In determining the transaction price for the research contracts revenue, the University considers the effects of variable consideration. If the consideration in a contract includes a variable amount, the University estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer.

#### 4.2.5.1. Contract Balances

##### Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer only when this right is conditional upon something other than the passage of time. If the University performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

## Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the University has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the University transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the University performs under the contract.

### 4.2.5.2. Tuition and residence fees

Tuition and residence fees charged are applicable to one academic and financial year and are recognised in that year. The University has assessed that the students simultaneously receive and consume the benefits provided within the year, as such revenue is recognised over time. Refer to note 31 for the impact the Covid-19 pandemic had on the recognition of tuition revenue during 2020.

Scholarships, bursaries and other financial aid provided by the University to students for tuition and residence fees are recognised as a reduction of fees.

### 4.2.5.3. Rendering of services

Revenue, involving the rendering of services, is recognised over time to the extent that the service has been provided. Revenue includes consulting services, short course fees and club hotel revenues. When the University is not able to reasonably measure the outcome of the obligation under the contract but expects to recover the costs incurred in satisfying the obligations to date, revenue shall be recognised only to the extent that expenses incurred are eligible to be recovered.

## 4.3. RETIREMENT BENEFITS

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### 4.3.1. Defined contribution retirement plan

Employer contributions to the University of Cape Town Retirement Fund are recognised in the Consolidated Income Statement in the period during which the employees render services to the University.

### 4.3.2. Medical aid benefits

Employer contributions to a medical aid fund are recognised as an expense in the period during which the employees render services to the University.

### 4.3.3. Post-retirement medical aid benefits – defined benefit plan

The University has an obligation to provide certain post-retirement medical aid benefits to its eligible employees and pensioners. The University is required to provide a defined amount of the medical aid contribution due. The plan is not funded.

The present value of the future medical aid subsidies for current service costs is actuarially determined annually in accordance with IAS 19: Employee Benefits.

The defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions.

The liability is recognised at the reporting date. Any curtailment benefits or settlement amounts are recognised against income as incurred. Service costs comprising current service costs, past service costs and interest expense are recognised in surplus or deficit for the year when incurred.

The defined benefit liability is the present value of the defined benefit obligation. Actuarial gains and losses are recognised in other comprehensive income in the year they arise.

## 4.4. GRATUITY LIABILITY FOR ACADEMIC STAFF

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This relates to the policy to pay a gratuity on death, retrenchment or retirement where a member of the academic staff has not taken study and research leave. Study and research leave may be granted to allow academic staff uninterrupted research work, usually away from Cape Town, and is not regarded as a vacation. The method used in determining the value of this provision is one where a discount rate is applied against projected valuations in order to establish a present value.

#### 4.5. BORROWING COSTS

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Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset. Other borrowing costs are recognised as an expense.

#### 4.6. RESEARCH COSTS

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Research costs are expensed as incurred.

#### 4.7. LIBRARY ACQUISITIONS

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Library books and other library materials are written off in the year in which they are acquired.

#### 4.8. PROPERTY, PLANT AND EQUIPMENT

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

Subsequently, property plant and equipment is stated at cost less accumulated depreciation and any provision for impairment. Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the University and the cost of the item can be measured reliably.

Maintenance and repairs, which do not meet these criteria, are included in surplus or deficit as incurred. Donated assets are initially recorded at fair value at the date of donation.

Land is not depreciated as it is deemed to have an indefinite useful life.

Property, plant and equipment are depreciated on a straight-line basis estimated to write each asset down to its estimated residual value over the estimated useful lives of the assets which range as follows:

	2020	2019
Buildings	75-200 years	75-200 years
Leasehold improvements	Lease period	Lease period
Land improvements other than buildings	30 years	30 years
Motor vehicles	15 years	15 years
Furniture and equipment	5-50 years	5-50 years
Computers, servers and network infrastructure	3-10 years	3-10 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus in the period in which the asset is derecognised.

#### 4.9. IMPAIRMENT OF NON-FINANCIAL ASSETS

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The University assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the University makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in surplus or deficit.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

#### 4.10. FINANCIAL ASSETS AND LIABILITIES

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Financial assets and financial liabilities are initially recognised in the Consolidated Statement of Financial Position when the University becomes party to the contractual provisions of the instrument. The trade date method of accounting has been adopted for 'regular way' purchase or sale of financial assets. The trade date is the date that the University commits to purchase or sell an asset. A 'regular way' contract is a contract for the purchase or sale of financial assets that requires delivery of the assets within the time frame generally established by regulation or convention in the marketplace concerned.

With the exception of trade and student debtors that do not contain a significant finance component, the University initially measures financial assets and liabilities at fair value plus, in the case of a financial asset or liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Trade and student debtors that do not contain a significant financing component are measured at transaction price in accordance with *IFRS15: Revenue from Contracts with Customers* (refer to accounting policy 4.2.5). Financial assets are classified, at initial recognition as subsequently measured at fair value through surplus or deficit, fair value through other comprehensive income or amortised cost, as appropriate.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the University's business model for managing them.

##### Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The University uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1:**  
Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2:**  
Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3:**  
Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the University determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in the following notes 23.7.

#### 4.10.1. Financial assets at amortised cost and receivables

The University measures financial assets at amortised cost if both the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The University's financial assets at amortised cost includes trade receivables, student fees receivable and cash and cash equivalents.

Cash and cash equivalents are initially measured at fair value. They are subsequently measured at amortised cost. For the purpose of the Statement of Cash Flows cash and cash equivalents consist of cash on hand and balances at banks, net of outstanding bank overdrafts, and short-term deposits.

#### 4.10.2. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through surplus or deficit, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Debt instruments may be designated at fair value through surplus or deficit on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Management is primarily focused on fair value information relating to its investments, which includes equity and debt instruments, and uses that information to assess the assets' performance and to make decisions. The business model is to manage and evaluate investments on a fair value basis, to hold investments for capital appreciation and to preserve the real value of the capital base. As a result, the University's investments have been classified at fair value through surplus or deficit with net changes in fair value recognised in the Income Statement.

This category includes derivative instruments, listed equity investments, collective investment schemes, unlisted equity investments, debt instruments such as government and corporate bonds, and money market deposits. Dividends on listed equity investments are also recognised as other income in the Income Statement when the right of payment has been established.

All derivative instruments of the University are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### 4.10.3. Financial Liabilities

Financial liabilities comprise accounts payable, student deposits and accrued liabilities and interest-bearing borrowings.

The University's financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in surplus or deficit when the liabilities are de-recognised as well as through the amortisation process.



## 4.11. DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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### 4.11.1. Financial Assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the University's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired.

The University has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

- a) The University has transferred substantially all the risks and rewards of the asset, or
- b) The University has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the University has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the University continues to recognise the transferred asset to the extent of the University's continuing involvement. In that case, the University also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the University has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the University could be required to repay.

### 4.11.2. Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in surplus or deficit.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position only when there is currently a legally enforceable right to set off the recognised amounts; and there is an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## 4.12. IMPAIRMENT OF FINANCIAL ASSETS AT AMORTISED COST

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The University considers debtors in default when contractual payments are 60 days past due. The University recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and student fees receivables, the University applies a simplified approach in calculating ECLs. Therefore, the University does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The University has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Financial asset at amortised cost are written off when there is no reasonable expectation of recovering the contractual cash flows.

## 4.13. INVESTMENT IN ASSOCIATES

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The University's investments in associates are accounted for using the equity method of accounting. An associate is an entity over which the University has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or jointly control these policies. If the University holds, directly or indirectly, 20%

or more of the voting power of the investee, it is assumed that the University has significant influence unless it can be clearly demonstrated that this is not the case.

Under the equity method, the investment in the associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the University's share of the surplus or deficit of the associate after the date of acquisition. The University's share of the surplus or deficit is recognised in the surplus or deficit for the year.

If the University's share of losses of an associate equals or exceeds its interest in the associate, the University discontinues recognising its share of further losses.

After the University's interest is reduced to zero, additional losses are provided for, and a liability recognised only to the extent that the University has incurred legal or constructive obligations or made payments on behalf of the associate.

After application of the equity method, including recognising the associate's losses, the University determines whether it is necessary to recognise any additional impairment loss with respect to the University's net investment in the associate.

Where there has been a change recognised directly in the equity of the associate, the University recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Funds. Unrealised gains and losses resulting from transactions between the University and the associates are eliminated to the extent of the interest in the associate. The reporting dates of the associates and the University are identical and the associate's accounting policies conform to those used by the University for like-transactions and events in similar circumstances.

#### 4.14. INVENTORIES

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Inventories are valued at the lower of cost and net realisable value. Net realisable value is the replacement cost of inventories.

Inventories are made up of consumables.

#### 4.15. LEASES

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The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of; whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset for a period of time in exchange for consideration.

##### 4.15.1. University as a lessee

The University applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The University recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### Right of use assets

Right of use assets are measured at the commencement date of the lease, equal to the lease liability raised. Subsequently, the right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Buildings 2 to 100 years
- Motor vehicles 18 months to 5 years

If ownership of the leased asset transfers to the University at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

## Lease liabilities

At the commencement date of the lease, the University recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include payments of penalties for terminating the lease, if the lease term reflects the University exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the University uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, i.e. a change in the lease term or a change in the lease payments.

## Short term leases and leases of low value assets

The University applies the short-term lease recognition exemption to its short-term leases of property. It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

### 4.15.2. University as a lessor

Leases where the University does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rentals are recognised as revenue in the period in which they are earned.



## 5. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2020

(All amounts in R'000)

	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets Under Construction	Total
<b>Carrying amount 1 January 2020</b>	<b>2 268 056</b>	<b>812 545</b>	<b>224 636</b>	<b>31 234</b>	<b>182 872</b>	<b>3 519 343</b>
<b>Cost</b>						
Cost 1 January 2020	2 601 873	1 215 631	432 289	50 413	182 872	<b>4 483 078</b>
Additions	212 937	97 770	71 532	4 337	49 669	<b>436 245</b>
Transfers	152 454	-	-	-	(152 454)	-
Disposals	(356)	(33 420)	(45 038)	(1 132)	-	<b>(79 946)</b>
Zero book value adjustment	-	39 118	3 495	-	-	<b>42 613</b>
<b>Cost 31 December 2020</b>	<b>2 966 908</b>	<b>1 319 099</b>	<b>462 278</b>	<b>53 618</b>	<b>80 087</b>	<b>4 881 990</b>
<b>Accumulated depreciation</b>						
Balance 1 January 2020	333 816	403 086	207 653	19 178	-	<b>963 733</b>
Disposals	(334)	(33 535)	(44 986)	(559)	-	<b>(79 414)</b>
Depreciation charge	44 757	92 371	81 661	3 583	-	<b>222 372</b>
Zero book value adjustment	-	39 118	3 495	-	-	<b>42 613</b>
<b>Balance 31 December 2020</b>	<b>378 239</b>	<b>501 040</b>	<b>247 823</b>	<b>22 202</b>	<b>-</b>	<b>1 149 304</b>
<b>Carrying amount 31 December 2020</b>	<b>2 588 669</b>	<b>818 059</b>	<b>214 455</b>	<b>31 416</b>	<b>80 087</b>	<b>3 732 686</b>

A register of land and buildings is available for inspection at the business address. The University is not permitted to dispose of, or otherwise alienate, its land and buildings without the approval of the Minister of Higher Education and Training. In addition, there are further restrictions on the alienation of certain properties held by deed of grant under the Rhodes Will Act. The University's buildings and land improvements have an insured value of R30.1 billion (2019: R29.7 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R189.2 million (2019: R187.4 million).

An immaterial portion of property, plant and equipment is leased to third parties. Refer to note 24.3 for further information.

## Year ended 31 December 2019

(All amounts in R'000)

Note	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets Under Construction	Total	
Carrying amount previously reported	2 144 064	746 061	101 030	23 874	182 716	3 197 745	
Prior period adjustment	33	-	43 694	53 447	-	-	97 141
<b>Restated carrying amount at 1 January 2019</b>	<b>2 144 064</b>	<b>789 755</b>	<b>154 477</b>	<b>23 874</b>	<b>182 716</b>	<b>3 294 886</b>	
<b>Cost</b>							
Restated cost at 1 January 2019	2 438 701	1 147 212	337 423	42 797	182 716	4 148 849	
Cost as previously reported	2 438 701	1 057 284	227 182	42 797	182 716	3 948 680	
Prior period adjustment	33	-	89 928	110 241	-	-	200 169
Restated additions	71 498	121 899	145 127	11 062	176 879	526 465	
Additions as previously reported	71 498	96 554	77 621	11 062	176 879	433 614	
Prior period adjustment	33	-	25 345	67 506	-	-	92 851
Loss of control of subsidiary	-	(2 582)	(40)	-	-	(2 622)	
Transfers	91 912	-	-	-	(91 912)	-	
Transfer to right of use assets	-	-	-	-	(84 810)	(84 810)	
Restated disposals	(239)	(50 911)	(50 220)	(3 447)	-	(104 817)	
Disposals as previously reported	(239)	(20 892)	(13 514)	(3 447)	-	(38 092)	
Prior period adjustment	33	-	(30 019)	(36 706)	-	-	(66 725)
<b>Cost 31 December 2019</b>	<b>2 601 872</b>	<b>1 215 618</b>	<b>432 290</b>	<b>50 412</b>	<b>182 873</b>	<b>4 483 065</b>	



**Year ended 31 December 2019**

(All amounts in R'000)

Note	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets Under Construction	Total
<b>Accumulated depreciation</b>						
Restated accumulated depreciation at 1 January	294 637	357 457	182 946	18 923	-	853 963
Accumulated depreciation as previously reported	294 637	311 223	126 152	18 923	-	750 935
Prior period adjustment	33	-	46 234	56 794	-	103 028
Restated disposals	(187)	(43 201)	(49 378)	(2 893)	-	(95 659)
Disposals as previously reported	(187)	(13 182)	(12 673)	(2 893)	-	(28 935)
Prior period adjustment	33	-	(30 019)	(36 705)	-	(66 724)
Loss of control of subsidiary	-	(16)	(9)	-	-	(25)
Restated depreciation charge	39 366	88 833	74 096	3 148	-	205 443
Depreciation charge as previously reported	39 366	59 986	29 545	3 148	-	132 045
Prior period adjustment	33	-	28 847	44 551	-	73 398
<b>Balance 31 December 2019</b>	<b>333 816</b>	<b>403 073</b>	<b>207 655</b>	<b>19 178</b>	<b>-</b>	<b>963 722</b>
<b>Carrying amount 31 December 2019</b>	<b>2 268 056</b>	<b>812 545</b>	<b>224 635</b>	<b>31 234</b>	<b>182 873</b>	<b>3 519 343</b>



## 6. INVESTMENTS

	2020 R'000	Restated* 2019 R'000
<b>LISTED INVESTMENTS</b>		
<b>Local investments</b>		
Equities	1 964 346	2 077 880
Mutual funds/Exchange traded funds	3 469	10 341
Collective investment schemes	968 939	503 984
Capital market interest-bearing investments	311 157	311 123
<b>International investments</b>		
Mutual funds	93 867	78 222
Collective investment schemes	722 624	642 183
<b>UNLISTED INVESTMENTS</b>		
<b>Local investments</b>		
Equities	12 404	12 964
Mutual funds/Exchange traded funds	307 830	272 732
Collective investment schemes	163 169	64 507
Capital market interest-bearing investments	1 040 260	641 219
Local equity-linked-derivatives	17	2 632
Local money market and call deposits	807 578	1 271 305
Unlisted companies	56 750	46 000
<b>International investments</b>		
Mutual funds	487 701	400 626
Equity collective investment schemes	913 550	722 419
Money market and call deposits	188	-
<b>TOTAL INVESTMENTS</b>	<b>7 853 849</b>	<b>7 058 137</b>

\* In the prior year investments with a total value of R272 730 672 were incorrectly classified as listed (R119 214 569) and unlisted (R153 516 103) capital market interest-bearing investments. These investments should have been classified as unlisted local mutual funds and the comparative information has been restated to correctly reflect this. This has also resulted in the prior period fair value hierarchy classifications being restated; investments to the value of R119 214 569 previously classified in level 1 have now been reclassified to level 2. This has no impact on the carrying value of investments.

No investments were pledged as security during the financial year.

## Fair value hierarchy

As at 31 December 2020, the University held the above financial instruments measured at fair value. The University uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:**  
Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- **Level 2:**  
Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- **Level 3:**  
Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All corporate bonds are considered to be classified as level 2 investments, with government bonds classified as level 1. All corporate and government bonds have been grouped in aggregate under local capital market interest-bearing investments. Derivative instruments are entered into with reputable financial institutions. The credit exposure of derivatives is subject to movements in the appropriate indices. The portfolio managers make limited use of futures and option contracts for hedging purposes to manage the equity exposure flexibly and cost effectively. This is done in order to achieve desired equity exposures.

Level 2 investments consist of money market instruments, corporate bonds, equity linked derivatives and some investments in collective investment schemes. Investments are deposits held with financial institutions. The fair values of these amounts reflect the time value of money.

The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The University enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Derivatives are valued using valuation techniques, which employ the use of market observable inputs. As at 31 December 2020, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative counterparty default risk.

Level 3 unlisted equity investments were valued based on previous recent market transactions adjusted where necessary for significant changes to the business subsequent to the date of these transactions. As no reasonable change in these adjustments would give rise to a material impact on surplus or deficits, no sensitivities to these inputs have been presented.

At 31 December 2020, the University held the following financial instruments measured at fair value:

	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
<b>Local investments</b>				
Local equity shares	1 976 750	1 964 346	12 404	-
Local mutual funds	311 299	3 469	307 830	-
Local collective investment schemes	1 132 108	968 939	163 169	-
Local capital market interest-bearing investments	1 351 417	311 157	1 040 260	-
Local equity-linked derivatives	17	-	17	-
Local money market deposits	807 578	-	807 578	-
Local unlisted entities	56 750	-	-	56 750
<b>International investments</b>				
International mutual funds	581 568	93 867	487 701	-
International collective investment schemes	1 636 174	722 624	913 550	-
International money market and call deposits	188	-	188	-
<b>Total</b>	<b>7 853 849</b>	<b>4 064 402</b>	<b>3 732 697</b>	<b>56 750</b>



At 31 December 2019, the University held the following financial instruments measured at fair value:

	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
<b>Local investments</b>				
Local equity shares	2 090 844	2 077 880	12 964	-
Local mutual funds	283 073	10 341	272 732	-
Local collective investment schemes	568 491	503 984	64 507	-
Local capital market interest-bearing investments	952 342	311 123	641 219	-
Local equity-linked derivatives	2 632	-	2 632	-
Local money market deposits	1 271 305	-	1 271 305	-
Local unlisted entities	46 000	-	-	46 000
<b>International investments</b>				
International mutual funds	478 848	78 222	400 626	-
International collective investment schemes	1 364 602	642 183	722 419	-
<b>Total</b>	<b>7 058 137</b>	<b>3 623 733</b>	<b>3 388 404</b>	<b>46 000</b>

#### Reconciliation of Level 3 investments

	2020 R'000	2019 R'000
Balance at 1 January	46 000	46 000
Gains and losses recognised in surplus or deficit	-	-
Purchase	10 750	-
Impairment	-	-
<b>Balance at 31 December</b>	<b>56 750</b>	<b>46 000</b>



## 7. INVESTMENTS IN ASSOCIATES

The University has the following interests in associates:

Name of Associate	% interest	Nature of activities	Principal place of business
UCT Medical Centre (Pty) Ltd trading as UCT Private Academic Hospital	26%	The University has an interest in the UCT Medical Centre (Pty) Ltd, which operates a private hospital.	Cape Town, South Africa
Hyplat (Pty) Ltd	23%	Hyplat (Pty) Ltd is a specialist fuel cell technology company.	Cape Town and Johannesburg, South Africa

	2020 R'000		
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	Total
Opening balance	-	1 111	1 111
Share of profit/(loss) for the year	(912)	(118)	(1 030)
Reversal of impairment	2 411	-	2 411
Write up to reflect net asset value of associate	1 271	-	1 271
<b>Carrying value</b>	<b>2 770</b>	<b>993</b>	<b>3 763</b>

	2019 R'000		
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	Total
Opening balance	2 411	529	2940
Share of profit/(loss) for the year	-	582	582
Accumulated losses	(2 411)	-	(2 411)
<b>Carrying value</b>	<b>-</b>	<b>1 111</b>	<b>1 111</b>

Summarised provisional financial information is set out below.

### Associates' statements of financial position:

	2020 R'000		2019 R'000	
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)
Non-current assets	58 569	6 639	68 008	5 702
Current assets	26 533	7 225	18 667	8 823
Non-current liabilities	(57 698)	-	(51 916)	-
Current liabilities	(16 133)	(14 113)	(13 712)	(9 822)
<b>Net assets/(liabilities)</b>	<b>11 271</b>	<b>(248)</b>	<b>21 047</b>	<b>4 703</b>
<b>Equity</b>	<b>11 271</b>	<b>(248)</b>	<b>21 047</b>	<b>4 703</b>
Share capital	20 000	1	20 000	-
Accumulated losses	(10 624)	(249)	(229)	4 703
Non-distributable reserves	1 276	-	1 276	-
Minority interest	619	-	-	-

### Associate's revenue and losses:

	2020 R'000		2019 R'000	
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)
Revenue	160 131	5 239	195 083	8 856
Cost of sales	(94 452)	(59)	(105 561)	(139)
Other income	122	150	104	3 101
Administrative expenses	(68 431)	(5 842)	(70 857)	(9 581)
Net finance costs	(5 256)	-	(4 778)	293
Profit/(loss) before tax	(7 886)	(512)	13 991	2 530
Income tax expense	3 147	-	(289)	-
<b>Profit/(loss) for the year</b>	<b>(4 739)</b>	<b>(512)</b>	<b>13 702</b>	<b>2 530</b>
Less (profit)/loss attributable to minority shareholders	1 232	-	-	-
Profit/(loss) attributable to equity holders of the parent	(3 507)	(512)	13 702	2 530
<b>University's share of profits/(losses)</b>	<b>(912)</b>	<b>(118)</b>	<b>3 563</b>	<b>582</b>

## 8. NON-CURRENT RECEIVABLES AND PREPAYMENTS

	2020 R'000	2019 R'000
The University of Cape Town Ukukhula Trust	2 830	4 017
Loans to Sports Science Share Block (Pty) Ltd shareholders	16 087	15 448
Loan to Hyplat (Pty) Ltd	500	-
	<b>19 417</b>	<b>19 465</b>

The loan to the Ukukhula Trust has no fixed terms of repayment and earns interest at a weighted average rate of interest of 5.77% (2019: 7.82%).

The loans to Sports Science Share Block (Pty) Ltd shareholders relate to obligations by the shareholders to the share block company with regards to the property assets previously held by the share block.

The loan to Hyplat (Pty) Ltd is repayable over a period of 5 years and earns interest at a rate of prime plus 1%.

## 9. ACCOUNTS RECEIVABLES AND PREPAYMENTS

	2020 R'000	2019 R'000
Research receivables	115 350	140 306
Other trade receivables	79 440	89 047
<b>Total trade receivables</b>	<b>194 790</b>	<b>229 353</b>
Property deposits and guarantees	518	496
Prepayments	30 217	46 794
Research funding accrual	124 843	71 505
Sundry receivables	107 324	59 902
<b>Accounts receivables and prepayments</b>	<b>457 692</b>	<b>408 050</b>
Student fees receivables	226 131	196 586
	<b>683 823</b>	<b>604 636</b>

Accounts receivables are non-interest-bearing and are generally settled on 30-day terms. The trade receivables total is net of the impairment provision, calculated using the expected credit losses.

Sundry receivables consist of amounts due from UCT societies and organisations, which operate through UCT, but do not form part of UCT's activities.

The above total for accounts receivable and prepayments disclosed in note 23.7 excludes prepayments and property deposits, as these are not financial instruments as defined.

### TRADE RECEIVABLES

As at 31 December, the age analysis of trade receivables is as follows:

Amounts in R'000	Up to 30 days	30 to 60 days	60 to 90 days	90 to 180 days	180 days plus	Total
Net receivable: 31 December 2020	104 326	22 022	26 670	27 546	14 226	<b>194 790</b>
Gross trade receivables	105 666	22 972	27 165	28 610	20 600	<b>205 013</b>
Provision for expected losses	(1 340)	(950)	(495)	(1 064)	(6 374)	<b>(10 223)</b>
Expected loss rate	1.27%	4.13%	1.82%	3.72%	30.94%	<b>4.94%</b>

Amounts in R'000	Up to 30 days	30 to 60 days	60 to 90 days	90 to 180 days	180 days plus	Total
Net receivable: 31 December 2019	91 490	42 563	39 393	28 601	27 306	<b>229 353</b>
Gross student fees receivable	91 990	43 086	40 101	29 416	34 985	<b>239 578</b>
Provision for expected losses	(500)	(523)	(708)	(815)	(7 679)	<b>(10 225)</b>
Expected loss rate	0.54%	1.21%	1.77%	2.77%	21.95%	<b>4.27%</b>

The University considers debtors in default when contractual payments are 60 days past due. These are then individually considered for impairment. The trade receivables are grouped according to days outstanding in order to calculate the expected loss rate per grouping. See note 23.5 on credit risk of trade receivables, which explains how the University manages and measures credit quality of trade receivables.

As at 31 December, trade receivables at a nominal value of R10.2 million (2019: R10.2 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	2020 R'000	2019 R'000
<b>Balance at 1 January</b>	10 225	9 650
Charge for the year	1 734	2 463
Used	(1 736)	(1 888)
<b>Balance at 31 December</b>	<b>10 223</b>	<b>10 225</b>

## STUDENT FEES RECEIVABLE

The student fees receivable is net of the impairment provision. The rate of interest charged to students was a fixed rate of 1% (2019:1%) per month. This rate of interest is charged on prior year unpaid student fees and on current year outstanding student fees that are not paid by 30 June of the current year.

As at 31 December, the age analysis of student fees receivable, all of which are due, is as follows:

All amounts in R'000	2020 Fees	2019 Fees	2018 Fees	2017 Fees	Total
Net receivable: 31 December 2020	191 378	25 638	8 272	843	<b>226 131</b>
Gross student fees receivable	252 878	54 880	26 305	29 106	<b>363 169</b>
Provision for expected losses	(61 500)	(29 242)	(18 033)	(28 263)	<b>(137 038)</b>
Expected loss rate	24.32%	53.28%	68.55%	97.10%	<b>37.73%</b>

All amounts in R'000	2019 Fees	2018 Fees	2017 Fees	2016 Fees	Total
Net receivable: 31 December 2019	175 546	14 354	4 364	2 321	<b>196 586</b>
Gross student fees receivable	191 296	35 886	17 455	26 371	<b>271 008</b>
Provision for expected losses	(15 750)	(21 532)	(13 091)	(24 049)	<b>(74 422)</b>
Expected loss rate	8.23%	60.00%	75.00%	91.20%	<b>27.46%</b>

Due to the nature of its operations, the University tracks outstanding fees on an academic year basis. The University considers all prior years' outstanding fees as past due. The University anticipates that the majority of current year fees will be settled as part of the registration process for the 2021 academic year. It is University policy that returning students are not allowed to register with outstanding fee debt.

As at 31 December, student receivables with a nominal value of R137.0 million (2019: R74.4 million) were impaired and fully provided for. The student fee receivable is grouped according to the year in which the fees were earned, in order to calculate the expected loss rate per grouping. Movements in the provision for impairment of student fees receivables were as follows:

	2020 R'000	2019 R'000
<b>Balance at 1 January</b>	74 422	58 521
Charge for the year	77 435	28 776
Used	(14 819)	(12 875)
<b>Balance at 31 December</b>	<b>137 038</b>	<b>74 422</b>

## 10. CASH AT BANK AND CASH EQUIVALENTS

	2020 R'000	2019 R'000
Cash at bank and in hand	176 015	95 535
Local short-term bank deposits	1 356 169	1 355 952
	<b>1 532 184</b>	<b>1 451 487</b>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are redeemable at 24 hours' notice, are drawn down or added to depending on the immediate cash requirements of the University, and earn interest at the respective short-term deposit rates. The carrying amount of cash and cash equivalents approximates fair value.

At 31 December 2020, the University has an undrawn loan facility of R857 million (2019: R849 million) with the Development Bank of Southern Africa (DBSA) to be utilised over time to finance potential infrastructure projects which are self-sustaining.

The weighted average effective interest rate on local short-term bank deposits was 5.51% (2019: 7.4%). Cash and cash equivalents for the purpose of the consolidated statement of cash flows are as stated above.

## 11. DEFERRED REVENUE

### 11.1. GOVERNMENT GRANTS

	Note	2020 R'000	2019 R'000
<b>At 1 January</b>		943 623	927 012
As previously reported		943 623	865 222
Prior period adjustment	33	-	61 790
Received during the year		41 438	83 217
Prior period adjustment	33	-	43 948
Released to the income statement		(40 615)	(110 554)
		944 446	943 623
Current portion of government grants		(67 520)	(125 864)
<b>At 31 December</b>		<b>876 926</b>	<b>817 759</b>

This represents capital grants for infrastructure received from the Department of Higher Education and Training (DHET). These grants must be spent in accordance with the provisions of the projects as approved by the DHET.

### 11.2. PROJECT INCOME

The deferred project income relates to the deferment of income not relating to government grants, e.g. research contracts.

Project income	2020 R'000	2019 R'000
<b>At 1 January</b>	135 301	114 523
Received during the year	269 727	109 501
Released to the income statement	(67 196)	(88 723)
	337 832	135 301
Current portion of project income	(337 832)	(135 301)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

## 12. EMPLOYEE BENEFIT LIABILITIES

	2020 R'000	2019 R'000
Gratuity liability for academic staff	74 941	78 408
Leave liability for administrative and support staff	210 510	147 097
Post-retirement medical aid benefit obligation	484 400	487 800
<b>Total employee benefit liabilities</b>	<b>769 851</b>	<b>713 305</b>
Current portion – gratuity liability academic staff	(3 211)	(9 999)
Current portion – leave liability for administration and support staff	(79 321)	(50 322)
Current portion – post-retirement medical aid obligation	(25 000)	(23 500)
<b>Total employee benefit liabilities</b>	<b>(107 532)</b>	<b>(83 821)</b>
<b>Total non-current employee benefit liabilities</b>	<b>662 319</b>	<b>629 484</b>

### 12.1. GRATUITY LIABILITY FOR ACADEMIC STAFF

The University has a policy to pay a gratuity on death, retrenchment or retirement where a member of the academic staff has not taken study and research leave. Study and research leave may be granted to allow academic staff uninterrupted research work, usually away from Cape Town, and is not regarded as a vacation.

In estimating the liability, management has used the following assumptions in calculating the liability, which are consistent with the prior year:

- Academics 55 years old - Assume all will stay to retirement
- Academics 45 years old to 55 years old - Assume 70% will stay to retirement
- Academics younger than 45 years old - Assume 40% will stay to retirement

In addition, in order to fairly value the liability, management has assumed that future salary increases will be 7.6% per annum (2019: 6.3%), while the discount rate that has been applied is 13.2% (2019: 10.9%).

A one percentage point change in the assumed rate of increase in future salaries and discount rate would have the following effect on the obligation.

	2020		2019	
	R'000	R'000	R'000	R'000
	+1%	-1%	+1%	-1%
Change in liability - salary inflation	6 709	(5 836)	2 007	(15 605)
Change in liability - discount rate	(5 836)	6 709	(15 605)	2 007

### 12.2. LEAVE LIABILITY FOR ADMINISTRATIVE AND SUPPORT STAFF

An accrual is made for the estimated liability for annual leave because of services rendered by professional, administrative and support staff up to reporting date.

### 12.3. POST-RETIREMENT MEDICAL AID BENEFIT OBLIGATION

The University's obligations towards post-retirement medical aid benefits, determined in terms of IAS 19 Employee Benefits, are set out below.

For the purpose of the valuation at 31 December the following key assumptions were made; discount rate 13.2% (2019: 10.9%); expected inflation on medical aid contributions of 10.0% (2019: 8.3%). Post retirement mortality is based on PA (90) ultimate mortality tables rated down three years (2019: three years).

It is assumed, in both the current and prior year, that 2.5% of members present will retire at each age from 55 to 59 and ages 61 and 62; and 15% of members will retire at age 60; and 10% of members at ages 63 and 64 will retire; with all the remaining members retiring at age 65. The expected average remaining working lives of the employees participating in the scheme is 17 years (2019: 17 years).

It is estimated that the benefits payable in respect of funding obligations for the year ending 31 December 2021 will be R25.0 million (2020: R23.5 million).

A one percentage point change in the assumed rate of increase in medical aid inflation would have the following effect on the defined benefit obligation:

	2020		2019	
	R'000	R'000	R'000	R'000
	+1%	-1%	+1%	-1%
Liability	62 600	(52 100)	66 900	(55 200)
Service cost	3 500	(2 800)	3 800	(3 100)
Interest cost	8 700	(7 300)	7 700	(6 400)

A 50-basis point change in the discount rate would have the following effect on the defined benefit obligation:

	2020		2019	
	R'000	R'000	R'000	R'000
	+0.5%	-0.5%	+0.5%	-0.5%
Liability	(27 400)	30 200	(29 300)	32 400

The estimated liability for the current and previous four periods is as follows:

	2020	2019	2018	2017	2016
Liability	484 400	487 800	499 200	484 300	492 500





The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	2020 R'000	2019 R'000
Within the next 12 months	25 000	23 500
Beyond 12 months	459 400	464 300
<b>Total liability</b>	<b>484 400</b>	<b>487 800</b>

The net expense recognised in profit and loss is as follows:

	2020 R'000	2019 R'000
Expenses in the income statement	71 900	70 800
- Interest on obligation	53 900	49 500
- Current service cost	18 000	21 300
Gains in the statement of other comprehensive income	(51 900)	(60 700)
- Actuarial (gain) due to demographic factors	(13 900)	(13 800)
- Actuarial gain on financial factors	(38 000)	(46 900)

Reconciliation of the change in the present value of the defined benefit obligation:

	2020 R'000	2019 R'000
Defined benefit obligation at start of year	487 800	499 200
Interest on obligation	53 900	49 500
Current service cost	18 000	21 300
Actuarial gains	(51 900)	(60 700)
Benefits paid in respect of funding obligations	(23 400)	(21 500)
<b>Defined benefit obligation at end of year</b>	<b>484 400</b>	<b>487 800</b>

### 13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2020 R'000	2019 R'000
Trade payables	154 328	148 805
Accrued expenses	55 715	62 897
National Research Foundation grant deposit	85 000	92 300
Payroll	115 845	92 577
Other payables	107 996	45 343
	<b>518 884</b>	<b>441 922</b>
Financial liabilities	498 742	420 366
Non-financial liabilities	20 142	21 556
	<b>518 884</b>	<b>441 922</b>

Trade and other payables are non-interest-bearing and are normally settled on 30-day terms. The National Research Foundation (NRF) grant deposit is based on the expenditure claim rate against grants, awarded to grant holders at the University and is given to bridge the financing of NRF funded research projects. Regular expenditure claims ensure the preservation of the capital of the grant deposit and the interest earned from this investment supports the administration and management of NRF-RISA research funding by the University.

## 14. STATE APPROPRIATIONS – SUBSIDIES AND GRANTS

	2020 R'000	2019 R'000
Subsidy for general purpose	1 740 080	1 671 745
State grants and contracts	504 652	552 223
Release of deferred revenue	49 304	110 554
	<b>2 294 036</b>	<b>2 334 522</b>

There are no unfulfilled conditions or other contingencies attaching to the subsidies and grants that have been recognised above.

## 15. INTEREST AND DIVIDENDS

	Note	2020 R'000	Restated 2019 R'000
<b>Interest calculated using the effective interest rate method</b>		<b>166 183</b>	<b>112 538</b>
Restated bank interest		92 418	60 376
Bank interest as previously reported		92 418	70 862
Prior period adjustment	33	-	(10 486)
Interest income on student fees		57 914	43 084
Interest income on other receivables		15 851	9 078
<b>Other interest</b>		<b>203 137</b>	<b>286 210</b>
Interest on investments		203 137	286 210
<b>Total interest</b>		<b>369 320</b>	<b>398 748</b>
Dividends		125 161	93 473
		<b>494 481</b>	<b>492 221</b>



## 16. PERSONNEL COSTS

All amounts in R'000	2020		
	Academic Professionals	Other	Total
Wages and salaries	1 373 169	1 822 912	3 196 081
Termination benefits	8 823	78 386	87 209
UCT Retirement Fund provident fund costs	198 622	253 685	452 307
Other provident and pension fund costs	-	3 874	3 874
Post-retirement medical aid benefits	31 573	40 327	71 900
	<b>1 612 187</b>	<b>2 199 184</b>	<b>3 811 371</b>

All amounts in R'000	2019		
	Academic Professionals	Other	Total
Wages and salaries	1 275 179	1 764 741	3 039 920
Termination benefits	8 179	21 577	29 756
UCT Retirement Fund provident fund costs	206 312	210 639	416 951
Other provident and pension fund costs	-	3 163	3 163
Post-retirement medical aid benefits	30 819	39 981	70 800
	<b>1 520 489</b>	<b>2 040 101</b>	<b>3 560 590</b>

Average number of persons employed during the year:

	2020	2019
Full time	5 440	5 381
Part time	1 744	2 181
Students	1 581	1 842
<b>Total</b>	<b>8 765</b>	<b>9 404</b>

## 17. REVENUE FROM CONTRACTS WITH CUSTOMERS

	2020 R'000	2019 R'000
<b>Type of goods or service</b>		
Tuition and other fee income	1 442 389	1 612 892
Gross tuition and other fee income	1 666 016	1 903 378
Council bursaries	(49 501)	(125 908)
Restricted bursaries	(174 126)	(164 578)
Income from commercial research contracts	54 101	56 777
Rendering of services	528 174	719 326
<b>Total revenue from contracts with customers</b>	<b>2 024 664</b>	<b>2 388 995</b>

Income from commercial research contracts concluding more than 12 months after year end amounted to R9.2 million (2019: R9.4 million) at the end of the year.

	2020 R'000		2019 R'000	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
Opening balance	3 420	(37 061)	4 013	(31 973)
Amounts received	16 038	44 014	5 105	51 672
Amounts utilised	(3 674)	(50 427)	(5 698)	(56 760)
<b>Closing balance</b>	<b>15 784</b>	<b>(43 474)</b>	<b>3 420</b>	<b>(37 061)</b>

## 18. OTHER OPERATING EXPENSES

The following items are included in the operating surplus:

	2020 R'000	2019 R'000
<b>Other operating expenses:</b>		
Library acquisitions	112 635	88 408
Repairs and maintenance	148 021	153 148
Software costs	49 071	54 114

## 19. INTEREST-BEARING BORROWINGS

	2020 R'000	2019 R'000
Non-current borrowings – Development Bank of South Africa	84 756	92 634
Non-current borrowings – Standard Bank Limited	139	327
Current borrowings	7 878	7 878
<b>Total borrowings</b>	<b>92 773</b>	<b>100 839</b>

Interest-bearing loans are held to maturity at amortised cost.

The loan from the Development Bank of South Africa (DBSA) has been used to finance capital infrastructural development and is unsecured.

The first drawdown of R96 million is for a period of fifteen years and bears interest at a variable rate of 1 month JIBAR plus 2.2% (2019: 1-month JIBAR plus 2.2%) per annum. The loan is repayable over a period of 168 monthly instalments, which commenced 31 October 2018, the last of which is due on 30 September 2032.

The second drawdown of R14 million is for a period of thirteen and a half years and bears interest at a variable rate of 1-month JIBAR plus 2% (2019: 1-month JIBAR plus 2%) per annum. The loan is repayable over a period of 162 monthly instalments, which commenced on 31 March 2019, the last of which is due on 30 September 2032.

## 20. LEASES

### 20.1. RIGHT-OF-USE ASSETS

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	2020 R'000		
	Land, Buildings and Land Improvements	Motor Vehicles	Total
<b>Carrying amount 1 January 2020</b>	<b>526 848</b>	<b>47 821</b>	<b>574 669</b>
<b>Cost</b>			
Cost 1 January 2020	598 143	58 860	<b>657 003</b>
Additions	9 649	2 523	<b>12 172</b>
Terminations	(41 773)	-	<b>(41 773)</b>
<b>Cost 31 December 2020</b>	<b>566 019</b>	<b>61 383</b>	<b>627 402</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2020	71 295	11 039	<b>82 334</b>
Depreciation charge	104 273	11 431	<b>115 704</b>
Terminations	(28 009)	-	<b>(28 009)</b>
<b>Balance 31 December 2020</b>	<b>147 559</b>	<b>22 470</b>	<b>170 029</b>
<b>Carrying amount 31 December 2020</b>	<b>418 460</b>	<b>38 913</b>	<b>457 373</b>

	2019 R'000		
	Land, Buildings and Land Improvements	Motor Vehicles	Total
<b>Carrying amount 1 January 2019</b>	<b>269 799</b>	<b>58 781</b>	<b>328 580</b>
<b>Cost</b>			
Cost 1 January 2019	269 799	58 781	<b>328 580</b>
Additions	243 534	79	<b>243 613</b>
Transfers from property, plant and equipment (note 5)	84 810	-	<b>84 810</b>
<b>Cost 31 December 2019</b>	<b>598 143</b>	<b>58 860</b>	<b>657 003</b>
<b>Accumulated depreciation</b>			
Balance 1 January 2019	-	-	-
Depreciation charge	71 295	11 039	<b>82 334</b>
<b>Balance 31 December 2019</b>	<b>71 295</b>	<b>11 039</b>	<b>82 334</b>
<b>Carrying amount 31 December 2019</b>	<b>526 848</b>	<b>47 821</b>	<b>574 669</b>

The transfer from property, plant and equipment relates to the Neuroscience building, built on land owned by UCT. The building has been donated to the Western Cape government, however UCT retains the right to use the building for its expected useful life.

## 20.2. LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2020 R'000	2019 R'000
As at 1 January	514 997	328 580
Additions	2 523	243 614
Interest	35 805	29 168
Payments	(125 302)	(86 365)
Terminations	(13 765)	-
<b>As at 31 December</b>	<b>414 258</b>	<b>514 997</b>
Non-current portion	302 514	394 654
Current portion	111 744	120 343
	<b>414 258</b>	<b>514 997</b>

The maturity analysis of lease liabilities is disclosed in Note 23.6.

## 20.3. AMOUNTS RECOGNISED IN PROFIT AND LOSS

The following are the amounts recognised in profit or loss relating to leases:

	2020 R'000	2019 R'000
Income from subleasing right of use assets	(173)	(184)
Depreciation expense of right-of-use assets	115 704	82 334
Interest expense on lease liabilities	35 805	29 168
Expense relating to short-term leases	82	12 034
Expense relating to leases of low-value assets	2 533	2 870
<b>Total amount recognised in profit or loss</b>	<b>153 951</b>	<b>126 222</b>

## 20.4. EXTENSION AND TERMINATION OPTIONS

The University has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the University's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3.1.4).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term:

	2020		
	Within 5 years R'000	More than 5 years R'000	Total R'000
Extension options expected not to be exercised	55 121	3 614 390	3 669 511
Termination options expected to be exercised	-	-	-
	2019		
	Within 5 years R'000	More than 5 years R'000	Total R'000
Extension options expected not to be exercised	41 504	3 502 855	3 544 359
Termination options expected to be exercised	-	-	-

## 21. BURSARIES, FINANCIAL AID AND SCHOLARSHIPS

### 21.1. UCT EXPENSES

	2020 R'000			2019 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
Council-Controlled Unrestricted	110 344	65 354	<b>175 698</b>	209 522	66 938	<b>276 460</b>
Specifically-Funded Activities Restricted	63 511	295 902	<b>359 413</b>	100 940	321 124	<b>422 064</b>
	<b>173 855</b>	<b>361 256</b>	<b>535 111</b>	<b>310 462</b>	<b>388 062</b>	<b>698 524</b>

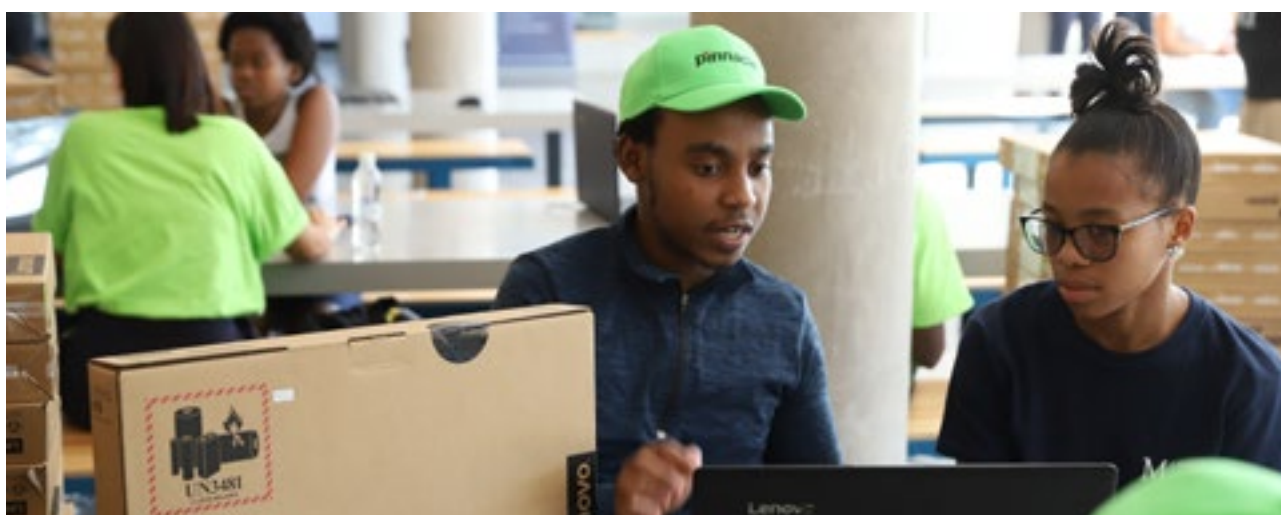
The above expenses have been disclosed in the consolidated income statement as follows:

	2020 R'000			2019 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
Offset against tuition income	84 401	139 226	<b>223 627</b>	198 071	92 415	<b>290 486</b>
Financial aid and scholarship expenses	89 454	222 030	<b>311 484</b>	112 391	295 647	<b>408 038</b>
	<b>173 855</b>	<b>361 256</b>	<b>535 111</b>	<b>310 462</b>	<b>388 062</b>	<b>698 524</b>

### 21.2. NON-UCT EXPENSES

Relating to financial aid awarded to students where UCT acts as an agent between the bursar and the student.

	2020 R'000			2019 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
National Student Financial Aid Scheme (NSFAS)	600 187	-	<b>600 187</b>	429 346	-	<b>429 346</b>
Other external donors	245 663	2 813	<b>248 476</b>	336 813	1 838	<b>338 651</b>
	<b>845 850</b>	<b>2 813</b>	<b>848 663</b>	<b>766 159</b>	<b>1 838</b>	<b>767 997</b>



## 22. TRANSFERS

### 22.1. TRANSFERS IN THE CONSOLIDATED INCOME STATEMENT

	2020 R'000			
	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	Total
General operating budget transfer to Housing	(40 000)	-	40 000	-
Research levies	70 632	(70 632)	-	-
Transfers of project costs	1 176	(1 289)	113	-
Transfers for software costs	15 808	(15 808)	-	-
Transfer required due to <i>IFRS15</i> treatment of bursaries	174 126	(174 126)	-	-
	<b>221 742</b>	<b>(261 855)</b>	<b>40 113</b>	<b>-</b>

	2019 R'000			
	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	Total
General operating budget transfer to Housing	(55 033)	-	55 033	-
Research levies	67 573	(67 573)	-	-
Transfers of project costs	54 961	(54 961)	-	-
Baxter Theatre operations transfer	(10 732)	10 732	-	-
Transfer required due to <i>IFRS15</i> treatment of bursaries	164 578	(164 578)	-	-
	<b>221 347</b>	<b>(276 380)</b>	<b>55 033</b>	<b>-</b>

The transfer relating to the *IFRS15: Revenue from Contracts with Customers* treatment of bursaries is necessary as the standard requires that bursaries that offset tuition costs be offset against tuition income, and not be disclosed as expenses. However, as all tuition income is Council-controlled, the portion of specifically-funded activities' bursaries that are offset against tuition income represents a transfer of expenses from specifically-funded activities to Council-controlled, and this transfer incorporates this impact.





## 22.2. TRANSFERS IN THE CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

	2020 R'000			
	Endowed Funds	Education and General	Council-Controlled	Total
Transfer of UCT Foundation surplus	271 769	(271 769)	-	-
Transfer of endowed interest related to Council activities	-	(30 156)	30 156	-
	<b>271 769</b>	<b>(301 925)</b>	<b>30 156</b>	<b>-</b>

	2019 R'000			
	Endowed Funds	Education and General	Council-Controlled	Total
Transfer of UCT Foundation surplus	394 774	(394 774)	-	-
Transfer of endowed interest related to Council activities	-	(23 430)	23 430	-
	<b>394 774</b>	<b>(418 204)</b>	<b>23 430</b>	<b>-</b>

## 23. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The University's principal financial instruments comprise equities and debt instruments measured at fair value through profit or loss, accounts receivables, student fee receivables, cash and cash equivalents, accounts payable, interest-bearing borrowings and accrued liabilities. The University manages a substantial portfolio of financial assets with a long-term view to growing the portfolio in order to provide financial stability and support for new initiatives and strategic choices.

The University may enter into derivative transactions. The University's portfolio managers make limited use of futures and option contracts for hedging purposes only to manage the equity exposure flexibly and cost effectively. This is done in order to achieve desired equity exposures.

Forward exchange contracts may be entered into to mitigate risks relating to transactional currency exposures.

The main risks arising from the University's financial instruments are market, credit and liquidity risks. The Council, through its Finance and Joint Investment Committees, reviews and agrees policies for managing each of these risks which are summarised below.

### 23.1. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price, currency and interest rate risk.

The University's exposure to market risk relates primarily to its investments which are measured at fair value through profit or loss. These financial assets are invested in terms of a considered strategy adopted by the University Council and the Board of Trustees of the UCT Foundation, advised by the Joint Investment Committee. The strategy takes into account the risk profile of the individual endowed funds and allocates investments to appropriate asset classes. Portfolios are then allocated to selected portfolio managers who operate under defined mandates. The investment decisions made and performances of these managers are closely monitored by the Joint Investment Committee.

The Joint Investment Committee comprises trustees of the Foundation, members of the University's Council and external members with specific expertise relating to investments. The Joint Investment Committee meets quarterly and receives reports from investment managers on a cyclical basis.

In addition, the Joint Investment Committee has employed the services of an actuarial firm, Willis Towers Watson (Pty) Limited, who monitor the performance of the portfolio managers, both on a qualitative and quantitative basis, and who also report quarterly to the Joint Investment Committee. These reports are also distributed to the Foundation trustees. Internal checks are performed regarding the income received and the purchase and sale of investments as reflected on the portfolio statements.

## 23.2. PRICE RISK

The following table demonstrates the sensitivity of the University's financial assets that are subject to price risk to a reasonable possible change in market values, with all other variables held constant.

All amounts in R millions	Impact of these variances on surplus or deficit						
	+10%	+5%	+1%	-5%	-10%	-20%	-30%
<b>At 31 December 2020</b>							
Local equities	197.7	98.8	19.8	(98.8)	(197.7)	(395.4)	(593.0)
Collective investment schemes	113.2	56.6	11.3	(56.6)	(113.2)	(226.4)	(339.6)
Local mutual funds	31.1	15.6	3.1	(15.6)	(31.1)	(62.3)	(93.4)
Local capital markets	135.1	67.6	13.5	(67.6)	(135.1)	(270.3)	(405.4)
Local unlisted equity investments	5.7	2.8	0.6	(2.8)	(5.7)	(11.3)	(17.0)
International mutual funds	58.2	29.1	5.8	(29.1)	(58.2)	(116.3)	(174.5)
International collective investment schemes	163.6	81.8	16.4	(81.8)	(163.6)	(327.2)	(490.9)
Equity-linked derivatives	0.0	0.0	0.0	(0.0)	(0.0)	(0.0)	(0.0)
	<b>704.6</b>	<b>352.3</b>	<b>70.5</b>	<b>(352.3)</b>	<b>(704.6)</b>	<b>(1 409.2)</b>	<b>(2 113.8)</b>

All amounts in R millions	Impact of these variances on surplus or deficit						
	+10%	+5%	+1%	-5%	-10%	-20%	-30%
<b>At 31 December 2019</b>							
Local equities	209.1	104.5	20.9	(104.5)	(209.1)	(418.2)	(627.3)
Collective investment schemes	56.8	28.4	5.7	(28.4)	(56.8)	(113.7)	(170.5)
Local mutual funds	1.0	0.5	0.1	(0.5)	(1.0)	(2.1)	(3.1)
Local capital markets	122.5	61.3	12.3	(61.3)	(122.5)	(245.0)	(367.5)
Local unlisted equity investments	4.6	2.3	0.5	(2.3)	(4.6)	(9.2)	(13.8)
International mutual funds	47.9	23.9	4.8	(23.9)	(47.9)	(95.8)	(143.7)
International collective investment schemes	136.5	68.2	13.6	(68.2)	(136.5)	(272.9)	(409.4)
Equity-linked derivatives	0.3	0.1	0.0	(0.1)	(0.3)	(0.5)	(0.8)
	<b>578.7</b>	<b>289.2</b>	<b>57.9</b>	<b>(289.2)</b>	<b>(578.7)</b>	<b>(1 157.4)</b>	<b>(1 736.1)</b>

### 23.3. INTEREST RATE RISK

The University has a number of receivables (i.e. student fees) that are exposed to interest rate risk. For the 2020 year, students were charged interest at a fixed rate of 1.0% per month (2019: 1.0%).

The University holds a substantial amount of interest-bearing investments and interest earning bank deposits. Interest risks relating to the University's investments are managed and monitored by the Joint Investment Committee in the same manner as outlined above.

The following tables demonstrate the sensitivity of the University's financial instruments that are subject to interest rate risk to a reasonable possible change in interest rates, with all other variables held constant.

All amounts in R millions	Impact of interest changes on investments						
Interest rate changes in basis points (BP)	+200 BP	+100 BP	+50 BP	-50 BP	-100 BP	-200 BP	-300 BP
<b>At 31 December 2020</b>							
Interest-bearing collective investment schemes and bonds	49.7	24.8	12.4	(12.4)	(24.8)	(49.7)	(74.5)
Interest-bearing borrowings	(1.9)	(0.9)	(0.5)	0.5	0.9	1.9	2.8
Money market and call deposits	16.2	8.1	4.0	(4.0)	(8.1)	(16.2)	(24.2)
Cash and cash equivalents	30.6	15.3	7.7	(7.7)	(15.3)	(30.6)	(46.0)
	<b>94.6</b>	<b>47.3</b>	<b>23.6</b>	<b>(23.6)</b>	<b>(47.3)</b>	<b>(94.6)</b>	<b>(141.9)</b>
<b>At 31 December 2019</b>							
Interest-bearing collective investment schemes and bonds	35.9	17.9	9.0	(9.0)	(17.9)	(35.9)	(53.8)
Interest-bearing borrowings	(2.0)	(1.0)	(0.5)	0.5	1.0	2.0	3.0
Money market and call deposits	25.4	12.7	6.4	(6.4)	(12.7)	(25.4)	(38.1)
Cash and cash equivalents	29.0	14.5	7.3	(7.3)	(14.5)	(29.0)	(43.5)
	<b>88.3</b>	<b>44.1</b>	<b>22.2</b>	<b>(22.2)</b>	<b>(44.1)</b>	<b>(88.3)</b>	<b>(132.4)</b>

### 23.4. FOREIGN CURRENCY RISK

In addition to the market price risk exposure as disclosed above, the University holds instruments which are exposed to foreign currency risk. The table below presents the sensitivity of the embedded risk included in these financial instruments:

All amounts in R millions	Impact of USD variances on surplus or deficit						
Movement in foreign exchange rate (USD/ZAR)	+20%	+10%	+5%	-5%	-10%	-20%	-30%
<b>At 31 December 2020</b>							
International mutual funds	116.3	58.2	29.1	(29.1)	(58.2)	(116.3)	(174.5)
International equity unit trusts	327.2	163.6	81.8	(81.8)	(163.6)	(327.2)	(490.9)
Trade receivables	12.7	6.3	3.2	(3.2)	(6.3)	(12.7)	(19.0)
	<b>456.2</b>	<b>228.1</b>	<b>114.1</b>	<b>(114.1)</b>	<b>(228.1)</b>	<b>(456.2)</b>	<b>(684.4)</b>

All amounts in R millions	Impact of USD variances on surplus or deficit						
Movement in foreign exchange rate (USD/ZAR)	+20%	+10%	+5%	-5%	-10%	-20%	-30%
<b>At 31 December 2019</b>							
International mutual funds	95.8	47.9	23.9	(23.9)	(47.9)	(95.8)	(143.7)
International equity unit trusts	272.9	136.5	68.2	(68.2)	(136.5)	(272.9)	(409.4)
Trade receivables	10.2	5.1	2.6	(2.6)	(5.1)	(10.2)	(15.4)
Trade payables	(0.1)	(0.1)	(0.0)	0.0	0.1	0.1	0.2
	<b>378.8</b>	<b>189.4</b>	<b>94.7</b>	<b>(94.7)</b>	<b>(189.4)</b>	<b>(378.8)</b>	<b>(568.3)</b>

## 23.5. CREDIT RISK

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Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

### Trade receivables

The University trades only with recognised, creditworthy third parties. It is the University's policy that all customers who wish to trade on credit terms are subject to random credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the University's exposure to bad debts is not significant, and there is no significant concentration of credit risk at year end. At year end the maximum exposure is R195 million (2019: R229 million), which reflects the amount after the recognition of the provision for impairment. Refer note 9 for further details.

### Student fees receivables

The University has stringent policies with respect to not allowing students with outstanding fee balances to either graduate or to register for the new academic year. The outstanding fees balance at year end is widely spread amongst numerous students indicating no particular concentration of credit risk. The maximum credit risk exposure for student fee receivables is equal to the carrying amount of the student fee receivable at year end. At year end the maximum exposure to student fees is R226 million (2019: R197 million), after the current year impairment provision. Refer note 9 for further details.

### Other financial assets

With respect to credit risk arising from the other financial assets of the University, which comprise cash and cash equivalents, debt instruments which are measured at fair value through profit or loss which comprise government and corporate bonds, and certain derivative instruments. The University's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments R1.4 billion (2019: R2.7 billion). The University places cash and cash deposits only with major financial institutions with good credit ratings.

## 23.6. LIQUIDITY RISK

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Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The timing and nature of the University's cash inflows and outflows are such that liquidity problems are unlikely to arise. Furthermore, the University has access to funds through either its holding of short-term bank deposits or the un-endowed investments portfolio in the event that any unforeseen events occur. The cash flow position is monitored by management on a weekly basis by means of a cash flow statement.



The table below summarises the maturity profile of the University's financial liabilities at 31 December based on contractual undiscounted payments.

All amounts in R'000	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
<b>At 31 December 2020</b>						
Trade and other payables	-	498 742	-	-	-	<b>498 742</b>
Interest-bearing borrowings	-	3 240	9 557	46 835	63 241	<b>122 873</b>
Student deposits	272 429	-	-	-	-	<b>272 429</b>
Lease liabilities	-	26 174	88 624	275 120	526 386	<b>916 304</b>
	<b>272 429</b>	<b>528 156</b>	<b>98 181</b>	<b>321 955</b>	<b>589 627</b>	<b>1 810 348</b>

<b>At 31 December 2019</b>						
Trade and other payables	-	420 366	-	-	-	<b>420 366</b>
Interest-bearing borrowings	-	4 113	12 084	58 024	81 628	<b>155 849</b>
Student deposits	137 109	-	-	-	-	<b>137 109</b>
Lease liabilities	-	26 915	97 823	351 988	577 313	<b>1 054 039</b>
	<b>137 109</b>	<b>451 394</b>	<b>109 907</b>	<b>410 012</b>	<b>658 941</b>	<b>1 767 363</b>

## 23.7. FAIR VALUES

Set out below is a comparison by category of carrying amounts and fair values of all of the University's financial instruments.

	Fair Value		Carrying Value	
	2020 R'000	2019 R'000	2020 R'000	2019 R'000
<b>Financial Assets</b>				
Cash	1 532 184	1 451 487	1 532 184	1 451 487
Financial instruments at fair value through profit or loss	7 853 849	7 058 137	7 853 849	7 058 137
Account receivables	426 957	360 759	426 957	360 759
Student fees receivable	226 131	196 586	226 131	196 586
Non-current receivables	19 417	19 465	19 417	19 465
<b>Financial liabilities</b>				
Accounts payable and accrued liabilities	498 742	420 366	498 742	420 366
Interest-bearing borrowings	92 773	100 839	92 773	100 839
Student deposits	272 429	137 110	272 429	137 110

Management assessed that carrying amounts of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

Market values have been used to determine the fair value of financial instruments at fair value through profit or loss. Fair value of the unquoted ordinary shares has been estimated using recent equity transactions. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, the discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

## 23.8. CAPITAL MANAGEMENT

The capital of the University comprises both restricted funds designated for specific purposes and unrestricted funds, being funds that can be employed by Council at its discretion.

The University has a healthy relationship of reserves to assets, however it must be remembered that much of the asset base is held in designated investments and in property which has restricted alienability.

The University's policy is to apply conservative financing. Internal loans are used for managerial purposes at a rate appropriate to the inherent risk. Debt is avoided but, where utilised, the policy is to settle in as short a period as possible, not exceeding 10 years, except in exceptional circumstances.

In any event, the operations need to generate a sufficient surplus to meet both the interest on the debt and the capital repayments. This policy is consistent with that adopted in previous years.

## 23.9. CHANGE IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2020 R'000		
	Long-term loans	Lease liabilities	Total
Balance as at 1 January	100 839	514 997	615 836
Interest	6 567	35 805	42 372
Repayments	(14 633)	(125 302)	(139 935)
Additions	-	2 523	2 523
Terminations	-	(13 765)	(13 765)
<b>Balance as at 31 December</b>	<b>92 773</b>	<b>414 258</b>	<b>507 031</b>

	2019 R'000		
	Long-term loans	Lease liabilities	Total
Balance as at 1 January	94 288	328 580	422 868
As previously reported	94 288	-	94 288
Lease liability at 1 January 2019	-	328 580	328 580
Interest	6 016	29 168	35 184
Repayments	(13 792)	(86 365)	(100 157)
Additions	14 327	243 614	257 941
<b>Balance as at 31 December</b>	<b>100 839</b>	<b>514 997</b>	<b>615 836</b>



## 24. COMMITMENTS

### 24.1. CAPITAL COMMITMENTS

Capital commitments at the reporting date but not recognised in the financial statements are as follows:

All amounts in R'000	Contracted (purchase order raised)	Approved but not contracted for	Total
Avenue Road building	11	9 356	9 367
Teacher Education building	5	55 977	55 982
Covid-19 HVAC project	-	50 000	50 000
Priority projects	441	2 128	2 569
Chris Hani building refurbishment	-	106 545	106 545
Water sustainability project	-	77 333	77 333
Upper Campus parking initiative	-	18 670	18 670
ICT network renewal	4 973	11 951	16 924
ICT Upper Campus datacentre refurbishment	-	9 259	9 259
ICT storage architecture renewal	4 906	21 542	26 448
<b>Total 2020</b>	<b>10 336</b>	<b>362 761</b>	<b>373 097</b>
<b>Total 2019</b>	<b>12 643</b>	<b>502 603</b>	<b>515 246</b>

These commitments will be funded in terms of the University's Capital Management Policy as outlined in note 23.8 above, utilising current resources in the first instance. The balance of the required funding will be met from both public and private sectors, including the use of the R944.4 million (2019: R837.8 million) of Government grants reflected as deferred revenue in note 11.

### 24.2. SHORT TERM AND LOW VALUE LEASE COMMITMENTS – UNIVERSITY AS LESSEE

For leases where the recognition exemptions of *IFRS16: Leases* apply (short-term and low value), the totals of future minimum lease payments under non-cancellable operating leases are as follows:

	2020 R'000		2019 R'000	
	Property rental	Photocopy machines	Property rental	Photocopy machines
Within 1 year	251	1 301	776	2 533
1 to 2 years	266	420	-	1 726
2 to 3 years	184	6	-	-
3 to 4 years	-	-	-	-
4 to 5 years	-	-	-	-
More than 5 years	-	-	-	-
	<b>701</b>	<b>1 727</b>	<b>776</b>	<b>4 259</b>

### 24.3. OPERATING LEASE COMMITMENTS – UNIVERSITY AS LESSOR

The University has entered into non-cancellable commercial property leases. These non-cancellable leases have remaining terms of between 1 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	2020 R'000	2019 R'000
Within 1 year	5 202	6 511
1 to 2 years	3 152	3 418
2 to 3 years	2 432	1 818
3 to 4 years	1 632	1 801
4 to 5 years	1 348	1 661
More than 5 years	2 638	234
	<b>16 404</b>	<b>15 443</b>

## 25. CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

	Note	2020 R'000	Restated** 2019 R'000
<b>SURPLUS FOR THE YEAR</b>		645 302	732 285
<b>Adjusted for:</b>			
Depreciation	5 & 20	338 076	287 776
Loss of control of subsidiary		-	2 600
Release of deferred revenue	11	(40 615)	(110 554)
Movement in employee benefits		108 446	55 28
(Profit)/loss on sale of property, plant and equipment		(381)	9 280
Investment income – interest	15	(369 320)	(398 748)
Investment income – dividends	15	(125 161)	(93 473)
Finance costs		42 190	34 397
Fair value movement on fair value through profit or loss financial instruments		(214 334)	(401 427)
Income from associate	7	(241)	(582)
<b>Changes in working capital</b>			
Accounts receivable and prepayments		(91 551)	(32 058)
Inventories		(384)	4 083
Accounts payable, accrued liabilities, project income and deposits		421 226	1 506
<b>Cash generated from operations</b>		<b>713 253</b>	<b>90 371</b>

\*\* The impact of the restatements has been disclosed in note 33.



## 26. REMUNERATION OF KEY MANAGEMENT

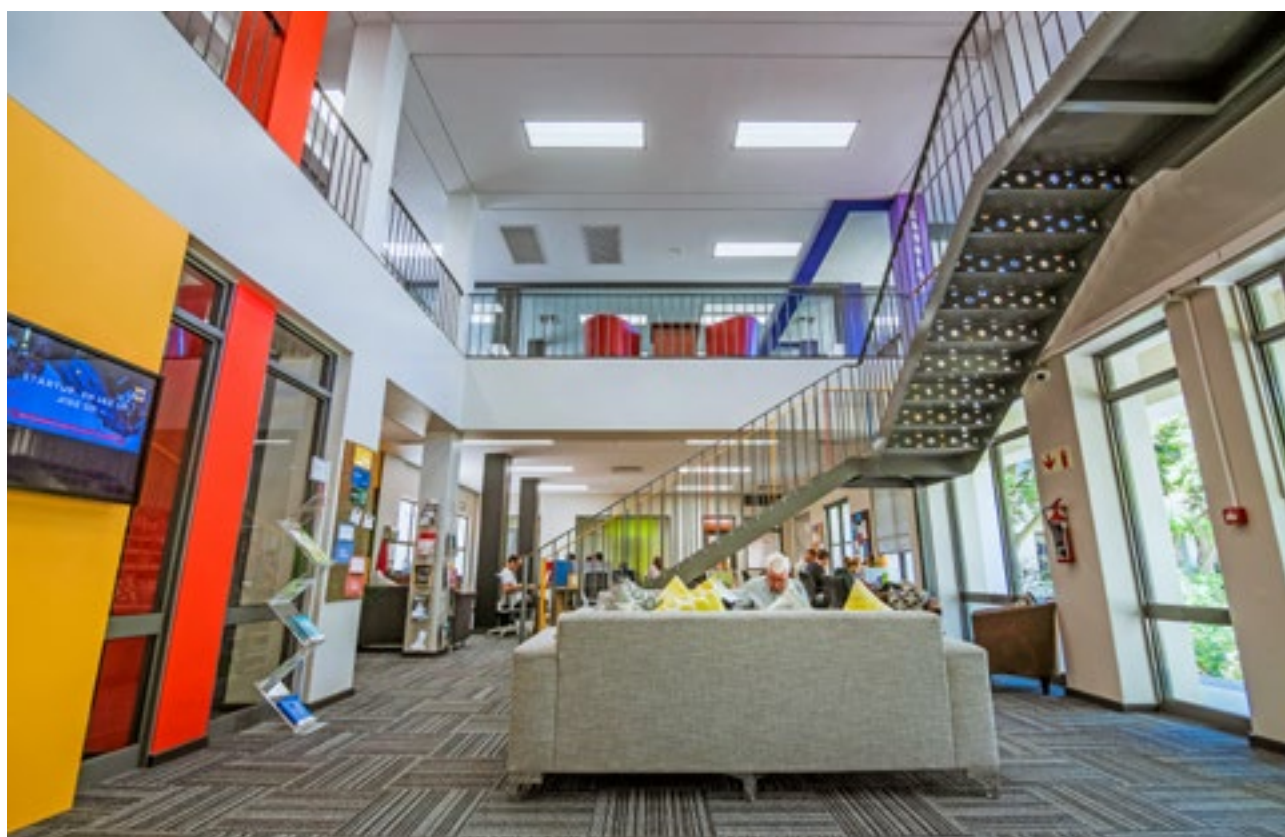
The following disclosure, as required by the Minister of Higher Education and Training, relates to compensation paid to members of the University's executive management team. Remuneration is based on the annualised cost of employment to the University and comprises total cost to the University.

EXECUTIVE MANAGEMENT TEAM DURING 2020						
Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Acting allowance	Total for other services
		R'000	R'000	R'000	R'000	R'000
Professor RM Phakeng	Vice-Chancellor	3 615	3 615	-	-	1 163**
Professor LA Feris	Deputy Vice-Chancellor	2 536	2 536	-	-	-
Associate Professor ML Lange	Deputy Vice-Chancellor	2 536	2 536	-	-	-
Professor STL Harrison	Deputy Vice-Chancellor	2 156	2 156	-	-	19
Dr RL Morar	Chief Operating Officer	2 536	2 536	-	-	-
Mr RN Pillay	Registrar	1 974	1 974	-	-	-
Dr R Ally	Executive Director: Development & Alumni Department	1 974	1 974	-	-	-
Ms M Hoosain	Executive Director: Human Resources	1 974	1 974	-	-	-
Dr MBM Khan	Executive Director: Student Affairs	1 974	1 974	-	-	-
Ms G Kruger	Executive Director: Communication & Marketing	1 974	1 974	-	-	-
Mr H Maritz	Acting Executive Director: Finance 27/07/2020 to 31/12/2020	153	-	-	67	-
Mr H Maritz	Director: Group Finance	1 791	1 791	-	-	-
Mr A Francis	Executive Director: Finance 01/01/2020 to 25/08/2020	2 650	1 725	-	-	-
Ms CLE Pather	Acting Executive Director: Research 01/01/2020 to 30/11/2020	255	-	-	233	-
Ms CLE Pather	Director: Research Enterprise	1 540	1 540	-	-	-
Dr L Mtwisha	Executive Director: Research Office 01/10/2020-31/12/2020	1 950	488	-	-	-
Mr M Parker	Executive Director: Properties & Services	2 036	2 036	-	-	-
Ms U Satgoor	Executive Director: Libraries	1 752	1 752	-	-	-
Mr RJ Van Huyssteen	Executive Director: Information and Communication Technology Services	1 974	1 974	-	-	-
Professor H Corder	Acting Director: Graduate School of Business 15/01/2020 to 15/09/2020	1 974	1 730	-	-	-

**EXECUTIVE MANAGEMENT TEAM DURING 2020**

Name	Job Title	Annualised salary for job	Amount paid or accrued for job	Performance bonus	Acting allowance	Total for other services
Dr CSM Duggan	Director: Graduate School of Business 01/09/2020 to 31/12/2020	2 270	757	-	-	-
Professor MF Ramutsindela	Dean: Faculty of Science	1 974	1 974	-	-	-
Professor DM Chirwa	Dean: Faculty of Law	1 974	1 974	-	-	-
Associate Professor S Kessi	Dean: Faculty of Humanities	1 974	1 974	-	-	-
Professor C Williamson	Acting Dean: Faculty of Health Sciences 01/01/2020 to 14/03/2020	663	-	-	134	-
Professor C Williamson	Professor: Division of Virology	1 500	1 593	-	-	-
Associate Professor LP Green-Thompson	Dean: Faculty of Health Sciences 15/03/2020 to 31/12/2020	2 765	2 178	-	-	-
Professor AE Lewis	Dean: Faculty of EBE	2 122	2 122	-	-	90
Professor LC Ronnie	Dean: Faculty of Commerce	2 122	2 122	-	-	56
Professor C Alan	Acting Dean: Centre for Higher Education Development	1 065	1 065	-	687	-

\*\* Included in the total for other services of R1 163 463 is R837 671 (2019: R682 361), being the deemed value of the house and vehicle provided to the Vice-Chancellor as part of her package.



**EXECUTIVE MANAGEMENT TEAM DURING 2019**

<b>Name</b>	<b>Job Title</b>	<b>Annualised salary for job</b>	<b>Amount paid or accrued for job</b>	<b>Performance bonus</b>	<b>Acting allowance</b>	<b>Total for other services</b>
		<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Professor RM Phakeng	Vice-Chancellor	3 192	3 192	181	-	1 008
Dr R Morar	Chief Operating Officer 01/02/2019-31/12/2019	2 386	2 187	-	11	-
Professor STL Harrison	Deputy Vice-Chancellor 01/08/2019-31/12/2019	2 028	845	-	91	-
Professor LA Feris	Deputy Vice-Chancellor	2 386	2 386	178	-	-
Associate Professor ML Lange	Deputy Vice-Chancellor	2 386	2 386	178	-	-
Associate Professor AF Cliff	Acting Dean: CHED	1 002	1 002	68	577	-
Professor C Williamson	Acting Dean: Faculty of Health Sciences	1 482	1 482	78	602	-
Associate Professor K Sewchurran	Acting Director: GSB	1 152	1 152	99	426	42
Associate Professor LC Ronnie	Dean: Faculty of Commerce	1 857	1 857	71	-	103
Professor AE Lewis	Dean: Faculty of EBE	1 997	1 996	255	-	56
Professor DM Chirwa	Dean: Faculty of Law	1 857	1 857	-	-	-
Professor MF Ramutsindela	Dean: Faculty of Science 01/03/2019-31/12/2019	1 857	1 548	-	-	-
Professor SA Bourne	Acting Dean: Science 01/01/2019-28/02/2019	1 238	206	-	126	-
Professor D Wardle	Acting Dean: Humanities 01/01/2019-28/02/2019	1 238	206	-	126	-
Associate Professor S Kessi	Dean: Humanities Acting Dean 01/03/2019- 30/11/2019 Dean from 01/12/2019	1 073	906	-	641	-
Ms G Kruger	Executive Director: CMD	1 857	1 857	-	-	-
Dr R Ally	Executive Director: DAD	1 857	1 857	-	-	-
Dr MBM Khan	Executive Director: DSA	1 857	1 857	59	-	-
Mr AG Francis	Executive Director: Finance	2 493	2 493	59	-	-
Ms M Hoosain	Executive Director: HR	1 857	1 857	158	-	-
Mr RJ Van Huyssteen	Executive Director: ICTS	1 648	1 648	59	-	-
Ms U Satgoor	Executive Director: Libraries	1 648	1 648	-	-	-
Mr M Parker	Executive Director: Properties & Services	1 915	1 915	197	-	-
Dr AM Sienaert	Executive Director: Research Office	1 857	1 857	296	-	-
Mr RN Pillay	Registrar	1 857	1 857	296	-	-

## Other Payments

Purpose/reason for payment	Name	Position held	Amount R'000
<b>2020</b>			
Leave encashment at resignation	Dr MBM Khan	Executive Director: Student Affairs	843
Leave encashment at resignation	Mr A Francis	Executive Director: Finance	776
			<b>1 619</b>
<b>2019</b>			
Leave encashment at resignation	Dr AM Sienaert	ED: Research Office	439
			<b>439</b>

No remuneration is paid to members of Council for services as Council members, membership or attendance at meetings, nor is it the policy of the University to pay those whom it appoints as board members, trustees or directors of related or affiliated entities.

The following table represents the disclosure required in terms of *IAS24: Related Party Disclosures* in respect of compensation of key management:

	2020 R'000	2019 R'000
Short-term employee benefits	45 637	40 529
Post-employment benefit	8 860	7 570
Termination benefits	1 619	439
<b>Total compensation paid to key management personnel</b>	<b>56 116</b>	<b>48 538</b>

The post-employment benefit reflected above for key management represents payments made to the University's retirement fund.

## 27. RETIREMENT BENEFITS

The University of Cape Town Retirement Fund is a defined provident contribution fund, of which the majority of permanent and long-term contract employees are members. The current year's contribution to the Fund for the benefit of employees was R452 million (2019: R420 million). The expense is disclosed in Note 16.

The Fund was formed on 1 January 1996, after the majority of employees had elected to transfer from the Associated Institutions Pension Fund, a defined benefit plan underwritten by the State.

## 28. LESSEE IMPROVEMENTS

### 28.1. GROOTE SCHUUR HOSPITAL

The Groote Schuur Hospital, located in Observatory, Cape Town has been built on land owned by the University of Cape Town. The initial 99-year lease has 5 years to run with an option to renew for a further 99 years. Lease income on this property is nominal.

### 28.2. PINWOOD VILLAGE

In a similar manner, the Pinewood Village retirement complex, built in Pinelands, Cape Town has been erected on ground owned by the University of Cape Town. The initial lease of 99 years still has 70 years to run with a renewal option of a further 99 years. The original cost of the land is included under property, plant and equipment.

In terms of the lease, ownership of the buildings will revert to the University of Cape Town at the end of the lease. A modest annual income is received from Pinewood Village.

## 29. RELATED PARTIES

The related party relationships of the University of Cape Town in terms of IAS24: Related Party Disclosures are as follows:

- Subsidiary entities (refer Note 2.4);
- Associate company (refer Note 7);
- Key management personnel, which comprises members of both Council and the University executive management team (refer Note 26); and
- National Government (refer Note 11).

The following related party transactions in respect of subsidiary and associate entities occurred during the year under review:

	2020 R'000	2019 R'000
<b>University of Cape Town Foundation</b>		
<i>Related Party Balances</i>		
Intercompany loan	10 980	(2 483)
<i>Related Party Transactions</i>		
Grants	148 488	133 276
Unutilised funds reinvested	25 515	40 889
Management fee received	4 088	3 846
Endowed funds	15 320	12 506
<b>University of Cape Town Lung Institute (Pty) Ltd</b>		
<i>Related Party Balances</i>		
Investment	(440)	(12 093)
Trade payables	(552)	(9 253)
<i>Related Party Transactions</i>		
Interest paid	346	710
Realised profit on investment	-	143
Services rendered	5 650	3 267
Services received	4 466	13 376
<b>Sports Science Share Block (Pty) Ltd</b>		
<i>Related Party Balances</i>		
Loans to shareholder	33 046	33 082
<i>Related Party Transactions</i>		
Services received	6 984	8 809
<b>University of Cape Town Foods Services (Pty) Ltd</b>		
<i>Related Party Balances</i>		
Intercompany loan	49 364	45 602
Trade payables	(845)	(397)
<i>Related Party Transactions</i>		
Interest received	3 762	-
Purchases	60 878	-
Services received	96	2 643
Purchases	774	331

Due to the nature of the University's operations and the composition of its Council, the Council takes particular care to avoid conflicts of interest, and has an explicit policy requiring disclosure and reporting. Any transaction with third parties in which any council member has a direct or fiduciary interest is subject to this policy. The Register of Direct and Fiduciary interests is updated at least annually.

## 30. CONTINGENT LIABILITIES

The University faces various litigation claims, the outcome of which is uncertain. There is no significant effect on the financial position or profitability at the date of this report.

## 31. COVID-19 IMPLICATIONS AND CONSIDERATIONS

The impact of Covid-19 on the 2020 financial statements has been presented below:

### Government funding

The government subsidy for 2020 was reduced during the year, due to Government needing to reprioritise their expenditure.

### Student Housing revenue

Revenue from student housing was negatively impacted due to residences being closed for a portion of the year, and only single occupancy being allowed once residences were permitted to re-open.

### Tuition revenue

The University's academic year usually corresponds with its financial year. However, due to the disruptions lockdown had on the academic calendar, certain courses were only completed in early 2021. This resulted in a portion of revenue for the 2020 academic year being deferred to 2021.

### Rendering of services

Covid-19 negatively impacted hotel industry revenue worldwide, and the University's two hotels (the Protea Hotel Mowbray and the Protea Hotel Breakwater Lodge) were no exception, with significantly decreased revenue for 2020. In addition, revenue from vacation accommodation was also negatively affected due to lockdown restrictions.

### Investments

Due to the significant impact Covid-19 had on both local and global markets, the fair value of the University's investments was negatively impacted during the year, however by year end the fair value of investments had recovered.



## Property, plant and equipment and right of use assets

Management assessed whether property, plant and equipment and right of use assets needed to be impaired, and no impairment was found to be necessary.

## Expected credit losses

The student debt recovery rate has remained in line with expectations, and the future potential impact of Covid-19 has been incorporated into the expected credit losses calculation and resultant provision for bad debts.

## Operating expenditure

Covid-19 resulted in increases in certain expense types, e.g. personal protective equipment and cleaning costs, but also resulted in decreases in other expense types, e.g. travel, water and electricity.

Going forward, management does not anticipate a continued significant impact on the University's operations.

## 32. EVENTS AFTER THE REPORTING DATE

Management have assessed events that occurred after the reporting date and have identified one non-adjusting event, being the Table Mountain National Park fire which damaged parts of the University campus on the 18 April 2021. Affected buildings have been identified and a detailed assessment with the University insurers is well advanced and ongoing to confirm the restoration costs of damages and timeframes to repair. In respect of business interruption claims, these are also in process with the University insurers.

It is anticipated that the fire will have a financial impact on property, plant and equipment (impairment and resultant replacement of the destroyed assets) and repairs and maintenance costs in the 2021 financial year. The impact has not yet been quantified although management do not expect any significant uninsured costs.

## 33. PRIOR PERIOD ADJUSTMENT

### 33.1. DEFERRED INTEREST

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The DHET provides UCT with funding for various earmarked grants. Where the funding had not been spent as intended, the revenue is deferred and then released in the year the spend takes place. The interest earned on these funds forms part of the government grant and needs to be used for the same purpose as the underlying funding provided.

Previously, the interest earned on these funds was not deferred but was rather recognised as revenue in the period earned. This error has been corrected retrospectively by decreasing interest and retained earnings, and increasing deferred revenue.

Refer to notes 11 and 15 for the restated 2019 comparatives.

### 33.2. MINOR CAPITAL ITEMS

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UCT applies an asset capitalisation threshold, resulting in lower value assets not being capitalised, but expensed in the year of acquisition.

In prior years this financial impact of the use of an asset capitalisation threshold was not considered material. However, in 2020 the asset capitalisation threshold was increased due to operational reasons and the impact on the financial statements is now considered material. Due to these items being capitalised in 2020, the comparatives were restated to ensure comparability year-on-year. A retrospective adjustment was therefore processed by increasing property, plant and equipment as well as depreciation, and decreasing other operating expenses with the amount expensed during prior years.

Refer to note 5 for the impact on the 2019 comparatives.

### 33.3. CONTRACT INCOME

During 2020 it was identified that contract revenue relating to 2020 had been recognised as revenue in 2019. The revenue relates to research contracts outside of the scope of IFRS 15, where the performance objectives had not been met in 2019 and therefore the revenue was recognised prematurely. This error has been corrected retrospectively by decreasing contract income and increasing deferred revenue.

Refer to notes 11 and 17 for the restated 2019 comparatives.

The effect of these adjustments are presented below:

	Statement of financial position		
	As previously reported	Prior period adjustment	Restated
	R'000	R'000	R'000
<b>2018</b>			
Unrestricted Council-controlled funds	(2 535 298)	14 027	(2 521 271)
Restricted funds designated for specific activities: Education and General	(2 890 681)	(44 077)	(2 934 758)
Restricted funds designated for specific activities: Student and staff accommodation	(202 814)	(5 302)	(208 116)
Property, plant and equipment	3 197 745	97 141	3 294 886
Non-current liabilities: Deferred revenue	(741 624)	(42 576)	(784 200)
Current liabilities: Deferred revenue	(238 122)	(19 213)	(257 335)
	<b>(3 410 794)</b>	<b>-</b>	<b>(3 410 794)</b>

	Statement of financial position		
	As previously reported	Prior period adjustment	Restated
	R'000	R'000	R'000
<b>2019</b>			
Unrestricted Council-controlled funds	(2 957 104)	22 436	(2 934 668)
Opening balance impact on accumulated funds		14 027	
Impact on profit or loss		8 409	
Restricted funds designated for specific activities: Education and General	(2 862 762)	(29 374)	(2 892 136)
Opening balance impact on accumulated funds		(44 077)	
Impact on profit or loss		14 703	
Unrestricted Council-controlled funds	(230 916)	(3 920)	(234 836)
Restricted funds designated for specific activities: Student and staff accommodation		(5 302)	
Impact on profit or loss		1 382	
Property, plant and equipment	3 402 750	116 593	3 519 343
Non-current liabilities: Deferred revenue	(776 596)	(41 160)	(817 756)
Current liabilities: Deferred revenue	(196 590)	(64 575)	(261 165)
	<b>(3 621 218)</b>	<b>-</b>	<b>(3 621 218)</b>



	Income statement		
	As previously reported	Prior period adjustment	Restated
	R'000	R'000	R'000
<b>2019</b>			
Council-controlled activities:	784 529	8 409	792 938
Interest income	(257 310)	10 486	(246 824)
Other operating expenses	897 688	(36 395)	861 293
Depreciation	144 151	34 318	178 469
Designated activities:	(174 051)	14 703	(159 348)
Income from contracts	(1 059 755)	33 461	(1 026 294)
Other operating expenses	822 870	(54 407)	768 463
Depreciation	62 834	35 649	98 483
Student and staff accommodation activities	317 040	1 382	318 422
Other operating expenses	309 646	(2 048)	307 598
Depreciation	7 394	3 430	10 824
	<b>927 518</b>	<b>24 494</b>	<b>952 012</b>

	Statement of cash flows		
	As previously reported	Prior period adjustment	Restated
	R'000	R'000	R'000
<b>2019</b>			
<b>Cash flows from operating activities</b>			
Cash receipts from students, government and private sources	5 558 302	(2 222)	5 556 080
Cash paid to employees and suppliers	(5 527 320)	61 611	(5 465 709)
Investment income - interest	409 234	(10 486)	398 748
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	(433 614)	(92 851)	(526 465)
<b>Cash flows from financing activities</b>			
Government grants relating to the Infrastructure Efficiency Grant	83 217	43 948	127 165
	<b>89 819</b>	<b>-</b>	<b>89 819</b>

