

ANNUAL REPORT 2019



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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SARAH BAARTMAN HALL



Congratulations graduates
OUR FUTURE LEADERS

UNIVERSITY OF CAPE TOWN
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REPORT OF THE CHAIR OF COUNCIL FOR 2019

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 20 JUNE 2020

EXECUTIVE OFFICERS OF THE COUNCIL

- Professor M Phakeng** (Vice-Chancellor)
- Professor L Feris** (Deputy Vice-Chancellor)
- Professor S Harrison** (Deputy Vice-Chancellor)
- Associate Professor L Lange** (Deputy Vice-Chancellor)
- Mr R N Pillay** (Secretary to Council)
- Mr A Francis** (Executive Director: Finance)*
- Dr R Morar** (Chief Operating Officer)*



» MR SIPHO M PITYANA

* attends by invitation

MEMBERS OF COUNCIL

Ministerial Appointees

1. Mr SM Pityana (*Chair*)
2. Ms S Barsel
3. Ms R Omar

Members elected by convocation

4. Mr N Arendse SC
5. Professor S Zinn (*Deputy Chair*)
6. Dr S Manjra

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

7. Mr E Balarin (*PASS*)
8. Professor E Ramugondo (*Academic*)

Members elected by Senate

9. Professor N Ntusi
10. Professor T Moultrie
11. Mr JA Rousseau

Members elected by donors

12. Mr E Davids
13. Ms D Yach

Nominee of Cape Town City Council

14. Cllr D Bryant

Nominee of the Premier of the Western Cape

15. Dr M Cardo

Appointed by the Appointments Committee of Council**

16. Mr M Campbell
17. Mr A Jakoet
18. Ms N Mohamed
19. Ms T Mokgabudi
20. Ms B Ngonyama
21. Mr B Zwane

Appointed by the Students Representative Council

22. Mr W Kasibe
23. Mr N Mahlangu

** 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 two resignations from the Convocation constituency in 2018. These vacancies were filled by the Appointments Committee in 2019.

COUNCIL STATEMENT ON CORPORATE GOVERNANCE

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, 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 values¹, updated in December 2016, and the Fraud and Corruption Prevention Policy².

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.

THE RESPONSIBILITIES OF THE COUNCIL

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.

¹ https://www.uct.ac.za/downloads/uct.ac.za/about/policies/UCT_Statement_of_Values.pdf

² http://www.staff.uct.ac.za/sites/default/files/image_tool/images/431/finance/operations/policies/gen005.pdf

OBJECTIVES FOR THE COUNCIL FOR 2019

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 8 December 2018) set the following high-level objectives for 2019.

Table 1: Objectives for the Council for 2019

| 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"> The 2018 Annual Report The 2019 Mid-year Performance Report The 2020 Annual Performance Plan | <p>Council -authorised for submission to the Department of Higher Education (a) the 2018 Annual Report in June 2019; (b) the 2019 Mid-year Performance Report in November 2019; and (c) the 2020 Annual Performance Plan in December 2019.</p> |
| <p>To achieve the approved enrolment targets for 2019, as well as the graduate output and throughput targets, and to approve the enrolment plan for UCT up to 2025.</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 29 609 (2018: 28 911) students in 2019. This agreed target total can be broken down as follows: 17 531 (2018: 17 345) undergraduate students, 3804 (2018: 3 532) postgraduates below the master's level, 5 232 (2018: 5 033) master's students and 1 674 (2018: 1 633) doctoral enrolments. The headcount enrolment is projected to translate into 22 489 (2018: 22 089) full-time equivalent enrolments.</p> | <p>See pages 31 to 34</p> |
| <p>To ensure that earmarked funds designated and awarded to UCT by the Minister of Higher Education, Science and Technology are utilised for the specific purposes as intended. These include:</p> <ul style="list-style-type: none"> the 2019 University Capacity Development Grant (encompassing teaching- and research-development); the 2019 earmarked foundation programme grants; the 2019 infrastructure and efficiency grants; the 2019 earmarked clinical training grants <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 and Training about programmes and activities that will be funded and the funds that will be made available.</p> | <p>See pages 35 to 44</p> |
| <p>To monitor and receive progress reports in relation to the strategic plan which Council approved in 2017.</p> | <p>Council considered reports from the UCT Executive on the strategic plan at a plenary meeting of Council in March 2019 and then again in December 2019 as part of the budget approval process for the 2020 academic year.</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 2019, the following senior appointments took effect: (1) Reno Morar as Chief Operating Officer; (2) Sue Harrison as Deputy Vice-Chancellor for Research and Internationalisation; (3) Shose Kessi as Dean of Humanities; (4) Danwood Chirwa as Dean of Law; (5) Maano Ramutsindela as Dean of Science; (6) Ujala Satgoor as Executive Director of Libraries. Council also made the following interim appointments: (7) Alan Cliff as Interim Dean of the Centre for Higher Education; (8) Carolyn Williamson as the Interim Dean of the Faculty of Health Sciences; (9) and Kosheek Sewchurran and thereafter Hugh Corder as interim Director of the Graduate School of Business.
- To receive reports from the Senate on teaching & learning; research; and social responsiveness and engaged scholarship.
- To receive a report from the University Executive on Transformation and monitor progress to advance institutional transformation.

See pages 44 to 52 for Senate reports

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

See pages 18 to 52 for the Vice-Chancellor's self-assessment in the later section of this report

Council set additional goals for 2019 the purpose of which was to maintain the fitness for purpose of Council. This involved a review of the composition of Council, having regard to the request of the Minister of Higher Education, Science and Technology that the number of ministerial representatives increase from the current three to five. A Council Commission was established to review the size and composition of Council and concluded its work during the course of 2019. Council then proposed amendments to the composition of the Council and therefore changes to the Institutional Statute, and sought comment in this regard from staff, students, Convocation and the Institutional Forum. It was on this basis that the Council put forward proposals to the Minister of Higher Education for changes to the Institutional Statute, which changes were then subsequently gazetted in January 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.

Refer also to pages 14 to 17 for key committees of Council

THE COMMITTEES OF COUNCIL

REGULAR COUNCIL MEETINGS

Attendance at the regular Council meetings: 1 January 2019 to 31 December 2019.

Table 2: Attendance at regular Council meetings 2019

| | 30 Mar | 22 Jun | 12 Oct | 7 Dec | % Attendance |
|-----------------|--------|--------|--------|-------|--------------|
| N Arendse | P | P | P | P | 100% |
| S Barsel | P | P | P | P | 100% |
| E Balarin | P | P | P | P | 100% |
| DW Bryant | N/A | N/A | P | P | 100% |
| DJ Budlender | P | P | P | P | 100% |
| M Campbell | P | P | P | P | 100% |
| M Cardo | P | P | Ap | P | 75% |
| E Davids | P | P | P | Ap | 75% |
| L Feris | P | P | P | P | 100% |
| S Harrison | N/A | N/A | P | P | 100% |
| B Jakoet | P | Ap | P | P | 75% |
| M Kleinschmidt | P | N/A | N/A | N/A | 100% |
| L Lange | P | P | P | P | 100% |
| A Lobelo | P | P | P | P | 100% |
| M Madiba | Ap | N/A | N/A | N/A | 0% |
| S Manjra | P | Ap | P | P | 75% |
| L Mbele-Roberts | P | P | P | Ap | 75% |
| N Mohamed | P | P | P | Ap | 75% |
| T Mokgabudi | P | P | Ap | P | 75% |
| T Moultrie | P | P | P | P | 100% |
| G Moyo | P | P | Ap | Ap | 50% |
| K Naidoo | P | N/A | N/A | N/A | 100% |
| B Ngonyama | P | P | P | P | 100% |
| R Omar | P | P | P | P | 100% |
| SM Pityana | P | P | P | P | 100% |
| M Phakeng | P | P | P | P | 100% |
| E Ramugondo | P | Ap | P | P | 75% |
| J Rousseau | P | P | P | P | 100% |
| D Yach | P | P | P | P | 100% |
| S Zinn | P | P | P | P | 100% |
| B Zwane | P | Ap | P | Ap | 50% |

P = Present

Ap = Apology

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 2019 and each member's attendance record.

Table 3: Attendance at Council Executive Committee (Council EXCO) meetings 2019

| | 8 Feb | 25 Apr | 31 May | 25 July | 15 Nov | % Attendance |
|--------------|-------|--------|--------|---------|--------|--------------|
| N Arendse | P | P | P | P | P | 100% |
| DJ Budlender | P | P | P | P | P | 100% |
| A Lobelo | P | P | P | P | P | 100% |
| N Mahlangu | N/A | N/A | N/A | N/A | P | 100% |
| S Manjra | P | Ap | P | P | P | 80% |
| B Ngonyama | P | Ap | P | Ap | P | 60% |
| M Phakeng | P | Ap | P | P | P | 80% |
| SM Pityana | P | Ap | Ap | P | Ap | 40% |
| J Rousseau | P | P | P | P | Ap | 80% |

P = Present Ap = Apology 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 was not required to meet in 2019 as vacancies that needed to be filled were dealt with by the Committee in late 2018.

THE UNIVERSITY AUDIT AND RISK COMMITTEE

The University Audit and Risk Committee is a standing committee of Council and consists of external members of Council, independent members and the Vice-Chancellor. The Audit and Risk Committee met on four occasions in 2019, 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 of Higher Education, Science and Technology 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 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 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 four times during 2019, 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 the Vice-Chancellor).

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 2019.

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 four times in 2019.

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. It also provides information on staff issues and staff concerns. The committee met four times during 2019. 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 a Deputy Vice-Chancellor (and subsequently 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 2019.

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 ten times during 2019.

CONCLUSION

In recognition that the 2019 report is the last report of the current Council whose term of office will come to an end in 2020, I wish to pay tribute to all the members of Council for the valuable contribution that they have made to the University in 2019 and over the four year term. UCT has been well-served by your diligence and fortitude. I wish to acknowledge the members of EXCO [Deputy Chair Debbie Budlender, Babalwa Ngonyama, Shuaib Manjra, Norman Arendse, Jacques Rousseau, Asanda Lobelo (SRC President), and Vice-Chancellor Mamokgethi Phakeng], and also the members and chairpersons of Council committees and task teams, all of whom have served selflessly.

We wish UCT well in the year ahead.



Mr Siphon M Pityana

Chair: Council

20 June 2020





REPORT ON UCT OPERATIONS DURING 2019

INTRODUCTION

The report on UCT operations consists of four sections. Section One deals with a reflection on executive objectives for 2019, including those specifically derived from UCT's Strategic Plan 2016-2020, but also more broadly in relation to the physical plant and other operational areas. Section Two deals with a quantitative analysis of our student body in relation to our 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 Three provides an update on the progress in utilising these grants. Section Four deals with the reports of Senate to Council in 2019, consisting of the Research Report, Teaching and Learning Report and Social Responsiveness Report.



» PROFESSOR MAMOKGETHI PHAKENG

SECTION ONE: REPORT ON 2019 EXECUTIVE OBJECTIVES - ISSUES SPECIFIC TO THE STRATEGIC PLANNING FRAMEWORK

OVERVIEW OF THE STRATEGIC PLANNING FRAMEWORK

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 Strategic Goals consist of values-driven objectives 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 2018 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. First, 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.

A REPORT ON UCT OPERATIONS DURING 2019: PROGRESS IN RELATION TO THE STRATEGIC GOALS

1 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

During 2019 UCT focused specifically on the following objectives measured in relation to the student and staff profiles and inclusivity:

 **Objective: Improve the diversity of the UCT student profile in terms of demographics**

In June 2014, Council voted to approve in principle the introduction of a new undergraduate admissions policy model incorporating race as one of several factors to be considered in assessing an applicant's historic disadvantage. One of the goals of the new admissions policy is to advance the university's redress and diversity goals, enabling the attainment of higher equity targets across the institution. In terms of the new policy, a number of indicators, in addition to race, are used to assess applicants' disadvantage for admissions purposes; these include the applicant's home language, the educational level of their parents and grandparents, the applicant's school, and whether the applicant's family depends on social grants. UCT believed that in considering these additional factors, the University would be able to address the issues of disadvantage and

inequality in present-day South Africa on a more intelligent and nuanced basis in its admissions processes than by simply considering an applicant's race alone. In terms of the new admissions policy, a portion of the intake into each faculty is, however, selected based on race so that equity targets can still be achieved in the event that insufficient students are admitted via the disadvantage score approach. The policy was applied for this first time in respect of the 2016 undergraduate intake.

The changing profile of UCT's South African undergraduate enrolment over the years 2015 to 2019 is shown below:

Table 4: South African Undergraduate Headcount Enrolments, showing percentage growth 2019 versus 2015

| | 2015 | 2016 | 2017 | 2018 | 2019 | % Change |
|--------------|---------------|---------------|---------------|---------------|---------------|-----------|
| SA African | 4 822 | 5 012 | 5 137 | 5 171 | 5 142 | 7% |
| SA Coloured | 2 559 | 2 725 | 2 732 | 2 669 | 2 454 | -4% |
| SA Indian | 1 295 | 1 384 | 1 328 | 1 165 | 1 002 | -23% |
| SA White | 5 035 | 4 939 | 4 469 | 3 782 | 3 223 | -36% |
| Unknown | 1 263 | 1 527 | 1 878 | 2 539 | 3 587 | 184% |
| Total | 14 974 | 15 587 | 15 544 | 15 326 | 15 408 | 3% |

While the overall SA undergraduate enrolment increased by 3% over this period, the table shows that African enrolments increased by 7%, while white enrolments decreased markedly, by 36%. These figures suggest that the new admissions policy has been effective in advancing student diversity within the undergraduate sector. The substantial increase in the number of students with undeclared race however makes it difficult to assess changes in the SA enrolment profile, particularly within the smaller coloured and Indian constituencies.

There were also marked improvements in the profile of the South African postgraduate enrolment.

Table 5: South African Postgraduate Headcount Enrolments, showing percentage growth 2019 versus 2015

| | 2015 | 2016 | 2017 | 2018 | 2019 | % Change |
|--------------|--------------|--------------|--------------|--------------|--------------|------------|
| SA African | 1 480 | 1 726 | 1 923 | 2 026 | 2 214 | 50% |
| SA Coloured | 1 019 | 1 058 | 1 036 | 1 092 | 1 135 | 11% |
| SA Indian | 536 | 532 | 534 | 543 | 568 | 6% |
| SA White | 3 034 | 2 969 | 2 633 | 2 541 | 2 421 | -20% |
| Unknown | 1 393 | 1 596 | 1 723 | 2 131 | 2 102 | 51% |
| Total | 7 462 | 7 881 | 7 849 | 8 333 | 8 440 | 13% |

Over the 2015 – 2019 period, the overall SA postgraduate enrolment increased by 13% while the African enrolment increased by 50%, and the white enrolment decreased by 20%. There were smaller increases in the numbers of coloured and Indian enrolments (up by 11% and 6% respectively), but there was a considerable increase in the number of students with undeclared race – up by 51% to 2102 in 2019 – making it difficult to accurately quantify improvements in the postgraduate equity profile, although the figures above suggest that significant strides have been made.


While UCT has made significant efforts to widen access to undergraduate education and to attempt to transform the demographics of UCT academic staff, postgraduate degrees however remain out of reach for many previously disadvantaged South Africans. UCT recognises that the financial burden of studying presents a major obstacle to transforming the profile of the postgraduate enrolments.

As from 2018 Honours students qualifying on the basis of 'need' have been awarded financial support up to the full cost of attendance (CoA). A 2019 budget proposal was to extend this principle to Masters and Doctoral students in for the 2019 academic year. It was anticipated that the more generous funding would incentivise students to remain at UCT to pursue postgraduate degrees and that as a first step extending CoA funding to senior postgraduate students qualifying on the basis of both merit and need, would broaden access to many more academically capable students. It was also proposed that a new 'excellence' award, funded at the CoA level, should be instituted in order to secure the enrolment of the academically strongest postgraduate applicants for UCT's research project. In practice many of these scholars will attract NRF or other external support in which case the award would be held in an honorary capacity or with a small additional honorarium.

In response to the budget request, an additional General Operating Budget (GOB) allocation of R15 million was made in respect of the 2019 academic year for postgraduate students (honours, master's and doctoral), taking the total GOB funding for these students to over R50 million. This funding was broken down as follows:

Table 6: Postgraduate Funding for 2019 (General Operating Budget)

| Category | 2019 budget |
|----------------------------------|-------------------|
| Honours Merit | 1 500 000 |
| Honours Need | 15 979 042 |
| Master's Merit | 3 000 000 |
| Master's / Doctoral Need | 13 670 958 |
| Doctoral | 2 000 000 |
| Total | 36 150 000 |
| Additional budget request | 15 230 000 |
| Total revised GOB funding | 51 380 000 |

 **Objective: Increase the diversity of academic staff**

Employment Equity (EE) was remained a key focus area in 2019. During 2018 the institution embarked on the process of developing a new three-year EE Plan (2019-2021), which was adopted by Council in December 2018. The process was driven through the Employment Equity Forum and the plan is the result of an extensive consultation process. The new EE strategy aims to attract, engage, grow and retain the appropriate range of skills to foster an institutional culture of inclusivity, respect and excellence. The new plan deals with four main areas: (i) communication, advocacy and awareness; (ii) recruitment and selection; (iii) development, promotion, retention; and (iv) measurement. Specific EE strategies include: space creation; succession planning; retention; policy development; and affirmative action measures.

UCT's Recruitment, Development and Retention Programme (RDR) has a vision of and for transformation at UCT through supporting young black scholars and academics.

A major instrument to increase the number of black South Africans on the academic staff is the New Generation of Academics Programme (nGAP). Funded by the national Department of Higher Education and Training (DHET), the goal of nGAP is to produce a large cohort of black South African early-career academics and to give them the opportunity, during a protected period of six years, to establish themselves at universities. Universities apply to the DHET for posts, each of which comes with a substantial financial contribution to the costs of employing a new staff member (although this contribution does not fully cover these costs). By the end of 2019 UCT had been awarded 22 nGAP posts and was awaiting the outcome of its application for five more posts in the Phase 6 DHET call. Eighteen of the current nGAP posts were occupied, with the remaining posts to be filled by selected incumbents early in 2020. The demographic profile of the 2019 nGAP cohort was as follows:

Table 7: 2019 nGAP Cohort Demographic Profile

| Gender | Black | Coloured | Indian | Total |
|--------------|-----------|----------|----------|-----------|
| Female | 7 | 3 | 2 | 12 |
| Male | 5 | 1 | - | 6 |
| Total | 12 | 4 | 2 | 18 |

The Next Generation Professoriate (NGP) aims to advance the careers of a select group of black and female academics at UCT. Forty-five staff members selected by their faculties are supported to apply for *ad hominem* promotion from the levels of senior lecturer and associate professor to associate and full professor. This midcareer initiative is funded by the Vice-Chancellor's Strategic Fund. It began towards the end of 2015 with 35 members and has grown to its maximum number of 45. The 2019 demographics were:

Table 8: 2019 NGP Cohort Demographic Profile

| Gender | Black | Coloured | Indian | White | Other | International | Total |
|--------------|-----------|-----------|----------|----------|----------|---------------|-----------|
| Female | 6 | 11 | 6 | 1 | - | 3 | 27 |
| Male | 4 | 6 | 1 | - | 1 | 6 | 18 |
| Total | 10 | 17 | 7 | 1 | 1 | 9 | 45 |

A major goal of both nGAP and the NGP is to contribute to a harmonious institutional culture and thereby to transformation. In addition to advancing academic scholarship, NGP activities promote cohort cohesion and are succeeding in producing a happy, mutually supportive, collaborative environment.

The New Academic Practitioners Programme is a 6-month holistic programme of professional development offered twice yearly to cohorts of 20 new full-time lecturers, drawn from the full range of demographics. NAPP has, since 2017, expanded into a regional programme and offers a unique opportunity for people who are new to academia to connect across disciplinary and institutional boundaries and to enter debates on important issues in higher education.

The UCT Research Office provides extensive support for academic staff development, including engaged scholarship. To affirm the dignity, contributions and experiences of all, the Research Office in 2018 implemented a deliberate strategy to increase the visibility of researchers, prioritising those from groups historically marginalised within the University community, especially emerging researchers. This resulted in an increased number of stories about a more diverse range of researchers, published on a number of different platforms.



Objective: Increase the diversity of senior Professional and Administrative Support Staff (PASS) staff

The 2019 profile of the PASS sector was as follows:

Table 9: 2019 PASS Staff Demographic Profile

| Category of staff | | Top Management PC13PG1 | Senior Management PC13PG2 PC13PG3 | Professionally qualified, mid-management PC13PG4 PC13PG5 PC12 | Skilled technical, academically qualified, junior management PC11 PC10 PC09 PC08 | Semi-skilled and discretionary decision making PC07 PC06 PC05 PC04 PC03 | Unskilled and defined decision making PC02 PC01 | Total |
|---------------------|--------------|---------------------------|---|---|--|---|--|--------------|
| Female | African | 1 | | 13 | 132 | 288 | 313 | 747 |
| | Asian | | | | | | | |
| | Coloured | | | 22 | 448 | 412 | 175 | 1 057 |
| | Indian | | 3 | 13 | 51 | 13 | | 80 |
| | Not Declared | | | 1 | 6 | 4 | 2 | 13 |
| | Other | | | | | | | |
| | White | | 2 | 40 | 181 | 35 | 3 | 261 |
| Female Total | | 1 | 5 | 89 | 818 | 752 | 493 | 2 158 |
| Male | African | | | 9 | 107 | 405 | 96 | 617 |
| | Asian | | | | | | | |
| | Coloured | | 3 | 29 | 218 | 257 | 57 | 564 |
| | Indian | | 2 | 9 | 20 | 2 | | 33 |
| | Not Declared | | | 1 | 5 | 3 | | 9 |
| | Other | | | | | | | |
| | White | | 1 | 47 | 86 | 10 | | 144 |
| Male Total | | 0 | 6 | 95 | 436 | 677 | 153 | 1 367 |
| Foreign | Female | | 1 | 6 | 30 | 7 | 12 | 56 |
| National | Male | | | 6 | 40 | 5 | 4 | 55 |
| Total | | 1 | 12 | 196 | 1 324 | 1 441 | 662 | 3 636 |

The combined SA African, SA coloured, and SA Indian staff thus made up 67% of all staff at the Senior Management level (8 out of 12 staff) and 48% of all staff at the Professionally Qualified Mid-Management level (95 out of 196 staff). In comparison, in 2018 black (combined SA African, SA coloured and SA Indian) staff made up 62% of the Senior Management and 45% of all Professionally Qualified Mid-Management staff.

The University's Employment Equity (EE) Policy applies at all levels within the University and recruitment decisions at the Senior PASS level must show commitment to the policy. In terms of the EE Policy, the University strives to provide opportunities for black people, women and persons with disabilities to become equal competitors for every post on its establishment.

Objective: Establish a baseline for staff satisfaction and inclusivity

The Office of Inclusivity and Change (OIC) developed a strategy and convened a working group that enabled the roll-out of the UCT Staff Inclusivity Survey in 2019. The purpose of this survey was to ensure that the university is aware of challenges that impede belonging. The anonymous staff survey identified what inclusivity looks like and how the university can move towards inclusivity, equity and dignity for all. This approach acknowledged that UCT operates within a racialised and unequal societal context, and that dismantling privilege and racism is vital and necessary for building inclusion.

The survey assessed eight inclusion areas: senior leadership; immediate line managers; values; recruitment; advancement and development; fitting in; bullying and harassment; and dialogue. The survey instrument also measured two engagement factors: organisational belonging and emotional well-being. In addition to the standard areas, safety and discrimination were integrated to assess the UCT context.

In total, 40.6% of UCT staff participated by completing the initial survey, which was followed by focus groups and one-on-one interviews. Initial findings from the survey indicate that the level of inclusivity and sense of institutional belonging is average, while staff generally feel that they fit in at UCT. Staff also largely have a good relationship with their individual line managers and acknowledge that leadership within the university prioritises inclusivity and emphasises the importance of transformation at UCT.

The Inclusivity Survey Report, released in 2019, however suggested that there are also some areas that require attention. The data shows that many staff feel bullied at UCT; some feel discriminated against, while others are still dealing with the trauma experienced during the tumultuous protest years of 2015–2017 and are suffering from depression and anxiety as a result. This decrease in emotional well-being resonates with the global trend of increasing mental health issues. Transparency in recruitment, development and advancement processes was also highlighted as a concern.

The survey findings highlighted that in order to develop a meaningful transformation agenda at UCT, redress and healing need to be centred. The results of the survey together with the Institutional Reconciliation and Transformation Commission (IRTC) report will be used to inform the transformation and inclusion agenda at the university.

Objective: Review committee membership composition of in terms of race; gender; and stakeholder representation (where applicable)

The Senate Commission to Review Senate and the Committees of Senate (SCRC) was established and comprises members drawn from the various membership categories that make up the Senate, and includes the DVC for Transformation, deans, professors, non-professorial academics, PASS staff, students, a representative of the Transformation Forum and the Registrar. Membership of the Commission was structured to ensure that the different voices and views of Senate (and, by extension, the wider university community) would be heard while it conducted its work.

The key milestone achieved by the SCRC in 2019 was the development of a proposal, endorsed by Senate and Council and gazetted by the Minister of Higher Education, Science and Technology, to amend the membership composition of Senate. This proposal introduces the following changes to the membership of Senate and is intended to take effect from the new term beginning in July 2020: (1) the number of student members of Senate will increase from the current six to 12; (2) the number of PASS members elected to Senate will increase from the current four to six; and (3) a new membership category will be introduced, allowing for the appointment of 54 non-professorial academic members from the academic departments (i.e. one member per academic department), with a specific view to increasing the diversity of Senate's membership.

During 2019 the SCRC also investigated means by which participation in Senate meetings, particularly for members who are women, can be better facilitated so that members feel more comfortable engaging in the debates that take place at Senate meetings. To this end the SCRC invited inputs from members of the Gender Studies section of the School of African and Gender Studies, Anthropology and Linguistics, and from ICTS.

The SCRC has also begun a preliminary examination of the work and membership composition of the committees of Senate, which will become its primary focus during 2020.

Objective: Identify and rename existing buildings that do not reflect UCT's inclusive culture

UCT's Naming of Buildings Committee (NoBC) has as its purpose the identification of appropriate names for buildings, residences, open spaces, lecture halls and rooms, roads and sports facilities so as to promote the university's transformation vision and mission statement.

The university recognises that names have meaning and, as with other institutions around the world, that choices are made at certain times in the history of a country to honour specific people. However, it is also the role of a university to question the extent to which the institution continues to embrace and uphold names, symbols and imagery that uncritically honour those whom history has shown to be dishonourable. At the same time the act of naming offers an opportunity to think deeply about what the university represents and how the values that it upholds can be reinforced through a naming or renaming process. In view of this the NoBC invited the UCT community to submit proposals for the renaming of buildings that were currently named, and for the naming of buildings that were not yet named.

In 2019 Jameson Hall was renamed Sarah Baartman Hall. There were delays in removing the existing brass letters and replacing these with new wording as this constituted a material change which would impact the heritage status of the building. UCT's Executive has in the meantime approved the Sarah Baartman Hall Precinct Project on "healing memory through renaming and remaking of place". This will involve art, sculpture and place-making in addressing the spatial implications of transformation within the framework of a landmark cultural landscape of high iconic significance.

The NoBC recommended the following name changes and new names to the December 2019 meeting of Council:

- Rename the New Engineering Building as the Matthew Goniwe Building.
- Name the Health Sciences Library the Bongani Mayosi Health Sciences Library, in honour of the late Professor Bongani Mayosi.
- Rename the Drennan Museum as the Anatomy Learning Centre.
- Rename the Drennan Teaching Lab as the Human Biology Teaching Lab.
- Name a room in the Computer Sciences building the Gary Marsden Boardroom to honour the late Professor Gary Marsden.
- Rename the building housing the Boehringer Ingelheim Lung Institute as the University of Cape Town Lung Institute.

Council unanimously approved these recommendations subject to the consent of the families and relevant donors.

2 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.**

During 2019 UCT measured its performance in the area of internationalisation through its objectives to:

Objective: Support the development of new knowledge in relation to studies with a particular reference to the African continent

During 2019 internal funds were allocated to enable the following two collaborative instruments:

African Research Universities Alliance (ARUA) Centres of Excellence (CoE's)

UCT was successful in its bid to host two ARUA Centres of Excellence (CoE), namely the African Centre of Excellence in Inequality Research (ACEIR) and ARUA of Excellence in Climate and Development (ARUA-CD). In recognition of this achievement and as an institutional contribution, UCT has committed R1 million to each of the CoE's per annum for five years, from 2018 – 2022. In addition to this, during 2019, R100 000 was allocated for the costs of travel for ten academics to

attend the ARUA launch conference. The unspent balance of these funds was set aside for use by the two ARUA Centres of Excellence. Seed funding to the value of R1, 000, 000 was also allocated to UCT's two ARUA Centres of Excellence to further their strategic research goals.

The ARUA Climate and Development CoE (ARUA-CD) has two key research foci, namely enhancing knowledge systems for climate resilience and sustainable energy for poverty reduction. It also has a focus on post-graduate and early career capacity building in terms of which scholarships were awarded to three master's students to enrol at UCT in 2019. The Worldwide Universities Network (WUN) project "Climate Resilient Landscapes in Africa", which aims to support the building of a landscapes-based research agenda for the three ARUA-CD countries, awarded a grant to the Deputy Director of the African Climate & Development Initiative (ACDI) at UCT for participation this project.

The African Centre of Excellence for Inequality Research (ACEIR) was supported by an initial start-up grant from the Agence Française de Développement (AFD) as part of the Research Facility on Inequality funded by the European Union (to stimulate better, evidence-based policies to overcome inequality in developing countries) as well as by awards from ARUA and each partner university. The ACEIR was placed at the centre of the development of a set of methodological tools to use in forging appropriate public policies and development strategies.

ARUA-UCT Collaborative Research Projects

R2,750,000 of internal funds are ring-fenced annually to invest in a call for proposals to foster international research collaboration with ARUA member institutions in particular, with preference given to those that include a third partner institution from one of the other networks of which UCT is a member. These networks are: (i) the International Alliance of Research Universities (IARU), (ii) the Worldwide Universities Network (WUN) and (iii) a non-South African member of the BRICS Network University (BNU). The most recent call for proposals was issued in November 2018 with the closing date being 15 January 2019 and takes the form of up to fifteen grants of R50,000 each for the UCT principal investigator (PI). These grants may also include the award of a three-year UCT Mobility Doctoral Package to a student whose research is embedded in the collaboration. Five awards were made to the value of R1 million. Two of the grant recipients were eligible to nominate doctoral candidates for the UCT Doctoral Mobility Package.

A call for proposals on decoloniality was issued in August 2017. Each of three successful applicants was awarded R300 000 per annum for three years. The successful applications were (i) Centre/ing decolonial, African, feminist psychological knowledges, (ii) On the de-colonial imperative within the context of South African Studies: An African Perspective, and (iii) Archaeological sites and visits as laboratories of local knowledge: towards community-based research, experimentation and beneficitation in the global south. The second tranche of funding (R300,000 to each) was transferred to each recipient in December 2018 for use in 2019.



Objective: Increase the proportion of BRICS/ Global South/ Developing Country students at UCT

In terms of Article 7 of the SADC Protocol (Cooperation in Higher Education and Training) member states agreed to recommend to universities and other tertiary institutions in their countries the reservation of at least 5% of their places for students from other SADC countries.

UCT's profile of international students in terms of country of origin, over the period 2015 to 2019, is shown below:

Table 10: International Student Region of Origin Profile 2015-2019

| Year | Global North | Global South | Unknown | Total |
|------|--------------|--------------|---------|-------|
| 2015 | 1 580 | 3 315 | 136 | 5 031 |
| | 31.4% | 66% | 3% | 100% |
| 2016 | 1 642 | 3 517 | 278 | 5 437 |
| | 30.2% | 65% | 5% | 100% |
| 2017 | 1 083 | 3 494 | 424 | 5 001 |
| | 21.7% | 70% | 8% | 100% |

| Year | Global North | Global South | Unknown | Total |
|------|--------------|--------------|---------|-------|
| 2018 | 1 197 | 3 368 | 520 | 5 085 |
| | 23.5% | 66% | 10% | 100% |
| 2019 | 902 | 3 203 | 652 | 4 757 |
| | 19% | 67% | 14% | 100% |

| Year | SADC | Rest of Africa | Arab States | Asia & Pacific | Europe | Middle East | North America | South/Latin America | Un-known | Total |
|------|-------|----------------|-------------|----------------|--------|-------------|---------------|---------------------|----------|-------|
| 2015 | 2 412 | 682 | 20 | 130 | 574 | 76 | 947 | 54 | 136 | 5 031 |
| | 48% | 14% | 0% | 3% | 11% | 2% | 19% | 1% | 3% | 100% |
| 2016 | 2 275 | 1 005 | 28 | 131 | 608 | 78 | 984 | 50 | 278 | 5 437 |
| | 42% | 18% | 1% | 2% | 11% | 1% | 18% | 1% | 5% | 100% |
| 2017 | 2 523 | 714 | 35 | 148 | 525 | 87 | 503 | 42 | 424 | 5 001 |
| | 50% | 14% | 1% | 3% | 10% | 2% | 10% | 1% | 8% | 100% |
| 2018 | 2 105 | 1 009 | 38 | 153 | 547 | 44 | 624 | 45 | 520 | 5 085 |
| | 41% | 20% | 1% | 3% | 11% | 1% | 12% | 1% | 10% | 100% |
| 2019 | 2 123 | 832 | 42 | 132 | 414 | 66 | 454 | 42 | 652 | 4 757 |
| | 45% | 17% | 1% | 3% | 9% | 1% | 10% | 1% | 14% | 100% |

Enrolments from SADC countries over the 2015 – 2019 period ranged between 2,105 and 2,523. In 2019, the SADC enrolment of 2, 227 equated to 7,8% of the total enrolment, suggesting that UCT is more than compliant with the SADC protocol on access to universities.

It is also clear that the majority of UCT's international students hail from countries in the Global South, although the proportion of students of unknown origin has increased markedly in recent years.

As can be seen below, UCT enrolls relatively small numbers of BRICS students, and these are mainly from Brazil and India. In 2019, the number of international students from the BRICS countries dropped quite markedly, but this may relate to the large numbers of students of unknown origin in recent years mentioned above.

Table 11: International BRICS Student Profile 2015-2019

| BRICS Country | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------|-----------|-----------|-----------|-----------|-----------|
| Brazil | 15 | 14 | 12 | 15 | 16 |
| Russian Federation | 4 | 5 | 3 | 1 | 1 |
| India | 40 | 43 | 50 | 53 | 40 |
| China | 8 | 2 | 2 | 1 | 1 |
| All BRICS Students | 67 | 64 | 67 | 70 | 58 |

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

During 2019 UCT focused on the following objectives:

Objective: Increase the number of UCT academic staff with doctoral degrees

Please see Goal 1 above for a description of academic staffing development activities during 2019 which support staff in the attainment of doctoral degrees.

Objective: Increase support for the analysis of big data

As has been previously reported, there are a number of initiatives at UCT aiming to harness our capacity to deal with high volumes of complex data. UCT's Inter-University Institute for Data Intensive Astronomy (IDIA) is a partnership of four South African universities, University of Cape Town, the University of the Western Cape, North West University and the University of Pretoria, with SAP as the first industry Associate Partner. Given its strategic profile in South Africa's science and technology development, UCT has chosen to focus on data-intensive research in relation to Astronomy. During 2019 this work has continued.

Under the leadership of the joint Square Kilometre Array (SKA) Research Chair, IDIA's immediate goal is to build, within the partnership, the capacity and expertise in data-intensive research around big data to enable global leadership by researchers at partner universities in the SKA. In the near term this means capacity to lead MeerKAT large survey science and projects, and large projects on other SKA pathfinder telescopes.

IDIA has leveraged external resources to adapt its big data solutions and technologies science domains beyond astronomy and to prototype key elements of national cyberinfrastructure in support of the South African strategic plan for data intensive infrastructure.

Objective: Increase UCT's contribution to soft-funded researchers

Inadequate internal funding hampers UCT's efforts to attract and retain the best researchers who are increasingly mobile with multiple employment options. In addition, the university is unable to implement multiple business plans that have been developed to adequately support our Soft Funded Academic Research Staff (SFARS – those staff who are paid from non-GOB and non-recurrent funds), due to a lack of resources. As highly research-productive staff who also supervise postgraduates, the lack of support for this constituency places the research enterprise at risk, especially in the faculties of Health Sciences and Engineering and the Built Environment. It is also concerning that UCT's increasingly international research income is raised by only a few individuals, a significant number of whom are SFARS and primarily located in the Health Sciences Faculty.

A Soft Funded Academic Research Staff (SFARS) Steering Committee, which is a sub-committee of the Academics Union Exco, promotes the well-being of SFARS staff at UCT through ensuring, inter alia, job equity, and security, funding models and recognition of the SFARS contribution to teaching and research.

Beginning in 2017, R3 million per annum has been allocated from the Vice Chancellor's Strategic Fund towards a pilot salary subvention initiative in the Faculty of Engineering and the Built Environment (EBE) that aims to recognise the contribution of SFARS to UCT, adding to the stability to their appointments and enabling them to dedicate time to building their academic profiles and research outputs. The pilot funding, which will run over a period of five years, will contribute towards the salaries (at the appointed level) of SFARS in the faculty who have demonstrated research output over a sustained period. The salary contribution is linked to the levels research subsidy generated by the researchers, and continuation of the subvention will be dependent on the demonstration of sustained research output of each researcher. Continuation of the scheme as a whole past the five-year period will be contingent on the demonstration of its robust business case to the university. In 2019, 16 SFARS (36% of all SFARS in EBE) qualified for the salary subvention.

Objective: Increase UCTS's applications for grants from international sources

In support of established as well as 'high-flyer' researchers, a pilot project (2017-2018) was introduced into the Research Office that drew on the skills of a senior grant writer to improve grant funding success rates, particularly from international grant agencies and for large, multi-disciplinary collaborative projects. The success of the project was such that it was subsequently mainstreamed into the general operating budget. Capacity was further bolstered during the course of 2019 by the addition of two international grants coordinators and an additional senior proposal development specialist. Officially recognised by Human Resources as a Unit at the end of 2019, the International Grants Hub (IGH) provides pre-award assistance for applicants who need to broker large, international consortia and comply with the increasingly complex requirements from international grant agencies. Centralising and expanding support of this kind has become an imperative in the current funding climate and in the context of shrinking national resources.

During 2019, the International Grants Hub facilitated and helped broker the development and submission of 56 proposals to international funders, yielding awards to the value of R87.8 million. The IGH also facilitated the rollout of the pre-awards module of the electronic Research Administration (eRA) internal proposal approval process and provided support to researchers needing internal approval prior to submitting their grant proposals.

4 Goal 4 - Teaching and Learning: 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.

During 2019 UCT focused on the following objectives:

Objective: Establish a baseline for student engagement

Student engagement, the level to which students pay attention to and are motivated to be involved in the content, quality and progression of their own education, is a crucial aspect of the student experience. Student engagement focuses on two fundamental principles: firstly, how students spend their time engaged in academic endeavours influences their success. Secondly, how institutions respond with effective, deeply contextualised practices creates an interface between what students do and what the institution does. The South African Survey of Student Engagement (SASSE) was run at UCT for the first time in 2018, and a report on the survey was received and discussed by the university in 2019.

In this first round of administering the SASSE, UCT experienced some administrative problems, which resulted in a low-to-moderate response rate (4.2% of the first-year population and 8.2% of the senior population). The survey respondents were however broadly representative of the undergraduate student population in terms of gender, nationality and seniority.

In reflecting on the survey report, UCT chose to focus on two areas of analysis, namely how students spend their time both in and outside of the classroom, and the financial stresses faced by students during their studies at UCT.

The report yielded useful information on the time spent by students preparing for class as well as actual lecture attendance: it appeared that there is a relatively high incidence of non-attendance at lectures, confirming a problem that is increasingly articulated by academic staff. The survey results indicated relatively low levels of student participation in class, but high levels of students engaging with their peers in terms of both seeking assistance and explaining material to others or discussing work with other students. The survey data also show that white students are more actively engaged in the classroom and in their interactions with other students than their peers. This suggests that it might be worth investigating further what determines students' participation in class and the level of collaboration with each other with a view to widening participation among other groups through structured interventions.

In terms of financing their studies, the survey report revealed that 90% of white students reported that their studies were funded by their parents/guardians, while 42% were using their own money to pay for their studies and 18% were recipients of non-governmental bursaries. Some 53% of black students reported that their parents/guardians were paying for their studies; a substantial proportion were (43%) were dependent on NSFAS funding, and a further 23% reported receiving non-governmental bursaries. Relatively small proportions of both black and white students reported accessing funding through private sponsors, employers, government bursaries or loans.

The survey report showed that although students' fees were covered through the sources mentioned above, many were anxious about paying for other necessities. For example, it is concerning that among the junior students surveyed, 8% worried

about not being able to buy food, 25% worried about not being able to pay fees and 29% were anxious about not being able to afford other necessities. Among senior students, the proportions expressing these concerns were slightly higher but within the same ranges.

UCT's first attempt at using the SASSE thus provided useful insights into the extent of student engagement in the learning process and confirmed concerns raised by academic staff and students about class attendance and participation in class. The survey also yielded some sobering data in relation to students' worries about food security and affording basic necessities, both of which clearly impact on their academic performance.

Objective: Increase access for students to mental health services

Towards the end of 2018, UCT's Council approved a Student Mental Health Policy in order to improve student access to mental health services and to expand the range of services offered in this regard. The Department of Student Affairs (DSA), in collaboration with other university stakeholders, initiated the implementation of the policy by realigning the Student Wellness Service (SWS) to widen access to these services for students and to increase the psychological services footprint on campus, in line with primary healthcare principles. In this regard SWS has introduced a triage system and risk assessment sessions as an entry point into services, thus ensuring that students who require urgent assistance or who are at high risk are identified and promptly referred to the right set of resources. In addition, the introduction of shorter, solution-focused counselling sessions, and additional group therapy sessions to supplement the existing long therapy sessions, has ensured that more students are assisted timeously.

The SWS has increased its footprint for mental health services on all UCT campuses. There are currently student psychological service points in faculties and at satellite clinics on the different campuses, with varied service offerings and improved ease of access for students. Additional psychologists have been recruited to provide services at the new service points in faculties. Psychiatric nurses have been added to support mental health services at walk-in points on three campuses where appointments are not required for consultations, thus enabling students to be attended to on the same day. A full-time psychiatrist has been appointed to the team.

SWS has migrated to a digital booking system, which is a major milestone in the implementation of the mental health policy. The online booking system is available on the UCT app and allows students to book appointments at a time convenient for them. Students can use the platform to cancel, amend or reschedule bookings. The online system also allows students to view availability at the various clinics and service points in order to select the location most convenient to them.

In response to the ever-increasing demand for services, an outreach team has been established. The team is responsible for health promotion and mental health awareness at SWS sites, faculties and residences in line with the Student Mental Health Policy. Campus-wide health promotion campaigns with a strong focus on mental well-being have been initiated with a view to planning and hosting these biannually going forward. In addition, SWS has launched a number of support groups for students on, among others, substance abuse, postgraduate support, undergraduate support and long-term therapeutic support. Students are encouraged to join any of the relevant support groups.

A new Mental Health Peer Intervention project with student volunteers has been initiated as part of the Student Mental Health Policy implementation. The student volunteers play an important role in linking their peers to available resources and in providing information on how to access the SWS and other external resources.

The DSA, through the SWS, is conducting mental health first-aid training workshops for UCT non-clinical staff who interact with students in faculty settings. The workshops are aligned with the UCT Student Mental Health Policy.

Objective: Develop and implement an online education policy

UCT's institutional Online Education Policy is implemented by the Online Education Sub-committee (OESC) with a view to increasing access to and success in quality education.

The following undergraduate courses and postgraduate programmes were considered and/or developed in line with the Online Education Policy during 2019 in the first round of the Formal Online Education Project:

- "Introductory Statistics", which will trial an online proctoring product called Examity
- "Evidence-based Management", which will address issues of student engagement
- "Writing Across Borders" (in the African Studies section of School for African & Gender Studies, Anthropology & Linguistics)

- “Empires and Modernities” (Department of Historical Studies)
- “Decolonising African Science”, which will be offered in the winter term (Department of Archaeology)
- The Postgraduate Diploma in Public Sector Accounting
- The Postgraduate Diploma in Emergency Care

The pilot of Canvas, which offers open, online courses taught by worldwide experts and institutions, was continued using the Postgraduate Diploma in Public Sector Accounting. The Learning Technologies team at UCT’s Centre for Innovation in Learning and Teaching (CILT) has successfully integrated Canvas with UCT’s systems, enabling a single sign-on and integration with Turnitin and other tools and services.

The development processes in relation to the courses listed above was used to produce a costing model for online courses.


An institutional contract with the online education provider GetSmarter was finalised.

The Online Assessment Technology and Services (OATS) project was implemented to investigate digital technologies and online services to support summative assessment in formal courses, offered within contact or distant mode courses and programmes. Some of these tools were used in the courses listed above.

A Good Practice Guide for Online Learning was developed and is now available for use, and a list of undergraduate courses and postgraduate programmes, for development in 2020 in the second round of the Formal Online Education Project, was finalised.

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

During 2019 UCT focused on the following:

 **Objective: Develop a communication plan for the dissemination of UCT engaged scholarship**

UCT’s Engaged Scholarship (ES) Programme, is run from the Research Office, although it currently reports into the Transformation Portfolio. The ES Programme continues to provide an alternative research framework to the dominant Western paradigms prevailing in universities. Scientific knowledge, according to Western paradigms, occurs in the university and other suitable environments and is distinguished from extra-university knowledge or colloquial or ‘indigenous’ knowledge. At present, universities in developing countries generally adopt this traditional model which tends to seal them off from the impoverished socio-economic context in which they are located. Engaged scholarship, however, moves from the understanding that knowledge production cannot be justified as a mere epistemological or ‘production of new knowledge’ exercise. It has to respond to three main requirements: first, to be relevant to social and cultural and economic needs; second, to include diverse knowledge producers (communities, non-scientific or non-academic actors); and third, to embrace the diverse spaces where knowledge is produced. In practice, engaged scholarship perceives research as a collaborative process that equitably involves all partners in the research process and recognises the unique strength that each brings. The value of ES in the current context of decoloniality and transformation is that it challenges the attitudes of researchers, which determine how, by and for whom research is conceptualised and conducted and the corresponding location of power in the research process. It is this orientation to research that speaks to the theme of transformation and decolonisation.

A new framework for defining and measuring social responsiveness was developed during 2019, and going forward, this will inform the monitoring of UCT’s work in this area.

In terms of demographics, the Programme has attracted mainly young and female researchers across faculties.

The Knowledge Co-op, as is the case with all engaged scholarship at UCT, straddles two of UCT’s strategic agendas, i.e. Social Responsiveness and Research. The Knowledge Co-op is located in the Research Office and develops collaborative research partnerships for engaged scholarship between community partners (mainly non-profits and local government) and UCT researchers. This allows students and/or academics to conduct research in or for surrounding communities while providing community groups with an opportunity to address questions arising from their work.

SECTION TWO: PERFORMANCE AGAINST TARGETS IN THE ANNUAL PERFORMANCE PLAN

The data and numbers reported in this section are all based on HEMIS submission 2.

Student numbers³

The actual enrolment in 2019 was 28,605 students, including 806 occasional students, 16,683 undergraduate full degree students, 3,252 postgraduates below the master's level, 5,627 master's students and 2,237 doctoral enrolments. The actual 2019 headcount enrolment falls short of the 2019 headcount enrolment target of 29,609 by 1,004 students (or 3.4% of the target).

The variances within the various qualification types against 2019 targets are quite marked but understandable given (1) the fact that the original targets reflect enrolment targets agreed in 2012 as part of the 2013 to 2019 Department of Higher Education and Training Enrolment Planning process, (2) an acceleration of senior postgraduate enrolment growth beyond expected levels, (3) a difficulty in implementing online programme and (4) a contraction of semester study abroad enrolments in the wake of the #RhodesMustFall/#FeesMustFall protests. Therefore, while there are negative variances in student enrolment at the undergraduate level (16,683 compared to a target of 17,531), amongst occasional students (806 compared to a target of 1,369) and at postgraduate below Masters level (3,252 compared to a target of 3,804), positive variances are noted at the Masters level (5,627 actual against a 5,232 target) and Doctoral level (2,237 against a target of 1,674).

UCT's enrolment planning submission to the DHET referred to above reflects a target of 1,024 distance students in 2019 whilst there were only 38 for our suite of distance programmes. The target (set in 2016) assumed that we would have the infrastructure in place to accommodate these enrolments; unfortunately, this did not come to fruition. The aspect of infrastructure lacking in this regard is the learning platform or method of educational delivery that allows for the online interaction of people (lecturers, students and others involved in the teaching and learning space), tools and resources required for successful online delivery.

The 2019 first-time entering undergraduate enrolment (3,959) was extremely close to the target of 3,979.

In terms of discipline, the 2019 enrolment was projected to be made up of 41% in Science, Engineering and Technology (SET), 26% in Business/Management, 3% in Education and 30% in the broad Humanities. The actual proportions for 2019 were as follows: 46% in SET, 22% in Business/Management, 2% in Education and 30% in the broad Humanities.

Demographic statistics

The targeted racial profile of the 2019 South African enrolment was 39% African, 13% coloured, 9% Indian and 39% white. The actual demographic profile of the 2019 South African enrolment was as follows: 30.8% African, 15% coloured, 6.6% Indian, 23.7% white and 23.9% 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 2019 enrolment is shown below.

Table 12: Headcount Enrolments 2015-2019 showing percentage growth on base

| | 2015 | 2016 | 2017 | 2018 | 2019 | % Change |
|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| SA African | 6 357 | 6 781 | 7 114 | 7 197 | 7 356 | 15.7% |
| SA Coloured | 3 623 | 3 832 | 3 817 | 3 761 | 3 589 | -0.9% |
| SA Indian | 1 848 | 1 936 | 1 883 | 1 708 | 1 570 | -15.0% |
| SA White | 8 161 | 7 985 | 7 176 | 6 323 | 5 644 | -30.8% |
| International | 5 031 | 5 381 | 4 920 | 4 962 | 4 620 | -8.2% |
| Unknown | 2 805 | 3 317 | 3 814 | 4 793 | 5 826 | 107.7% |
| Total | 27 825 | 29 232 | 28 724 | 28 744 | 28 605 | 2.8% |

³ The targets derive from the approved enrolment and efficiency targets for 2014/2015-2019/2020 as set out in the Minister of Higher Education, Science and Technology's letter of 23 September 2014, with the changes requested by the Minister and approved by the Council; on 6 December 2014. Further Council approved (August 2016) changes were submitted for the DHET Mid Term Enrolment Planning process 2017 – 2019 and were provisionally approved by DHET on 8 December 2016 via e-mail.

A disproportionate but desirable increase in South African African enrolments (15.7% against an overall increase of 2.8%) is apparent. Over the 2015 to 2019 period white enrolments decreased by 30.8%, while international enrolments decreased by 8.2%; the marked decline in international enrolments in 2017, 2018 and 2019 in comparison with 2016, was largely due to a substantial decrease in enrolments in the Semester Study Abroad (SSA) programme from 2017 onwards in the wake of the protest-related disruptions in prior years. There has been a marked increase in students with undisclosed race in the past six years (from 2,805 in 2015 to 5,826 in 2019).

Table 13: Headcount enrolments 2015 - 2019 by race, showing percentage of total

| Population Group | 2015 | 2016 | 2017 | 2018 | 2019 |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|
| SA African | 6 357 | 6 781 | 7 114 | 7 197 | 7 356 |
| % of total incl. International | 22.8% | 23.2% | 24.8% | 25.1% | 25.7% |
| % of total excl. International | 27.9% | 28.4% | 29.9% | 30.3% | 32.3% |
| SA Coloured | 3 623 | 3 832 | 3 817 | 3 761 | 3 589 |
| % of total incl. International | 13.0% | 13.1% | 13.3% | 13.1% | 12.5% |
| % of total excl. International | 15.9% | 16.1% | 16.0% | 15.8% | 15.8% |
| SA Indian | 1 848 | 1 936 | 1 883 | 1 708 | 1 570 |
| % of total incl. International | 6.6% | 6.6% | 6.6% | 5.9% | 5.5% |
| % of total excl. International | 8.1% | 8.1% | 7.9% | 7.2% | 6.9% |
| SA White | 8 161 | 7 985 | 7 176 | 6 323 | 5 644 |
| % of total incl. International | 29.3% | 27.3% | 25.0% | 22.0% | 19.7% |
| % of total excl. International | 35.8% | 33.5% | 30.1% | 26.6% | 24.8% |
| International | 5 031 | 5 381 | 4 920 | 4 962 | 4 620 |
| % of total incl. International | 18.1% | 18.4% | 20.7% | 17.3% | 16.2% |
| Other | 2 805 | 3 317 | 3 814 | 4 793 | 5 826 |
| % of total incl. International | 10.1% | 11.3% | 13.3% | 16.7% | 20.4% |
| % of total excl. International | 12.3% | 13.9% | 16.0% | 20.2% | 25.6% |
| Total | 27 825 | 29 232 | 28 724 | 28 744 | 28 605 |

This is the % of total, including international students

This is the % of total, excluding international students



Student Housing

The total student housing capacity for 2019 was 7,582 beds, made up of 6,718 and 864 beds of university owned and leased accommodation respectively. The table below gives breakdown by tier, as well as totals of both university and leased accommodation. The “*Bookings to Tier Capacity*” column gives a ratio of bookings to a total in corresponding tier.

By 30 June 2019 (after which occupation declined as a result of student drop-out during the year), 6,628 beds were occupied on campus, being 98.7% of total capacity. At the same time, 682 beds were occupied in the leased accommodation which is 78.9% of total capacity.

Overall, 7,310 beds of 7,582 capacity (96.4%) were occupied.

Table 14: Residence Bookings and Available Spaces by Tier

| Residence Tier | Student | Capacity | Bookings | Bookings to Tier Capacity |
|----------------------|--------------|--------------|--------------|---------------------------|
| First | New | 2,250 | 1,755 | 47.7% |
| | Returning | 1,485 | 1,923 | 52.3% |
| | Total | 3,735 | 3,678 | 98.5% |
| Second | New | 2,234 | 137 | 6.2% |
| | Returning | 2,234 | 2,076 | 93.8% |
| | Total | 2,234 | 2,213 | 99.1% |
| Third | New | 749 | 525 | 71.2% |
| | Returning | 749 | 212 | 28.8% |
| | Total | 749 | 737 | 98.4% |
| Campus Accommodation | New | 6,718 | 2,417 | 36.5% |
| | Returning | 6,718 | 4,211 | 63.5% |
| | Total | 6,718 | 6,628 | 98.7% |
| Leased Accommodation | New | 864 | 378 | 55.4% |
| | Returning | 864 | 304 | 44.6% |
| | Total | 864 | 682 | 78.9% |
| Overall | New | 7,582 | 2,795 | 38.2% |
| | Returning | 7,582 | 4,515 | 61.8% |
| | Total | 7,582 | 7,310 | 96.4% |

Student success rates

Please note that specific objectives linked to the University Capacity Development Grant are discussed on page 35 below.

We expected in the region of 7,969 graduates in 2019. This target included a projected 3,898 undergraduate completions, 2,408 completions below the master’s level, 1,414 master’s graduates and 250 doctoral graduates. To date, we have recorded 7,351 graduates, made up of 3,533 undergraduate completions, 2,312 postgraduates below the master’s level, 1,246 master’s graduates and 260 doctoral completions. Among the graduates to date, 40% were in SET, 28% were in business/management, 4% were in education and 28% were in the broad humanities. The 2019 graduate total included 661 research master’s graduates in all disciplines (against a target of 608).

Graduates in the scarce skills areas included 510 engineering graduates (against a target of 486), 206 Life and Physical Sciences graduates (against a target of 304), 434 Animal and Human Health Graduates (against a target of 401) and 171 Teacher Education graduates (against a target of 153). Graduates in the scarce skills areas therefore quite closely approximated the targets agreed with the DHET.

The undergraduate course success in 2019 was 85% (against a target of 85.6%) and was slightly lower than that of 2018 (85.2%). The 2019 undergraduate course success rates among South African and international students are shown below:

Table 15: 2019 UG Course Success Rate Demographic Profile

| | SA African | SA Coloured | SA Indian | SA White | SA Undisclosed | Inter-national |
|---------------------------------|------------|-------------|-----------|----------|----------------|----------------|
| UG course success rates in 2019 | 78.4% | 85.0% | 88.2% | 93.8% | 85.0% | 87.3% |

The undergraduate course success rates in 2019 thus ranged between 78.4% (for SA African students) and 93.8% for SA white students. The success rates at the lower end of the spectrum were nevertheless reasonably close to the target of 85.6%.

Course success rates in the scarce skills areas were as follows: 86.4% in Engineering (against a target of 85.7%), 83.2% in the Life and Physical Sciences (against a target of 83.9%), 94.6% in Animal and Human Health (against a target of 96.8%) and 96.2 in Teacher Education (against a target of 95.0%).

Just over 3.1% of all undergraduate students were refused readmission on academic grounds at the end of 2019 (post the appeals process). This proportion is almost identical to that in 2018 (3.2%).

Examination of the longitudinal performance of the 2015 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- 71% of the 2015 FU cohort (in comparison with 73% the equivalent 2014 FU cohort) had completed an undergraduate qualification within five years of registering at UCT.
- 9% of the 2015 cohort (the same as within the 2014 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 2015 FU cohort had increased to 11%, in comparison with 8% among the 2014 cohort.
- 9% of the 2015 FU cohort was 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 an early estimate of the 2019 publication count, and the weighted research outputs generated by research master's and doctoral graduates:

Table 16: 2019 Research Output

| Output Category | Research Outputs for 2019 |
|--|---------------------------|
| Publication Units | 1 661 |
| Research Master's Graduates | 661 |
| Doctoral Graduates | 260 |
| Total Weighted Research Outputs | 3 102 |

The 2019 ratio of weighted research outputs per permanent instruction/research staff member was thus approximately 2.62, against a target of 2.55.

Academic staffing

UCT's 2019 HEMIS staffing submission shows that a total of 1,184 (against a target of 1,211) permanent instruction/research or academic staff were employed in the six faculties and in CHED. This is slightly lower than the 2018 total of 1,211. The 2019 academic staffing headcount translated into 1,634 instruction/research staff FTEs (against a target of 1,641).

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2019 was 66%. A further 26% 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.



SECTION THREE: REPORT ON EARMARKED GRANTS

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 of Higher Education, Science and Technology, 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 University Capacity Development Grant, continued for its second year of its 3-year cycle in 2019.

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.

Seventy percent (70%) of the UCDG allocation for each year of the three-year UCDP is allocated to universities, using a share allocation model (the main grant). Thirty percent (30%) of the UCDG yearly allocation is used to enable the implementation of national collaborative projects.

3.1. Main Grant:

The Institutional Plan resourced by the main grant consists of 16 projects and management of projects located in CHED, and an allocation for monitoring and evaluation of projects. The total 2019 allocation is R11 890 000. Total expenditure was R11 830 278. The nett underspends for the 2019 period amounted to R68 149. As the DHET no longer permits reporting on overspends, the underspends amounted to R754 864.

Table 17: Summary of 2019 spend for the Main Grant

| | | Actual amount available for activity after virements | Total expenditure in 2019 plus funds committed in 2019 | % Unspent |
|-------------------------|---|--|--|-----------|
| Student success: | | | | |
| 1.1 | Access, Equity and Success - enabling access to the curriculum for deaf students | R267 907 | R267 907 | 0.00% |
| 2.1 | Mathematics Student Support and Development | R509 805 | R516 808 | 0.00% |
| 3.1 | Science Odyssey: finding a place in Science | R206 439 | R213 801 | 0.00% |
| 3.2 | Winter Studios | R42 410 | R42 216 | 0.46% |
| 3.3 | EBE Undergraduate Tutored Reassessment Programme | R434 857 | R357 019 | 17.90% |
| 3.4 | AiD | R54 249 | R69 845 | 0.00% |
| 3.5 | Tutoring towards academic resilience in Science | R305 964 | R305 377 | 0.19% |
| 3.6 | Academic Support to Students in Law | R220 418 | R150 202 | 31.86% |
| 4.1 | Constitutional Law open textbook | R101 289 | R212 384 | 0.00% |
| 4.2 | Atlas of Paediatric HIV | R112 878 | R0 | 0.00% |
| 7.1 | Expanding access and embedding academic literacies in the Faculty of Health Science | R364 396 | R364 184 | 0.06% |
| 7.2 | Developing academic writers, writing tutors and future academics through the Writing Centre | R346 693 | R346 693 | 0.00% |
| 7.3 | Legal writing | R71 102 | R70 149 | 1.34% |
| 7.4 | Postgraduate Writing: From Critical Dialogues to Pathways | R83 235 | R83 156 | 0.09% |
| 7.5 | Postgraduate research literacies in Science | R31 999 | R31 947 | 0.16% |
| 7.6 | Embedding Academic Literacies and Improving Throughput in the Faculty of Commerce | R171 761 | R244 543 | 0.00% |
| 8.1 | Geomatics | R2 262 | R1 687 | 25.42% |
| 8.2 | DSA | R417 175 | R495 888 | 0.00% |
| 9.1 | First Year Experience | R735 627 | R735 627 | 0.00% |
| 10.1 | Additional Tutoring for MLA students from Previously Disadvantaged Institutions | R11 718 | R9 551 | 18.49% |
| 10.2 | Health Sciences Postgraduate Student Development | R1 935 | R0 | 100.00% |

| | | Actual amount available for activity after virements | Total expenditure in 2019 plus funds committed in 2019 | % Unspent |
|--|--|--|--|--------------|
| Staff development: | | | | |
| 2.2 | Mathematics Staff Training & Development | R32 800 | R32 800 | 0.00% |
| 11.1 | Supporting Aspiring Academics' Teaching | R320 002 | R320 002 | 0.00% |
| 11.2 | New Academic Practitioners Programme (NAPP) | R197 159 | R197 106 | 0.03% |
| 11.3 | Developing capacity for critical quantitative literacy | R98 649 | R98 649 | 0.00% |
| 11.4 | Supporting the teaching development of established academics | R394 982 | R394 983 | 0.00% |
| 11.5 | Teaching grants and awards | R275 418 | R275 515 | 0.00% |
| 12.1 | Curriculum design & materials development for Introductory Courses | R429 918 | R127 491 | 70.35% |
| 13.1 | Research Development grants | R2 203 343 | R2 236 424 | 0.00% |
| 13.2 | Grant writing workshops | R19 692 | R19 520 | 0.87% |
| 13.3 | Support for academic staff without PhDs | R43 020 | R51 445 | 0.00% |
| 13.4 | Supervision training | R76 750 | R22 439 | 70.76% |
| 13.5 | Programme to develop engaged scholarship in research, innovation and teaching | R30 296 | R35 252 | 0.00% |
| 16.1 | Development of Institutional Online Training Resources and Self-Assessments to build academic and student leader's capacity in the areas of bias, equality and diversity | R104 933 | R105 000 | 0.00% |
| Curriculum review: | | | | |
| 14.1 | Development of a Community-related/Social Entrepreneurship Design Project for 2nd Year Chemical Engineering | R2 671 | R0 | 100.00% |
| 14.4 | Writing your World A wrapped MOOC for first year Humanities students | R66 468 | R66 468 | 0.00% |
| 15.1 | Integrated Commerce core first year case study | R135 784 | R126 632 | 6.74% |
| Management of the grant: | | | | |
| 17 | CHED project management and M&E | R536 646 | R536 648 | 0.00% |
| Projects that split across two or more focus areas: | | | | |
| 6.1 | Developing multilingual awareness, proficiency and teaching competency | R458 657 | R458 658 | 0.00% |
| 10.3 | Theories of Justice and Inequality: Postgraduate student development Programme | R1 398 649 | R1 330 470 | 4.87% |
| 12.2 | Appoint and train Tutors to run Plus Tuts across the Humanities Faculty | R496 938 | R852 899 | 0.00% |
| 12.3 | Appoint and train Mentors to run the HUMAN project across the Humanities Faculty | R73 106 | R22 893 | 68.69% |
| Total | | R11 890 000 | R11 830 278 | 6.35% |

3.2 Collaborative Projects:

The Institution managed the following national collaborative UCDP projects in 2019:

Table 18: Summary of 2019 spends for the National Collaborative Grants

| Project title | Balance carried forward from 2018 | 2019 budget | 2019 expenditure | Comment |
|--|-----------------------------------|-------------|------------------|--|
| Master Classes for Engineering Educators | R926 170 | n/a | R 489 491 | This project has now come to an end. The Institution has R436 679 remaining, due to savings made during the project over its 2-year duration. We await instruction from the Department regarding this surplus. |
| Student Support Wrap Around Pilot Project | - | - | - | This project has now come to an end. |
| New academics transitions into Higher Education | R811 504 | R1 909 614 | R1 070 834 | - |
| Diagnostic Mathematics Information for Student Retention and Success | R1 489 931 | R1 360 495 | R606 453 | This project has requested an extension from the Department to continue into 2021. |
| University Staff Doctoral Programme (USDP) - Climate Risk, Resilience, and Sustainable Development | R48 880 | R1 685 130 | R1 410 027 | - |
| University Staff Doctoral Programme (USDP) – Engineering Education | R145 076 | R952 816 | R273 860 | This project is engaging with the Department on underspending, due to a lack of recruitment of eligible students for funding. |



CLINICAL TRAINING GRANT

The Clinical Training Grant (CTG) provides funding to universities to fund the clinical component of health professional students, which is a national priority area. The University must carry full academic and administrative responsibility for the funded programme. Any health sciences programme which is offered in partnership with a college or other external institution is not eligible for funding. The grant has changed the landscape of clinical teaching at the University of Cape Town since it was first introduced in 2008. UCT has utilised the grant to make strategic appointments of clinical teachers, as well as support staff to assist clinical teaching and training and to invest in key infrastructure projects and equipment for clinical training that the public health sector is not able to afford. The CTG has allowed the Faculty of Health Sciences 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 teaching and training but also the on care that is offered to patients in the Western Cape.

Following a review of the grant led by UCT and the submission of the final report in 2017, the DHET has begun implementing some of its recommendations. Additional funding of R121 million for universities was made available by National Treasury and universities were requested to submit proposals for how they intend to utilise the additional funding. UCT submitted its proposal which was supported, and details of the additional support will be provided in the 2020 annual report as the budget will only be received in the 2020/2021 financial year. In 2019/2020 UCT was allocated R46,8 million for medical and allied professions.

NATIONAL STUDENT FINANCIAL AID SCHEME

The National Student Financial Aid Scheme (NSFAS) is an entity under the Department of Higher Education and Training that provides financial assistance to students in public universities and Technical and Vocational Education and Training (TVET) colleges. In the past, NSFAS provided financial assistance in the form of bursaries and loans, but this changed in December 2017 following the announcement by the then State President Jacob Zuma which increased the NSFAS threshold from household income of R122 000 to R350 000. This announcement also indicated would NSFAS will provide full cost of funding to all eligible 2018 students in a form of a bursary/grant and no longer as part loans. UCT has benefited from this as all 2018 and 2019 first-time entering undergraduate students were provided with their full cost of study which meant that the University no longer provides top up funding for these students.

NSFAS is the single biggest funder for undergraduate financial aid, not only at UCT, but in the entire country. In 2019, UCT received R429,3 million (R311,2 million in 2018). Among the students funded, a total of 4 926 students are classified as financial aid students and 637 as GAP students (the so-called missing middle). The latter category of students is funded exclusively by UCT using NSFAS as a conduit in its capacity as a registered financial services provider. In addition to the R429,3 million received from NSFAS, UCT committed R209.5 million of its own resources for undergraduate financial assistance approved by Council. A further R100,9 million designated funds were also provided through UCT. Corporates provided support to students amounting to R336.8 million.

FOUNDATION PROVISION GRANT

The foundation provision funds complement the teaching output sub-block grant through which graduates are funded. The main purpose of foundation provision 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 Ministerial approved extended curriculum programmes, which are in most cases one year longer than the regular qualification. UCT had in 2019 nine Ministerially-approved extended curriculum programmes (ECPs) offered in the Faculties of Humanities, Science, Law, EBE, 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 total amount budgeted for the Foundation Provisioning Grant in 2019 was R27,6 million with only R14,2 million being funded by the DHET allocation.

UCT registered a total of 2,937 foundation students in 2019. A total of 659 first-time entering students within an overall total of 672 first-year students were enrolled in extended curriculum programmes in 2019. The full-time equivalent extended curriculum programme student enrolment in foundation courses was 342.4, which is 9% lower than the 2018 total of 376.6. The success rate of full time equivalent first-time entering foundation students remained stable at 84% in their foundation courses, compared with a success rate of 70% in regular courses related to foundation programmes. We thus note the gap of 14 percentage points between students' performance in foundation courses and regular courses. 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 of its faculties. Student success rates were on the whole satisfactory.

The number of permanent staff involved in offering foundation courses was 48, very similar to the 49 staff members involved in 2018. The relatively high number of temporary staff (30) can again be explained by the augmenting programme model adopted in the Faculty of Humanities. These programmes offer a wide range of augmenting foundation courses across and within academic disciplines, often necessitating the involvement of temporary assistant lecturers who work under the leadership of permanent staff members convening the 'parent' regular courses to which the augmenting courses are attached.

NEW GENERATION OF ACADEMICS PROGRAMME

The New Generation of Academics Programme nGAP was created in terms of the Staffing South Africa's Universities Framework (SSAUF), which was approved in January 2015 by Minister of Higher Education, Science and Technology, Dr Blade Nzimande. The key features of the programme are that successful applicants (black South African and female) are appointed into permanent academic positions 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, are determined by the ability of the DHET to source funding for successive cohorts.

In 2019, 17 posts over four rounds had been awarded to UCT. The DHET does not carry the full costs of employment of nGAP appointments. 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 Faculty. 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, the Finance Department and the Faculties. In Phase four of this project, an amount of R12,5 million was provided.

INFRASTRUCTURE AND EFFICIENCY GRANT

DHET-funded projects for the fifth round of infrastructure funding

The allocation of infrastructure funding to universities by the DHET used to be in cycles covering three years. The main aim of infrastructure and output efficiencies funding is to increase the capacity of the university system to cope with the growth in student numbers. Infrastructure funding is mainly for new buildings but may also be used for the refurbishment of existing buildings to be modernised and made fit for purpose. Priority is given to projects that give effect to national goals and priorities set by the DHET. Where the DHET has identified a strategic focus area, once-off funding has been made available to universities. At any given stage, there are several multiple infrastructure projects running with construction happening over several years. The infrastructure and efficiency grant aims to ensure synergy between the availability of infrastructure within the university sector and the range of needs linked to the expansion of the system in terms of the enrolment planning processes; equity in the quality of infrastructure at all universities; and equity in the distribution of government funding. The Infrastructure and Efficiency Grant (IEG) has been allocated over five distinct cycles.

- Phase One: 2007/08 to 2009/10;
- Phase Two: 2010/11 to 2011/12;
- Phase Three: 2012/13 to 2014/15;
- Phase Four: 2015/16 to 2017/18; and
- Phase Five: 2018/19 to 2020/21.

UCT has completed all projects relating to phase one, two and most of the phase three and four projects. Phase five projects were only confirmed by Council in October 2018 and will be the focus of the infrastructure development at UCT over the coming years.



Water sustainability project

Given the dire water situation in the Western Cape, there was an urgent need for UCT (a major water user catering for almost 30,000 students) to establish a resilient and sustainable approach to deal with long-term water scarcity in a region that is likely to become more drought prone. In addition to the moral and environmental obligation, the costs of water and water services in the city are rising annually and are likely to treble within the next few years. Funding was requested to develop a water sustainability strategy and implement a systematic implementation of projects to student residences to reduce municipal water consumption and capture and recycle water by various means that are 'fit for purpose' for a range of activities on campus. This will reduce water demand and associated monetary and environmental costs. The progress on this project thus far has been for UCT to prepare a detailed specification, tender and appoint a specialist consultant to design and develop the strategy and the overall project design and implementation of solutions. The strategy development will be complete in May 2020 and project selection will be made by June 2020, following which the individual project design, procurement and implementation can begin on various residences. A budget of R80 million was approved for the project with the DHET contribution of R70 million and UCT making up the difference.

Avenue Road Student Residence

The University issued a Request for Proposal in July 2017 for a Turnkey Development for the purposes of constructing new student residences and a dining hall to address the shortfall of student housing. Based on their submission, Eris Property Group was selected as the preferred developer and the appointment has been concluded. The site demarcated for the new 500-bed student accommodation residence and 536-seater dining hall is located alongside Avenue and Matopo Road and is adjacent to the existing University House student residence on university owned property. The primary objective in utilizing a Design and Build approach is to provide the best available integrated design and construction experience and ensuring that a quality facility is delivered. The Project Budget is R222 million with a partial DHET funding component of R92 million. Building works are currently progressing to schedule with progress at approximately 77% with a budget spend of around R137 million.

UCT School of Education

In order to meet the space demands to accommodate teaching and research for post-graduate students in education, DHET has allocated funding for the construction of a new School of Education building at UCT. The 4-star rated building will

consist of four levels comprising a 220-seater auditorium, four centrally bookable lecture venues, a computer lab, a graduate commons, departmental teaching venues, office space and a cafeteria. Given the proposed location on Middle Campus adjacent to the cricket oval, the new building will be set in an area populated with several protected trees. Subsequently UCT has employed an arborist to implement a strict tree protection methodology, to be employed during the enablement works, demolition and construction stage. The estimated development cost is R82.74m including VAT, and project spend to date is R7.29m including VAT.

The building plan application, submitted to the City of Cape Town in August 2019, drew objections from two members of the public concerned about increased pressure on the residential roads and parking. These objections are being addressed; however, it remains uncertain when planning approval will be received from the authorities. The procurement of the main contractor is concluded; however, construction has not yet commenced. The delay incurred in the planning approval process is likely to delay construction commencement by 6 months with the project completion date delayed accordingly from December 2020 to June 2021.

Refurbishment and Extending the Chris Hani Building: New Science Learning Centre

The Chris Hani Building is currently undergoing a major refurbishment to provide staff and students with improved contemporary teaching environments which will include a Science Learning Centre for the Faculty of Science and a mezzanine research commons for UCT Libraries. As part of the reconfiguration we are including a transformed 280-seater lecture theatre, a commercial vending area, open plan faculty offices, meeting rooms, seminar and group study areas within the five levels.

The building is situated in the heart of the Upper Campus, which required an accelerated programme of works to ensure the least disruption possible to all stakeholders. In support of this, intensive consultation sessions with students and staff occupying the surrounding buildings were conducted which resulted in the academic schedule for that part of Upper Campus programmed in sync with the proposed construction schedule to ensure minimal disruptions during teaching and examination periods. The fund committed is currently R40 million from UCT and R90 million from DHET.

The anticipated start date on site is currently 15th June 2020 which is a 6-month delay as a result of protracted City of Cape Town building plan approvals. The construction programme is an accelerated 14-month programme from inception to handover. The project is set to commence in June 2020 with completion scheduled for October 2021. Despite the challenges facing the consultant team and UCT, Properties and Services (P&S) Capital Planning & Projects are confident that the project will be successfully completed as planned.

Replacement of network, upgrade of storage and digital preservation facilities

The demand for reliable ICT services on campus continues to grow exponentially and the entire University community, both staff and students, are critically dependent on the network to provide these services. The emergence of mobile computing devices and Internet of Things (IoT) 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 the use of digitized datasets, thus requiring continuous and substantial investment in storage, computing and networking/bandwidth. The University's current data network has evolved over several years and stretches across a number of geographically discrete sites such as the Upper, Middle and Lower, Health Science and Groote Schuur Campuses, as well as the Hiddingh Campus in Orange Street, Gardens, and the Breakwater Campus, and including a facility in Sandton housing a presence of Graduate School of Business. The network also includes off-campus Health Science Faculty research and teaching sites at the 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 furthermore extends to the Microsoft Azure Cloud and connects to UCT resources housed at the Neotel Data Centre.

The current '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 and ICTS's annual infrastructural renewal funds.

This project's key objectives are to refresh the network architecture and infrastructure to:

- mitigate risk by replacing 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 approximately 83% completion; and the infrastructure life-cycle phase focusing on the access-layer at approximately 23% completion.

Other independently funded projects

UCT had several infrastructure projects of strategic important not funded by government. A summary of selected projects is provided below.

GSB Conference Centre

The University of Cape Town's (UCT) R100-million, state-of-the-art, "green" academic conference centre at its Graduate School of Business (GSB) functions as a new multifunctional, four-level building, offering flexible spaces and facilities and can host 750 to 900 people. The GSB Conference Centre celebrates an achievement for UCT through the exemplary performance of the contractor, supported by the commitment and competence of the UCT Capital Planning & Projects department, the Users and the professional consultant team.

Neuroscience Centre

UCT and the provincial health department launched the first Neuroscience Centre at Groote Schuur hospital's renovated J-block building in March this year. The Centre will be the physical home of the newly established UCT Neuroscience Institute, as well as the Groote Schuur Hospital Clinical Neuroscience Centre, where researchers and clinicians will work together to treat brain and nervous system disorders that burden South Africa. The refurbishment and expansion of the clinical Neuroscience Institute (J Block) comprises a raked lecture theatre, the addition of a third floor, a new canteen area, as well as a link-way connecting the J Block to the new GSH main building. The centre would serve as an interdisciplinary research and clinical space to study and treat mental and neurological disorders in South Africa. The institute will encompass key neuroscience disciplines, a neurosurgical innovation and skills laboratory, a human tissues repository (called a biobank) and attached laboratory, a state-of-the-art lecture theatre and other communal spaces, as well as direct access to the Cape University Body Imaging Centre (CUBIC).



UCT D-School

In 2016, UCT approved the relocation of the d-school from its current temporary home at the GSB, to a new site on Middle Campus, at the corner of Woosack Drive and Cross Campus Way. The building will target a 6-star rating from the GBSA, operating on a thermally activated building system, naturally ventilated with a façade design to optimise solar gain and limit glare. The new d-school will consist of four levels comprising a basement accommodating parking and operational plant, a multi-purpose ground floor providing facilities for the d-school and UCT student community including a generous atrium space leading onto a covered outdoor terrace area, and two additional floors accommodating the d-school programme and staff functions. The estimated development cost is R163,854,000 including VAT, and project spend to date is R15,894,502 including VAT. An additional funding application for a further EUR800 000 is currently in progress, which is earmarked for improvements to the façade specifications and for the introduction of a cafeteria into the building. The procurement of the principal contractor is concluded. Construction was due to commence on 24 Feb 2020, however an ongoing delay in clearance from land use management continues to obstruct planning approval. The construction duration is 14 months.

UCT IDM Infill

In order to meet space pressure demands, funding has been provided by Department of Science and Technology, IDM and UCT Properties & Services for additions to the existing structure of the Wernher & Beit North building, in order to provide 1 080m² of additional office space for the Institute of Infectious Disease & Molecular Medicine (IDM) and approximately 500m² of basement space for future laboratory fitout. The building application was submitted first to Heritage Western Cape (HWC), who in principle supported the proposed enclosure of the courtyard spaces, subject to a number of comments. These were subsequently resolved, and the building plan application was submitted to the City of Cape Town in September 2019. The application was held up by a query from Land Use Management (LUMS) regarding the proposed parking provision. In response, a detailed audit of the Health Sciences campus occupation usage was undertaken. During this time, however, changes to the zoning scheme resulted in Health Science Campus being rezoned to PT2, and thereby eliminating the requirement to provide parking. Unfortunately, given the lapsed time from the initial submission, a renewed planning application is required, which is currently in progress. The principal contractor tenders have been received and evaluated. Authorisation to appoint is expected in June 2020 and construction commencement is scheduled for 1 July 2020. Construction duration is 32 weeks. The estimated development cost is R38 million including VAT, and project spend to date is R3,5 million including VAT.

SECTION FOUR: SENATE REPORTS TO COUNCIL

There are three annual Senate Reports to Council, namely the Teaching and Learning Report, the Report on Research and the Social Responsiveness Report. The 2018 Research Report and the 2018 Teaching and Learning Report both served at Council in October 2019, while the 2018 - 2019 Social Responsiveness Report was adopted by Council at its December 2019 meeting.

THE 2018 REPORT ON RESEARCH TO SENATE AND COUNCIL

The 2018 Report on Research tracks UCT's performance in relation to a range of Key Performance Indicators, including Research Funding (i.e. research income received or due during 2017), Research Productivity (publication counts and research Master's and doctoral graduates), an NRF Evaluation and Rating and World University Rankings.

Key Performance Indicators

UCT received a total of R1.67 billion in research income in 2018, representing an increase of R35 million compared to 2017. Of this, R1.6 billion was from sources external to the university.

UCT was awarded 1731.62 units for publications produced in 2017, a year-on-year decrease of 117.28 units.

UCT maintains a high participation rate in the NRF rating system, but the total numbers of rated researchers dropped by 5% (to 515) due in part to the significant change in the NRF incentive funding policy which from 2018 no longer provides incentive funding for rated researchers over a six-year period. One new A rating was awarded. UCT has taken the position that it is important to still participate in the rating system and has developed a strategy to enable this, for implementation in 2019.

UCT's ranking results for the period 2014-2018 are monitored across five global university rankings: Quacquarelli Symonds

(QS), Times Higher Education (THE), Shanghai Rankings Academic Rankings of World Universities (ARWU), US News+s Best Global Universities Rankings, and Center for World University Rankings (CWUR). UCT remained in 2018 the top University in the country and on the continent in the QS and THE world university rankings and in the US News Best Global Universities Rankings. In 2018 UCT moved up to take top position in the country in the CWUR rankings but remained second to the University of the Witwatersrand in the ARWU ranking.

A Focussed Approach

The report reflects on UCT's recognition of the value of focusing its research efforts and resources in order to improve the quality and impact of specific areas of investigation, as well as to address local and societal needs. In this regard, there are brief annual reports from such focussed national instruments hosted at UCT namely the DST/NRF Centres of Excellence and Competence Centres, and the South African Research Chairs Initiative. UCT hosts two DST/NRF Centres of Excellence, namely the Centre of Excellence at the FitzPatrick Institute of African Ornithology and the Centre of Excellence in Catalysis, c*change. UCT also serves as a co-host to a node of the DST/NRF Centre of Excellence for Biomedical TB Research. Internal to the University, instruments for achieving focus include four University Institutes and the URC's accredited research groupings (units, centres and institutes). The purpose of the four University Institutes is to build on the success of the earlier signature theme model, where seed funding enabled the transition into fully accredited and self-sustainable interdisciplinary research entities. In addition, UCT has taken the gap to play a leading role in big data research as triggered by South Africa's successful bid to host the Square Kilometre Array (SKA) project. UCT currently hosts 43 SARChI Chairs. Two new Chairs were awarded during the first semester of 2018, both of which opted to commence at the start of 2019.

Research Development Academy

The Research Office has developed a business plan for the establishment of a self-sustainable UCT Research Development Academy (RDA) as a new umbrella structure for staff and postgraduate student researcher development initiatives. The purpose of this entity is two-fold: firstly, the Academy aims to deliver an array of courses to universities on the continent (in and outside South Africa) in order to strengthen the development of researchers and research managers. Secondly, the RDA endeavours to assure the sustainability of the Emerging Researcher Programme and related staff development programmes for UCT staff, postdoctoral fellows and postgraduate students. Through the RDA structure, the Research Office continues to offer a range of in-house initiatives that support UCT postgraduate students and researchers at all stages of their research careers.

Postdoctoral Research Fellows

UCT registered 355 postdoctoral research fellows in 2018, 176 South Africans and 178 Internationals, with awards totalling R78 million.

Emerging Researcher Programme

UCT's flagship research capacity-building Emerging Researcher Programme (ERP) has had a total of 871 participants since its inception in 2003, with 71 new participants in 2018. In 2018, the ERP was also able to support 87 Research Development grants to the value of R 2 008 807, most of which (88%) were awarded to South Africans, with black South Africans receiving 72% of these grants.

Postgraduate Students

A comprehensive analysis of postgraduate students is provided, detailing enrolments by qualification type, demographic profiles of postgraduates, graduate numbers and times to degree as well as the academic progress of entering cohorts of master's and doctoral students. While some of the statistics in this section are encouraging and reflect positive change, the report concludes that significantly more attention needs to be paid to the postgraduate sector (especially in comparison to the driven and perceived focus on the undergraduate sector). Of specific concern is the relative lack of financial support for postgraduate students, particularly black South Africans, against a strategy stressing growth in research and in the postgraduate sector.

The Role of the UCT Libraries

The report includes a considerable focus on the contributions of the Libraries in supporting research at UCT. In addition to funding for researchers and research development initiatives to support and train young and mid-career researchers, the Libraries are continuously looking into efficient and flexible support systems and processes to enhance the quality of

research support. In this regard, the eRA programme was extended into 2018 and 2019. The eRA programme delivered the Pubcount 2017, “Pre-awards” which covers all aspects of the research project life cycle before the awarding of funds and the commencement of the research itself, processes supporting partnerships and collaboration, human ethics applications and the Research Portal. The UCT Libraries are a strategic partner in supporting university research initiatives, playing a key role in providing a bibliometric service, launching the innovative Research Landscape Analysis, re-designing OpenUCT for greater scholarship visibility and accessibility, and strengthening Open Access Publishing and the Systematic Reviews service enlarging the research community.

The Role of ICTS

The Information and Communication Technology Services’ (ICTS) technical support division was restructured in 2017 to provide a better service and to ensure that ICTS meets the IT requirements of staff and students. In terms of aiding researchers, the division has now been designed to offer a range of eResearch support, leading to a more sustainable method of providing solutions and meeting requirements for UCT research as whole, instead of just for individual groups. eResearch services are drawn from the collaborative input of ICTS, Libraries and the Research Office, with staff embedded or working in close collaboration with major research projects and individual researchers from different disciplines. ICTS’ support for Research in 2018 included the implementation of Phase 1 of the renewed and improved network infrastructure, the provision of fast network connectivity and the establishment of ilifu, a regional node in the shared national big-data cloud infrastructure for data intensive research. In addition, research processes were simplified and improved by a new high- performance computing cluster.

University Research Committee

Enhanced support for research through awards and fellowships took the form of funding support awarded by the University Research Committee and support provided by the Research Office and some of the faculties, e.g. Health Sciences, in soliciting and reviewing nominations to external institutions. The Report on Research lists examples of such awards made in 2018. In support of established as well as ‘high-flyer’ researchers, a pilot project (2017-2018) was introduced into the Research Office that drew on the skills of a senior grant writer to improve grant funding success rates, particularly from international grant agencies and for large, multidisciplinary collaborative projects. This proved so successful that it has been mainstreamed into the general operating budget, and the intention is to bolster capacity in this regard even further during the course of 2019.

Global Partnerships and Networks

Formalised university research networks are a growing trend and have clear leveraging value if used strategically. UCT is frequently approached to join such networks but is highly selective before becoming involved. The 2018 Report on Research describes the activities and accolades of the main networks in which UCT is active, namely the African Research Universities Alliance (ARUA), the ARUA Centre of Excellence in Climate and Development (ARUA-CD, the African Centre of Excellence for Inequality Research (ACEIR) the International Alliance of Research Universities (IARU), the International Alliance of Research Universities (IARU), the Worldwide Universities Network (WUN) and the Australia-Africa Universities Network (AAUN). Over the course of the year, members of the Partnerships and Visits Executive Committee importantly refined the complex process of managing requests for partnerships or visits, from initial contact to implementation. Online applications for both partnership and visit requests were developed and signed off during 2018. Over the year, 45 agreements were successfully negotiated and concluded. Of these, 76% were with partners in Europe, 9% in Africa, 9% in North America, 4% in Australasia (including Asia) and 2% in South America. Work also continued on drawing up a process for the offering of joint degrees.

Participation in International Scholars Programmes

UCT’s participation in International Scholars Programmes includes amongst others, the Universities Science, Humanities, Law and Engineering Partnerships in Africa (USHEPIA) Programme, one of UCT’s flagship collaboration initiatives in Africa, which graduated two doctoral students, adding to the 60 senior postgraduate students already graduated through the programme. The Mastercard Foundation Scholars Program welcomed a fourth cohort of 39 scholars in February 2018 and participated in a number of international events. UCT is a partner member of two Intra Africa, Caribbean and Pacific Academic Mobility Scheme Consortia and is also a partner in two other Intra Africa Mobility Scheme programmes. UCT has an institutional agreement with the Organisation for Women in Science for the Developing World (OWSD) and is currently host to 15 students under this agreement, hailing from Zambia, Zimbabwe, Uganda, Kenya, Nigeria, Sudan, Mozambique, Cameroon and Tanzania. In 2018, 18 postgraduate students were registered for studies on the Semester Study Abroad (SSA) programme at UCT; these

students were mainly from countries in Europe and were largely located in the Faculty of Humanities. UCT's Global Short-Term academic programmes unit hosted a total of 302 students and 26 international partner faculty members in 2018. UCT also has a number of bilateral and consortia exchange programmes with partners around the world that provide for postgraduate students from UCT to spend time at the host institution, conducting research or undertaking coursework. In 2018, 3 Master's students specialising in International Relations and Education Policy were hosted under such programmes.

Increasing the Visibility of UCT's Research

The 2018 Report on Research highlights the importance of increasing the visibility of UCT's Research as part of the new research strategy, in particular with regard to enhancing internationalisation. In 2018 this resulted in repurposed capacity in the Research Office to produce a hub of research-focused communication and marketing expertise that services a wide range of needs across a number of offices. Activity on various research-related Twitter accounts increased dramatically during 2018, and Umthombo, a UCT research magazine that aims to showcase the breadth and depth of UCT's research, was launched. Umthombo is intended to replace the annual research report with a shorter, more dynamic, frequent and topical publication that is appropriate for the target audience of international visitors and for the use on visits. UCT's research is also made visible through participation in key national and international awards. In 2018, UCT academics were recipients of, amongst others, the NRF Research Excellence Award for Early Career/Emerging Researchers, the NRF Hamilton Naki Award, an NSTF Award in partnership with South32 and a Women in Science Award. The report also provides details of awards to UCT researchers through the URC and donor-funded grants.

UCT Knowledge Co-op

The UCT Knowledge Co-op, which was established in August 2010 to grow long-term partnerships between community partners and UCT researchers on issues identified by community groups, facilitated 39 projects during 2018, involving 69 students.

Intellectual Property and Technology Transfer Metrics

In terms of key metrics of Intellectual Property and Technology Transfer, the report notes that in 2018 the total income from IP commercialisation was R 1.3m, and that a new UCT spin-off company was formed by two MSc Biomedical Engineering graduates. A total of 51 invention disclosures were received and 28 patents were granted from 60 new patent applications. 21 licenses were entered into, one of which makes data available for an emergency medicine platform that provides more than 5 000 medical professionals with information. Further investments totalling R4.48 million were made from the Evergreen Fund for equity in two start-up companies.

Quality Promotion

In terms of Quality Assurance, the University Research Committee implemented a peer-review process in 2003 for all URC-accredited research groupings: each grouping is reviewed once every five years by a panel that includes at least two external experts who are internationally recognised leaders in the relevant field. Seven such quality assurance reviews of accredited research groupings took place in 2018. These were the Centre for Materials Engineering, the Environmental-Economics Policy Research Unit, the Hatter Institute of Cardiology Research in Africa, the Marine Research, the Centre for Environmental and Occupational Health Research, the Women's Health Research Unit, and the Centre for Supramolecular Chemistry Research.

Ethics Compliance in Research

The appointment of a Director of The Office of Research Integrity, the initiation of a limited pilot of the Converis eRA tool and the administration of a survey of all Biosafety Level 2 facilities on campus were key achievements during 2018 in relation to the increased focus on ethics and compliance in research. Importantly, the Research Report also provides a list of the most pressing risks to UCT's research enterprise; these include dwindling funds for research, organisational fragmentation of Research Support Services and inconsistencies in the review of ethically sensitive research involving human participants due to UCT's devolved faculty processes.

The Report concludes with a Research Report from each of the faculties and the Graduate School of Business.

An Appendix of Tables to the report provides data on the level and nature of research productivity, transformation within research, the sustainability of excellent research and the impact of research at UCT.

SOCIAL RESPONSIVENESS REPORT 2019 - 2020: TRANSFORMATIVE PORTRAITS OF PRACTICE

The 2019-2020 social responsiveness (SR) report is 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) has 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 SR 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 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 ordinary people to access information pertaining to their health needs.

Emerging themes

The report describes what emerged from the exercise as a rich tapestry of cases or 'portraits of practice' that reveals 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 however includes many community-based research cases that demonstrate high levels of engagement with external constituencies (such as Ehlwoza 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.

Conceptualisation of Engagement

The features cases revealed a very broad understanding what constitutes engagement but a lack of conceptual clarity about the term engagement. According to the report, UCT and South Africa are not unique in this respect: internationally the field has also been contested and defined very differently in diverse contexts with terms or concepts such as outreach, community service, regional engagement, public service, community engagement, civic engagement, public engagement, knowledge exchange, third mission, triple helix and social innovation being the most common. 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.

Extension of Knowledge

Extension of knowledge falls within the ambit of engagement as demonstrated by the 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.

CHED's Contribution: Massive Open Online Courses and Contributions from the Careers Service

The Centre for Innovation in Learning and Teaching (CILT) produced Massive Open Online Courses (MOOCs), offering opportunities to those wanting to further develop their knowledge in a more openly accessible way outside of formal credentials and requirements. The report notes that the CILT MOOCs team, in collaboration with colleagues across all faculties, has produced 22 MOOCs since 2015. CILT's case highlighted in this report deals with their work with the Division of Disability Studies on the MOOC "Disability Inclusion in Education: Building Systems of Support", which reflects a strong social justice orientation.

Also, within CHED (the Centre for Higher Education Development) the Careers Service (CS) case describes the opportunities for learners from township feeder schools to benefit from one-on-one careers consultations with one of the CS's career advisors.

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.

2018 TEACHING AND LEARNING REPORT

The Teaching and Learning Committee of Senate 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 is 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 report marks the beginning of a more systematic and institutionally driven conceptualisation of teaching and learning at UCT. It builds on some of the changes introduced in the 2017 report and is an attempt at developing a more critical and self-reflective approach to reporting on teaching and learning at UCT. The report provides information of UCT's performance in teaching and learning and also reflects on how UCT is thinking about teaching and learning in the current institutional, national and international context. The report is organised into an introduction, six content chapters and a final chapter entitled Final Reflections and Conclusions.

The Student Voice

In preparing the report, the Teaching and Learning Committee made a particular effort to bring to the fore the student voice in relation to most of the topics covered. The student voice was garnered through focus groups run by Centre for Higher Education Development (CHED) colleagues that aimed to get a sense of students' feelings and ideas about their experience of teaching and learning at UCT. The student voice is presented in the report either as text boxes illustrating some of the arguments made, or as pertinent quotes in the text of the report's main argument.

Stretching Excellence

The theme of the report is "stretching excellence" in the context of the Vice Chancellor's three pillared vision for the university: excellence, transformation and sustainability. The report posits that a top research university like UCT needs to stretch its understanding and measurement of excellence in order to overcome barriers to the achievement of more effective and better teaching and learning. The introduction to the report proposes the need to focus on seven "stretches" to be incorporated in a consensual teaching and learning strategy for UCT.

Student Success Key Performance Indicators

The first content chapter, “Pathways for Student Success”, notes that UCT reports annually reports on a wide range of institutional indicators of student success, and against key performance indicators for the “student success” related University Capacity Development Grant (UCDG) projects. These indicators of success are critical for flagging achievements and areas for attention but are not always useful in understanding the underlying problems that hinder success or how to address them. One of the underlying themes of this section is the imperative to be mining the institution’s existing data, and collecting new, institutional data for a deeper understanding of persistent problems that hinder student success. It is noted here that while UCT attracts school leavers who are among some of the top talent in the country, there is a marked discrepancy between the performance of black and white students. Thus, in order to interrogate patterns of student performance at the micro-level, it is important to be able to implement evidence-based investigative interventions as appropriate across the university.

This chapter focuses on a set of interventions that give insight into how some of the academic challenges are being addressed and the evidence of impact to date. These include: a project launched in 2018 to bring the issue of academic advising to institutional prominence; a reflection on how two faculty’s structural curriculum interventions launched in 2018 – augmented and extended – are making a difference to students’ performance; a reflection on the existing language policy and a focus on and some of the ways of addressing academic literacy that gained traction in 2018; an evaluation of the tracking and intervention system supported by ISFAP; a description of how a long-standing concern at UCT for “high-risk” courses has led to the establishment of a cross-institutional project that aims to understand the challenges presented by these courses and to explore what can be done to address them; and finally a reflection on interventions put in place by the Careers Service to support students with the transition to the world of work, along with, some findings of the annual Graduate Exit Survey.

The Student Experience

A chapter entitled “The Student Experience in the Past Decade” reflects on how the “student experience”, i.e. the interface between students and the university in relation to their academic, administrative and social-psychological needs, has become an essential focus in higher education studies and a primary preoccupation for university managers. The student experience determines not only the attractiveness of a university to prospective students, but also how adequate and effective the time at the university has been for its graduates. The report reflects that the cycle of student protests in 2015 to 2017 brought into sharp relief difficulties this regard experienced by students, especially black students, particularly in the area of funding their studies. This section looks primarily at the academic and psychological needs of UCT undergraduate students. The academic aspects of the student experience are viewed through an analysis of the academic exclusions and deferred examinations provided by the relevant committees, and through a synopsis of the outcomes of the South African Survey of Student Engagement (SASSE) which was run at UCT for the first time in 2018. The psychosocial aspects of the student experience are presented through evidence gathered by UCT’s Student Wellness Service (SWS) in the course of their work.

Curriculum Change

The introduction to this report notes that one of UCT’s key stretches is a review of the undergraduate curriculum. A chapter entitled “Imperatives for Curriculum Change” deals with progress in relation to curriculum review, observing that this has several foci. Firstly, curriculum strives to address the imperative of decolonisation – a section of this chapter addresses the context out of which the Curriculum Change Framework (CCF) emerged and provides an analysis of the responses elicited by framework, setting the platform for how curriculum review will be taken forward in 2019. Secondly, having identified credit overload as a pervasive problem, this chapter unpacks the issue and suggests a way forward to address it. The final part of this chapter deals with work undertaken in the Linguistics section of the School of Languages and Literatures as an example of the various curriculum change initiatives that are being planned or are currently happening in response to both the imperative of decolonisation and the manner in which millennials learn.

Innovations in Curriculum and Teaching

The fourth content chapter, “Teaching and Learning Practices”, focuses on a range of innovations in curriculum and teaching and learning approaches that have flowed from a renewed commitment in the institution to “doing teaching and learning” differently. These innovations and approaches are also foregrounded because they represent an institutional response to the recognition that there are certain minimum enabling conditions for teaching and learning to be carried out effectively. The innovations and approaches reported are an institutional response to macro-factors in the higher education teaching

landscape, and also reflect a focus on educational technology, online learning, innovative curriculum design, data analytics, collaborative teaching and learning spaces.

The use and uptake of lecture recording as a pedagogic device in the institution has clearly increased very rapidly, but the extent to which these recordings have been capitalised on pedagogically is less clear. There is a risk that less than optimal use of lecture recording could lead to lecture recording and its potential online benefits simply replicating face-to-face delivery.

Discussions in relation to teaching and learning innovation and collaborative teaching, present teaching as aspiration and teaching as a collective endeavour. Reflections on the “Writing Across Borders” course shows what is possible in terms of both curriculum design and innovative pedagogy when academics commit to student-centred pedagogy and to the use of online platforms to complement face-to-face engagement. Reports on two collaborative teaching projects illustrate the power of data analytics in informing teaching and learning, and the use of podcasting as a means of enabling academics to benefit from engaging with experts’ approaches to teaching and learning.

Some sobering reflections on the phenomenon of the increasing casualisation and juniorisation of the academic teaching staff are also raised as a concern.

Reflections from the Faculties

Inputs from the six UCT faculties in relation to mostly undergraduate teaching and learning are collated in the chapter entitled “The Faculties Speak: Success and Challenges in Teaching and Learning”. The faculty voices reflect the experience of deans, deputy deans, academics and faculty offices who deal with students’ performance and their general well-being. A reading of each faculty’s section reveals that there are a number of important underlying common issues that make the experience across the faculties more similar anticipated.

Assessing Student Performance

The last of the content chapters, “Assessing Student Performance by Key Indicators”, provides a quantitative analysis in relation to (1) enrolments and enrolment profiles of students within the 2018 year and trends in these since 2014, (2) staffing and the composition of academic staff, as well as changing staff to student ratios and (3) a commentary on teaching and learning in terms of graduate success, and undergraduate and postgraduate student performance.

The report reflects on a number of instances where student performance in 2018 compares unfavourably with that in 2017, such as undergraduate course performance, most notably at the crucial 1000 level; graduation rates; conversion of bachelor’s graduates to postgraduate study; performance of foundation students 1000-level and 2000-level courses; and proportions of undergraduate students failing to meet standard readmissions requirements. An analysis of the academic progress of successive cohorts of first-time entering undergraduate students however shows marked consistency in relation to completion rates (72 to 73% in respect of each cohort). Looking at the 2014 entry cohort, the completion rate among white students however increased by two percentage points to 85% (in comparison with the 2013 cohort) but remained level at 61% among black students, demonstrating the persistent performance gap between black and white students on this particular indicator.

At the postgraduate level, the report focuses on the academic progress and times to degree among master’s and doctoral students. The average completion rate amongst successive master’s entry cohorts ranged between 64% and 75% per entry cohort, while the time to degree appeared to increase slightly in most faculties. At the doctoral level, the potential completion rate (graduates and those still registered) within the 2014 entry cohort stood at 62%; the time to degree among 2018 doctoral graduates was 5.3 years.

The Cornerstones of Good Teaching in Higher Education and the Role of HE in disrupting inequality

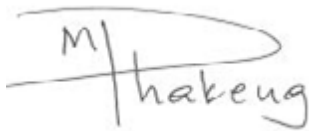
A “Final Reflections and Conclusions” section emphasises that the 2018 Teaching and Learning Report focuses on four themes which the international and local literature deem to be the cornerstones of good teaching in higher education namely student success, the student experience, curriculum change and innovation in teaching and learning.

The report suggests that the global massification and democratisation of higher education has effectively added another crosscutting theme, namely the role of higher education in disrupting inequality. In South Africa, the most unequal society in the world, it is thus not possible to think of teaching and learning at university level without understanding that one of the functions

of higher education is precisely to disrupt historically entrenched inequality. Every chapter of the report, including the one presenting the faculties' voices, refers to the 2015–2017 student protests as a watershed. There is no doubt that the #MustFall movement was the most important student movement in South Africa since 1994. At historically white universities like UCT, it brought to the fore both the complexity of black students' (and academics') experience of the university both socially and academically, and highlighted the need to address unexamined social and academic white privilege. The work done during 2018 (and that will still be done in the years to come) is in many respects a response to the intellectual and emotional learnings that took place between 2015 and 2017.

The report concludes that the coming years will be crucial, firstly in determining the cost of quality education that can disrupt inequality; secondly in investigating ways in which adequate funding can be generated within and outside the core functions of the university; and thirdly in developing strategies to bring both together. A necessary step in this regard during 2019 will be the approval of a new teaching and learning strategy for UCT that will lay out the goals, a plan of action and targets in relation to this portfolio until 2025.

Fundamental to the success of the academic enterprise will be the continued commitment, expertise and dedication of all UCT's staff in working towards stretching excellence.

A handwritten signature in black ink that reads "M/ Phakeng". The signature is stylized, with a large, sweeping underline that loops back over the name.

Professor Mamokgethi Phakeng

Vice-Chancellor

20 June 2020





INSTITUTIONAL FORUM REPORT TO COUNCIL FOR 2019

OVERVIEW OF THE UCT INSTITUTIONAL FORUM CONSIDERATIONS IN 2019

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.

In 2019, the University of Cape Town, Institutional Forum (IF) inducted new members on the 7th February 2019 and held three meetings, two Special IF meetings and two IF Executive Committee meetings.

POLICY AND PROCEDURE

Governance considerations by IF members this year focused on the composition of the IF membership to allow for the correct representation of staff bodies. Similarly, issues of procedures taken by the IF in relation to the appointment of senior management positions were discussed in order to ensure that practices were aligned with policy. The IF requested that more procedural clarity is incorporated in selection committee reports so that the IF can clearly understand the steps that are followed during selection committee processes. The IF raised concerns 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.



THE RELATIONSHIP OF THE IF AND THE SENATE COMMISSION OR COMMITTEES OF SENATE

The IF spent some time clarifying its relationship with Senate and the committees or special commissions of Senate. It resolved that the IF in the first instance advises Council. There is therefore no requirement that the IF provides a view to Senate on matters under discussion at Senate. However, the IF could request a report for the purpose information sharing rather than scrutinising what Senate decides.

TRANSFORMATION

The IF requested quarterly feedback from all units involved with Transformation on campus. The Office for Inclusivity & Change comprising of Disability Services and Employment Equity, within the Office for the Deputy Vice Chancellor for Transformation, provides this quarterly feedback to the IF on matters related to inclusion, equity and disability. In addition, both the Transformation Forum and the Employment Equity Forum report to 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 November 2019, 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”. The event provided a platform for university transformation structures (including but not limited to transformation committees), researchers or practitioners focusing on transformation, inclusion and diversity within education, and other interested actors to connect and share knowledge. Through connecting and sharing knowledge, we hope to begin identifying strategies for collective action. The event included external speakers from the Tshisimani Activist Education Centre, Inyathelo and the Dream Foundation.

In addition, The Transformation Forum hosted a series of community of practice initiatives to connect and support transformation committees at the university. These included think spaces, reflection circles and other events which aimed to encourage multilateral engagement and activist community. To support transformation agents at UCT, the Office for Inclusivity and Change (OIC) hosted a series of events in 2019 for transformation committees and members of the Transformation Forum. In October 2019, the OIC hosted a series of three Transformation, Inclusion and Diversity Think Spaces. The think spaces offered an opportunity for transformation committees and other transformation actors to reflect on the structure and governance of transformation at UCT. These spaces highlighted that transformation committees experience difficulty in accessing governance and management structures and even when they do have access, they have limited voice and agency to address challenges and concerns in respect of transformation.

Finally, the Transformation Forum initiated the Vice Chancellor Transformation Awards to recognise Faculty's and Departments who excel in equity, diversity and inclusion. The first recipients of the Transformation Award received their award during the Vice Chancellor's Annual Awards.

EMPLOYMENT EQUITY FORUM

In 2019 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 2018 and is valid until 2021. The plan outlines the key annual objectives, the barriers, affirmative action measures, the workforce profile, numerical goals and targets amongst other aspects. During the 2018/19 period, the university has filled in several vacancies attributed to a positive shift in the achievement of the employment equity numerical goals and targets during this period. The Employment Equity Forum (EEF) provides as a workplace forum where employment equity policy, the employment equity plan and implementation of both are considered.

A statistical representation showing progress in terms of the numerical goals and targets reveals a positive shift during the 2018/19-year cycle, where the designated group are sitting at 70% with a numerical target of 71% in 2020 and a numerical goal of 73% in 2021. The non-designated groups which include white males and foreign nationals reveals necessary stability where white males are sitting at 8% followed by foreign nationals sitting at 9% in 2018/19. The numerical target for white males is sitting at 8% and for foreign nationals at 9% for 2020, while the numerical goals for white males are sitting at 20% and 7% for foreign nationals for 2021. The trend analysis reflects that the gap between the designated groups and the non-designated groups continues to narrow with Indians still overrepresented in the designated groups. The disability goal for 2021 is sitting at 2% and currently the stats show that the university is sitting at 1.6%.

In 2019 the number of trained EE representatives significantly increased, this will make it easier for EE representatives to participate in recruitment and selection processes. Due to the demand for training the a more comprehensive training was offered on a monthly basis. In 2020, the EE portfolio envisions shifting trainings online so that participants can control their participation and time. In 2019 the university also reviewed the minimum requirements for job applicants to remove barriers for entry for potential applicants and started work on a transformation KPA for all executive directors, deans and heads of departments.

CONCLUSION

The IF continued to fulfil an important role with respect to its mandate in respect of governance and transformation. Its subcommittees (The Transformation Forum and EEF) remain active and robust spaces that drive and oversee the overall transformation agenda.



Professor Loretta Feris

DVC Transformation and IF Co-Chair
20 June 2020





REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE

INTERNAL ADMINISTRATION, OPERATIONAL STRUCTURES AND CONTROLS

The Council's key functions and responsibilities include risk management and internal controls. The University maintains systems of internal control to mitigate identified risks, to ensure the integrity of our core activities of teaching and research and to safeguard our assets. The University has an organisational structure and division of responsibilities, together with established policies and procedures that are communicated throughout the institution. Organisational structures are not static and are continually under review by management, but the essential elements are stable.

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 any of the University's key systems during 2019, although these systems are subject to regular review and adaptation to meet new demands. The development, maintenance and operation of all systems are under the control of competent staff.

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. Management became aware of a problem in respect of the security of a portion of personal data as it relates to benchmarking testing and this has been attended to and resolved.

Internal control systems are in place and operating effectively, however, there are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to the preparation of financial statements and the safeguarding of assets.

The University's independent auditors, EY, assess the key accounting systems on an annual basis and have found that, while controls are mostly adequate, there are areas where the control environment can be improved. These have been brought to the attention of the University Audit and Risk Committee (UARC) and management, and are being attended to. It is the role of Internal Audit to monitor internal control systems and to assist management in ensuring the adequacy of such controls. The Council, through the UARC, provides oversight of the preparation, integrity and fair presentation by management of the annual financial statements and of the financial reporting process.

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. During 2019, this committee performed a comprehensive review of its terms of reference, which was approved by Council on 7 December 2019. Significant changes include:

- The committee being expanded to more formally incorporate risk management and then renamed from the University Audit Committee to the University Audit and Risk Committee (UARC). The previous risk committee will now function as a management committee, which will report to the UARC.

- In line with good corporate governance principles, the Vice-Chancellor will no longer be a voting member of the committee, but rather an assessor member.

The key responsibilities of the UARC are listed in Council's report on corporate governance (page 15) of this report.

Attendance at UARC meetings during 2019 is presented in the table below:

Table 19: 2019 University Audit and Risk Committee Attendance

| Member | Designation | May | May ¹ | Sep | Nov | % |
|----------------------------------|----------------------------|-----|------------------|-----|-----|------|
| Professor M Phakeng ² | Member (Vice-Chancellor) | P | P | Ap | P | 75% |
| Ms T Mokgabudi | Chair & Council Member | P | P | P | P | 100% |
| Mr T Murray | Deputy Chair (independent) | P | P | P | P | 100% |
| Mr E Davids | Council Member | P | Ap | P | Ap | 50% |
| Ms Z Khanyile | Member (independent) | P | Ap | P | P | 75% |
| Professor G Gray | Member (independent) | Ap | Ap | Ap | Ap | 0% |

¹ Joint meeting with the University Finance Committee

² The VC was a member until the terms of reference were changed on 7 December 2019

P = Present Ap = Apology

AREAS OF FOCUS OF THE UARC

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.

Improving the internal controls relating to, and the management of purchasing cards

The procurement card (PCard) is a Visa credit card issued by Nedbank to authorised 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 also provide a purchasing tool for those purchases that normally result in reimbursements (e.g. internet payments, subscriptions and conference fees). Given the importance of the PCard to the university operations, there has been a concerted effort and focus by the UARC, supported by the work of internal audit, to ensure that internal controls are enhanced. Management's interventions presented to the committee included amongst others: (i) a policy review of the PCard which was approved by Council, (ii) the development of training material and guides for better policy understanding by all users, and (iii) blocking of cards where transactions have not been cleared and approved within stipulated timelines. In addition, audits will be carried out regularly and without warning by both internal audit and an external service provider.

Business Continuity Management

The University has plans in place which address business continuity. However, these plans are unstructured and not formalised. As part of addressing this gap, the University embarked on a process to develop a formal business continuity management plan using external expertise. The service provider facilitated a workshop with UCT's management representatives. International best practice as well as the results of the workshop were applied to develop a detailed report, inclusive of a draft business continuity management implementation roadmap. The implementation roadmap will guide management follow a phased approach to prioritise key activities and establish a comprehensive business continuity management programme over time. An area that has impacted the University has been the electricity load-shedding. The University is impacted depending on the extent of the shortage of generation capacity to meet the country's electricity demand, with stage 1 being the least serious, and stage 8 being the most serious. The University has put measures in place to ensure that minimal teaching and learning time is lost during load-shedding, and that the impact on all other university operations is reduced as much as possible. Some of the University's facilities have generators to provide back-up power that is limited to research activities, emergency lighting, some power points, and access and fire-detection systems. Other UCT facilities have uninterruptible power supplies (UPS) that will provide emergency lighting and some power points for a limited time – usually about two hours.

Human Resources Business Process Review

A Business Process Review (BPR) of the Human Resources department was initiated to enhance process automation. The BPR has been a standing item on the committee's agenda during 2019. The following actions have been taken during the current year:

- The automation of updates to personal details and the bank advance programme.
- Implementation of additional manual controls to mitigate risk until all processes have been automated.
- Implementation of increased segregation of duties, in close consultation with Internal Audit.
- The creation and filling of a new post – Business Risk & Payroll Manager
- Engagement with other universities to establish best practice within the sector

University-wide fraud reporting

The current reporting channels relating to cases of fraud were found to be inconsistent across the various areas of the University. Management undertook to review and update the reporting structures, with a view to being able to present a University-wide fraud dashboard from mid-2020. Part of this improvement will also include a review of the Fraud and Corruption Prevention policy which was approved by Council in 2017. UCT supports and fosters a culture of zero-tolerance to fraud and corruption in all its activities and is committed to maintaining a culture of ethical compliance. A whistle blowing hotline which is externally managed is in place. The UCT community is informed about the activities of the hotline regularly and updates are provided on completed cases.

INTERNAL AUDIT AND THE INTERNAL AUDIT PLAN

Internal Audit contributes to the University's commitment to combined assurance, by providing independent assurance that the University's risk management, governance and internal control processes are operating effectively. The Director: Internal Audit has unrestricted access to the Chair of the UARC. The internal audit annual plan considers the key risks identified by management, the requirements of the UARC and management, as well as available resources. The UARC approves the internal audit plan on an annual basis. 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. Based on the results of the planned audits and ad hoc reviews undertaken during 2019, 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

The UARC, having considered the Annual Financial Statements, has not identified any issues to indicate that the going concern assumptions applied by management were inappropriate.

ROTATION OF THE INDEPENDENT AUDITORS

The University's policy is that external auditors will be appointed for an initial three-year period, followed by a full-scale review of performance after which, if the performance is judged satisfactory, there would be an expectation of annual appointments for a period of five additional years. The University can terminate the appointment at any time during the initial three or subsequent five-year period.

Under the provisions of the Public Audit Act, the appointment of auditors is to be made in consultation with the Auditor General of South Africa (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 2019 audit. This recommendation was endorsed by Council and ratified by the AGSA. 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.

RISK MANAGEMENT EXECUTIVE COMMITTEE

The University also has a standing Risk Management Executive Committee (RMEC) that is chaired by the Vice-Chancellor. As part of improving and ensuring that the University adheres to best practices, the Risk Office undertook a benchmark exercise visiting a number of local universities and engaged a selected few international universities. Comparisons were also undertaken with some Johannesburg Stock Exchange listed companies. The outcome of the benchmarking exercise resulted in internal improvements on how risks are managed, including the review of the Committee's terms of reference. Risk management has received a considerable amount of attention over the last few years, and it continues to be an ongoing and accepted process that is integrated into the day-to-day management activities of the University.

At the end of 2019 the revised terms of reference for this committee had not been approved but these were subsequently approved at the meeting held on 12th March 2020. Attendance at RMEC meetings during 2019 is presented in the table below:

Table 20: 2019 Attendance at Risk Management Executive Committee Meetings

| Member | Designation | May | May | Sep | Nov | % |
|------------------------------|---------------------------------------|-----|-----|-----|-----|------|
| Professor M Phakeng | Vice-Chancellor (Chair and Member) | P | P | Ap | P | 75% |
| Dr R Morar | Deputy Chair and Member | P | P | P | P | 100% |
| Mr R Pillay | Registrar and Member | Ap | P | P | P | 75% |
| Ms G Kruger | Member | Ap | P | P | P | 75% |
| Mr A Francis | Member | P | P | P | P | 100% |
| Dr M Khan | Member | P | P | P | P | 100% |
| Mr M Parker | Member | P | P | P | P | 100% |
| Assoc Professor K Sewchurran | Member | P | Ap | Ap | Ap | 25% |
| Dr M Sienaert | Member | P | P | P | P | 100% |
| Professor A Lewis | Member | Ap | P | P | P | 75% |
| Mr T Murray | Deputy Chair UARC and assessor member | P | P | P | P | 100% |
| Ms B Hashim | Assessor member | P | P | P | P | 100% |

P = Present Ap = Apology

During the year under review, the Committee considered a number of risk reports from various departments and faculties. The University has a comprehensive register of major risks, covering all eleven identified risk domains. Identified risks are added and deleted as and when the RMEC deems it necessary based on inputs from the appropriate senior University officer responsible for each domain. The register records the identified risk, the possible impact and the probability of occurrence both before, and after, mitigation. The risk parameters regarding impact and probability are continually reviewed and amended and refinements to the methodology effected. 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.

RISK MANAGEMENT AREAS OF FOCUS

The effective management of risk is considered a key management performance area and there are various structures proactively managing risks that may impact on the achievement of organisational goals. As part of the university's internal control and governance arrangements, UCT is now implementing an integrated risk management regime to manage risk appropriately, minimise its adverse effects and maximise on potential opportunities. In terms of good corporate governance practices, Council is responsible for the governance of risk through formal processes including the process of risk management. King IV requires Council to demonstrate that it has dealt with the governance of risk comprehensively. The University has the (Executive) Risk Management Committee (RMEC) comprising mainly of senior management, internal audit and an external member of the Audit and Risk Committee as assessors. In addition, the University Audit and Risk Committee also plays a key role in the assurance process. A risk-based approach is being rolled out across the operations of the University and internal audit is a permanent invitee to all risk workshops.

Cybercrime and information security breaches

The University has large data repositories containing confidential personal and financial information. This is in addition to hosting cutting edge research and key intellectual property. It is accepted that no organisation, private or public will have adequate resources and expertise to deal with all cyber and information security breaches. A number of policies relating to information technology and cyber governance were either developed or reviewed by management. As part of the management of this risk, a detailed report covering current information and cybersecurity initiatives as well as providing an overview of the current landscape at the University in terms of information and cybersecurity is provided at every Risk Management Executive Committee meeting.

Reports presented shows that the University continues to experience unprecedented amounts of spam, phishing emails and malware-infected emails which not only continue to place the network at risk but also require additional resources. Investigations indicate that most of the spam and/or phishing emails originates from compromised student email accounts or unattended alumni email accounts. The University has focussed on addressing these risks and constant communication is provided. Despite a number of security breaches, the University is still able to ensure protection for the majority of its data.

The University established a Computer Security Incident Response Team (CSIRT) whose purpose is responding to, controlling and managing 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.



B-BBEE scorecard

Broad-Based Black Economic Empowerment (B-BBEE) is a policy introduced by government to advance economic transformation and advance the economic participation of previously disadvantaged individuals. Following the revision of the B-BBEE codes, the University was rated as non-compliant in 2018. Management put a concerted focus and resources on improving the UCT score and in 2019, the University managed to improve its Broad-Based Black Economic Empowerment from being non-compliant in 2018 initially to level five in 2019. Non-compliance would have impacted the University's ability to contract or continue with mainly government contracts or risk financial penalties. The current aim is to improve the University's score to level four.

High levels of crime

The University's staff and students are affected by incidents of crime on and off campus. In particular gender-based violence directed in the main towards women received a lot of attention and staff training has been provided in terms of dealing with gender sensitive matters. A detailed report providing details and the extent of crime is provided at every RMEC meeting. Statistics show that the petty crimes like the theft of personal property (laptops, and cell phones) represent most of all crime reported incidents on campus. In many of these cases, the items stolen were left unattended in common and high traffic areas. A number of vehicles have also been stolen on and off campus with reports showing that there is a crime syndicate targeting certain types of vehicles. Campus Protection Services (CPS) reviewed all its operations with the assistance of an external security consultant. Recommendations were made on improving technology, physical security, human capital and creating awareness, and implementing these earlier this year, including upgrading closed-circuit television (CCTV) cameras to improve surveillance. The CPS works closely with the South African Police Service (SAPS) to target certain crime categories, deploying CPS staff to focus on crime hotspots. UCT also extended the partnership with the Groote Schuur Community Improvement District (GSCID) to secure the campus perimeter. 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. CPS, the GSCID security personnel and SAPS undertake extensive patrolling and other visible policing functions on and around UCT campuses. The CPS based on reports has intensified its patrols based on hotspots and continues to monitor with the assistance of law enforcement agencies.

Inadequate State Funding

The levels of state funding have increased over the last few years, but this does not make up for the underfunding of higher education of the sector over the last two decades. The University embarked on austerity measures and cost savings in 2016 which have been successful in bringing the University in line with its financial strategy for continued financial stability and sustainability. Although the targeted surplus of 3% of revenue was not realised in 2019, the University was able to generate some surplus on its operations which is key for prudent financial management.

Student protests linked to social, economic and political issues/event

The Fees must Fall protests led to a number of changes in how the University deals with student related matters. 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) as a result of an agreement signed with student formations on 6 November 2016. The RRTT was instrumental in the 2019 academic year to identify a number of issues relating to academic and financial exclusion and ensure that Management was able to act on these issues. In addition, management set up an advisory group on Student Affairs and Transformation Group (SATAG) whose purpose is to inform and advise the DVC Transformation on operational risk matters that relates to the portfolios of student affairs and transformation. The group brings together relevant stakeholders to facilitate a response to operational risk management in the area of Student Affairs and Transformation. The group also assisted in the development of a coherent and pro-active approach for dealing with matters relating to inclusivity, and student safety and well-being that may pose an operational risk. A number of 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.

Prolonged industrial action

The University recognises employees' rights to embark on protected strike action that is lawful and peaceful and that complies with the labour legislation and is in line with the picketing rules which have been agreed to by the union and the university. The University engages with employee unions through established structures to deal with all matters relating to employees. Protest action by non-UCT employees resulted in temporary disruptions of some classes. Management engagement with the protesting staff was clear that the University is not able to address the demands of the group or to engage them on their labour issues as they are not employees of UCT. The disruptions had very little negative impact on the academic programme, university operations, and on students and staff.

Insurance Risk

UCT is part of the 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 who are responsible for managing and exercising general supervision over the affairs of TERISA and deciding on cover placement and the 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 operation, including activities linked to teaching and learning, research and community engagement. The RMEC was satisfied that all reasonable steps were being undertaken to ensure that the University had appropriate insurance cover. Cover is reviewed annually and there is constant engagement with all internal stakeholders about the adequacy of UCT's insurance cover.

Tax Risk

Oversight on tax risks vests with the RMEC and UARC. As most of these issues are common to the Higher Education sector, a major intervention has been the University's involvement in a tax task team established under Universities South Africa (USAf). This team led by an external tax expert is recognised by the South African Revenue Services (SARS) as the contact body for tax issues related to the higher education sector. Through this 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.

Other Risks

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



Tshidi Mokgabudi

Ms Tshidi Mokgabudi

Chair: University Audit and Risk Committee

20 June 2020



M Phakeng

Professor Mamokgethi Phakeng

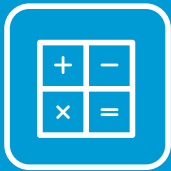
Vice-Chancellor and Chair: Risk Management Executive Committee



Bahijah Hashim

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.

The committee met five times during 2019, and once jointly with the University Audit and Risk Committee.

Table 21: 2019 Attendance at University Finance Committee Meetings

| Member | Designation | Mar | May ¹ | Jun | Aug | Nov | % |
|-----------------|---|-----|------------------|-----|-----|-----|------|
| Ms B Ngonyama | Chair | P | P | P | P | Ap | 80% |
| Ms D Budlender | Council-nominated member | P | P | P | Ap | P | 80% |
| Mr B Jakoet | Council-nominated member and Deputy Chair | P | P | Ap | P | P | 80% |
| Prof T Moultrie | Council-nominated member | P | P | P | P | P | 100% |
| Mr A Francis | Member | P | P | P | P | P | 100% |

| Member | Designation | Mar | May ¹ | Jun | Aug | Nov | % |
|---------------------|--------------------------|-----|------------------|-----|-----|-----|------|
| Dr R Morar | Member | P | P | P | P | P | 100% |
| Prof M Phakeng | Member (Vice-Chancellor) | P | P | P | P | P | 100% |
| Prof E Muchapondwa | Senate-nominated member | Ap | P | P | Ap | Ap | 40% |
| Prof N Natrass | Senate-nominated member | Ap | P | Ap | P | Ap | 40% |
| A/Prof K Rajuratnam | Senate-nominated member | P | Ap | Ap | Ap | P | 40% |
| Mr A Elyas | Student-nominated member | P | N/A | N/A | N/A | N/A | 100% |
| Mr K Tabata | Student-nominated member | Ap | P | Ap | P | P | 60% |
| Mr N Tate | Student-nominated member | N/A | P | Ap | P | P | 75% |

¹ Joint meeting with the University Audit and Risk Committee

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

FINANCIAL MANAGEMENT

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 2019 Annual Financial Statements

- Total recurrent revenue of R6,64 billion versus R6,27 billion in 2018, an increase of 5.9% (2018: 3.5% increase);
- Fee income of R1,61 billion versus R1,55 billion in 2018, an increase of 3.7%. The reported fee income number is net of bursaries and scholarships and International Financial Reporting Standards (IFRS) adjustments of R290,4 million (2018: R242,8 million);
- Income from state appropriations of R2,33 billion versus R1,97 billion in 2018, an increase of 18.4% (2018: 3% increase);
- Income from research contracts and grants of R1,06 billion versus R1,16 billion in 2018, a decrease of 9% (2018: 11% increase);
- Recurrent expenditure of R6,28 billion versus R5,81 billion in 2018, an increase of 8% (2018: 0.1% increase);
- Consolidated operating surplus of R756,8 million versus a surplus of R278,3 million in 2018, a 172% increase (41.2% decrease in 2018);
- A deficit of R147,3 million (2018: R19,7 million) if investment income and fair value movements on fair value through surplus or deficit financial instruments are excluded;
- A decline in cash generated from operations to R31,0 million (2018: R199.4 million);
- Total assets of R13,12 billion versus R11,81 billion in 2018, an increase of 11.1% (2018: 7.3% increase);
- In the preparation of the 2019 statements, the new IFRS16: Leases standard was adopted. The adoption resulted in a large impact on the Consolidated Statement of Financial Position with a net adjustment of R59,7 million and related adjustment in the Consolidated Income Statement of R25,1 million.
- Of the consolidated operating surplus of R756,8 million, R391,0 million is attributable to restricted funds over which Council has no discretion. The balance of the surplus relating to council-controlled activities can be largely attributed to increased state subsidies of R367,1 million and further increases in services rendered of R86,9 million.

CONSOLIDATED CASH FLOW

The operations yielded a net inflow of R499,2 million for the year. This is a significant decrease from the prior year. The main contributing factors are:

- An increase in recurrent expenses (excluding depreciation) which is greater than the increase in recurrent revenue.
- An increase in finance costs of R33,8 million.
- An increase in employee costs of R208,8 million.

INCOME AND EXPENDITURE

CONTINUING EDUCATIONAL OPERATIONS

Continuing educational operations encompass the main recurrent operating activities that provide and support teaching and learning.

Total recurrent operating income increased by R492,8 million (16.7%) to R3,44 billion, primarily due to an increase in state subsidy, the largest income source, of R367,1 million (24.8%) taking the 2019 total to R1,85 billion; and services rendered which increase by R86,9 million (33.3%). The increase in state subsidy is primarily as a result of additional funding made available from National Treasury to the Department of Higher Education, Science and Technology (DHET) and the allocation of the 8% grant to UCT as part of the block grant. Tuition fees are required to be netted off against UCT council funded financial aid and bursaries. The tuition and other income before the adjustments is R1,47 billion, an increase of R79,2 million. In 2018 it increased by R81,7 million to R1,38 billion. The increase in tuition fees is attributable to a combination of increased volumes and rates in the year.

Expenditure increased by R468 million (15.1%) to R3,57 billion, mainly due to an increase in depreciation of R87,93 million (156.4%), other operating expenses of R182,4 million (25.5%) and personnel costs of R147,6 million (6.7%). The main driver of the increase in the depreciation expense was the adoption of IFRS16: Leases, which saw a right of use asset amounting to R574,67 million being recognised on the Statement of Financial Position and the related depreciation expense in the Income Statement. 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 R1,08 billion in total financial support, up from R841,4 million in 2018. This support comes from various sources; corporate and other external bursaries support students to a value of R336,8 million, while NSFAS provided grants amounting to R429,3 million and UCT a further R209,5 million from council-controlled funds (of which R125,9 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 R102 million.

As shown in the table below, when excluding the effect of the IFRS15 offsetting of Designated bursaries against Council-controlled tuition income, the council-controlled recurrent operations generated a surplus of R37,1 million, following a surplus of R3 million in 2018 and a deficit of R50 million in 2017. This is the second consecutive time since 2011 that a surplus has been achieved. At a high level, this significant improvement can almost entirely be attributed to unforeseen increases in state funding via the block grant subsidy allocation of R367,1 million and an increase in net tuition fees of R31,6 million.

The actual surplus attributable to council-controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 78 is R337,7 million, compared to R233,9 million in 2018, investment income R261,3 million (R292,9 million in 2018) being the major contributor in both years to the difference between this and the 2018 surplus mentioned above.

Table 22: Analysis of Council-controlled recurrent operations

| | 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 |
| Recurrent income | 3 609 | 16,2% | 3 107 | 3,6% | 2 998 | 5,3% | 2 848 | 12,2% | 2 539 |
| State subsidies | 1 846 | | 1 479 | | 1 370 | | 1 306 | | 1 122 |
| <i>% of recurrent income</i> | <i>51%</i> | | <i>49%</i> | | <i>46%</i> | | <i>46%</i> | | <i>44%</i> |
| Tuition fees | 1 342 | | 1 301 | | 1 307 | | 1 260 | | 1 199 |
| <i>% of recurrent income</i> | <i>37%</i> | | <i>40%</i> | | <i>43%</i> | | <i>44%</i> | | <i>47%</i> |
| Other income | 421 | | 327 | | 320 | | 282 | | 218 |
| <i>% of recurrent income</i> | <i>12%</i> | | <i>11%</i> | | <i>11%</i> | | <i>10%</i> | | <i>9%</i> |
| Recurrent expenditure | 3 572 | 15,1% | 3 103 | 1,0% | 3 073 | 4,1% | 2 951 | 12,7% | 2 618 |
| Personnel costs | 2 348 | | 2 200 | | 2 066 | | 1 958 | | 1 686 |
| <i>% of recurrent income</i> | <i>66%</i> | | <i>73%</i> | | <i>68%</i> | | <i>66%</i> | | <i>64%</i> |
| Bursaries | 151 | | 113 | | 186 | | 140 | | 162 |
| <i>% of recurrent income</i> | <i>4%</i> | | <i>1%</i> | | <i>6%</i> | | <i>5%</i> | | <i>6%</i> |
| Other operating expenses | 1 073 | | 790 | | 821 | | 853 | | 771 |
| <i>% of recurrent income</i> | <i>30%</i> | | <i>25%</i> | | <i>27%</i> | | <i>29%</i> | | <i>29%</i> |
| Recurrent Operating Surplus/(Deficit) | 37 | 1010,5% | 3 | -104,5% | -75 | -27,2% | -103 | 30,4% | -79 |

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

| | | | |
|---|-------------|--|-------------|
| Recurrent Operating Surplus/(Deficit) as above | 37 | | 3 |
| <i>IFRS15</i> Specifically-Funded Activities adjustment** | -164 | | -156 |
| Recurrent Surplus excluding financing component | -127 | | -153 |
| Interest | 257 | | 251 |
| Net finance costs | 4 | | 42 |
| Recurrent Surplus | 134 | | 140 |

** 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 July/August 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 is a function of recurrent operations and free cash reserves. While the 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 sixth consecutive year our free cash reserves are within the guidelines contained in our financial policy. However, the unexpected real increases in state funding in 2019 have made a material difference to outlooks, assuming that the state can continue funding these increased commitments. On the flipside, the uncertain outlook for fee increases remains a concern, combined with the effects of the Covid-19 virus on fee collectability and the state to continue meeting its funding commitments. 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 (governance and monitoring rights and often approval rights are nevertheless retained). While these activities are of important academic and social value, they add considerably to the financial risk of the university particularly in respect of their restricted decision rights cash flows, accounts receivable management and infrastructural support.

Revenues decreased by 4.9% to R2,46 billion. Government-related grants increased by 3.6% from R472 million to R488,8 million, while contracts showed a decrease of 9% from R1,16 billion to R1,06 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 have received little in the way of real increases in resources prior to 2019. As these departments become 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 in place that enable research and thereby 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 R1,55 billion (2018: R1,64 billion) which represents 63% of the total specifically funded activities (R2,46 billion) in value. It also continues to account for at least 23% of total university recurrent income.

Regarding the broad categories of funding, contract income (2019: R1,06 billion; 2018: R1,16 billion) constitutes 43% of the research revenue, with government grants (2019: R488,8 million; 2018: R472 million) accounting for 20% of the research revenue. Research related donations (R340,4 million) showed a decrease of R6 million when compared to 2018.

The top 10 major funders of research at the university include: the NRF (National Research Foundation), BMGF (Bill & Melinda Gates Foundation), NIH (National Institutes of Health), MRC (Medical Research Council) 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.

During 2019 UCT licensed its first Fintech patent to spin-off company Nautilus Technologies who will be developing their “privacy protocol” to manage personal data on-line using blockchain in a manner that ensures that the person providing data still controls the access to their data. 52 invention disclosures were received, 66 new patent applications were filed, and 37 patents were granted – all representing an increase over 2018 levels.

The university has established an Innovation Builder Fund to provide seed funding to mature research outputs and provide a robust innovation pipeline for later-stage investment.

UCT was selected as one of two universities to participate as Special Partners of the University Technology Fund (UTF) that will provide access to around R61 million of seed and venture capital funding to support the institution’s innovation and entrepreneurs. The UTF is a first for Africa and was established by the “fund of funds” the SA SME Fund.

The National IP Management Office (NIPMO) awarded the University R13,2 million over three years to increase our technology transfer capacity, which will be used to provide the necessary support for these new initiatives and opportunities.

Income from donations and gifts amounted to R340,4 million compared to the R347 million raised in 2018. The primary reason for the decrease is due to significant decreases in donations to the endowment fund. 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 slightly by 0.1% to R478,3 million, while the recurrent deficit of R27,0 million, when added to the provision for loan repayments of R39 million, means the housing sector failed to make any significant progress in respect of its debt repayment obligations related to the OBZ Square development.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated assets increased by 11% with the following as significant contributors:

- Increase of 6.4% in Property, Plant and Equipment (2018: 7.3%);
- Current assets increased by 66.5% (2018: 91% increase), with student fee receivable increasing by 15.7% and cash and cash equivalents increasing by 121.5%. The large increase in cash and cash equivalents is due to disinvestments which were made around year end and merely a timing issue before reinvesting.

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, Science and Technology. This amounts to R3,4 billion, 26% of total assets for the current financial year (2018: R3,2 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 39% of this debt is over 60 days due. Student fee debt collection remains a key focus by management, more so given the effect that Covid-19 may have on the timing of collections.

Capital Expenditure of R387 million was similar in value to the 2018 spend.

The University has a healthy gearing ratio, with a liability total of R2,92 billion against total assets of R13,12 billion; a debt ratio of 0.22. The University drew down an additional R14 million in 2019, taking the total drawdown to R110 million (2018: R96 million) from the Development Bank of Southern Africa (DBSA) loan facility to fund the conference centre at the Graduate School of Business. The conference centre was completed and opened for business in June 2019. This loan is repayable over 10 years and the University is in its 2nd year of these repayments.

FUTURE CHALLENGES – 2020 AND BEYOND

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. Substantial increases in state funding commitments in recent years remain in place for 2020, but we remain concerned at how sustainable this funding will be given the significant challenges faced by government. At this point, there is no clarity on state funding outlooks for 2021 but, given recent significant investments into supporting the South African economy through the Covid-19 pandemic, we are hard pressed to assume that the status quo will persist.

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 the 2018/9 year an additional amount of R2,7 billion was allocated and this impacted the block grant allocation received by UCT in a positive manner. This has also altered the trajectory for state funding in the medium term - a very positive development. Our over-riding concern however remains the sustainability of these increases given the current and forecast economic outlooks.

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. Significant investments have been made to ensure that all students are able to work online and complete the 2020 academic year as best possible. This may mean that the academic year is only completed in the first two months of 2021. With the grade 12 students having returned to classes on 1 June 2020, the Department of Basic Education fully expects to complete the academic year before the end of the calendar year. The impact of recent events on the success rates of these students are yet unknown. In addition, it is uncertain how long it will take for confidence to return to society at large that allows for a full complement of students to return to more traditional methods of teaching at an institution such as UCT. Time will tell how significant the impact on future applications and offer take up rates is.

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 pipelines have all but been decimated as a result of the Covid-19 outbreak and shutdown regulations imposed in the country. Food & Connect should pick up as soon as campus starts re-opening to students, 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.

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.



Babalwa Ngonyama

Chair: University Finance Committee

20 June 2020



Ashley Francis

Executive Director: Finance





COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

The annual financial statements for the financial year 2019 presented on pages 72 to 135 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education, Science and Technology 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 72 to 135 were approved by the University Council on 20 June 2020 and are signed on its behalf by:

Mr Siphon M Pityana

Chair: Council

Ms Babalwa Ngonyama

Chair: University Finance Committee

Professor Mamokgethi Phakeng

Vice-Chancellor

Mr Ashley Francis

Executive Director: Finance



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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Co. Reg. No. 2005/002308/21

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 77 to 135, which comprise the consolidated statement of financial position as at 31 December 2019 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 2019, 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 sections 290 and 291 of the Independent Regulatory Board for Auditors' Code of Professional Conduct of Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board of Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

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

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

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 76, forms part of our auditor's report.

Report on the audit of the annual performance report

Introduction and scope

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

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 2019:

| 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. | 28 – 30 |
| To advance UCT as a research-intensive university that makes a distinctive contribution to knowledge, locally and globally. | 27 - 28 |

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 31 to 34 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 raise 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 annual report which includes the report of the Chair of Council for 2019, the report on UCT operations during 2019, the Institutional Forum Report to Council for 2019, the Report of the University Audit and Risk Committee and the Report of the University Finance Committee as required by the Regulations for Reporting by Public Higher Education Institutions. 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 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 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-eight agreed-upon procedure engagement reports during the year ending 31 December 2019. Eight 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 31 March 2019.

We conducted two special audits as requested by donors during the year ended 31 December 2019. Three 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 2018 to 15 February 2019.

Ernst & Young Inc.

Ernst & Young Inc.

Director: Lucian Rolleston

Registered Auditor

Chartered Accountant (SA)

20 June 2020

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

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 to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those charged with governance

We communicate with the 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.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

| | Note | 2019 R'000 | 2018 R'000 |
|---|------|-------------------|-------------------|
| ASSETS | | 13 117 289 | 11 807 893 |
| Non-current assets | | 11 056 132 | 10 570 129 |
| Property, plant and equipment | 5 | 3 402 750 | 3 197 745 |
| Right of use assets | 20 | 574 669 | - |
| Investments | 6 | 7 058 137 | 7 353 773 |
| Investments in associates | 7 | 1 111 | - |
| Non-current receivables and prepayments | 8 | 19 465 | 18 611 |
| Current assets | | 2 061 157 | 1 237 764 |
| Inventories | | 1 614 | 5 697 |
| Accounts receivable and prepayments | 9 | 408 050 | 402 961 |
| Student fees receivable | 9 | 196 586 | 169 878 |
| Contract assets | 17 | 3 420 | 4 013 |
| Cash at bank and cash equivalents | 10 | 1 451 487 | 655 215 |
| ACCUMULATED FUNDS AND LIABILITIES | | 13 117 289 | 11 807 893 |
| Accumulated funds | | 10 198 870 | 9 381 391 |
| Non-distributable funds | | 4 137 979 | 3 743 205 |
| Endowed funds | | 4 137 979 | 3 743 205 |
| Restricted funds designated for specific activities | | 3 093 678 | 3 093 495 |
| Education and general | | 2 862 762 | 2 890 681 |
| Student and staff accommodation | | 230 916 | 202 814 |
| Unrestricted Council-controlled funds | | 2 957 104 | 2 535 298 |
| Non-controlling interests | | 10 109 | 9 393 |
| Non-current liabilities | | 1 893 695 | 1 466 009 |
| Deferred revenue | 11 | 776 596 | 741 624 |
| Interest-bearing borrowings | 19 | 92 961 | 87 441 |
| Provisions – employee benefits | 12 | 629 484 | 636 944 |
| Lease liabilities | 20 | 394 654 | - |
| Current liabilities | | 1 024 724 | 960 493 |
| Accounts payable and accrued liabilities | 13 | 441 922 | 473 445 |
| Contract liabilities | 17 | 37 061 | 31 973 |
| Deferred revenue | 11 | 196 590 | 238 122 |
| Interest-bearing borrowings | 19 | 7 878 | 6 847 |
| Student deposits | | 137 109 | 128 331 |
| Provisions – employee benefits | 12 | 83 821 | 81 775 |
| Lease liabilities | 20 | 120 343 | - |

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 | 2019 Total | % Change |
| Recurrent revenue | | 3 701 363 | 2 463 228 | 6 164 591 | 478 307 | 6 642 898 | 5.9 |
| 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 tuition 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 | | - | 1 059 755 | 1 059 755 | - | 1 059 755 | (9.0) |
| 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 |
| Sub-total | | 3 444 053 | 2 226 211 | 5 670 264 | 469 927 | 6 140 191 | 5.8 |
| Interest | 15 | 257 310 | 143 544 | 400 854 | 8 380 | 409 234 | 2.3 |
| Dividends | 15 | - | 93 473 | 93 473 | - | 93 473 | 38.1 |
| Recurrent expenditure | | 3 567 536 | 2 205 970 | 5 773 506 | 505 341 | 6 278 847 | 8.0 |
| Personnel | 16 | 2 347 922 | 1 063 566 | 3 411 488 | 149 102 | 3 560 590 | 6.2 |
| Other operating expenses | 18 | 897 688 | 822 870 | 1 720 558 | 309 646 | 2 030 204 | 3.9 |
| 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 | 144 151 | 62 834 | 206 985 | 7 394 | 214 379 | 83.4 |
| Sub-total | | 3 571 551 | 2 206 757 | 5 778 308 | 466 142 | 6 244 450 | 7.4 |
| Net finance costs | | (4 015) | (787) | (4 802) | 39 199 | 34 397 | 5 749 |
| Finance costs | | 35 184 | (787) | 34 397 | - | 34 397 | 5 749 |
| Interest on internal borrowings | | (39 199) | - | (39 199) | 39 199 | - | - |
| RECURRENT SURPLUS/(DEFICIT) | | 133 827 | 257 258 | 391 085 | (27 034) | 364 051 | (20.4) |
| NON-RECURRENT ITEMS | | (17 498) | 410 123 | 392 625 | 103 | 392 728 | (319.1) |
| Loss on disposal of property, plant & equipment | | (9 102) | (179) | (9 281) | - | (9 281) | (3.8) |
| Income from associate | 7 | - | 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) |
| NET OPERATING SURPLUS/(DEFICIT) | | 116 329 | 667 381 | 783 710 | (26 931) | 756 779 | 172.0 |
| Transfers between funds | 22.1 | 221 347 | (276 380) | (55 033) | 55 033 | - | - |
| SURPLUS FOR THE YEAR* | | 337 676 | 391 001 | 728 677 | 28 102 | 756 779 | 172.0 |
| Attributable to: | | | | | | | |
| University operations | | 337 676 | 390 285 | 727 961 | 28 102 | 756 063 | |
| Non-controlling interests | | - | 716 | 716 | - | 716 | |
| | | 337 676 | 391 001 | 728 677 | 28 102 | 756 779 | |

* This surplus 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 2019

(All amounts in R'000)

| Note | Council- Controlled Unrestricted | Specifically- Funded Activities Restricted | Student and Staff Housing Restricted | 2019 Total |
|---|--|---|---|----------------|
| Surplus for the year | 337 676 | 391 001 | 28 102 | 756 779 |
| Other comprehensive income | | | | |
| 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 |
| TOTAL COMPREHENSIVE INCOME | 398 376 | 391 001 | 28 102 | 817 479 |
| Attributable to: | | | | |
| University operations | 398 376 | 390 285 | 28 102 | 816 763 |
| Non-controlling Interests | - | 716 | - | 716 |
| | 398 376 | 391 001 | 28 102 | 817 479 |

CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2019

(All amounts in R'000)

| Note | Non-distributable | Funds Restricted for Specific Activities | | Unrestricted Funds | Non-controlling interests | Total |
|------------------------------|-------------------|--|---------------------------|--------------------|---------------------------|-------------------|
| | Endowed Funds | Education and General | Student and Staff Housing | Council Controlled | | |
| OPENING FUND BALANCES | 3 743 205 | 2 890 681 | 202 814 | 2 535 298 | 9 393 | 9 381 391 |
| Total comprehensive income | - | 390 285 | 28 102 | 398 376 | 716 | 817 479 |
| Surplus for 2019 | - | 390 285 | 28 102 | 337 676 | 716 | 756 779 |
| Other comprehensive income | - | - | - | 60 700 | - | 60 700 |
| Transfers between funds | 22.2 394 774 | (418 204) | - | 23 430 | | - |
| CLOSING FUND BALANCES | 4 137 979 | 2 862 762 | 230 916 | 2 957 104 | 10 109 | 10 198 870 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

| | Note | 2019 R'000 | 2018 R'000 |
|---|-----------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from students, government and private sources | | 5 558 302 | 5 293 834 |
| Cash paid to employees and suppliers | | (5 527 320) | (5 094 393) |
| Cash generated from operations | 25 | 30 982 | 199 441 |
| Investment income – interest | 15 | 409 234 | 399 857 |
| Investment income – dividends | 15 | 93 473 | 67 694 |
| Finance costs | | (34 397) | (588) |
| Net cash inflows from operating activities | | 499 292 | 666 404 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | 5 | (433 614) | (386 572) |
| Proceeds on disposal of property, plant and equipment | | 959 | 1 221 |
| Purchase of investments | | (1 072 437) | (3 791 679) |
| Proceeds from sale of investments | | 1 769 501 | 3 666 225 |
| Net cash used in investing activities | | 264 409 | (510 805) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from long-term interest-bearing borrowings | 23.9 | 14 327 | 72 314 |
| Payment of principal portion of interest-bearing borrowings | 23.9 | (7 776) | (1 712) |
| Payment of principal portion of lease liabilities | 23.9 | (57 197) | - |
| Government grants relating to the Infrastructure Efficiency Grant | 11 | 83 217 | 269 203 |
| Net cash inflows from financing activities | | 32 571 | 339 805 |
| Net increase/(decrease) in cash and cash equivalents | | 796 272 | 495 404 |
| Cash and cash equivalents at beginning of the year | | 655 215 | 159 811 |
| Cash and cash equivalents at end of the year | 10 | 1 451 487 | 655 215 |



RESTATED* CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

(All amounts in R'000)

| | | EDUCATION AND GENERAL | | | | | |
|--|------|--|---|------------------|---|------------------|----------------|
| | Note | Council- Controlled Unrestricted | Specifically- Funded Activities Restricted | Sub-Total | Student and Staff Housing Restricted | 2018 Total | % Change |
| Recurrent revenue | | 3 202 028 | 2 589 121 | 5 791 149 | 478 791 | 6 269 940 | 3.5 |
| State appropriations-subsidies and grants | 14 | 1 478 584 | 472 083 | 1 950 667 | 20 835 | 1 971 502 | 3.0 |
| Tuition and other fee revenue | | 1 145 674 | - | 1 145 674 | 409 032 | 1 554 706 | (7.5) |
| Gross tuition revenue | | 1 388 474 | - | 1 388 474 | 409 032 | 1 797 506 | 6.9 |
| Council bursaries | 21.1 | (87 241) | - | (87 241) | - | (87 241) | 100 |
| Restricted bursaries | 21.1 | (155 559) | - | (155 559) | - | (155 559) | 100 |
| Income from contracts | | - | 1 164 753 | 1 164 753 | - | 1 164 753 | 11.0 |
| Rendering of services | | 260 957 | 395 327 | 656 284 | 41 992 | 698 276 | 7.6 |
| Donations and gifts | | 66 080 | 347 060 | 413 140 | 12 | 413 152 | 8.4 |
| Sub-total | | 2 951 295 | 2 379 223 | 5 330 518 | 471 871 | 5 802 389 | 2.6 |
| Interest | 15 | 250 733 | 142 204 | 392 937 | 6 920 | 399 857 | 20.9 |
| Dividends | 15 | - | 67 694 | 67 694 | - | 67 694 | 21.9 |
| Recurrent expenditure | | 3 061 431 | 2 270 655 | 5 332 086 | 480 351 | 5 812 437 | 0.1 |
| Personnel | 16 | 2 200 329 | 1 015 100 | 3 215 429 | 136 369 | 3 351 798 | 6.5 |
| Other operating expenses | 18 | 715 274 | 944 558 | 1 659 832 | 294 893 | 1 954 725 | 0.46 |
| Expected credit losses | 9 | 18 255 | - | 18 255 | - | 18 255 | (25.0) |
| Financial aid and scholarships | 21.1 | 113 478 | 256 726 | 370 204 | - | 370 204 | (39.6) |
| Depreciation | 5 | 56 224 | 53 683 | 109 907 | 6 960 | 116 867 | 11.4 |
| Sub-total | | 3 103 560 | 2 270 067 | 5 373 627 | 438 222 | 5 811 849 | 0.0 |
| Net finance costs | | (42 129) | 588 | (41 541) | 42 129 | 588 | 1 580 |
| Finance costs | | - | 588 | 588 | - | 588 | 1 580 |
| Interest on internal borrowings | | (42 129) | - | (42 129) | 42 129 | - | - |
| RECURRENT SURPLUS/(DEFICIT) | | 140 597 | 318 466 | 459 063 | (1 560) | 457 503 | 83.8 |
| NON-RECURRENT ITEMS | | (56 615) | (122 347) | (178 962) | (269) | (179 231) | (180.0) |
| Loss on disposal of property, plant & equipment | | (4 401) | (4 866) | (9 267) | (382) | (9 649) | 715.6 |
| Fair value movement on fair value through profit or loss financial instruments | | (52 214) | (117 481) | (169 695) | 113 | (169 582) | 2 140.5 |
| NET OPERATING SURPLUS/(DEFICIT) | | 83 982 | 196 119 | 280 101 | (1 829) | 278 272 | (41.2) |
| Transfers between funds | 22.1 | 149 963 | (170 058) | (20 095) | 20 095 | - | - |
| SURPLUS FOR THE YEAR | | 233 945 | 26 061 | 260 006 | 18 266 | 278 272 | (41.2) |
| Attributable to: | | | | | | | |
| University operations | | 233 945 | 26 011 | 259 956 | 18 266 | 278 222 | |
| Non-controlling interests | | - | 50 | 50 | - | 50 | |
| | | 233 945 | 26 061 | 260 006 | 18 266 | 278 272 | |

* The restatement relates to a reclassification of bursaries from *Financial Aid and Scholarships* under Recurrent Expenditure to *Tuition and Other Fee Revenue* under Recurrent Income. The restatement had no effect on the surplus as previously reported. Refer to note 21.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

(All amounts in R'000)

| Note | Council- Controlled Unrestricted | Specifically- Funded Activities Restricted | Student and Staff Housing Restricted | 2018 Total |
|---|--|---|---|----------------|
| Surplus for the year | 233 947 | 26 060 | 18 264 | 278 271 |
| Other comprehensive income | | | | |
| Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods | 37 700 | - | - | 37 700 |
| Actuarial gains on post-retirement medical aid benefit obligation | 12.3 37 700 | - | - | 37 700 |
| TOTAL COMPREHENSIVE INCOME | 271 647 | 26 060 | 18 264 | 315 971 |
| Attributable to: | | | | |
| University operations | 271 647 | 26 010 | 18 264 | 315 921 |
| Non-controlling interests | - | 50 | - | 50 |
| | 271 647 | 26 060 | 18 264 | 315 971 |



CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

For the year ended 31 December 2018

(All amounts in R'000)

| Notes | Non-distributable | | Funds Restricted for Specific Activities | | Unrestricted Funds | | 2018 Total |
|-------------------------------|-------------------|---------------------|--|---------------------------|--------------------|---------------------------|------------------|
| | Endowed Funds | Revaluation Reserve | Education and General | Student and Staff Housing | Council-Controlled | Non-controlling interests | |
| OPENING FUND BALANCES | 2 520 203 | 1 533 732 | 2 736 288 | 184 550 | 2 117 199 | 9 343 | 9 101 315 |
| IFRS adjustments ⁴ | 1 409 700 | (1 533 732) | (35 895) | - | 124 032 | - | (35 895) |
| | 3 929 903 | - | 2 700 393 | 184 550 | 2 241 231 | 9 343 | 9 065 420 |
| Total comprehensive income | - | - | 26 010 | 18 264 | 271 647 | 50 | 315 971 |
| Surplus for 2018 | - | - | 26 010 | 18 264 | 233 947 | 50 | 278 271 |
| Other comprehensive income | - | - | - | - | 37 700 | - | 37 700 |
| Transfers between funds | 22.2 (186 698) | - | 164 278 | - | 22 420 | - | - |
| CLOSING FUND BALANCES | 3 743 205 | - | 2 890 681 | 202 814 | 2 535 298 | 9 393 | 9 381 391 |

⁴ Adoption of IFRS9: *Financial Instruments* and IFRS15: *Revenue from Contracts with Customers*, which were effective for annual periods beginning on or after 1 January 2018.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

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 2019 were authorised for issue in accordance with a resolution of Council on 20 June 2020.

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

The University applied *IFRS16: Leases* which is effective for annual periods beginning on or after 1 January 2019. The University has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

2.1.1. Accounting policy applicable in the comparative period

The determination of whether an arrangement is, or contains a lease was 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. A reassessment is made after inception of the lease only if one of the following applies:

- a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
- b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
- c) (There is a change in the determination of whether fulfilment is dependent on a specified asset; or
- d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

2.1.1.1. University as a lessee

Operating lease payments are recognised as an expense in the surplus or deficit on a straight-line basis over the lease term.

2.1.1.2. 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 lease 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.

2.1.2. Accounting policy applicable on and after 1 January 2019

IFRS16 Leases: Classification and Measurement

IFRS16: Leases supersedes *IAS 17: Leases*, *IFRIC4: Determining Whether an Arrangement contains a Lease*, *SIC-15: Operating Leases Incentives* and *SIC-27: Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under *IFRS16: Leases* is substantially unchanged from *IAS17: Leases*. Lessors will continue to classify leases as either operating or finance leases using similar principles as in *IAS17: Leases*. Therefore, *IFRS16: Leases* does not have an impact for leases where the University is the lessor

The University adopted *IFRS16: Leases* using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this standard, comparative figures will not be restated and the cumulative effect of initially applying the standard is recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

The University recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

IFRS16: Leases replaces the straight-line operating lease expense with a depreciation charge for the lease asset and an interest expense on the lease liability.

The University applied the following practical expedients:

- Use of a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Application of exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).
- Exclusion of initial direct costs from the measurement of the right of use asset at the date of initial application.
- Use of hindsight when determining lease terms for leases which had options to renew or terminate.



2.1.2. Accounting policy applicable on and after 1 January 2019 continued

The effect of adopting IFRS16: Leases as at 1 January 2019 was as follows:

Impact on the Consolidated Statement of Financial Position:

| | Increase/(decrease) R'000 |
|--------------------------|------------------------------|
| Assets | |
| Right of use assets | 328 580 |
| Total assets | 328 580 |
| Equity | |
| Retained earnings | - |
| Total equity | - |
| Liabilities | |
| Lease liabilities | 328 580 |
| Total liabilities | 328 580 |

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 December 2019 as a result of the adoption of *IFRS16: Leases*. The adoption of *IFRS16: Leases* did not have a material impact on OCI.

Impact on the Consolidated Statement of Financial Position:

| | Increase/(decrease) R'000 |
|--|------------------------------|
| Assets | |
| Right of use asset – leased assets | 489 859 |
| Right of use asset – non-leased assets | 84 810 |
| Total Assets | 574 669 |
| Equity | |
| Retained earnings | (25 137) |
| Total Equity | (25 137) |
| Liabilities | |
| Non-current liabilities | |
| Lease liabilities | 394 654 |
| Current liabilities | |
| Lease liabilities | 120 343 |
| Total liabilities | 514 997 |

2.1.2. Accounting policy applicable on and after 1 January 2019 continued

Impact on the Consolidated Income Statement:

| | Increase/(decrease) in surplus R'000 |
|-------------------------------|---|
| Depreciation | (82 334) |
| Operating expense | 86 365 |
| Operating Profit | 4 031 |
| Finance costs | (29 168) |
| Surplus for the period | (25 137) |

Impact on the Consolidated Statement of Cash Flows:

| | Increase/(decrease) R'000 |
|---|------------------------------|
| Interest paid | (29 168) |
| Cash generated from operations | 86 365 |
| Net cash flows from operating activities | 57 197 |
| Payment of principal portion of lease liabilities | (57 197) |
| Net cash flows from financing activities | (57 197) |

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

| | R'000 |
|---|----------------|
| Operating lease commitments at 31 December 2018 | 444 096 |
| Commitments relating to leases of low-value assets | (4 741) |
| Commitments relating to short-term leases | (11 664) |
| Leases not included as commitments at 31 December 2018 | 37 975 |
| Property lease that will be cancelled earlier than the committed lease term | (53 758) |
| Property lease renewal periods not a contractual commitment at 31 December 2018 | 35 477 |
| | 447 385 |
| Weighted average incremental borrowing rate of 7.58% | (284 195) |
| Lease liabilities as at 1 January 2019 | 328 580 |

2.2 IFRS AMENDMENTS AND IFRIC INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

As at 31 December 2019, 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, Science and Technology 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 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 either 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

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

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. These, together with the distributions made and investments received, are reflected in the Consolidated Income Statement. The transfers are also 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

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 ShareBlock (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 receivable

The University uses a provision matrix to calculate 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

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 provision 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

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 compliant, 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. 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

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 PROVISION ACADEMIC STAFF

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

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

Research costs are expensed as incurred.

4.7. LIBRARY ACQUISITIONS

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

4.8. PROPERTY, PLANT AND EQUIPMENT

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:

| | 2019 | 2018 |
|---|--------------|--------------|
| 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 | 5-10 years | 5-10 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

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

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

4.10.1. Financial assets at amortised cost and receivables (continued)

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.

Financial assets at fair value through surplus or deficit are carried in the statement of financial position at fair value 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

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.

4.11.1. Financial Assets (continued)

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

4.12.1. Assets carried at amortised cost

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 Expected Credit Losses (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

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.

4.13. INVESTMENT IN ASSOCIATES (CONTINUED)

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

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the replacement cost of inventories. Cost is determined in accordance with the weighted average cost method.

Inventories are made up of consumables.

4.15. PROVISIONS

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

Where the University expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the surplus or deficit net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

4.16. LEASES

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.

4.16.1. University as a lessee - effective 1 January 2019

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 71 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.

4.16.2. 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 2019

(All amounts in R'000)

| | Land, Buildings and Land Improvements | Furniture and Equipment | Computers and Hardware | Motor Vehicles | Assets Under Construction | Total |
|---|---------------------------------------|-------------------------|------------------------|----------------|---------------------------|------------------|
| Carrying amount 1 January 2019 | 2 144 064 | 746 061 | 101 030 | 23 874 | 182 716 | 3 197 745 |
| Cost | | | | | | |
| Cost 1 January 2019 | 2 438 701 | 1 057 284 | 227 182 | 42 797 | 182 716 | 3 948 680 |
| Additions | 71 498 | 96 554 | 77 621 | 11 062 | 176 879 | 433 614 |
| 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) |
| Disposals | (239) | (20 892) | (13 514) | (3 447) | - | (38 092) |
| Cost 31 December 2019 | 2 601 872 | 1 130 364 | 291 249 | 50 412 | 182 873 | 4 256 770 |
| Accumulated depreciation | | | | | | |
| Balance 1 January 2019 | 294 637 | 311 223 | 126 152 | 18 923 | - | 750 935 |
| Disposals | (187) | (13 182) | (12 673) | (2 893) | - | (28 935) |
| Loss of control of subsidiary | - | (16) | (9) | - | - | (25) |
| Depreciation charge | 39 366 | 59 986 | 29 545 | 3 148 | - | 132 045 |
| Balance 31 December 2019 | 333 816 | 358 011 | 143 015 | 19 178 | - | 854 020 |
| Carrying amount 31 December 2019 | 2 268 056 | 772 353 | 148 234 | 31 234 | 182 873 | 3 402 750 |



Year ended 31 December 2018

(All amounts in R'000)

| | Land, Buildings and Land Improvements | Furniture and Equipment | Computers and Hardware | Motor Vehicles | Assets Under Construction | Total |
|---|---------------------------------------|-------------------------|------------------------|----------------|---------------------------|------------------|
| Carrying amount 1 January 2018 | 2 111 826 | 676 649 | 65 576 | 25 100 | 59 760 | 2 938 911 |
| Cost | | | | | | |
| Cost 1 January 2018 | 2 383 619 | 943 126 | 176 295 | 43 272 | 59 760 | 3 606 072 |
| Additions | 42 824 | 133 351 | 60 780 | 2 990 | 146 627 | 386 572 |
| Transfers | 23 671 | - | - | - | (23 671) | - |
| Disposals | (11 413) | (19 193) | (9 893) | (3 465) | - | (43 964) |
| Cost 31 December 2018 | 2 438 701 | 1 057 284 | 227 182 | 42 797 | 182 716 | 3 948 680 |
| Accumulated depreciation | | | | | | |
| Balance 1 January 2018 | 271 793 | 266 477 | 110 719 | 18 172 | - | 667 161 |
| Disposals | (11 279) | (10 249) | (9 477) | (2 088) | - | (33 093) |
| Depreciation charge | 34 123 | 54 995 | 24 910 | 2 839 | - | 116 867 |
| Balance 31 December 2018 | 294 637 | 311 223 | 126 152 | 18 923 | - | 750 935 |
| Carrying amount 31 December 2018 | 2 144 064 | 746 061 | 101 030 | 23 874 | 182 716 | 3 197 745 |

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, Science and Technology. 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 R29.7 billion (2018: R15.8 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R187.4 million (2018: R67.9 million).

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



6. INVESTMENTS

| | 2019 R'000 | 2018 R'000 |
|--|------------------|------------------|
| Investments comprise the following categories: | | |
| FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS | | |
| Listed investments | | |
| Local equities | 2 090 844 | 1 993 382 |
| Local mutual funds | 10 341 | 15 672 |
| Collective investment schemes | 568 491 | 465 430 |
| Local capital markets | 1 225 073 | 1 015 048 |
| International investments | 1 121 032 | 1 008 789 |
| Mutual funds | 478 849 | 468 871 |
| Collective investment schemes | 642 183 | 539 918 |
| Unlisted investments | | |
| International investments | 722 419 | 677 013 |
| Collective investment schemes | 722 419 | 677 013 |
| Local money market deposits | 1 271 305 | 2 122 118 |
| Unlisted companies | 46 000 | 55 853 |
| Local equity-linked derivatives | 2 632 | 10 468 |
| TOTAL INVESTMENTS | 7 058 137 | 7 353 773 |

No investments were pledged as security during the financial year.

Fair value hierarchy

As at 31 December 2019, 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; and
- **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 and counterparty credit risk.

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

| | Total | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 |
|---|------------------|------------------|------------------|------------------|
| Local equity shares | 2 090 844 | 2 077 880 | 12 964 | - |
| Local mutual funds | 10 341 | 10 341 | - | - |
| Collective investment schemes | 568 491 | 503 984 | 64 507 | - |
| Local capital market interest-bearing investments | 1 225 073 | 430 338 | 794 735 | - |
| Local equity-linked derivatives | 2 632 | - | 2 632 | - |
| International mutual funds | 478 849 | 78 222 | 400 627 | - |
| International collective investment schemes | 1 364 602 | 642 183 | 722 419 | - |
| Local money market deposits | 1 271 305 | - | 1 271 305 | - |
| Local unlisted entities | 46 000 | - | - | 46 000 |
| Total | 7 058 137 | 3 742 948 | 3 269 189 | 46 000 |

At 31 December 2018, the University held the following financial instruments measured at fair value:

| | Total | Level 1 R'000 | Level 2 R'000 | Level 3 R'000 |
|---|------------------|------------------|------------------|------------------|
| Local equity shares | 2 003 235 | 2 003 235 | - | - |
| Collective investment schemes | 465 430 | 465 430 | - | - |
| Local mutual funds | 15 672 | 15 672 | - | - |
| Local capital market interest-bearing investments | 1 015 048 | 361 591 | 653 457 | - |
| Local equity-linked derivatives | 10 468 | - | 10 468 | - |
| International mutual funds | 468 871 | 468 871 | - | - |
| International collective investment schemes | 1 206 931 | 529 918 | 677 013 | - |
| Local money market deposits | 2 122 118 | - | 2 122 118 | - |
| Local unlisted entities | 46 000 | - | - | 46 000 |
| Total | 7 353 773 | 3 844 717 | 3 463 056 | 46 000 |

Reconciliation of Level 3 investments

| | 2019 R'000 | 2018 R'000 |
|---|---------------|---------------|
| Balance at 1 January | 46 000 | 46 000 |
| Gains and losses recognised in surplus or deficit | - | - |
| Purchase | - | - |
| Impairment | - | - |
| Total | 46 000 | 46 000 |

7. INVESTMENTS IN ASSOCIATES

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 UCT Medical Centre (Pty) Ltd, which operates a private hospital. | Cape Town, South Africa |
| Hyplat (Pty) Ltd ⁵ | 23 | Hyplat (Pty) Ltd is a specialist fuel cell technology company. | Cape Town and Johannesburg, South Africa |

The University does not account for its share of the losses of the associates if its share of the losses exceeds its interest in the associate. The reversal of the write down of the UCT Medical Centre (Pty) Ltd will commence once the 26% proportional share of the deficit of R0.06 million (2018: R3.6 million) has been eliminated by profits earned.

| | 2019 R'000 | | | 2018 R'000 | |
|-----------------------|------------------------------------|------------------------|--------------|------------------------------------|----------|
| | UCT Medical Centre (Pty) Ltd (26%) | Hyplat (Pty) Ltd (23%) | Total | UCT Medical Centre (Pty) Ltd (26%) | Total |
| Investment | 2 411 | 529 | 2940 | 2 411 | 2 411 |
| Share of profit | - | 582 | 582 | - | - |
| Accumulated losses | (2 411) | - | (2 411) | (2 411) | (2 411) |
| Carrying value | - | 1 111 | 1 111 | - | - |

Summarised financial information is set out below.

Associates' statements of financial position:

| | 2019 R'000 | | 2018 R'000 |
|---------------------------------|------------------------------------|------------------------|------------------------------------|
| | UCT Medical Centre (Pty) Ltd (26%) | Hyplat (Pty) Ltd (23%) | UCT Medical Centre (Pty) Ltd (26%) |
| Non-current assets | 68 008 | 5 702 | 29 316 |
| Current assets | 18 667 | 8 823 | 24 754 |
| Non-current liabilities | (51 916) | - | (36 533) |
| Current liabilities | (13 712) | (9 822) | (10 191) |
| Net assets/(liabilities) | 21 047 | 4 703 | 7 346 |
| Equity | 21 047 | 4 703 | 7 346 |
| Accumulated losses | (229) | 4 703 | (13 930) |
| Non-distributable reserves | 21 276 | - | 21 276 |

The following amounts represent the University's share of assets and liabilities, and the share of accumulated losses of the associate:

| | 2019 R'000 | | 2018 R'000 |
|--|------------------------------------|------------------------|------------------------------------|
| | UCT Medical Centre (Pty) Ltd (26%) | Hyplat (Pty) Ltd (23%) | UCT Medical Centre (Pty) Ltd (26%) |
| University share of accumulated (losses)/gains | (60) | 1 082 | (3 621) |
| University share of net assets/(liabilities) | 5 472 | 1 082 | 1 910 |

⁵ Hyplat (Pty) Ltd was a 100% held subsidiary in the prior year, but the holding was reduced to 23% in the current year.

Associate's revenue and losses:

| | 2019 R'000 | | 2018 R'000 |
|-------------------------------|--|---------------------------|--|
| | UCT Medical Centre (Pty) Ltd (26%) | Hyplat (Pty) Ltd (23%) | UCT Medical Centre (Pty) Ltd (26%) |
| Revenue | 195 083 | 8 856 | 191 963 |
| Cost of sales | (105 561) | (139) | (103 705) |
| Other income | 104 | 3 101 | - |
| Administrative expenses | (70 857) | (9 581) | (66 210) |
| Net finance costs | (4 778) | 293 | (4 705) |
| Profit before tax | 13 991 | 2 530 | 17 343 |
| Income tax expense | (289) | - | (5 788) |
| Profit for the year | 13 702 | 2 530 | 11 555 |
| University's share of profits | 3 563 | 582 | 3 004 |

8. NON-CURRENT RECEIVABLES AND PREPAYMENTS

| | 2019 R'000 | 2018 R'000 |
|---|---------------|---------------|
| The University of Cape Town Ukukhula Trust | 4 017 | 3 774 |
| Non-current loans to Sports Science ShareBlock (Pty) Ltd shareholders | 15 448 | 14 837 |
| | 19 465 | 18 611 |

The loan to the Trust has no fixed terms of repayment and earns interest at a weighted average rate of interest of 7.82% (2018: 7.90%).

The non-current loans to Sports Science Shareblock (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.

9. ACCOUNTS RECEIVABLE AND PREPAYMENTS

| | 2019 R'000 | 2018 R'000 |
|---|----------------|----------------|
| Research receivables | 140 306 | 167 674 |
| Other trade receivables | 89 047 | 85 475 |
| Total trade receivables | 229 353 | 253 149 |
| Property deposits and guarantees | 496 | 496 |
| Prepayments | 46 794 | 2 758 |
| Research funding accrual | 71 505 | 66 442 |
| Sundry receivables | 59 902 | 80 116 |
| Accounts receivables and prepayments | 408 050 | 402 961 |
| Student fees receivables | 196 586 | 169 878 |
| | 604 636 | 572 839 |

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 2019 | 91 490 | 42 563 | 39 393 | 28 601 | 27 306 | 229 353 |
| Gross trade receivables | 91 990 | 43 086 | 40 101 | 29 416 | 34 985 | 239 578 |
| Provision for expected losses | (500) | (523) | (708) | (815) | (7 679) | (10 225) |
| Expected loss rate | 0.54% | 1.21% | 1.77% | 2.77% | 21.95% | 4.27% |

| 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 2018 | 92 398 | 58 104 | 45 174 | 36 820 | 20 653 | 253 149 |
| Gross student fees receivable | 93 257 | 58 606 | 45 896 | 38 141 | 26 899 | 262 799 |
| Provision for expected losses | (859) | (502) | (722) | (1 321) | (6 246) | (9 650) |
| Expected loss rate | 0.92% | 0.86% | 1.57% | 3.46% | 23.22% | 3.67% |

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 (2018: R9.7 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

| | 2019 R'000 | 2018 R'000 |
|-------------------------------|---------------|---------------|
| Balance at 1 January | 9 650 | 9 656 |
| Charge for the year | 2 463 | - |
| Used | (1 888) | (6) |
| Balance at 31 December | 10 225 | 9 650 |

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% (2018:1%) 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 | 2019 Fees | 2018 Fees | 2017 Fees | 2016 Fees | Total |
|----------------------------------|-----------|-----------|-----------|-----------|-----------------|
| Net receivable: 31 December 2019 | 175 546 | 14 354 | 4 364 | 2 321 | 196 586 |
| Gross student fees receivable | 191 296 | 35 886 | 17 455 | 26 371 | 271 008 |
| Provision for expected losses | (15 750) | (21 532) | (13 091) | (24 049) | (74 422) |
| Expected loss rate | 8.23% | 60.00% | 75.00% | 91.20% | 27.46% |

| All amounts in R'000 | 2018 Fees | 2017 Fees | 2016 Fees | 2015 Fees | Total |
|----------------------------------|-----------|-----------|-----------|-----------|-----------------|
| Net receivable: 31 December 2018 | 154 036 | 9 262 | 4 200 | 2 380 | 169 878 |
| Gross student fees receivable | 165 286 | 23 154 | 16 799 | 23 160 | 228 399 |
| Provision for expected losses | (11 250) | (13 892) | (12 599) | (20 780) | (58 521) |
| Expected loss rate | 6.81% | 60.00% | 75.00% | 89.72% | 25.62% |

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 2019 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 R74.4 million (2018: R58.5 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:

| | 2019 R'000 | 2018 R'000 |
|-------------------------------|---------------|---------------|
| Balance at 1 January | 58 521 | 53 033 |
| Charge for the year | 28 776 | 18 255 |
| Used | (12 875) | (12 767) |
| Balance at 31 December | 74 422 | 58 521 |

10. CASH AT BANK AND CASH EQUIVALENTS

| | 2019 R'000 | 2018 R'000 |
|--------------------------------|------------------|----------------|
| Cash at bank and in hand | 95 535 | 156 396 |
| Local short-term bank deposits | 1 355 952 | 498 819 |
| | 1 451 487 | 655 215 |

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 2019, the University has an undrawn loan facility of R849 million (2018: R854 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 7.4% (2018: 7.9%). 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

| | 2019 R'000 | 2018 R'000 |
|--------------------------------------|----------------|----------------|
| At 1 January | 865 222 | 609 884 |
| Received during the year | 83 217 | 269 203 |
| Released to the income statement | (110 554) | (13 864) |
| | 837 885 | 865 223 |
| Current portion of government grants | (61 289) | (123 599) |
| At 31 December | 776 596 | 741 624 |

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 | 2019 R'000 | 2018 R'000 |
|-----------------------------------|---------------|---------------|
| At 1 January | 114 523 | 45 520 |
| Received during the year | 109 501 | 114 659 |
| Released to the income statement | (88 723) | (45 656) |
| | 135 301 | 114 523 |
| Current portion of project income | (135 301) | (114 523) |
| At 31 December | - | - |

12. PROVISIONS – EMPLOYEE BENEFITS

| | 2019 R'000 | 2018 R'000 |
|--|-----------------|-----------------|
| Gratuity provision for academic staff | 78 408 | 82 355 |
| Leave provision for administrative and support staff | 147 097 | 137 164 |
| Post-retirement medical aid benefit obligation | 487 800 | 499 200 |
| Total provisions – employee benefits | 713 305 | 718 719 |
| Current portion – gratuity provision academic staff | (9 999) | (8 882) |
| Current portion – leave provision for administration and support staff | (50 322) | (51 993) |
| Current portion – post-retirement medical aid obligation | (23 500) | (20 900) |
| Total current provisions – employee benefits | (83 821) | (81 775) |
| Total non-current provisions – employee benefits | 629 484 | 636 944 |

12.1. GRATUITY PROVISION 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 6.3% per annum (2018: 6.3%), while the discount rate that has been applied is 10.9% (2018: 9.7%).

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.

| | 2019 | | 2018 | |
|--|----------|----------|----------|----------|
| | R'000 | R'000 | R'000 | R'000 |
| | +1% | -1% | +1% | -1% |
| Change in liability - salary inflation | 2 007 | (15 605) | 657 | (11 728) |
| Change in liability - discount rate | (15 605) | 2 007 | (11 728) | 657 |

12.2. LEAVE PROVISION 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 10.9% (2018: 9.7%); expected inflation on medical aid contributions of 8.3% (2018: 7.8%). Post retirement mortality is based on PA (90) ultimate mortality tables rated down three years (2018: 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 (2018: 18 years).

It is estimated that the benefits payable in respect of funding obligations for the year ending 31 December 2020 will be R23.5 million (2019: R20.9 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:

| | 2019 | | 2018 | |
|---------------|--------|----------|--------|----------|
| | R'000 | R'000 | R'000 | R'000 |
| | +1% | -1% | +1% | -1% |
| Liability | 66 900 | (55 200) | 74 700 | (60 900) |
| Service cost | 3 800 | (3 100) | 5 000 | (3 800) |
| Interest cost | 7 700 | (6 400) | 7 700 | (6 300) |

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

| | 2019 | | 2018 | |
|-----------|----------|--------|----------|--------|
| | R'000 | R'000 | R'000 | R'000 |
| | +0.5% | -0.5% | +0.5% | -0.5% |
| Liability | (29 300) | 32 400 | (31 400) | 36 100 |

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

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------|---------|---------|---------|---------|---------|
| Liability | 487 800 | 499 200 | 484 300 | 492 500 | 418 700 |

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

| | 2019 R'000 | 2018 R'000 |
|---------------------------|----------------|----------------|
| Within the next 12 months | 23 500 | 20 900 |
| Beyond 12 months | 464 300 | 478 300 |
| Total liability | 487 800 | 499 200 |

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

| | 2019 R'000 | 2018 R'000 |
|--|---------------|---------------|
| Expenses in the income statement | 70 800 | 70 900 |
| Interest on obligation | 49 500 | 48 000 |
| Current service cost | 21 300 | 22 900 |
| Gains in the statement of other comprehensive income | (60 700) | (37 700) |
| Actuarial (gain) due to demographic factors | (13 800) | (9 700) |
| Actuarial gain on financial factors | (46 900) | (28 000) |

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

| | 2019 R'000 | 2018 R'000 |
|---|----------------|----------------|
| Defined benefit obligation at start of year | 499 200 | 484 300 |
| Interest on obligation | 49 500 | 48 000 |
| Current service cost | 21 300 | 22 900 |
| Actuarial gains | (60 700) | (37 700) |
| Benefits paid in respect of funding obligations | (21 500) | (18 300) |
| Defined benefit obligation at end of year | 487 800 | 499 200 |



13. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

| | 2019 R'000 | 2018 R'000 |
|--|----------------|----------------|
| Trade payables | 148 805 | 154 697 |
| Accrued expenses | 62 897 | 117 053 |
| National Research Foundation grant deposit | 92 300 | 89 000 |
| Payroll | 92 577 | 83 424 |
| Other payables | 45 343 | 29 271 |
| | 441 922 | 473 445 |
| Financial liabilities | 420 366 | 460 850 |
| Non-financial liabilities | 21 556 | 12 595 |
| | 441 922 | 473 445 |

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

| | 2019 R'000 | 2018 R'000 |
|-----------------------------|------------------|------------------|
| Subsidy for general purpose | 1 671 745 | 1 418 534 |
| State grants and contracts | 552 223 | 539 104 |
| Release of deferred revenue | 110 554 | 13 864 |
| | 2 334 522 | 1 971 502 |

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

15. INTEREST AND DIVIDENDS

| | 2019 R'000 | 2018 R'000 |
|--------------------------------------|----------------|----------------|
| Bank interest | 70 862 | 39 950 |
| Interest income on student fees | 43 084 | 58 594 |
| Interest income on other receivables | 9 078 | 9 736 |
| Interest on investments | 286 210 | 291 577 |
| Total interest | 409 234 | 399 857 |
| Dividends | 93 473 | 67 694 |
| | 502 707 | 467 551 |

16. PERSONNEL COSTS

| 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 |
| | 1 520 489 | 2 040 101 | 3 560 590 |

| All amounts in R'000 | 2018 | | |
|--------------------------------------|------------------------|------------------|------------------|
| | Academic Professionals | Other | Total |
| Wages and salaries | 1 220 973 | 1 652 273 | 2 873 246 |
| Termination benefits | 7 452 | 27 786 | 35 238 |
| Provident fund costs | 169 844 | 220 870 | 390 714 |
| Post-retirement medical aid benefits | 22 865 | 29 735 | 52 600 |
| | 1 421 134 | 1 930 664 | 3 351 798 |

Average number of persons employed during the year:

| | 2019 | 2018 |
|--------------|--------------|--------------|
| Full time | 5 381 | 6 054 |
| Part time | 2 181 | 1 850 |
| Students | 1 842 | 1 660 |
| Total | 9 404 | 9 564 |

17. REVENUE FROM CONTRACTS WITH CUSTOMERS

| | 2019 R'000 | Restated ⁶ 2018 R'000 |
|---|------------------|--|
| Type of goods or service | | |
| Tuition and other fee income | 1 612 892 | 1 554 706 |
| Gross tuition and other fee income | 1 903 378 | 1 797 506 |
| Council bursaries | (125 908) | (87 241) |
| Restricted bursaries | (164 578) | (155 559) |
| Income from commercial research contracts | 56 777 | 56 101 |
| Rendering of services | 719 326 | 698 276 |
| Total revenue from contracts | 2 388 995 | 2 309 083 |

⁶ The restatement relates to a reclassification of bursaries from *Financial Aid and Scholarships* under Recurrent Expenditure to *Tuition and Other Fee Revenue* under Recurrent Income. The restatement had no effect on the surplus as previously reported. Refer to note 21.

Income from commercial research contracts concluding more than 12 months after year end amounted to R9.4 million (2018: R3.7 million) at the end of the year.

| | 2019 R'000 | | 2018 R'000 | |
|------------------------|--------------------|-------------------------|--------------------|-------------------------|
| | Contract Assets | Contract Liabilities | Contract Assets | Contract Liabilities |
| Opening balance | 4 013 | (31 973) | 1 625 | (37 520) |
| Amounts received | 5 105 | 51 672 | 3 927 | 52 174 |
| Amounts utilised | (5 698) | (56 760) | (1 539) | (46 627) |
| Closing balance | 3 420 | (37 061) | 4 013 | (31 973) |

18. OTHER OPERATING EXPENSES

The following items are included in the operating surplus:

| | 2019 R'000 | 2018 R'000 |
|----------------------------------|---------------|---------------|
| Other operating expenses: | | |
| Library acquisitions | 88 408 | 75 993 |
| Repairs and maintenance | 153 148 | 125 017 |
| Software costs | 54 114 | 28 226 |

19. INTEREST-BEARING BORROWINGS

| | 2019 R'000 | 2018 R'000 |
|---|----------------|---------------|
| Non-current borrowings – Development Bank of South Africa | 92 634 | 87 441 |
| Non-current borrowings – Standard Bank Limited | 327 | - |
| Current borrowings | 7 878 | 6 847 |
| Total borrowings | 100 839 | 94 288 |

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% (2018: 3 months JIBAR plus 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% 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:

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

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:

| | 2019 R'000 |
|--------------------------|----------------|
| As at 1 January | 328 580 |
| Additions | 243 614 |
| Interest | 29 168 |
| Payments | (86 365) |
| As at 31 December | 514 997 |
| Non-current portion | 394 654 |
| Current portion | 120 343 |
| | 514 997 |

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:

| | 2019 R'000 |
|--|----------------|
| Income from subleasing right of use assets | (184) |
| Depreciation expense of right-of-use assets | 82 334 |
| Interest expense on lease liabilities | 29 168 |
| Expense relating to short-term leases | 12 034 |
| Expense relating to leases of low-value assets | 2 870 |
| Total amount recognised in profit or loss | 126 222 |

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:

| | 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

| | 2019 R'000 | | | 2018 R'000 | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| | Under-graduate | Post-graduate | Total | Under-graduate | Post-graduate | Total |
| Council-Controlled Unrestricted | 209 522 | 66 938 | 276 460 | 163 361 | 37 358 | 200 719 |
| Specifically-Funded Activities Restricted | 100 940 | 321 124 | 422 064 | 77 723 | 334 562 | 412 285 |
| | 310 462 | 388 062 | 698 524 | 241 084 | 371 920 | 613 004 |

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

| | 2019 R'000 | | | 2018 R'000 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Under-graduate | Post-graduate | Total | Under-graduate | Post-graduate | Total |
| Offset against tuition income | 198 071 | 92 415 | 290 486 | 150 554 | 92 246 | 242 800 |
| Financial aid and scholarship expenses | 112 391 | 295 647 | 408 038 | 90 530 | 279 674 | 370 204 |
| | 310 462 | 388 062 | 698 524 | 241 084 | 371 920 | 613 004 |

In 2018, certain bursaries provided by the University to students as funding for tuition and other fee revenue were incorrectly classified as a bursary expense instead of a payment to a customer in accordance with *IFRS 15: Revenue from Contracts with Customers*. Comparative figures have been corrected to reflect this change which had no effect on the surplus for the year. The bursaries were previously disclosed as follows:

| | 2018 R'000 |
|--|----------------|
| Offset against tuition income | 160 994 |
| Financial aid and scholarship expenses | 452 010 |
| | 613 004 |

21.2. NON-UCT EXPENSES

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

| | 2019 R'000 | | | 2018 R'000 | | |
|---|----------------|---------------|----------------|----------------|---------------|----------------|
| | Under-graduate | Post-graduate | Total | Under-graduate | Post-graduate | Total |
| National Student Financial Aid Scheme (NSFAS) | 429 346 | - | 429 346 | 311 278 | - | 311 278 |
| Other external donors | 336 813 | 1 838 | 338 651 | 288 995 | 4 959 | 293 954 |
| | 766 159 | 1 838 | 767 997 | 600 274 | 4 959 | 605 232 |



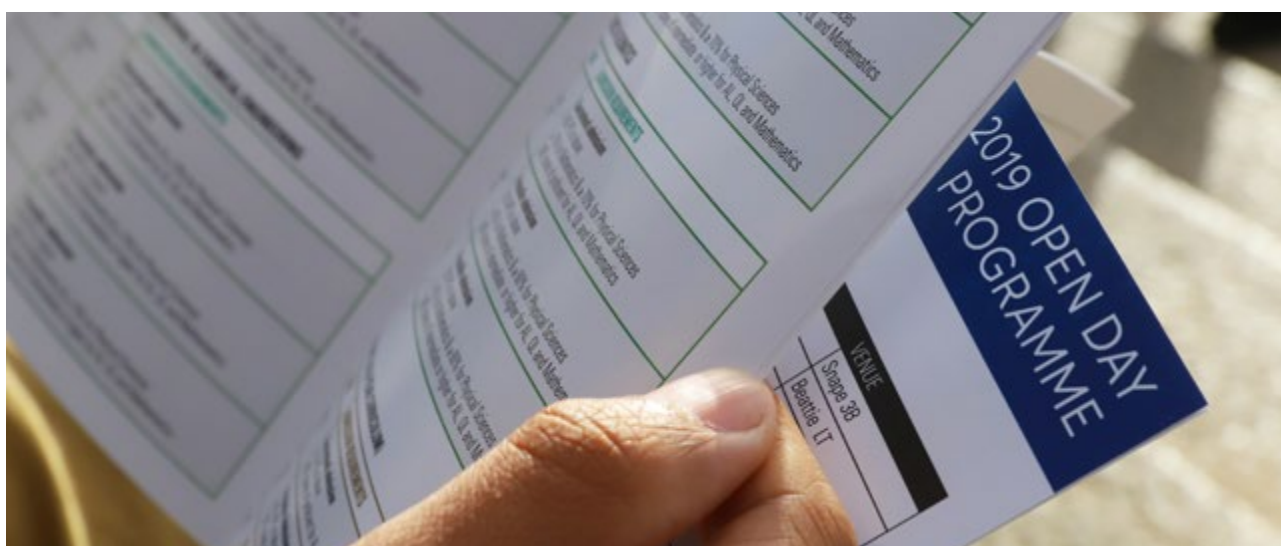
22. TRANSFERS

22.1. TRANSFERS IN THE CONSOLIDATED INCOME STATEMENT

| | 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) | - | - |
| | 221 347 | (276 380) | 55 033 | - |

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 rectifies this impact.

| | 2018 R'000 | | | |
|---|------------------------------------|--|--|----------|
| | Council-Controlled Unrestricted | Specifically- Funded Activities Restricted | Student and Staff Housing Restricted | Total |
| General operating budget transfer to Housing | (20 095) | - | 20 095 | - |
| Research levies | 64 896 | (64 896) | - | - |
| Transfers of project costs | (39 676) | 39 676 | - | - |
| Baxter Theatre operations transfer | (10 721) | 10 721 | - | - |
| Transfer required due to <i>IFRS15</i> treatment of bursaries | 155 559 | (155 559) | - | - |
| | 149 963 | (170 058) | 20 095 | - |



22.2. TRANSFERS IN THE CONSOLIDATED STATEMENT OF CHANGES IN FUND BALANCES

| 2019 R'000 | | | | |
|--|----------------|-----------------------|--------------------|----------|
| | Endowed Funds | Education and General | Council-Controlled | Total |
| Transfer of UCT Foundation profit | 394 774 | (394 774) | - | - |
| Transfer of endowed interest related to Council activities | - | (23 430) | 23 430 | - |
| | 394 774 | (418 204) | 23 430 | - |

| 2018 R'000 | | | | |
|--|------------------|-----------------------|--------------------|----------|
| | Endowed Funds | Education and General | Council-Controlled | Total |
| Transfer of UCT Foundation loss | (186 698) | 186 698 | - | - |
| Transfer of endowed interest related to Council activities | - | (22 420) | 22 420 | - |
| | (186 698) | 164 278 | 22 420 | - |



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% |
| At 31 December 2019 | | | | | | | |
| 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) |
| | 578.7 | 289.2 | 57.9 | (289.2) | (578.7) | (1 157.4) | (1 736.1) |

| All amounts in R millions | Impact of these variances on surplus or deficit | | | | | | |
|---|---|--------------|-------------|----------------|----------------|------------------|------------------|
| | +10% | +5% | +1% | -5% | -10% | -20% | -30% |
| At 31 December 2018 | | | | | | | |
| Local equities | 199.3 | 99.7 | 19.9 | (99.7) | (199.3) | (397.7) | (597.0) |
| Collective investment schemes | 46.5 | 23.3 | 4.7 | (23.3) | (46.5) | (93.1) | (139.6) |
| Local mutual funds | 1.6 | 0.8 | 0.2 | (0.8) | (1.6) | (3.1) | (4.7) |
| Local capital markets | 101.5 | 50.8 | 10.2 | (50.8) | (101.5) | (203.0) | (304.5) |
| Local unlisted equity investments | 5.6 | 2.8 | 0.6 | (2.8) | (5.6) | (11.2) | (16.8) |
| International mutual funds | 46.9 | 23.4 | 4.7 | (23.4) | (46.9) | (93.8) | (140.7) |
| International collective investment schemes | 120.7 | 60.3 | 12.1 | (60.3) | (120.7) | (241.4) | (362.1) |
| Equity-linked derivatives | 1.0 | 0.5 | 0.1 | (0.5) | (1.0) | (2.1) | (3.1) |
| | 523.1 | 261.6 | 52.5 | (261.6) | (523.1) | (1 045.4) | (1 568.5) |



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 2019 year, students were charged interest at a fixed rate of 1.0% per month (2018: 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 |
| At 31 December 2019 | | | | | | | |
| Interest-bearing collective investment schemes and bonds | 256.4 | 128.2 | 64.1 | (64.1) | (128.2) | (256.4) | (384.6) |
| At 31 December 2018 | | | | | | | |
| Interest-bearing collective investment schemes and bonds | 235.4 | 117.7 | 58.8 | (58.8) | (117.7) | (235.4) | (353.1) |

| All amounts in R millions | Impact of interest changes on surplus or deficit | | | | | | |
|--|--|-------------|-------------|---------------|---------------|---------------|----------------|
| Interest rate changes in basis points (BP) | +200 BP | +100 BP | +50 BP | -50 BP | -100 BP | -200 BP | -300 BP |
| At 31 December 2019 | | | | | | | |
| 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) |
| | 88.3 | 44.1 | 22.2 | (22.2) | (44.1) | (88.3) | (132.4) |

| | | | | | | | |
|--|-------------|-------------|-------------|---------------|---------------|---------------|----------------|
| At 31 December 2018 | | | | | | | |
| Interest-bearing collective investment schemes and bonds | 29.6 | 14.8 | 7.4 | (7.4) | (14.8) | (29.6) | (44.4) |
| Interest-bearing borrowings | (1.9) | (0.9) | (0.5) | 0.5 | 0.9 | 1.9 | 2.8 |
| Money market and call deposits | 42.4 | 21.2 | 10.6 | (10.6) | (21.2) | (42.4) | (63.7) |
| Cash and cash equivalents | 29.6 | 14.8 | 7.4 | (7.4) | (14.8) | (29.6) | (44.4) |
| | 99.7 | 49.9 | 24.9 | (24.9) | (49.9) | (99.7) | (149.7) |

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% |
| At 31 December 2019 | | | | | | | |
| 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 |
| | 378.8 | 189.4 | 94.7 | (94.7) | (189.4) | (378.8) | (568.3) |

| 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% |
| At 31 December 2018 | | | | | | | |
| International mutual funds | 93.8 | 46.9 | 23.4 | (23.4) | (46.9) | (93.8) | (140.7) |
| International equity unit trusts | 241.4 | 120.7 | 60.3 | (60.3) | (120.7) | (241.4) | (362.1) |
| Trade receivables | 12.4 | 6.2 | 3.1 | (3.1) | (6.2) | (12.4) | (18.6) |
| Trade payables | (0.1) | (0.1) | (0.0) | 0.0 | 0.1 | 0.1 | 0.2 |
| | 347.5 | 173.7 | 86.8 | (86.8) | (173.7) | (347.5) | (521.2) |

23.5. CREDIT RISK

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 R229 million (2018: R253 million), which reflects the amount after the recognition of the provision for impairment. Refer note 9 for further details.

Student fees receivable

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 R197 million (2018: R169 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 R2.7 billion (2018: R1.7 billion). The University places cash and cash deposits only with major financial institutions with good credit ratings.

23.6. LIQUIDITY RISK

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 |
|-----------------------------|----------------|--------------------|----------------|----------------|-------------------|------------------|
| At 31 December 2019 | | | | | | |
| Trade and other payables | - | 420 366 | - | - | - | 420 366 |
| Interest-bearing borrowings | - | 4 113 | 12 084 | 58 024 | 81 628 | 155 849 |
| Student deposits | 137 109 | - | - | - | - | 137 109 |
| Lease liabilities | - | 26 915 | 97 823 | 351 988 | 577 313 | 1 054 039 |
| | 137 109 | 451 394 | 109 907 | 410 012 | 658 941 | 1 767 363 |
| At 31 December 2018 | | | | | | |
| Trade and other payables | - | 460 850 | - | - | - | 460 850 |
| Interest-bearing borrowings | - | - | 6 487 | 87 301 | - | 93 788 |
| Student deposits | 128 331 | - | - | - | - | 128 331 |
| | 128 331 | 460 850 | 6 487 | 87 301 | - | 682 969 |

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 | |
|--|---------------|---------------|----------------|---------------|
| | 2019 R'000 | 2018 R'000 | 2019 R'000 | 2018 R'000 |
| Financial Assets | | | | |
| Cash | 1 451 487 | 655 215 | 1 451 487 | 655 215 |
| Financial instruments at fair value through profit or loss | 7 058 137 | 7 353 773 | 7 058 137 | 7 353 773 |
| Account receivables | 360 759 | 402 961 | 360 759 | 402 961 |
| Student fees receivable | 196 586 | 169 878 | 196 586 | 169 878 |
| Non-current receivables | 19 465 | 18 611 | 19 465 | 18 611 |
| Financial liabilities | | | | |
| Accounts payable and accrued liabilities | 420 366 | 473 445 | 420 366 | 473 445 |
| Interest-bearing borrowings | 100 839 | 94 288 | 100 839 | 94 288 |
| Student deposits | 137 110 | 128 331 | 137 110 | 128 331 |

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

| | 2019 R'000 | | | 2018 R'000 |
|-----------------------------------|-----------------|-------------------|----------------|---------------|
| | Long-term loans | Lease liabilities | Total | Total |
| Balance as at 1 January | 94 288 | 328 580 | 422 868 | 23 686 |
| As previously reported | 94 288 | - | 94 288 | 23 686 |
| Lease liability at 1 January 2019 | - | 328 580 | 328 580 | - |
| Interest | 6 016 | 29 168 | 35 184 | 5 760 |
| Repayments | (13 792) | (86 365) | (100 157) | (7 472) |
| Additions | 14 327 | 243 614 | 257 941 | 72 314 |
| Balance as at 31 December | 100 839 | 514 997 | 615 836 | 94 288 |



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 | 617 | 108 437 | 109 054 |
| Teacher Education building | - | 62 959 | 62 959 |
| Rochester student housing | - | 50 000 | 50 000 |
| Priority projects | - | 3 822 | 3 822 |
| Chris Hani building refurbishment | 16 | 123 631 | 123 647 |
| Water sustainability project | - | 78 617 | 78 617 |
| Upper Campus parking initiative | - | 18 919 | 18 919 |
| ICT network renewal | - | 18 528 | 18 528 |
| ICT Upper Campus datacentre refurbishment | - | 9 259 | 9 259 |
| ICT storage architecture renewal | 12 010 | 28 431 | 40 441 |
| Total 2019 | 12 643 | 502 603 | 515 246 |
| Total 2018 | 66 048 | 541 267 | 607 315 |

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 R837.8 million (2018: R865.2 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:

| | 2019 R'000 | | 2018 R'000 | | |
|-------------------|-----------------|--------------------|-----------------|--------------------|----------------|
| | Property rental | Photocopy machines | Property rental | Photocopy machines | Jammie Shuttle |
| Within 1 year | 776 | 2 533 | 56 613 | 2 747 | 16 831 |
| 1 to 2 years | - | 1 726 | 38 521 | 1 507 | 16 831 |
| 2 to 3 years | - | - | 41 682 | 487 | 16 831 |
| 3 to 4 years | - | - | 45 103 | - | 16 831 |
| 4 to 5 years | - | - | 48 805 | - | 11 680 |
| More than 5 years | - | - | 129 627 | - | - |
| | 776 | 4 259 | 360 351 | 4 741 | 79 004 |

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 7 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

| | 2019 R'000 | 2018 R'000 |
|-------------------|---------------|---------------|
| Within 1 year | 6 511 | 7 847 |
| 1 to 2 years | 3 418 | 2 991 |
| 2 to 3 years | 1 818 | 1 502 |
| 3 to 4 years | 1 801 | 1 055 |
| 4 to 5 years | 1 661 | 911 |
| More than 5 years | 234 | 9 816 |
| | 15 443 | 24 122 |

25. CASH GENERATED FROM OPERATIONS

Reconciliation of net surplus to cash generated from operations:

| | Note | 2019 R'000 | 2018 R'000 |
|--|--------|---------------|----------------|
| SURPLUS FOR THE YEAR | | 756 779 | 278 272 |
| Adjusted for: | | | |
| Depreciation | 5 & 20 | 214 379 | 116 867 |
| Loss of control of subsidiary | | 2 600 | - |
| Release of deferred revenue | 11 | (110 554) | (13 864) |
| Movement in employee benefits | | 55 286 | 68 967 |
| Loss on sale of property, plant and equipment | | 9 280 | 9 649 |
| Investment income – interest | 15 | (409 234) | (399 857) |
| Investment income – dividends | 15 | (93 473) | (67 694) |
| Finance costs | | 34 397 | 588 |
| Fair value movement on fair value through profit or loss financial instruments | | (401 427) | 169 582 |
| Income from associate | 7 | (582) | - |
| Changes in working capital | | | |
| Accounts receivable and prepayments | | (32 058) | (85 834) |
| Inventories | | 4 083 | (4 768) |
| Accounts payable, accrued liabilities, project income and deposits | | 1 506 | 127 533 |
| Cash generated from operations | | 30 982 | 199 441 |

26. REMUNERATION OF KEY MANAGEMENT

EXECUTIVE MANAGEMENT TEAM DURING 2019

| 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 | 3 192 | 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 | - | - |

The following disclosure, as required by the Minister of Higher Education, Science and Technology, 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.

Included in the total for other services of R1 008 000 is R682 361 (2018: R700 669), being the deemed value of the house and vehicle provided to the Vice-Chancellor as part of her package.

| EXECUTIVE MANAGEMENT TEAM DURING 2018 | | | | | | |
|---------------------------------------|---|---------------------------|--------------------------------|-------------------|------------------|--------------------------|
| 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 |
| Dr MR Price | Vice-Chancellor 01/01/2018-30/06/2018 and thereafter 6 months sabbatical | 3 196 | 3 121 | - | - | 476 |
| Professor RM Phakeng | Vice-Chancellor 01/07/2018-31/12/2018 | 3 000 | 1 500 | - | - | 224 |
| Professor RM Phakeng | Deputy Vice-Chancellor 01/01/2018-30/06/2018 | 2 243 | 1 121 | 119 | - | - |
| Professor M Kyobe | Deputy Vice-Chancellor Designate 01/06/2018- 30/06/2018 Acting 01/07/2018- 31/12/2018 | 1 343 | 783 | - | 355 | - |
| Professor LA Feris | Deputy Vice-Chancellor | 2 082 | 2 082 | - | - | - |
| Professor BD Reddy | Deputy Vice-Chancellor (Acting) 01/01/2018- 31/01/2018 | 1 670 | 139 | - | 48 | - |
| Assoc Professor ML Lange | Deputy Vice Chancellor 01/02/2018-31/12/2018 | 2 243 | 2 056 | - | - | - |
| Professor HM Corder | Deputy Vice-Chancellor (Acting) 01/01/2018- 31/01/2018 | 1 439 | 120 | - | 67 | - |
| Professor HM Corder | Dean: Faculty of Law (Acting) 28/05/2018- 31/12/2018 | 1 439 | 860 | - | 183 | - |
| Professor AP Le Roex | Deputy Vice-Chancellor (Acting) 01/02/2018- 31/07/2018 and part time 01/08/2018-31/12/2018 | 1 775 | 1 627 | - | 242 | - |
| Dr RL Morar | Dean: FHS (Acting) 28/07/2018-30/09/2018 | 1 938 | 338 | - | 21 | - |
| Dr RL Morar | Chief Operating Officer (P/T 40%) 01/10/2018-31/12/2018 | 1 938 | 484 | - | - | 30 |
| Professor PE Andrews | Dean: Faculty of Law 01/01/2018-27/05/2018 and thereafter sabbatical until 31/12/2018 | 1 876 | 1 876 | - | - | - |
| Assoc Professor MS Soko | Director: Graduate School of Business 01/01/2018- 06/06/2018 | 1 484 | 642 | - | - | - |
| Assoc Professor K Sewchurran | Director: Graduate School of Business (Acting) 07/06/2018-31/12/2018 | 1 079 | 612 | - | 178 | 158 |

EXECUTIVE MANAGEMENT TEAM DURING 2018

| 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 D Wardle | Dean: Faculty of Humanities (Acting) Full Year | 1 168 | 1 168 | 140 | 578 | - |
| Professor SB Bourne | Dean: Faculty of Science (Acting) Full Year | 1 168 | 1 168 | 100 | 578 | - |
| Professor AE Lewis | Dean: Faculty of EBE | 1 876 | 1 876 | 220 | - | 323 |
| Professor ID Woolard | Dean: Faculty of Commerce 01/01/2018-30/04/2018 | 1 876 | 625 | - | - | - |
| Assoc Professor K Rajaratnam | Dean: Faculty of Commerce (Acting) 01/05/2018-21/10/2018 | 1 079 | 508 | 48 | 314 | 327 |
| Assoc Professor L Ronnie | Dean: Commerce 22/10/2018-31/12/2018 | 1 746 | 342 | - | - | 9 |
| Assoc Professor SB Shay | Dean: CHED (01/02/2018-31/08/2018) | 1 615 | 942 | - | - | - |
| Assoc Professor MR Madiba | Dean: CHED (Acting) 01/01/2018-31/01/2018 | 938 | 78 | - | 48 | 9 |
| Assoc Professor A Cliff | Dean: CHED (Acting) 10/09/2018-31/12/2018 | 938 | 274 | - | 170 | - |
| Professor B Mayosi | Dean: FHS 01/01/2018-27/07/2018 | 2 644 | 1 522 | - | - | - |
| Professor C Williamson | Dean: FHS (Acting) 01/10/2018-31/12/2018 | 1 426 | 356 | - | 148 | - |
| Mr RN Pillay | Registrar | 1 746 | 1 746 | 241 | - | - |
| Ms M Hoosain | Executive Director: HR | 1 746 | 1 746 | 93 | - | - |
| Ms G Kruger | Executive Director: CMD | 1 746 | 1 746 | 56 | - | - |
| Dr AM Sienaert | Executive Director: Research | 1 746 | 1 746 | 186 | - | - |
| Dr MBM Khan | Executive Director: DSA | 1 746 | 1 746 | - | - | - |
| Dr R Ally | Executive Director: DAD | 1 746 | 1 746 | - | - | - |
| Mr AG Francis | Executive Director: Finance | 2 343 | 2 342 | 186 | - | - |
| Ms GME Thomas | Executive Director: Libraries 01/01/2018-30/04/2018 | 1 746 | 582 | - | - | - |
| Mr R Raju | Executive Director: Libraries (Acting) 01/03/2018-31/12/2018 | 1 084 | 903 | - | 395 | - |
| Mr IB Janse van Rensburg | Executive Director: ICTS 01/01/2018-30/09/2018 | 1 746 | 1 309 | - | - | - |
| Mr R Van Huyssteen | Executive Director: ICTS (Acting) 01/10/2018-31/10/2018 | 1 362 | 113 | - | 10 | - |
| Mr R Van Huyssteen | Executive Director: ICTS 01/11/2018-31/12/2018 | 1 549 | 258 | - | - | - |
| Mr R September | Executive Director: P&S (Acting) 01/01/2018-30/06/2018 | 1 084 | 542 | - | 189 | - |
| Mr M Parker | Executive Director P&S 01/07/2018-31/12/2018 | 1 800 | 900 | - | - | - |

Other Payments

| Purpose/reason for payment | Name | Position held | Amount R'000 |
|---------------------------------|----------------------------|---------------------|--------------|
| 2019 | | | |
| Leave encashment at resignation | Dr AM Sienaert | ED: Research Office | 439 |
| 2018 | | | |
| Leave encashment at resignation | Associate Professor M Soko | Director: GSB | 11 |
| Leave encashment at resignation | Dr G Thomas | ED: Libraries | 275 |
| Leave encashment at resignation | Mr S Janse van Rensburg | ED: ICTS | 166 |

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 *IAS 24: Related Party Disclosures* in respect of compensation of key management:

| | 2019 R'000 | 2018 R'000 |
|--|---------------|---------------|
| Short-term employee benefits | 40 529 | 59 125 |
| Post-employment benefit | 7 570 | 7 856 |
| Termination benefits | 439 | 452 |
| Total compensation paid to key management personnel | 48 538 | 67 433 |

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 R420 million (2018: R390 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 6 years to run with an option to renew for a further 99 years. Lease income on this property is nominal.

Given the absence of any usufructory rights for 110 years, the University of Cape Town has not accounted for value relating to the improvements made on this land.

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 71 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 IAS 24: *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:

| | 2019 R'000 | 2018 R'000 |
|---|---------------|---------------|
| University of Cape Town Foundation | | |
| <i>Related Party Balances</i> | | |
| Intercompany loan | (2 483) | (5 496) |
| <i>Related Party Transactions</i> | | |
| Grants | 133 276 | 133 796 |
| Unutilised funds reinvested | 40 889 | - |
| Management fee received | 3 846 | 3 146 |
| Endowed funds | 12 506 | 18 644 |
| University of Cape Town Lung Institute (Pty) Ltd | | |
| <i>Related Party Balances</i> | | |
| Investment | (12 093) | (11 240) |
| Trade payables | (9 253) | (512) |
| <i>Related Party transactions</i> | | |
| Interest paid | 710 | 477 |
| Realised profit on investment | 143 | - |
| Service rendered | 3 267 | 4 734 |
| Services received | 13 376 | 5 483 |
| Sports Science ShareBlock (Pty) Ltd | | |
| <i>Related Party Balances</i> | | |
| Loans to shareholder | 33 082 | 32 819 |
| <i>Related Party transactions</i> | | |
| Service received | 8 809 | 8 153 |
| University of Cape Town Foods Services (Pty) Ltd | | |
| <i>Related Party Balances</i> | | |
| Intercompany loan | 45 602 | 26 769 |
| Trade payables | (397) | - |
| <i>Related Party transactions</i> | | |
| Service received | 2 643 | - |
| Purchases | 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. EVENTS AFTER THE REPORTING DATE

Management have assessed events that occurred after the reporting date and have identified the following non-adjusting events. The nature of these events, and their financial impact, are discussed below. Management continued to monitor this impact until sign off date, however no significant changes to these balances were noted.

EVENT 1: OUTBREAK OF COVID-19

On 11 March 2020 the World Health Organization declared the novel strain of coronavirus (Covid-19) a global pandemic, resulting in severe financial market volatility. Local financial markets were further negatively affected by the national lockdown effective 27 March 2020.

EVENT 2: MOODY'S SUB INVESTMENT GRADE STATUS OF SOUTH AFRICA

Moody's announced on 27 March 2020 that they would be cutting South Africa's sovereign credit rating from BAA3 to BA1, with a negative outlook. Moody's was the last rating agency which had held South Africa at an investment grade rating.

FINANCIAL IMPACT

These events have had a severe impact on the South African Rand (ZAR) and global financial markets which in turn have had a direct impact on the UCT consolidated investment market value. The national Covid-19 lockdown has also led to the closure of student residences, and suspension of contact lectures, in order to comply with the lockdown regulations.

Management cannot reasonably estimate the continued impact of these events, however, at 31 May 2020, the impact is as follows:

Investments

The fair value of the investment portfolio has been impacted as follows:

| | At 31 May 2020 R'000 | At 31 December 2019 R'000 | Movement R'000 |
|-------------|-------------------------|------------------------------|-------------------|
| Investments | 6 752 165 | 7 058 137 | (305 972) |

Given the ongoing fluctuations in global financial markets, a price risk sensitivity analysis of the investment carrying values at 31 May 2020 has been presented below, to illustrate the potential impact of fluctuations between 31 May 2020 and the date of approval of the financial statements:

| | +1% | -1% |
|--|--------|----------|
| Increase/(decrease) in 31 May 2020 investment carrying value | 67 522 | (67 522) |

Student residences and lease agreements

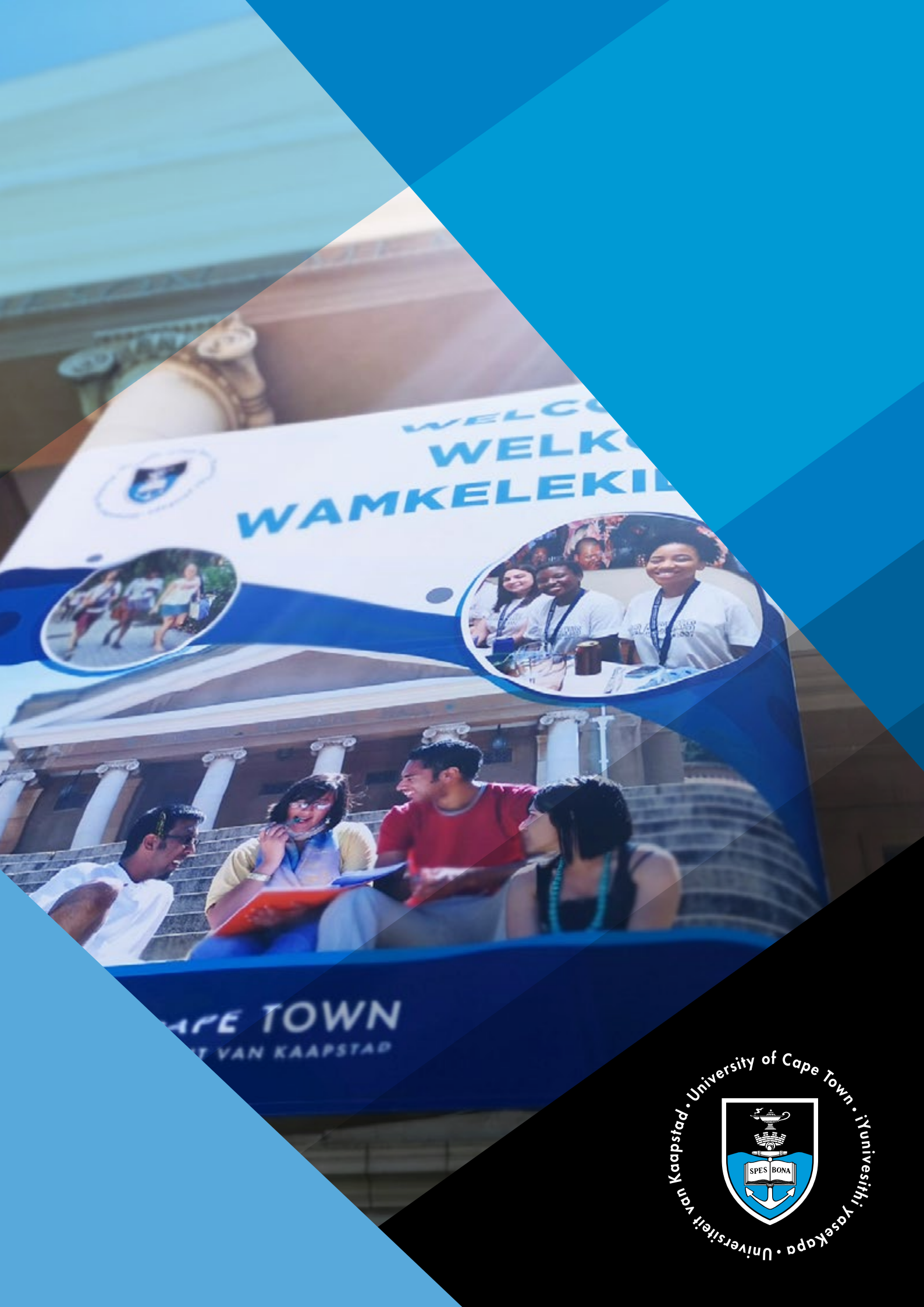
As a result of the national lockdown, certain residences have been vacant for a period of time. The University is in discussion regarding refunds of residence fees. The University is also in discussions with landlords regarding lease reprieves and modifying agreed lease periods.

Student fees receivable

Management has assessed the recoverability of the student fee receivable as at 31 December 2019 and are satisfied that the provision raised is adequate and appropriate.

Mitigating the impact of Covid-19 interventions and lockdowns remains a priority for management and are being monitored continuously. Significant investments have been made to ensure that all students are able to work online and complete the 2020 academic year as best possible. This may mean that the academic year is only completed in the first two months of 2021.

Despite the significant impact of these events on the University's operations, management have taken into account the integrated financial plan, in conjunction with the University's significant asset base to justify the going concern basis of preparation for the financial statements.



CAPE TOWN
STAD VAN KAAPSTAD

