

THE UNIVERSITY OF
CAPE TOWN



ANNUAL REPORT **2022**



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REPORT OF THE CHAIR OF COUNCIL FOR 2022

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Report of the Chair of Council for 2022

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 18 June 2022

Executive Officers of the Council

Professor M Phakeng (Vice-Chancellor)
Professor S Harrison (Deputy Vice-Chancellor)
Dr R Morar (Chief Operating Officer)
Mr R Pillay (Registrar) (Secretary to Council)

Members of Council

Ministerial appointees

Ms S Barsel
Ms P Gwangwa (Deputy Chairperson)
Ms S Mzimela
Ms K Maphisa
Professor N Eccles

Members elected by convocation

Ms M le Roux
Dr S Manjra
Professor C Vaughan
(A fourth member elected by Convocation resigned and was replaced via the Appointments Committee of Council)

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

Vacant (PASS 2-6)
Mr S Chetty (PASS 7-13)
Professor R Muloiwa (Academic)

Members elected by Senate

Professor N Ntusi
Professor D Chirwa
Mr J Rousseau

Members elected by donors

Mr E Davids
Ms D Yach

Nominee of Cape Town City Council

Mr G van Onselen

Nominee of the Premier of the Western Cape

Dr M Cardo

Appointed by the Appointments Committee of Council¹

Mr M Campbell
Ms Z Khanyile
Ms N Mohamed
Ms T Mokgabudi
Ms B Ngonyama (Chairperson)
Ms K Makhohliso (appointed by the Appointments Committee to fill a vacancy in the Convocation constituency)

Appointed by the Students' Representative Council

Ms K Goqoza
Mr S Lonzi
Dr L Lushaba



¹ The Appointments Committee is responsible for filling vacancies occurring in the Convocation and Donor constituencies during the four-year term of office. The UCT Council had one resignation from the Convocation constituency. This vacancy was filled by the Appointments Committee in terms of Section 16(2A) of the Statute.

Report of the Chair of Council for 2022 continued

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. 1 199 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 60% 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 who serves *ex officio*) is four years.

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

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

The Council is supported by specialist committees and working groups.

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

The Council as 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

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, as well as the Council code of conduct. The matter of contestation related to conflicts of interest that arose during this reporting cycle is a matter that falls within the remit of the work that has been undertaken by an investigation panel that the Council had resolved to establish. The work of the panel has not been concluded as yet and is scheduled to be completed in the second half of 2023, at which point it will be possible to report in a more detailed and definitive manner on the matter of conflicts of interest and the associated duty that falls, *inter alia*, on each member of Council.

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 Whistle Blowers Pty Ltd since 2018. Allegations of fraud, corruption or unethical conduct may be reported confidentially and anonymously.

Report of the Chair of Council for 2022 continued

Council Statement on Corporate Governance continued

Ethics in Decision-making and in University Work continued

Given the concerns raised about matters related to University governance, Council in October 2022 resolved to establish an independent panel of investigation to investigate and report on certain aspects regarding governance at UCT. The Council-approved terms of reference of the Panel specify that the Panel shall not conduct its inquiry in an adversarial fashion. Rather, it shall adopt an inquisitorial approach. The purpose of the inquiry shall be primarily forward-looking although, based on its findings, the Panel is authorised to recommend redress where warranted. The Panel is thus authorised to make recommendations that could help Council and the University to prevent and better address any of the failures of governance the Panel finds.

The independent panel of investigation completed its work and submitted a report to the UCT Council on 14 October 2023. Council extends its appreciation to the panel for the detailed and important work that it has done and is confident that the report is a crucial step in assisting Council to strengthen the governance of the University. The report revealed governance failures at UCT. At its meeting on 11 November 2023, Council reaffirmed its commitment to remedying past governance failures and strengthening current structures by complying with UCT's regulations

and policies and enforcing the Council code of conduct. This includes ensuring the delineation of the oversight governance role of Council from the executive management function together with matters that fall within the purview of the Senate. Student governance via the Students' Representative Council (SRC) and the role of the Institutional Forum (IF) remain important arms of institutional governance. We believe that this revised focus on governance will set the right tone for a future marked by accountability and transparency and will go a long way to ensuring that the failures as identified in the report of the panel do not happen again. Council is determined to ensure that UCT moves forward and in doing so restore the University community and the public's trust and confidence in UCT as a leading institution of higher learning.

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 Admissions 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.



Report of the Chair of Council for 2022 continued

Council Statement on Corporate Governance continued

Objectives for the Council for 2022

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 4 December 2021) set the following high level objectives for 2022.

Objectives for the Council for 2022

Council objectives related to predetermined objectives and statutory oversight follows below:

To approve the submissions to the Department of Higher Education and Training as they relate to the annual cycle of planning and reporting as follows: a. The 2021 Annual Report b. The 2022 Mid-year Performance Report c. The 2023 Annual Performance Plan	Council authorised for submission to the Department of Higher Education (a) the 2021 Annual Report in June 2022; (b) the 2022 Mid-year Performance Report in November 2022; and (c) the 2023 Annual Performance Plan in December 2022
To achieve the approved enrolment targets for 2022, as well as the graduate output and throughput targets. UCT's enrolment planning compact with the Ministry and the Department of Higher Education and Training required that UCT achieve a headcount enrolment of 28 449 (2021: 28 174) students in 2022. This agreed target total can be broken down as follows: 16 414 (2021: 16 326) undergraduate students, 3 240 (2021: 3 138) postgraduates below the master's level, 5 213 (2021: 5 150) master's students and 2 094 (2021: 2 073) doctoral enrolments. The headcount enrolment was projected to translate into 21 635 (2021: 21 456) full-time equivalent enrolments.	See pages 21-24

To approve the post-mid-term review of the enrolment plan 2022-2025.

See pages 21-22

In 2022 the University faced over-enrolment against the DHET plan submitted in 2019 for the period 2021-2025. These were over-enrolments that were noted in terms of the headcount against the target that had been set with DHET, for the 2021 year and projected to also impact the 2022 academic year, that would impact on the Teaching Input Units. This matter was raised and discussed with Council EXCO in February; EXCO was informed that the over-enrolment had mainly resulted from the decision not to exclude students at end 2020 for compassionate reasons related to emergency remote teaching, and the decision to allow extended time to master's and doctoral students to complete in 2021 and 2022. Together, this would cause a level of over-enrolment against the original plan with financial consequences for the institution and would also have consequences for the 2023, 2024 and 2025 years. The IPD had also alerted the institution that the DHET had requested a review of the targets for 2023-2025. The University had met with the DHET in May 2022. An agreement was reached that UCT's revised plan to reflect increased enrolment against the target agreed in 2019. On this basis Council approved the adjustment to the enrolment plan for the period 2022-2025.

To ensure that earmarked funds designated and awarded to UCT by the Minister of Higher Education, Science and Innovation are utilised for the specific purposes as intended. These include:

See pages 25-32

- » the 2022 University Capacity Development Grant (encompassing teaching- and research-development);
- » the 2022 earmarked foundation programme grants;
- » the 2022 infrastructure and efficiency grants;
- » the 2022 earmarked clinical training grants.

Earmarked grants are funds that may be used only for specific purposes designated by the Minister, and the accountability for the use thereof is through the submission of progress reports and financial statements which are provided on an annual basis by the universities. The University enters into an agreement with the Department of Higher Education about programmes and activities that will be funded and the funds that will be made available.

Report of the Chair of Council for 2022 continued

Council Statement on Corporate Governance continued

Objectives for the Council for 2022 continued

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 and learning, research and community engagement. Key deliverables in relation to this are as follows:

- » To receive reports on teaching and learning, research and social responsiveness and engaged scholarship.
- » To receive a report from the University Executive Management on Transformation and monitor progress to advance institutional transformation.

It is noted that a number of issues that arose at the University during 2022 are part of the review by an independent investigation panel and as the work of this panel has not been completed as yet this matter will also be reported in more detail in the 2023 annual report. The Chair of Council urged the UCT community to give support to an independent investigation led by a retired judge to achieve its work with the necessary speed and without fear or favour.

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

See pages 34-40

See pages 15-21

The Committees of Council

Regular Council Meetings

The meeting attendance by Council members is recorded below:

Attendance at regular Council meetings 2022

2022	12 Mar	18 Jun	15 Oct	4 Dec	% Attendance
S Barsel	P	P	P	P	100
M Campbell	P	P	P	Ap	75
M Cardo	P	P	P	P	100
S Chetty	P	P	P	P	100
D Chirwa	P	P	P	Ap	75
E Davids	P	P	P	P	100
H Dube	N/A	N/A	N/A	P	100
N Eccles	P	P	P	P	100
P Gwangwa	P	P	P	Ap	75
K Gogoza	P	P	P	N/A	100
S Harrison	P	P	N/A	N/A	100
Z Khanyile	P	P	P	Ap	75
M le Roux	P	Ap	P	P	75
S Lonzi	P	P	P	N/A	100
L Lushaba	P	P	P	P	100
K Makhohliso	P	Ap	P	N/A	67
S Manjra	P	P	P	P	100
K Maphisa	P	P	P	P	100
N Mohamed	Ap	P	P	P	75
T Mokgabudi	P	P	P	P	100
R Morar	P	P	P	P	100
B Mtsi	P	P	P	P	100
R Muloiwa	P	P	P	Ap	75
S Mzimela	P	P	P	N/A	100
B Ngonyama	P	P	P	P	100
N Ntusi	P	P	P	P	100
M Phakeng	P	P	P	P	100
J Rousseau	P	P	P	P	100
E Ramugondo	N/A	N/A	P	P	100
C Vaughan	P	Ap	P	Ap	50
G van Onselen	P	P	P	Ap	75
D Yach	P	P	P	P	100

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

Report of the Chair of Council for 2022 continued

The Committees of Council continued

Special Council Meetings

Attendance at special Council meetings 2022

2022	21 Feb	31 Mar	6 May	20 Jun	6 Oct	7 Nov	17 Nov	9 Dec	% Attendance
S Barsel	P	P	P	P	P	P	P	P	100
M Campbell	P	P	P	P	P	P	P	P	100
M Cardo	P	P	P	P	P	P	P	P	100
S Chetty	P	P	Ap	P	P	P	P	P	88
D Chirwa	P	P	P	P	P	P	P	P	100
E Davids	P	P	P	P	P	P	P	P	100
H Dube	N/A	N/A	N/A	N/A	N/A	P	P	Ap	67
N Eccles	P	P	P	P	P	P	P	Ap	88
P Gwangwa	P	P	P	P	P	P	Ap	Ap	75
K Goqoza	P	P	P	P	P	N/A	N/A	N/A	100
S Harrison	P	P	P	P	N/A	N/A	N/A	N/A	100
Z Khanyile	P	P	P	P	P	N/A	N/A	N/A	100
M le Roux	P	P	P	Ap	P	P	P	P	88
S Lonzi	P	P	P	P	P	N/A	N/A	N/A	100
L Lushaba	P	P	P	P	P	P	P	Ab	88
K Makhohliso	P	P	P	P	P	N/A	N/A	N/A	100
S Manjra	Ap	P	P	P	P	P	P	P	88
K Maphisa	P	P	P	P	P	P	P	Abs	88
N Mohamed	P	P	P	P	P	P	P	P	100
T Mokgabudi	P	P	Ap	Ap	P	P	P	Ap	63
R Morar	P	P	P	P	P	P	P	P	100
B Mtsi	P	P	P	P	P	P	P	P	100
R Muloiwa	P	P	P	P	P	P	P	P	100
S Mzimela	P	P	Ap	P	P	N/A	N/A	N/A	80
B Ngonyama	P	P	P	P	P	R	R	R	100
N Ntusi	P	P	Ap	P	P	P	P	P	88
M Phakeng	P	R	P	P	R	P	P	Ap	83
J Rousseau	P	P	P	P	P	P	P	P	100
E Ramugondo	N/A	N/A	N/A	N/A	P	P	P	P	100
C Vaughan	P	P	Ap	Ap	Ap	P	P	P	63
G van Onselen	P	P	P	P	P	P	P	P	100
D Yach	P	P	P	P	P	P	P	P	100

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



Report of the Chair of Council for 2022 continued

The Committees of Council continued

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 2022 and each member's attendance record:

Attendance at Council Executive Committee (Council EXCO) meetings 2022

2022	10 Feb	21 Apr	26 May	18 Jul	18 Aug	10 Nov	% Attendance
S Barsel	P	P	P	P	Ap	P	83
H Dube	N/A	N/A	N/A	N/A	N/A	P	100
K Goqoza	P	P	P	P	P	N/A	100
P Gwangwa	P	P	P	P	P	P	100
Z Khanyile	Ap	P	P	Ab	Ab	N/A	40
B Ngonyama	P	P	P	P	P	P	100
N Ntusi	P	Ap	Ap	P	P	P	67
M Phakeng	P	P	P	P	P	P	100
D Yach	P	Ap	Ap	P	P	P	67

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

The Council Appointments Committee

The Council Appointments Committee considers nominations for certain vacancies in the Council in terms of paragraph 46 of the Statute and appoints five members of the Council. In the absence of any vacancies the Appointments Committee did not meet during the period under review.

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 and independent members. The Audit and Risk Committee met on six occasions in 2022, with one occasion being a special meeting of the Committee. The University Audit and Risk Committee's responsibilities are to:

- » Ensure that there is an effective process for assessing and managing risk;
- » Assess the financial statements for reasonableness and accuracy, and for compliance with accounting policies and regulations laid down by the Minister under the Act;
- » 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 Audit and Risk Committee held five ordinary and one special meeting during 2022.

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 Chief Finance Officer, 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 2022.

Report of the Chair of Council for 2022 continued

The Committees of Council continued

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 Human Resources and Finance Committees, an external expert member 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 six times during 2022.

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 2022.

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 five times during 2022. An external Council member chairs the UHRC.

The University Information and Communication Technology Committee

The University Information and Communication Technology Services Committee (UICTC) is a standing joint committee of Senate and Council. It was established in recognition of the vital role of Information Communication Technology Services (ICTS) in teaching, research, administration and communication. This committee is responsible for formulating strategy proposals for ICTS at UCT. It is chaired by the Chief Operating Officer, and it includes a member of Council, members of the academic staff appointed by Senate, the Executive Director: Finance, the Registrar and SRC-appointed members. The UICTC met five times in 2022.

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 an external member of Council and held four meetings in 2022.

The University Social, Ethics and Transformation Committee

This is a committee of Council and was established in 2022. It monitors policies in relation to the University's ethical decision-making practices. The Committee assists Council with oversight of the University's social responsiveness policies and programmes and broad-based economic empowerment and preferential procurement policies. The committee is chaired by an external member of Council and met five times during 2022.

Report of the Chair of Council for 2022 continued

Conclusion

UCT extends its appreciation to all its stakeholders, internal and external, for their support of UCT. The University continues to achieve its phenomenal successes because of the support so generously offered by many, and especially so during challenging times.

The 2022 year has been a challenging one. Our University has, in the past, shown resilience during times of extreme difficulty and has been able to overcome them. I have no doubt that this time too, our University will overcome this and emerge stronger.

Together as the UCT community we have committed ourselves to Vision 2030, which aims to unleash human potential for a fair and just society. Our task is to develop thinkers and leaders who will take on the challenges of the world and provide a different set of solutions, and in so doing create a better future for all. Our focus must remain on this purpose. We have confidence that the independent investigation panel that Council has mandated to investigate certain aspects of governance at UCT will discharge its responsibilities with due consideration and the university will emerge stronger and wiser from this period.

I also extend my gratitude to the members and chairpersons of Council committees and task teams, for the work they have done. I also thank the wider UCT community.



Adv Norman Arendse

Chair: Council

2 December 2023





REPORT ON UCT OPERATIONS DURING 2022

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Section 2: Performance against Targets in the 2022 Annual Performance plan	21
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Report on UCT Operations During 2022

The report on UCT operations consists of four sections:

Section 1	Deals with a reflection on Executive Objectives for 2022, as derived from UCT's Vision 2030.
Section 2	Deals with a quantitative analysis of our student body in relation to our targets, enrolment plan and our academic staffing capacity. This analysis also covers overall student enrolment and demographic profiles, student academic performance and student housing provision. All universities receive several earmarked grants for specific purposes from the Department of Higher Education and Training.
Section 3	This section provides an update on the progress in utilising these grants.
Section 4	Deals with the reports of Senate to Council in 2022, consisting of the Research Report, Teaching and Learning Report and Social Responsiveness Report which served at Council during 2022.



Section 1 Report on 2022 Executive Objectives

Introduction

The Council of the University of Cape Town at its meeting of June 2020 affirmed the future strategic planning framework for the University as presented in the document entitled: **Vision 2030: Unleash human potential to create a fair and just society**. The four goals of Vision 2030 are:

 GOAL 1	An organisational ethos that supports new ways of thinking, being and doing	 GOAL 2	Providing thought leadership on social justice
 GOAL 3	Offering a holistic, innovative, future-oriented education	 GOAL 4	Research solving Afrika's problems

In June 2021 Council approved the Vision 2030 Implementation Plan that set out focus areas and high level objectives for the period 2021–2025, described in three broad areas, namely the Teaching and Learning Portfolio (mainly related to the goal of **Offering a holistic, innovative, future-oriented education**), the Research Portfolio (mainly covering the goal of **Research solving Afrika's problems**) and Operations in support of the Academic Project Portfolio (mainly **Achieving an organisational ethos that supports new ways of thinking, being and doing**, and **Providing thought leadership on social justice**).

Key Performance Indicators

UCT Vision 2030: Executive Objectives

In relation to Vision 2030, and the goals that expand on it, the following issues are important to emphasise.

Firstly, while transformation is central to realising Vision 2030, there is no single strategic goal focused exclusively on transformation. The reason for this is that the approach that we have adopted is that transformation is a fundamental cross-cutting strategy across all core and support functions of the University.

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Key Performance Indicators continued

Secondly, Vision 2030 is based on integration and collaboration across executive portfolios. This can only be achieved if members of the executive work across individual portfolio silos, allowing the opportunity for innovation and creativity in tackling issues.

Thirdly, the implementation plan is based on the convergence of sequential projects that are initiated from the executive level in combination with the impact of energy-generating initiatives developed in the faculties and departments.

The following list of objectives within the goals of Vision 2030 refers only to the projects directly under executive oversight that were the focus for the 2022 calendar year and were derived from the focus areas and high level objectives for the period 2021–2025.

It must be noted that the objectives and key performance indicators in the Vision 2030 Implementation plan is ambitious and, by definition, aspirational. It must also be noted that in the post-Covid period, the institutional capacity and resources to effectively implement at the required pace is stretched. In the update that follows is a reflection of progress made during the period in relation to the multi-year objectives and key performance indicators.

For the 2022 Executive Objectives related to an **Organisational ethos that supports new ways of thinking, being and doing** and **Providing thought leadership on social justice** goals were as follows:

- » New Employment Equity Policy in place and implemented.
- » Implementation of Transformation of Institutional Culture.
- » Accelerated transformation plan for academic staff resourced and implemented.
- » Environmental sustainability plan in place and approved.
- » New space planning framework in place.

For the 2022 Executive Objectives related to **Offering a holistic, innovative, future-oriented education** goals were:

- » Policies and structures in place to support the Teaching and Learning Strategy.
- » Increased data analytics capacity provided to support digitally enabled education.
- » Enhanced teaching skills among the academic workforce leading to the improvement of student engagement.
- » Implementation of the outcome of the Learning Platform Update Project (LPUP).

For the 2022 Executive Objectives related to **Research solving Afrika's problems** goals were:

- » A comprehensive research support service in place.
- » UCT's research profiled in terms of the United Nations Sustainable Development Goals.
- » Strategic research focal areas aligned with Vision 2030 identified.

Performance Against the Executive Objectives for 2022

The Executive Objectives for 2022, linked to Vision 2030, are as follows:



New targets approved by the University Human Resources Committee (UHRC).

UCT has been addressing the challenge of increasing the number of black South African academics on its academic staff for at least the last ten years. Despite these systemic efforts, progress has been slow, with the designated groups (including black South Africans, women and persons with disability) still under-represented at the level of associate professor and professor. Achieving an equitable staffing profile is a core objective of the University's Vision 2030 strategy. The approach to this aspect of transformation is set out in the UCT Employment Equity (EE) Policy, which came into force in March 2021:

"The policy is designed to provide decision-makers with the guiding principles to make defensible decisions in a reasonable, fair, and justifiable manner, but even more importantly to ensure that transformation takes place in pursuit of the vision of becoming the leading African university proud of its new inclusive identity that reflects the interests and aspirations of all its staff and students. Our EE policy is unequivocal in its stance on antiracism, non-sexism, and any other forms of unfair discrimination. Integral to this policy is not only compliance but also commitment to redress, inclusivity, and diversity. At the heart of our policy is transformation, of which decolonisation is a central tenet."


In accordance with requirements of the Department of Labour, UCT's most recent Employment Equity Plan (2022–2026) was implemented in January 2021 and was based on extensive consultation including the Institutional Reconciliation and Transformation Commission Report and the Institutional Culture Survey. The 2022 EE Plan incorporates annual objectives for each year of the plan. These objectives have been constructed to be specific, measurable, attainable, relevant and reflect against timeframes in relation to each year of the plan. In addition, the 2022 EE Plan identifies barriers and affirmative action measures, incorporates a snapshot profile of the University's workforce (which serves as a baseline for the setting of numerical goals and targets) as well as procedures to monitor and evaluate the implementation of the plan. The document lists senior managers assigned to monitor and implement the plan.

The 2022 EE Plan was signed off by the then Vice-Chancellor in October 2022.

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022 continued



OBJECTIVE

Implementation of Transformation of Institutional Culture

Renaming of spaces, places and buildings in the central Upper Campus approved by Council on recommendation of the Naming of Buildings Committee (NoBC).

UCT recognises that building names have meaning and that it is the role of a University to question the extent to which it continues to embrace and uphold names, symbols and imagery. The act of naming also offers an opportunity to reflect upon what the University represents and how the naming or re-naming process can reinforce the values that it upholds. The renaming of Jameson Hall, for example, to Sarah Baartman was a moment in which the University could recognise the multifaceted struggles and resilience of South African women.

Following from this, the NoBC issued a University-wide call for further re-naming proposals for the historic precinct at the heart of the University's Upper Campus. Any individual was free to propose a name for one or more of the buildings and places, for the NoBC to consider. Submissions were invited between 17 November and 6 December 2021 for consideration by the NoBC.

» **Reconfiguration of Pearson Building and Jagger Library, pivotal to upper campus re-vitalisation, approved by University Building and Development Committee (UBDC).**

On Sunday 18 April 2021 UCT was severely impacted by a runaway wildfire that ripped through the University's upper and middle campuses. Several buildings were damaged, including the HW Pearson Building (part of the Department of Biological Sciences) and the Jagger Reading Room, galleries and adjacent stores and offices.


UCT used the two years since the fire to hold a series of workshops to consider how the Jagger Library might be re-imagined as a research library with a focus on African history, identity and creative expression. After two years of recovery and consideration of ideas for contemporary academic libraries and archives, UCT is in a better position to proceed with the reconstruction of the Jagger Library. The architect's project brief for UCT Libraries – master-planning of the network of libraries incorporating the post-fire rehabilitation, refurbishment, upgrade and integration of the JW Jagger Library Reading Room; and the reconceptualisation of the new Special Collections Archives – has been signed off. The next step is the appointment of an architect in accordance with the UCT Properties & Services processes.

The HW Pearson Building suffered extensive damage that affected key research entities such as the Plant Conservation Unit (PCU), the Institute for Communities and Wildlife in Africa and the

Bolus Herbarium. Final repairs to the building are pending City of Cape Town approval, while staff and students working in the fields of botany, zoology and ecology remain in temporary venues on campus. Both greenhouses attached to the building also sustained damage.

» **Improvements across full range of transformation benchmarks, reported to an endorsed by Council Social, Ethics and Transformation Committee.**

UCT's Council had previously agreed that a Social, Ethics and Transformation Committee (SETC) be established. The purpose of this Committee would be to assist Council in its oversight and governance role, including for transformation as one of the three pillars of Vision 2030. At its meeting in March 2022, Council approved the terms of reference for the SETC for incorporation into UCT's manual of committees. The SETC will report directly to Council and will monitor and evaluate policies and practices that give expression to UCT's ethical values and related culture and decision-making practices.



OBJECTIVE

Accelerated transformation plan for academic staff resourced and implemented

Funds approved for the transformation plan.

The UCT Action Plan for Accelerating and Deepening Academic Transformation at UCT (2020), later aligned with UCT's Employment Equity Plan (2022-2026), is one of the VC's strategic initiatives that adopts a multi-pronged approach to accelerating and deepening academic transformation. The Accelerated Transformation of the Academic Programme (ATAP) initiative was launched in October 2021 and works to identify, support and develop the next generation of black South African academic leaders, deepening the pool of candidates available for academic positions at UCT and other institutions.

The programme welcomed its first group of participants in March 2022: these included one master's student, six doctoral students and one postdoctoral fellow. In April 2022, the second ATAP cohort of eleven awardees was confirmed.

ATAP focuses on full financial support to selected high-performing black postgraduates, and monitors development opportunities while offering mentoring by academics of the participants' choice.

ATAP is funded through the office of the Deputy Vice-Chancellor for Transformation, Student Affairs and Social Responsiveness, underpinned by a sum of R44 million (over seven years) from Council Investments. The programme is helmed by the Deputy Vice-Chancellor for Research and Internationalisation and has links via the Centre for Higher Education Development (CHED) to the Office of the Deputy Vice-Chancellor for Teaching and Learning, as well as to the Office for Inclusivity & Change.

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022

continued



OBJECTIVE

New space planning framework in place

- » Plan approved by Council.
- » Phase 1 initiated.

The first draft of the University of Cape Town's (UCT) Integrated Development Framework (IDF) was prepared during 2013/2014 at the request of the national Department of Higher Education and Training (DHET), which required the submission of a "University Campus Master Plan" as a guide to capital expenditure in the following five to 20 years.

This followed the UCT Long-term Spatial Development Framework and Urban Design Concept of 2005 and the UCT Size and Shape Report of 2011. The IDF Executive Summary Report was approved by the University Council, having been endorsed by the University Building and Development Committee (UB&DC), and was subsequently accepted by DHET.

The UCT Integrated Development Framework (IDF) of May 2022, an update and elaboration of the IDF executive summary, has been formally submitted to the City of Cape Town (CoCT) for approval in terms of the Package of Plans Process and in support of a number of technical land use applications, but also to ensure predictability and certainty for the University in its planning.

The IDF is intended to assist the University in meeting its growth needs, in accordance with its mission, over the next several decades, and provides a framework to guide the growth of the University from approximately 29 000 to 32 000 undergraduate and postgraduate students on campus by 2030, for which approximately 51 000m² of new academic space is required.

The IDF identifies overall policy, broad goals, and principles for development, while conceptual precinct plans for the five campuses/precincts of main campus indicate opportunities for infill development. In due course, more detailed precinct plans and/or site development plans will confirm the built form and actual floor space per development parcel.

The second stage of the IDF is underway and involves submission to the relevant authorities, particularly to the CoCT, to secure and confirm development rights, as well as submission in parallel to Heritage Western Cape (HWC) for endorsement.



OBJECTIVE

Environmental sustainability plan in place and approved

- » Plan approved by Council and resourced.

UCT in 2018 created a dedicated Directorate in the Office of the Vice-Chancellor and in April 2019 appointed a Director for Environmental Sustainability to lead this function. One of the first activities was to develop UCT's strategy for environmental sustainability, for which a draft version is summarised in this executive summary. The UCT Environmental Sustainability Strategy (Rev 0) was approved by the UCT Executive in 2020. The strategy integrates elements of UCT Learning, UCT Research, UCT Governance and UCT Operations via strategy development and long-term goals; process definition and process alignment; action planning, target setting and monitoring; and integrated reporting.

A detailed annual plan was developed to deliver on the Environmental Sustainability Strategy; the annual plan is presented to and approved by the Chief Operating Officer. While a 3-5-year plan has also been developed the level of funding is determined annually aligned to the budget parameters and constraints.


The annual and 3-5-year plans are thematic and are organised under the following project groups:

- » Energy and Carbon Emission related Work/Projects
- » Water Related Work/Projects
- » Waste Related Work/Projects
- » Indoor Environmental Quality Related Work/Projects
- » General Green Building Related Work/Projects
- » Land use, biodiversity, urban scale related Work/Projects
- » Teaching/Learning Related Work/Projects
- » Research Related Work/Projects
- » Governance Related Work/Projects
- » Social Responsiveness/Communications/Stakeholder Engagement/Reporting Related Work/Projects


Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022 continued

**GOAL 3**

Offering a holistic, innovative, future-oriented education

**OBJECTIVE**

Policies and structures in place to support the Teaching and Learning Strategy

» Approval of the following by Senate:

a. Assessment Policy

Work on the revision of UCT’s assessment policy is ongoing.

Following work in 2021 on revising the UCT Assessment Policy, a draft was disseminated for review and feedback in 2022. The key channels in which the policy was disseminated included faculty representatives belonging to the Assessment Framework Working Group, who took responsibility for collecting feedback from their respective faculties, the Senate Teaching and Learning Committee and selected experts. The draft policy was also made available to the wider academic community for comments through a Centre for Innovation in Teaching and Learning (CILT) webpage. Valuable feedback was offered to the Project Team by this Committee, which suggested that while significant progress had been made, further revision was necessary before it could be adopted. At a later Senate Teaching and Learning Committee meeting in 2022 it was recommended that adoption of the policy only be considered in 2023, the last project year, due to a lack of institutional readiness for change.

b. New terms of reference for Online Education Committee


In 2021, the committee responsible for online education matters, the Online Education Sub-Committee (reporting to the Senate Teaching and Learning Committee) revised its terms of reference (ToR).

The revised ToR situates its purpose in foregrounding institutional strategy and the operationalisation thereof, strengthens relationships with other committees, and was intended to strengthen institutional policies in relation to online education. The amended ToR was approved by Senate in early 2021.

c. Academic Dishonesty Policy

The University of Cape Town has well-defined policies on copying and plagiarism, which are contained in the general Rules for Students and set out in full on the UCT website at: <http://www.uct.ac.za/about/policies/>.

In addition to these policies, an Academic Dishonesty Policy is currently under development by a task team appointed by Senate and convened by the DVC for Teaching and Learning. The policy is well-advanced and is likely to be tabled at the September 2023 meeting of Senate, having served at the Senate Executive Committee.

**OBJECTIVE**

Increased data analytics capacity to support digitally enabled education

- » Monitoring of student performance automated at UG course level.
- » Early warning system pilot in place at least in one faculty.

Data Analytics for Student Success (DASS) is a UCT-funded project to build institutional capabilities to harness the power of data for actionable insights that support student success. DASS is governed by the Data Analytics for Student Success Committee (DASSC), a sub-committee of the Senate Teaching and Learning Committee. DASS is a collaboration between CHED, ICTS and the IPD, with additional involvement from staff in several faculties.

The project has two high level current goals, namely:

- » (To enable) Heads of Department and course convenors use meaningful data and visualisations about the cohort of students in courses in the department: before, during and after the course delivery, reflecting student prior attainment, student activity and assessment and how course performance compares to prior years, to improve student performance over time; and
- » Using academic plans and programmes as the lens, to enable all levels of the UCT community to identify where student progression is being impeded.

During 2022, DASS completed the development and implementation of a “Know your Course and Students” (KYCS) Business Objects report which is emailed in .pdf format to course convenors at the start of each semester using an automated Business Objects Course Convenor Information report to generate the distribution list. A live “Companion Document” provides definitions, explanations and context for the data items and representations used in the report. The KYCS report provides a profile of students registered for each course (course size, redress category, gender, school performance decile, entrance category, NSC maths and English performance averages, NBT performance patterns), course performance profiles (achievement profiles and grade distribution) and achievement gap information (by redress category, financial aid status, gender and course grade distribution by redress category).

DASS is currently testing an early warning system based on distance from the Grade Point Average as a marker of possible “at risk students”, but this initiative is still in an early phase of development.

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022

continued



OBJECTIVE

Enhanced teaching skills among the academic workforce leading to the improvement of student engagement

» Increase in number of courses upgraded for blended learning.

UCT's Centre for Innovation in Learning and Teaching (CILT) is heading up a three-year project focused on the promotion of inclusive, digitally enabled education through the redesign of blended courses, using Universal Design for Learning (UDL) principles.

UCT's Vision 2030 commits the institution to curriculum revisions, which include the incorporation of blended learning and educational technology in ways that provide all students with more meaningful and interactive learning experiences. The University has recognised this imperative by supporting a three-year project in the promotion of inclusive, digitally enabled education through the redesign of blended courses, which is funded by the national Department of Higher Education and Training.

Intentional design will focus on creating a variety of learning materials and activities to cater for diverse student contexts, different learning needs (including disability) and digital literacies. Incorporating UDL principles can increase accessibility and help deal with contextual barriers and challenges (such as power outages, data costs and poor connectivity) as well as supporting student choices.

The CILT project draws on expertise locally and internationally through partnering with the Including Disability in Education in Africa (IDEA) Research Unit for assistance in developing flexible and locally appropriate course models. The UCT Disability Service also sits on the project committee and offers advice and resources on the accessibility considerations in technology for students with disabilities. The Faculty of Humanities Education Development Unit is a project partner working on training teaching assistants in various inclusive pedagogical approaches including using accessible technologies, creating engaging learning activities, promoting student well-being and building resilience to navigate exclusion/inclusion and diversity.

The project team draws on lessons learned during the COVID-19 crisis, which required South African universities to respond with emergency remote teaching (ERT). This revealed the painful and enduring social inequalities around unfavourable living conditions, access to devices and internet connectivity, which echo old racial and economic exclusions. As UCT now moves beyond ERT toward intentional design within a range of in-person, blended and online modes, the opportunity arises for inclusive learning design that addresses educational inequity and which will support the development of new approaches to teaching and building capability.

Starting with some existing courses, such as a Disability Studies postgraduate diploma module, the project team is piloting methods for redesign courses to maximise student inclusion through improving the alignment of learning outcomes and assessments.

While it is not possible to easily identify courses/qualifications offered in blended mode, the revised institutional draft Digital and Online Education Policy acknowledges that the success of the use of blended learning methodologies will hinge on:

- » Infrastructure that supports and capacitates teaching staff, and provides insights about teaching and learning practice and student results.
- » Informed governance structures that can interrogate programme design and feasibility of technologies incorporated into a teaching and learning strategy.
- » Staff who are capacitated to engage in appropriate and relevant practices.
- » Students who are able to engage in a digital learning environment.



OBJECTIVE

Implementation of the outcomes of LPUP

The Learning Platforms Update Project (LPUP) was established in 2020 with the goal of updating and streamlining UCT's suite of platforms, tools and technologies to meet UCT's digitally enabled teaching and learning needs for the next five to ten years.

The project is made up of five sub-projects:

1. Core Learning Management System (LMS): Amathuba
2. Virtual Classrooms
3. Course Evaluations
4. Assessment Tools
5. Business Processes

Activity in relation to the core LMS is central to this report.

Following an extensive consultation and procurement process in 2021, UCT Council approved the selection of D2L Brightspace as UCT's new LMS. The implementation phase of the project will conclude by December 2023, with the full migration from Vula to Amathuba scheduled to conclude by December 2025.


Activities during 2022 focused on platform implementation and integrations, supporting a set of second semester pilot courses and the migration of all first year courses for 2023. CILT worked closely with ICTS and CMD throughout the year, and with Faculties through Deputy Deans and Heads of Department.

The project reported regularly to the University ICT Committee (UICTC) and the Online Education Subcommittee (OESC). From August 2022, the project provided a weekly update to the Executive Committee and the Deputy Deans for Undergraduate Teaching and Learning.

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022 continued



GOAL 4
Research solving Afrika's problems



OBJECTIVE
A comprehensive research support service in place

- » Five areas for intervention identified and addressed.
- » Service level agreements between Research, Finance and Human Resources signed.
- » Standard Operating Procedure for research compliance management implemented.


UCT has launched an ambitious project to significantly improve the structures and processes that support and facilitate research. Under the leadership of the DVC Research and Internationalisation, the Research Support Transformation Project aims to position UCT research to flourish and grow, facilitated through effective and efficient research support.

UCT research has grown exponentially over the last decade and it is recognised that the research support capacity within the University has not grown at the same rate. Presently UCT research support capabilities (people, processes, systems, finances, equipment) are not sufficiently aligned to the changed research landscape. Many support processes are retrofitted from teaching and learning and, as a result, are not necessarily fit for purpose for the research endeavour. This puts UCT at risk and the University recognises that it is time to review and adapt its research support systems to better facilitate UCT's research.

At the same time, the growth of inter- and trans-disciplinary research together with global and continental partnerships, and more interfaculty interaction, requires new ways of working to be effective, including new policies, procedures, processes and authority levels. These require collaborative design with researchers, research partners and possibly even funders.

The Research Support and Transformation Project was initiated during 2021, with consultation and design phases taking place during 2022.

Nine workstreams have been identified as part of the implementation phase in 2023, while quick hits and implementation solutions to these have been identified.



OBJECTIVE
Research profiles in terms of the UN Sustainable Development Goals (SDGs)

- » Virtual SDG summit organised with optimal attendance.
- The International Summit on the SDGs in Africa 2021 was a three-day (13-15 September 2021), online international event. The Summit was hosted by the University of Cape Town, and brought together African and global university networks and other stakeholders with an interest in sustainable development.
- The key aim of the summit was to mobilise collaborative effort that would accelerate African-led activities in support of achieving the UN SDGs and the African Union's Agenda 2023.
- The Summit hosted 52 high-profile speakers from 12 countries (the majority of whom were from countries in Africa: Rwanda, Ethiopia, South Africa, Ghana, Tunisia, Nigeria, Zambia and Zimbabwe) and just over 1 000 participants from 84 countries, of whom 40 were from countries in Africa. Participants represented a range of stakeholders – from academia, to government, to non-profit organisations and broader civil society – with the common aim of tackling Africa's greatest challenges with innovative solutions.

- » Improvement in UCT's Times Higher Education Impact Ranking scores.
- UCT was placed in the 176-200 band according to the latest Times Higher Education (THE) 2022 World Reputation Rankings released on 16 November. The top 200 institutions are the best in research and teaching, according to an opinion survey administered by THE and targeted at experienced, published scholars.

In the latest THE World University Rankings released in October, UCT jumped up to 160th (23 places higher than the previous year) and retained the top spot in Africa. UCT's scores of The Impact Ranking scores, UCT's position was as follows:

SDG	2021 Rank	2022 Rank	Institutions ranked	Institutions ranked
SDG1: No Poverty	40	31	591	769
SDG3: Good Health and Wellbeing	101-200	201-300	871	1 101
SDG5: Gender Equality	58	37	776	938
SDG10: Reduced Inequalities	94	101-200	669	796
SDG16: Peace, Justice and Strong Institutions	101-200	95	653	809
SDG17: Partnership for the Goals	101-200	55	1 154	1 438

Report on UCT Operations During 2022 continued

Report on 2022 Executive Objectives continued

Performance Against the Executive Objectives for 2022 continued

UCT's performance improved in four of the six SDGs submitted. In the THE subject rankings, UCT tied at 77th for clinical and health. Four additional UCT subjects performed very well, placing among the top 200 globally: social sciences (101-125 band); and education, law and life sciences (all three in the 151-175 band).

As the THE Impact Ranking, conceptualised around the UN SDGs, is only a few years old, an increasing number of institutions may make downward movements more dramatic than in other rankings.

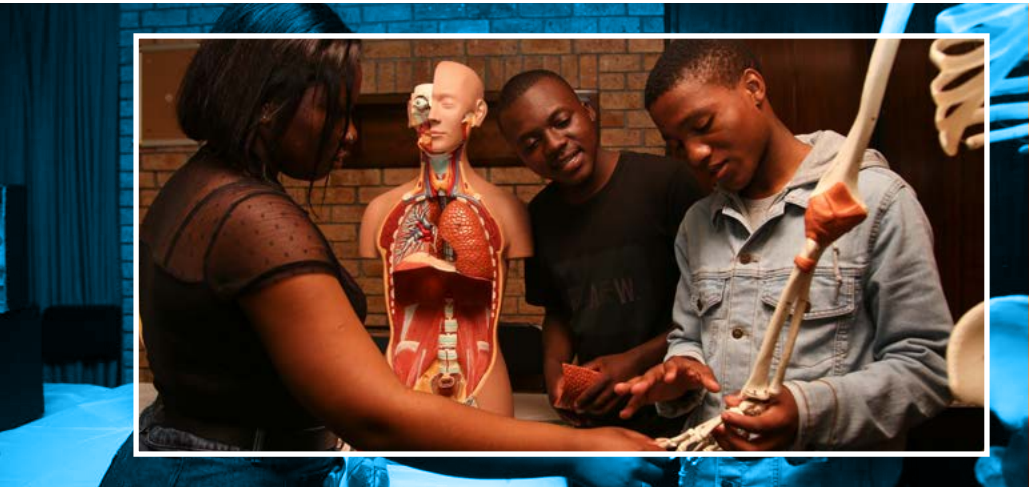


OBJECTIVE

Strategic research focal areas aligned with Vision 2030 identified

UCT has identified the following five strategic research areas, as discussed at a special meeting of the University Research Committee in March 2022:

1. Building a healthy Africa
2. Natural resource efficiency for sustainable development
3. On being human
4. Advancing Afrika
5. Our southern location



Section

2

Performance Against Targets in the 2022 Annual Performance Plan

The data and numbers reported in this section are all based on an early HEMIS Submission 3 (HEMIS Sub 3) extract. It is likely that there will be minor changes to HEMIS Sub 3 between the submission of this report to Council, and the final version of HEMIS Sub 3.

Student Numbers¹

UCT's planned headcount enrolment for 2022 was 28 449. This total included 1 488 occasional students, 16 414 undergraduates, 3 240 postgraduates below the master's level, 5 213 master's students and 2 094 doctoral enrolments. The headcount enrolment was projected to translate into 21 635 full-time equivalent (FTE) enrolments. The actual headcount enrolment in 2022 was 29 211 students, including 413 occasional students, 17 473 undergraduate full degree students, 2 979 postgraduates below the master's level, 6 107 master's students and 2 239 doctoral enrolments. The actual 2022 headcount enrolment exceeded the 2022 headcount enrolment target of 28 449 by 762 students (or 2.6% of the target). The 2022 headcount enrolment translated into 21 000 FTE enrolments, which was 3% below the expected FTE enrolment.

The variances within the various qualification types against 2022 targets are quite marked in some cases, but are understandable given the acceleration of senior postgraduate enrolment growth beyond expected levels, the impact of the decision to suspend academic exclusions at the end of 2020 (which gave rise to an expansion of the undergraduate enrolment in 2021), and the contraction of semester study abroad enrolments in the wake of the #RhodesMustFall/#FeesMustFall protests, the severe drought and the subsequent COVID-19 epidemic. While there were positive variances in student enrolments at the undergraduate level (17 437 compared to a target of 16 414), at the master's level (6 107 actual against a 5 213 target) and at the doctoral level (2 239 against a target of 2 094), the enrolment at the postgraduate below master's level was lower than planned (2 979 against a target of 3 240) as was the 2022 occasional enrolment, which includes the Semester Study Abroad enrolment, at 413 against a target of 1 488.

UCT's 2020 Enrolment Planning submission to Department of Higher Education and Training (DHET) reflects zero distance students in 2022. The 2022 Mid-Term Enrolment Planning review revisited the offering of non-contact enrolments at UCT over the 2023 - 2025 period, while the 2022 distance enrolment was 42. These students were mostly enrolled in just two Health Sciences programmes.

¹ The targets derive from the approved enrolment and efficiency targets for 2020 to 2025 as set out in the Minister's letter of 29 January 2020.

Report on UCT Operations During 2022 continued

Performance Against Targets in the 2022 Annual Performance Plan continued

The 2022 projected first-time entering UG enrolment target was 4 075, approximately 25% of total undergraduates. UCT actually enrolled 3 509 first-time entering undergraduates in 2022 – a total that was 16.1% lower than the target enrolment. The under-enrolment at the FU level was an intentional strategy employed to counter-act the larger than expected retuning undergraduate enrolment anticipated in 2022 during to a COVID-19-related student bulge moving through the system as a result of the suspension of academic exclusions at the end of 2020.

The 2022 target enrolment was projected to be made up of 43% of the enrolment in Science, Engineering and Technology (SET), 24% in Business/Management, 1% in Education and 32% in the broad Humanities. The actual proportions for 2022 were as follows: 48% in SET, 22% in Business/Management, 3% in Education and 28% in the broad Humanities. The slight increase in the Education fraction to some extent reflects the unexpectedly large enrolment in the PGCEs (Senior Phase and FET Teaching).

Demographic Statistics

The targeted racial profile of the 2022 South African enrolment was 38% African, 18% coloured, 9% Indian and 35% white. The actual demographic profile of the 2022 South African enrolment was as follows: 33% African, 14% Coloured, 6% Indian, 17% White and 31% 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 2022 enrolment is shown below:

Headcount enrolments 2018–2022 showing percentage growth on base

	2018	2019	2020	2021	2022	% Change
SA African	7 197	7 356	7 915	8 787	8 259	14.8
SA Coloured	3 761	3 589	3 738	3 753	3 514	(6.6)
SA Indian	1 708	1 570	1 599	1 580	1 442	(15.6)
SA White	6 323	5 644	5 353	4 899	4 222	(33.2)
International	4 962	4 620	4 068	3 658	3 702	(25.4)
Unknown	4 793	5 826	5 560	6 931	8 072	68.4
Total	28 744	28 605	28 233	29 608	29 211	1.6

A disproportionate but desirable increase in SA African enrolments (14.8% against an overall increase of 1.6%) is apparent. Over the 2018 to 2022 period, SA White enrolments decreased by 33.2%, SA Indian enrolments decreased by 15.6% and international enrolments decreased by 25.4%; the marked decline in international enrolments since 2018 was largely due to the substantial decrease in enrolments in the Semester Study Abroad (SSA) programme mentioned above.

Comparative analysis of the relevant demographic data indicates that the unwillingness to declare race is an issue across all race groups. This is particularly evident at the undergraduate level, where “redress category” data from the applicant file is reasonably complete and can be used for comparative purposes. At this stage, there is however no effective strategy in place that encourages students to disclose their race upon registration.

Headcount enrolments 2018–2022 by race, showing percentage of total

	2018	2019	2020	2021	2022
SA African	7 197	7 356	7 915	8 787	8 259
% of total incl. International	25.1	25.7	28.0	29.7	28.3
% of total excl. International	30.3	32.3	32.8	33.9	32.4
SA Coloured	3 761	3 589	3 738	3 753	3 514
% of total incl. International	13.1	12.5	13.2	12.7	12.0
% of total excl. International	15.8	15.8	15.5	14.5	13.8
SA Indian	1 708	1 570	1 599	1 580	1 442
% of total incl. International	5.9	5.5	5.7	5.3	4.9
% of total excl. International	7.2	6.9	6.6	6.1	5.7
SA White	6 323	5 644	5 353	4 899	4 222
% of total incl. International	22.0	19.7	19.0	16.5	14.5
% of total excl. International	26.6	24.8	22.2	18.9	16.6
International	4 962	4 620	4 068	3 658	3 702
% of total incl. International	17.3	16.2	14.4	12.4	12.7
Other/Undisclosed	4 793	5 826	5 560	6 931	8 072
% of total incl. International	16.7	20.4	19.7	23.4	27.6
% of total excl. International	20.2	25.6	23.0	26.7	31.6
Total	28 744	28 605	28 233	29 608	29 211

■ This is the % of total, including international students

■ This is the % of total, excluding international students

Report on UCT Operations During 2022 continued

Performance Against Targets in the 2022 Annual Performance Plan continued

Student Housing

The table below shows that 6 667 students were accommodated in the on-campus residence system as of 11 June 2022, representing a 97% occupancy rate. It should be noted that only 2 031 new undergraduate students reflect as bookings, against a capacity of 2 250, due to the low take-up rate on the 4 500 housing offers made. 97 of these new undergraduate students were allocated to Second Tier accommodation. Student Housing and Residence Life allocated residence places to several first years on the housing waiting list and re-allocated several first-time entering students who were initially placed in temporary accommodation. Included in the table are the totals for the 965 students who were placed in University leased off-campus accommodation.

2022 Residence bookings and available spaces by tier

Residence tier	Student	Capacity	Bookings
First	New	2 250	1 934
	Returning	1 659	1 782
	Total	3 909	3 716
Second	New	2 264	97
	Returning	2 264	2 149
	Total	2 264	2 246
Third	New	720	473
	Returning	720	232
	Total	720	705
Total Campus Accommodation	New	6 893	2 504
	Returning	6 893	4 163
	Total	6 893	6 667
Leased Accommodation	New	982	63
	Returning	982	902
	Total	982	965
Overall	New	7 875	2 567
	Returning	7 875	5 065
	Total	7 875	7 632

Student Success Rates

Please note that specific objectives linked to the University Capacity Development Grant are discussed on pages 25–27 below.

UCT expected in the region of 6 981 graduates in 2022. This target included a projected 3 271 undergraduate completions, 2 199 completions below the master's level, 1 113 master's graduates and 279 doctoral graduates. To date, we have recorded 7 019 graduates in respect of 2022, made up of 3 515 undergraduate completions, 1 891 postgraduate completions below the master's level, 1 334 master's graduates and 279 doctoral completions. The slightly lower than target completion at the postgraduate below master's level mirrors the lower than target enrolment at this level.

Among the graduates to date, 43% were in SET, 24% were in business/management, 5% were in education and 29% were in the broad humanities. The 2022 graduate total included 449 research master's graduates in all disciplines (against a target of 613).

The expected 2022 graduate outputs in the scarce skills areas included 552 Engineering graduates, 251 Life and Physical Sciences graduates, 350 Human Health graduates and 120 Teacher Education graduates. Actual graduates in the scarce skills areas included 476 Engineering graduates, 195 graduates in the Life and Physical Sciences, 367 Human Health graduates and 148 Teacher Education graduates. Graduate targets were thus largely achieved, apart from in the Engineering area and Life and Physical Sciences areas.

The undergraduate (HEMIS levels 41, 42 and 43) course success rate in 2022 was 82% (against a target of 85%), while the overall course success rate was 76% against a target of 82%. The 2022 undergraduate course success rates among South African and international students are shown below:

2022 UG course success rate demographic profile

Demographic group	SA African	SA Coloured	SA Indian	SA White	SA Undisclosed	SA International
Course success rate	74.40%	82.40%	84.10%	91.90%	82.00%	82.30%

The undergraduate course success rates in 2022 thus ranged between 74.4% (for SA African students) at the lower level and 91.9% for SA White students, at the upper end. The success rates at all levels were a slight improvement again those in 2020 and 2021 and clearly represent the emergence from the COVID-19 era.

Course success rates in the scarce skills areas were as follows: 80% in Engineering (against a target of 84%), 79% in the Life and Physical Sciences (against a target of 84%), 96% in Human Health (against a target of 96%) and 95% in Teacher Education (against a target of 97%).

Report on UCT Operations During 2022 continued

Performance Against Targets in the 2022 Annual Performance Plan continued

Student Success Rates continued

Examination of the longitudinal performance of the 2018 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- » 70% of the 2018 FU cohort (the same as within the equivalent 2017 FU cohort) had completed an undergraduate qualification within five years of registering at UCT.
- » 11% of the 2017 cohort (in comparison with 9% of the equivalent 2016 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 2018 FU cohort had dropped to 9%, in comparison with 10% among the 2017 cohort.
- » 10% of the 2018 FU cohort were still busy with undergraduate studies at the end of 2022. This proportion had stabilised at between 6% and 9% within recent FU cohorts.
- » It must be noted that part of UCT's response to the COVID-19 situation and the resultant difficulties experienced by students during Emergency Remote Teaching was to suspend academic exclusions at the end of 2020; this gave rise to a much larger undergraduate retention pattern than usual in the 2020 to 2021 transition and has (as mentioned above) caused a spike in the 2021 undergraduate enrolment.

Research Outputs

The table below includes the 2022 publication count, and the weighted research outputs generated by research master's and doctoral graduates. The publication unit figure reflects the submitted claimed publication count for submission to the DHET.

2022 research outputs

Output category	Research outputs for 2022
Publication units	1 807.0
Research master's graduates	449.5
Doctoral graduates	279.0
Total weighted research outputs	3 094.0

Note: Publication Units are provisional, reflecting units submitted to the DHET. Research master's and doctoral graduates are also provisional, extracted from an early HEMIS Sub 3.

The 2022 ratio of weighted research outputs per permanent instruction/research staff member was thus approximately 2.60, against a target of 2.44.

Academic Staffing

UCT's 2022 HEMIS staffing submission shows that a total of 1 192 (against a target of 1 208) permanent instruction/research or academic staff were employed in the six faculties and in CHED. This is slightly higher than the 2021 total of 1 182. The 2022 academic staffing headcount translated into 1 612 instruction/research staff FTEs (against a target of 1 830).

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2022 was 64% (62% in 2021). A further 27% 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.



Report on UCT Operations During 2022 continued

Section

3

Report on Earmarked Grants

The following sections provide an overview of a number on earmarked grants provided by the Department of Higher Education and Training (DHET) to the University. Earmarked grants are funds that may only be used for specific purposes designated by the Minister of Higher Education and Training. The accountability for the use of these grants is through the submission of detailed narrative progress reports and external audited financial statements by the universities on an annual basis. The University enters into an agreement with the DHET about programmes and activities that will be funded, and the approved budget.

Report on the Institution's Utilisation of the University Capacity Development Grant (UCDG)

The University Capacity Development Programme (UCDP) is a national strategic programme implemented by the DHET. It seeks to contribute to equitable access and high levels of success for all undergraduate and postgraduate students, the creation of an academic pipeline along the entire career trajectory, the provision of development opportunities for professional staff and the renewal of academic programmes and curricula. It is intended to be transformative and to operate at the nexus of quality, equity and success in universities, which should be addressed simultaneously as non-competing imperatives. The UCDP has three focus areas: student development, staff development and programme/curriculum development. The implementation of the UCDP is resourced through the University Capacity Development Grant (UCDG).

Detailed narrative progress reports and audited financial statements are submitted to the Department on or before 31 March (Institutional UCDP Grants) and 31 May (Collaborative UCDP grants) each year. A mid-year report is submitted in line with the annual performance targets. Funding by the DHET is released in tranches over the fiscal year for the Institutional UCDP Grant (Jan to Dec) and at the beginning of the funding period in full for Collaborative UCDP Grants. UCT has not had any adverse findings which bears testament to the financial controls in place to ensure that government funds are used for intended purposes.

UCDP Institutional Grant

The UCDP started its second three-year funding cycle in 2021 and it will end in December 2023. In 2022, UCT budget in the original plan was R12 449 310 but this was reduced to R9 299 310 at the end of October when the DHET reduced this grant for all universities. UCT's annual grant was reduced by R3 150 000 for 2022. UCT had received R6 million (almost 50%) of its 2022 institutional grant budget allocation by the end of July 2022. However, the remaining 50% of the budget allocation was delayed. Due to the delay in receiving the funds, the UCDP project team asked the Central Finance Office of the University to advance the funding to the projects to enable the project leaders to make some progress on implementation.

The DHET has extended the expenditure period for all universities until 31 March 2023 to accommodate the delay in the transfer of the remaining 50% of funding to the universities and the final tranche for the 2022 cycle was received in January 2023 from the DHET. The budget cuts and delay in the receipt of the funding has created much anxiety and uncertainty about implementing the activities of the projects.

At the start of the second funding cycle, the DVC: Teaching and Learning decided that all the UCDG projects should be located in the Centre for Higher Education Development (CHED), where the UCDG Manager is based. CHED's Finance Manager now plays a central role in managing the annual external audit of the UCDG Institutional and Collaborative Grants, adding considerably to their workload. However, the DHET generously awarded UCT with three years of funding for additional capacity to manage and implement the UCDG projects, which allowed for the appointment of a full-time Programme Administrator in 2021. UCT received R1 125 000 in 2021 and the DHET has approved R 1.5 million for 2022 and 2023. In 2022, UCT has received R 375 000 (25%) of the budget allocation and the final tranche for the 2022 cycle was received in March 2023.



Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

UCT's UCDP Plan for 2021–2023 has 14 projects in the student, staff and programme development and management areas of the UCDG. All projects are aligned to the principles underpinning the UCDP and to the objectives of UCT's strategic plan, Vision 2030. They are located across the faculties and in the Research Office; some projects are inter-faculty collaborations. The UCDP Programme Manager and Finance Manager in CHED have responsibility for the smooth implementation, monitoring and financial management of the UCDG Institutional grant and University-led collaborative grants. The Project Manager reports directly to the DVC: Teaching and Learning, who chairs the oversight UCDP Planning Committee, which has faculty representation.

UCDP main grant project expenditure

Focus area	Project number	Project title	Faculty	Budget after change request for 2022	Expenditure incl. Commitment 31 March 2023 (unaudited)	% Spent*
Student development	Project 1	Academic Advising for Student Success	CHED and Commerce	R768 000	R1 075 425	140%
	Project 2	Enhancing Academic Literacies through Tutor and Curriculum Development	CHED and Humanities EDU	R1 277 530	R1 396 139	109%
	Project 3	Redesigning Blended Courses to Promote Inclusive Digitally-Enabled Education with UDL Principles	CHED and Humanities EDU	R1 769 000	R1 772 788	100%
	Project 4	Academic and Psychosocial Support for Mathematics and Physics Undergraduate Students	Science and EBE	R958 000	R1 007 976	105%
	Project 5	Tutoring Towards Academic Resilience	Science	R96 500	R169 327	175%
	Project 6	TheHub Connection: Creating Socially Engaged Learning Pathways	Health Sciences	R115 000	R131 129	114%
Staff development	Project 7	Enhancing Curriculum Leadership	Health Sciences	R736 000	R952 463	129%
	Project 8	Enhancing Academics as Teachers and Leaders (EATL)	CHED	R302 000	R299 719	99%
	Project 9	Research and Development Programme	Research Office	R2 194 000	R2 193 991	100%
	Project 10	Assessment Review	CHED	R17 520	R17 520	100%
Curriculum/Programme development	Project 11	Centring African Languages to Decolonise Curricula	Health Sciences	R350 000	R429 522	123%
	Project 12	Khanyisa Courses	Humanities	R11 500	R14 748	128%
	Project 13	Curriculum Review	Office of the Vice-Chancellor (OVC)	R293 500	R243 512	83%
Programme management	Project 14	Project, Financial and M&E management of institution and collaboration	CHED	R410 760	R410 760	100%
Total				R9 299 310	R10 115 018	

* UCT received approval from the DHET to utilise the interest accrued from Collaborative Grants to cover the overspend on the UCDP institutional projects for the 2022 cycle.

Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

University Capacity Development Grant Collaborative Grants for 2022

The UCDP provides the opportunity for collaborative development activities to be undertaken. A collaborative fund is maintained at the national level. The DHET commenced with the implementation of priority national projects that will build the capacity of the University system in 2018. UCT is the lead institution in the following four projects funded by the Collaborative Grants that are close to completion. Owing to the disruptions caused by COVID-19 pandemic and subsequent lockdowns, these collaborative projects had to overcome numerous challenges and delays in trying to achieve their outcomes. UCT has received an additional collaborative funding for three years for designing for social justice partnership programme.

UCDP Collaborative Grants 2022/23

Project title	DHET total award amount	Expenditure on 31 March 2023 (unaudited)	% Spent	Balance December 2023
University Staff Doctoral Programme (Engineering Education) 2018–2023	R3 997 396	R421 101	10.53	3 576 295
University Staff Doctoral Programme (Climate Risk, Resilience, and Sustainable Development) 2018–2023	R3 978 491	R3 978 091	99.99	400
Diagnostic Mathematics Information for Student Retention and Success (DMISRS)	R5 335 742	R4 089 636	76.65	1 246 106
New Academics Transition into Higher Education Programme (NATHEP)	R4 421 596	R2 844 081	64.32	1 577 515
Designing for Social Justice Partnership Programme (Social Justice Project and Language Project) three years	R10 990 996	–	–	R10 990 996
Total	R28 724 221	R11 332 909		R17 391 312

Clinical Training Grant

The Clinical Training Grant (CTG) was introduced in 2008 to support clinical training after it was ascertained that the funding requirements for training the Bachelor of Medicine and Surgery (MBChB) were not fully met by the Department of Higher Education and Training's input funding subsidy, nor by the Health Professional Training Development Grant and other funding streams. The CTG has since been implemented as an earmarked grant which has been extended to include other health sciences programmes and has become an established source of additional funding for UCT.

UCT applies the grant to partly fund the MBChB, MMed programmes, Physiotherapy, Occupational Therapy, Speech Language Pathology and Audiology programmes. UCT utilises the grant to make strategic appointments of clinical teachers, appoint staff to support clinical teaching and training, funding operational expenses such as transport, consumables and other valuable resources and invest in key infrastructure projects and purchase equipment for clinical training. The CTG has allowed the faculty to expand its clinical training platform to Vredenburg on the West Coast and the Garden Route District in the Southern Cape. The CTG has not only impacted on clinical teaching and training but also the care that is offered to patients in the Western Cape. As a result of the high standard of clinical teaching, UCT is graduating students who have been adequately trained to become excellent health care professionals.

The initial grant amount allocated for 2022/23 was reduced by R5.6 million – from R57.516 million to R51.862 million in 2022. This impacted the original plan and committed expenses were seriously jeopardised. Re-alignment to the revised budget midway through the grant period was extremely challenging as staff employment contracts could not be suspended at short notice. Staff are employed into positions which are critical to clinical teaching, and merely reducing such key positions would negatively influence the training offered to students. As such, UCT had to fund the CTG budget shortfall from extremely limited reserves at short notice, to ensure the continuation of adequate clinical training and teaching offered to students. With the current financial climate at UCT, there may not be surplus funds to support another shortfall, should the 2023/24 grant also be reduced, and another reduction will seriously impact clinical teaching and training.

The reduction in the grant amount has also put a hold on plans to expand the teaching platform to other rural areas as well as teaching students in community settings such as home-based care. This is not only unfortunate for student exposure, but also for patients who could have potentially benefitted from provision of additional healthcare.

Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

National Student Financial Aid Scheme

The National Student Financial Aid Scheme is the largest funder of undergraduate student financial aid in the country and at UCT. From 2022, NSFAS has aligned its scheme to fund all students on N+1 rule on full funding, with an academic progression requirement to be applied for renewal of 2023 funding. Students in their final year of study that has reached the N+1 rule, can appeal for N+2 funding provided they are registered for less than 60 credits. The late release of NSFAS Funding policy has a negative impact on planning and advising students and applicants regarding NSFAS funding, policy changes, and the impact on students. This creates the risk of student protests. As a result of numerous NSFAS changes over the last several years, the University remains deeply concerned about the financial sustainability of the higher education sector.

As a result of the growth in NSFAS funded students, up to 40% of South African undergraduate students were receiving financial assistance for their studies in previous years. The figure is higher if corporate funding is included. In 2022, 6 152 NSFAS students received NSFAS financial aid, and 262 were GAP funded. The financial support received from NSFAS amounted to R985 million for 2022.

UCT has over the years extended this criterion to cover GAP funded students. GAP funding (covering the so- called missing middle) is intended for students who (in accordance with NSFAS rules) are not eligible for NSFAS funding at all – because their family income is above the NSFAS threshold. UCT provides financial support to students whose household income is above R350 000 but not exceeding R600 000. Support is also offered to students whose household income is not more than R750 000 if there are two or more students from the same household undertaking undergraduate study at UCT.

Foundation Provision Grant

The Foundation Provision Grant complements the teaching output sub-block grant through which undergraduates receive funding. The primary purpose of this grant is to improve the academic performance of first-time entering undergraduate students. The main targets for support are students who already comply with the minimum requirements to enrol for a university qualification and who have already enrolled for that qualification but are at risk of failing or dropping out. Such students are placed on extended curriculum programmes approved by the minister. These programmes are in most cases one year longer than the regular qualification. In 2021, UCT offered six extended curriculum programmes in the faculties of Humanities, Science, Commerce and Engineering and the Built Environment. As is the case every year, UCT made a substantial additional financial contribution to ensure the responsible delivery of its extended curriculum programmes. This signals the importance the institution holds to supporting students encountering academic challenges.

The DHET allocation to UCT was R11.61 million (cut to R10.196 million in 2022), with UCT complementing this allocation substantially. A total of 699 first-time entering students were enrolled in extended curriculum programmes in 2022, compared with the enrolment figure of 612 reported in 2021. As in 2020 and 2021, the two programmes in Health Sciences were still on hold in 2022 to consider an alternative approach for supporting students in the faculty. 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.

New Generation of Academics Programme

The New Generation of Academics Programme (nGAP) was created in terms of Staffing South Africa's Universities Framework (SSAUF), which was approved by the Minister of Higher Education, Dr Blade Nzimande, in January 2015. The Programme provides a systemic response to the challenges faced by the higher education sector. These include: inequality of representation amongst existing staff; an ageing academic staff cohort; unequal and/or unfavourable staff/ student ratios; low throughput rates; a growing but inadequate postgraduate pipeline; as well as existing staff in possession of inadequate qualifications and expertise to be effective in a system with growing complex demands. UCT operates a cohort system within which NGAP lecturers are given opportunities to relate to one another, to develop networks, to create new communities and in this way contribute to the energising of a more equitable and harmonious institutional culture. nGAP lecturers in Phases 1 and 2 have successfully completed the programme except for two who are finalising their PhD work.

nGAP budget and posts over the eight phases

nGAP Phase	Budget received from the DHET	Number of posts awarded
Phase 1	R10 874 395	5
Phase 2	R9 330 932	4
Phase 3	R7 500 000	3
Phase 4	R12 500 000	5
Phase 5	R12 500 000	5
Phase 6	R12 955 550	5
Phase 7	R13 741 800	5
Phase 8	R3 039 400	4
Total	R82 442 077	36

Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

At the beginning of 2022 UCT applied for five positions of which four were awarded. In total, UCT has received support for 36 posts. Since the programme was introduced in 2015, UCT has taken up the opportunity to improve staffing in its academic departments through nGAP positions by responding to application calls for each Phase. This resulted in UCT being awarded a total of 36 positions to date.

UCT has not only benefitted new positions from government, but has also invested positively in the individual members on the nGAP. This is shown through individual success stories of these academics. In 2022 alone a total of five lecturers on the nGAP successfully went through the *Ad Hominem* promotion process. One was promoted to associate professor level and the other four to senior lecturer level. Lecturers on the nGAP not only get promotions while they are still on the programme, but they also ascend to positions of responsibility. This is confirmed as one became a head of department from January 2022 while another one became a deputy-director and chair of research committee in her faculty.

Infrastructure and Efficiency Grant

The purpose of the Infrastructure and Efficiency Grant (IEG) is to support the infrastructure growth in the higher education sector in terms of the enrolment planning processes, and equity in the quality of infrastructure at all universities. Funds are normally allocated to cover a cycle of up to three years.

New School of Education

Construction of a new teacher education building on the UCT middle campus achieved Practical Completion in April 2022. The building was funded by the Department of Higher Education and UCT. The University of Cape Town's (UCT) School of Education (SoE) has been awarded four Green Stars by the Green Building Council South Africa (GBCSA) due to its environmentally friendly design that will also provide users with a healthy and comfortable space to study, work and play.

The Chris Hani Lecture Theatre Building

The renowned Chris Hani Building (formerly New Science Lecture Theatre) was originally built in 1948. The University facilities and buildings are dated, and no alterations and improvements have taken place to keep pace with the increase in the number of students over the years. The upgrade allows for better integration within the University precinct and an improved and aesthetically pleasing environment, creating a more conducive learning environment. The building has been repurposed to provide students with a new contemporary learning space.

After several months of unforeseen delays, the Chris Hani redevelopment project broke ground in mid-2020, with the site hand over to the construction company taking place on Monday, 6 July. The project achieved Practical Completion in mid-February 2022. The project was technically challenging in that the building façade and roof was retained and supported externally while the internal structure was demolished. An additional basement level was excavated below the level

of the existing foundations and a new piled foundation installed. A new internal structure was constructed, using a composite steel and concrete approach.

Construction took place under COVID-19 pandemic restrictions. The requirements of social distancing, wearing of masks and hand hygiene were strictly observed. For the physical safety of all staff, students, and visitors to campus, all construction operations, and activities were carried out within the hoarded area to limit the risk of injury.

Practical completion was achieved in February 2022 and occupation of the building followed some months later. The building is fully operational.

Avenue Road Student Residence: R192 million (UCT contribution R100 million)

As part of its Student Residence strategic goal, the University is committed to house at least a third of its students in residences. Currently the University houses around 6.600 students and is investigating opportunities to provide a further 3.400 beds. Funds were requested for a Phase 1 development of Avenue House for a Tier 1, 500 bed three storey Student Residence comprising 142 single rooms, 173 double rooms, two warden's flats, eight universal access rooms, a 536-seater Dining Hall and associated external works and site services. This project was originally priced at R130 million with a co-contribution by the DHET of R30 million. However, through a Request for Proposal from developers to provide alternative housing construction models, the most affordable option comes in at R222 million.

Final Completion for the Avenue Road Residence was achieved on 8 March 2021. The project was completed within budget. The loose furniture, fittings and equipment installation is complete, and the building is fully functional with 100% occupancy by students. Building and Fire Occupation Certificates have been issued and received by UCT. Additional and Late requests have been received and are currently being validated against compliance and functional criteria and the financial impact is currently being verified. Latent Defects and Building Snags are being completed by the contractor.

Water Sustainability Project

A water strategy plan was developed which detailed the pillars of the project and the related water saving initiatives required to achieve the desired 2030 vision. The was a programme of works that encompassed short- medium- and long-term gains for the University of Cape Town. These initiatives include:



Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

Infrastructure and Efficiency Grant continued

UCT billing analysis

The assessment and verification of municipal accounts and water tariff structures applied by the City of Cape Town across UCT's portfolio of properties. The aim was to verify that UCT is being correctly charged for water; and undertake a reconciliation of what is being paid for water and sanitation by UCT Finance compared the actual use based on meter readings meters at each property. This was completed in 2022.

UCT dam hydrological assessment

The aim of the investigation is to better understand the existing use and operation of the dam with regard to its ability to supply irrigation water. This investigation includes an assessment of the condition of the stormwater inflow channel, estimation of the quantity of inflows, estimation of the

water balance of the dam; estimation of the potential long-term yield under determined scenarios, as well as the opportunity to identify potential improvements in the running of the dam.

Exploration drilling

The diversification of water supply is one of the key components of the UCT Sustainable Water Management Strategy (referred herein as the Strategy). The Strategy identified ground water as an alternative source that could supply non-potable water for irrigation, toilet flushing, swimming pool filling and other possible uses. Multiple boreholes were drilled at different points in the campus based on Geotechnical Studies and input from various consultants, all of which had varying yields. The intent is to equip high yield boreholes and integrate into the Green Precinct Project where it can be utilised.

Smart meters project

The installation of smart water meters and valve chambers across various buildings at all UCT campuses in order to get a more accurate representation of water usage. Smart water meter chambers with a water meter and relevant isolation valves and strainer – 44. Smart water meter and PRV chamber with relevant isolation valves and strainer– 32. PRV chamber with relevant isolation valves – 21. Installation of water meter only, inside an existing chamber – 3.

Underground services detection

Sub-surface scan of services and identification of assets, connections, and directional flow where applicable. This project enabled the smart meter project by identifying the most ideal locations in which to place the smart meters in order to get the most relevant reflection of water data throughout the campus.

Replacement of fixtures and fittings

This project aims to reduce water usage in residences across the university by replacing existing fixtures such as showers, toilets, etc. with low flow/water saving fixtures.

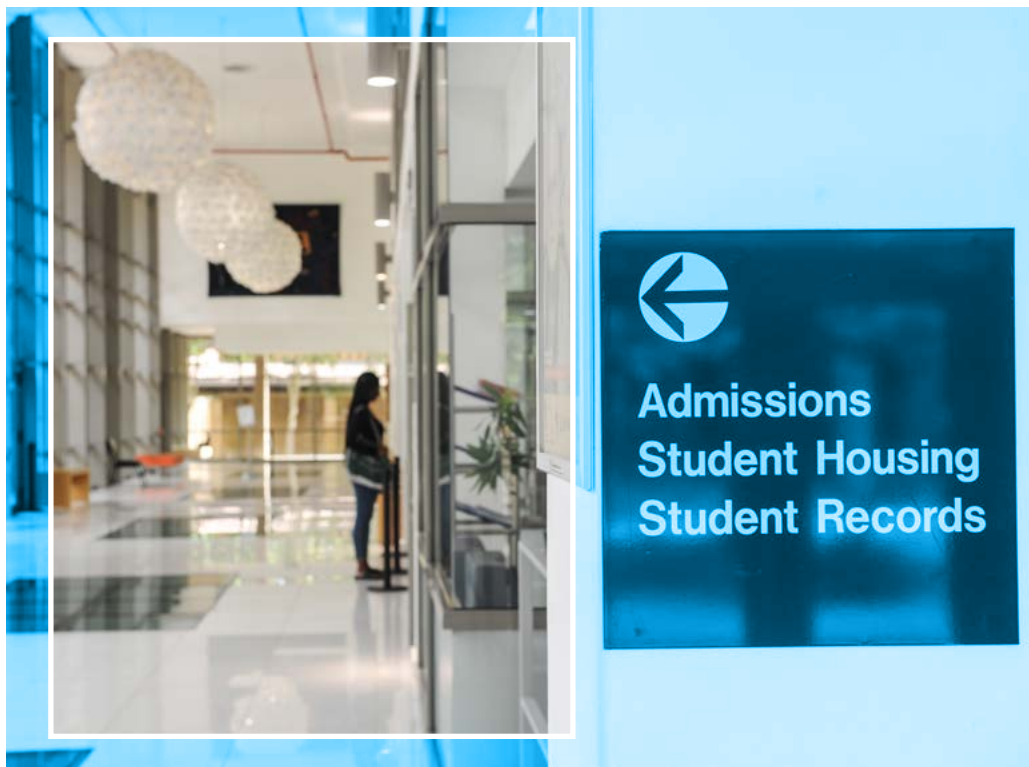
Project Status: Ongoing – Final 2 phases expected over 2023 vacation period.

Green Precinct

The first construction phase of the project requires the installation of a WasteWater Treatment Plant, to treat wastewater from the Rosebank Residence Precinct (Kopano, Graça Machel, Baxter Hall, Leo Marquard and Tugwell) as well as abstract borehole water, for non-potable use. The treated water is intended mostly for irrigation of sport fields and landscaping, and water for flushing toilets. The population density in the student residence precinct is ideally suited to efficiently collect high volumes of waste water and supply treated water to nearby sports fields.

Digital Water

This “Digital Water” strategy will incorporate digital technologies across business and operations and use advanced analytics to help stakeholders make informed decisions to increase efficiency, reduce expenditure, and increase resilience.



Report on UCT Operations During 2022 continued



Report on Earmarked Grants continued

DHET: ICTS Network Renewal Project

The Network Renewal Project commenced in March 2018, and it is a multi-year project and will extend into 2022 with a revised end date set for 31 December 2022. The project is partly funded by a Department of Higher Education and Training (DHET) grant of R78 million, with the balance of the funding coming from a combination of Council-approved project funding (R30 million) and ICTS's annual infrastructural life-cycle renewal funds (R60 million.) The DHET grant funding has been fully spent.

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

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

The project since commencement has completed the renewal of the network core, data centre networks, distribution layer, access layer, edge connectivity, implemented NextGen firewalls, software defined networking capabilities, monitoring, and revised edge connectivity. Resilience has been designed into the core, distribution and edge connectivity layers which allows for continued Internet connectivity if failures should occur. Bandwidth of the SANREN connection, UCT inter and internal data centre network, as well as that of the distribution and access layers has been substantially improved. At commencement of the project UCT also required to replace the access layer across circa 159 sites comprising out of wired and wireless connectivity, so required to replace the access layer across circa 159 sites comprising out of wired and wireless connectivity.

The COVID-19 pandemic adversely affected the project's ability to implement the renewal of the access layer during 2020 and 2021. Key constraints were the general lock down with most if not all staff working from home. That translated into difficulties in accessing buildings and offices which have been locked with the occupant being off-campus leaving the project unable to locate keys and thus access areas within a building/site. Project staff themselves were at times due to legislative constraints restricted from accessing the campus. The need to ensure the safety of network staff and supporting companies working on the structured cabling and who assist with the placement of new wireless access points compounded the difficulties.

Report on UCT Operations During 2022 continued

Report on Earmarked Grants continued

DHET: ICTS Network Renewal Project continued

The UCT fire in April 2021 also impacted the progress of this project as our human resources which were assigned to this project were deployed to assess the damage to the access layer at the affected 18 building sites. All these sites had been upgraded (as part of the project) prior to the fire and the access layer of the fire damaged sites (nine sites) had to be re-implemented. This resulted in rework. The sites that required re-implementation were:

- » AC Jordan
- » MCB
- » RW James
- » Tennis Courts
- » HW Pearson
- » Jagger Library (Special Collections)
- » Cadbol House
- » Ivan Toms
- » Woodbine

To address the delays caused by the pandemic and the UCT fire, UCT had to revise the access layer component of the network renewal plan and obtained approval from the project implementation committee to do so. The end date was revised from December 2021 to December 2022 and the focus was placed on renewing the access layer of all residences to accommodate the return of students to campus and sites where unsupported wireless access points (WAP) needed urgent replacement due to them having reached end of support and life. The project needed to adjust its implementation plan as best it could in response to dynamic and uncertain circumstances.

Notwithstanding the constraints mentioned in this report and noting the nine sites which had to be redone, the project is now complete, within budget, noting the revision of the project end date that was necessitated due to the pandemic and UCT fire. R78 million was received from DHET.

DHET: ICTS Classroom Renewal Project

In 2012, the University established the Classroom Renewal Project (CRP) to upgrade 172 centrally bookable classrooms at UCT over five years in line with new standards developed in consultation with the Classroom Facilities Advisory Subcommittee (CFASC) and the Project Implementation Committee. To meet the needs of teaching and learning, amongst other critical aspects, UCT determined that increased wireless coverage through densification across 109 teaching venues was required. The CRP was concluded in September 2019 and the project closed-off, with the project objectives met.

Section

4

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 2020 Research Report was approved by Council on 18 June 2020, and the 2021 Teaching and Learning Report was approved by Council on 3 December 2022. The 2021/2023 Social Responsiveness Report was also approved by Council on 3 December 2022.

The 2021 Report on Research to Senate and Council

This report provides a record of the university's progress towards meeting the research goals of Vision 2030. The report comprises a number of sections as well as an introductory "UCT at a Glance" chapter.

UCT at a Glance

The first chapter of the report, "UCT at a glance", showcases the university's important research indicators, including National Research Foundation (NRF) ratings, research contracts signed, research areas of strength, and intellectual property and world university rankings. More detailed analyses of contents of this chapter are provided in the relevant sections of the report.

Section 1: UCT Research with impact

This section of the Report reflects on Research Impact, the Sustainable Development Goals, Socially Responsive Research, Global partnerships and Making UCT's Research Visible

Section 1 of the detailed report notes that one of the strategic goals for research at UCT is to contribute to understanding deeply and, where attainable, solve the development challenges that plague South Africa, the rest of Africa and the world, and to create and share knowledge that will benefit society. This research emanates both from a baseline of disciplinary excellence upon which the university builds an inter- and transdisciplinary framework of research with a strong focus on impact, and directly through socially responsive research and engaged scholarship. Together, these facilitate the tackling of core challenges of our times while generating the new knowledge base from which to tackle future challenges. The first detailed section of the Report thus reflects on UCT's increasing involvement in socially responsive research. A number of the selected case studies highlight the research that is making a tangible difference in local communities.

Report on UCT Operations During 2022 continued

Senate Reports to Council continued

This section of the Report also outlines UCT's alignment with the UN SDGs, which are increasingly driving funding and international collaborations, as well as Agenda 2063, focusing on "the Africa we want". The synergy between UCT's own strategic research and teaching strengths and priorities, the SDGs and the African Union's (AU) Agenda 2063 towards "the Africa we want" have been growing over the last number of years. In 2019 the institution launched the UCT SDG Initiative, actively aligning its research efforts to those of the SDGs to augment the increasing focus of international collaborations and funding on the UN SDGs.

The flagship of this initiative was the International Summit on the SDGs in Africa: Shaping the Africa we Want. Originally scheduled as an in-person event in 2020, this event was postponed to 2021 and held virtually from 13 to 15 September because of the COVID-19 pandemic. Its objective was to foster opportunities for collaboration with other universities, national and local government, NGOs and civil society in relation to the SDGs. It brought together 1 085 participants from 84 countries across the globe and participants from 40 countries on the continent. Participants represented a range of stakeholders – from academia, to government, to non-profit organisations and broader civil society – with the common aim of tackling Africa's greatest challenges with innovative solutions. The event included 52 high-profile speakers from 12 different countries, the majority of whom were from the continent: Rwanda, Ethiopia, South Africa, Ghana, Tunisia, Nigeria, Zambia and Zimbabwe.

In 2021 UCT participated in the Times Higher Education (THE) Impact Rankings for the first time. Unlike other international rankings, the THE Impact Rankings aims to assess the impact of higher education institutions against the SDGs in terms of research, societal and policy contributions and life on the university campus. UCT submitted information for six individual SDGs and was placed in the top 100 in the world for three critical areas: "No Poverty", "Gender Equality" and "Reduced Inequalities". The first submission was an important learning experience, and several elements of low-hanging fruit already present at UCT were identified to improve our showing if we can find the resources to pick them.

Raising the visibility of UCT research both locally and globally remains foundational to many aspects of the research endeavour, providing extended opportunities for its researchers. The university continues to build and refocus its researcher development initiatives, which promote transformation, build academia and ensure future research excellence, increasingly focusing on all stages of the research career.

In terms of research visibility, UCT aims to ensure that the important work of the University's researchers is made visible through various channels to various audiences including researchers across disciplines; policymakers; practitioners; the people it affects; and the taxpayers, donors and organisations that funded it. The research visibility cluster within the Research Office works to raise the external profile of UCT's research and to expand the impact and standing of the university, the country and the continent in the global research landscape. It also supports the work of the executive in this area, including the Vice-Chancellor, the Deputy Vice-Chancellor for Research and Internationalisation and the Executive Director:Research. Increasingly, the cluster supports communication within the University's research ecosystem, including our postdoctoral fellows and postgraduate students.



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

Research funding and proposal development support are essential to maintaining UCT's research efforts, and the report offers a lens on research productivity at the University in 2021. These research outputs are enabled by the research ecosystem as a whole, including research support tools and computational infrastructure, not to mention the essential roles played by UCT Libraries and the electronic Research Administration (eRA) system. UCT has developed strategic funding instruments

The University's integrated and structured risk management approach facilitates effective and efficient management of ongoing and new risks at both strategic and operational levels

to build its research productivity and quality and to contribute towards a transformed future generation of scholars. Further, the university has a range of funding instruments to support innovation and commercialisation of our research outputs. Innovation funding is closely linked with the development of spin-off companies, which are increasingly becoming the dominant mode for successful innovation. UCT continues to build and refocus its researcher development initiatives, which promote transformation, build academia and ensure future research excellence, increasingly focusing on all stages of the research career.

Section 2: Ensuring continued research excellence and impact

Section 2 of the detailed Report reflects on the importance of UCT advancing its transformative agenda through research and recognising the importance of nurturing research-active and productive academic staff. UCT recognises that nurturing a comprehensive, research-active academic staff is critical. It is also important to ensure that the university has supervisory capacity that is sensitive to the changing profile of postgraduate students and is able to harness students' potential to contribute to the research endeavour as the next generation of junior academics. Furthermore, UCT must capacitate its researchers to apply for and manage third-stream income successfully to allow them to expand their research endeavours and consequently grow their academic standing and contribution.

This section of the report focuses on researcher development initiatives, researcher support for example in relation to postdoctoral research fellows, piloting a Junior Research Fellows initiative and a range of additional researcher development programmes such as the Emerging Researcher Programme, the Researcher Development Academy and other researcher development initiatives such as "building research-active academic staff" and "enabling grant seeker excellence". In addition UCT launched its Accelerated Transformation of the Academic programme in 2021; this programme focuses on providing full scholarship/fellowship support to selected high-performing black South African postgraduates and monitors development opportunities while offering mentoring by academics of the participants' choice. The aim of the programme is to widen the pool of black South African candidates available for academic positions at UCT and other institutions. The Vice-Chancellor, also in 2021, established the 2030 Future Leaders Programme. The programme

identifies and funds the most pressing research needs of a selected cohort of research-intensive academics. These future leaders currently include exceptional researchers, UCT's seven P-rated researchers and the university's most recent recipients of the Young Researchers Awards of the College of Fellows.

Section 2 of the Report also showcases a number of strategic initiatives, funded from a combination of the Vice-Chancellor's Discretionary Fund and strategic research funds. These include The Advancing Womxn Project, The Khushela Ikamva Sustainable Campus Project, The Palestine Project, and Building Research Support Hubs.

In terms of Research funding, the Report notes that the research funding landscape has changed substantially over the past five to 10 years, in South Africa and now also globally. This requires researchers at UCT to adapt and take new approaches to securing effective and sufficient research funding. Most notably, the nature of national agency funding has shifted from the general support of researchers to targeted support for particular initiatives, requiring other sources of funding to be mobilised for general support. UCT's response to the changing landscape is reflected in the proportion of our research funding secured from international funding agencies, increasing from 72% of research contracts in 2017 to 78% in 2021. The ongoing success of UCT's researchers is acknowledged in the growth of contract research funding signed, up from R1.39 billion in 2017 to R2.21 billion in 2021, an increase of 59% over five years. This increase, together with the changing nature of funding, highlights the critical need to ensure that these research contracts are fully supported and serviced to assist researchers in delivering on them.

Total research income in 2021 amounted to R1 842 million. Of this, R1 710 million (93%) derived from sources external to the University. The latter represents a 13% increase of R194 million compared with 2020 and is largely due to an increase in contract-related income (R1 329 million in 2021, compared with R1 152 million in 2020 and R1 090 million in 2017).



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

Research contracts signed provide an important lead indicator with respect to UCT's research enterprise. A total of 2 004 research contracts were processed in 2021 (1 794 in 2020 and 2 163 in 2019), to the value of R2 208 million (R2 178 million in 2020 and R1 767 million in 2019). The Report reflects on the source of these contracts (such as government departments, public enterprises and statutory bodies, science councils and national research centres and South African non-profit entities). The Report also depicts the number of research contracts signed by Faculty in the years 2017 to 2021, and the overwhelming contribution of the Faculty of Health Sciences in this regard.

Also, in response to the ongoing decline in national state funding for research, and in anticipation of end-of-life funding for instruments such as the Centres of Excellence and SARCHI Chairs, UCT has implemented a number of funding and capacity development interventions to enable the University to remain competitive and relevant as well as to encourage continued participation in the NRF rating system. This funding supplements our core research budget managed by the URC, the University Equipment Committee (UEC) and the Advanced Computing Committee (ACC).

Section 2 of the report also provides a focus on research productivity, analysing the 2020 DHET accredited publication outputs. High-level indicators of research productivity are these:

- » UCT was awarded 1 887.24 units for research publications produced in 2020 and reported in 2021. This is a year-on-year decrease of 2.5% or 48.78 units.
- » Journal articles accounted for 1 658.59 of the above units, which was an increase of 1.4% on the previous year.
- » UCT's per capita research publication output (number of publications per headcount of permanently employed academics per annum) was 1.63 units, compared with the sector average of 1.11 units.
- » UCT's actual total journal article output in 2021 was 3 478 papers.

Section 3: Optimising the research ecosystem

Section 3 of the Report deals with optimising the research ecosystem. It recognises that appropriate and supportive research infrastructure is increasingly key to meeting the needs of cross-cutting research that has a strong focus on engaged scholarship, as well as the needs of the highly specialised, disciplinary research that underpins it. In this section, the Report describes the trends in continuously building and renewing this infrastructure. While resources limit its scope, constant focus on research systems and shared infrastructure enables ongoing improvements to the support given while tracking areas of concern.



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

This Section of the Report reflects on the following support tools among others:

- » UCT eResearch (which aims to capacitate researchers with the latest tools and technologies to compete in an increasingly data-intensive world of research);
- » as researchers continued to work remotely during 2021, the impact of the COVID-19 pandemic was reflected in increased calls for assistance with VPN connectivity to access eResearch software, platforms and tools provided to assist in research endeavours;
- » computational infrastructure: two major projects were extended from 2020, both significantly improving research capacity – the modernisation of the wireless network infrastructure to increase connection speed, and the refurbishment of data centres to add additional power capacity to further scale the storage infrastructure;
- » increased use of the high-performance computing cluster by researchers;
- » a focus on the appropriate renewal of UCT's equipment infrastructure;
- » the support offered by UCT Libraries in terms of various aspects of research support;
- » a notable increase was evident in the interest shown in the contribution of Digital Library Services (DLS) to module 5 ("Managing and sharing human research data") of the online Responsible Conduct of Research (RCR) training offered by the Office of Research Integrity (ORI), available on UCT's SuccessFactors Platform;
- » intellectual property and technology transfer through Research Contracts and Innovation; the quality assurance of UCT's research;
- » meeting UCT's research compliance and due diligence needs via the Research Compliance Working Group;
- » the maintenance of UCT's research integrity and ethics through the Office of Research Integrity;
- » enhanced internal communications through an email newsletter (the Research Announcement) and the Research Support Hub website that collated information of research support services at UCT; and
- » the Research Support Transformation project which aims to assess the needs of the research community in terms of infrastructural support and designing improvements to the system.

Section 4: Risks to UCT's research enterprise and response

The research enterprise at UCT faces many challenges, including ageing research equipment infrastructure, research support and systems; the balance between the core academic functions of teaching and learning and research; a changing external environment; and attracting and retaining key researchers. These have all been drawn into stark focus by the complexities of COVID-19. The prolonged COVID-19 epidemic, budget cuts, new policies, changes in regulations and government funding, a growing research enterprise, and the devastating fire in April 2021 that damaged a number of the university's buildings – including the Jagger Reading Room, which housed the UCT Libraries Special Collections, and the Biological Sciences building – are some recent examples of challenges the university faced. Most of these could not have been anticipated and planned for.

The University's integrated and structured risk management approach facilitates effective and efficient management of ongoing and new risks at both strategic and operational levels, including executive, academic and professional supporting functions. The University Risk Policy Framework designates the University Research Committee (URC) as "watch dog" for the identification and

monitoring of research-related risks. This section presents some of the most pressing risks to the research enterprise, where the residual exposure remained high despite controls in place. However, in 2021 much was done towards resolving some of the challenges and strengthening internal controls towards elevating or eliminating the potential impact on research endeavours.

Section 5: Progressing towards Vision 2030

In closing, the Report looks forward to realising the full potential of Vision 2030. The final section of this report highlights UCT's research drivers towards Vision 2030, proposes new ways of operating, outlines UCT's approach to key projects moving us towards the vision, and offers an overview of the University's chosen strategic research areas. Importantly, the Report explores ways in which UCT's leading researchers, including end-of-cycle Department of Science and Innovation/National Research Foundation (DSI/NRF) South African Research Chairs Initiative (SARChI) Chairs and Centres of Excellence (CoEs), together with our mid-career and emerging academics, can become more actively involved in achieving Vision 2030.

Research support and robust compliance systems are two important risks that are currently being tackled. Other key risks include the research funding challenge, especially outside of the Health Sciences; the impact of the external landscape beyond UCT's control – from loadshedding to increasing legislation to funder rules and practices; the need to maintain state-of-the-art infrastructure and the replacement of ageing core equipment; maintaining our visibility and global reach; balancing the demands of and integrating effectively the teaching and learning and research components of the academic project; and retaining core talented staff across expertise, achievement, demographics, role and discipline while simultaneously attracting key talent. These are explored further in the report.

The final section of the Report highlights UCT's research drivers towards Vision 2030, proposes new ways of operating, outlines the approach to key projects moving us towards the vision, and offers an overview of UCT's chosen strategic research areas.



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

The 2021 Social Responsiveness Report: Life of a Child

Infectious diseases like COVID-19 and related public health responses can disrupt the environments in which children grow and develop. Disruptions to families, friendships, daily routines, and the wider community can have negative consequences for children’s well-being, development, and protection. To deepen our understanding of how COVID-19 and subsequent lockdowns affected children, UCT’s University Social Responsiveness Committee (USRC) decided to focus on the “life of a child” and how that life was disrupted in the past three years for this edition of the Social Responsiveness Report. This process provided an overall framework through which faculties could conceptualise their submissions for the 2022/2023 Social Responsiveness Report. The intention of the USRC was to shine a light on children by surfacing (research, teaching, and service) themes that were all encompassing and integrated many different threads from within the university, either directly or indirectly, thinking of the life and trajectory of a child.

While one of the most consistent and striking findings of COVID-19 reports is that in contrast with infected adults, children rarely experience severe disease. This, however, did not spare children from being severely impacted upon by lockdown measures imposed to mitigate the spread of the virus.

When schools shut down, more children are recruited into militias, sexual exploitation of girls and young women rises, teenage pregnancies become more common, child labour grows as does school dropout

Governments ordered citizens to stay at home as an emergency measure and implemented school closures to prevent further spread of the infection. In the case of children, it would seem that these mitigating measures may have done more harm than good.

Several themes emerged from cases submitted by the faculties to the USRC. It is important to note that these themes emerged not from anecdotal evidence but rather from empirical data gathered using rigorous scientific methods.

Exacerbating children’s learning crisis

The Report notes that one of the first measures taken to contain the spread of COVID-19 was

the closure of schools and colleges, and how this affected millions of learners worldwide. At the peak of the pandemic, 188 countries imposed countrywide school closures, affecting more than 1.6 billion children and youth. Even prior to this, however, children’s learning was in crisis, and the pandemic has only sharpened these inequities, hitting schoolchildren in poorer countries particularly hard.

While educational technology was presented as a panacea for closing the learning gap, the reality is that most children in Lower Middle-Income Countries (LMICs) have limited or no access to interactive and internet-based learning materials as a result of connectivity related issues and often

due to a lack of internet access. It is estimated that around 463 million children, globally, were unable to access remote learning when their schools were closed.

In South Africa, it is estimated that around 750 000 children dropped out of school since the start of the pandemic, mostly in families already affected by poverty and economic hardship. Moreover, in many situations, despite remote learning policies and the presence of the necessary technology at home, children were unable to learn effectively due to skills gaps among their teachers or a lack of parental support. Additionally, the effectiveness of educational technology depends on the strength of national telecommunication networks and data connectivity. This is dependent on service providers and the devices, such as smartphones, at the disposal of schools, parents and learners.

Educationally, it may take children years to recover from the learning losses resulting from the pandemic

According to the Report, South Africa has high levels of school enrolment and attendance. Amongst children of school-going age (7–17 years), the vast majority (98%, or 11.3 million children) attended some form of educational facility in 2018. In 2018, 92% of children (2.1 million) in the pre-school age group (5–6-year-olds) were reported to be attending some kind of educational institution, mostly in grade R or grade 1. The impact of school closures was severe with almost 200 000 children in the pre-school age group reported to be no longer attending any kind of educational facility.



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

Another consequence of the pandemic was the impact on children's learning loss and educational progress. The Report notes that according to the South African Basic Education Department, between March 2020 and June 2021, primary school learners lost about 70% of a full learning year. Globally, the literature on the impact of the pandemic on education highlights learning losses and decreased attainment scores because of school closures, widening of pre-existing education disparities and eliminating learning gains made over time. More research is needed on the effects of school closures on loss of learning time and educational outcomes.

Increasing child malnutrition and poverty

The closure of schools did not only deprive learners of quality education, but it also deprived them of a nutritious meal which was provided through the National School Nutrition Programme (NSNP). In South Africa alone, about 9 million learners are fed through the NSNP at school every day. The NSNP programme aims at improving the ability of children to learn by combatting malnutrition, reducing hunger, and improving school attendance. Due to the COVID-19 pandemic which resulted in school closures, school feeding scheme programmes were brought to a halt. South Africa's NSNP was temporarily suspended during the country's initial hard lockdown, which brought into stark reality the importance of school nutrition programmes as a social safety net, protecting the well-being of the country's most vulnerable children.

The deepening crisis of child malnutrition prompted the editorial team of the UCT Child Gauge to engage proactively with the media throughout 2020 to put child hunger and malnutrition on the national agenda, with calls for the state to uphold children's rights in the context of rising unemployment, the disruption of routine health services and the closure of schools and ECD programmes. The Children's Institute (CI) was integral to the case for asserting that South Africa's Department of Basic Education (DBE) argument against the rights to basic nutrition was unconstitutional, i.e. that the DBE was solely responsible for realising the right to basic education (not basic nutrition).

According to the Report, there is evidence that in 2020 close to 60% of children lived below the poverty line while one-third were below the food poverty line. Statistics also showed that households with children were more likely to experience hunger than those without. This would be aggravated by any loss of jobs or livelihoods that resulted from the measures to control COVID-19. Moreover, if households were using some of their scarce resources to buy the sanitising and hygiene products in efforts to combat COVID-19, this would come at the cost of food and other essentials. A reduction in dietary diversity became a significant issue, increasing the risk of micro-nutrient deficiencies. For young children, nutritional shocks can result in increased wasting and stunting. These are known to have long-term effects on the health and education outcomes of children and to compromise their immune systems.

Reducing access to life-saving vaccines

Every year, vaccines save an estimated 2 to 3 million lives, but COVID-19 threatened to roll back decades of progress made in reducing preventable child deaths by hindering access to these life-saving services. Vaccinations rates were already an issue before the pandemic and the current health crisis could exacerbate this situation further. As access to health services and immunisation outreach were curtailed, the number of children not receiving even their very first vaccinations increased in all regions. According to new data, nearly 14 million children did not receive any traditional vaccines in 2019. Additionally, almost 6 million children received some but not all traditional vaccines required for full protection against many life-threatening diseases. According to the WHO, as compared with 2019, 3.5 million more children missed their first dose of diphtheria, tetanus and pertussis vaccine (DTP-1) while 3 million more children missed their first measles dose. With COVID-19 lockdowns putting enormous pressure on already weak or overstretched health systems, the number of unvaccinated and under vaccinated children is expected to increase, exacerbating existing inequities and putting the lives of many children at serious risk of disease or death.



Report on UCT Operations During 2022 continued

Senate Reports to Council continued

The Report points out that downscaling or closure of regular child and maternal health preventive services and other related services could potentially compromise immunisation, antenatal and nutritional programmes, resulting in higher morbidity and mortality from other diseases such as tuberculosis (TB). Reduced access to care, poverty, and fear of being infected with COVID-19 at health care facilities, could lead to delays in seeking care for sick children, resulting in more severe illness at presentation and lower uptake of effective preventive interventions such as childhood vaccination. Another point is that diversion of resources to adult services further compromised the ability to care for children. Health care workers were increasingly being seconded to adult care services and health budgets that were already inadequate for child health needs, were being shifted to managing the COVID-19 epidemic.

The Report concludes that more research in South Africa is needed on the lack of health care for children which, in the case of vaccinations, may leave many children at risk from devastating but preventable diseases like measles, polio or meningitis. The country needs to discuss the trade-offs being made within health care as services are focused on COVID-19 and related illnesses.

Mounting risks of violence, exploitation, and abuse (physical and sexual)

The Report reflects on the multiple ways that the pandemic potentially put children at increased risk of violence, exploitation and abuse. For vulnerable children, the closure of schools meant that there was no opportunity for school staff to detect possible abuse and to intervene to try to protect them while they were away from school. Furthermore, there is evidence that when schools shut down, more children are recruited into militias, sexual exploitation of girls and young women rises, teenage pregnancies become more common, child labour grows as does school dropout. UNESCO warns that in addition to the estimated 160 million children in child labour at the beginning of 2020, globally around 9 million children were at risk of being pushed into child labour by the end of 2022 as a result of the pandemic.

Lockdowns potentially expose children to a range of risks related with confinement measures such as economic uncertainty, threats to jobs and livelihoods and social isolation. In relation to girls in particular, because of these disruptions, the likelihood of child marriage is likely to increase substantially as a means of relieving financial pressure on families.

Experts estimate that the global total of COVID-19-related deaths could eventually reach 10 to 40 million, which will inevitably leave many children without one or both parents or other caregivers. Orphaned children are particularly vulnerable to trafficking and other exploitation, including sexual exploitation, forced begging, selling goods on the streets, and other forms of child labour. Older children often drop out of school to try to support younger siblings.

Mental health challenges amongst children

The Report reflects on evidence that the pandemic and associated lockdowns could have a broader negative on children's health and wellbeing. The reasons for this include social isolation as a result of the lockdown as well as diminished physical activity. The closure of playgrounds has an impact here, and it also results in children being isolated from their peer groups which may give rise to behavioural changes.

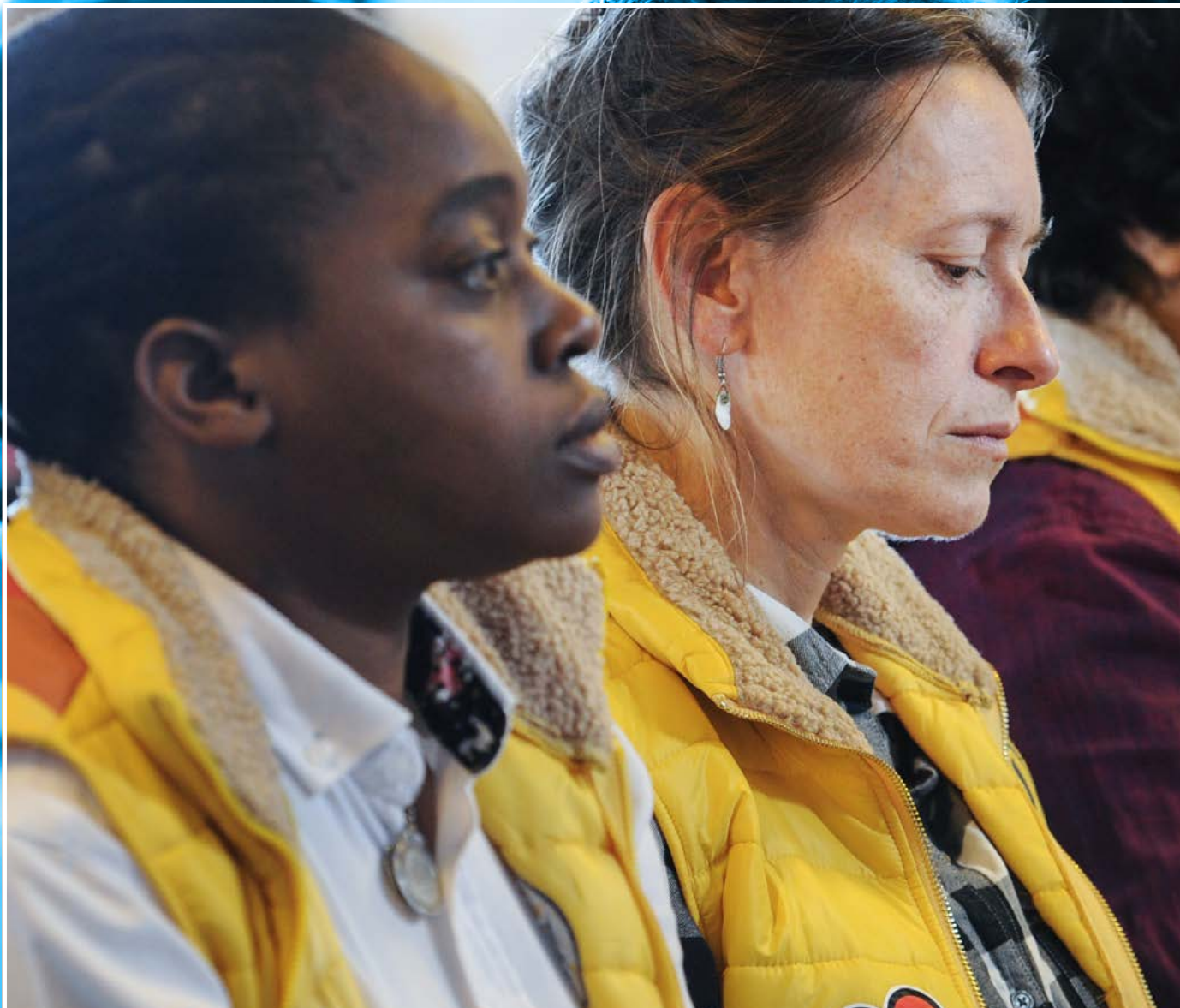
Concerns around the impact of school closures on children's emotional and social well-being are explored in the Report as it is clear that schools provide much more than formal learning: they represent spaces for structure, routine and predictability as well as the development of relational dynamics and socialisation.

The Report concludes that globally the pandemic may have caused immeasurable harm to children in multiple areas of their lives. For example, educationally, it may take children years to recover from the learning losses resulting from the pandemic – the point is again made that this concern is not based on anecdotal evidence but rather on empirical evidence gathered via rigorous research. An important benefit of collating a report of this nature is the fact that it makes more visible the struggles of children during COVID-19, particularly since children, who tend to suffer far less severe COVID-19 symptoms, are not the usual “face of COVID-19”.

Teaching and Learning Report 2021

The 2021 Teaching and Learning Report was prepared by the Senate Teaching and Learning Committee and reflects on undergraduate teaching and learning at UCT between March and December 2021. The purpose of the report was to offer an account of what the university did during the second year of the pandemic to continue to offer undergraduate education. The Report looks at the difficulties encountered during the period, attempts made to circumvent these and the overall outcomes of these interventions. There is also a particular focus on the impact of the decisions made and actions taken during 2020 on academic outcomes in 2021. The Report draws on UCT-specific data as well as broader data pertaining to the South African Higher Education system, importantly thus allowing for critical and comparative perspectives to be drawn.

The structures put in place during 2020 to help manage, plan, monitor and communicate various aspects of the institutional response to undergraduate teaching and learning under COVID-19 continued to serve both academics and students well. The first chapter of the Report looks at the governance and management of teaching and learning during 2021.



INSTITUTIONAL FORUM ANNUAL REPORT 2022

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Institutional Forum Annual Report 2022

Overview of the UCT Institutional Forum 2022

Introduction

As outlined in the Higher Education Act, Act No. 101.1997 S31 (ss 1) the Institutional Forum is mandated by the Higher Education Act of 1997 S31 (1) to advise Council on issues affecting the institution, including:

- a. The implementation of this Act and the national policy on higher education;
- b. Race and gender equity policies;
- c. The selection of candidates for senior management positions;
- d. Codes of conduct; mediation and dispute procedures;
- e. 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
- f. Perform such functions as determined by the Council.

The Institutional Forum is an active, critical committee that engages robustly on issues of transformation, inclusion, diversity and equity. The Institutional Forum (IF) is the only representative committee in the University – as it includes representation from all staff and student groups at UCT.

Composition

The structure of the IF is comprised of the IF Executive Committee (IF EXCO) and the IF itself is comprised of 30 members that are representative of every constituency on campus. The membership of IF is aligned with the Higher Education Act.

IF EXCO

IF EXCO emerged from the 2016 Review of the Institutional Forum. The Review was conducted by members of Council, students and members of IF. The IF Review proposed that an IF Executive Committee be created and initially tasked with two elements:

1. The first task would be to review and sign off on the selection processes.
2. The second task would be to ensure that IF EXCO identify key issues to be discussed by the IF, in addition to issues arising during the year. IF EXCO would then also be tasked with canvassing input from their constituencies prior to an IF meeting. The rationale behind this second task was to encourage IF to become more active in current University-wide debates and concerns as they pertain to transformation.

Composition of the IF EXCO

The IF EXCO consists of the three Co-Chairs and two more representatives from each constituency, which are: PASS and Academic Union; the Executive leadership group, which consists of Council, Executive and Senate and lastly, the student representatives. In total there are nine members of IF EXCO.

The current membership of IF EXCO is as follows:

IF EXCO

1. Ashley Rustin (IF Co Chair: Pass Union)
2. Andrew Lilley (Academic Union)
3. Shai Makgoba (Non-Unionised Rep)
4. Oratile Thot
5. Maano Ramutsindela (Outgoing IF Co Chair – Executive)
6. Theresa Lorenzo (Delegated to Salome Maswime – Senate Rep)
7. Elelwani Ramugondo (IF Co Chair – Executive)



Institutional Forum Annual Report 2022 continued

Composition of the Institutional Forum

The Institutional Forum is comprised of 30 IF members, alternatives and staff in attendance.

Membership of the IF

1. COUNCIL – three members and one general alternate serving three-year term

Ms Nazeema Mohamed	Ms Sheila Barsel	Mr Jacques Rousseau
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EXECUTIVE – the VC appoints two executive officers and two Deans and decides terms of office

Vice-Chancellor	Prof Mamokgethi Phakeng (<i>ex officio</i>)	Prof Elelwani Ramugondo
Prof Maano Ramutsindela	Prof Shose Kessi	

SENATE – three members and one general alternate serving three-year term

Prof Theresa Lorenzo	Professor Salome Maswime
Assoc Prof Nomusa Makhubu	Dr Anandaroop Sen

2. MEMBERS and alternate members elected by the recognised staff bodies in the manner determined by the rules – serving two-year term

ACADEMICS UNION

Assoc Prof Kelley Moulton	Prof Andrew Lilley	Ms Shirifa Hellaby (Alt)
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NEHAWU

Mr Paul Gaika	Mr Xolani Poswa
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NUSAS

Ms Naziema Jappie	Mr Shai Makgoba (Alt)
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EMPLOYEES UNION

Mr Ashley Rustin (Co-Chair)	Mr Michael Harris	Mr Thami Nkwanyane (Alt)
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SALIPSWU

Mr Bulumko Nkume	Yanga Mgcwaba (Alt)
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UAWU

Mr Mzomhle Bixa	Mr Erick Mbiza (Alt)
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DETAHWU (To be confirmed)

3. MEMBERS (10) and ALTERNATES (incl. Post Grad) elected by the SRC – serving one year

Katleho Mthenjane	Siyabulela Plaatjie	Tebogo Mabusela
Sinelizwi Somdaka	Kumkani Goqoza	Yanganani Sibeko

4. Invited IF Sub Committee Members

Dr Tiri Chinyok	Assoc Prof Zenda Woodman	Ms Linda Gayiza
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Staff in Attendance

Dr Sianne Alves (Director, OIC) (Servicing Officer for the IF)	Ms Edwina Ghall (Manager, OIC Disability Services)	Cecil Peters (OIC EE Manager)
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Quorum

In 2022, quorum of the IF was achieved in all four scheduled meetings and Special IF meetings.

Governance

Governance considerations by IF members this year included the review of draft policies; validation of selection processes of senior appointments; approval of the Reports for Gender Based Violence; Racial Discrimination and Racial Harassment and Disability. IF was gravely concerned by the governance of Council – the consistent leakage of Council information and lastly, the manner in which black senior women, including the previous Vice-Chancellor (Professor Phakeng) have exited the University. IF, in addition, requires a closer relation with Council on a more regular basis to identify how the two structures can enable the transformation work of the University and to deliberate on the efficacy of the provision of the Advice from IF to Council.

Structure

The Institutional Forum oversees the work of the Transformation Forum and the Employment Equity Committee. These two groups focus on different aspects. The Transformation Forum focuses on inclusion and diversity while the Employment Equity committee focuses on barriers and advancement in relation to equity targets. The historic division of these groups was based on a review which found that equity discussions dominated meeting times which impacted severely on the actions for cultural change and inclusion.

To date the Transformation Forum and the Employment Equity Committee are represented on the Institutional Forum where feedback is provided on the work conducted by these two groups.

Employment Equity

Demographic disparities in the workplace in the South African context is largely due to the legacies of apartheid, with practices of job reservation (click link to read more) that protected white men as breadwinners. This culminated into challenges for people of colour as evidenced by the experiences facing Archie Mafeje in the 60s to the experiences that have emerged in the inclusivity survey, the IRTC report link and the Mayosi report link that highlights challenges in the institution, namely: bullying; emotional wellbeing; racial and other forms of discrimination and harassment and retention, advancement and leadership. link , the IRTC report link and the Mayosi report link that highlights challenges in the institution, namely: bullying; emotional wellbeing; racial and other forms of discrimination and harassment and retention, advancement and leadership.

Institutional Forum Annual Report 2022 continued

Employment Equity continued

In 2022 the majority of entities at UCT reported on a shift in staff demographics (with some limited success). It is important to make the distinction between representation/diversity and inclusion. The fact that there is more representation from under-represented groups does not automatically ensure that power disparities are dealt with in the institution. In order to change and challenge these dynamics, entities need to create more open, honest and critically conscious conversations which challenge positions of power (including white supremacy, hegemonic masculinity, heteronormativity, etc.) and enable the voice and agency of those who the institution has marginalised (Black persons, women, queer persons, etc.). In addition to changes in representation, empowering and centring the voice of the marginalised in dialogical processes, it is important to review structures and systems and their relevance in a pluriversal University. In turn, this would allow for the co-creation of an institution that unleashes potential and centres the flourishing of all its stakeholders.

The Employment Equity portfolio, together with relevant UCT partners has implemented strategies to transform the demographic profile of the University to be representative of South Africa's diversity. While on the surface, in terms of representation UCT's demographic breakdown is progressing well, there are several elements that need be unpacked, such as representation at various occupational levels.

While overall UCT is making progress by including more Black and Coloured women and men as staff members, many Black and Coloured women and men hold positions in lower pay-classes (described as unskilled (PASS Staff PC 1-2) and semi-skilled (PASS Staff PC 3-7 positions). Conversely, few White and Indian women and men hold positions in these pay classes. Conversely White and Indian men and women are over-represented in higher pay-classes described as skilled technical workers and academically qualified PASS staff PC 8-11 and Academic Staff (Lecturer and Senior Lecturer). This highlights some of the challenges in terms of transforming UCT's staff demographics against the backdrop of colonialism and apartheid continuities that plague higher education. It is important to make the links in terms of student demographics and over-representation and how that translates to staff demographics.

Employment Equity Portfolio

In September 2022 Cecil Peters was permanently employed as the Employment Equity Manager at UCT. In the short space of time, significant outcomes were produced in the completion of projects such as the institution-wide monthly reports in the form of EE calculators per cluster; the UCT successful resubmission of the Employment Equity plan to the Department of Employment and Labour and the approval of the plan; and structured governance and procedures for employment equity committees. The EE legislative landscape is fraught with challenges – some of which we had hoped would be resolved by Parliament in September 2022. However, the tertiary sector awaits the national directives for higher education sectoral employment equity target setting.

Read more about the University's Employment Equity Plan (2022-2026) <https://uct.ac.za/sites/default/files/media/documents/UCT-Employment-Equity-Plan-2022-2026.pdf>

Below is a list of core programmes aimed at the removal of barriers for employment equity and inclusion:

1. Accelerated Transformation of the Academic Project (ATAP)
2. The Next Generation of the Professoriate (NGP) initiative
3. The New Generation of Academics Programme (nGAP)
4. The Emerging Researchers Programme (ERP)
5. The Integrated Talent Management Framework
6. The Dismantling Racism initiative
7. Inclusivity Strategy through a validated scale of inclusion (IS)
8. Broadening black economic empowerment in relation to procurement
9. Talent development and retention
10. Attending to the built environment (place and space)
11. The Executive Transformation Initiative (ETI)

Transformation Forum

During the period of 2022, the Transformation Forum focused on the realignment of Employment Equity targets and related barriers to equity. Aspects of selection processes for HODs and the proposal to Council from the BAC remained consistently on the agenda without resolution. Notably, the Transformation Forum would appreciate a closer communication from IF in terms of minutes, agenda sharing and decisions of IF. Furthermore, the Transformation Forum confirmed the usefulness of Inclusion Index reapplication anticipated in 2025. In 2022, 13 Transformation Committees submitted their Transformation Benchmarks, which is inclusive of their equity barrier analysis data, which is directly aligned with their inclusivity goals.

Monitoring and Evaluation

The sub-committee submitted a proposed scope of work and Terms of Reference for their monitoring role of Transformation related policies. The IF did not support the TORs and required a further workshop to align more closely with the mandate of the IF.

Conclusion

The IF at UCT in 2022 continued to fulfil an important role with respect to its mandate in terms of governance of transformation by working closely with the transformation structures. Its subcommittees (the Transformation Forum and EEF) remain active and robust spaces that drive and operationalise the overall transformation agenda in collaboration with the OIC and Transformation Committees.

Sheila Barsel

Sheila Barsel

IF Chair

2 December 2023



REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE

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Report of the University Audit and Risk Committee

University Audit and Risk Committee

The University Audit and Risk Committee (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.

Given the continued general prevalence of the IT risk governance and IT security having become an increasing area of concern and effort for organisations, the Committee remains committed to acquiring members who possess IT skills, in order to fully capacitate the Committee in delivering on its mandate.

The key responsibilities of the UARC are listed in Council's report on corporate governance on page 6 of this report.

The Committee met six times during 2022, comprising five normal meetings, with the sixth held in December, being a special meeting. Attendance at UARC meetings during 2022 is presented in the table below:

2022 University Audit and Risk Committee Attendance

Member	Designation	Mar	May	Jun	Sep	Nov	Dec	%
Ms T Mokgabudi	Chair and Council Member	P	P	P	P	P	P	100%
Mr T Murray	Deputy Chair (Independent)	P	P	P	P	P	P	100%
Mr E Davids	Council Member	Ap	P	P	Ap	P	Ap	50%
Professor N Eccles	Council Member	Ap	P	P	P	P	Ap	67%
Ms K Makhohliso	Council Member	P	P	P	P	n/a	n/a	100%
Ms K Maphisa	Council Member	P	Ap	P	P	P	P	83%

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

Internal Administration, Operational Structures and 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. Key functions and responsibilities of Council include management of risk and continuous implementation of effective and efficient internal control systems and processes. The University maintains systems of internal control to mitigate identified risks, to ensure the integrity of the University's core activities of teaching, learning and research including safeguarding of its assets. The University has an 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.

Information systems utilising modern information technology are deployed throughout the University. These have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. There were no major changes to the University's key systems during 2022. However, sub-systems were added to adapt to cyber security challenges as well as to support more digital operations.

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

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

The University's independent external auditors, PricewaterhouseCoopers (PwC), assess key accounting systems and financial reporting control systems for the purpose of reliance on these controls. PwC has performed a combination of substantive audit testing as well as controls reliance in the year 2022. Based on their assessment of identified risks and their understanding of the University's business processes and relevant control activities, this gave comfort for reliance on general controls.

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

Report of the University Audit and Risk Committee continued

Areas of Focus of the University Audit and Risk Committee

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

Below are some of the 2022 key areas of focus of the UARC:

Improving the Control Environment within the Postgraduate Funding Office

The Postgraduate Funding Office (PGFO) handles and processes refunds to students with credit balances. The Internal Audit department had in prior years raised several issues around the manual nature of the process, which increased the inherent risk of human error. Several cases of errors relating to incorrect payments had been identified and as a result, the Audit and Risk Committee, on recommendation from the Internal Audit, had in 2021 requested that the PGFO refund process be added onto the Internal Audit plan as an additional audit. The objective of the audit was to evaluate the design and adequacy of controls of the process. The additional audit confirmed earlier concerns regarding the manual process and the limited monitoring and oversight of controls in place, and the increased risk of errors. The overall report rating was noted as weak.

As part of improving the control environment, management had committed to implement a new Pay Work package as part of the PGFO PeopleSoft enhancement project which will systematically calculate all amounts for refunds with limited human intervention required and will manage the risks within the refunds process more effectively. Other controls geared at improving the controls included the development of a Refunds Policy, Standard Operating Procedure (SOP) documents as well as the alignment of SOPs to job descriptions; addressing the staff capacity constraints in order to promote segregation of duties, monitoring and oversight controls.

The Committee had regular updates from the PGFO and Internal Audit department throughout the year and were satisfied that all the audit recommendations had been resolved and implemented.

University Governance Challenges

One of the responsibilities of the UARC in terms of the Committee's Terms of Reference, as it relates to risk management, is to provide oversight of new risk activities emerging from decisions, initiatives, transactions and exposures, prioritise them and report them to Council. As part of the UARC executing on its duties in this regard, the Committee approved and recommended to the University Council a Strategic Risk Register, in its December 2022 submission, in which, an added new risk relating to governance and leadership challenges was highlighted and prioritised. Mitigating actions recommended included establishing an independent panel to investigate matters relating to resignations within and beyond the UCT executive management team, reviewing the control environment and developing policies to regulate media engagements and other stakeholders.

The UARC will continue to monitor this risk and ensure that recommendations to mitigate the risk are implemented.

University Non-Audit Service Policy

In the year under review, the UARC approved a University Non-Audit Services Policy.

The objective of this policy is to:

- » mitigate any risks that threaten the external auditor's independence as a result of the provision of non-audit services,
- » prescribe the nature, extent and terms under which the external auditor may perform non-audit services; and
- » detail the process that should be followed under such circumstances.

The policy was a first of its kind, preceded only by the guidelines contained within the UARC's Terms of Reference. The policy proposed a refinement of terms of engagement of external auditors and a change to external audit fee dependency.

The policy has been prepared according to industry best practice and the IRBA code of professional conduct. The UARC will continue to monitor the application of the policy and ensure amendments are made where necessary.

Annual Report including Annual Financial Statements

The Annual Report is prepared to ensure compliance with the requirements of the Higher Education Act. Management prepares and validates the report, ensuring that it provides a balanced and reasonable view of the University, its performance for the year and outlook. Responsibility for producing the report is assigned to the Executive management and senior management of the University, with oversight of the VC. The report is noted by the UARC to ensure management and University Finance Committee (UFC) have carried out their roles and responsibilities. Financial information includes the audited Consolidated Annual Financial Statements. The external auditors, PwC, review the information in the Annual Report to ensure that there is no material inconsistency to their knowledge and information contained in the audited consolidated annual financial statements. The Annual Report is approved by Council after the recommendation by management, UFC and UARC.

Report of the University Audit and Risk Committee continued

Areas of Focus of the University Audit and Risk Committee continued

The committee continues to focus on the preparation and audit of the Consolidated Annual Financial Statements, and the focus for the 2022 financial year related to the following:

Reportable Irregularity and Additional Audit Scope

As a result of the governance matters noted under areas of focus of the UARC, the external auditor has issued Reportable Irregularities against the University, which are noted as continuing, to the International Reporting Body of Auditors (IRBA) and indicated as such in the external auditor's audit report on the UCT 2022 Consolidated Financial Statements (AFS).

Given the work performed by the Council-appointed independent panel to address the governance issues, the external auditor was mandated as part of their duties to extend their audit scope to include auditing and reviewing the work of the aforesaid panel. The UARC approved this extension of scope accordingly. Following the release of the panel report, the external auditors carried out additional audit procedures to address the findings in the report, and were satisfied that the integrity of the financial information was not compromised.

Student Fee Debt

The challenge of a growing student fee debt remains a concern for the University. Although in the 2022 year, a blanket fee block removal was not given to students, the University still noted an increase in the student fee debt, being largely attributable to the challenging economic environment. Continued attention has been placed on the adequacy and accuracy of the Student Fee Debt provision.

Auditor General Requirements

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

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

Internal Audit and the Internal Audit plan

Vision

To be an independent, objective assurance and consulting activity and a valued partner and advisor to management.

Mission

To assist the University to accomplish its objectives by evaluating and enhancing the effectiveness of risk management and system of internal controls by providing risk-based and objective assurance.

The Office of Internal Audit serves as an objective and independent appraisal for the University of Cape Town. Our objective is to evaluate and recommend improvements to the University's internal control structure, prioritising its efforts by continuously facilitating an objective risk assessment.

The Office of Internal Audit performs many valuable functions including Assurance Audits, Factual Findings Reviews, Agreed Upon Procedure Audits and Follow-Up Audits. Our audits span across all UCT's departments, and faculties, where we evaluate financial processes, internal controls, compliance with relevant and applicable University policies and relevant laws, rules and regulations. The results thereof are reported to the appropriate stakeholders including University Executive Management, Management and the UARC. The results of Factual Finding and Agreed Upon Procedures are also shared with external stakeholders.

The Office of Internal Audit is governed by the adherence to their Internal Audit Charter, Code of Ethics and The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing adopted by The Institute of Internal Auditors (IIA). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating effectiveness of the internal audit's performance. In addition, the Office of Internal Audit adheres to relevant University policies and procedures and the Internal Audit Manual.

In maintaining our independence, the Director of Internal Audit reports functionally to the UARC, administratively to the Vice-Chancellor and has direct access to the Chair of the UARC. Internal Audit remains functionally independent of the activities and the day-to-day internal control processes that they audit. In addition, audit staff, in line with the Audit Charter, have full, free and unrestricted access to all the University's records, physical properties and personnel relevant to any function under review.

Report of the University Audit and Risk Committee continued

Areas of Focus of the University Audit and Risk Committee continued

Internal Audit and the Internal Audit Plan continued

The UARC is responsible for approving the risk-based Audit Plan, the Internal Audit Charter and provides oversight over the Internal Audit function. Internal audit can carry out and conduct their audits, free of influence by any element in the University, including matters of audit selection, scope, procedures, frequency of audits, timing, and report content to maintain independence and objectivity. Internal Audit continues to deliver on the agreed Audit Plan and meet with stakeholders to understand their key risks and adapt the audit plan accordingly. The internal audit annual plan considers the key risks identified by management, the requirements of the UARC and management, as well as available resources.

Regular audit reports are presented at the UARC for consideration. The results of the audits are used as a basis to work with management and jointly provide recommendations and suggestions to improvements in systems and processes, including governance.

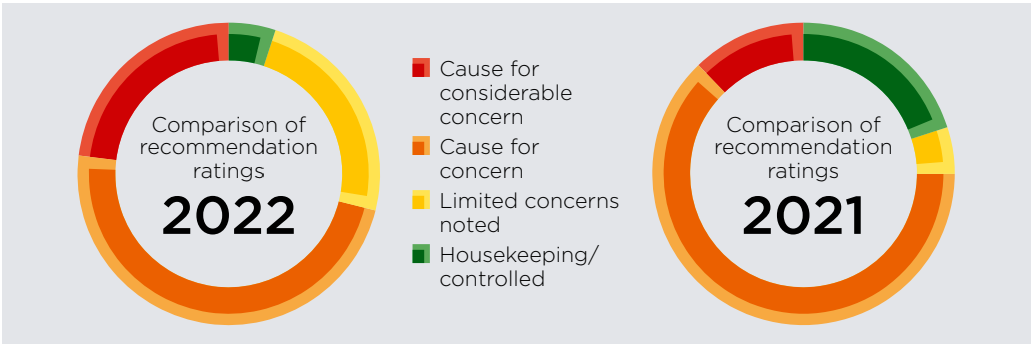
Comparison of Assurance Levels of Audits



Of the eight Strategic Assurance Audits performed in 2022, there was one review that was rated Unsatisfactory, six were rated Weak and one was rated Satisfactory.

In 2021 all nine Assurance Audits were rated Weak.

Comparison of Recommendation Ratings



The total number of recommendations in 2022 was 62 versus 63 recommendations in 2021. The number of recommendations Cause for Considerable Concern and Limited Concerns Noted have increased, while the recommendations Cause for Concern have decreased.

As part of the Internal Audit Annual plan, we performed two Agreed Upon Procedure Audits, at the request of external stakeholders. These reports are not rated.

Going Concern and Financial Sustainability

The University maintains a delicate balance between income received from government, student fees, and third-stream funding against the expenditure priorities. The biggest spend remains personnel expenditure, followed by other activities related to the University overall objective of teaching, learning and research. The decrease in government subsidies over recent years only magnifies the challenges brought about due to the chronic underfunding from government over the past two decades.

The University Finance Committee (UFC) plays an important role in oversight of the continued financial sustainability of the University. One of the areas reviewed by the UFC in terms of financial sustainability, is the support the University provides to financially needy and academically eligible students. The review showed the important role that the University plays in the funding of students, and highlighted areas of concern resulting from the NSFAS funding challenges, moreover, given that the level of government funding has been on a decline and is not sustainable over the medium to long-term given the economic challenges faced by the country.

Report of the University Audit and Risk Committee continued

Areas of Focus of the University Audit and Risk Committee continued

Going Concern and Financial Sustainability continued

The UARC, having considered the Consolidated Annual Financial Statements, as well as the five-year cash flow forecast model, has not identified any issues to indicate that the going concern assumptions applied by management were inappropriate. The Committee has taken note of and reviewed the disclosures in respect of the continued impact of student fee debt challenges for the sector as well as the outlook for state funding and NSFAS.

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

Rotation of the Independent Auditors

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

Under the provisions of the Public Audit Act, the appointment of auditors is to be made in consultation with the AGSA. PwC was appointed as the University's external auditors in 2021, following a competitive tender process. The UARC was satisfied with the performance of PwC and recommended for their re-appointment for the 2023 audit. This recommendation was endorsed by Council and ratified by the AGSA. UARC meetings are attended by the AGSA representative and where appropriate, 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. As part of the 2022 external audit, the UARC approved an increase in audit scope as part of the external auditor's responsibilities. During the year under review, the UARC has interacted with Internal Audit in respect of the internal audit plan and continues to review progress against the plan and the findings from the respective audits. UARC is satisfied that the auditors have communicated according to their mandate in 2022.

Risk Management Executive Committee

The Vice-Chancellor is supported by the University Executive and Senior Management teams in fulfilling the University mandate. As part of their responsibilities, the Vice-Chancellor establishes and is the Chairperson of the Risk Management Executive Committee (RMEC). The primary function of the RMEC is to ensure that a sound risk management and internal control system is maintained at the University in line with strategic goals/plan of the University. RMEC has to review the risk philosophy, strategy and policies adopted by Council; satisfy the University Audit and Risk Committee (UARC) that there is an overall effective combined assurance strategy and structure for all risk management across the University.

Members of staff are invited on a regular basis to present on matters which require risk management and mitigation. Risk management at the University is continually evolving and the development of risk champions in key faculties and departments is one measure to improve the risk culture at the University.

A strategic risk register is prepared and reviewed annually. In addition, key faculties and departments regularly update and present their risk register to RMEC for review and approval. The approved risk registers are also presented to the UARC which plays a key role in the monitoring and oversight of risk management at the University.



Report of the University Audit and Risk Committee continued

Risk Management Executive Committee continued

Attendance at Risk Management Executive Committee Meetings

Membership	Designation	Mar	May	Aug	Oct	%
Prof M Phakeng	Member (Vice-Chancellor)	P	P	Ap	P	75
Dr R Morar	Deputy Chair (Member)	AP	P	P	P	75
Mr R Pillay	Registrar (member)	A	P	P	P	75
Mr V Motholo	Member	P	P	P	P	100
Mr P Mgolombane	Member	P	P	P	P	100
Prof S Harrison	Member	P	P	P	P	100
Dr C Duggan	Member	P	P	Ap	P	75
Prof M Hall	Member	P	P	N/A	N/A	100
Prof E Ramugondo	Member	N/A	N/A	P	P	100
Assoc Prof L Lange	Member	P	N/A	N/A	N/A	100
Prof A Lewis	Member	Ap	P	P	AP	50
Prof H Kathard	Member	N/A	P	Ap	P	100
Mr A Conrad	Member	P	P	P	P	100
Ms B Hashim	Assessor member	P	P	P	P	100
Ms T Ndabula	Assessor member	P	P	P	P	100
Mr M Parker	Assessor member	Ap	P	P	P	75
Dr L Mtwisha	Assessor member	P	P	P	P	100
Mr Thando Tsotsobe	Assessor member	P	P	P	P	100
Ms G Kruger*	Assessor member	P	Ap	Ap	Ap	100
Mr R Van Huyssteen	Assessor member	P	P	P	P	100
Mr B Ndaba	Assessor member	P	P	P	Ap	100
Mr S Makgoba	Assessor member	P	P	P	P	100

P = Present Ap = Apology *On special leave

Risk Management Areas of Focus

In terms of good corporate governance practices, Council is ultimately responsible for the governance of risk through formal processes including the process of risk management. The University has a risk management policy which was approved by Council in 2020. The objectives of the policy are to enable the University to identify, assess, manage, monitor and report all risks to ensure an efficient and effective integration of risk management. The University's risk universe confirmed the University's commitment to integrated enterprise-wide risk management and encouraged pro-active management and improve decision-making throughout the University.

The following were the risks faced by the University:

Student Protests and Disruption on Campus

The risk of student protest remains an ever-present reality for Higher Education institutions and UCT is no exception. Two of the key issues that lead to student protests are the inability of the University to provide accommodation for students who have not secured residence, and financial exclusion. In an effort to address the issue of residence bed allocation a number of measures including a review of internal processes and the student residence policies were undertaken and will continue in the coming year.

The financial exclusion of students is linked to several factors which impact on the student's inability to cover their study costs including loss of funding from sponsors owing to inadequate academic progression. As a result, students took too long to complete some program, students enrolling in unfunded diplomas, changes in economic circumstances and personal circumstances. Despite the University providing funding, the reality is that this will never be adequate to cover all financially needy students, especially where some of the students have lost their funding mainly due to poor academic performance.

Council allowed, for the second consecutive year, students who were in debt to register while carrying an outstanding debt above the Council-determined threshold of R1 000. Later in the year, management recommended that Council increase the debt threshold to R10 000 for the 2023 academic year. At the University, various measures, including increased funding and financial appeals process for financial assistance, play an important role in reducing the number of students in financial need and potential protests relating to financial aid.

There is no doubt that the engagements of students in the management of protest actions, together with government and other key stakeholder remains paramount to finding long-term solutions to the issue of student debt. In addition to the existing governance structures, management established the Rapid Response Task Team (RRTT) as a result of an agreement signed with student formations on 6 November 2016. The RRTT has been instrumental in identifying a number of issues relating to academic and financial exclusion and ensure that Management was able to act on these issues.

Report of the University Audit and Risk Committee continued

Risk Management Executive Committee continued

Risk Management Areas of Focus continued

Inadequate State Funding

The 2022 Budget had been framed as the start of a recovery period that attempts to return us to the principles as defined in the University Finance Policy over a medium-term period of three-to-four years, that would incorporate strategies and related resource allocations to accomplish Vision 2030. A multi-year financial sustainability plan was developed, and continues to be updated and refined, that is intended to steer the recovery. A workshop with the Leadership Lekgotla was held in October 2022 to formulate an implementation the strategy. The decline in state funding is a major concern for the financial sustainability of the University and entire Higher Education sector. Efforts from the Higher Education sector to engage meaningfully with the National Department of Higher Education and Training have not yielded the desired outcome.

The demand for student counselling had increased significantly in the past few years and the university now offers counselling 24 hours per day on all campuses. Discretionary donor funding has been provided in addition to the UCT budgetary allocations. However, increased capacity is required to meet the demand for more counselling services. The most common mental health conditions are anxiety and depression leading to possible self-harm, and attempted suicide in severe cases. Based on statistics from Student Wellness, major causes of stress related to the academic challenges of high workloads and curriculum-related issues as well as social anxieties related to perceptions of competitiveness. Drug and alcohol abuse were also prevalent, and some cases of sexual violence had been reported. Other influences included the consequences of adolescent and lifestyle behaviours.

UCT had developed a mental health policy that outlined the roles and responsibilities of stakeholders who provided mental health support to students. The responsibility for student mental wellness extended beyond the ambit of UCT's Student Wellness Services (SWS). Early intervention was required in identifying students that need support rather than responding to final stage symptoms of mental stress. The DVC for Teaching and Learning and the Dean of Centre of Higher Education Department (CHED) were aware that academic issues such as curriculum and assessment needed to be addressed. Further engagements were required to improve the supervisor relationships with postgraduate students. As part of the risk mitigation strategy, several initiatives were implemented to support student-based- and course-based interventions. A targeted response was being developed for NSFAS-funded students that included residence-based learning. The student experience was being mapped to identify potential stress points from registration onwards, to prevent mental health crises and proactively support student mental wellness. The Student Wellness Service (SWS) hosts the annual Wellness Drive twice a year. The drive is intended to create awareness of holistic wellbeing for students at the University. The aim of the drive is to highlight healthy coping mechanisms, lifestyle and activities through the participation of different stakeholders. There are ongoing engagements with SADAG, Higher Health and ER24. The latter provides emergency medical response to the University. The monitoring system was being improved to develop a more supportive approach to education.

Structures needed to be created and applied at departmental and faculty levels. An integrated approach to understanding the student experience assists with early intervention in student mental wellness. An example of such an initiative could be an appropriate digital platform that enables the monitoring and evaluation by tracking student mental health, financial issues and academic progression and status. Prioritising the inter-faculty project between Engineering and Science, which examines course material relevance and assessment methods to improve student throughputs. There is ongoing engagement to find solutions to students' academic, financial, and mental health and wellness.

Business Continuity Plans for the University

The ever-changing threat landscape (cyber-attacks, political events, pandemics, climate change, etc.) drives the need for organisations to maintain confidence in withstanding an incident or disruption with minimal downtime and adverse impact. As a result, there has been an important shift in organisations, now assuming that their technology and operations will be disrupted, driving their need to quickly recover from an event and the ability to enable continuous business processes. UCT had first-hand experience over the past couple of years in responding to crises and disruptive events that threatened the ability to successfully continue with teaching, learning and research activities. Although UCT has been able to successfully respond to these events, the University appreciates the benefits of having a robust business continuity capability, including risk-based plans, a supporting framework and policy to allow for quick recovery from an event to continue its operations. A tender process to appoint a service provider was successfully concluded with the appointment of a capable service provider to assist in developing a formal BCP. Work on this is expected to begin and completed in 2023.



Report of the University Audit and Risk Committee continued

Risk Management Executive Committee continued

Risk Management Areas of Focus continued

Information and Cyber Security Risk

UCT was one of the two higher education institutions to obtain cyber insurance cover for 2022. However, the renewal and conditions attached showed that it will be difficult to have this cover in the following years. In addition, the policy excluded ransomware. The cyber insurance excess had increased quite substantially which in essence makes the insurance cover unaffordable. The insurers provided a reporting hotline and legal assistance to support the insured party. On 17 August 2022, UCT's Information Communication & Technical Services (ICTS) identified that a limited amount of personal information may have been exposed to malware on an isolated directory machine. The key focus has been dealing with the data security breach incident which involved exposure to limited personal information in the identified Directory. The Regular and all data subjects were informed about the breach. The University took all reasonable measures to mitigate any potential harm but consider this Incident to be of a relatively low risk profile. This is because the majority of the personal information contained within the affected directory is information that is largely publicly available. As part of the remedial measures, management had a team of forensic specialists to thoroughly investigate the incident and implement remedial steps. The university also sought legal and other technical advice from experts who have extensive experience in data protection matters. Investment in cyber resilience would assist in mitigating the risk of a cyber event and would make the university more insurable. Implementing an Information Security Management System (ISMS) would provide a broad programme to safeguard information and data, increasing cyber resilience and improving the University's insurability case.

Preventing and Minimising the Impact of Fraud and Corruption

The University is committed to a systematic and effective approach to detecting, deterring, preventing, and combatting fraud and corruption. This commitment plays a key role in maintaining the financial viability and sustainability of the University and its good reputation. Accordingly, UCT supports and fosters a culture of zero tolerance towards fraud and corruption and takes appropriate action in response to allegations and instances thereof. Council approved the Fraud and Corruption Prevention Policy. This policy was developed by management and there was extensive consultation, including getting input from Internal Audit, key departments within the University, the unions, and the sector at the institutional forum. The Fraud Prevention and Response Plan Policy also has a responsive plan that focused on teaching, learning and research ethics. Additional generic and sector-related ethics policies are included in the policy. RMEC ensures that a sound risk management and internal control system is maintained at the University. The RMEC reports to the University Audit and Risk Committee (UARC) on all reported fraud cases, outlining how the internal controls were breached, the impact of the fraud or attempted fraud and measures taken to address any deficiencies.

Improving the B-BBEE Score to an Acceptable Level of Four

In 2022, the university maintained its level 4-B-BBEE contributor made one of the top three B-BBEE-compliant universities in the country. This was a major achievement as the University had been deemed to be non-compliant in 2018. Being a level 4-B-BBEE non-compliant would have impacted the University's ability to contract or continue with mainly government contracts or risk financial penalties. This level 4 status has the potential to open up opportunities for the University's participation with industry, particularly in research, human resources development and skills development. This achievement was as a result of focus on key areas, including (i) changes to Council and Executive Management and implementation of the Employment Equity Policy and Plan, (ii) Strategic third-party partnership that assisted in the management of the supply development programme and (iii) Improved administration of skills development initiatives with the learning programme management systems to ensure that training initiatives of staff and students are correctly recorded.

High Levels of Crime On- and Off-Campus

The high levels of crime in the country are serious cause for concern, and UCT also faces similar safety challenges. The main area that was identified as Upper Campus, and these concerns are predominantly noticeable in common areas. The University is continuing with overt and covert operations and working closely with the investigations team to identify possible suspects when crimes occur. Owner negligence remains a concern and there were efforts to intensify our awareness program to address the risk of high value items e.g., laptops. The known areas of concern (and with CCTV coverage) continued to be monitored on the video wall in the Risk Services Operations Centre supporting officers on the ground. Campus Protection Services (CPS) Officers had increased its presence in these areas of concern. Management continued with the vehicle's patrols in parking areas as there's a noticeable increase in vehicular movement on campus. Continuous collaboration with the South African Police Services (SAPS) and Groote Schuur Community Improvement District ensures that the public spaces, places and perimeters are adequately patrolled and the usage of technology such as CCTV and LPR cameras in risk areas continue.

Report of the University Audit and Risk Committee continued

Risk Management Executive Committee continued

Risk Management Areas of Focus continued

Governance Review of Key Service Providers

Management completed a limited review of key service providers who had either contracted or provided proposals to the University to offer professional services. This review was conducted in response to the disclosures and revelations in the Judicial Commission of Inquiry into Allegations of State Capture (also known as the Zondo Commission), focusing on the current vendors (suppliers) of the University, and also potential suppliers based on proposals submitted in response to open University tenders. The objectives of the review was to determine the severity of the findings, made against each company/organisation in question or its senior managers, in the last five years by a regulatory body, professional association, commission of inquiry or any established body in South Africa and internationally.

The review also sought to obtain and evaluate the details on how these findings have been addressed by named organisations and what consequence management, if any, have been implemented. In addition, the review aimed to assess the details of any fines imposed or paid by the selected current and potential vendors and clients to any of these bodies. In addition, the review aimed to determine the reputational risk that the University is exposed to as a result of the relationship with current or potential vendors and clients. This review was to evaluate the adequacy of the reputational risk mitigation mechanisms in place or to be implemented by the University to bring the risk to an acceptable level. A detailed report with recommendations was presented to the UARC and Council. In the report, the level of contracting.

The University Council has previously noted that all tenderers are vetted, standard processes would apply to all tenderers, and that the University retained the right to terminate the services of any service provider that did not meet the University's standards and values in terms of the *force majeure* principle.

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 engaged in deciding on cover placement, identifying the related risks 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. The 2022 renewal of cover had its own challenges with insurers imposing additional restrictions on all TERISA members.

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.

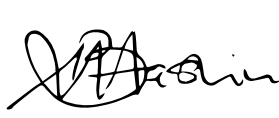


Ms Tshidi Mokgabudi CA(SA)
Chair: University Audit and Risk Committee

2 December 2023



Emeritus Professor Daya Reddy
Vice-Chancellor *Interim* and
Chair: Risk Management
Executive Committee

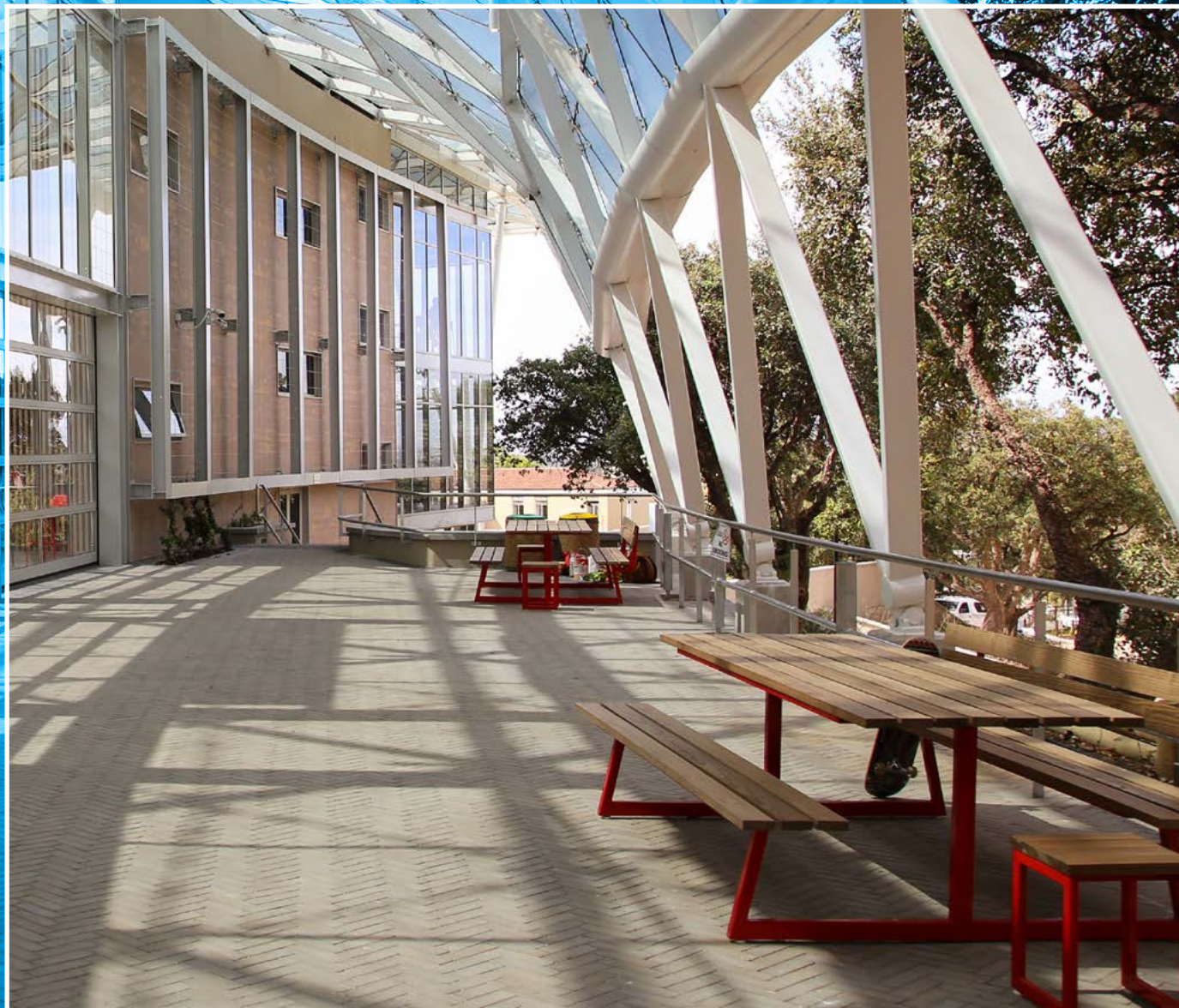


Ms Bahijah Hashim (CA)SA
Director: Internal Audit



REPORT OF THE UNIVERSITY FINANCE COMMITTEE

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Report of the University Finance Committee

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), three members nominated by Senate, two members nominated by the Students Representative Council and the Vice-Chancellor, Chief Operating Officer and Chief Financial Officer are *ex officio* members.

The UFC operates within the planning and strategic frameworks decided by Council and in turn advises on financial strategy, makes recommendations on operating 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 four times during 2022. The meeting originally scheduled for 18 November 2022 had to be rescheduled for 25 November 2022 due to being inquorate.

2022 Attendance at University Finance Committee Meetings

	18 Mar 2022	3 Jun 2022	26 Aug 2022	25 Nov 2022	% Attendance
Ms Z Khanyile	P	P	P	Res	100
Mr B Jakoet	Ap	P	P	P	100
Ms S Mzimela	Ap	Ap	Ap	Res	0
Ms D Yach	P	P	P	P	100
Dr R Morar	P	P	P	P	100
Mr V Motholo	P	P	P	P	100
Prof M Phakeng	P	P	P	P	100
A/Prof T Gebbie	P	P	P	P	100
Prof E Muchapondwa	P	P	P	Ap	75
Prof J Raju	Ap	P	Ap	P	50
Mx K Goqoza	P	Ap	Ab	N/A	33
Ms J Griesel	Ab	Ab	Ab	N/A	0
Mr B Tembe	N/A	N/A	N/A	P	100
Ms H Dube	N/A	N/A	N/A	P	100

P = Present Ap = Apology Ab = Absent Res = Resigned 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;
- » Student housing operations;
- » Investment income and financing expenditure;
- » Capital expenditure;
- » Capital structure and financing; and
- » Cash flow planning.

Financial Policy

The Financial Policy of the University seeks to secure the financial sustainability for the University, as articulated in the policy wording below:

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.

Report of the University Finance Committee continued

University Finance Committee continued

Cash Flow Planning

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

Sustainability

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

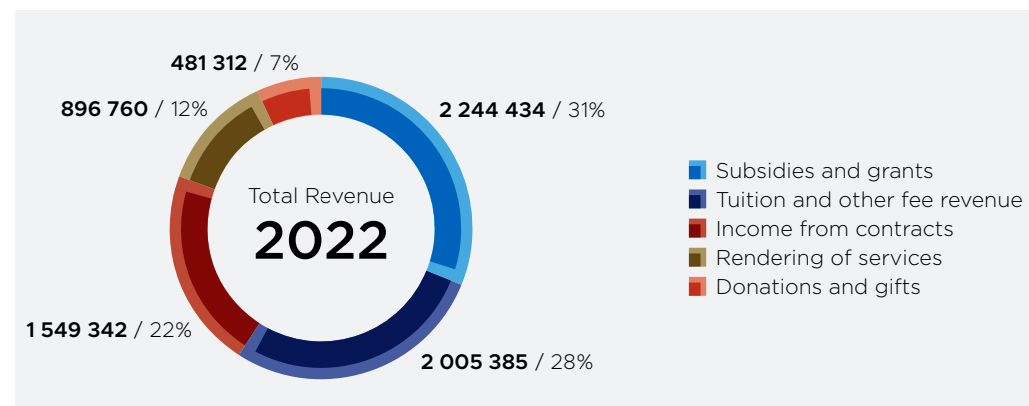
In the preliminary University's financial sustainability plan, the University has identified projects that will enable it to grow its top line focusing on the University's core business of teaching, learning and research. As a result, the University is reviewing its current investments in the third income stream to ensure strategic alignment to the University and for the University to be financially sustainable.

The constrained fee increases remain a concern and combined with the hangover effects of the COVID-19 pandemic on fee payers and increasing pressure on the state to continue meeting its funding commitments remain factors to which we are vigilant. 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.



2022 Financial Highlights

Financial Performance



- » Total revenue which comprises largely of subsidies and grants, tuition fee income and income from contracts, increased by 10% in 2022 (2021: 7.5%) to R7.76 billion from R7.05 billion in 2021;
- » Net fee income increased by 1.3% in 2022 (2021: 37.29%) to R2.01 billion from R1.98 billion in 2021. The reported fee income number is net of bursaries, scholarships and financial aid adjustments of R196.3 million (2021: R200.1 million);
- » Income from state appropriations decreased by 2% in the current year (2021: 0.2%) to R2.24 billion from R2.29 billion in 2021;
- » Income from contracts contributed positively to the overall total revenue increase, with an increase of 24.7% in 2022 (2021: 19.4%) to R1.55 billion from R1.24 billion in 2021;
- » Expenditure comprising largely of personnel costs and other operating expenditure, increased by 9.2% in 2022 (2021: 10.1%) to R7.37 billion from R6.75 billion in 2021;
- » Operating surplus decreased by 94.1% in 2022 (2021: 112.6% increase) to R80.82 million from R1.37 billion in 2021;
- » A deficit of R196.4 million (2021: R138.8 million) if investment income and fair value movements on fair value through surplus or deficit financial instruments are excluded;
- » Cash generated from operations decreased by 189% in 2022 (2021: 64.76%) to R223.5 million cash utilised, from R251.4 million generated in 2021;
- » Total assets decreased by 1.3% in 2022 (2021: 9.3% increase) to R15.44 billion from R15.63 billion in 2021; and
- » Of the operating surplus of R80.82 million, R225.4 million is attributable to restricted funds over which Council has no discretion and which over a period of time, will in fact not generate a surplus given the multi-year nature of research contracts and donations. The net deficit balance is attributable to Council-controlled activities of R121.68 million and the Student Housing operations of R22.9 million.

Report of the University Finance Committee continued

Statement of Financial Position

The total assets decreased by 1.3% with the following as significant contributors:

- » Increase of 4.9% in Property, Plant and Equipment (2021: 8.8%) largely as a result of the constructions of the School of Education and the D-school;
- » Decrease of 1.1% in Investments (2021: 13.7% increase) attributable to the stabilisation of the markets post-COVID-19;
- » Current assets decreased by 10% (2021: 0.6% increase), the decrease in cash and cash equivalents of 22.3% being the biggest contributor due to the bonuses having been paid in December of 2022, versus the following year.

Most of the non-current assets are designated and Council has no discretion over these. All immovable property cannot be alienated without the approval of the Minister of Higher Education and Training. This amounts to R4.3 billion, being 28% of total assets for the current fiscal year (2021: R4.1 billion).

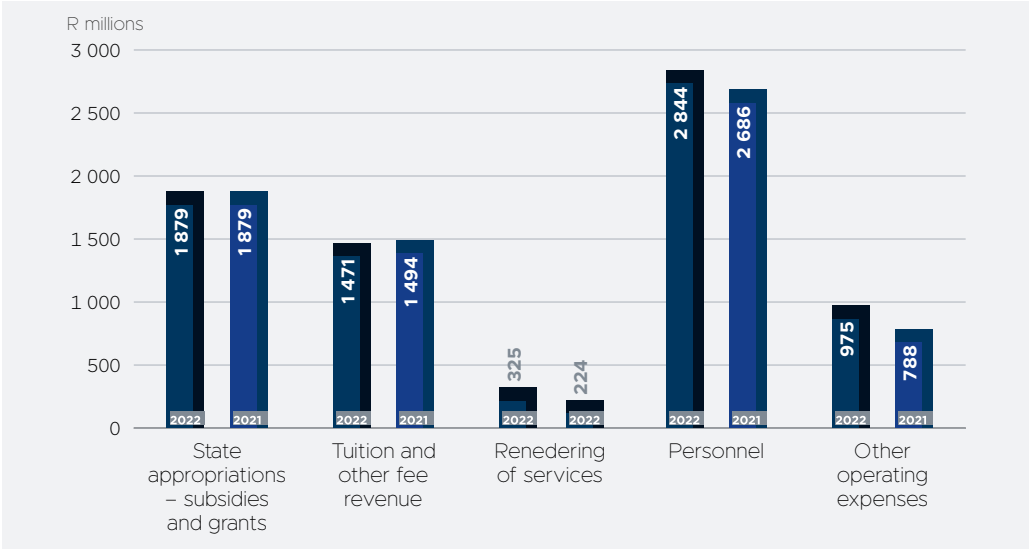
Approximately 60% of the investments are held by the UCT Foundation and are designated for specific activities. The balance is held within the University operations, with 80% thereof designated for specifically funded restricted activities.

The increase in the student fee receivables is characterised by the fact that 13% of this debt is over 12 months overdue. Student fee debt collection remains a key focus by management, more so given the effect that the negative economic outlook may have on the timing and ability to effect collections. In-person graduations have long been a strong driver of fee settlements, and the return of these is anticipated to again increase the culture of fee settlement.

The University has a healthy gearing ratio, with liabilities totalling R3.05 billion against total assets of R15.44 billion; a debt ratio of 0.20. The University did not increase its long-term borrowings in 2022 but continued settling the total drawdown of R110 million from the Development Bank of Southern Africa (DBSA) loan facility, which was used to fund the conference centre at the Graduate School of Business. This loan is repayable over 10 years and the University is in its fifth year of repayment.

Statement of Comprehensive Income

Council-Controlled Unrestricted Operations 2022/2021



Report of the University Finance Committee continued

Statement of Comprehensive Income continued

Council-Controlled Unrestricted operations encompass the main recurrent operating activities that provide and support teaching and learning. Thus, in respect of these operations only, total operating income increased by R59.83 million (1.7%) to R3.7 billion, primarily due to an increase in rendering of services of R100.92 million (45%). Tuition fee income decreased by R23.12 million (1.5%), while income from state appropriations realised no movement.

The decrease in tuition fee income is primarily due to the University not achieving enrolment targets in 2022, leading to a decrease in our intake of first-time entering new students at UCT in 2022 versus 2021. The increase in services rendered relates primarily to third-stream revenue and commercial activities, being our accommodation-related entities of two Marriott operated hotel properties, vacation accommodation and the conference centre at the GSB. Although these operations were all severely impacted by lockdowns and travel restrictions imposed due to the COVID-19 pandemic in the prior year, the increase indicates the recovery and stabilisation of the hospitality market post COVID-19, allowing for the resumption of business and leisure travel and conferencing.

Tuition fees are netted off against UCT council and restricted funding financial aid and bursaries, as is required by IFRS. The tuition income before the IFRS mandated adjustments is R1.62 billion, a decrease of R20.98 million. At a net level, post the required adjustments, tuition revenues decreased by R23.12 million or 1.5%. At a more granular level, the slight decrease in tuition fees is attributable largely to the decreased volumes of first-time entering new students at UCT.

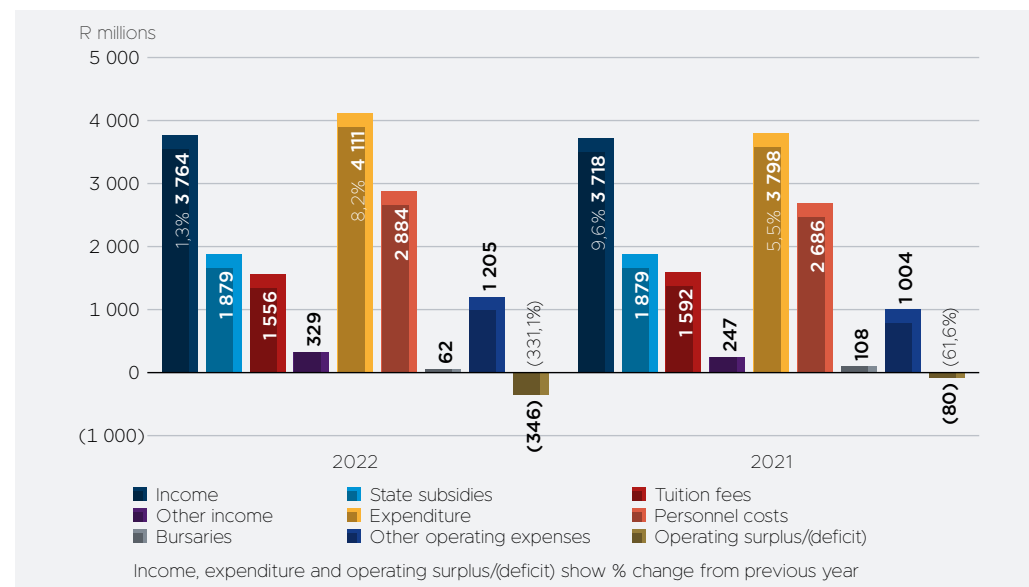
Expenditure increased by R312.68 million (8.2%) to R4.11 billion, primarily due to an increase in personnel costs of R157.34 million (5.9%) and an increase in other operating costs of R186.99 million (23.7%). The main driver of the increase in Personnel costs is primarily due to vacant permanent posts being filled and the cost-of-living increment agreed with unions.

Our undergraduate students received a total of R1.93 billion in financial support, up from R1.73 billion in 2021. This support comes from various sources; corporate and other external bursaries support students to a value of R317 million, while NSFAS provided grants amounting to R984 million and UCT a further R527 million from Council-controlled funds (of which R67.7 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 R97.18 million.

As shown in the graph alongside, when excluding the effect of the IFRS15 offsetting of Designated bursaries against Council-controlled tuition income, as well as the exclusion of net finance income, the Council-controlled recurrent operations generated a deficit of R346 million, following the deficit in 2021 of R80 million. At a high-level, this significant increase in the deficit can almost entirely be attributed to the substantial increases in personnel costs and the decrease in tuition fee income as a result of the decrease in first-time entering new students at UCT.

The actual deficit attributable to Council-controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 70 is R121.68 million, compared to a R140.5 million surplus in 2021, with investment income of R221 million (R172 million in 2021) being the major contributor in both years to the difference between this and the 2021 surplus mentioned above.

Analysis of Council-Controlled Recurrent Operations



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

	2022	2021
Operating surplus/(deficit) as above	(346)	(80)
IFRS 15 Specifically-Funded Activities adjustment**	(85)	(98)
Surplus excluding financing component	(431)	(178)
Interest	222	172
Net finance costs	(30)	(18)
Deficit	(238)	(24)

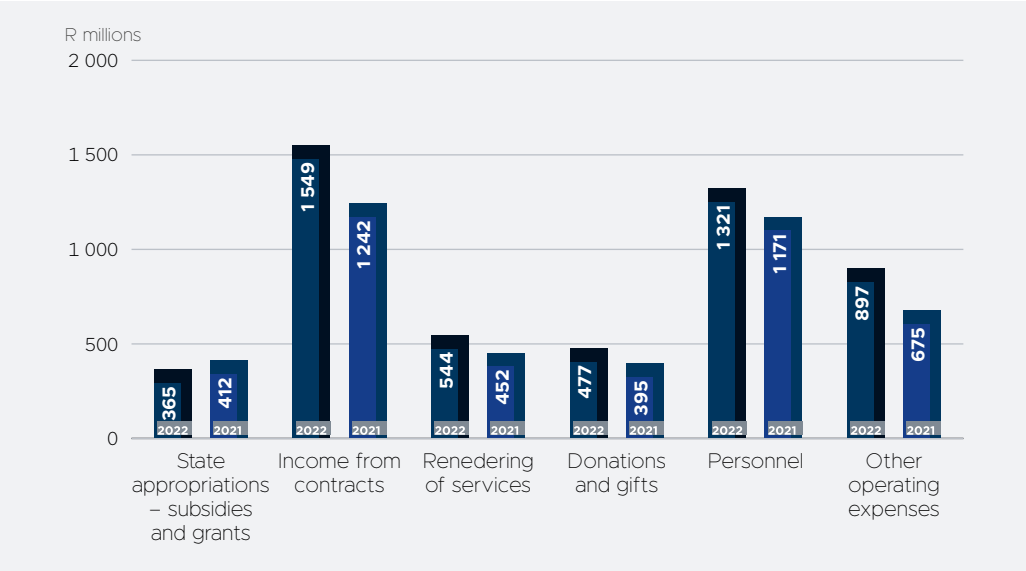
** IFRS 15: Revenue from Contracts with Customers requires bursaries that offset tuition costs be offset against tuition income, and not be disclosed as expenses. However, as all tuition income is Council-controlled, the portion of Specifically Funded Activities' bursaries that are offset against tuition income represents a transfer of expenses from Specifically Funded Activities to Council. For the analysis of Council performance above, the effect of this IFRS 15 adjustment has been removed.

Report of the University Finance Committee continued

Statement of Comprehensive Income continued

Specifically Funded Activities Restricted Operations

Specifically Funded 2022 cf. 2021



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

Revenues increased significantly by 19.81% to R3.29 billion. Government-related grants decreased by 11.3% from R411.5 million to R365.06 million, while income from contracts showed an increase of 25% from R1.24 billion to R1.55 billion. The University has experienced substantial growth in research activity for an extended period which continues to place significant demands on core administrative departments, which in many cases continue to receive little in the way of real increases in resources to manage this growth. As these departments become more over-stretched, the risk of reputational damage increases.

As a research-intensive University, obtaining funding to do research remains a strategic imperative. Hence the importance of ensuring we have systems and people in place that enable research and continue to attract research funding in a sustainable manner. The University's research-related activities income has been on an upward trajectory for many years now, breaching the R1 billion threshold in 2014. Research-related revenue (grants and contract income) stands at R1.91 billion (2021: R1.65 billion) which represents 58% of the total specifically funded activities (R3.29 billion) in value. It also continues to account for at least 25% of total University income.

Regarding the broad categories of funding, contract income of R1.55 billion (2021: R1.24 billion) constitutes 47% of the research revenue, with government grants amounting to R365.1 million (2021: R411.5 million) accounting for 11% of the research revenue. Research-related donations totalling R476.88 million, showed a slight increase of R82.4 million when compared to 2021.

The top 10 major funders of research at the University include: the National Research Foundation (NRF), the Bill and Melinda Gates Foundation (BMGF), the National Institutes of Health (NIH), the Medical Research Council (MRC) and the Wellcome Trust. The NRF remains the biggest source of research funding, constituting at least 22% of the total research revenue. It also funds the most researchers and their students.

During 2022 a new spin-off company, Acinotech (Pty) Ltd was incorporated, bringing the total to 31 since 2004. Another two companies are due for incorporation in the first half of 2023 and there is a strong portfolio of active companies that are supported by UCT investment as well as through partnership with the early-stage venture capital investor, the University Technology Fund (UTF). A total of R4 million was invested in spin-off companies by the University, which was further leveraged through the UTF's investment of R10 million. The pipeline of innovation projects is growing and seven new technologies received seed funding from the UCT Innovation Builder Fund. 45 licenses to UCT intellectual property were signed and licensing revenue rose to R1.4 million, with maiden royalties being received from three IP rights. Over the past ten years R23.5 million has accrued to UCT, but it is anticipated that the greater financial return will be realised in time through the disposal of equity in spin-off companies.

The 'deep tech' companies that form the bulk of the UCT spin-offs have complex products and processes that need to be developed and often obtain regulatory approval before reaching the market, so timelines are understandably long. UCT's patient financial support in this critically underfunded space in South Africa is crucial to achieving successful innovation and seeing the impact of the University's excellent research benefit South African lives.

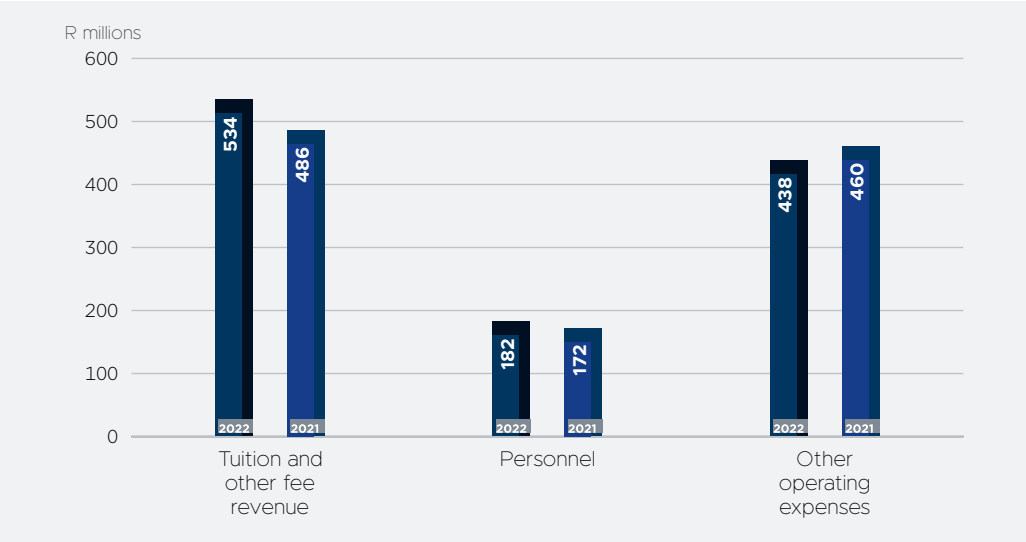
Income from donations and gifts amounted to R476.88 million compared to the R394.52 million raised in 2021. Donations from the top ten donors have remained consistent versus prior years.

Report of the University Finance Committee continued

Statement of Comprehensive Income continued

Student Housing Restricted Operations

Student Housing 2022 cf. 2021



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

Total revenues increased by 10.6% to R572.38 million. Although the unit reported a deficit of R20.9 million, this was a notable improvement when compared to the 2021 deficit of R60.88 million. This was a result of the debt obligation which the unit had relating to the OBZ square development being written off in 2022, translating into the unit making saving of R21 million from finance costs.

Statement of Cash Flows

The operations yielded a net outflow of R223.5 million (2021: 251.4 million inflow) for the year. The variance in comparison to prior year is a decrease of 189%. The main contributing factors are:

- » An increase in personnel costs of R317.67 million which is attributed to the annual increment and filling up of vacant positions.
- » An increase in student fees receivable of R57.24 million and accounts receivable of R56.53 million, largely attributable to the challenge on collection of outstanding fees.
- » An increase in other operating expenses of R400.28 million mainly due spikes in repairs and maintenance.

Future Challenges – 2023 and Beyond

In prior years, we indicated that the outlook for the economy in general remained bleak, and this view remains.

In respect of our two main income streams, the anticipated changes in the state subsidy (a new funding framework) and tuition fee model (fee regulatory framework) may significantly impact UCT’s position. The understanding from the Department of Higher Education and Training (DHET) is that the context and substance of these changes on the two income streams will be published/ revealed in due course.

The following three key variables/parameters still have the most significant impact to the financial sustainability of UCT – State subsidy and tuition fees on the income side; and human resources planning/staffing models on the expenditure side. Furthermore, the impact of real declines in allocations from the State to NSFAS, coupled with increasing numbers of qualifying students, necessitated changes to NSFAS funding criteria for them to remain sustainable, with the consequence being a significant decline in per capita funding. This adds to the sustainability challenge of HE institutions like UCT who have a large cohort of financial aid students.

In late 2019, the Executive committed to develop a Financial Sustainability Plan that spans a period of ten years with three to five-year medium-term forecasts and annual rolling plans. The first phase of this plan was developed and submitted to the University Council in June 2022, and in October a full day Leadership Lekgotla workshop was held with the purpose of initiating the development of an implementation plan. The planned impact of these initiatives is included in the financial outlook over the medium-term.

Report of the University Finance Committee continued

Key Risks and Contexts

a. State Subsidies

The state has been under severe pressure to meet its subsidy obligations and undertakings to the sector. In April 2021 the sector was advised of an unexpected top-slicing of the already communicated block grant allocation to fund other priorities, and while the block grant has been protected for 2022, the allocation for 2023 is 2.5% lower than that received in 2022. The primary driver for this is the fact that the amount available for block grants was planned to increase by 0.9% in 2023/24, while at the same time planning for the higher education sector to increase enrolments by 1.7%. It is this easy to see that the Rand increase planned does not even fund the volume growth, let alone inflation. This has seriously impacted the growth trajectory for state funding in our financial outlook.

b. Student Fees

The DHET Fee Regulation Task Team has been in existence for four years. Its work was severely disrupted by the COVID-19 pandemic, as the DHET and higher education institutions needed to focus on managing core functions under lockdown and pandemic restrictions. The task team reconvened in September 2021, given the DHET wanted to implement the framework for 2022. Following debate, it was accepted that this was not going to be possible and the DHET is now aiming for a 2024 implementation date. This will apply only to tuition fees, with residence fees to follow in due course. It is hard to comment on the timelines for implementation, but what is evident is that the framework will further limit our ability to increase fees.

c. NSFAS

While fee free higher education via NSFAS has meant the State covers the fees of more students who attend UCT, it has made us more reliant on the State in respect of our two primary income sources – State subsidy, and tuition and residence fees. With R1.77 billion in subsidy expected in 2023, and roughly 50% of fees expected to be settled by NSFAS, a sizeable proportion of our recurrent revenue is aligned to the MTEF fortunes of the State. We have assumed that the funding changes proposed by NSFAS will be implemented in 2023 and that this will significantly increase our underwriting of financial aid.

d. Student Enrolment and Retention

UCT needs to continue to improve on its ability to recruit and enrol new students and improve on its throughput rates for students in the system. Work has continued around online registration, while online open days and information sessions have also been undertaken. Several interventions aimed at improving retention/progression rates are already underway and others are being considered and evaluated. Ramping up the recruitment and enrolment of international students is also a specific focus area. These are key sustainability interventions that form part of Vision 2030.

e. Credit Load/Academic Workload

Work is continuing in relation to the review and revision of academic credits on courses and to better understand the key costs of delivery to better inform key resource allocation decisions. The DVC Teaching & Learning and her team started work on this in 2020 with a view to curriculum reform. It is evident that we teach more credits than is required by frameworks and norms, and that these additional credits need staff to teach them and students to learn. This leads to overload of students and overload of staff. The work is ongoing and also forms part of our financial sustainability initiatives.

f. Staffing

The DHET and various other national higher education regulatory bodies have various staffing percentage benchmarks they refer to as being appropriate. Most are expressed as a percentage of total costs. In respect of our teaching and related budget for 2023, our total staffing and related costs are at 65.5% of total spend (the percentage drops around 3% over the medium-term outlook due to the increasing value of other costs, notably that of financial aid). For student housing this percentage is at 29.7%. Our combined rate for these two aspects of Council-Controlled operations is 60.6%. Benchmarks range between 55% to as high as 70%, with local institutions primarily in the 55% to 60% band. While we have operated at a high percentage for a number of years, unless we are able to improve our revenue outlook and delivery, we may well have to look at our operating costs in general and staffing costs in particular. Given the quantum and relative percentage spent on our staffing bill, it will be almost impossible to remain sustainable without reviewing human resource planning, staffing models or pay increases. This is a key project in the financial sustainability plan.

g. Council-Controlled Teaching and Related Operations Bottom Line

The medium-term outlook period indicates significant deficits for the period 2023–2025, but thereafter, assuming that our financial sustainability interventions gain the necessary traction and deliver on expectations, a turnaround is noticeable, with a surplus exceeding the target range of 3% reflected in 2028. However, insignificant changes in the rates of increase for state subsidy, tuition fees and staffing alter the bottom-line value materially in a noticeably short space of time.

We remain optimistic that given our history of appropriate financial management and forecasting, together with planned interventions as articulated in our medium-term financial sustainability plan, that UCT will weather the current economic challenges and continue on its path of excellence in teaching and research, supported by the well tested University integrated financial plan.



Reeza Isaacs CA(SA)
Chair: University Finance Committee*
2 December 2023



Vincent Motholo CA(SA)
Chief Financial Officer

* The deputy chair of the UFC, Mr Bakar Jakoet, resigned at the UFC meeting of 17 November 2023. Mr Reeza Isaacs is signing off this report in his capacity as Chair, appointed 17 June 2023.



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR 2022

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Council's Statement of Responsibility for the Annual Financial Statements for the Year Ended 31 December 2022

The Annual Financial Statements for the financial year 2022 presented on pages 69–113 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education and Training in terms of the Higher Education Act, 1997, and include amounts based on judgements and estimates made by management as more fully laid out in the notes to the financial statements. The Council has also prepared other information as required to be included in this annual report and is responsible for both its accuracy and consistency with the annual financial statements.

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

The financial statements have been audited by PricewaterhouseCoopers (PwC) 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 69–113 were authorised for issue on 4 December 2023, in accordance with a resolution of the University Council on 2 December 2023, and are signed on its behalf by:



Adv Norman Arendse
Chair: Council



Ms Tshidi Mokgabudi CA(SA)
Chair: University
Audit and Risk Committee



Emeritus Professor Daya Reddy
Vice-Chancellor *Interim*



Mr Vincent Motholo CA(SA)
Chief Financial Officer



Independent Auditor's Report to the Council and the Minister of Higher Education, Science and Innovation on the University of Cape Town



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 Group) set out on pages 69–113, which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive income, statement of changes in funds and cash flow statement for the year then ended, as well as 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 Group as at 31 December 2022, and their 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 and the Regulations for reporting by Public Higher Education Institutions, 2014, issued in terms of the Higher Education Act of South Africa, 1997.

Basis for Opinion

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

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

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 Higher Education Act of South Africa, 1997 and the Regulations for reporting by Public Higher Education Institutions, 2014, issued in terms of the Higher Education Act of South Africa, 1997, and for such internal control as the Council determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

Report on the Audit of the Annual Performance Report

Introduction and Scope

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

Chief Executive Officer: L S Machaba

The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.

Reg. no. 1998/012055/21, VAT reg.no. 4950174682

Independent Auditor’s Report to the Council and the Minister of Higher Education, Science and Innovation on the University of Cape Town continued

Report on the Audit of the Annual Performance Report continued

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

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 University’s annual performance report for the year ended 31 December 2022:

Objectives	Pages in the annual performance report
Goal Area 1: To develop and foster an organisational ethos that supports new ways of thinking and being	15-17
Goal Area 2: To provide thought leadership on social justice	15-17
Goal Area 3: To offer a holistic, innovative, future oriented education	18-19
Goal Area 4: To conduct research solving Afrika’s problems	20-21

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 identify any material findings on the usefulness and reliability of the reported performance information for these objectives:

- » **Goal Area 1:** To develop and foster an organisational ethos that supports new ways of thinking and being
- » **Goal Area 2:** To provide thought leadership on social justice
- » **Goal Area 3:** To offer a holistic, innovative, future oriented education
- » **Goal Area 4:** To conduct research solving Afrika’s problems

Report on the 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 University’s compliance with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not identify any material findings on compliance with the specific matters in key legislation 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 “University of Cape Town Annual Report 2022”. The other information does not include the consolidated financial statements, the auditor’s report and those selected objectives presented in the annual performance report that have been specifically reported in this auditor’s report.

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

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Internal Control Deficiencies

We considered internal control relevant to our audit of the consolidated financial statements, reported performance information and compliance with applicable legislation; however, our objective was not to express any form of assurance on it. We did not identify any significant deficiencies in internal control.

Other Reports

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

Independent Auditor’s Report to the Council and the Minister of Higher Education, Science and Innovation on the University of Cape Town continued

Report on the Audit of Compliance with Legislation continued

Investigations

The UCT Council commissioned an independent panel of investigation to probe governance concerns at the institution. As disclosed in note 32 to the financial statements, the independent panel has reported various adverse findings based on their investigation. As at the reporting date, the UCT Council has accepted the recommendations contained in the independent panel report and is pursuing the actions to take remedial action. The findings of the independent panel include non-compliance with laws and regulations and failure of Council to act collectively on governance matters facing the institution. Some of the findings of the independent panel resulted in reportable irregularities being reported that are disclosed in note 32 to the financial statements.

Audit-Related Services and Special Audits: Agreed-Upon Procedures

Agreed-upon procedures on certificates were performed for grants, other funding and similar items. Below is a list of the agreed-upon procedures engagements performed in relation to 2022 by ourselves. In this regard, PwC has been engaged to perform three agreed upon procedures which have been approved by Council. Additional agreed-upon procedures engagements were requested from other service providers.

Entity name/ engagement	Purpose of the engagement	Period covered
National Research Foundation	Agreeing a selection of expenditure to the Utilisation submitted to the National Research Fund	1 January 2022– 31 December 2022
HEMIS DHET Student and Financial Data	Agreeing a sample of various information relating to the HEMIS submission to DHET	1 January 2022– 31 December 2022
Supplementary Financial Data and Performance/ Status Indicators	Agreeing the information in the schedule to underlying records	1 January 2022– 31 December 2022

Report on Other Legal and Regulatory Requirements

In accordance with our responsibilities in terms of sections 44(2) and 44(3) of the Auditing Profession Act, we report that we have identified reportable irregularities in terms of the Auditing Profession Act. We have reported such matters to the Independent Regulatory Board for Auditors. The matter pertaining to the reportable irregularities have been described in note 32 to the financial statements.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: Duncan Adriaans

Registered Auditor

Stellenbosch, South Africa

4 December 2023



Independent Auditor's Report to the Council and the Minister of Higher Education, Science and Innovation on the University of Cape Town continued



Annexure – Auditor's Responsibility for the Audit

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on the 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 relating to events or conditions that may cast significant doubt on the ability of the University of Cape Town and its subsidiaries 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 our 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 operating as a going concern.
- » evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and determine whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- » obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Communication with those Charged with Governance

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

Consolidated Statement of Financial Position as at 31 December 2022

	Notes	2022 R'000	2021 R'000
ASSETS		15 436 208	15 634 720
Non-current assets		13 405 735	13 377 953
Property, plant and equipment	5	4 258 035	4 060 473
Right of use assets	20	265 400	360 307
Investments	6	8 829 482	8 932 003
Investments in associates	7	4 559	4 276
Loans receivable	8	33 390	20 894
Student loans receivable	27	14 869	-
Current assets		2 030 473	2 256 767
Inventories		1 405	1 787
Loans receivable	8	11 974	9 742
Accounts receivable and prepayments	9	503 473	446 940
Student fees receivable	9	310 232	252 985
Student loans receivable	27	312	-
Contract assets	17	10 027	9 367
Cash at bank and cash equivalents	10	1 193 050	1 535 946
ACCUMULATED FUNDS AND LIABILITIES		15 436 208	15 634 720
Accumulated funds		12 381 434	12 252 913
Non-distributable funds		5 063 532	5 337 771
Endowed funds		5 063 532	5 337 771
Restricted funds designated for specific activities		4 146 279	3 702 693
Education and general		4 317 185	3 850 695
Student and staff accommodation		(170 906)	(148 002)
Unrestricted Council-controlled funds		3 162 009	3 202 297
Non-controlling interests		9 614	10 152
Non-current liabilities		1 867 337	1 902 327
Deferred revenue	11	878 391	863 915
Interest-bearing borrowings	19	69 428	77 515
Employee benefit liabilities	12	721 840	715 755
Lease liabilities	20	197 678	245 142
Current liabilities		1 187 437	1 479 480
Accounts payable and accrued liabilities	13	611 852	695 924
Contract liabilities	17	64 158	68 635
Deferred revenue	11	190 139	338 920
Interest-bearing borrowings	19	7 878	7 878
Student deposits		143 703	153 119
Employee benefit liabilities	12	133 826	126 672
Lease liabilities	20	35 881	88 332



Consolidated Annual Financial Statements for 2022 continued

Consolidated Statement of Comprehensive Income for the year ended 31 December 2022

All amounts in R'000	Notes	Council- Controlled Unrestricted	Specifically Funded Activities Restricted	Sub-total	Student and Staff Housing Restricted	Total	2021
Revenue		3 901 668	3 288 096	7 189 764	572 367	7 762 131	7 053 925
Subsidies and grants	14	1 879 372	365 062	2 244 434	-	2 244 434	2 290 137
Tuition and other fee income	17	1 471 100	-	1 471 100	534 285	2 005 385	1 980 295
Gross revenue		1 623 405	-	1 623 405	578 257	2 201 662	2 180 394
Council bursaries	21.1	(67 709)	-	(67 709)	(21 217)	(88 927)	(70 738)
Restricted bursaries	21.1	(84 596)	-	(84 596)	(22 755)	(107 350)	(129 361)
Income from contracts		-	1 549 342	1 549 342	-	1 549 342	1 242 220
Rendering of services	17	324 972	544 180	869 152	27 608	896 760	696 769
Donations and gifts		4 434	476 878	481 312	-	481 312	417 682
Sub-total		3 679 878	2 935 462	6 615 340	561 893	7 177 233	6 627 103
Interest	15	221 790	224 390	446 180	10 474	456 654	319 539
Dividends	15	-	128 244	128 244	-	128 244	107 283
Expenditure		4 140 123	2 594 388	6 734 511	637 110	7 371 621	6 751 408
Personnel costs	16	2 843 518	1 320 838	4 164 356	182 313	4 346 669	4 029 001
Other operating expenses	18	974 937	896 504	1 871 441	438 234	2 309 675	1 922 763
Expected credit losses	9	32 713	-	32 713	-	32 713	19 347
Financial aid and scholarships	21.1	62 098	260 618	322 716	-	322 716	411 910
Depreciation	5&20	197 329	116 341	313 670	16 563	330 233	329 028
Sub-total		4 110 595	2 594 301	6 704 896	637 110	7 342 006	6 712 049
Net finance costs		29 528	87	29 615	-	29 615	39 359
Other income/(losses)		(14 328)	(294 712)	(309 040)	(649)	(309 689)	1 069 666
Income from associates	7	-	283	283	-	283	513
Profit/(loss) on disposal of property, plant & equipment		(1 729)	63	(1 666)	(677)	(2 343)	(13 041)
Fair value profit/(loss) on fair value through profit or loss financial instruments		(12 599)	(295 058)	(307 657)	28	(307 629)	1 082 194
NET OPERATING SURPLUS/(DEFICIT)		(252 783)	398 996	146 213	(65 392)	80 821	1 372 183
Transfers between funds	22.1	131 107	(173 595)	(42 488)	42 488	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		(121 676)	225 401	103 725	(22 904)	80 821	1 372 183
Attributable to:							
University operations		(121 676)	225 939	104 263	(22 904)	81 359	1 372 799
Non-controlling interests		-	(538)	(538)	-	(538)	(616)

Consolidated Annual Financial Statements for 2022 continued

Consolidated Statement of Comprehensive Income for the year ended 31 December 2021

All amounts in R'000	Notes	Council- Controlled Unrestricted	Specifically Funded Activities Restricted	Sub-total	Student and Staff Housing Restricted	Total	2020
Revenue		3 792 051	2 744 418	6 536 469	517 456	7 053 925	6 560 286
Subsidies and grants	14	1 878 614	411 523	2 290 137	-	2 290 137	2 294 036
Tuition and other fee income	17	1 494 218	-	1 494 218	486 077	1 980 295	1 442 389
Gross revenue		1 644 384	-	1 644 384	536 010	2 180 394	1 666 016
Council bursaries	21.1	(52 596)	-	(52 596)	(18 142)	(70 738)	(49 501)
Restricted bursaries	21.1	(97 570)	-	(97 570)	(31 791)	(129 361)	(174 126)
Income from contracts		-	1 242 220	1 242 220	-	1 242 220	1 040 291
Rendering of services	17	224 050	451 574	675 624	21 145	696 769	528 174
Donations and gifts		23 165	394 517	417 682	-	417 682	760 915
Sub-total		3 620 047	2 499 834	6 119 881	507 222	6 627 103	6 065 805
Interest	15	172 004	137 301	309 305	10 234	319 539	369 320
Dividends	15	-	107 283	107 283	-	107 283	125 161
Expenditure		3 816 088	2 265 433	6 081 521	669 887	6 751 408	6 129 937
Personnel costs	16	2 686 181	1 170 874	3 857 055	171 946	4 029 001	3 811 371
Other operating expenses	18	787 950	674 600	1 462 550	460 213	1 922 763	1 547 647
Expected credit losses	9	19 347	-	19 347	-	19 347	79 169
Financial aid and scholarships	21.1	107 636	304 274	411 910	-	411 910	311 484
Depreciation	5&20	196 799	115 666	312 465	16 563	329 028	338 076
Sub-total		3 797 913	2 265 414	6 063 327	648 722	6 712 049	6 087 747
Net finance costs		18 175	19	18 194	21 165	39 359	42 190
Finance costs		39 340	19	39 359	-	39 359	42 190
Interest on internal borrowings		(21 165)	-	(21 165)	21 165	-	-
Other income/(losses)		(13 925)	1 083 662	1 069 737	(71)	1 069 666	214 953
Income from associates	7	-	513	513	-	513	241
Profit/(loss) on disposal of property, plant and equipment		(11 354)	(1 571)	(12 925)	(116)	(13 041)	378
Fair value profit/(loss) on fair value through profit or loss financial instruments		(2 571)	1 084 720	1 082 149	45	1 082 194	214 334
NET OPERATING SURPLUS/(DEFICIT)		(37 962)	1 562 647	1 524 685	(152 502)	1 372 183	645 302
Transfers between funds	22.1	178 453	(270 071)	(91 618)	91 618	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		140 491	1 292 576	1 433 067	(60 884)	1 372 183	645 302
Attributable to:							
University operations		140 491	1 293 192	1 433 683	(60 884)	1 372 799	644 643
Non-controlling interests		-	(616)	(616)	-	(616)	659

Consolidated Annual Financial Statements for 2022 continued

Consolidated Statement of Other Comprehensive Income for the year ended 31 December 2022

All amounts in R'000	Notes	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	Total
Surplus/(deficit) for the year		(121 676)	225 401	(22 904)	80 821
Other comprehensive income					
Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods		47 700	-	-	47 700
Actuarial gains/(losses) on post-retirement medical aid benefit obligation	12.3	47 700	-	-	47 700
TOTAL COMPREHENSIVE INCOME/(LOSS)		(73 976)	225 401	(22 904)	128 521
Attributable to:		(73 976)	225 401	(22 904)	128 521
University operations		(73 976)	225 939	(22 904)	129 059
Non-controlling interests		-	(538)	-	(538)

Consolidated Statement of Other Comprehensive Income for the year ended 31 December 2021

All amounts in R'000	Notes	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	Total
Surplus/(deficit) for the year		140 491	1 292 576	(60 884)	1 372 183
Other comprehensive loss					
Other comprehensive loss not to be reclassified to surplus or deficit in subsequent periods		(26 200)	-	-	(26 200)
Actuarial gains/(losses) on post-retirement medical aid benefit obligation	12.3	(26 200)	-	-	(26 200)
TOTAL COMPREHENSIVE INCOME/(LOSS)		114 291	1 292 576	(60 884)	1 345 983
Attributable to:		114 291	1 292 576	(60 884)	1 345 983
University operations		114 291	1 293 192	(60 884)	1 346 599
Non-controlling interests		-	(616)	-	(616)

Consolidated Annual Financial Statements for 2022 continued

Consolidated Statement of Changes in Fund Balances for the year ended 31 December 2022

All amounts in R'000	Notes	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		5 337 771	3 850 695	(148 002)	3 202 297	10 152	12 252 913
Total comprehensive income/(loss)		-	225 939	(22 904)	(73 976)	(538)	128 521
Surplus/(deficit) for the year		-	225 939	(22 904)	(121 676)	(538)	80 821
Other comprehensive income		-	-	-	47 700	-	47 700
Transfers between funds	22.2	(274 239)	240 551	-	33 688	-	-
Closing fund balances		5 063 532	4 317 185	(170 906)	3 162 009	9 614	12 381 434

Consolidated Statement of Changes in Fund Balances for the year ended 31 December 2021

All amounts in R'000	Notes	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		4 409 748	3 516 880	(87 118)	3 056 652	10 768	10 906 930
Total comprehensive income/(loss)		-	1 293 192	(60 884)	114 291	(616)	1 345 983
Surplus/(deficit) for the year		-	1 293 192	(60 884)	140 491	(616)	1 372 183
Other comprehensive loss		-	-	-	(26 200)	-	(26 200)
Transfers between funds	22.2	928 023	(959 377)	-	31 354	-	-
Closing fund balances		5 337 771	3 850 695	(148 002)	3 202 297	10 152	12 252 913

Consolidated Annual Financial Statements for 2022 continued

Consolidated Statement of Cash Flows for the year ended 31 December 2022

	Notes	2022 R'000	2021 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from students, government and private sources		6 600 498	6 155 499
Cash paid to employees and suppliers		(6 823 998)	(5 904 119)
Cash generated from operations	25	(223 500)	251 380
Investment income – interest	15	456 654	319 539
Investment income – dividends	15	128 244	107 283
Finance costs		(29 615)	(39 359)
Net cash inflows from operating activities		331 783	638 843
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(465 185)	(585 711)
Proceeds on disposal of property, plant and equipment		26 200	8 129
Purchase of investments		(1 388 255)	(910 434)
Proceeds from sale of investments		1 180 110	917 790
Increase in loans receivable		(12 496)	–
Net cash outflows from investing activities		(659 626)	(570 226)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in interest-bearing borrowings	23.9	–	637
Payment of principal portion of interest-bearing borrowings	23.9	(8 087)	(8 017)
Payment of principal portion of lease liabilities	23.9	(93 126)	(80 784)
Government grants relating to the Infrastructure Efficiency Grant	11	86 160	23 309
Net cash outflows from financing activities		(15 053)	(64 855)
Net increase/(decrease) in cash and cash equivalents		(342 896)	3 762
Cash and cash equivalents at the beginning of the year		1 535 946	1 532 184
Cash and cash equivalents at the end of the year	10	1 193 050	1 535 946

Consolidated Annual Financial Statements for 2022 continued

Notes

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 2022 were authorised for issue on 4 December 2023, in accordance with a resolution of Council.

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 Rand and all values are rounded to the nearest thousand (R'000) except where otherwise indicated.

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

2.1 New and Amended Standards and Interpretations

There were no amendments to IFRS that became effective for periods beginning on or after 1 January 2022 that had a material impact on the University.

2.2 IFRS Amendments and IFRIC Interpretations Issued But Not Yet Effective

As at 31 December 2022, the following amendments have been issued:

Amendment	Effective Date	Amendment Summary
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current	Annual periods beginning on or after 1 January 2023 (published January 2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice Statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Annual periods beginning on or after 1 January 2023 (published February 2021)	Improvements to accounting policy disclosures to assist users to distinguish changes in accounting policies from changes in accounting estimates.

The above amendments will not have a material impact on the University.

2.3 Statement of Compliance

The consolidated annual financial statements of the University of Cape Town and its related entities have been prepared in accordance with IFRS and in the manner required by the Minister of Higher Education and Training in terms of section 41 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 in note 2.4.

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) Ltd	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 the trustees.
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 University 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 respective 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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

2. Basis of Preparation continued

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 *IFRS 9: Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. All 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. The segmentation presented in the financial statements is in terms of the guidelines prescribed by the Department of Higher Education and Training and is specifically not in terms of *IFRS 8: 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 Council-Controlled Unrestricted

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.

2.5.2 Specifically-Funded Activities Restricted

The specifically-funded activities restricted segment consists 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.

2.5.3 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.

2.5.4 Endowed Funds Income

Income from specific endowments, comprising investment income and realised profits arising from the sale of investments, is recognised in the Consolidated Statement of Comprehensive Income 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 reinvest the unutilised portion in the underlying endowed funds in order to preserve the real value of the capital base.

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, Council-Controlled Unrestricted, Specifically-Funded Activities Restricted, and Student and Staff Housing Restricted. These transfers are reflected in the Consolidated Statement of Comprehensive Income.

2.6.2 Endowment Related Transfers

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

3. Significant Accounting Judgements and Estimates

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

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



Consolidated Annual Financial Statements for 2022 continued

Notes continued

3. Significant Accounting Judgements and Estimates continued

3.1 Judgements

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 and/or
- » 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 entities listed in note 2.4. The University therefore controls the entities and consolidates them accordingly.

3.1.3 Provision for Expected Credit Losses

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

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

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

ECLs for loan receivables are based on management's best estimate of the recoverability of the loans at year end.

Management anticipates formulating a provision matrix for the ECLs on student loans receivable once there is enough data to do so (student loans were introduced in the current year and therefore there is no collection data available at year end).

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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

3. Significant Accounting Judgements and Estimates continued

3.1 Judgements continued

3.1.4 Leases continued

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. Refer to note 20.

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 *IFRS 9: Financial Instruments: Recognition and Measurement* are classified as financial assets at fair value through profit or loss. 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. Additional details on these assumptions are provided in note 6.

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 asset register and are in use. The University for the most part uses its asset until future rewards no longer accrue. Additional details on these assumptions are provided in note 4.8.

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

3.2.3 Gratuity Liability for Academic Staff

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

3.2.4 Post-Retirement Medical Aid Benefits Obligation

The University's future obligation in respect of post-retirement medical aid contributions is actuarially valued based on the projected unit credit method. For the purpose of the valuation at 31 December 2022, 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 expected credit losses is raised based on these estimates. Refer to note 9.

4. Summary of Significant Accounting Policies

4.1 Foreign Currency Translation

The Consolidated Annual Financial Statements are presented in South African Rand, 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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

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 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 Statement of Comprehensive Income.

Subsidies and grants relating to specific expenses are not offset against the expense.

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 *IFRS 15: Revenue from Contracts with Customers*, grants and donations. Such revenue is recognised in the Consolidated Statement of Comprehensive Income 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 Statement of Comprehensive Income in the period in which they are received.

4.2.3 Interest

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 Income from Contracts

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 Other Fee Income

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 Statement of Comprehensive Income 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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

4.4 Employee Benefit Liabilities

4.4.1 Gratuity Liability for 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.

4.4.2 Leave liability for Professional, Administrative and Support Staff

An accrual is raised for the estimated liability for annual leave because of services rendered by professional, administrative and support staff as at the reporting date. 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.

4.4.3 Defined Benefit Post-Retirement Medical Aid Obligation

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 the Consolidated Statement of Other Comprehensive income in the year they arise.

4.5 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that take a substantial period of time to get ready for their intended use. 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 expensed in the year in which they are acquired.

4.8 Property, Plant and Equipment

Property, plant and equipment are initially recognised 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 expensed 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. Depreciation on assets under construction commences when the asset is ready for use.

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:

	2022	2021
Buildings	75–200 years	75–200 years
Leasehold improvements	Lease period	Lease period
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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

4.9 Impairment of Non-Financial Assets continued

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, as disclosed in note 23.7 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 *IFRS 15: 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 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 note 23.7.

4.10.1 Financial Assets at Amortised Cost and Receivables

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

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

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

Cash and cash equivalents are initially measured at fair value. They are subsequently measured at amortised cost. For the purpose of the Consolidated 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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

4.10 Financial Assets and Liabilities continued

4.10.2 Financial Assets at Fair Value Through Profit or Loss

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

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

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

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

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

4.11.2 Financial Liabilities

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

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

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

4.12 Impairment of Financial Assets at Amortised Cost

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

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

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

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 Consolidated Statement of Comprehensive Income.

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

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

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

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

4.14 Inventories

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

Inventories are made up of consumables.

4.15 Leases

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

4.15.1 University as a Lessee

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

Right-of-Use Assets

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

	2022	2021
Buildings	3 to 47 years	3 to 47 years
Motor vehicles	14 months to 7 years	14 months to 7 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 (one year or less) 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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

4. Summary of Significant Accounting Policies continued

4.15 Leases continued

4.15.2 University as a Lessor

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

4.16 Other Expenditure

Other expenditure is expensed as incurred.

5. Property, Plant and Equipment

Year ended 31 December 2022

All amounts in R'000	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets Under Construction	Total
Carrying amount at 1 January 2022	2 677 759	840 636	216 790	29 818	295 470	4 060 473
Cost						
Cost 1 January 2022	3 105 582	1 403 240	515 828	55 013	295 470	5 375 133
Additions	161 717	176 559	104 157	5 239	17 000	464 672
Capitalisations	290 105	-	-	-	(290 105)	-
Disposals	(4 094)	(31 800)	(95 132)	(3 206)	-	(134 232)
Cost 31 December 2022	3 553 310	1 547 999	524 853	57 046	22 365	5 705 573
Accumulated depreciation and impairment						
Balance 1 January 2022	427 823	562 604	299 038	25 195	-	1 314 660
Disposals	(3 185)	(30 460)	(69 514)	(2 530)	-	(105 689)
Depreciation	58 951	97 995	77 814	3 807	-	238 567
Balance 31 December 2022	483 589	630 139	307 338	26 472	-	1 447 538
Carrying amount at 31 December 2022	3 069 721	917 860	217 515	30 574	22 365	4 258 035

A register of land and buildings is available for inspection at the business address. The University is not permitted to dispose of, or otherwise alienate, its land and buildings without the approval of the Minister of Higher Education and Training. In addition, there are further restrictions on the alienation of certain properties held by deed of grant under the Rhodes Will Act. The University's buildings and land improvements have an insured value of R37.2 billion (2021: R36.3 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R182.5 million (2021: R188.3 million).

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

Consolidated Annual Financial Statements for 2022 continued

Notes continued

5. Property, Plant and Equipment continued

Year ended 31 December 2021

All amounts in R'000	Land, Buildings and Land Improvements	Furniture and Equipment	Computers and Hardware	Motor Vehicles	Assets Under Construction	Total
Carrying amount at 1 January 2021	2 588 669	818 059	214 455	31 416	80 087	3 732 686
Cost						
Cost 1 January 2021	2 966 908	1 319 099	462 278	53 618	80 087	4 881 990
Additions	123 101	125 756	85 432	2 508	248 458	585 255
Capitalisations	33 075	-	-	-	(33 075)	-
Disposals	(17 502)	(41 615)	(31 882)	(1 113)	-	(92 112)
Cost 31 December 2021	3 105 582	1 403 240	515 828	55 013	295 470	5 375 133
Accumulated depreciation and impairment						
Balance 1 January 2021	378 239	501 040	247 823	22 202	-	1 149 304
Disposals	(6 529)	(32 620)	(31 183)	(607)	-	(70 939)
Depreciation	51 324	94 184	82 398	3 600	-	231 506
Impairment	4 789	-	-	-	-	4 789
Balance 31 December 2021	427 823	562 604	299 038	25 195	-	1 314 660
Carrying amount at 31 December 2021	2 677 759	840 636	216 790	29 818	295 470	4 060 473

Consolidated Annual Financial Statements for 2022 continued

Notes continued

6. Investments

	2022 R'000	2021 R'000
LISTED INVESTMENTS		
Local investments		
Equities	2 213 525	2 219 876
Collective investment schemes	1 236 257	1 028 209
Capital market interest-bearing investments	1 127 600	950 944
International investments		
Mutual funds	102 593	108 643
Equity collective investment schemes	776 617	927 503
UNLISTED INVESTMENTS		
Local investments		
Equities	-	50 239
Mutual funds/Exchange traded funds	179 262	76 625
Collective investment schemes	202 879	145 617
Capital market interest-bearing investments	853 558	1 034 978
Local money market and call deposits	612 303	692 740
Unlisted companies	58 239	59 951
International investments		
Mutual funds	547 813	577 206
Collective investment schemes	426 873	827 481
Money market and call deposits	491 963	231 991
Total investments	8 829 482	8 932 003

No investments were pledged as security during the financial year.

Fair value hierarchy

As at 31 December 2022, the University held the above financial instruments measured at fair value. The University uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:

Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2:

Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3:

Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

The fair values of the quoted notes and bonds are based on price quotations at the reporting date. The University enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings.

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 2022, the University held the following financial instruments measured at fair value:

	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Local investments				
Equity shares	2 213 525	2 213 525	-	-
Mutual funds	179 262	-	179 262	-
Collective investment schemes	1 439 136	1 236 257	202 879	-
Capital market interest-bearing investments	1 981 158	1 127 600	853 558	-
Money market and call deposits	612 303	-	612 303	-
Unlisted entities	58 239	-	-	58 239
International investments				
Mutual funds	650 406	102 593	547 813	-
Collective investment schemes	1 203 490	776 617	426 873	-
Money market and call deposits	491 963	-	491 963	-
Total	8 829 482	5 456 592	3 314 651	58 239

Consolidated Annual Financial Statements for 2022 continued

Notes continued

6. Investments continued

At 31 December 2021, the University held the following financial instruments measured at fair value:

	Total R'000	Level 1 R'000	Level 2 R'000	Level 3 R'000
Local investments				
Equity shares	2 270 115	2 219 876	50 239	-
Mutual funds	76 625	-	76 625	-
Collective investment schemes	1 173 826	1 028 209	145 617	-
Capital market interest-bearing investments	1 985 922	950 944	1 034 978	-
Money market and call deposits	692 740	-	692 740	-
Unlisted entities	59 951	-	-	59 951
International investments				
Mutual funds	685 849	108 643	577 206	-
Collective investment schemes	1 754 984	927 503	827 481	-
Money market and call deposits	231 991	-	231 991	-
Total	8 932 003	5 235 175	3 636 877	59 951

	2022 R'000	2021 R'000
Reconciliation of Level 3 investments		
Balance at 1 January	59 951	56 750
Purchase	5 900	3 201
Fair value adjustment	(7 612)	-
Balance at 31 December	58 239	59 951

7. Investments in Associates

The University has the following interests in associates:

Name of Associate	% interest	Nature of activities	Principal place of business
UCT Medical Centre (Pty) Ltd trading as UCT Private Academic Hospital	26	The University has an interest in the UCT Medical Centre (Pty) Ltd, which operates a private hospital.	Cape Town, South Africa
Hyplat (Pty) Ltd	23	Hyplat (Pty) Ltd is a specialist fuel cell technology company.	Cape Town and Johannesburg, South Africa
MariHealth Solutions (Pty) Ltd	30	MariHealth Solutions (Pty) Ltd is a marine biotech spin-off company.	Cape Town, South Africa

MariHealth Solutions (Pty) Ltd has not yet commenced trading operations and therefore there are no financial reporting implications of UCT's investment in this associate.

	2022 R'000		
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	Total
Opening balance	3 998	278	4 276
Share of profit/(loss) for the year	387	(104)	283
Carrying value	4 385	174	4 559
	2021 R'000		
	UCT Medical Centre (Pty) Ltd (26%)	Hyplat (Pty) Ltd (23%)	Total
Opening balance	2 770	993	3 763
Share of profit/(loss) for the year	1 228	(715)	513
Carrying value	3 998	278	4 276

Consolidated Annual Financial Statements for 2022 continued

Notes continued

7. Investments in Associates continued

Summarised provisional financial information is set out below:

Associates' statements of financial position at 31 December:

	2022 R'000		2021 R'000	
	UCT Medical Centre (Pty) Ltd	Hyplat (Pty) Ltd	UCT Medical Centre (Pty) Ltd	Hyplat (Pty) Ltd
Non-current assets	36 799	4 252	44 062	6 723
Current assets	16 893	5 202	17 340	4 905
Non-current liabilities	(13 466)	-	(26 195)	-
Current liabilities	(23 364)	(8 688)	(19 832)	(15 910)
Net assets/(liabilities)	16 862	766	15 375	(4 282)
Equity	16 862	766	15 375	(4 282)
Share capital	20 000	1	20 000	1
Accumulated losses	(3 138)	765	(4 625)	(4 283)

Associates' revenue and losses for the year ended 31 December:

	2022 R'000		2021 R'000	
	UCT Medical Centre (Pty) Ltd	Hyplat (Pty) Ltd	UCT Medical Centre (Pty) Ltd	Hyplat (Pty) Ltd
Revenue	188 416	3 913	183 547	1 733
Cost of sales	(105 845)	(6)	(100 689)	(102)
Other income	793	24	451	28
Administrative expenses	(75 537)	(4 381)	(73 908)	(4 768)
Net finance costs	(3 327)	-	(4 274)	-
Profit/(loss) before tax	4 500	(450)	5 127	(3 109)
Income tax expense	(3 013)	-	(1 023)	-
Profit/(loss) for the year	1 487	(450)	4 104	(3 109)
University's share of profits/(losses)	387	(104)	1 067	(715)

8. Loans Receivable

	2022 R'000	2021 R'000
Non-current loans		
Loan to the Ukukhula Trust	3 998	3 861
Loans to Sports Science Share Block (Pty) Ltd shareholders	17 351	17 033
Loan to Inyosi Capital (Pty) Ltd	7 139	-
Loan to New Amalfi Technology Repair and Training (Pty) Ltd	4 902	-
Total non-current loans	33 390	20 894
Current loans		
Loan to Cape BioPharms (Pty) Ltd	9 196	8 230
Loan to Hyplat (Pty) Ltd	2 731	1 512
Loan to Acino (Pty) Ltd	15	-
Loan to MariHealth (Pty) Ltd	32	-
Total current loans	11 974	9 742
Total loans	45 364	30 636

The loan to the Ukukhula Trust has no fixed terms of repayment and is not expected to be realised in the next 12 months. The loan earns interest at a weighted average rate of interest of 5.69% (2021: 4.52%). The loan is impaired with reference to the underlying market value of the shares held by the Ukukhula Trust. The amount disclosed is net of expected credit losses recognised.

The loans to Sports Science Share Block (Pty) Ltd shareholders relate to obligations by the shareholders to the share block company with regards to the property assets previously held by the share block. The loan has no fixed terms of repayment and is not expected to be realised in the next 12 months. Management consider the loan fully recoverable.

The loans to Inyosi Capital (Pty) Ltd and New Amalfi Technology Repair and Training (Pty) Ltd are interest-free BBBEE loans repayable at the earlier of 31 December 2027 or within 60 days of notice to repay the loan. At 31 December 2022 no notice of repayment have been issued and management does not intend to issue a notice of repayment within the next 12 months. During the current financial year, the loans were reclassified from financial assets at fair value through profit or loss to financial assets at amortized cost, due to the change in the underlying nature of the assets. At year-end no impairment has been recognized and the loans are deemed to be recoverable.

The loan to Cape Bio Pharms Ltd earns interest at a rate of prime plus 1% and was due on 31 December 2022. It is anticipated that the loan will be repaid during the course of 2023; no expected credit losses have been recognised.

The loan to Hyplat (Pty) Ltd earned interest at a rate of prime plus 1% and was converted to an equity holding in the company in February 2023.

The loans to Acino (Pty) Ltd and MariHealth (Pty) Ltd represent these spin off companies' incorporation costs. The terms of the loans are being finalised. Management considers these loans recoverable.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

9. Accounts Receivable, Prepayments and Student Fees Receivable

	2022 R'000	2021 R'000
Research receivables	102 675	127 845
Other trade receivables	110 593	93 748
Total trade receivables	213 268	221 593
Property deposits and guarantees	506	514
Prepayments	102 039	27 287
National Research Foundation (NRF) accrual	85 007	61 982
Sundry receivables	102 653	135 564
Accounts receivables and prepayments	503 473	446 940
Student fees receivable	310 232	252 985
Total	813 705	699 925

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 method.

Sundry receivables consist primarily of amounts due from external third parties, which operate through UCT but do not form part of UCT's activities, of R27.6 million (2021: R71.9 million). Interest receivable amounts to R52.2 million (2021: R40.3 million).

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 2022	99 189	43 870	20 942	33 209	16 058	213 268
Gross trade receivables	103 129	45 375	21 266	34 672	22 928	227 370
Provision for expected losses	(3 940)	(1 505)	(324)	(1 463)	(6 870)	(14 102)
Expected loss rate	3.82%	3.32%	1.52%	4.22%	29.96%	6.20%

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 2021	76 969	66 350	26 394	42 355	9 525	221 593
Gross trade receivables	79 685	68 229	27 264	43 636	12 945	231 759
Provision for expected losses	(2 716)	(1 879)	(870)	(1 281)	(3 420)	(10 166)
Expected loss rate	3.41%	2.75%	3.19%	2.94%	26.42%	4.39%

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.

At year end, trade receivables at a nominal value of R14.1 million (2021: R10.2 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

	2022 R'000	2021 R'000
Balance at 1 January	10 166	10 223
Charge for the year	3 936	-
Used	-	(57)
Balance at 31 December	14 102	10 166

Consolidated Annual Financial Statements for 2022 continued

Notes continued

9. Accounts Receivable, Prepayments and Student Fees Receivable

continued

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% (2021: 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:

Amounts in R'000	2022 Fees	2021 Fees	2020 Fees	2019 Fees	Total
Net receivable: 31 December 2022	269 919	28 001	5 527	6 785	310 232
Gross student fees receivable	319 919	70 002	22 110	63 861	475 892
Provision for expected losses	(50 000)	(42 001)	(16 583)	(57 076)	(165 660)
Expected loss rate	15.63%	60.00%	75.00%	89.38%	34.81%

Amounts in R'000	2021 Fees	2020 Fees	2019 Fees	2018 Fees	Total
Net receivable: 31 December 2021	229 219	10 700	9 786	3 280	252 985
Gross student fees receivable	294 219	26 751	39 143	33 903	394 016
Provision for expected losses	(65 000)	(16 051)	(29 357)	(30 623)	(141 031)
Expected loss rate	22.09%	60.00%	75.00%	90.33%	35.79%

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 2023 academic year.

As at 31 December 2022, student receivables with a nominal value of R165.7 million (2021: R141.0 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:

	2022 R'000	2021 R'000
Balance at 1 January	141 031	137 038
Charge for the year	28 777	19 347
Used	(4 148)	(15 354)
Balance at 31 December	165 660	141 031

10. Cash at Bank and Cash Equivalents

	2022 R'000	2021 R'000
Cash at bank and on hand	250 711	210 346
Local short-term bank deposits	942 339	1 325 600
Total	1 193 050	1 535 946

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 year end the University's cash was invested with institutions with the following Moody's long-term ratings, except where otherwise stated:

Standard Bank	Ba1
Absa Bank	Ba1
Grindrod Bank	BBB+ (Global credit rating)

At 31 December 2022, the University has an undrawn loan facility of R873 million (2021: R865 million) with the Development Bank of Southern Africa (DBSA) to be utilised over time to finance infrastructure projects which are self-sustaining.

The weighted average effective interest rate on local short-term bank deposits was 5.81% (2021: 4.42%).

Consolidated Annual Financial Statements for 2022 continued

Notes continued

11. Deferred Revenue

11.1 Government Grants

	2022 R'000	2021 R'000
Total government grants at 1 January	927 488	944 446
Received during the year	86 160	23 309
Released to the Statement of Comprehensive Income	(122 164)	(40 267)
Total government grants at 31 December	891 484	927 488
Current portion of government grants at 31 December	13 093	63 573
Non-current portion of government grants at 31 December	878 391	863 915

Government grants represent 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

	2022 R'000	2021 R'000
Total project income at 1 January	275 347	337 832
Received during the year	121 282	220 792
Released to the Statement of Comprehensive Income	(219 583)	(283 277)
Total project income at 31 December	177 046	275 347
Current portion of project income at 31 December	177 046	275 347
Non-current portion of project income at 31 December	-	-

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

12. Employee Benefit Liabilities

	2022 R'000		
	Current	Non-current	Total
Gratuity liability for academic staff	7 935	59 726	67 661
Leave liability for professional, administrative and support staff	96 191	114 114	210 305
Post-retirement medical aid benefit obligation	29 700	548 000	577 700
Total employee benefit liabilities	133 826	721 840	855 666
	2021 R'000		
	Current	Non-current	Total
Gratuity liability for academic staff	3 271	74 239	77 510
Leave liability for professional, administrative and support staff	96 501	104 716	201 217
Post-retirement medical aid benefit obligation	26 900	536 800	563 700
Total employee benefit liabilities	126 672	715 755	842 427

12.1 Gratuity Liability for Academic Staff

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

In estimating the liability, management has calculated the projected credit unit number of leave days by using a 10-year average.

In addition, in order to fairly value the liability, management has assumed that future salary increases will be 7.4% (2021: 7.0% per annum), while the discount rate that has been applied is 12.8% (2021: 11.6%).

Consolidated Annual Financial Statements for 2022 continued

Notes continued

12. Employee Benefit Liabilities continued

12.1 Gratuity Liability for Academic Staff continued

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:

	2022		2021	
	R'000 1%	R'000 -1%	R'000 1%	R'000 -1%
Change in liability – salary inflation	6 619	(5 735)	4 208	(3 756)
Change in liability – discount rate	(5 735)	6 619	(3 756)	4 208

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

	2022 R'000	2021 R'000
Obligation at the start of the year	77 510	74 941
Movement through profit and loss	(8 769)	3 451
Leave paid out	(1 080)	(882)
Obligation at the end of the year	67 661	77 510

12.2 Leave Liability for Professional, 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.

In estimating the liability, management has calculated the projected credit unit number of leave days by using a 10-year average.

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

	2022 R'000	2021 R'000
Obligation at the start of the year	201 217	210 510
Movement through profit and loss	30 411	10 139
Leave paid out	(21 323)	(19 432)
Obligation at the end of the year	210 305	201 217

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 12.8% (2021: 11.6%); expected inflation on medical aid contributions of 9.6% (2021: 9.0%). Post retirement mortality is based on PA (90) ultimate mortality tables rated down three years (2021: three years).

It is assumed, in both the current and prior year, that 2.5% of present members 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 15 years (2021: 16 years).

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:

	2022		2021	
	R'000 1%	R'000 -1%	R'000 1%	R'000 -1%
Liability	74 300	(61 900)	77 100	(63 700)
Service cost	3 700	(2 900)	4 200	(3 200)
Interest cost	9 900	(8 300)	9 500	(7 700)

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

	2022		2021	
	R'000 0.5%	R'000 -0.5%	R'000 0.5%	R'000 -0.5%
Liability	(32 500)	35 900	(33 700)	37 300

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

Amounts in R'000	2022	2021	2020	2019	2018
Liability	577 700	563 700	484 400	487 800	499 200

Consolidated Annual Financial Statements for 2022 continued

Notes continued

12. Employee Benefit Liabilities continued

12.3 Post-Retirement Medical Aid Benefit Obligation continued

The following payments are expected contributions to be made in the future years out of the defined benefit plan obligation, funded from the general operating budget:

	2022 R'000	2021 R'000
Within the next 12 months	29 700	26 900
Beyond 12 months	548 000	536 800
Total liability	577 700	563 700

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

	2022 R'000	2021 R'000
Expenses in the income statement	86 100	81 900
Interest on obligation	66 100	64 600
Current service cost	20 000	17 300
(Gains)/losses in the statement of other comprehensive income	(47 700)	26 200
Actuarial (gain)/loss due to changes in experience	(3 600)	(14 400)
Actuarial (gains)/losses due to changes in financial assumptions	(44 100)	40 600

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

	2022 R'000	2021 R'000
Defined benefit obligation at the start of the year	563 700	484 400
Interest on obligation	66 100	64 600
Current service cost	20 000	17 300
Actuarial (gains)/losses	(47 700)	26 200
Benefits paid in respect of funding obligations	(24 400)	(28 800)
Defined benefit obligation at the end of the year	577 700	563 700

13. Accounts Payable and Accrued Liabilities

	2022 R'000	2021 R'000
Trade payables	238 480	178 089
Accrued expenses	79 101	62 235
National Research Foundation grant deposit	79 701	79 200
Payroll liabilities	114 196	132 548
Other payables	100 374	243 852
Total	611 852	695 924
Financial liabilities	578 212	671 968
Non-financial liabilities	33 640	23 956

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 NRFRISA research funding by the University.

Other payables consist primarily of amounts due to external third parties, which operate through UCT but do not form part of UCT's activities. At year end the balance amounted to R87.8 million (2021: R233.9 million).

14. Subsidies and Grants

	2022 R'000	2021 R'000
Subsidy for general purpose	1 823 151	1 799 580
State grants and contracts	299 119	450 290
State grants and contracts – release of deferred revenue	122 164	40 267
Total	2 244 434	2 290 137

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

Consolidated Annual Financial Statements for 2022 continued

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15. Interest and Dividends

	2022 R'000	2021 R'000
Interest calculated using the effective interest rate method		
Interest on cash at bank and deposits	73 945	66 900
Interest income on student fee receivables	67 930	54 869
Interest income on other receivables	42 722	1 549
	184 597	123 318
Other interest		
Interest on investments	272 057	196 221
	272 057	196 221
Total interest	456 654	319 539
Dividends earned in respect of investments	128 244	107 283
Total interest and dividends	584 898	426 822

16. Personnel Costs

	2022		
All amounts in R'000	Academic Professionals	Other	Total
Wages and salaries	1 548 591	2 141 085	3 689 676
Termination benefits	-	34 735	34 735
UCT Retirement Fund provident fund costs	227 213	303 852	531 065
Other provident and pension fund costs	-	5 093	5 093
Post-retirement medical aid benefits	36 837	49 263	86 100
Total	1 812 641	2 534 028	4 346 669

	2021		
All amounts in R'000	Academic Professionals	Other	Total
Wages and salaries	1 476 469	1 952 948	3 429 417
Termination benefits	13 583	19 769	33 352
UCT Retirement Fund provident fund costs	210 149	271 649	481 798
Other provident and pension fund costs	-	2 535	2 535
Post-retirement medical aid benefits	35 864	46 035	81 899
Total	1 736 065	2 292 936	4 029 001

Average number of persons employed during the year:

	2022	2021
Full time	5 636	5 663
Part time	1 848	1 870
Students	1 735	1 711
Total	9 219	9 244

17. Revenue from Contracts with Customers

	2022 R'000	2021 R'000
Tuition and other fee income	2 005 385	1 980 295
Gross tuition and other fee income	2 201 662	2 180 394
Council bursaries	(88 927)	(70 738)
Restricted bursaries	(107 350)	(129 361)
Income from commercial research contracts	58 971	98 478
Rendering of services	896 760	696 769
Total revenue from contracts with customers	2 961 116	2 775 542

Consolidated Annual Financial Statements for 2022 continued

Notes continued

17. Revenue from Contracts with Customers continued

Income from commercial research contracts concluding more than 12 months after year end amounted to R18.0 million (2021: R40.9 million) at the end of the year.

	2022 R'000		2021 R'000	
	Contract Assets	Contract Liabilities	Contract Assets	Contract Liabilities
Opening balance	9 367	(68 635)	15 784	(43 474)
Amounts received	2 726	56 245	8 595	89 882
Amounts utilised	(2 066)	(51 768)	(15 012)	(115 043)
Closing balance	10 027	(64 158)	9 367	(68 635)

18. Other Operating Expenses

The following items are included in other operating expenses:

	2022 R'000	2021 R'000
Computer consumables	74 508	64 492
Consulting costs	354 682	278 107
Laboratory materials and services	182 774	177 659
Library acquisitions	107 875	98 231
Repairs and maintenance	260 727	224 286
Software costs	59 299	52 104
Water and electricity	173 463	139 433
Insurance costs	35 015	20 702
Safety and security services	66 566	68 781
Travel and related costs	185 914	58 086
	1 500 823	1 181 881
Other expenses	808 852	740 882
Total other operating expenses	2 309 675	1 922 763

19. Interest-Bearing Borrowings

	2022 R'000	2021 R'000
Non-current borrowings		
Development Bank of South Africa	69 000	76 878
Sunlyn	428	637
	69 428	77 515
Current borrowings		
Development Bank of South Africa	7 878	7 878
Total borrowings	77 306	85 393

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 15 years and bears interest at a variable rate of one-month JIBAR plus 2.2% per annum. The loan is repayable over a period of 168 monthly instalments, which commenced 31 October 2018, the last of which is due on 30 September 2032. The second drawdown of R14 million is for a period of 13 and a half years and bears interest at a variable rate of one-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.

The following debt covenants apply to the DBSA loan:

- » The debt service ratio shall be no less than 1.25.
- » Written consent should be requested from DBSA before the University takes up any additional debt if the total debt to income ratio exceeds 50%.

	2022	2021
Debt service ratio	17.29	19.98
Total debt to income ratio	39%	48%

At 31 December 2022, none of the DBSA loan covenants were in breach.

The loan from Sunlyn bears interest at prime plus 4.5% and is repayable in 2026.

Consolidated Annual Financial Statements for 2022 continued

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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:

	2022 R'000		
	Land, Buildings and Land Improvements	Motor Vehicles	Total
Carrying amount at 1 January 2022	332 825	27 482	360 307
Cost			
Cost 1 January 2022	566 475	61 383	627 858
Additions	513	-	513
Impairment	(3 754)	-	(3 754)
Cost 31 December 2022	563 234	61 383	624 617
Accumulated depreciation			
Balance 1 January 2022	233 650	33 901	267 551
Depreciation	80 080	11 586	91 666
Balance 31 December 2022	313 730	45 487	359 217
Carrying amount at 31 December 2022	249 504	15 896	265 400

	2021 R'000		
	Land, Buildings and Land Improvements	Motor Vehicles	Total
Carrying amount at 1 January 2021	418 460	38 913	457 373
Cost			
Cost 1 January 2021	566 019	61 383	627 402
Additions	456	-	456
Cost 31 December 2021	566 475	61 383	627 858
Accumulated depreciation			
Balance 1 January 2021	147 559	22 470	170 029
Depreciation	86 091	11 431	97 522
Balance 31 December 2021	233 650	33 901	267 551
Carrying amount at 31 December 2021	332 825	27 482	360 307

20.2 Lease Liabilities

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

	2022 R'000	2021 R'000
As at 1 January	333 474	414 258
Interest	23 685	31 849
Payments	(116 811)	(112 633)
Terminations	(6 789)	-
As at 31 December	233 559	333 474
Non-current portion	197 678	245 142
Current portion	35 881	88 332
Total	233 559	333 474

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

Consolidated Annual Financial Statements for 2022 continued

Notes continued

20. Leases continued

20.3 Amounts Recognised in Profit and Loss

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

	2022 R'000	2021 R'000
Income from subleasing right-of-use assets	(79)	(130)
Depreciation expense of right-of-use assets	91 666	97 522
Interest expense on lease liabilities	23 685	31 849
Expense relating to short-term leases	261	82
Expense relating to leases of low-value assets	2 838	2 548
Total amount recognised in profit or loss	118 371	131 871

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:

	2022 R'000		
	Within 5 years	More than 5 years	Total
Extension options expected not to be exercised	-	3 483 819	3 483 819

	2021 R'000		
	Within 5 years	More than 5 years	Total
Extension options expected not to be exercised	4 917	3 608 969	3 613 886

21. Bursaries, Financial Aid and Scholarships

21.1 UCT Expenses

	2022 R'000			2021 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
Council-Controlled Unrestricted	52 652	98 372	151 024	97 445	80 929	178 374
Specifically-Funded Activities Restricted	79 515	288 454	367 969	104 672	328 963	433 635
Total	132 167	386 826	518 993	202 117	409 892	612 009

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

	2022 R'000			2021 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
Offset against tuition income	82 862	113 415	196 277	99 647	100 452	200 099
Financial aid and scholarship expenses	49 305	273 411	322 716	102 470	309 440	411 910
Total	132 167	386 826	518 993	202 117	409 892	612 009

21.2 External Bursaries, Financial Aid and Scholarships

Relating to bursaries, financial aid and scholarships awarded to students where UCT acts as an agent between the external donor and the student.

	2022 R'000			2021 R'000		
	Under-graduate	Post-graduate	Total	Under-graduate	Post-graduate	Total
National Student Financial Aid Scheme (NSFAS)	984 465	-	984 465	771 359	-	771 359
Other external donors	317 163	6 011	323 174	306 505	8 925	315 430
Total	1 301 628	6 011	1 307 639	1 077 864	8 925	1 086 789

Consolidated Annual Financial Statements for 2022 continued

Notes continued

22. Transfers

22.1 Transfers in the Consolidated Statement of Comprehensive Income

	2022 R'000			Total
	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	
Research levies	60 684	(60 684)	-	-
Transfers of project costs	(10 255)	11 739	(1 484)	-
Transfers for software costs	17 300	(17 300)	-	-
Transfer required due to <i>IFRS 15</i> treatment of bursaries	63 378	(107 350)	43 972	-
Total	131 107	(173 595)	42 488	-

	2021 R'000			Total
	Council- Controlled Unrestricted	Specifically- Funded Activities Restricted	Student and Staff Housing Restricted	
General operating budget transfer to Housing	(30 000)	-	30 000	-
Transfer to Housing to cover Covid expenses	(6 678)	(4 096)	10 774	-
Research levies	64 421	(64 421)	-	-
Transfers of project costs	60 282	(61 193)	911	-
Transfers for software costs	11 000	(11 000)	-	-
Transfer required due to <i>IFRS 15</i> treatment of bursaries	79 428	(129 361)	49 933	-
Total	178 453	(270 071)	91 618	-

The transfer relating to the *IFRS 15: Revenue from Contracts with Customers* treatment of bursaries is necessary as the standard requires that bursaries that offset tuition/housing costs be offset against tuition/housing income, and not be disclosed as expenses. However, as all tuition income is Council-controlled and all housing income is Student and Staff Housing Restricted, the portion of specifically-funded activities' bursaries that are offset against tuition/housing income represents a transfer of expenses from specifically-funded activities to Council-controlled and Student and Staff Housing Restricted, and this transfer incorporates this impact.

22.2 Transfers in the Consolidated Statement of Changes in Fund Balances

	2022 R'000			
	Endowed Funds	Education and General	Council- Controlled	Total
Transfer of UCT Foundation loss	(274 239)	274 239	-	-
Transfer of endowed interest related to Council activities	-	(33 688)	33 688	-
Total	(274 239)	240 551	33 688	-

	2021 R'000			
	Endowed Funds	Education and General	Council- Controlled	Total
Transfer of UCT Foundation surplus	928 023	(928 023)	-	-
Transfer of endowed interest related to Council activities	-	(31 354)	31 354	-
Total	928 023	(959 377)	31 354	-

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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

23. Financial Risk Management Objectives and Policies continued

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 2022							
Local equities	221.4	110.7	22.1	(110.7)	(221.4)	(442.7)	(664.1)
Collective investment schemes	143.9	72.0	14.4	(72.0)	(143.9)	(287.8)	(431.7)
Local mutual funds	17.9	9.0	1.8	(9.0)	(17.9)	(35.9)	(53.8)
Local capital markets	198.1	99.1	19.8	(99.1)	(198.1)	(396.2)	(594.3)
Local unlisted equity investments	5.8	2.9	0.6	(2.9)	(5.8)	(11.6)	(17.5)
International mutual funds	65.0	32.5	6.5	(32.5)	(65.0)	(130.1)	(195.1)
International collective investment schemes	120.3	60.2	12.0	(60.2)	(120.3)	(240.7)	(361.0)
Total	772.4	386.4	77.2	(386.4)	(772.4)	(1 545.0)	(2 317.5)
At 31 December 2021							
Local equities	227.0	113.5	22.7	(113.5)	(227.0)	(454.0)	(681.0)
Collective investment schemes	117.4	58.7	11.7	(58.7)	(117.4)	(234.8)	(352.1)
Local mutual funds	7.7	3.8	0.8	(3.8)	(7.7)	(15.3)	(23.0)
Local capital markets	198.6	99.3	19.9	(99.3)	(198.6)	(397.2)	(595.8)
Local unlisted equity investments	6.0	3.0	0.6	(3.0)	(6.0)	(12.0)	(18.0)
International mutual funds	68.6	34.3	6.9	(34.3)	(68.6)	(137.2)	(205.8)
International collective investment schemes	175.5	87.7	17.5	(87.7)	(175.5)	(351.0)	(526.5)
Total	800.8	400.3	80.1	(400.3)	(800.8)	(1 601.5)	(2 402.2)

Consolidated Annual Financial Statements for 2022 continued

Notes continued

23. Financial Risk Management Objectives and Policies continued

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 2022 year, students were charged interest at a fixed rate of 1.0% per month (2021: 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 surplus or deficit						
	+200 BP	+100 BP	+50 BP	-50 BP	-100 BP	-200 BP	-300 BP
Interest-bearing collective investment schemes and bonds							
At 31 December 2022							
Money market and call deposits	68.4	34.2	17.1	(17.1)	(34.2)	(68.4)	(102.6)
Cash and cash equivalents	12.2	6.1	3.1	(3.1)	(6.1)	(12.2)	(18.4)
Interest-bearing borrowings	23.9	11.9	6	(6.0)	(11.9)	(23.9)	(35.8)
Interest-bearing borrowings	(1.5)	(0.8)	(0.4)	0.4	0.8	1.5	2.3
Total	103.0	51.4	25.8	(25.8)	(51.4)	(103.0)	(154.5)
At 31 December 2021							
Interest-bearing collective investment schemes and bonds	63.2	31.6	15.8	(15.8)	(31.6)	(63.2)	(94.8)
Money market and call deposits	13.9	6.9	3.5	(3.5)	(6.9)	(13.9)	(20.8)
Cash and cash equivalents	30.7	15.4	7.7	(7.7)	(15.4)	(30.7)	(46.1)
Interest-bearing borrowings	(0.2)	(0.1)	-	-	0.1	0.2	0.2
Total	107.6	53.8	27.0	(27.0)	(53.8)	(107.6)	(161.5)

Consolidated Annual Financial Statements for 2022 continued

Notes continued

23. Financial Risk Management Objectives and Policies continued

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						
	20%	10%	5%	-5%	-10%	-20%	-30%
Movement in foreign exchange rate (USD/ZAR)							
At 31 December 2022							
International mutual funds	130.1	65.0	32.5	(32.5)	(65.0)	(130.1)	(195.1)
International collective investment schemes	240.7	120.3	60.2	(60.2)	(120.3)	(240.7)	(361.0)
Trade receivables	14.1	7.1	3.5	(3.5)	(7.1)	(14.1)	(21.2)
Total	384.9	192.4	96.2	(96.2)	(192.4)	(384.9)	(577.3)
At 31 December 2021							
International mutual funds	137.2	68.6	34.3	(34.3)	(68.6)	(137.2)	(205.8)
International collective investment schemes	351.0	175.5	87.7	(87.7)	(175.5)	(351.0)	(526.5)
Trade receivables	14.5	7.3	3.6	(3.6)	(7.3)	(14.5)	(21.8)
Total	502.7	251.4	125.6	(125.6)	(251.4)	(502.7)	(754.1)

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 R213.3 million (2021: R222 million), which reflects the amount after the recognition of the provision for impairment. Refer note 9 for further details.

Student Fees Receivables

The University has stringent policies with respect to not allowing students with outstanding fee balances to either graduate or to register for the new academic year, subject to certain concessions. The outstanding fees balance at year end is widely spread amongst numerous students indicating no particular concentration of credit risk. At year end the maximum exposure to student fees is R310.2 million (2021: R253 million), after the current year impairment provision. Refer note 9 for further details.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

23. Financial Risk Management Objectives and Policies continued

23.5 Credit Risk continued

Student Loans Receivables

UCT is registered as a Development Credit Provider (NCRCP15558) and the University's student loans qualify as developmental credit agreements in terms of the National Credit Act. As a Development Credit Provider, UCT is exempt from affordability assessments. However, the Undergraduate Student Funding Committee has developed and approved a UCT Student Loan Policy which outlines the University's lending criteria, which requires that the Student Financial Aid Office conduct affordability assessments for new loan applications to avoid over-indebting the student. At year end the maximum exposure is R15.2 million (2021: Rnil), which reflects the amount due after the recognition of any provision for impairment. Refer note 27 for further details.

Other Financial Assets

With respect to credit risk arising from the other financial assets of the University, which comprise loans receivable, 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 R3.2 billion (2021: R3.5 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 unendowed 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	1 to 12 months	1 to 5 years	More than 5 years	Total
At 31 December 2022					
Trade and other payables	-	578 212	-	-	578 212
Interest-bearing borrowings	-	14 674	51 388	45 838	111 900
Student deposits	143 703	-	-	-	143 703
Lease liabilities	-	58 794	122 252	502 447	683 493
Total	143 703	651 680	173 640	548 285	1 517 308
At 31 December 2021					
Trade and other payables	-	671 968	-	-	671 968
Interest-bearing borrowings	-	12 693	46 097	53 161	111 951
Student deposits	153 119	-	-	-	153 119
Lease liabilities	-	113 854	176 421	505 356	795 631
Total	153 119	798 515	222 518	558 517	1 732 669

Consolidated Annual Financial Statements for 2022 continued

Notes continued

23. Financial Risk Management Objectives and Policies continued

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:

Note	Fair Value		Carrying Value	
	2022 R'000	2021 R'000	2022 R'000	2021 R'000
Financial assets				
Cash	10	1 193 050	1 535 946	1 193 050
Financial instruments at fair value through profit or loss	6	8 829 482	8 932 003	8 829 482
Account receivables	9	400 928	419 139	400 928
Student fees receivable	9	310 232	252 985	310 232
Loan receivables	8	45 364	30 636	45 364
Student loans receivable	27	15 181	-	15 181
Financial liabilities				
Accounts payable and accrued liabilities	13	578 212	671 968	578 212
Interest-bearing borrowings	19	77 306	85 393	77 306
Student deposits		143 703	153 119	143 703
Lease liabilities	20	233 559	333 474	233 559

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

	2022 R'000		
	Long-term loans	Lease liabilities	Total
Balance as at 1 January	85 393	333 474	418 867
Interest	5 901	23 685	29 586
Repayments	(13 988)	(116 811)	(130 799)
Disposals	-	(6 789)	(6 789)
Balance as at 31 December	77 306	233 559	310 865
	2021 R'000		
	Long-term loans	Lease liabilities	Total
Balance as at 1 January	92 773	414 258	507 031
Interest	5 091	31 849	36 940
Repayments	(13 108)	(112 633)	(125 741)
Additions	637	-	637
Balance as at 31 December	85 393	333 474	418 867

Consolidated Annual Financial Statements for 2022 continued

Notes continued

24. Commitments

24.1 Capital Commitments

Capital commitments at the reporting date but not recognised in the financial statements are as follows:

	Contracted (purchase order raised)	Approved but not contracted for	Total
All amounts in R'000			
Teacher Education	231	1 296	1 527
Priority Projects	226	1 824	2 050
Chris Hani Refurbishment	339	7 385	7 724
Water Sustainability	11 947	41 965	53 912
Upper Campus Parking initiative	-	18 512	18 512
Deferred Maintenance	48 815	63 803	112 618
ICT network renewal	7	7 695	7 702
ICT Upper Campus datacentre refurbishment	923	3 571	4 494
ICT storage architecture renewal	10 624	4 218	14 842
Total 2022	73 112	150 269	223 381

One of the University's subsidiaries, the University of Cape Town Foundation, is committed to future investments of R10.5million (2021: R66.3 million) in the Sanlam Mid Market Fund and the Stanlib Instructure Fund of Funds portfolios, when called upon to do so by the fund managers.

Total 2021	11 218	177 363	188 581
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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 R891.5 million (2021: R927.4 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 *IFRS 16: Leases* apply (short-term and low value), the totals of future minimum lease payments under non-cancellable operating leases are as follows:

	2022 R'000		2021 R'000	
	Property rental	Photocopy machines	Property rental	Photocopy machines
Within 1 year	184	2 458	266	2 405
1 to 2 years	-	1 400	184	1 623
2 to 3 years	-	572	-	741
3 to 4 years	-	10	-	369
More than 5 years	-	3	-	-
Total	184	4 443	450	5 138

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

	2022 R'000	2021 R'000
Within 1 year	4 645	4 194
1 to 2 years	3 373	3 318
2 to 3 years	3 342	2 598
3 to 4 years	1 295	2 544
4 to 5 years	714	836
More than 5 years	1 310	1 284
Total	14 679	14 774

Consolidated Annual Financial Statements for 2022 continued

Notes continued

25. Cash Generated From Operations

Reconciliation of net surplus to cash generated from operations:

	Note	2022 R'000	2021 R'000
Surplus for the year		80 821	1 372 183
Adjusted for:			
Depreciation	5 & 20	330 233	329 028
Release of deferred revenue	11	(122 164)	(40 267)
Movement in employee benefits		60 941	46 376
(Profit)/loss on sale of property, plant and equipment		2 343	13 041
Investment income – interest	15	(456 654)	(319 539)
Investment income – dividends	15	(128 244)	(107 283)
Finance costs		29 615	39 359
Fair value movement on fair value through profit or loss financial instruments		307 629	(1 082 194)
Income from associate	7	(283)	(513)
Changes in working capital			
Accounts receivable and prepayments		(131 854)	(19 427)
Inventories		382	211
Accounts payable, accrued liabilities, project income and deposits		(196 265)	20 405
Cash generated from operations		(223 500)	251 380

26. Remuneration of Key Management

The following disclosure, as required by the Minister of Higher Education and Training, relates to compensation paid to members of the University's executive management team. Remuneration is based on the annualised cost of employment to the University and comprises total cost to the University.

Executive Management Team During 2022

Name	Job Title	Annual-ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Professor R Phakeng	Vice-Chancellor	3 948	3 948	–	–	1 382**
Professor S Harrison	Deputy Vice-Chancellor: Research	2 770	2 770	–	–	–
Dr R Morar	Chief Operating Officer	2 770	2 770	–	–	–
Assoc Professor M Lange	Deputy Vice-Chancellor: Teaching & Learning	2 770	2 770	–	–	–
Professor H Kathard	Acting Deputy Vice-Chancellor: Teaching & Learning 01/05/2022 to date	1 419	946	–	715	–
	Professor: Faculty of Health Sciences 01/01/2022 to 30/04/2022	1 419	473	–	–	–
Emeritus Professor M Hall	Acting Deputy Vice-Chancellor: Transformation 01/01/2022 to 30/06/2022	2 624	1 050	–	–	–



Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Executive Management Team During 2022 continued

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Professor E Ramugondo	Deputy Vice-Chancellor: Transformation <i>Appointment effective 01/07/2022</i>	2 534	1 267	-	-	-
Mr R Pillay	Registrar	2 156	2 156	-	-	-
Mr V Motholo	Chief Financial Officer	2 156	2 156	152	-	-
Professor A Lewis	Dean: Faculty of Engineering and the Built Environment	2 317	2 317	172	-	280
Professor M Ramutsindela	Dean: Faculty of Science	2 317	2 317	74	-	-
Professor D Chirwa	Dean: Faculty of Law	2 156	2 156	114	-	-
Associate Professor S Kessi	Dean: Faculty of Humanities	2 317	2 317	172	-	-
Associate Professor L Green- Thompson	Dean: Faculty of Health Sciences	3 019	3 019	-	-	-
Dr C Duggan	Director: Graduate School of Business	2 479	2 479	160	-	-

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Professor A Cliff	Acting Dean: Centre for Higher Education Development <i>01/01/2022 to 31/03/2022</i>	1 349	337	-	144	-
Associate Professor K Behari-Leak	Dean: Centre for Higher Education Development <i>Appointment effective 01/04/2022</i>	1 938	1 453	-	-	-
Professor S Goodman	Dean: Commerce	2 277	2 277	-	-	39
Mr R Van Huyssteen	Executive Director: Information and Communication Technology Services	2 156	2 156	-	-	-
Ms M Hoosain	Executive Director: Human Resources	2 156	2 156	229	-	-

Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Executive Management Team During 2022 continued

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Mr B Ndaba	Acting Executive Director: Human Resources 01/05/2022 to 31/12/2022	1 472	981	-	262	-
	Director: Organisational Development & Effectiveness 01/01/2022 to 30/04/2022	1 472	491	-	-	-
Ms G Kruger	Executive Director: CMD	2 156	2 156	-	-	-
Ms K Hatton	Acting Executive Director: Communications & Marketing Department 20/05/2022 to 30/09/2022	1 338	489	-	179	-
	Director: Communications & Marketing Department 01/01/2022 to 19/05/2022 and 01/10/2022 to 31/10/2022	1 338	627	-	-	-
Dr L Mtwisha	Executive Director: Research	2 129	2 129	274	-	-

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Mrs S Archer	Executive Director: Development & Alumni Department <i>Appointment effective 01/05/2022</i>	2 043	1 362	-	-	-
Mr S van Heerden	Acting Executive Director: Development & Alumni Department 01/01/2022 to 30/04/2022	1 338	446	-	165	-
	Deputy Director: Funding & Strategic 01/05/2022 to 31/12/2022	1 338	892	-	-	-
Mr M Parker	Executive Director: Properties & Services	2 223	2 223	343	-	-
Ms U Satgoor	Executive Director: Libraries	2 156	2 156	297	-	-

Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Executive Management Team During 2022 continued

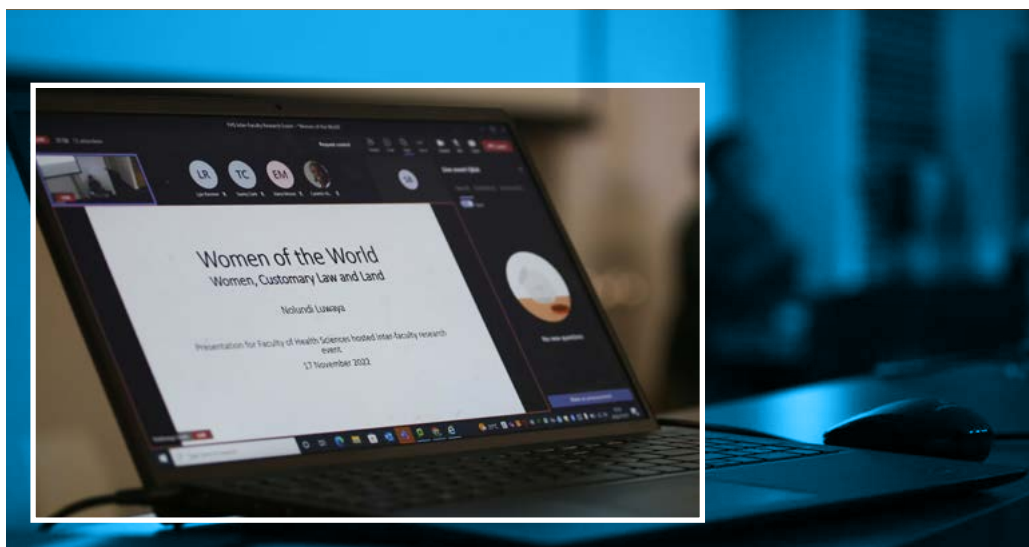
Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Mr P Mgolombane	Executive Director: Department of Student Affairs and acting Deputy Vice-Chancellor: Transformation (certain responsibilities)	2 156	2 156	274	197	-

* An acting allowance is awarded where an existing staff member is temporarily appointed in another position in an acting capacity.

Executive Management Team During 2021

** Included in the total for other services of R1 382 272 is R1 056 480 (2021: R891 167), being the deemed value of the house and vehicle provided to the Vice-Chancellor as part of her package.

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Professor R Phakeng	Vice-Chancellor	3 753	3 753	395	-	1 217**
Professor S Harrison	Deputy Vice-Chancellor	2 633	2 633	138	-	-
Dr R Morar	Chief Operating Officer	2 633	2 633	-	-	-
Assoc Professor M Lange	Deputy Vice-Chancellor	2 633	2 633	-	-	-
Emer Professor M Hall	Acting Deputy Vice-Chancellor <i>Appointment effective 01/04/2021</i>	2 495	1 871	-	-	-
Professor L Feris	Deputy Vice-Chancellor	2 633	2 633	-	-	-
Professor A Lewis	Dean: Faculty of EBE	2 203	2 203	278	-	274
Mr R Van Huyssteen	Executive Director: Information and Communication Technology Services	2 049	2 049	-	-	-
Mr R Pillay	Registrar	2 049	2 049	259	-	-
Ms M Hoosain	Executive Director: Human Resources	2 049	2 049	172	-	-



Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Executive Management Team During 2021 continued

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Ms G Kruger	Executive Director: Communication and Marketing Department	2 049	2 049	-	-	-
Professor M Ramutsindela	Dean: Faculty of Science	2 203	2 203	139	-	-
Professor D Chirwa	Dean: Faculty of Law	2 049	2 049	151	-	-
Dr L Mtwisha	Executive Director: Research Office	2 024	2 024	-	-	-
Assoc Professor S Kessi	Dean: Faculty of Humanities	2 203	2 203	162	-	-
Dr R Alley	Executive Director: Development and Alumni Office <i>01/01/2021 to 30/06/2021</i>	2 049	1 025	-	-	-
Associate Professor L Green-Thompson	Dean: Faculty of Health Sciences	2 870	2 870	76	-	-
Mr M Parker	Executive Director: Properties and Services	2 113	2 113	323	-	-

Name	Job Title	Annual- ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Ms U Satgoor	Executive Director: Libraries	2 049	2 049	323	-	-
Mr V Motholo	Executive Director: Finance <i>Appointment effective 01/10/2021</i>	2 049	512	-	-	-
Dr C Duggan	Director: Graduate School of Business	2 357	2 357	-	-	-
Mr P Mgolombane	Executive Director: Department of Student Affairs	1 878	1 878	-	-	-
Mr H Maritz	Director: Group Finance and Acting Executive Director: Finance <i>01/01/2021 to 30/09/2021</i>	1 859	1 859	293	118	-
Professor A Cliff	Acting Dean: CHED	1 349	1 349	194	542	-

Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Executive Management Team During 2021 continued

Name	Job Title	Annual-ised salary for job R'000	Amount paid or accrued for job R'000	Per- formance bonus R'000	Acting allowance* R'000	Total for other services R'000
Emeritus Professor L Ronnie	Dean: Commerce 01/01/2021 to 31/03/2021	2 203	551	-	-	19
	Acting Dean: Commerce 01/04/2021 to 30/06/2021	1 349	337	-	214	35
	Professor 01/07/2021 to 31/12/2021	1 349	674	-	-	159
Professor E Muchapondwa	Acting Dean: Commerce 01/07/2021 to 31/12/2021	1 349	674	-	350	-
	Professor 01/01/2021 to 30/6/2021	1 349	674	-	-	1
Mr G Willis	Acting ED: Department of Student Affairs 01/01/2021 to 31/01/2021	1 272	106	-	57	-
	Director: Student Housing 01/02/2021 to 31/08/2021	1 272	742	-	-	-

Other Payments

Name	Position held	Purpose/reason for payment	Amount R'000
2022			
Professor R Phakeng	Vice-Chancellor	Retention allowance	305
Mr R Pillay	Registrar	Retention allowance	474
Mr V Motholo	Chief Financial Officer	Attraction allowance	451
Professor S Goodman	Dean: Commerce	Scarcity allowance	284
Mr B Ndaba	Acting Executive Director: Human Resources	Attraction allowance	210
Ms K Hatton	Acting Executive Director: Communications & Marketing Department	Retention allowance	68
Mr M Parker	Executive Director: Properties & Services	Retention allowance	407
Total			2 199
Name	Position held	Purpose/reason for payment	Amount R'000
2021			
Dr R Alley	Executive Director: Development and Alumni Office	Leave encashment at resignation	796
Dr R Alley	Executive Director: Development and Alumni Office	Severance package	1 025
Mr R Pillay	Registrar	Retention allowance	376
Mr M Parker	Executive Director: Properties and Services	Retention allowance	322
Mr V Motholo	Executive Director: Finance	Attraction allowance	113
Total			2 632

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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

26. Remuneration of Key Management continued

Other Payments continued

The following table represents the disclosure required in terms of *IAS 24: Related Party Disclosures* in respect of compensation of key management:

	2022 R'000	2021 R'000
Short-term employee benefits	58 488	52 790
Post-employment benefit	8 732	8 718
Termination benefits	-	1 821
Total compensation paid to key management personnel	67 220	63 329

The post-employment benefit reflected above for key management represents payments made to the University's retirement fund.

27. Student Loans Receivable

	2022 R'000	2021 R'000
Opening balance	-	-
Loans issued	15 181	-
Loans repaid	-	-
Interest charged	-	-
Closing balance	15 181	-
Non-current	14 869	-
Current	312	-

UCT registered as a National Credit Provider and commenced issuing student loans in 2022.

Interest on these loans starts accruing once the student exits the University. There are no fixed repayment terms; loans are repayable once the student exits and starts earning an income. UCT uses a debt management provider to assess the appropriate repayment amounts to ensure that students are able to afford the monthly repayments once they have found employment. As these loans were first issued in 2022, with none being due in the current year, there is insufficient data regarding collections to accurately determine a potential expected credit loss. Management believes that this balance is materially recoverable.

28. 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 R531 million (2021: R482 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.

29. Lessee Improvements

29.1 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 three years to run with an option to renew for a further 99 years. Lease income on this property is nominal.

29.2 Pinewood Village

The Pinewood Village retirement complex, built in Pinelands, Cape Town has been erected on land owned by the University of Cape Town.

The initial lease of 99 years still has 68 years to run with a renewal option of a further 99 years.

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.

Consolidated Annual Financial Statements for 2022 continued

Notes continued

30. 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 entities (refer Note 7 and Note 8);
- » 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 entities occurred during the year under review, and were eliminated in the consolidated financial statements.

	2022 R'000	2021 R'000
University of Cape Town Foods Services (Pty) Ltd		
<i>Related Party Balances</i>		
Intercompany loan	25 197	24 879
<i>Related Party Transactions</i>		
Grants	161 373	151 507
Unutilised funds reinvested	(70 522)	(40 228)
Management fee received	4 779	3 957
Endowed funds	(26 426)	(1 099)
University of Cape Town Lung Institute (Pty) Ltd		
<i>Related Party Balances</i>		
Investment	-	(461)
Trade receivables	1 793	-
Trade payables	(9 338)	(5 558)
<i>Related Party Transactions</i>		
Interest paid	-	(21)
Services rendered	10 600	5 336
Services received	(10 921)	(8 557)
Sports Science Share Block (Pty) Ltd		
<i>Related Party Balances</i>		
Loans to shareholder	33 046	33 046
<i>Related Party Transactions</i>		
Services received	(7 053)	(7 191)

	2022 R'000	2021 R'000
University of Cape Town Foods Services (Pty) Ltd		
<i>Related Party Balances</i>		
Intercompany loan	57 845	53 436
Trade payables	(2 737)	(3 692)
<i>Related Party Transactions</i>		
Interest received	4 408	4 073
Purchases	(98 960)	(94 704)
Services rendered	1 120	45

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.

The previous Chair of Council, Babalwa Ngonyama (resigned 18 May 2023), has disclosed an indirect interest of 14.3% in Camissa Asset Management (previously Kagiso Asset Management), an asset manager that administers a portfolio of the University's investments included in note 3. At 31 December 2022, the balance of the investment portfolio amounted to R284 million.

In addition to the loan balances disclosed in note 8, associate entities owed the following to the University at year end:

	2022 R'000	2021 R'000
Cape BioPharms (Pty) Ltd		
<i>Related Party Balances</i>		
Accounts receivable	1 987	-
Hyplat (Pty) Ltd		
<i>Related Party Balances</i>		
Accounts receivable	113	-

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Notes continued

31. Contingent Liabilities

Litigation

The University faces various litigation claims, the outcome of which is uncertain. No provision in respect of any litigation claims have been recognised due to it not being probable that an outflow of resources will be required and as the estimates cannot be reliably determined.

European Commission Repayment

As at 31 December 2022 the University recognises a contingent liability relating to the repayment of funds to the European Commission (EU). This arises from an audit report issued and subsequent appeals process of the EU grant funding for the ARISE project.

At the reporting date, the University assessed the likelihood of an outflow of funds resulting from the contingent liability. Based on the information available at that time, it was determined that the possibility of an outflow was remote and no disclosure required as per IAS 37.

On 23 May 2023, subsequent to the reporting date, the University received communication confirming the outcome of the appeal process, resulting in a refund obligation to the EU of R21 996 056.02 (EUR 1 204 669.26). The University made full settlement of the amount owing by 31 July 2023.

32. Events After the Reporting Date

Council's Investigating Panel

On 21 February 2023, Council adopted a resolution approving the Memorandum of Agreement between the University of Cape Town and the former Vice-Chancellor, stating that Council agreed to revise the terms of reference of the Investigating Panel (Panel) as set out in the resolution dated 15 October 2022. The overall standing mandate of the Panel is to investigate issues of governance that have affected and are affecting UCT without specifically investigating the conduct of the former Vice-Chancellor. The Council, after adopting the report of the Panel, publicly issued the report on 1 November 2023. The findings contained in the Panel Report have had no effect on the 2022 Consolidated Annual Financial Statements as presented.

An interim Vice-Chancellor, Emeritus Professor Daya Reddy, was appointed at a special Council meeting on 6 March 2023 and he took office on 14 March 2023. The former Vice-Chancellor retired early from UCT, effective 1 April 2023.

Reportable Irregularities

The external auditors raised certain reportable irregularities in terms of section 45 of the Auditing Profession Act. Progress was made in clearing these reportable irregularities. The table below reflects the status of the reportable irregularities as at the reporting date:

Description	Action	Status
The UCT Council failed as a collective and did not take decisive corrective action to address certain lapses in good governance, including the abuse of power by its most senior office bearers, failing to act on complaints raised through reports issued and ensuring that the roles of executive and non-executive leadership remain distinct. These governance lapses include conflicts of interest not being declared in Council meetings and implicated individuals not recusing themselves from decision making in relation to matters in which they had a personal interest and senior leadership not acting in the best interest of UCT by their conduct, including conduct during Council meetings.	UCT Council will establish a governance sub-committee whose task will be to establish a framework to strengthen the university's governance. This will include induction processes for Council members, reviews of Council performance, tightening the terms of reference for key committees of Council, alignment of the functions to execute Council decisions through the management systems and without any undue impediments that may undermine good governance. The governance role of key committees of Council, like the Remuneration Committee of Council and the University Human Resources Committee, as well as the operational function of key university departments, will be included in this process.	Ongoing
In some instances, the senior leadership at the institution breached labour laws and UCT policies by having contracts terminated unlawfully and behaving in a discriminatory and unethical manner, the unlawful suspension of employees and breaching the Public Protection Act by intimidating and purporting to act on behalf of Council.	The governance role of key committees of Council, like the Remuneration Committee of Council and the University Human Resources Committee, as well as the operational function of key university departments, will be included in a review process to be undertaken by a Council governance sub-committee, with a view to ensure compliance with UCT's regulations and policies and enforcing the Council code of conduct.	Ongoing

33. Going Concern

Management believe that the University has adequate financial resources to continue in operation for the foreseeable future and the annual financial statements have therefore been prepared on a going concern basis. Management have satisfied themselves that the University is in a sound financial position and are not aware of any new material changes that may adversely impact the University. Management are also not aware of any material non-compliance with statutory or regulatory requirements, or of any pending changes to legislation which may affect the University.