

THE UNIVERSITY OF
CAPE TOWN



ANNUAL REPORT

2021



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

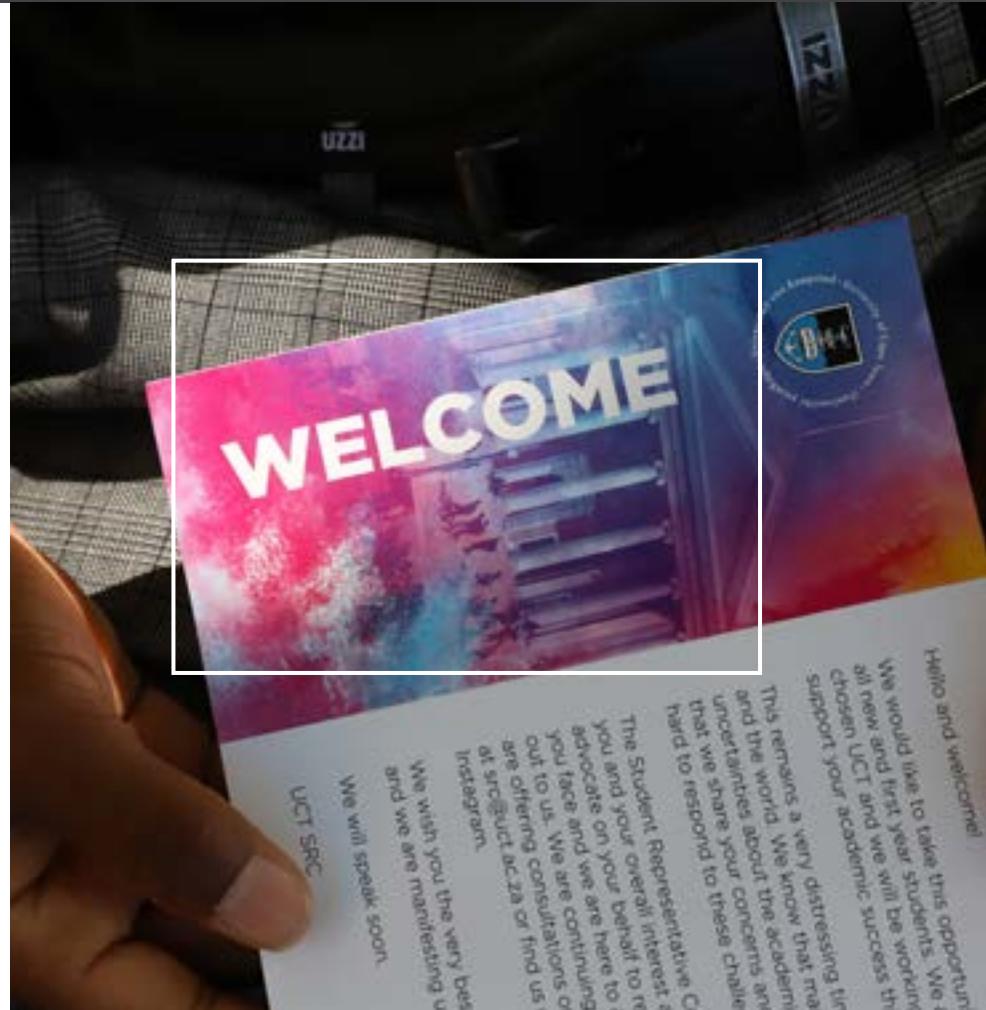
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REPORT OF THE CHAIR OF COUNCIL FOR 2021

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

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

EXECUTIVE OFFICERS OF THE COUNCIL

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

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

Cllr A Kuhl

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 K Makholiso
Ms N Mohamed
Ms T Mokgabudi
Ms B Ngonyama (Chairperson)

Appointed by the Students' Representative Council

Mr D Dyer
Mr S Lonzi
Mr P Ntentema



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 2021 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. 1199 of 20 September 2002 and as subsequently amended). The Act deals *inter alia* with public higher education institutions, of which the University is one.

The Act requires a public higher education institution to have a Council, a Senate, a structure to advise the Council on student matters, an Institutional Forum, and a Students' Representative Council.

The Act, read with the Institutional Statute, defines the role, powers and composition of each of these bodies.

The 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 ten student members (in a body of 30) 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 currently constituted complies with the requirements of the law. Members of Council are not remunerated. Should a Council member need to travel outside Cape Town, or to Cape Town to attend a meeting, however, s/he may be reimbursed for the travel expenses incurred.

ETHICS IN DECISION-MAKING AND IN UNIVERSITY WORK

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

Care is taken to ensure that:

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

In order to ensure that there is neither an actual nor a perceived conflict of interest, and that decisions are made independently of the personal interests of members, each Council member, all senior managers, and all members of Council committees are required: (i) to make an annual declaration of interests; (ii) to declare any conflict or potential conflict ahead of discussion of relevant issues; and (iii) to recuse themselves should any such conflict of interest arise. In addition, all Council members must subscribe to the Council's code on conflicts (or potential conflicts) of interest, as well as the Council code of conduct. The latter was updated in 2021.

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.

REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

COUNCIL STATEMENT ON CORPORATE GOVERNANCE Continued

ETHICS IN DECISION-MAKING AND IN UNIVERSITY WORK Continued

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

Corporate governance and ethics in decision-making are further reinforced by the University's statement of values¹, updated in December 2016, and the Fraud and Corruption Prevention Policy².

STAKEHOLDERS

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

OBJECTIVES FOR THE COUNCIL FOR 2021

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 5 December 2020) set the following high-level objectives for 2021.

Table 1: Objectives for the Council for 2021

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: | Council authorised for submission to the Department of Higher Education (a) the 2020 Annual Report in June 2021; (b) the 2021 Mid-year Performance Report in December 2021; and (c) the 2022 Annual Performance Plan in December 2021. |
| To achieve the approved enrolment targets for 2021, 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 28 174 (2020: 28 037) students in 2021. This agreed target total can be broken down as follows: 16 456 (2019: 16 421) undergraduate students, 3 008 (2020: 2 988) postgraduates below the master's level, 5 150 (2020: 5 087) master's students and 2 073 (2020: 2 053) doctoral enrolments. The headcount enrolment is projected to translate into 21 426 (2020: 21 322) full-time equivalent enrolments. | See pages 13–30 |

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

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

REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

OBJECTIVES FOR THE COUNCIL FOR 2021 Continued

Table 1: Objectives for the Council for 2021 Continued

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

- » the 2021 University Capacity Development Grant (encompassing teaching- and research-development);
- » the 2021 earmarked Foundation Programme Grants;
- » the 2021 Infrastructure and Efficiency Grants; and
- » the 2021 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.

To adopt a strategic plan (Vision 2030) for the University for the period 2021 to 2030.

At its December 2020 meeting, Council unanimously approved Vision 2030, confirming the strategic direction for the University over a period of 10 years commencing in 2021.

See pages 31–39

See pages 13–16

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:

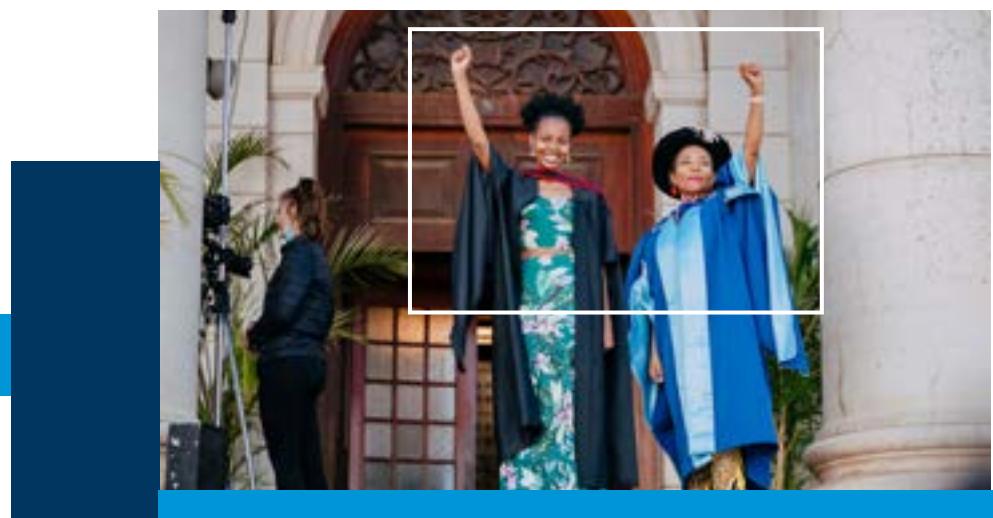
The recruitment of senior staff in respect of vacant posts. During the course of 2021, the following senior appointments took effect: (1) Mr Pura Mgolombane as Executive Director of Student Affairs; (2) Mr Vincent Motholo as the Executive Director of Finance; (3) Emeritus Professor Martin Hall as the Acting Deputy Vice-Chancellor for Transformation and Student Affairs; (4) Mr Sidney Van Heerden as the Acting Executive Director for Development and Alumni; (5) Professor Edwin Muchapondwa as the Acting Dean of the Faculty of Commerce.

- » 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.

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

See pages 39–48

See pages 15–27



REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

THE COMMITTEES OF COUNCIL

REGULAR COUNCIL MEETINGS

The meeting attendance by Council members is recorded below:

Attendance at the regular Council meetings: 1 January 2021 to 31 December 2021

Table 2: Attendance at regular Council meetings 2021

| 2021 | 13 Mar | 19 Jun | 16 Oct | 4 Dec | Attendance % |
|--------------|--------|--------|--------|-------|--------------|
| S Barsel | P | P | P | P | 100 |
| M Campbell | P | P | P | P | 100 |
| M Cardo | P | P | Ap | P | 75 |
| S Chetty | P | Ap | P | P | 75 |
| D Chirwa | P | P | P | P | 100 |
| E Davids | P | P | Ap | P | 75 |
| D Dyer | P | P | P | N/A | 100 |
| N Eccles | P | P | Ap | P | 75 |
| P Gwangwa | P | P | P | P | 100 |
| S Harrison | P | P | P | P | 100 |
| Z Khanyile | P | P | P | P | 100 |
| A Kuhl | Ap | NA | N/A | N/A | - |
| M le Roux | P | P | Ap | P | 75 |
| S Lonzi | P | P | P | P | 100 |
| K Makhohliso | P | Ap | P | P | 75 |
| S Manjra | P | Ap | P | P | 75 |
| K Maphisa | P | P | P | Ap | 75 |
| N Mohamed | P | P | P | P | 100 |
| T Mokgabudi | P | P | P | P | 100 |
| R Morar | P | P | P | P | 100 |
| B Mtsi | N/A | N/A | P | P | 100 |
| R Muloiwa | P | P | P | P | 100 |
| S Mzimela | P | P | P | P | 100 |
| B Ngonyama | P | P | P | P | 100 |
| P Ntentema | P | P | P | N/A | 100 |
| N Ntusi | P | P | P | P | 100 |
| M Phakeng | P | P | P | P | 100 |

| 2021 | 13 Mar | 19 Jun | 16 Oct | 4 Dec | Attendance % |
|---------------|--------|--------|--------|-------|--------------|
| J Rousseau | P | P | P | P | 100 |
| C Vaughan | P | P | P | P | 100 |
| G van Onselen | N/A | N/A | N/A | P | 100 |
| D Yach | p | P | P | P | 100 |
| M Zibi | N/A | N/A | N/A | P | 100 |

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

Attendance at special meetings of Council 1 January 2021 to 31 December 2021

Table 3: Attendance at Special Council meetings 2021

| 2021 | 13 Apr | 20 Apr | 11 Nov | Attendance % |
|--------------|--------|--------|--------|--------------|
| S Barsel | P | P | P | 100 |
| M Campbell | P | P | P | 100 |
| M Cardo | P | P | P | 100 |
| S Chetty | P | P | P | 100 |
| D Chirwa | P | P | P | 100 |
| E Davids | P | P | P | 100 |
| D Dyer | P | P | N/A | 100 |
| N Eccles | P | P | P | 100 |
| P Gwangwa | P | P | P | 100 |
| S Harrison | P | P | P | 100 |
| Z Khanyile | P | P | P | 100 |
| A Kuhl | Ap | Ap | N/A | - |
| M le Roux | P | P | P | 100 |
| S Lonzi | P | P | P | 75 |
| K Makhohliso | P | P | P | 100 |
| S Manjra | P | P | P | 100 |
| K Maphisa | P | P | P | 100 |
| N Mohamed | P | P | P | 100 |
| T Mokgabudi | P | P | P | 100 |
| R Morar | P | P | P | 100 |
| B Mtsi | N/A | N/A | P | 100 |
| R Muloiwa | P | P | P | 100 |

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

REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

THE COMMITTEES OF COUNCIL Continued

REGULAR COUNCIL MEETINGS Continued

Table 3: Attendance at Special Council meetings 2021 Continued

| 2021 | 13 Apr | 20 Apr | 11 Nov | Attendance | % |
|---------------|--------|--------|--------|------------|---|
| S Mzimela | P | P | P | 100 | |
| B Ngonyama | P | P | R | 100 | |
| P Ntentema | P | P | P | 100 | |
| N Ntusi | P | P | P | 100 | |
| M Phakeng | P | P | P | 100 | |
| J Rousseau | P | P | P | 100 | |
| C Vaughan | P | P | P | 100 | |
| G van Onselen | N/A | N/A | P | 100 | |
| D Yach | p | P | P | 100 | |
| M Zibi | N/A | N/A | P | 100 | |

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



COUNCIL'S EXECUTIVE COMMITTEE

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

The EXCO consists of the Chair and Deputy Chair of Council, the Chair of the University Finance Committee (UFC), 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 2021 and each member's attendance record:

Table 4: Attendance at Council Executive Committee (Council EXCO) meetings 2021

| 2021 | 11 Feb | 22 Apr | 24 May | 22 Jul | 30 Aug | 11 Nov | Attendance | % |
|------------|--------|--------|--------|--------|--------|--------|------------|---|
| S Barsel | P | P | P | P | Ap | P | 83 | |
| D Dyer | P | P | P | P | P | N/A | 100 | |
| P Gwangwa | N/A | P | P | P | P | P | 100 | |
| Z Khanyile | P | Ap | P | P | P | P | 83 | |
| B Ngonyama | P | P | P | P | P | P | 100 | |
| N Ntusi | P | P | P | P | P | P | 100 | |
| N Mohamed | P | N/A | N/A | N/A | N/A | N/A | 100 | |
| M Phakeng | P | P | P | P | P | P | 100 | |
| D Yach | P | P | P | Ap | P | P | 83 | |
| M Zibi | N/A | N/A | N/A | N/A | N/A | P | 100 | |

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

REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

THE COMMITTEES OF COUNCIL Continued

COUNCIL'S EXECUTIVE COMMITTEE Continued

Table 5: Attendance at special EXCO meetings 1 January 2021 to 31 December 2021

| 2021 | 30 Nov | % Attendance |
|------------|--------|--------------|
| S Barsel | P | 100 |
| P Gwangwa | P | 100 |
| Z Khanyile | P | 100 |
| B Ngonyama | P | 100 |
| N Ntusi | P | 100 |
| M Phakeng | P | 100 |
| D Yach | P | 100 |
| M Zibi | P | 100 |

THE COUNCIL APPOINTMENTS COMMITTEE

The Council Appointments Committee considers nominations for certain vacancies in the Council in terms of paragraph 46 of the Statute and appoints five members of the Council. The Appointments Committee met once in 2021 to fill a vacancy that arose in the Convocation Constituency.

THE UNIVERSITY AUDIT AND RISK COMMITTEE

The University Audit and Risk Committee (UARC) is a standing committee of Council and consists of external members of Council and independent members. The Audit and Risk Committee met on five occasions in 2021. The UARC's responsibilities are to:

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

THE UNIVERSITY FINANCE COMMITTEE

The University Finance Committee (UFC) is a standing committee of Council and is chaired by an external member of Council. The committee consists of four members of Council (one of whom must be the Chair), the Vice-Chancellor, the Chief Operating Officer, the Executive Director: Finance, three members nominated by Senate and two members nominated by the Students' Representative Council. The UFC advises Council on financial strategy, makes recommendations on revenue and capital budgets, and monitors and reports quarterly on progress against these budgets. The committee met five times during 2021.

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 five times during 2021.

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. USAC 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 three times in 2021.

THE UNIVERSITY HUMAN RESOURCES COMMITTEE

The University Human Resources Committee (UHRC) is a standing committee of Council that advises Council on HR policy and employment equity policy and plans and previously played a role in considering reports on outsourced providers' compliance with the code of conduct. It also provides information on staff issues and staff concerns. The committee met four times during 2021. An external Council member chairs the UHRC.

REPORT OF THE CHAIR OF COUNCIL FOR 2021 Continued

THE COMMITTEES OF COUNCIL Continued

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

It is chaired by the Chief Operating Officer, and it includes a member of Council, members of the academic staff appointed by Senate, the Executive Director: Finance, the Registrar and SRC-appointed members. The UICTC met four times in 2021.

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 ordinary meetings and one special meeting (following the fires at the University) in 2021.

CONCLUSION

UCT extends its appreciation to all of 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. Council will continue to carry out its governance duties with diligence and commitment, mindful of the honour it is to serve an institution that is a national and continental asset.

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



Babalwa Ngonyama CA(SA)
Chair: Council

18 June 2022



UCT extends its appreciation to all of 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.



 **REPORT ON
UCT OPERATIONS
DURING 2021**

| | |
|--|----|
| Section 1: Report on 2021 Executive Objectives | 13 |
| Section 2: Performance against targets in the 2021 Annual Performance Plan | 28 |
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REPORT ON UCT OPERATIONS DURING 2021

The report on UCT operations consists of four sections:

Section 1

Deals with a reflection on executive objectives for 2021, 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

Provides an update on the progress in utilising these grants.

Section 4

Deals with the reports of Senate to Council in 2020, consisting of the Research Report, Teaching and Learning Report and Social Responsiveness Report which served at Council during 2021.

Section

1

REPORT ON 2021 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*.

Through Vision 2030 the university seeks to “draw from the extraordinary social and cultural diversity, creativity and capacity for innovation of all our staff and students to contribute to making the 21st century the Afrikan century; to look at ourselves as a university and create together the top global university in Afrika – a university that is uncompromising in its transformative intent, deeply rooted in academic excellence and that strives for social, environmental and financial sustainability”.

Transformation constitutes one of the Vice-Chancellor's pillars to build the future of UCT. Thus our commitment to transformation forms a constitutive part of the core academic functions of the university as much as of the professional and administrative services that make the delivery of our mission possible. From an operational perspective the University of Cape Town has a transformation and student affairs portfolio managed by a Deputy Vice-Chancellor. Vision 2030 was conceptualised as an integrated strategy in which the different sections and units of the university work towards achieving objectives which together contribute to the realisation of the vision while each executive takes primary responsibility for specific projects.

Unleashing human potential to create a fair and just society is the massive transformative purpose that will drive UCT for the next 10 years. In order to achieve this, UCT identified four goals:



GOAL 1 To develop and foster an organisational ethos that supports new ways of thinking and being



GOAL 2 To provide thought leadership on social justice



GOAL 3 To offer a holistic, innovative, future-oriented education



GOAL 4 To conduct research solving Afrika's problems

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This set of high-level goals required the development of lower-level objectives for each of them in order to realise Vision 2030. The development of these objectives will be ongoing and iterative in nature and will change over time as different milestones are achieved.

The executive objectives presented in the 2021 Annual Performance Plan that preceded this report bridged the development of Vision 2030 and its full implementation which will take place in phases. During 2021 UCT planned specifically to embark on the implementation of the foundational projects of Vision 2030, that is those projects on which future developments will be built and which UCT will report on in subsequent versions of this report.

KEY PERFORMANCE INDICATORS

UCT Vision 2030: #Unleash Executive Objectives

The executive objectives identified as priorities during 2021 respond to three key issues that emerged during the wide-ranging engagements across the university during the developmental phase of the strategy. The first of these was **the centrality of transformation and a transformed way of thinking, being and doing** in the creation of a conducive environment to realise Vision 2030. The second key issue driving strategic implementation was **the need for collaboration and clear communication between and within senior executive portfolios** providing for the opportunity for innovation and creativity in tackling problems. The third key issue was **the identification of foundational projects** required to achieve the objectives of Vision 2030. The executive objectives for 2021 articulated below represent an opportunity to put into place the initial pre-requisites and mechanisms that would create the foundation for the success of Vision 2030.

The following 2021 Executive objectives related to the **Organisational ethos that supports new ways of thinking, being and doing** and to **provide thought leadership on social justice** goals:

- » Implementation of the accelerated transformation plan (demographic and institutional cultural transformation).
- » Redress inequality and build social justice through targeted strategies.
- » Support community engaged research.

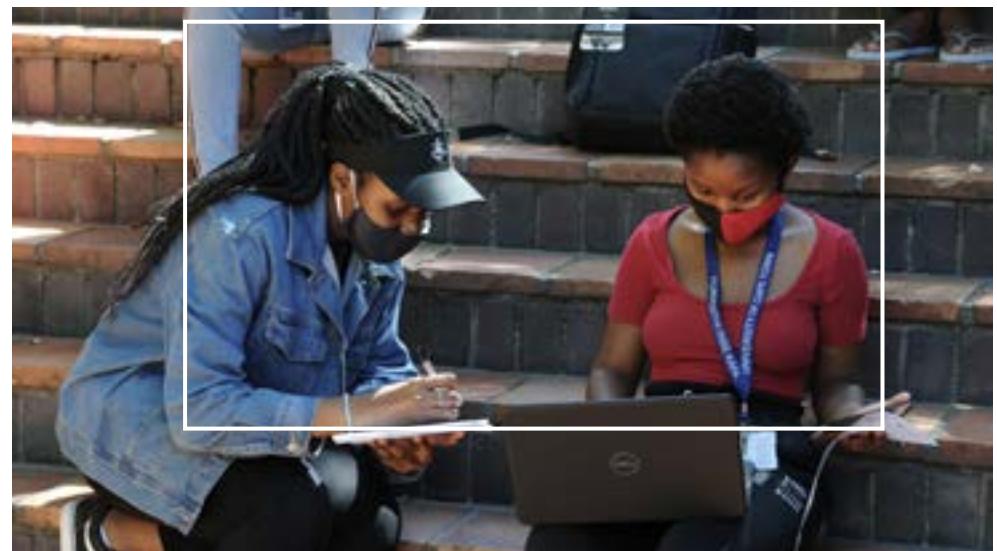
The 2021 Executive objectives related to the **Offering a holistic, innovative, future-oriented education** goal were as follows:

- » Increase the utilisation of data analytics in teaching and learning.
- » Support the development of academic teaching and learning skills.
- » Develop a plan to offer digitally mediated education.
- » Implement the guidelines for curriculum review at undergraduate level.

The 2021 Executive objectives related to **Research solving Afrika's problems** goal were to:

- » Develop the next generation of researchers and scholars.
- » Expand access and funding for senior postgraduate students.
- » Increase diversity and inclusivity among students registered for postgraduate research degrees.
- » Identify interventions to increase postgraduate throughput.
- » Improve research management and support systems.
- » Support research focused on the SDGs.

It has to be noted that the COVID-19 pandemic that began in March 2020 became the all-encompassing context within which the UCT executive was developing Vision 2030, while ensuring the continuity of the teaching and learning and research operations under different levels of lockdown. The detail of the work done by UCT to run the academic project, the teaching and learning and research functions under COVID-19 will be reflected on in the Senate Reports section of this document. Suffice it to say here that the University was able to move swiftly into Emergency Remote Teaching (ERT) for both undergraduate and postgraduate programmes and that arrangements were made to maintain the continuity of the research enterprise in critical areas that required physical presence in laboratories. The decision to move into ERT as well as the modality chosen to do so were informed by a survey of student ability to access the internet, data and devices. Throughout 2020 and 2021, UCT monitored student engagement online and put in place different forms of support to facilitate student performance in ERT and subsequently during Physically Distant Learning (PDL). Like all other public universities during 2020 and 2021, UCT has been providing the Department of Higher Education and Training with regular reports on its management of the academic project, staff, students and finances during the pandemic. Full reports on how UCT managed teaching and learning and research during COVID-19 in 2021, will serve in Senate in the second semester of 2022.



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PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021

The Executive Objectives for 2021, linked to Vision 2030, are as follows:



GOAL 1 To develop and foster an organisational ethos that supports new ways of thinking and being



GOAL 2 To provide thought leadership on social justice



Objective 1 – Implementation of the accelerated transformation plan (demographic and institutional cultural transformation).

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

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

UCT officially launched its Accelerated Transformation of the Academic Programme (ATAP) initiative in mid-October 2021 via a virtual event at which various UCT staff members, including the Vice-Chancellor (VC), spoke about the potential the programme could unlock in the students involved. Aimed at developing and supporting a cohort of high-performing black South African postgraduate students and postdoctoral fellows with an interest in pursuing academic careers, the ATAP is intended to widen the pool of black South African candidates available for academic positions at UCT and other institutions.

ATAP evolved out of a reflection on the part of black professors and associate professors suggesting ways in which UCT could accelerate such transformation. The Programme thus focuses on providing full financial support to selected high-performing black postgraduates and monitors development opportunities while offering mentoring by academics of the participants' choice.

UCT officially launched its Accelerated Transformation of the Academic Programme (ATAP) initiative in mid-October 2021 via a virtual event at which various UCT staff members, including the Vice-Chancellor (VC), spoke about the potential the programme could unlock in the students involved.

The programme, which was piloted in 2021, is managed through the office of the Deputy Vice-Chancellor: Transformation. It represents an initial investment of R44 million from UCT Council investments into a seven-year initiative that will run from January 2022 to December 2026. The programme aims to enhance opportunities for young and outstanding scholars, strengthening career pathing while contributing to the transformation of academia. The programme is driven by the Deputy Vice Chancellor for Research and Internationalisation and has links to the Centre for Higher Education Development (CHED) to the office of the Deputy Vice-Chancellor for Teaching and Learning, as well as to UCT's Office for Inclusivity & Change.

By instituting this programme, UCT is providing a nurturing environment that will produce a critical mass of the next generation of black South African academics. The initiative emanates from UCT's transformation vision; in particular, from the perspective of accelerating the transformation of academia. While UCT has long recognised the importance of capacity-building and training with a view to transforming the current and future academic sector and there are thus several initiatives (such as the New Generation of Academics Programme – nGAP, and the Next Generation Professoriate – NGP) there was clearly a need to further invest in and accelerate the transformation of the academic programme at UCT.

The official launch of the programme and the recognition of its first cohort represented a significant milestone towards not only the practical wrap-around support and mentoring of black South African master's and doctoral students and post-doctoral fellows, but also in terms of UCT's Vision 2030, which is anchored in three pillars: excellence, transformation and sustainability.

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PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued



Objective 2 – Redress inequality and build social justice through targeted strategies

In 2021, for the third successive year, UCT employed transformation benchmarks to measure how well the university has integrated, responded to and actioned transformation, inclusion and diversity. The benchmarks fall into nine categories, each of which asks how the university has practised transformation in the previous 12-month period and are assessed in the university's annual Transformation Report. The benchmarks specifically generate reflection on (among others) how the university has strategically integrated transformation, how the university supports the access and success of students and staff from diverse and disparate backgrounds, how it affirms dignity and acknowledges diversity through spaces and places (such as building names, symbols and artworks) and how the institution responds to discrimination, harassment and violence. Because the three years that these benchmarks reflect on have been so diverse, the results are not directly employed to track progress, but rather to assist the university to define its areas of strength, gaps and thematic areas that can inform future strategy.

On average, 13 entities (or units) at UCT submitted reports against the benchmarks between 2019 and 2021. Despite a number of challenges, the approach used showed specific trends that could inform the priorities and practices of the university. Overall, in 2021, every faculty and several non-academic departments reported actions that enabled staff and student access, support and success. This included ensuring that students had access to psychosocial and education support and focused on diversifying both student and staff demographics. Faculties and departments also reported actions that supported staff development and growth, and that focused on UCT's African identity (and responded to racism). Some benchmark areas, including the focus on space, place, language and identity, reported fewer actions in 2021; this is not surprising given the low-density campus that persisted in the second year of the COVID-19 epidemic.

With regard to the benchmark on the "Strategic Integration of Transformation" a range of specific actions were reported and included the strengthening of transformation capacities through hiring or identifying designated transformation officers/experts or specialists; strengthened transformation governance structures; and hosting or facilitating unit-wide engagements on race, gender and sexuality. It was recognised that adequate resourcing of these initiatives is essential for optimal impact.

In terms of "Student Access, Support and Success" it was recognised that the focus in 2021 was on the shift to emergency online teaching (ERT), and subsequently physically distant learning (PDL), and that this led to a focus on the parity of participation, rather than on ensuring, centring and critically engaging with issues related to transformation, inclusivity and diversity. Student demographics are routinely tracked and reported on (see Section 2 below). In 2021, a wide range of student support activities were reported, in response to the specific challenges facing students during the lockdown and remote learning. These unit responses included offering psychosocial and education support which was sensitive to socio-economic, racial and other disparities (CHED and DSA); the development of digital resources and tools for students (Commerce and GSB); consolidating and connecting institutional and faculty student support efforts (Humanities and Law); creating student-led events for learning and reflection on transformation and heritage (IAPO); ongoing psychosocial and other support through the DSA for students in residence, student societies and students more broadly; specific support for students with disabilities, students experiencing sexual or gender-based violence or other forms of discrimination, harassment and violence through the Office of Inclusivity & Change (OIC); and the development of mechanisms for students to directly raise concerns with faculties or departments about issues they were facing.

In relation to the benchmark "Staff Access, Support and Success", the 2021 report indicated that most departments and faculties track their staff demographic profiles and that many engaged with staff on diversity and provided psychosocial support to staff in response to the stress and trauma of the COVID-19 period. The shift to remote working provided particular challenges in relation to engaging with staff and welcoming new colleagues. In response to this benchmark, many units reported referring black and women staff to leadership, academic and research development programmes. Several units reported that committees and decision-making bodies in their areas were diverse in terms of race and gender but included few persons with disabilities. Many units also reported hosting workshops, discussions or learning events on specific topics including race, gender and sexuality. A particular example of good practice cited was the Next Generation Leadership Programme, initiated by CHED, that enables mid-career staff to participate in leadership development in a programme that overtly takes account of the social context of leadership in international and African Higher Education. Also during 2021, the OIC ran over 100 distinct workshops reaching an estimated 2 000 staff members across the university through its inclusivity capacity building, institutional culture and disability portfolios on issues related to inclusivity, diversity and transformation. These workshops dealt with themes including staff values; examples of racism, disability colonialism and gender inequality; and co-creating a transformation vision for entities within the university.

Overall, in 2021, every faculty and several non-academic departments reported actions that enabled staff and student access, support and success.

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In terms of the benchmark dealing with “Place and Space: Language, Names, Symbols, Artworks and Identity” several working groups and committees contributed to this benchmark including the Language Policy Working Group; the work of the Multilingualism Education Project; the Naming of Buildings Committee; and Works of Art Collection (WOAC) committee. These committees and working groups ensure the use of language at UCT, the names on buildings and the artworks on campus are relevant to marginalised groups and respond to their realities. For example, in 2021: many units, focused on language and linguistic inclusion through supporting students who aren't first language English speakers or through offering content and courses on indigenous and local languages; the Faculty of Law listed the Land and Accountability Research Centre and Centre for Law and Society as sites of knowledge production which contribute towards this benchmark; UCT Libraries created a digital platform called Ibalu (the isiXhosa word for story) which makes connections between and showcases collections dealing with indigenous histories and social issues (such as climate change). Also during 2021, the Naming of Buildings Committee established a sub-committee to chart the way forward in relation to the proposed renaming of the former Smuts Hall Residence. The residence has been named Upper Campus Residence in the interim. The Senate Language Policy Committee (SLPC) started introducing and unpacking the new Language Policy Framework to faculties and developed a short briefing document for this purpose. The SLPC also undertook a mapping exercise that captured the use of multilingual pedagogies and interventions within faculties at the institution. The Works of Art Committee focused on the development of a new curatorial policy that would ensure public access, demonstrate leadership on transformation, inclusion and social justice, prioritise research and education efforts and ensure accountability and the transformation of learning spaces.



Objective 3 – Support community engaged research

Social responsiveness is supported through a variety of initiatives at UCT. Perhaps most importantly, UCT's Social Responsiveness Committee has, since 2003, overseen the annual compilation of a Social Responsiveness Report to Senate and Council, highlighting how the university tackles social, economic, cultural and political needs. Appropriately, the most recent (2020–2021) Social Responsiveness Report was COVID-19 themed, providing an account of the wide array of activities that the UCT community was engaged in, in response to the pandemic crises. The contents of this report are described more fully on pages 39–48 below (in Section 4: the Senate Reports section of this document).

UCT established an Engaged Scholarship Programme in 2015, providing a space for professional development for staff who wish to embed high quality engagement into their research and/or teaching, and who have an interest in exploring the transformative possibilities of engaged scholarship. The programme comprises four interactive seminars and a workshop, interspersed with preparatory readings, reflective writing and practical applications. Experienced engaged scholars from UCT lead the seminars or present aspects of their work for critical consideration. The seminar series begins with the “Here and Now” (exploring what kinds of engaged scholarship participants are currently involved in, and in what ways, if at all, their work articulates with UCT's policy for engaged scholarship. The importance of engaged scholarship in UCT's current context and for the changing higher education landscape in South Africa and the continent is also explored). The seminars then move on to considering case studies of practice; quality criteria for engaged scholarship; approaches to theorisation; the challenges of activist scholarship in a university setting; and tensions in purpose, rationale and the relationship of engaged scholarship to university missions and practices of scholarly recognition. In addition to the seminars, there are several independent activities, all of them integral to the programme, including reading, writing, small group collaboration and an assignment for presentation in the final seminar. Between 2015 and 2020 the programme “graduated” 115 academics, researchers and postgraduate students.

Since 2010 the UCT Knowledge Co-op has been developing long-term relationships with local non-profits and interest groups. These groups share questions arising from their work, and the Co-op advertises those that lend themselves to student dissertations in the appropriate academic departments. Graduate students then develop their research proposals around such topics and the Co-op facilitates the collaborative process with the community partner, ensuring that the resulting process fulfils both community and academic requirements.

The work of the Knowledge Co-op is particularly relevant to UCT's Vision 2030 goal to “unleash knowledge in and from Afrika” as it offers postgraduate researchers an opportunity to benefit from participating in situational research in “real life” contexts and to make a contribution to the challenges experienced there.

Since 2010 the UCT Knowledge Co-op has been developing long-term relationships with local non-profits and interest groups.

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In 2021, 60 new Knowledge Co-op project topics were sourced from 18 community partners. One partner (Khulisa Social Solutions) has submitted 23 topics in the more than six years of partnering, resulting in six dissertations to date. 34 research collaborations between students and community groups were facilitated during the year. These include 23 master's projects, five at honours level and six undergraduate research reports. Topics ranged from studying the impact of involvement in a dog-handling and life skills programme on participating children, to the governance of homelessness in Cape Town; they involve producing stories of empowerment for survivors of intimate partner violence or advice for an electronic system to collate programme statistics. Students in the Commerce faculty contributed the greatest number of projects (19), with 13 projects involving Humanities students and a few in Science and Health Sciences.

UCT established an annual Social Responsiveness Award in 2009. The award recognises UCT academics who demonstrate how social engagement can enhance the teaching and learning process – one of the university's priorities. At least one award has been made each year (with the exception of 2016) to a wide diversity of individuals and groupings across the university. Most recently, the 2021 award was made to Professor Leslie London in the Faculty of Health Sciences, recognising his contribution to achieving social justice in healthcare in South Africa. Professor London is dedicated to prioritising vulnerable communities and empowering them to speak up to improve the quality of healthcare in South Africa. He has worked with a variety of marginalised communities, health committee members and civil society activists in South Africa and abroad.



GOAL 3

To offer a holistic, innovative, future-oriented education



Objective 1 – Increase the use of data analytics in teaching and learning

UCT's Data Analytics for Student Success (DASS) is a three-year project launched in January 2020, with the goal of building institutional capabilities to harness the power of data for actionable insights that support student success. The project draws on expertise from CHED, ICTS and the IPD and is governed by the Data Analytics for Student Success Committee (DASSC), a subcommittee of the Senate Teaching and Learning Committee. DASSC is responsible for the development of an institutional strategy for student success using data analytics and oversees its implementation through the DASS Project.

The project focuses on tracking student performance over time across programmes, with a view to identifying key "blockages" and thereby addressing the critical issue of attrition. Within the climate of enormous uncertainty created by the COVID-19 pandemic, the project leveraged the power of data and analytics to provide real-time insights that proved invaluable to university leadership tasked with supporting students to rapidly make the shift from traditional pedagogy to Emergency Remote Teaching and Physically Distanced Learning (PDL).

Prior to the pandemic, work in data analytics had been circumscribed to a handful of courses impeding graduation. Under COVID-19, the DASS project extended its work to all courses, with more than 20 student enrolments, showing the potential of using appropriate data visualisation to monitor, understand, and manage student performance.

DASS identified the following two strategic goals during 2020, focusing on student success at the course and programme level respectively: adoption by Heads of Department (HoDs) and course convenors of data analytics and visualisations to understand and support their students' performance; and using academic plans and programmes as the unit of analysis to identify where student progress is being impeded.

DASS undertook the following in relation to data analytics and reporting during 2021:

- » The project continued to maintain the dashboard of online student participation originally created for Emergency Remote Teaching (ERT) in 2020. The dashboard reflects the proportion of students logging in to Vula (UCT's online learning management system) each week, categorised by level of engagement with online activities in course sites.

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- » Following the 2020 analysis of examination results to understand the impact of the COVID-19 pandemic and Emergency Remote Teaching on student performance, DASS repeated this analysis for 2021, comparing course results to the 2017–2019 and 2020 years, with a visualisation of high-level shifts and more detailed reporting by Faculty and Course. A further exercise looked at the possible impact of the shift of modes of assessment from online back to on-campus written exams for some courses, although only limited data was available to support this analysis because of the variety of methods in which exams were timetabled and scheduled during 2021.
- » A number of ad hoc reports for the faculties were developed and provided. Examples included an analysis of the performance of third year MBChB students for the Faculty of Health Sciences and a course results analysis for the Faculty of Engineering and the Built Environment.



- » In support of a project to update the learning platform, DASS analysed participation rates and other metrics for student course evaluations from Vula data over a five-year period. This analysis formed part of the interim report on the Course Evaluations Sub-project presented to the Senate Teaching and Learning Committee in October 2021.

A crucial output in relation to understanding student course performance was the “Know Your Students And Course” report which was developed according to specifications created by DASS, as informed by faculty focus groups. This report was launched with its distribution on 30 July 2021, emailed as a PDF to course convenors for whole-year and second semester courses with an enrolment of 20 or more students in undergraduate programmes and the Health Sciences MBChB, around 485 courses. This report is now part of the UCT analytics landscape and will be routinely provided to course convenors before the start of courses.

A second related project was UCT’s successful application for a Kresge Foundation Grant as part of the Siyaphumelela Project. UCT’s membership of Siyaphumelela brought the benefits of a local and international community of practice to support the embedding of data analytics into teaching and learning. DASS and DASSC were incorporated within the Siyaphumelela project.



Objective 2 – Support the development of academic teaching and learning skills

The Centre for Higher Education Development (CHED) is the unit responsible for the systematic development of UCT academics as teachers. The New Academic Practitioner Programme has been in existence for over two decades and has in this time evolved in its approach to engage academics’ understanding and practices of curriculum and pedagogy. This programme functioned online during the lockdown ensuring the continuity of a fundamental aspect of staff development at UCT.

The pandemic increased the need of more specific training to support the online teaching effort. UCT’s Centre for Innovation in Learning and Teaching (CILT) is located within CHED and supports the professional development of teaching staff through a range of offerings including webinars, resources and guides and workshops aimed at teaching assistants and tutors.

During 2021 all workshops and webinars were run online. Over the course of the year, CILT offered 74 webinars and workshops on a wide range of topics related to teaching and learning. Out of the 3 459 UCT staff registrations for webinars and workshops, 2 584 staff attended. In most cases, recordings were available for registered participants. Examples of areas covered during 2021 include Assessment; Course design and facilitating online; Tool use to facilitate learning in our courses; and Preparing Tutors.

In addition to participation in the webinars, teaching staff could access over 100 resources and guides from the CILT resources page. Authored and maintained by CILT staff, these resources include guides on course design and content creation, teaching and learning strategies (i.e. student engagement), physically distanced learning and assessment.

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Also during 2021 CILT ran two short courses for professional development, namely Design Studio (a four-week online course created to assist teaching staff at UCT who are designing or redesigning their courses for blended and online contexts) and Facilitating Online (an eight-week course for online educators and trainers who lead online and blended courses, events, and communities). Design Studio ran four cohorts in 2021, with a total of 159 registrations. There were four Facilitating Online cohorts in 2021 with 117 registered participants, of whom 75 were active on the course. Participants who completed these courses were eligible for a UCT Short Course Certificate of Completion.

Staff from CILT's Academic Staff Development (ASD) and Course and Curriculum Design (CCD) teams are linked to each of the six academic faculties and offer customised support on aspects related to teaching, learning and assessment in blended and online contexts.

CILT also offers on-demand consultations. These book-able slots have provided a useful addition to the type of support available for teaching staff. Learning Designers are allocated to the faculties they work in and staff may book time to get advice on blended learning teaching strategies and course site design. A total of 145 sessions were booked in 2021.

In 2021, CILT offered a Rapid Refresh service which supported teaching staff with improving and preparing their courses for teaching in 2022. This included consultations and a diagnostic service to help teaching staff to identify specific areas for improvement or development. With the agreement of the course convenor, CILT deployed staff to work on specific areas of the course and then provided help and support for staff to carry forward the changes into their teaching. A total of 40 courses were worked on in 2021, over all six faculties, although the largest number of courses tackled was in the Faculty of Commerce (15 courses).



Objective 3 – Develop a plan to offer digitally mediated education

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 Terms of Reference was approved by Senate in early 2021.

The first task of the revised Committee was to establish a task team that would be responsible for developing a Digitally Enabled Education (DEE) Strategy. It was intended that the Committee would focus on developing a longer-term strategy for UCT and how the University might take DEE forward post-pandemic with the learnings of Physically Distant Learning (PDL) and Emergency Remote Teaching (ERT).

From July 2021, the workstream met to gather information for the development of a concept to enable the strategy development, about the context of digitally enabled education at UCT including:

- » Examples of online teaching at UCT, including good practices.
- » Resourcing of technology, confidence in the use thereof and staff development needs.
- » Enabling mechanisms in terms of course design, staff and student training, and infrastructure.
- » The dexterity of students in adapting to technologically based learning.

The group also worked to generate a definition of the concept of DEE; perspectives on how prescriptive the strategy needed to be, including allowances for flexibility; learnings from ERT and PDL and determining whether access to DEE may lead to students to be less interactive. Another aspect included in a planned concept is the quality management of DEE.

The group planned for early commencement in 2022 to finalise principles for a DEE Strategy and Implementation Plan.

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Objective 4 – Implement the guidelines for curriculum review at undergraduate level

Following the drive to rethink the UCT undergraduate curriculum in the light of decolonial theory perspective and the proposed and approval by Senate of a document Taking Curriculum Change Forward, the Teaching and Learning Committee of Senate started developing guidelines for curriculum review that could support programme convenors in this task. This work was halted by the efforts directed towards teaching under COVID-19 conditions; the demand on staff was simply too high to expect this to take place. Instead, it was decided to support faculties with resources as part of a pilot exercise. During 2021, the university implemented an undergraduate curriculum review project, funded by the University Capacity Development Grant. The project commenced in the Faculty of Commerce. The faculty was provided with various institutional level documents to use to develop a framework for the review. The framework developed in the faculty takes into account the Framework for Curriculum Change, Curriculum Change principles, transformation documents, as well as draft Bachelor of Commerce Standard (CHE) and past HEQSF alignment documents. The framework will be used to draft desired graduate attributes and reflect on programme credits per year including proposals for changes. Revised courses are planned for approval by Senate from late 2022 to early 2023.



GOAL 4

To conduct research solving Afrika's problems



Objective 1 – Develop the next generation of researchers and scholars

The ability to maintain UCT's excellence in research is fundamentally dependent on its people.

As such, UCT recognises the need for continued investment in the development and nurturing of its researchers, and in providing an enabling and supportive environment that allows them to grow and flourish. Through deliberate and targeted efforts, the University offers various capacity development interventions and other means of support across the academic pipeline. This contributes to growing a critical mass of highly skilled researchers and the next generation of internationally leading researchers with a focus on fostering a diversified and transformed pool of scholars. Additional investment through strategic funds directed by the VC and DVC responsible for research has been critical in augmenting external funding to sustain and advance efforts towards attainment of this goal.

To sustain research excellence at UCT, we need to invest in human capacity development initiatives, recognising that the research career path – while a rewarding one – is also very challenging. There are several initiatives across the institution to help academics at all stages of the academic life cycle reach key research milestones: PhDs, publications, successful postgraduate supervisions and grant awards, among others.

Postdoctoral research fellows (PDRFs) are, in many cases, aspirant academics funded via a diverse number of research funding vehicles (including the university's General Operating Budget (GOB), departmental awards, donations, investment income and the NRF) such that their primary engagement and focus is on full-time research. Worldwide the PDRF cohort is acknowledged as a key component of the research ecosystem that contributes strongly to research outputs. Development and funding support for UCT PDRFs serves to build the capacity of the University's future early-career and established academics, while also providing training in teaching and supervision. In 2021, UCT hosted 371 PDRFs (compared to 338 in 2020). Of these, 202 were South African or permanent residents and 169 were international. Among the 202 South African PDRFs, just under half (98 or 48.5%) were black (SA African, SA Coloured and SA Indian). The gender breakdown across the cohort was 194 male and 177 female.

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Continued

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued

It has been recognised that at UCT there can be a gap between PDRFs and GOB-funded academic positions: those exiting the postdoctoral fellow role are often not yet sufficiently established to compete for GOB-funded academic positions. Launched in 2019, the category of Junior Research Fellows is well-positioned in order to bridge this gap, providing an entry-level category to academic appointment on the research track, equivalent to the junior lecturer rank on the teaching track. The Junior Research Fellow awards aim to strengthen the career-pathing of a next generation of researchers that are nurtured and well-networked into a community of scholars working in an interdisciplinary way and, secondly, to bolstering the interdisciplinary research capacity of UCT's research groupings. In 2019, 10 awards (cohort 1) were made while six awards (cohort 2) in 2020 with the fellows to commence in 2021.

The Emerging Researcher Programme (ERP), first launched in 2003, has become a UCT flagship capacity-building programme that targets early career academics to grow their research capacity, enhance their productivity and provide an enabling environment that contributes to transformation at UCT through the retention and research capacity development of young staff. The ERP is for early career academics or those who have not yet established themselves as researchers. It is funded through the Vice Chancellor's Strategic Fund as well as the DHET's University Capacity Development Grant (UCDG). The programme dovetails with other initiatives such as the New Academic Practitioners Programme (located in CHED), the programme for postgraduate students arranged by the Directorate of Postgraduate Studies and Researcher Development) and the Next Generation Professoriate administered from the Office of the Vice Chancellor.

A total of 1 078 academic staff have participated in the ERP since its inception, with 64 new members joining in 2021. Of the 64 new members in 2021, 26 were male and 38 were female. Importantly, representation of black South Africans on the ERP is 62.4% (in comparison with 34.3% on the UCT

UCT has also responded energetically to the New Generation of Academics Programme (nGAP), an opportunity provided by the Department of Higher Education (DHET) to build a new generation of black South African academics

staff) while female members comprise 61.8% (in comparison with 50.7% of all academics at UCT). It is also noteworthy that of the 100 academics who were promoted in 2021, 56 had been ERP members at some stage of their careers.

UCT has also responded energetically to the New Generation of Academics Programme (nGAP), an opportunity provided by the Department of Higher Education (DHET) to build a new generation of black South African academics. The DHET's 2015 vision document proposes a suite of initiatives to address the challenge, with nGAP being the major instrument to increase the numbers of black South African academics. UCT's nGAP scholars operate as a single cohort, managed and coordinated from within the Office of the Vice Chancellor. Progress in relation to the nGAP at UCT is outlined in this report on page 35.



Objective 2 – Expand access and funding for senior postgraduate students

The 2015–2016 Fees Must Fall student movement highlighted the challenges experienced within the student funding landscape across South Africa. In the postgraduate sector, it was particularly noted that postgraduate students are not supported by NSFAS. To address access to postgraduate studies for students from low-income families, UCT's postgraduate funding policy changed in 2018 to facilitate support of students funded by NSFAS (or eligible for NSFAS funding) at undergraduate level, but up to this point not explicitly funded by the General Operating Budget (GOB). The analysis of the quantum and structure of postgraduate funding led to the introduction of the full cost of attendance (FCOA) model of funding for students with potential for postgraduate study who require financial aid. In 2018, honours students were funded, with master's and doctoral funding introduced in 2019 and scaled to address the additional years of the degree in 2020 (and 2021).

The general principle guiding the new model was that students who qualified for full financial aid at undergraduate level should have an expectation of a significant level of support at postgraduate level if there is a reasonable chance of them completing the proposed degree. UCT thus changed its policy for GOB-based funding to offer support at levels up to an assessed FCOA. This is intended to allow students without financial resources to continue, while also supporting the maximum number of students within a limited budget. In addition, a number of prestigious awards based on excellence, but of small value, are also made. Together, these are efforts to retain excellent postgraduate students who are likely to make a significant contribution to the university's research output and to contribute toward transformation and social justice.

This FCOA approach is aligned with the changes in NRF funding policy which followed, announced in 2019 and introduced for the 2021 funding year. It also recognised that with the higher value of the FCOA funding and fixed overall funding pool, fewer students are expected to be successful in their NRF applications. This places additional strain on the provision of adequate postgraduate funding.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 1

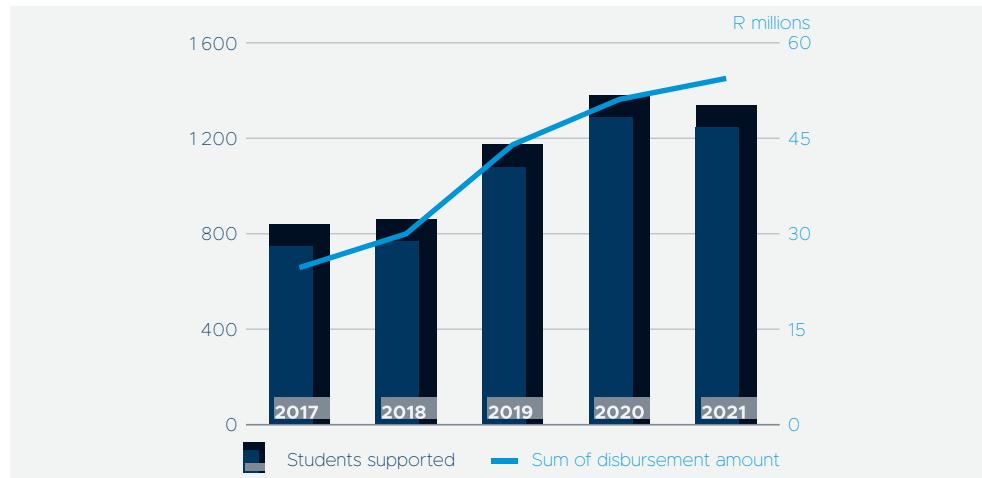
REPORT ON 2021 EXECUTIVE OBJECTIVES

Continued

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued

GOB funding for postgraduate study has increased markedly in recent years, as has the number of students funded. In 2017, a total of R24.7 million was disbursed to 840 postgraduate students. By 2021, the 1 337 were supported by R54.4 million awarded from the General Operating budget:

GOB Support and Postgraduate Students Funded: 2017–2021



The sudden national lockdown in March 2020 due to COVID-19 added to funding challenges across the board. Challenges included the need for travel funds and alternative accommodation during lockdown, the extension of lab-based honours programmes requiring extension of stipends by two months, the extension of master's and doctoral stipends where research was delayed by the pandemic (largely not met by the PGFO funds) and the increase in humanitarian need.



REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 1

REPORT ON 2021 EXECUTIVE OBJECTIVES Continued

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued



Objective 3 – Increase diversity and inclusivity among students registered for postgraduate research degrees



Recent trends in the profile of senior postgraduate students (i.e. master's and doctoral students) as well as postdoctoral fellows at UCT over the years 2017 to 2021 are shown below:

Table 6: Demographic Profile of Master's and Doctoral Students, as well as Postdoctoral Fellows: 2017–2021

| Qualification Type/Level | Year | Race | | | | | | Sex | | | |
|--------------------------|------|----------------|--------------|-------------|----------------|----------------|----------------|-----------------|----------------|----------------|-----------|
| | | SA African | SA Coloured | SA Indian | SA White | Other/Unknown | International | Total | Female | Male | |
| Master's | 2017 | 1 031 18.7% | 560 10.2% | 273 5.0% | 1 415 25.7% | 792 14.4% | 1 428 26.0% | 5 499 100.0% | 2 717 49.4% | 2 780 50.6% | 2 0.0% |
| | 2018 | 1 075 18.3% | 620 10.6% | 301 5.1% | 1 437 24.5% | 943 16.1% | 1 491 25.4% | 5 867 100.0% | 2 980 50.8% | 2 885 49.2% | 2 0.0% |
| | 2019 | 1 167 19.9% | 638 10.9% | 326 5.6% | 1 327 22.7% | 961 16.4% | 1 432 24.5% | 5 851 100.0% | 3 034 51.9% | 2 815 48.1% | 2 0.0% |
| | 2020 | 1 246 20.8% | 698 11.7% | 326 5.5% | 1 277 21.4% | 1 010 16.9% | 1 423 23.8% | 5 980 100.0% | 3 138 52.5% | 2 837 47.4% | 5 0.1% |
| | 2021 | 1 410 22.6% | 756 12.1% | 345 5.5% | 1 294 20.8% | 1 057 17.0% | 1 370 22.0% | 6 232 100.0% | 3 326 53.4% | 2 899 46.5% | 7 0.1% |
| Doctoral | 2017 | 346 16.0% | 155 7.2% | 106 4.9% | 594 27.5% | 187 8.7% | 770 35.7% | 2 158 100.0% | 1 055 48.9% | 1 102 51.1% | 1 0.0% |
| | 2018 | 393 17.7% | 152 6.9% | 109 4.9% | 548 24.7% | 210 9.5% | 805 36.3% | 2 217 100.0% | 1 129 50.9% | 1 086 49.0% | 2 0.1% |
| | 2019 | 424 18.5% | 172 7.5% | 113 4.9% | 540 23.6% | 204 8.9% | 835 36.5% | 2 288 100.0% | 1 188 51.9% | 1 099 48.0% | 1 0.0% |
| | 2020 | 469 20.9% | 194 8.7% | 117 5.2% | 522 23.3% | 175 7.8% | 765 34.1% | 2 242 100.0% | 1 175 52.4% | 1 066 47.5% | 1 0.0% |
| | 2021 | 487 21.7% | 191 8.5% | 119 5.3% | 470 21.0% | 197 8.8% | 777 34.7% | 2 241 100.0% | 1 180 52.7% | 1 060 47.3% | 1 0.0% |

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 1

REPORT ON 2021 EXECUTIVE OBJECTIVES Continued

At the master's level, the proportion of black South African students increased from 33.9% in 2017 to 40.3% in 2021. At the doctoral level, the proportion of black South African enrolments increased from 28.1% in 2017 to 35.6% in 2021.

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued

| Qualification Type/Level | Year | Race | | | | | | Sex | | |
|--------------------------|------|----------------|--------------|-------------|----------------|----------------|----------------|-----------------|----------------|----------------|
| | | SA African | SA Coloured | SA Indian | SA White | Other/Unknown | International | Total | Female | Male |
| Postdoctoral | 2017 | 43 11.7% | 22 6.0% | 11 3.0% | 110 29.9% | 14 3.8% | 168 45.7% | 368 100.0% | 188 51.1% | 180 48.9% |
| | 2018 | 52 14.6% | 12 3.4% | 14 3.9% | 99 27.9% | 10 2.8% | 168 47.3% | 355 100.0% | 176 49.6% | 179 50.4% |
| | 2019 | 63 17.3% | 15 4.1% | 11 3.0% | 93 25.5% | 10 2.7% | 172 47.3% | 364 100.0% | 179 49.2% | 185 50.8% |
| | 2020 | 74 21.9% | 16 4.7% | 10 3.0% | 84 24.9% | 9 2.7% | 145 42.9% | 338 100.0% | 167 49.4% | 171 50.6% |
| | 2021 | 65 17.5% | 21 5.7% | 12 3.2% | 85 22.9% | 19 5.1% | 169 45.6% | 371 100.0% | 177 47.7% | 194 52.3% |
| All | 2017 | 1 420 17.7% | 737 9.2% | 390 4.9% | 2 119 26.4% | 993 12.4% | 2 366 29.5% | 8 025 100.0% | 3 960 49.3% | 4 062 50.6% |
| | 2018 | 1 520 18.0% | 784 9.3% | 424 5.0% | 2 084 24.7% | 1 163 13.8% | 2 464 29.2% | 8 439 100.0% | 4 285 50.8% | 4 150 49.2% |
| | 2019 | 1 654 19.5% | 825 9.7% | 450 5.3% | 1 960 23.1% | 1 175 13.8% | 2 439 28.7% | 8 503 100.0% | 4 401 51.8% | 4 099 48.2% |
| | 2020 | 1 789 20.9% | 908 10.6% | 453 5.3% | 1 883 22.0% | 1 194 13.9% | 2 333 27.3% | 8 560 100.0% | 4 480 52.3% | 4 074 47.6% |
| | 2021 | 1 962 22.2% | 968 10.9% | 476 5.4% | 1 849 20.9% | 1 273 14.4% | 2 316 26.2% | 8 844 100.0% | 4 683 53.0% | 4 153 47.0% |

Source: Peoplesoft Student System via Business Objects

At the master's level, the proportion of black South African students increased from 33.9% in 2017 to 40.3% in 2021. At the doctoral level, the proportion of black South African enrolments increased from 28.1% in 2017 to 35.6% in 2021. At the same time, the fractions of SA white and International master's enrolments decreased, from 25.7% in 2017 to 20.8% in 2021 and from 26% in 2017 to 22% in 2021 respectively. At the doctoral level, the SA white proportion dropped from 27.5% in 2017 to 21% in 2021, while the international fraction dropped by just one percentage point to 34.7% of the total in 2021.

The international fraction among the university's postdoctoral fellows dominated across the 2017–2021 period, making up 45.6% of all PDRFs in 2021. At the same time, the black South African fraction of this cohort increased from 20.7% in 2017 to 26.4% in 2021, while the white fraction dropped by seven percentage points to 22.9% in 2021. While substantial proportions of particularly master's and doctoral students have opted not to declare their race in recent years (17% of all master's enrolments and 8.8% of all doctoral enrolments in 2021), making it difficult to gauge transformation of these

cohorts over the period shown here, it would seem that improved diversity and inclusivity needs to be accelerated via a particular institutional focus.

Accordingly, UCT officially launched its Accelerated Transformation of the Academic Programme (ATAP) initiative in mid-October 2021 (see Goal 1, Objective 1 page 15).

This programme is about enhancing opportunity for young and outstanding scholars through the provision of bursaries and scholarships coupled with nurturing and ultimately producing a critical mass of black South African academics. As an academic programme, the ATAP is designed to enable a rigorous, yet short route from postgraduate study into being academic career-ready.

In addition to furthering the careers of black South African academics, the programme plays an important role in ensuring that UCT is able to achieve the goals set by the university's Vision 2030. The programme represents a significant milestone towards the practical wraparound support and mentoring of black South African masters, PhD and post-doctorate fellows, as embedded in UCT's Vision 2030, which is anchored in three pillars: excellence, transformation and sustainability.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 1

REPORT ON 2021 EXECUTIVE OBJECTIVES Continued

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued



Objective 4 – Identification of interventions to increase postgraduate throughput

The table below shows recent trends in time to degree among master's and doctoral graduates, by faculty, at UCT:

Table 7: Master's and Doctoral Graduates and Time to Degree: 2017–2021

| Year | 2017 | | 2018 | | 2019 | | 2020 | | 2021 | |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Faculty | Master's | Doctorates |
| Commerce | 2.0 | 5.4 | 2.7 | 5.0 | 2.5 | 5.7 | 2.8 | 6.0 | 2.8 | 7.0 |
| GSB | 2.3 | – | 2.3 | – | 2.2 | – | 2.9 | – | 2.6 | – |
| EBE | 2.8 | 4.7 | 3.1 | 5.9 | 3.2 | 6.1 | 3.5 | 5.8 | 2.9 | 5.4 |
| Health Scien | 4.5 | 4.6 | 4.4 | 5.4 | 3.9 | 5.4 | 4.5 | 5.8 | 4.6 | 6.0 |
| Humanities | 2.7 | 5.5 | 3.4 | 6.0 | 3.6 | 6.1 | 3.6 | 5.9 | 3.7 | 6.3 |
| Law | 1.5 | 4.7 | 2.0 | 3.6 | 2.1 | 5.0 | 2.0 | 5.9 | 2.1 | 5.1 |
| Science | 2.6 | 4.9 | 2.7 | 5.1 | 2.8 | 5.4 | 3.0 | 5.2 | 3.2 | 6.1 |
| Total | 2.6 | 5.0 | 3.0 | 5.3 | 3.0 | 5.7 | 3.3 | 5.7 | 3.2 | 6.0 |

It is apparent that across the university as a whole, times to degree among master's and doctoral graduates have increased in recent years. Specifically comparing the graduation years 2017 and 2021, it appears that the overall institutional time to degree among master's graduates increased from 2.6 years to 3.2 years, while the overall time to degree among doctoral graduates increased from five years in 2017 to six years in 2021.

UCT is of the view that the reasons contributing to the increases in time to degree are diverse, including funding challenges for students as well as an increase in the numbers of *de facto* part-time students (which are not captured on the Peoplesoft student system, or reflected in HEMIS). Other possible contributing factors include the impact of administrative efficiencies and the timelines for thesis examination, over-sscoped or over-ambitious research projects, limited supervision as well as limited technical and other forms of support. Under such circumstances students may experience a lack of drive and focus as result of unclear or unmet expectations. In addition, it is apparent that students are often poorly prepared for independent study, have poor project management skills and that perhaps inappropriate recruitment decisions are also a factor.



Initial interventions in the research-based postgraduate degrees to address this risk include the Memorandum of Understanding (MoU) for entering students/Progress and Planned Activity (PPA) process for returning students, which are designed to enhance planning and monitoring and to align expectations between student and supervisor in relation to scope and roles. The Memorandum of Understanding (MoU) details the expectation of students and supervisors in their supervision relationship, included at registration, or once a topic and supervisor have been assigned. Progress against agreed milestones is updated and reviewed annually via a similarly formatted Progress and Planned Activity (PPA) form.

There is also an initiative to address the timeline of examination of postgraduate outputs and expand and incentivise uptake of resources and skills development to support postgraduate studies. Other potential interventions include the introduction of a formal panel-based review of progress in the postgraduate research project at key points in the degree, exploration and evaluation of new approaches to supervision, and the potential for a more structured approach in the early stages of postgraduate studies.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 1

REPORT ON 2021 EXECUTIVE OBJECTIVES

Continued

PERFORMANCE AGAINST THE EXECUTIVE OBJECTIVES FOR 2021 Continued



Objective 5 – Improve research management and support systems

UCT has launched an ambitious project to significantly improve the structures and processes that support and facilitate research. This Research Support Transformation Project aims to position UCT's research to flourish and grow, facilitated through effective and efficient research support. The project will review and adapt the university's research support systems to better facilitate UCT's research.

While research at UCT has grown exponentially over the last decade, it is clear that research support capacity within the university has not grown at the same rate. Presently UCT research support capabilities (people, processes, systems, finances, equipment) are thus not sufficiently aligned to the changed research landscape. Many support processes have been retrofitted from teaching and learning and, as a result, are not necessarily fit for purpose for the research endeavour, putting the university at risk.

At the same time, the growth of inter- and transdisciplinary 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 scoping of Phase I of this project was initiated during 2021 and highlighted addressing key "pain points" in the research landscape for which rapid solutions could be found. Phase II addresses research support from a systems perspective. Running from January to December 2022, it is comprised of 12 workstreams.

The Project includes six high priority workstreams, namely project management, process optimisation, strategy, training, organisational design, and change management. Other workstreams include: benchmarking, the research finance model, systems, trans-disciplinary/interdisciplinary research, research administration process redesign, governance and postgraduate support.

The present focus is on the research support strategy. The support needs of researchers within the university vary based on stage in research career, nature of research, source of funding and whether researchers work individually or in teams. A one-size-fits-all approach to research support is therefore not appropriate. In keeping with these aspects, researchers within all the faculties have been clustered into groupings based on nature of research activity. Workshops to identify support needs, as well as awareness and appropriateness of existing support capabilities, will soon be held with researchers from each grouping in each faculty.

This strategy process is critical to understand the research support processes across UCT and their intercalation across research funds centre, department, faculty and central UCT structures. It will inform the design of workstreams through the remainder of the project.



Objective 6 – Support research focused on the SDGs

During 2020, UCT participated for the first time in the Times Higher Education (THE) Impact Rankings, which – unlike other such international rankings – aims to assess the impact of higher education institutions against the United Nations' Sustainable Development Goals (SDG). UCT participated in the following SDGs in 2020 and again in 2021:



SDG 1
No poverty



SDG 5
Gender equality



SDG 10
Reduced inequalities



SDG 3
Good health and well-being



SDG 16
Peace, justice and strong institutions



SDG 17
Partnerships for the goals

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

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

UCT's values, which include enhancing the lives of individuals and communities and advancing the public good, emphasise the need for the university's work to contribute to bettering society beyond the institution. The THE Impact Rankings offer a way to gauge this on the international stage via the widely adopted SDGs – an integrated framework for ensuring that global development balances social, economic and environmental sustainability.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 2

PERFORMANCE AGAINST TARGETS IN THE 2021 ANNUAL PERFORMANCE PLAN

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

The actual headcount enrolment in 2021 was 29 608 students, including 223 occasional students, 17 897 undergraduate full degree students, 3 201 postgraduates below the master's level, 6 052 master's students and 2 235 doctoral enrolments. The actual 2021 headcount enrolment exceeded the 2021 headcount enrolment target of 28 174 by 1 434 students (or 5.1% of the target).

The variances within the various qualification types against 2021 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. Also as a result of the COVID-19 epidemic and its impact on research students' ability to undertake their field and laboratory work, concessions were granted to honours and master's students towards the end of 2020 which had the effect of extending their period of enrolment into 2021. While there were positive variances in student enrolments at the undergraduate level (17 897 compared to a target of 16 456), at the postgraduate below master's level (3 201 compared to a target of 3 008), at the master's level (6 052 actual against a 5 150 target) and at the doctoral level (2 235 against a target of 2 073), the 2021 occasional enrolment, which includes the Semester Study Abroad enrolment, was just 223 against a target of 1 488.

While the current enrolment planning submission reflects a target of zero in respect of distance students, the 2021 HEMIS submission shows a total of 36 non-contact students; these students were mostly enrolled in the Postgraduate Diploma in Health Economics, which was approved and accredited subsequent to the DHET enrolment planning exercise that yielded the current agreed targets.

The 2021 first-time entering, full degree undergraduate enrolment (4 249) was 4.3% greater than the target of 4 074. The overshoot in the first-time entering undergraduate intake arose largely due to the absence of the National Benchmark Tests (NBTs) during 2020 and better than expected performance in the National Senior Certificate (NSC) examination, together yielding a larger than anticipated number of eligible applicants at the end of the 2021 admissions cycle.

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.

In terms of disciplinary fields, the 2021 enrolment was projected to be made up of 43% in Science, Engineering and Technology (SET), 24% in Business/Management, 1% in Education and 32% in the broad Humanities. The actual proportions for 2021 were as follows: 46% in SET, 22% in Business/Management, 3% in Education and 29% in the broad Humanities. The increase in the Education fraction to some extent reflects a very much larger than anticipated enrolment in the PGCE (Senior Phase and FET Teaching).

DEMOGRAPHIC STATISTICS

The targeted racial profile of the 2021 South African enrolment was 38% African, 18% coloured, 9% Indian and 35% white. The actual demographic profile of the 2021 South African enrolment was as follows: 34% African, 15% coloured, 6% Indian, 19% white and 26% 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 2021 enrolment is shown below:

Table 8: Headcount Enrolments 2017–2021 Showing Percentage Growth on Base

| | 2017 | 2018 | 2019 | 2020 | 2021 | % Change |
|---------------|---------------|---------------|---------------|---------------|---------------|------------|
| SA African | 7 114 | 7 197 | 7 356 | 7 915 | 8 787 | 23.5 |
| SA Coloured | 3 817 | 3 761 | 3 589 | 3 738 | 3 753 | (1.7) |
| SA Indian | 1 883 | 1 708 | 1 570 | 1 599 | 1 580 | (16.1) |
| SA White | 7 176 | 6 323 | 5 644 | 5 353 | 4 899 | (31.7) |
| International | 4 920 | 4 962 | 4 620 | 4 068 | 3 658 | (25.7) |
| Unknown | 3 814 | 4 793 | 5 826 | 5 560 | 6 931 | 81.7 |
| Total | 28 724 | 28 744 | 28 605 | 28 233 | 29 608 | 3.1 |

A disproportionate but desirable increase in SA African enrolments (23.5% against an overall increase of 3.1%) is apparent. Over the 2017 to 2021 period, SA White enrolments decreased by 31.7%, SA Indian enrolments decreased by 16.1% and international enrolments decreased by 25.7%; the marked decline in international enrolments since 2017 was largely due to the substantial decrease in enrolments in the Semester Study Abroad (SSA) programme mentioned above.

There has been a considerable increase in students with undisclosed race in the past five years (from 3 814 in 2017 to 6 931 in 2021). Comparative analysis of the relevant demographic data indicates that the unwillingness to declare race is an issue across all population groups. This is particularly evident at the undergraduate level, where "redress category" data from the applicant file is reasonably complete and can be used for comparative purposes. At this stage, there is, however, no effective strategy in place that encourages students to disclose their race upon registration.

The actual 2021 headcount enrolment exceeded the 2021 headcount enrolment target of 28 174 by 1 434 students (or 5.1% of the target).

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 2

PERFORMANCE AGAINST TARGETS IN THE 2021 ANNUAL PERFORMANCE PLAN Continued

DEMOGRAPHIC STATISTICS Continued

Table 9: Headcount Enrolments 2017–2021 by Race, Showing Percentage of Total

| | 2017 | 2018 | 2019 | 2020 | 2021 |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|
| SA African | 7 114 | 7 197 | 7 356 | 7 915 | 8 787 |
| % of total incl. International | 24.8% | 25.1% | 25.7% | 28.0% | 29.7% |
| % of total excl. International | 29.9% | 30.3% | 32.3% | 32.8% | 33.9% |
| SA Coloured | 3 817 | 3 761 | 3 589 | 3 738 | 3 753 |
| % of total incl. International | 13.3% | 13.1% | 12.5% | 13.2% | 12.7% |
| % of total excl. International | 16.0% | 15.8% | 15.8% | 15.5% | 14.5% |
| SA Indian | 1 883 | 1 708 | 1 570 | 1 599 | 1 580 |
| % of total incl. International | 6.6% | 5.9% | 5.5% | 5.7% | 5.3% |
| % of total excl. International | 7.9% | 7.2% | 6.9% | 6.6% | 6.1% |
| SA White | 7 176 | 6 323 | 5 644 | 5 353 | 4 899 |
| % of total incl. International | 25.0% | 22.0% | 19.7% | 19.0% | 16.5% |
| % of total excl. International | 30.1% | 26.6% | 24.8% | 22.2% | 18.9% |
| International | 4 920 | 4 962 | 4 620 | 4 068 | 3 658 |
| % of total incl. International | 20.7% | 17.3% | 16.2% | 14.4% | 12.4% |
| Other/? | 3 814 | 4 793 | 5 826 | 5 560 | 6 931 |
| % of total incl. International | 13.3% | 16.7% | 20.4% | 19.7% | 23.4% |
| % of total excl. International | 16.0% | 20.2% | 25.6% | 23.0% | 26.7% |
| Total | 28 724 | 28 744 | 28 605 | 28 233 | 29 608 |

■ % of total, including international students

■ % of total, excluding international students

STUDENT HOUSING

The 2021 UCT bed capacity per tier of residence, and in relation to new and returning students, was 6 537. It is worth noting that this capacity was reduced due to single room occupancy practice, as a result of COVID-19 transmission preventative measures. 646 beds were forfeited as a result.

The table below shows that 6 482 students were accommodated in the on-campus residence system as of 30 June 2021, and that the occupancy rate was thus 99.2%, very slightly short of the 100% occupancy target. It should be noted that only 1 762 new First Tier students reflect as bookings, against a capacity of 2 250, largely due to the low take-up rate on the 4 500 housing offers made at this level. 120 of these new First Tier students were allocated to Second Tier residences. Student Housing and Residence Life allocated residence places to a number of first years on the housing waiting list and also re-allocated a number of first-time entering students who were initially placed in leased off-campus accommodation. Included in the table below are the totals for the students were allocated to university leased off-campus accommodation.

Table 10: 2021 Residence Bookings and Available Spaces by Tier

| Residence Tier | Student | Capacity | Bookings |
|-----------------------------|------------------|----------------|----------------|
| First | New Returning | 2 250 1 319 | 1 642 1 881 |
| | Total | 3 569 | 3 523 |
| Second | New Returning | 2 287 | 120 2 167 |
| | Total | 2 287 | 2 287 |
| Third | New Returning | 681 | 426 246 |
| | Total | 681 | 672 |
| Campus Accommodation | New Returning | 6 537 | 2 188 4 294 |
| | Total | 6 537 | 6 482 |
| Leased Accommodation | New Returning | 860 | 208 622 |
| | Total | 860 | 830 |
| Overall | New Returning | 7 397 | 2 396 4 916 |
| | Total | 7 397 | 7 312 |

Capacity was reduced due to single room occupancy practice, as a result of COVID-19 transmission preventative measures.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 2

PERFORMANCE AGAINST TARGETS IN THE 2021 ANNUAL PERFORMANCE PLAN Continued

STUDENT SUCCESS RATES

Please note that specific objectives linked to the University Capacity Development Grant are discussed on pages 31–33 below.

UCT expected in the region of 6 766 graduates in 2021. This target included a projected 3 402 undergraduate completions, 2 015 completions below the master's level, 1 099 master's graduates and 250 doctoral graduates. To date, we have recorded 7 081 graduates in respect of 2021, made up of 3 356 undergraduate completions, 2 114 postgraduate completions below the master's level, 1 337 master's graduates and 274 doctoral completions.

Among the graduates to date, 41% were in SET, 23% were in business/management, 5% were in education and 30% were in the broad humanities. The 2021 graduate total included 668 research master's graduates in all disciplines (against a target of 613).

The expected 2021 graduate outputs in the scarce skills areas included 543 Engineering graduates, 249 Life and Physical Sciences graduates, 349 Human Health graduates and 120 Teacher Education graduates. Actual graduates in the scarce skills areas included 407 Engineering graduates, 211 graduates in the Life and Physical Sciences, 352 Human Health graduates and 202 Teacher Education graduates. Graduate targets were thus largely achieved, apart from in the Engineering area.

The undergraduate (HEMIS levels 41, 42 and 43) course success rate in 2021 was 80% (against a target of 85%), while the overall course success rate was 75.6% against a target of 82%. The 2021 undergraduate course success rates among South African and international students are shown below:

Table 11: 2021 UG Course Success Rate Demographic Profile

| Demographic Group | SA African | SA Coloured | SA Indian | SA White | SA Un-disclosed | International |
|---------------------|------------|-------------|-----------|----------|-----------------|---------------|
| Course success rate | 71.3% | 82.2% | 84.5% | 90.1% | 82.4% | 81.3% |

The undergraduate course success rates in 2021 thus ranged between 71.3% (for SA African students) at the lower level and 90.1% for SA white students, at the upper end. The success rates at all levels were markedly lower than in 2020 and it can be assumed that this was largely due to the mainly remote teaching situation during the second year of the COVID-19 pandemic.

Course success rates in the scarce skills areas were as follows: 80% in Engineering (against a target of 84%), 77% in the Life and Physical Sciences (against a target of 84%), 99% in Animal and Human Health (against a target of 96%) and 93% in Teacher Education (against a target of 97%).

Examination of the longitudinal performance of the 2017 first-time entering undergraduate (FU) cohorts, excluding Health Sciences entrants, shows the following:

- » 70% of the 2017 FU cohort (the same as within the equivalent 2016 FU cohort) had completed an undergraduate qualification within five years of registering at UCT.
- » 9% of the 2017 cohort (the same as within the 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 2017 FU cohort had dropped to 10%, in comparison with 12% among the 2016 cohort.
- » 11% of the 2017 FU cohort were still busy with undergraduate studies at the end of 2021. 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 2021 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:

Table 12: 2021 Research Outputs

| Output Category | Research Outputs for 2021 |
|--|---------------------------|
| Publication Units | 1 849 |
| Research Master's Graduates | 668 |
| Doctoral Graduates | 274 |
| Total Weighted Research Outputs | 3 339 |

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 Submission 3.

The 2021 ratio of weighted research outputs per permanent instruction/research staff member was thus approximately 2:82, against a target of 2:44.

ACADEMIC STAFFING

UCT's 2021 HEMIS staffing submission shows that a total of 1 182 (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 2020 total of 1 176. The 2021 academic staffing headcount translated into 1 618 instruction/research staff FTEs (against a target of 1 830).

The proportion of permanent, full-time academic staff qualified at the doctoral level in 2021 was 62% (61% in 2020). A further 29% of these academic staff held master's degrees. The Research sections of this report suggest that students across the University could expect to be taught by academic staff actively engaged in research in their particular disciplines.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

3

REPORT ON EARMARKED GRANTS

Earmarked grants are part of the funding framework provided by the Department of Higher Education and Training (DHET) to all public higher education institutions. These funds are used for specific purposes designated by the Minister. The accountability for the use of these grants is through the submission of detailed narrative progress reports and audited financial statements which are provided on an annual basis by the universities. The University enters into an agreement with the Department of Higher Education and Training about programmes and activities that will be funded, and the approved budget. UCT has not had any adverse findings and therefore has not had any funds withheld by the Department due to concerns around spending or lack of meaningful progress.

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

The UCDP is a national strategic programme implemented by the Department of Higher Education and Training (DHET) and universities that seeks to contribute to: equitable access and high levels of success for all undergraduate and postgraduate students; the creation of an academic pipeline to facilitate the transformation of the academic workforce through quality research development and teaching opportunities along the entire academic career trajectory; provision of development opportunities for professional staff and the development and/or renewal of academic programmes and curricula. The UCDP is meant to be transformative and operates at the nexus of quality, equity and success in universities, which should be addressed simultaneously as non-competing imperatives.

UCDP Institutional Grant

For the previous three-year UCDP funding cycle (2018–2020), UCT submitted the close-out audited narrative and financial reports to the DHET on 31 May 2021. This was due to the DHET's extension of the 2020 budget spending to 31 March 2021 to accommodate the unforeseen delays in implementing projects throughout the sector caused by the COVID-19 pandemic in 2020. The total allocation for the institutional UCDP in 2020 was R11 928 000, with a total expenditure, including commitments, of R10 504 583 and an amount of R1 423 417 unspent.

For the current funding cycle (2021–2023), the DHET approved the university's UCDP Plan in January 2021 with a budget allocation of R12 316 862 for the year (Ministerial Statement, December 2020). The allocation was amended to R11 227 352 (Addendum to Ministerial Statement, April 2021), which led to a sensitive process of budget reductions in some of the projects.

UCT received R3 317 352, which is 25% of the 2021 budget allocation, on 10 March 2021 for the new funding cycle. However, the transfer of the remaining 75% of the budget allocation was delayed despite assurances from the DHET that the university would receive the funds in September 2021. The funding of R6 486 583 was received on 9 February 2022. This delay in receiving the funding

created huge problems for most of the projects as they were unable to employ staff, including tutors and teaching assistants, to work on the projects. The situation became untenable and the UCDP project team was forced to ask 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. At the end of September 2021, the DHET informed the sector that all expenditure would be extended to 31 March 2022 owing to the challenges caused by the COVID-19 pandemic and the extreme delay in the transfer of funds to the universities. Despite this extension, some projects were in a difficult situation and could not spend their entire allocation within six months.

UCT's final tranche of the 2021 funds was R7 910 000 after the final amounts were confirmed in a letter to the Vice-Chancellor on 4 February 2022. This was made up of the underspend of the previous year of R1 423 417 and R6 486 583 that was received on 9 February 2022. The delay in the funding not only created many problems for project leaders but also put pressure for the UCDP team and hampered their ability to implement and monitor the projects under the very trying conditions created by the pandemic.

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. These projects are located in the faculties with a few cross-faculty collaborations.



REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 3

REPORT ON EARMARKED GRANTS Continued

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

Table 13: UCDP Main Grant Project Expenditure

| Focus Area | No | Project Title | Faculties | Budget after change requests | Expenditure incl commitments 31 March 2022 (unaudited) | % Spent |
|----------------------------------|----|--|-------------------------|------------------------------|--|---------|
| Student Development | 1 | Academic Advising for Student Success | CHED and Commerce | R891 732 | R839 585 | 94 |
| | 2 | Enhancing Academic Literacies through tutor and curriculum development | CHED and Humanities EDU | R1 569 150 | R1 426 530 | 91 |
| | 3 | Redesigning Blended Courses to promote inclusive digitally-enabled education with UDL principles | CHED and Humanities EDU | R2 010 890 | R1 189 064 | 59 |
| | 4 | Academic and psychosocial support for Mathematics and Physics undergraduate students | Science and EBE | R610 000 | R556 990 | 91 |
| | 5 | Tutoring towards academic resilience | Science | R306 650 | R306 650 | 100 |
| | 6 | theHUB Connection: Creating Socially Engaged Learning Pathways | Health Sciences | R59 620 | R49 282 | 83 |
| Staff Development | 7 | Enhancing Curriculum Leadership | Health Sciences | R960 860 | R860 970 | 90 |
| | 8 | Enhancing Academics as Teachers and Leaders (EATL) | CHED | R631 750 | R631 750 | 100 |
| | 9 | Research Development Programmes | Research Office | R2 335 075 | R2 159 317 | 92 |
| | 10 | Assessment Review | CHED | R514 280 | R514 280 | 100 |
| Curriculum/Programme Development | 11 | Centring African Languages to Decolonise Curricula | Health Sciences | R376 700 | R103 591 | 27 |
| | 12 | Khanyisa Courses | Humanities | R126 000 | R84 000 | 67 |
| | 13 | Curriculum Review | OVC | R217 018 | R179 812 | 83 |
| Programme Management | 14 | Project, Financial and M&E management of Institutional and Collaborative Grants | CHED | R617 627 | R617 588 | 100 |

In 2021, the responsibility for the project and financial management of the institutional UCDG for the new cycle and the collaborative grants was moved to the Centre for Higher Education Development (CHED), specifically, the Programme Manager for Teaching and Learning and the Faculty Finance Manager in the CHED Dean's Office. Moving the entire UCDP to CHED placed a significant demand on these two staff members and it was fortuitous that in August 2021, the DHET invited UCT, as one of seven universities, to submit a proposal for additional capacity to improve the management and implementation capacity of the UCDP with a budget of R1 125 000 for the period 1 April

to 31 December 2021 (extended to 31 March 2022) and R 1 500 000 each for 2022 and 2023. The approved proposal includes funding for the salaries of the UCDP Institutional Manager and the Administrator. It also provides funding for financial, administrative support and specialist M&E support to assist with CREST's and the DHET's reporting requirements. The DHET approved UCT's proposal on 1 February 2022 in a letter to the Vice-Chancellor and indicated that this funding would be released separately from the Main grant in each academic year. UCT received R1 125 000 on 9 February 2022.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 3

REPORT ON EARMARKED GRANTS Continued

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

Table 14: UCDP Main Grant Project Expenditure

| Focus Area | No | Project Title | Faculties | Expenditure incl commitments 31 March (unaudited) | | % Spent |
|----------------------|----|---------------------|-----------|---|------------|---------|
| | | | | Budget after change requests | | |
| Programme Management | 15 | Additional Capacity | CHED | R1 125 000 | R1 124 582 | 99 |

In 2021, CREST and the DHET developed a Management Information System (MIS) for the UCDP. UCT's UCDP team attended regular training sessions with CREST and participated in the training sessions for project leaders. The UCT Institutional Manager has provided ongoing support to project leaders to assist them with uploading their progress reports on the MIS. Many project leaders have responded favourably on the MIS as it has simplified their reporting. The workload of the UCDP has become more streamlined and has allowed for improved monitoring of project implementation. All 2021 narrative and audited financial reports will be uploaded via a range of annexures on the MIS before 31 May 2022. The DHET is no longer accepting reports in electronic format.

UCDP Collaborative Projects

The UCDP provides the opportunity for collaborative development activities to be undertaken. The university-led collaborative projects must be of national strategic importance, have sector-wide participation and benefit and be aligned to one or more of the focus areas identified for support through the UCDP. It has one university that acts as a fund-holder and coordinator but involves multiple universities on an equal partnership basis. In 2021, UCT was the lead institution in four projects funded by the Collaborative Grants. The DHET extended the expenditure for the collaborative grants to 31 March 2022.

Table 15: UCDP Collaborative Grants 2021/22

| Project | Project Budget available for 2021 | Expenditure on 31 March 2022 (unaudited) | % Spent | Balance |
|--|-----------------------------------|--|---------|------------|
| University Staff Doctoral Programme (Engineering Education) 2018-2023 | R2 572 355 | R1 238 | 0.05 | R2 571 117 |
| University Staff Doctoral Programme (Climate Risk, Resilience, and Sustainable Development) 2018 -2023 | R783 633 | R2 544 | 0.32 | R781 089 |
| Diagnostic Mathematics Information for Student Retention and Success (DIMRS) | R3 689 395 | R234 096 | 6.35 | R3 455 299 |
| New Academics Transition into Higher Education Programme (NATHEP) | R3 001 922 | R378 270 | 12.60 | R2 623 652 |

CLINICAL TRAINING GRANT

The Clinical Training Grant (CTG) has changed the landscape of clinical teaching at the University of Cape Town since 2008 when it was first introduced. Over the past 14 years, UCT has utilised the grant to make strategic appointments of clinical teachers, appoint support staff to support clinical teaching and training, invest in key infrastructure projects and purchase equipment for clinical training that the public health sector is not able to afford. The CTG has allowed the faculty to continue the expansion of its clinical training platform to Vredenburg on the West Coast and George, Knysna, Mossel Bay and Oudtshoorn in 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.

The CTG has been a valuable resource in ensuring that UCT is able to provide a high standard of clinical training and that graduates are fit for purpose. UCT's aim is to continue to provide quality clinical teaching and training support to the Health Sciences programmes to maintain high pass rates and good throughput rates of our health professional students.

In 2021/2022, the CTG funding was unfortunately reduced by 10% from an initial budget of R61.1 million to R54.8 million. Nevertheless, the funding was vital in enabling the appointment of >80 key clinical teachers (75% of the total funding); and >30 support staff (17% of total funding), which included facilitators at decentralised learning centres, and community-based education sites, fulfilling our faculty mandate of a primary health care approach to teaching and learning. The remaining 7% of the funding was utilised for operational costs, clinical equipment and some minor infrastructure projects.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

3

REPORT ON EARMARKED GRANTS Continued

CLINICAL TRAINING GRANT Continued

A total of 75% of the CTG funding supported the MBChB programme, specifically students in years three, four, five and six, across 11 disciplines, as well as the MMed programme. The other 25% of the funding supported senior clinical (third and fourth year) students in the Health and Rehabilitation Sciences programmes (Physiotherapy, Occupational Therapy, Speech Language Pathology and Audiology).

The Grant for the Nelson Mandela Fidel Castro (NMFC) Programme students has been steadily decreasing over the past five years by 75% from approximately R1 million per annum, to now only R235k per annum to support the same number of students. A dedicated convenor for the two NMFC student cohorts, as well as additional academic and clinical skills support is provided for these students, who have shown improved throughput over the past two years. The decreased funding is, however, not sustainable for this additional support.

NATIONAL STUDENT FINANCIAL AID SCHEME

The biggest provider of student financial aid at undergraduate level is the National Student Financial Aid Scheme (NSFAS) which is a government entity under the Department of Higher Education, Science, and Innovation. NSFAS provides funding to eligible students enrolled in public higher education institutions, and Technical, Vocational Education and Training (TVET) Colleges.

The university remains appreciative of the NSFAS funding granted to students that has facilitated access to many thousands of students whose families do not have the financial means to help them realise their academic ambitions. NSFAS students receive full cost funding, thereby reducing the burden on their families and enabling students to focus on their studies without any financial challenges. The eligibility for NSFAS funding is students whose household income is below R350 000.

In 2021, UCT received R761.3 million (R639.1 million in 2020) supporting a total of a total of 6 506 students, with a further 310 students receiving UCT (NSFAS) GAP funding. UCT GAP funding is considered for those applicants that did not meet the NSFAS eligibility criteria but still need some financial assistance towards their study costs (the so called "missing middle"). The financial assistance provided to GAP funded students is a course fee bursary and a UCT Loan offer. Students with a gross family income of between R350 00 and R600 000 are eligible for GAP funding.

The demand for NSFAS assistance has grown exponentially. As a result, the 2021 funding confirmation for students was delayed due to additional funding NSFAS required. It is also unfortunate that students studying for the Postgraduate Certificate in Education, the Postgraduate Diploma in Accounting and

the graduate LLB programme were informed after the 2021 registration that these programmes were no longer eligible for NSFAS funding. The university provided financial support to these students to mitigate any adverse impact on their academic studies. NSFAS funding policy stability has become imperative and it is clear that late funding policy changes have a negative impact on affected students who are unable to find alternative options at a late stage. Outside the support provided by NSFAS, corporates, non-governmental organisations, donations, foundations, and funding from the university augment the funding received from NSFAS. A total of R1.219 billion was received for undergraduate student financial support.

FOUNDATION PROVISION GRANT

The Foundation Provision Grant complements the teaching input sub-block grant through which undergraduates are funded. The main purpose of this grant is to improve the academic performance of first-time entering undergraduate students. The main targets 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 responsible delivery of its extended curriculum programmes. This signals the importance that the institution attaches to supporting students encountering academic challenges.

The DHET allocation to UCT was R16.066 million in 2021, with UCT complementing this allocation substantially. As in 2020, the COVID-19 pandemic impacted negatively on numbers of first-time entering students enrolled on extended curriculum programmes at UCT, although there was a slight improvement in numbers from 2020 to 2021. A total of 612 first-time entering students were enrolled in extended curriculum programmes in 2021, compared with the enrolment figure of 523 reported in 2020. As in 2020, the two programmes in Health Sciences were still on hold in 2021 because of the impact of COVID-19 conditions. Despite these setbacks, UCT continues to act as a dedicated provider of foundation provision in extended curriculum programmes, offering students carefully structured opportunities to study successfully at a higher education level.

The university remains appreciative of the NSFAS funding granted to students that has facilitated access to many thousands of students whose families do not have the financial means to help them realise their academic ambitions.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 3

REPORT ON EARMARKED GRANTS Continued

NEW GENERATION OF ACADEMICS PROGRAMME

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. The most notable features of the programme are that successful applicants (mainly black South African and female) are appointed into permanent posts firmly located within long-term staffing plans right from the outset, and that appointments are governed by contracts that clearly spell out the expectations, obligations, roles, and responsibilities of the employing university and of the newly appointed academics.

Table 16: nGAP Budget Over the Six Phases

| nGAP | Budget received from 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 |
| TOTAL | R79 402 677 | 32 |

Note: To date an amount of R3 303 284 has been received in respect of Phase 7 of nGAP.

To date, UCT has received R68.9 million from the DHET since the inception of the programme, with the remaining R10.44 million under Phase 7 still to be received. The auditing over the period has revealed no major adverse findings. This contribution has been valuable in advancing the transformation initiatives at the university. UCT is fully committed to the programme and at the end of 2021 a total of 32 appointments had been made with only one (1) resignation since the inception of the programme. All phase 1 candidates have completed their PhDs and have now been fully integrated into their departments. Since they no longer constitute the nGAP budget, they now form part of the nGAP associates which implies that they continue to form part of the nGAP community during formal and informal engagements. The appointment process for phase 7 candidates will be completed in 2022.

UCT operates a cohort system within which nGAP lecturers are given opportunities to relate to one another, to develop networks, create new communities and in this way contribute to the energising of a more equitable and harmonious institutional culture. The cohort is augmented by "associate" members who also attend functions – these are UCT academic staff members at a similar career stage as their NGAP colleagues. This approach is beneficial as it creates a larger mass of new, young, staff members and it maximises the value of the activities that are organised by the nGAP manager. Oversight of nGAP is conducted by a Steering Committee Chaired by the DVC Transformation with members from Finance, HR, and the Research Office. The long-term plan for the university is to move the responsibility from 2022 to the Dean of CHED where the programme will be located. To encourage connection amongst nGAP lecturers and to raise the profile of its members, the nGAP manager regularly produces newsletters which are available on the UCT website.



UCT operates a cohort system within which nGAP lecturers are given opportunities to relate to one another, to develop networks, create new communities and in this way contribute to the energising of a more equitable and harmonious institutional culture.

REPORT ON UCT OPERATIONS DURING 2021 Continued

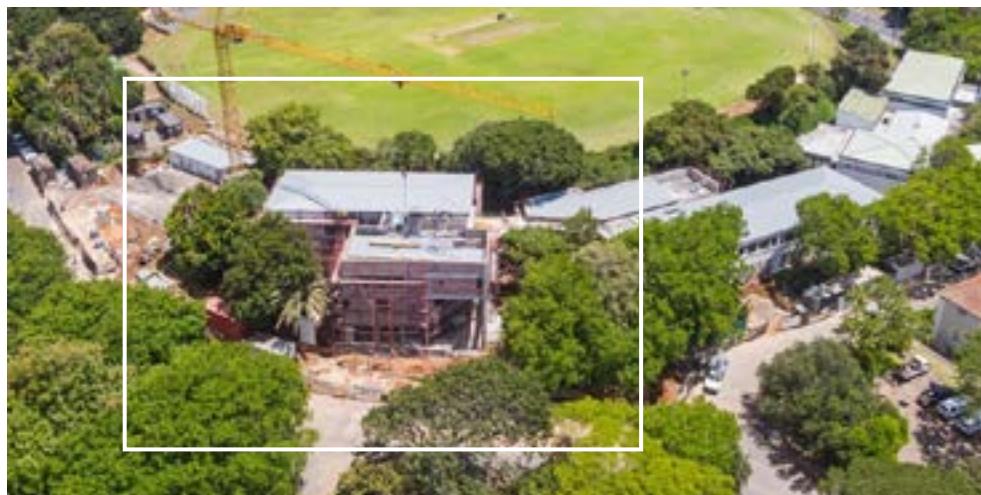
Section 3

REPORT ON EARMARKED GRANTS Continued

INFRASTRUCTURE AND EFFICIENCY GRANT

Teacher Education Building

This is a construction of a new Teacher Education building on the middle campus to accommodate an enlarged cluster. The allocation includes construction, equipment, and furniture. The conditional allocation by DHET of R55 million for a second middle campus building was premised on increased post-graduate enrolments in education. Since this constituted only a quarter of the estimated cost of the new building on the middle campus, UCT requested the use of the R55 million allocation for Teacher Education towards acquiring the Rustenburg Junior School (RGJS), situated on the Main Road in Rondebosch, adjacent to the College of Music and the University's Baxter Theatre. This plan did not materialise. A return to our original plans, i.e., the enlarged cluster on the Middle Campus, is no longer possible given the insourcing and austerity measures introduced at UCT. Thus, we have had to revert to focusing solely on a building for Teacher Education utilising the original allocated amount of R55 million and the approved interest earned. The estimated New School of Education project budget including VAT is R92.9 million of which DHET has contributed R55 million; interest earned on unutilised funds contributed R15 million (approval to utilise the interest earned on the funds had been granted by the Department). The New School of Education is about to reach Practical Completion in early May 2022.



DHET Maintenance Backlog and Student Housing

Between 2015 and 2017, UCT received a total of R142.5 million for various backlog maintenance, priority maintenance and student housing. The R50 million allocation of infrastructure received in the funding of 2015/16, for the refurbishment of Rochester House, has been repurposed for COVID-19 use, but specifically for the upgrade of existing HVAC units to include specific filters to trap airborne particles related to COVID-19. The academic buildings prioritised because of their maximum utilisation and capacity, can still be occupied. The total phase 4 spend was R69 million. A deferred maintenance project is planned for Rochester House residence in the second half of 2022. Six backlog maintenance contractors have been appointed via the UCT procurement processes, and 11 backlog maintenance packages have been allocated using an NEC4 framework agreement, option B. The initial condition assessments and planning have commenced.

The Chris Hani Lecture Theatre Building

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

The main contract was awarded in July 2020. The procurement schedule for this project is on track and under close review for any possible delays in sourcing material, components, and equipment. All outstanding claims by the main contractor have been resolved. Health and Safety inspections are being conducted on a regular basis and there have been no reported COVID-19 cases to date.

Over the past year, the significant challenges included delays in receiving imported components such as the roof sheeting, and challenges closing out the specification for the furniture. There have been some extension of time claims from the contractor due to the roof, and other specifications. This project is about to achieve Practical Completion and occupancy in April 2022, and only snag items, installation of blinds, and some minor heritage plaster issues remain to be resolved. The project is being executed within the forecast budget.

Figure1: UCT New School of Education nearing completion (left)

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

3

REPORT ON EARMARKED GRANTS Continued



Figure 2: UCT Chris Hani Lecture Theatre building (above)



Figure 3: Inside the UCT New Chris Hani building (left)

INFRASTRUCTURE AND EFFICIENCY GRANT Continued

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

UCT's new R222 million Avenue Road Residence in the Mowbray precinct currently provides 500 student beds, an invaluable addition to the university's student accommodation. Avenue Road Residence is part of UCT's extended plan for the Mowbray precinct, which will boost student accommodation by 2 000 beds once completed.



Figure 4: Aerial photograph of Avenue Road Residence (above)

Figure 5: Avenue Road Residence courtyard (right)



REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 3

REPORT ON EARMARKED GRANTS Continued

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

The first-tier residence represents phase one of a planned cluster of developments in this area, which includes a separate multi-residence dining hall for first-year students. As there are houses on the site that are of heritage significance, UCT has obtained heritage approval to ensure the development does not detract from the existing buildings on the site. The residence has achieved a four-star green rating from the Green Building Council South Africa (GBCSA) for its energy- and water-saving features – and includes a full suite of disability facilities. The development is being co-funded by the Department of Higher Education and Training with an additional R130 million from UCT.

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

The three-storey residence has 144 single rooms and 173 double rooms. Phase two will be developed on land currently occupied by UCT family “barracks” opposite Mostert’s Mill, below the M3. This has been earmarked for the student dining hall. Phase three, a 300-bed residence, will be built on the Edwin Hart site. Practical Completion according to the JBCC building contract was achieved on 7 December 2020 and Final Completion on 7 March 2021.

Water Sustainability Project

The severe drought a few years ago in the Western Cape prompted the initiation of this project. The project initially saw the development of UCT's sustainable water management strategy in 2020, which has since moved into the design and implementation of various enabling projects, water saving projects and water recycling projects. Their progress is summarised below:

- » Groundwater investigation, borehole drilling, water flow and quality testing (99% complete).
- » Underground services detection, mapping, and digitisation of key areas on Upper and Middle/Lower Campus (80% complete for Upper Campus).
- » Digital water meter installation for individual buildings (67% complete).
- » Retrofitting of water savings fixtures and fittings in high water use residences (tender process complete, appointment of contractors imminent for July and December 2022 vacation periods).
- » Centralised water recycling project for Lower Campus residences (concept design has been developed, detailed stakeholder engagement underway to determine final acceptable location for the facility before detailed design begins).

This project will see these and other sub-projects implemented over the remaining three years that will result in millions of litres of municipal water being saved at UCT. It is expected that the progress on this project will improve due to effective procurement processes now in place and the challenges of working within a live teaching, learning and residence environment having been effectively mitigated by the project team.

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 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 |
| 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, 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.

The project was on track until the occurrence of the pandemic and good progress had been made with the implementation of the access layer, which is the final objective to be achieved.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 3

REPORT ON EARMARKED GRANTS Continued

DHET: ICTS Network Renewal Project Continued

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 translates 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.

The UCT fire in April 2021 also impacted the progress of this project as our human resources which had been 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 in nine sites.

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 continues to adjust its implementation plan as best it can in response to the dynamic and uncertain circumstances notwithstanding the constraints mentioned in this report and noting the nine sites which had to be redone due to the fire. Over 30 sites were completed during 2021.

Current project status is at an estimated 91% completion with the infrastructure life-cycle phase focusing on the access-layer at an 76% complete. Of the circa 149 sites that required renewal, about 28 sites remain which require various levels of renewal of the access layer. It is envisaged that these remaining sites will be completed before end of 2022.

2020 was the year in which UCT's research strategy shifted gear, transitioning from the outgoing Strategic Planning Framework (2016–2020) to developing and implementing Vision 2030.

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 19 June 2020, and the 2020 Teaching and Learning Report was approved by Council on 4 December 2021. The 2020/2021 Social Responsiveness Report was approved by Council on 16 October 2021.

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL

Introduction

2020 was the year in which UCT's research strategy shifted gear, transitioning from the outgoing Strategic Planning Framework (2016–2020) to developing and implementing Vision 2030. UCT's research is well on track for becoming an inclusive, engaged and research-intensive African university. Its 2030 research vision is premised on a strategic intent to generate new knowledge in Afrika, for Afrika and from Afrika that seeks to co-create a sustainable global future. To achieve this requires disciplinary depth and dynamic inter- and transdisciplinary teams, functioning in a facilitating environment. Thus, UCT has developed a framework of excellence, which foregrounds transformation, productivity, sustainability and societal impact. The framework asks four questions: Is our research transformative? What is the level and nature of our productivity? What is the impact of our research, in South Africa, Africa and globally? Are we ensuring that our excellent research is sustainable? Going forward, UCT intends to develop its Africa-focused, innovative, research-intensive agenda built on strong disciplines and harnessing inter- and transdisciplinary research that delivers relevant new knowledge and societal, environmental and economic impacts towards a fair and just society. In addition, there are essential elements – facilities, infrastructure, policies and procedures, and support structures – that must be in place to achieve these aspirations.



REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

COVID-19

In 2020 the COVID-19 pandemic caused setbacks and stresses to UCT's research activities during which fieldwork, on which much research is based, was interrupted for many months; experimental and performing arts and culture platforms were not accessible for research; and laboratories not actively focused on COVID-19 research were closed for four to six months – with all the associated challenges of getting these functional again. This has slowed the progress of much of UCT's research, impacting the timelines for intellectual property registration, for research postgraduate students to complete their studies and for research findings to be validated and reported. This situation has brought financial challenges, and the cost of COVID-19 has impacted the now austere funding landscapes. At the same time UCT researchers responded strongly to contribute to knowledge generation and its implementation through clinical initiatives, diagnostic reagents and approaches, vaccine development, medical devices, protective equipment, understanding behavioural responses, analysing pandemic trends for predictive responses and analysing economic and societal impact. A Scopus search on UCT contributions related to COVID-19 published in 2020, yielded 240 peer-reviewed journal papers on the topic. Despite the challenges, many research support units and researchers reported positive outcomes of the forced shift to working virtually. For example, outdated cumbersome paper-based processes were moved to online systems; online events had greater success rates than before; there were savings on travel costs which had a positive impact on the environment.

Excellence

In 2020 UCT hosted a large share of national funding instruments aimed at strengthening research leadership. These include 42 NRF-DSI SARChI Chairs, three DSIR-NRF Centres of Excellence, and two Africa-focused ARUA Centres of Excellence. These centres provide critical capacity for training the next generation of researchers and generating cutting-edge research. UCT's 2015–2019 top 10 research clusters, demonstrated by "prominence" (a measure of areas of growth measured by

bibliometrics) and indicated by key words linked to outputs are as follows: HIV; Decay (Quarks, Neutrinos); Tuberculosis; Galaxies; Birds; Africa; Fisheries; Health; Women; Obesity; and Climate Models.

In terms of World University Rankings, in 2020 UCT remained the top African university in four global rankings: 103rd in the US News & World Report Best Global Universities Rankings; 155th in the Times Higher Education (THE) World University Rankings; 220th in the Quacquarelli Symonds (QS) World University Rankings and 268th in the Center for World University Rankings (CWUR) and 10th in the Times Higher Education (THE) Emerging Economies University Rankings. Research areas ranked in the top 100 globally were Infectious Diseases – ninth (US News & World Report Best Global Universities Rankings); Development Studies – 10th (Quacquarelli Symonds World University Rankings); Sport Science – 47th (Shanghai Special Focus Institution Rankings); Oceanography – 48th (Shanghai Ranking's Global Rankings of Academic Subjects); and Clinical and Health – 66th (Times Higher Education (THE) World University Rankings).

Researchers

In 2020 UCT hosted 11 419 postgraduate students of whom 53% were female, and 338 postdoctoral fellows of whom 29% were black South African and 43% international. When academics are defined as all permanent and T2 contract staff (including soft-funded academic research staff), UCT's staff composition for 2020 was 67% South African, 51% female and 30% black South African. In terms of career stages these included 19% professors, 19% associate professors, 28% senior lecturers and 30% lecturers. Individual awards, including three new P-ratings (nine in all), three new A-ratings and four renewed A-ratings, speaks to the calibre of UCT's researchers. A further three researchers appeared on Clarivate as highly cited researchers in 2020. With regard to NRF-DSI SARChI Chairs, UCT's 42 chairs comprise 17% of the national total. In terms of NRF ratings, UCT academics make up 12% of NRF-rated researchers nationally, 25% of A-rated researchers and 39% of P-rated researchers. Overall, however, UCT's NRF-rated researchers have declined from 542 in 2016 to 500 in 2020 owing to decreased funding incentives to being rated.

Regarding knowledge dissemination, UCT is committed to open science and to nurturing open access publishing. In 2020, UCT supported open access publishing through 132 awards and through BioMed Central (BMC) membership, costing a total of R3 million which was UCT supplemented directly by researchers. There has also been progress in discussions on returning UCT Press to the university as a predominantly open access press. To further open access publishing, UCT has established an open access publishing platform, OpenUCT and an open data repository, ZivaHub.



In terms of World University Rankings, in 2020 UCT remained the top African university in four global rankings

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

Research Capacity Development

UCT recognises the need for continued investment in the development of its researchers, and in providing an enabling environment that allows them to flourish. UCT continues to build its capabilities to “lift as we rise” through mentorship programmes, the Researcher Development Academy, building the academic career path, facilitating new academics to become research active and building initiatives such as the grant writing hub.

UCT researchers are also participating actively in nationally supported initiatives that support early-career researchers, such as the Black Academic Advancement Programme. In 2020 UCT submitted eight applications for 2021: three for Doctoral Sabbatical Grants and five for Postdoctoral Sabbatical Grants – all were successful. The DHET’s Future Professors Programme prepares promising early career academics to become the new cohort of South African professors. In 2020, two out of five UCT applicants were successful.

Access to research funding is crucial for improving researchers’ profiles and professional standing. The Research Office has built a research development pipeline to support UCT’s researchers at all stages of their careers. These are summarised below: Postdoctoral Research Fellows benefit from



seminars and workshops from the Office of Postgraduate Studies and funding from the Postgraduate Funding Office. The Junior Research Fellows (JRFs) programme is funded through the Research Strategic Fund as a pilot initiative providing an opportunity for URC-accredited research groupings with interdisciplinary research agendas to host junior research fellows on three-year T2 contracts. In 2020 six three-year JRFs valued at R658 000 each were made to the value of R3.9 million as well as ten top-ups at R158 000 each. Of the 15 fellows appointed to date, nine are black and nine are female. Early career academics benefit from the Emerging Researcher Programme (ERP) which is funded through the Vice Chancellor’s Strategic Fund and the Department of Higher Education and Training’s (DHET) University Capacity Development Grant. Through the ERP, the Research Office offers support and training for fund-raising (including the International Grants Hub), research integrity, eResearch, research contracts and innovation and rating applications, as well as access to the Engaged Researcher Programme. In 2021, of new participating academics on the ERP, 48% were African South Africans, 14% were Coloured South Africans and 8% were international. 59% of new ERP members were female, which 41% were male. It is noteworthy that 53.1% of all ad hom promotions awarded in 2020 went to ERP members. Additionally, 70 of the 96 academics who were promoted in 2020 had attended one or more ERP seminars/workshops in the past three years. The Researcher Development Academy (RDA) was established to offer researcher training to sister universities in South Africa and on the continent. Relatedly, the RDA developed the Researcher Development Framework to jointly design a programme with sister institutions to promote long-term partnerships. The 2030 Future Leaders Project is supported through the VC’s Strategic Fund. It aims to support and retain a small cohort of exceptionally talented early career researchers. In 2020, R5.9 million was granted by the VC for a further three researchers to join the existing cohort of 15. The Building Research Active Academic Staff (BRAAS) is another pilot project funded through the Research Strategic Fund. It supports new staff to develop supervision expertise and begin building a research team. In 2020, R2.3 million was awarded to 17 new early-career, academic staff who were each allocated a bursary for a master’s research student for two years. In addition, 47 master’s bursaries allocated in 2019 were renewed for a second year.

Established academics continue to benefit from a range of services offered through the Research Office, including support for NRF-rating applications (67 applications were submitted in 2020), access to the international grants hub (including the Enabling Grant Seeker Excellence Awards), research integrity training, eResearch, research contracts and innovation support. The Senior Research Scholars (SRS) programme enables post-retirement associates to help UCT maintain its international profile and grow the next generation of academics through retaining their publication output and supervision skills. By December 2020 thirty senior research scholars had been appointed.

UCT recognises the need for continued investment in the development of its researchers, and in providing an enabling environment that allows them to flourish.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

Research Income

Total research income in 2020 amounted to R1 643 million, of which R1 516 million was from sources external to UCT. The external income received showed a 7.5% decrease, equivalent to R123 million, compared to 2019. This decrease was largely due to a decrease in NRF-related income and other local, largely public sector, funding. However, there was a slight increase (of 8%) in foreign income which accounts for more than 60% of total research income, up from 53% in 2019. Contract income continues to contribute at least two-thirds of the total external research income (R1.15 billion, a decrease of 4% compared to 2019's R1.2 billion). The biggest contributors to such contract income for 2020 are the National Institutes of Health (13.6%), SA Medical Research Council (5%), Bill & Melinda Gates Foundation (4.5%), Fred Hutchinson Cancer Research (2.6%) and the Wellcome Trust (2.2%). The NRF remains the single biggest funder of research at UCT, contributing R270 million. This accounts for about 20% of total external research income. In 2020 UCT earned a further R253 million for publication subsidies from the DHET. However, in 2020, NRF research income dropped by about R65 million (circa 20% decrease compared to 2019). The areas impacted the most include the SARChI programme, National Equipment Programme, the Centres of Excellence, Competitive Support Programmes and international cooperation agreements. Donations decreased by R4.5 million (5%) to R85.5 million compared to 2019 (R90 million).

UCT has a range of innovation funding instruments from very early pre-seed right through to early-stage venture capital funding, that it either manages internally or is specifically linked to. Innovation funding is closely linked with commercialisation and the development of spin-off companies and sits within the Research Contracts and Innovation Office (RC&I). UCT filed 64 new patent applications in 2020. Two new spin-off companies were registered, bringing UCT's portfolio to 24 operational companies. In all, 23 licences were issued, R2.1 million was earned from licensing IP Rights and over R100 million estimated from the equity value of nine spin-off companies. A positive consequence of the formation of spin-off UCT companies is the number of jobs created for UCT graduates either as entrepreneurial founders or as employees.

In 2020 UCT signed 1 793 research contracts valued at R2.18 billion (R1.77 billion in 2019) of which R1.6 billion (77%) was earned by foreign contracts and R512 million (8%) was from local sources. However, this overall 23% increase was largely due to an influx of COVID-19-related contracts in the Faculty of Health Sciences. In 2020 UCT's total research income was R1.64 billion with a further R1.52 billion earned from external sources (but with an 8% reduction in funding income from external sources due largely to COVID restrictions on research activity). Thus, although research contracts signed in 2020 increased by 23% to R2.18 billion, the increase was largely due to COVID-19 specific



calls that were mostly secured by health science-related projects. In 2020, to mitigate the impact of the pandemic, immediate relief funding for the research community was mobilised through Council support for soft-funded researcher salaries. In addition, the URC supported 32 postdoctoral fellows affected by the pandemic to the value of R3.8 million to extend their fellowships.

UCT incentivises targeted research thrusts from internal funding sources. In 2020 UCT researchers benefitted from R61.3 million from the URC and R26.5 million allocated for strategic research projects. The VC's Strategic Fund awarded R5.9 million to the 2030 Future Leaders Project, R4.5 million to the Advancing Womxn Project and R900 000 to the now completed Decoloniality Project. And seven young academics received the College of Fellows Young Researcher Award.

Overall, research income in 2020 decreased by 8% compared with 2019, following growth of 2.5% between 2018 and 2019. The 2020 decrease was largely in national income and can be attributed to research delays and cuts due the COVID-19 pandemic. Cuts in national (NRF, DSI) and UK ODA (Official Developmental Assistance) funding as well as a general tightening of research funding globally. This suggests that significant effort will be required to sustain the funding level of UCT's research enterprise moving forward. To this end the Research Office has put in place measures such as the International Grants Hub and incentives to assist researchers in sustaining funded research programmes in this challenging environment. The International Grants Hub has been instrumental in supporting early career researchers in applying and securing prestigious FLAIR fellowships, with 11 of 33 submissions progressing to the interview stage in 2020. Securing funding for UCT's Vision 2030 research enterprise will be one of the key challenges moving forward. For example, UCT needs to recognise the contribution of its soft-funded researchers and provide them with better security. UCT also needs to continue to build its transformative research capacity and sustain its role as a key player in building knowledge in, for and from Africa with global reach and impact.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

Research Support Tools and Infrastructure

To sustain UCT's research enterprise both appropriate research support and funding are required. UCT has identified the need for efficient and agile research finance and HR systems to ensure research compliance and excellent due diligence. Furthermore, UCT needs to provide appropriate infrastructure for research through the libraries, knowledge repositories, computing facilities, appropriately equipped laboratories, workshops and studios, and access to research funding. Attention is currently being given to streamlining research administration, particularly finance, HR and contract administration. This is being led by the electronic Research Administration (eRA) programme. Comprising a small team of service managers based in ICTS, Libraries and the Research Office, eResearch operates across the research enterprise to respond to the challenges of technological developments and new legislation and policies. Its mandate is to manage the entire research administration lifecycle for researchers and administrative staff, as well as to provide comprehensive reporting. eRA has worked to ensure that research-supporting PASS departments provide a holistic approach to research support. The focus for 2020, the final year of the project, was on data integrity and harvesting master data from source systems. This concludes the implementation of the main modules of the eRA project, including researcher profiles, publications and awards (pre-awards, contracts and post-awards). In 2020, training and support for the eRA system was seamlessly moved over to online platforms.

Additional services that support UCT's research include ICTs that provide high-speed network connectivity, advanced computational resources and data storage facilities and information and cyber security.

Open science is the practice of making research outputs – publications, data and software codes, available in a way that is findable, accessible, interoperable and reusable (FAIR). This practice is increasingly popular among researchers and mandated by funders. OpenUCT, the university's open-access repository, offers researchers a stable and reliable record of their work, which is managed and stored through UCT's Libraries to meet international technical standards. The Libraries bibliometrics service provides support for demonstrating research impact. Librarians also assist with identifying

A key strength of UCT's research is its accredited research groupings and their quality assurance system

research topics of prominence (using SciVal Trends), complying with open science requirements and conducting systematic reviews. The Digital Library Service (DLS) unit offers a range of research data management services to assist researchers with organising, managing and sharing their research data, to facilitate its preservation and access for present and future use. This includes sharing and publishing research data on UCT's data repository (ZivaHub). Furthermore, UCT Libraries is committed to supporting the digital humanities in South Africa by providing technical support and training to assist researchers with archiving and preserving material.

Quality Assurance and Research Assessment, Ethics Compliance and Risk Management

Research assessment at UCT takes the form of ratings by external agencies; quality-driven accreditation and regular review requirements for UCT's formal URC accredited reviews of its research groupings. A key strength of UCT's research is its accredited research groupings and their quality assurance system that includes qualitative and quantitative measures and is based on external peer review and stakeholder engagement. Regarding research assessment, UCT subscribes to the San Francisco Declaration on Research Assessment (DORA) principles which ensure that research assessment is not exclusively based on journal-based metrics, but also assesses the research on its own merits including the use of technology to enhance scholarly communication and evaluation of research impact.



REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

Research Integrity and Ethics

The Office of Research Integrity (ORI) in the Research Office works to ensure the policies and practices governing research integrity at UCT align with international norms and standards. A key project for the ORI in 2020 was the development and delivery of online responsible conduct of research training courses. The Ethics Governance Review Committee (EGRC) was established to review research ethics processes at UCT and to establish an ethics module in the eRA system to be used across the university. The committee completed its work in 2020 with its final recommendation to retain all faculty committees and work towards implementing a risk-based approach to ethics review. With input from the EGRC, the ORI has developed a UCT Risk-based Ethics Review Guideline now available to all UCT researchers. Providing support for research misconduct investigations was ongoing in 2020. The first UCT Research Fairness Initiative (RFI) draft report was completed in December 2020 for submission to the RFI Task Group for comment.



Risk Management

The risk policy framework, accepted by Council in November 2010, designates the URC as “watch dog” for the monitoring of research-related risks. In 2020, UCT faced challenges due to the growing size and complexity of its research enterprise, the legacy of fragmented business processes and systems, and new policies and changes in legislation and regulations. Risk challenges identified by the URC include:

- » **Changes in the NRF funding landscape**, that impacts on UCT’s ability to retain top researchers including the Heads of Centres of Excellence and SARChI Chairs as well as the retention of soft-funded academic research staff (SFARS). For example, 2020 saw unexpected budget cuts for two DST-NRF Centres of Excellence. Further, and the funding cycles for 23 of UCT’s 42 SARChI Chairs will come to an end during 2021–2025. In response UCT has established the Encouraging Grant Seeker Enabling (EGSE) award to incentivise researchers to diversify their sources of funding. But an additional risk to manage here is the **volatility of the foreign funding landscape**.
- » As noted above, **research compliance** remains an ongoing risk challenge that speaks to institutional governance practices, rather than research governance. During 2020, the Executive Research Compliance task team continued its work to address compliance deficiencies in the health and safety, and biosafety spheres. The Ethics Governance Review Committee also completed its work in 2020 introducing a risk-based approach to faculty ethics review processes and committees. It recommended the establishment of a new inter-faculty research ethics committee to ensure adequate ethical appraisal of transdisciplinary research and high-risk projects.
- » **Maintenance of UCT’s research equipment infrastructure** is a third area of risk. Funding for the UEC was recently relocated to UCT’s Capital Expenditure budget, which in principle offers greater flexibility to meet research requirements.

Social Responsiveness Report 2020/21

The Social Responsiveness Report 2020/21 is a themed report that provides an overview of activities that the UCT community engaged in, in response to the COVID-19 crisis. The report contains examples of scholarship and professional expertise used to benefit the wider community, both locally, provincially, nationally, and throughout Africa. Many UCT scholars conducted community-engaged research and outreach focused on COVID-19 awareness and education, addressing widespread misinformation and providing evidence-based responses to the disease. New collaborations emerged between universities, between scholars across disciplines and between scholars and various spheres of government and community-based organisations.

Faculties’ submissions revealed UCT has been deeply involved in responding to this health crises from a research perspective, providing health care and support, (doctors and students at the frontline), in the education sector , through to innovation in various research projects in terms of direct support to communities and redirecting funding to support vulnerable communities during this crises. Significantly, submissions also revealed that UCT staff and students have increasingly embraced the imperative that SR should underpin our work.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

4

SENATE REPORTS TO COUNCIL Continued

THE 2020 REPORT ON RESEARCH TO SENATE AND COUNCIL Continued

Social Responsiveness Report 2020/21 Continued

Resilience: Some faculty projects managed to weather the storm and carry out their social responsiveness work in new and more innovative formats. Examples are listed below:

- » The African Gender Institute, the Centre for Theatre, Dance, and Performance Studies with the Sex Worker Education & Advocacy Task Force (SWEAT) produced a performance titled COVID Waarheid (COVID's Truth).
- » The Environmental and Geographical Sciences (EGS) One Ocean Hub research team in collaboration with Rhodes University One Ocean Hub Emphatheatre Group established the Coastal Social Justice Network WhatsApp group for 20 fisher leaders that enabled them to share information and request assistance on a range of COVID-19 and fishery-related challenges.
- » A partnership between EBE, the Municipal Infrastructure Support Agent (MISA) and Engineers Without Borders South Africa (EWB-SA) provided a platform for 38 engineering students working in virtual teams to provide input to the Data for Municipal Infrastructure Assets (Data4MIA) initiative with the students analysing and compiling data to drive well-informed decision-making around infrastructure priorities and spending at a municipal level.
- » The Faculty of Health Sciences continued its services to vulnerable populations with HIV and TB under strict health protocols and ensured that community sites were kept informed of COVID-related safety measures.
- » School Development Unit (SDU) redesigned and reconceptualised its interventions to address the needs of the schools in support of the Western Cape Education Department's implementation of the Revised Annual Teaching Plans and introduced several psychosocial support strategies for learners and teachers.
- » Schools Improvement Initiative (SII) in collaboration with Occupational Therapy (OT) and Speech-Language Therapy (SLT) advocated for the use of see-through masks for disabled children.
- » The Perinatal Mental Health Project (PMHP) co-founded a coalition, Messages4Mothers, to develop and disseminate accessible information for mothers on physical and mental health, parenting and mindfulness via several languages and a range of multimedia platforms.
- » The Faculty of Health Sciences reported on the activities of dedicated staff and students who put their personal safety and lives at risk to support the faculty's social responsiveness engagement. This included academics from the Division of Family Medicine, the Division of Emergency Medicine and the Primary Health Care Directorate working in clinical management teams at the "Hospital of Hope" – the field hospital set up in the Cape Town International Conference Centre.

» CILT staff worked tirelessly to develop new IT resources to support staff and students with online teaching and learning.

» The pandemic also provided an opportunity for academics to empower communities through the media. Various academics contributed to printed media and gave talks on local radio stations on topics such as mental health, wellbeing, parenting and self-care in the time of COVID-19.

Opportunities: The pandemic opened new research paths for some academics. For example:

- » The School of Economics developed a micro-simulation model of COVID-19 to show the roles of behaviour and socio-economic inequality in the transmission of COVID-19. The School also developed the *Covi-id*, an initiative to preserve privacy via QR codes for contact tracing.
- » Research on Economics of Excisable Products (REEP) conducted a large online survey to test the effect of the government's ban on the sale of cigarettes on smokers' behaviour. They concluded that the sales ban had largely failed; it entrenched a virulent illicit market and smokers were more likely to share cigarettes during lockdown exacerbating the risk of contracting the virus.
- » The Development Policy Research Unit (DPRU)'s research fed into state decisions on the extension of social grants, including the COVID-19 Social Relief of Distress Grant (SRD) and the Employment Tax Incentive (ETI) as well as the COVID-19 Country Report run by the Department of Planning, Monitoring and Evaluation (DPME) with the National Research Foundation (NRF).
- » The Southern Africa Labour and Development Research Unit (SALDRU) made a major input to the Presidential Economic Advisory Council (PEAC), leading to an increase in the Child Support Grant.
- » The Division of Biomedical Engineering, developed "OpenAir" a low cost ventilator that (with CSIR and UCT's Clinical Skills Centre) won SAHPRA approval for the production of ventilators in South Africa.
- » The Institute of Infectious Disease and Molecular Medicine (IDM) played a leading role in a national initiative to provide "surge" diagnostic testing capacity for SARS-CoV-2. The IDM's testing protocol achieved a turnaround time of approximately 12 hours and successfully delivered more than 6 000 tests during the peak of the epidemic.

Conclusions

The pandemic revealed the importance of interdisciplinary and transdisciplinary work; survival under lockdown involved far more than epidemiology – it also demanded attention to gender relations, race and discrimination, digital access, police brutality and the exacerbated and brutal effects of poverty, unemployment and inequality. The pandemic forced us to ask deep questions about the role of the university as a publicly funded social institution. UCT has defined social responsiveness as more than volunteer outreach and has emphasised the importance of engagement and putting knowledge to work to address pressing social and economic issues. This approach underlines the interconnectedness between research, teaching, and social engagement.

UCT has defined social responsiveness as more than volunteer outreach and has emphasised the importance of engagement and putting knowledge to work to address pressing social and economic issues.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section

4

SENATE REPORTS TO COUNCIL Continued

2020 TEACHING AND LEARNING REPORT

Introduction

This report, prepared by the Teaching and Learning Committee of Senate, reflects on undergraduate teaching and learning at the University of Cape Town between March and December 2020. It focuses on what UCT achieved in order to continue offering undergraduate education under pandemic conditions.

UCT completed the implementation of the 2016–2020 Strategic Planning Framework with critical achievements in the areas of inclusivity and transformation of the student body. In the five years since the implementation of the 2016 Admissions Policy, 41% of UCT undergraduate students are “first in family” and 19.6% come from disadvantaged communities. The period 2015 to 2017 had shown the impact of the vicious cycle of lack of funding, mental health problems and poor academic performance on students coming from disadvantaged homes. In 2018 and 2019, a number of systems were flagged for development to provide a more responsive learning experience, including the professionalisation of student advice and the enhancing of data analytics capabilities to better monitor student performance. Since 2018, University resources and donor funding were invested in all these areas. However, the data analyses reported in the 2020 Teaching & Learning Report unambiguously confirmed what was exacerbated by the pandemic, namely that socioeconomic conditions are a fundamental variable for academic performance, and in this case affected students’ capacities to adapt to online learning. We take this to mean that in the South African context, good-quality education must disrupt social inequality.



The Impact of the COVID-19 Pandemic on Teaching and Learning

The emergence of the COVID-19 pandemic in March 2020 catapulted UCT into a new mode of delivery of teaching and learning that would ordinarily have taken years to achieve. UCT was successful in switching to emergency remote teaching (ERT) and completed the academic year online. While the COVID-19 pandemic highlighted problems and gaps in UCT’s infrastructure, organisation, delivery and conceptualisation of teaching and learning, it also provided opportunities to test possible solutions. UCT had to rethink its governance and management of teaching and learning, staff had to get to know their students’ lived experiences and contexts better and to grapple with how to support learning in difficult and resource-poor conditions. This led to the creation of new services to respond to and support students. Furthermore, staff had to learn very quickly how to use technology for teaching and shifted their pedagogic practices accordingly. While there were many positive outcomes to UCT’s attempts to respond to the crisis, some challenges remain – mostly due to their scale and structural nature. Below we highlight key shifts that occurred in teaching and learning in 2020 to manage the situation caused by the pandemic.

The Management and Governance of Teaching and Learning During COVID-19

The sudden shift to Emergency Remote Teaching (ERT) and the uncertainty related to the progression of the pandemic and corresponding state regulations, required a responsive, flexible, consultative and cross-institutional forum that could make and re-make quick strategic and policy decisions and monitor their implementation. This led to the constitution of the Teaching Online Task Team (TOTT). TOTT’s purpose was to provide leadership to UCT in relation to the roll-out of undergraduate online teaching under COVID-19 conditions. Under the tireless and consultative leadership of the DVC: Teaching and Learning, A/Prof Lis Lange, TOTT developed as a point of reference and deliberation for those grappling with the demands of ERT across all levels and spaces of the institution. The composition of TOTT included affected stakeholders – students, academic and faculty representatives and staff from support services including CHED, ICTS, Libraries, Student Wellness as well as representatives from the Academics Union the Black Academic Caucus. TOTT reported regularly as a permanent agenda item to the Teaching and Learning Committee of Senate to maintain system coherence. In April 2020, Senate approved a Framework for Teaching and Learning during COVID-19 drawn up through the TOTT that included an extension of the academic calendar, a recalibrated curriculum based on 30 hours of study a week, specifications for asynchronous, low bandwidth delivery and outlines on how the academic integrity of UCT’s courses and assessments would be maintained under ERT. The framework encouraged as much flexibility as possible within existing degree rules, for example, UCT’s Senate later approved the flexible management of students’ Duly Performed (DPs) and the suspension of academic exclusions for 2020. Towards the end of the year, following international trends and local discussions, the TOTT debated and developed a Framework for Physically Distanced Learning in 2021 which was approved by Senate in November 2020.

The executive made use of the COVID-19 fund set up by Council to help UCT deal with the financial costs of the pandemic. The DHET also redirected some of its allocated funds to support the teaching and learning effort during 2020. This additional funding was used to provide laptops to students and data to students and staff, to provide extra tutor support to struggling students and to cover the costs of distributing hard copy material for the Distance Learning Project.

REPORT ON UCT OPERATIONS DURING 2021 Continued

Section 4

SENATE REPORTS TO COUNCIL Continued

2020 TEACHING AND LEARNING REPORT Continued

The Use of Technology in Teaching

While Vula (UCT's online learning and collaboration system) had been in existence for 15 years, there was still a large proportion of academics who used it only as a repository. From April 2020, all academics had to learn how to use Vula to teach. The Centre for Innovation in Learning & Teaching (CILT) in CHED played a crucial role preparing academics to implement ERT. CILT delivered more than 100 interactive webinar sessions for staff to support teaching online. They also developed a suite of guidelines and resources for digitally enabled teaching and course design. All guidelines are available under Creative Commons licences and are now used by other universities in South Africa, Africa and globally. In the second semester of 2020, CILT offered a four-week online short course, the Design Studio, and a course design checklist for assuring the quality of blended or online course design. The shift to ERT also involved several technical and infrastructure upgrades including a transcription and captions service suitable for low-bandwidth environments.

Data Analytics

Data analytics work had been circumscribed to a handful of courses that impeded graduation. During 2020, the Data Analytics for Students Success (DASS) project developed a course analytics dashboard for course convenors including the identification of those students not participating adequately online. DASS extended its work to all courses with more than 20 student enrolments and demonstrated how the visualisation of data could enable academics to understand, monitor and manage student performance in their courses.

Assessment

In the area of assessment, academics in most faculties were forced to replace invigilated examinations with other forms of assessment. The Assessment Framework Working Group (AFWG) reporting to TOTT examined approaches to support online assessment integrity. It produced a discussion document titled "Remote Teaching Assessment: Quality and Integrity" that focused on strategies for improving assessment integrity and analytical techniques for flagging unusual patterns indicative of cheating. However, the work of the AFWG shows that the rise of academic dishonesty in the online space is better mitigated by improved design of assessments rather than surveillance measures such as online proctoring. While we cannot make evidence-based claims about the quality of learning outcomes during 2020, we can say that, while some will return to invigilated exams, many academics have changed their assessment practices for the better and do not intend to return to traditional assessment practices.

Curriculum Change

In the area of curriculum, UCT is less sanguine about the depth and extent of change. Given the pressures to move pedagogic practices online, most academics just worked with already existing curriculum content. However, many academics observed that ERT had forced them to think more consciously about their teaching in ways they had not done before. CILT's guidelines took academics through the sequencing and structuring of teaching and learning activities in ways that undoubtedly improved pedagogy at the course level. What remains to be done is to tackle curriculum reform at programme level.

Cross-unit and Departmental Integration

The integration between professional and academic departments in TOTT and the constitution of its working groups and task teams across areas of expertise provided opportunities for units such as CILT and the ADP in CHED to extend the reach of their expertise across departments and faculties.

The Creation of New Service Offerings

Managing the pandemic was a catalyst for creating new services such as UCT_Cares, that will remain and become embedded in UCT's "normal" service provision. UCT Cares is a helpdesk and referral system that serves as a central point of contact for students from any faculty with any problem that can be redirected. It is designed as a system that allows students to log queries easily and query handlers to analyse the query before referring it appropriately. Since its launch in April until the end of 2020, UCT_Cares handled 437 queries with 25% of queries handled at the first point of contact and 75% referred to the UCT support network. The largest category of queries (over 30%) dealt with appeals for a return to residence. In 2021, UCT Cares will develop faculty-based nodes with trained peer advisors, a UCT_Cares counsellor for interrogation and referral of mental health queries, UCT_Cares Reach (a protocol for locating and contacting students on request from the faculties) and the UCT_Cares bot, a pilot chatbot that will test the application of automated advising tools at UCT.

A Different Perspective on Teaching Assistants and Tutors

Staff acknowledged they would not have been able to offer their courses at the level of quality they did during 2020 were it not for the additional support tutorial staff offered to students. At the same time, the large-scale use of tutors to support undergraduate teaching showed up some of the weaknesses in UCT's management of tutors – most of whom are postgraduate students who also struggled with their studies and often living circumstances as well during the pandemic. This brought to the fore the need to revise the terms of TA and Tutors training, support, payment and employment conditions as well as their integration into the life of academic departments.

Managing the pandemic was a catalyst for creating new services such as UCT_Cares, that will remain and become embedded in UCT's "normal" service provision.

REPORT ON UCT OPERATIONS DURING 2021 Continued

2020 TEACHING AND LEARNING REPORT Continued

Re-thinking Support of Students

Apart from UCT's routine reporting on student academic performance, during 2020, UCT collected rich data on the undergraduate student learning experience to inform policy for managing teaching and learning during the first year of the pandemic. A profile of the undergraduate full-degree cohort was built from two student surveys that were carried out in response to ERT and from the South African Survey of Student Engagement (SASSE) of 2018. The first survey was run before commencing ERT with a focus on students' resources and ability to learn remotely. The second one was run at the end of the first semester to inform the improvement of online course design for the second semester. It was encouraging that most students reported positively about communication with course convenors, access to academic support and help with remote assessments. Students reported difficulties during ERT revolved around four main issues:

- » **Academic factors** – lack of communication or support, feeling isolated/disconnected especially from other students.
- » **Learning environment** – noise and distractions, domestic responsibilities, limited work space and family conflicts.
- » **Personal factors** – mental health (e.g. stress and anxiety), lack of motivation/discipline to study.
- » **Connectivity factors** – lack of internet/power supply/data.

The pandemic imposed a shutdown of what had been "normal" space-time on campus. In losing campus space-time, students lost the timetable with its imposed discipline. This freedom to self-manage worked differently for different groups of students. By the end of 2020, it was clear that the best way of supporting many students during the pandemic was to reopen residences and create spaces on campus for students to study. The Vulnerable Students Working Group of TOTT developed an indicator for identifying the most "vulnerable" students. Using this information, the DSA made offers for a place in residence to individual students – although the high demand could not be met.

Staff

Feedback from staff was gathered from members of the Academic Union (July 2020) from a teaching staff survey (September 2020), and from reflections by Deputy Deans (September 2021). Key findings were as follows:

- » Staff spent much of their time providing support and care to their students.
- » They also had to devote a lot of time to a rapid upskilling in new teaching technologies.
- » They had to reduce course content to accommodate the reduction in students' weekly workload to a notional 30 hours.
- » Many staff battled to manage their work-life balance, especially those caring for dependents at home – the collapse of the work/home space was a source of added stress.
- » These additional demands from work and home had deleterious effects on health, motivation and research output.

In response, staff requested that going forward UCT's institutional culture will place greater value on teaching expertise and effort.

The UCT Teaching and Learning Conference

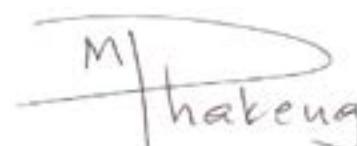
This Conference was offered online for the first time in 2020, with the theme of "Shifting Academic Identities". It was oriented to provide an opportunity for staff to reflect, share and engage with the challenges and opportunities for teaching remotely and how their sense of professional identity shifted during ERT conditions.

Distinguished Teacher Awards

Dr Bodhisattva Kar in Historical Studies and Dr Marlon Swai in Social Anthropology were the recipients of the 2020 Vice-Chancellors' Distinguished Teacher Awards.

CONCLUSION

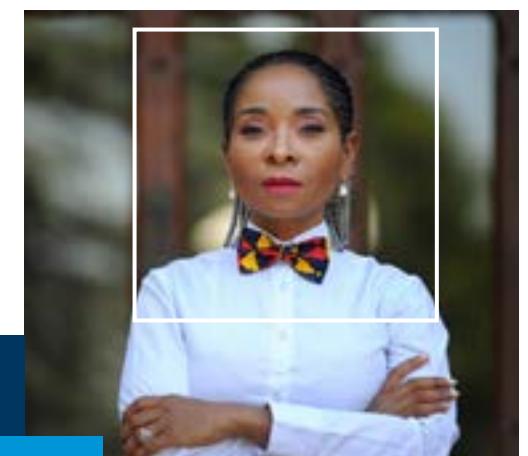
What UCT had to do under pandemic conditions is far removed from both a sound pedagogy of digitally enabled education and the traditional UCT face-to-face approach to teaching. The university learnt during 2020 that contact between academics and students in a common space-time cannot be fully replicated by online teaching. It was also realised that students need each other to learn and that online spaces, under South African conditions, will deliver neither the learning outcomes nor the educational experiences beyond the classroom that make UCT's graduates internationally sought-after. It is hoped that what the university has learnt during this period can translate into deep reflection on how it is assumed that students learn; traditional modes of delivery; the nature of the spaces in which teaching takes place; the use of technology in the classroom; the content, structure and sequencing of the university's curricula and assessment practices. UCT remains a contact residential university. Its status as the top university in Africa and among the best globally, places the institution in a good position to lead the development of an innovative synthesis of online and contact education and a framework for digitally enabled education that will shape teaching and learning for the 21st century in Southern contexts.



Professor Mamokgethi Phakeng

Vice-Chancellor

18 June 2022





INSTITUTIONAL FORUM ANNUAL REPORT 2021

Overview of the UCT Institutional Forum 2021:
Considerations of the Institutional Forum
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INSTITUTIONAL FORUM ANNUAL REPORT 2021

OVERVIEW OF THE UCT INSTITUTIONAL FORUM 2021: CONSIDERATIONS OF THE INSTITUTIONAL FORUM

INTRODUCTION

As outlined in the Higher Education Act, Act No. 101.1997 S31 (ss 1) the Institutional Forum (IF) 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 IF is the only representative committee in the university – as it includes representation from all staff and student groups at UCT.

Governance

Governance considerations by IF members this year focused on the Institutional Forum's Monitoring and Evaluation Role of transformation policies and practices. This focus resulted in the Institutional Forum Lekgotla which resulted in the establishment of a Monitoring sub-committee that will meet to review policies at UCT and report to the IF every six months.

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 whilst 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 Plan

The IF requested quarterly feedback from all units involved with Transformation on campus. The Office for Inclusivity & Change (OIC) comprising of Disability Services and Employment Equity, within the Office for the Deputy Vice Chancellor for Transformation, provides this quarterly feedback to IF on matters related to inclusion, equity and disability. In addition, both the Transformation Forum and the Employment Equity Forum reports to IF. Documentation was provided from the OIC at each meeting of the IF. Under the leadership of the Acting DVC for Transformation Professor Martin Hall who conceptualised the Employment Equity Guidance Note and developed the University Employment Equity Training modules, the following employment equity outcomes were achieved in 2021.

The University's new Employment Equity Plan came into effect on 1 January 2022 and steers the University's implementation of Employment Equity until 31 December 2026. The accompanying Employment Equity Guidance Note was developed by Professor Hall and superseded the previous University Practice Note that applied under the previous Employment Equity Plan. The Guidance Note is a living document which requires updating from time to time on the basis of the experience of practitioners across the university, changes in legislation, and new regulations and codes of good practice issued by the Department of Employment and Labour. The approach that will be taken to the implementation of the university's current Employment Equity Plan will require amendments to a number of current policies and documents.

The principal differences between the new Employment Equity plan and guidance and previous practice are as follows:

- » Numerical annual targets and five-year goals have been determined by an evidence-based model and agreed following extensive consultation with the Faculties and PASS departments concerned. As required by law, T1 and T2 temporary contracts longer than three months have now been included in the university's Employment Equity Plan.
- » For the implementation of the 2022-2026 plan, the university has been divided into 14 "units" (Faculties, larger PASS Departments and clusters of smaller PASS departments). Each unit is responsible for achieving annual targets and overall numerical goals for their unit, in terms of the numerical targets set, and agreed, for their unit.
- » Following the requirements of the UCT Employment Equity Policy, on the principles and practice of employment equity. This training requirements will be phased in through 2022. The required course, "Fundamentals of Employment Equity", will be self-paced and will be delivered via the HR Success Factors self-service platform.
- » Each of the 14 administrative units will have an Employment Equity Committee made up of representative Employment Equity Representatives from the unit.

The Institutional Forum is an active, critical committee that engages robustly on issues of transformation, inclusion, diversity and equity.

INSTITUTIONAL FORUM ANNUAL REPORT 2021 Continued

OVERVIEW OF THE UCT INSTITUTIONAL FORUM 2021: CONSIDERATIONS OF THE INSTITUTIONAL FORUM Continued

Employment Equity Plan Continued

- » Each Employment Equity Committee will be responsible for developing and implementing an annual project plan for recruiting and appointing suitably qualified candidates to known and anticipated vacancies in the unit, and for meeting the agreed annual targets for their unit. For each post, the Employment Equity Committee will decide which of two mandates should be used by the selection committee, and this mandate becomes the terms of reference for the selection committee. Each Employment Equity Committee will be represented on the Employment Equity Forum, which will monitor achievement against targets and goals across the university as a whole, reporting to the Executive and to the University Human Resources Committee, and recommending adjustments to targets and goals if these are required.
- » Deans, Executive Directors and Directors will be accountable for the achievement of numerical targets and goals in their units through a KPA for employment equity. Progress in achieving targets and goals in their units will be reviewed as part of the annual Development Dialogue process.
- » Maintaining the confidentiality of selection committees is a requirement both in terms of the university's regulations, and in terms of the Protection of Personal Information Act (POPIA). Confidentiality will be enhanced by requiring all members of selection committees to sign a non-disclosure agreement, to be introduced by HR in 2022.

Transformation Forum

During the period of 2021, the Transformation Forum has continued to implement and measure inclusion activities within their respective areas. The Transformation Forum also initiated a separate working group with the Acting DVC to expedite barriers and challenges experienced within transformation committees and within the institution. In addition, the Transformation Forum Community of Practice surfaced concerns that transformation committees face as they implement their inclusion actions. These concerns (mostly process questions) were rapidly responded to and resolved during 2021.

Monitoring and Evaluation

The IF is in particular focused on matters related to the UCT Transformation benchmarks; the Racism and Sexual Violence Report, employment equity and transformation seminars nationally and internally, and continued to review the appointment of senior management positions in the university. The university transformation benchmarks have been used for just over three years to track progress in relation to student and staff access, support and advancement. In addition, the benchmarks monitor cultural change initiatives, inclusion initiatives and equity approaches that are implemented by Transformation Committees in the University. The Transformation Report provides a holistic overview of transformation actions in the university during the 2021 period. The role of IF in monitoring and evaluation is a substantive function that seeks to ensure that transformation is evidenced in teaching, learning, research and the university operations.

CONCLUSION

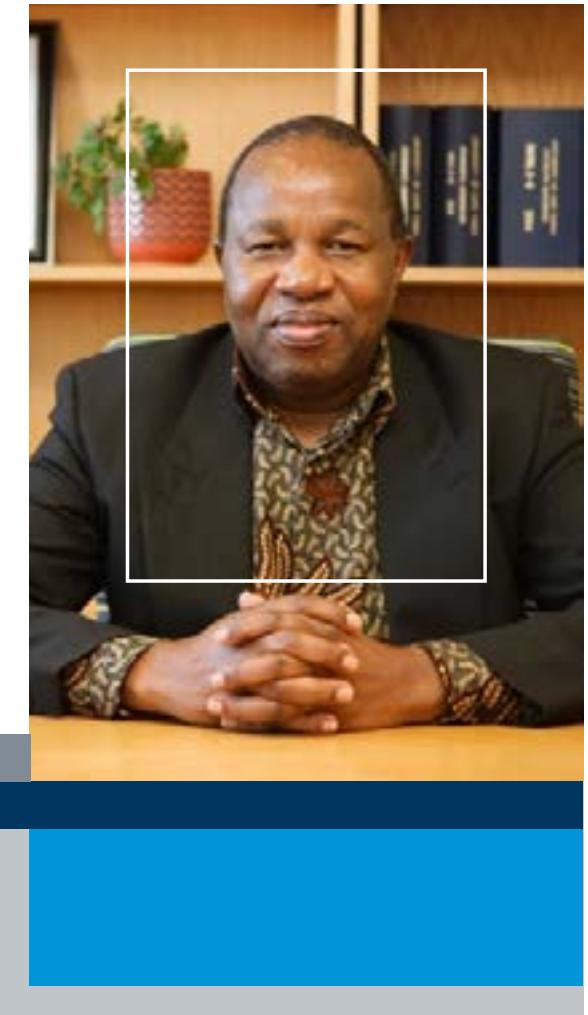
The IF at UCT in 2021 continued to fulfil an important role with respect to its mandate in terms of governance of transformation by working closely with the transformation structures. Its sub-committees (The Transformation Forum and Employment Equity Forum) remain active and robust spaces that drive and operationalise the overall transformation agenda in collaboration with the OIC and Transformation Committees.



Professor Maano Ramutsindela

IF Co-Chair

18 June 2022





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.

As part of the continual Committee assessment against its Terms of Reference (ToRs) and with specific focus on having the required balance of skills and expertise required to fully meet the mandate of the Committee, a recommendation was made to have an additional member added to Committee. The additional member would be one with expertise in the IT field and this was noted as necessary given the general prevalence of the IT risk governance and IT security having become an increasing area of concern and effort for organisations. The University Council approved the recommendation in December 2021, with Council member, Kholiwe Makhohliso being appointed a new member of the UARC from 1 January 2022.

The key responsibilities of the UARC are listed in Council's report on corporate governance (page 5) of this report.

Attendance at UARC meetings during 2021 is presented in the table below:

Table 17: 2021 University Audit and Risk Committee Attendance

| Member | Designation | Mar | May | Jun | Sep | Nov | % |
|--------------------|----------------------------|-----|-----|-----|-----|-----|------|
| Ms T Mokgabudi | Chair & Council Member | P | P | P | P | P | 100% |
| Mr T Murray | Deputy Chair (independent) | P | P | P | P | P | 100% |
| Mr E Davids | Council Member | P | P | P | P | P | 100% |
| Professor N Eccles | Council Member | P | P | P | P | P | 100% |
| Ms K Maphisa | Council Member | Ap | P | Ap | P | P | 60% |

P = Present Ap = Apology

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 2021. However, sub-systems were added to adapt to cyber security challenges as well as adaptation to more digital operations.

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

A system of internal controls is in place at UCT and 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 support key processes throughout UCT. Accordingly, an effective system of internal control can provide reasonable assurance with respect to the preparation of the Annual Financial Statements and safeguarding of assets.

The University's independent external auditors, PricewaterhouseCoopers (PwC), assess key accounting systems and financial reporting control system 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 2021. Based on the firm's 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 2021 key areas of focus of the UARC:

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

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

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

As part of improving internal controls, management has introduced several additional improvements all aimed at making compliance and accountability easier. These improvements include a training plan that would be rolled out using the Success Factors system; implementation of a PCard practice note, as well as use of Perceptive Content which would facilitate and enable a user-friendly way of processing PCard transactions. Moreover, there are targeted regular messages and training for all key individuals involved in the management of PCards. Weekly Business Objects (BOBJ) reports detailing unposted transactions continue to be emailed to PCard holders for follow-up, and PCards with unposted transactions more than two months old are blocked automatically. Given the importance of the PCard to University operations, there has been a concerted effort and focus by management, overseen by the UARC, supported by the work of Internal Audit, to ensure that PCard internal controls are enhanced and operate as intended. Management and the committee will continue to monitor the effectiveness of internal controls in this area, with audits being performed as appropriate.

IMPROVING THE 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 & 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. Given the manual process and the limited monitoring and oversight of controls in place, this increased the risk of errors, and 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 continues to monitor the effects of the implemented recommendations within the PGFO department.

REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE Continued

AREAS OF FOCUS OF THE UNIVERSITY AUDIT AND RISK COMMITTEE Continued

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.

The committee continues to focus on the preparation and audit of the Consolidated Annual Financial Statements, and the focus for the 2021 financial year related to the following:

The Impact of COVID-19

The continued nationwide lockdown resulted in ongoing adjustments having to be made on how the audit was conducted and how audit evidence could be provided to the auditors. Given almost two years of remote working and conducting an external audit, the onboarding of PwC as the new external auditors was managed with relative ease.

Student Fee Debt

The continuing COVID-19 effects, challenging economic environment and the announcement by the University to remove the fee block to enable students with outstanding fees to register for 2021 academic year we have noticed increase in student fee debt. As a result, 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

The objective of the Office of Internal Audit 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 and Agreed Upon Procedure Audits. 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 Code of Ethics and The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing. 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.

The Head of Internal Audit reports functionally to the UARC, administratively to the Vice Chancellor and has 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.

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

Regular 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.

Based on the results of the planned audits and ad hoc reviews undertaken during 2021, it is concluded that the key internal financial controls were effective in all material aspects and reported findings did not expose the University to significant risks.

The Office of Internal Audit performs many valuable functions including Assurance Audits, Factual Findings and Agreed Upon Procedure Audits.

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

The University maintains a delicate balance between income received from government, student fees, and third-stream funding against the expenditure priorities. The biggest spend is on personnel expenditure, followed by other activities related to the University's overall objective of teaching, learning and research. The decrease in government subsidies over recent few 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 given that the level of government funding is not sustainable over the medium- to long-term given the economic challenges faced by the country.

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

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

ROTATION OF THE INDEPENDENT AUDITORS

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

Under the provisions of the Public Audit Act, the appointment of auditors is to be made in consultation with the AGSA.

During August of 2020, a tender process for the appointment of new external auditors for the 2021 financial year commenced. The University ran an open tender, and the process was facilitated by the University's Procurement and Payment Services department. A briefing session was held with interested audit firms. Seven firms had fully compliant tender submissions and three firms were shortlisted. Interviews took place during October 2020 and PwC was awarded the tender. The appointment of PwC, as of 1 January 2021, is as per the University policy and 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. 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 2021.

RISK MANAGEMENT EXECUTIVE COMMITTEE

UCT is committed to establishing and maintaining a systematic approach to the proactive identification, assessment, and management of risks, but also take advantage of the opportunities that risks may present. As a result, the University Council has several governance committees to assist Council in discharging its risk management responsibility. The University Audit and Risk Committee (UARC) provides an important and direct link to Council on all matters relating to risk and is chaired by a member of Council. In addition, to the UARC, the University has a Risk Management Executive Committee (RMEC) that is chaired by the Vice-Chancellor. Memberships of the RMEC comprises of the Chief Operating Officer (COO) who is the Deputy Chairperson of the committee, the Registrar, all Deputy Vice-Chancellors, two Deans representatives, an Executive Director, and the Director of Institutional Planning. The RMEC also has several senior managers including the Chief Financial Officer (CFO), Executive Directors, and Head of Internal Audit as Assessor members. Senior managers responsible for various portfolios are permanent attendees of RMEC and provide reports covering several key operational areas/activities.

Over the last two years, the committee has reviewed and updated its terms of reference to ensure adequate representation on the committee and align its objectives to address the risk and threats faced by the University. The committee meets at least four times annually and has robust discussions on key risks and other related matters affecting the University. Special meetings are also arranged as and when necessary. Following each RMEC meeting, the Vice-Chancellor and the COO prepare a detailed Risk Management report which is presented to the UARC. In between the RMEC meetings, there are numerous formal and informal engagements with the Chair of the UARC and other members as and when necessary on key matters relating to risk management.



REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE Continued

RISK MANAGEMENT EXECUTIVE COMMITTEE Continued

Table 18: 2021 Attendance at Risk Management Executive Committee Meetings

| Member | Designation | Mar | May | July | Sep | Nov | % |
|---------------------|---------------------------------------|-----|-----|------|-----|-----|-----|
| Professor M Phakeng | Vice-Chancellor (Chair and Member) | P | P | P | P | P | 100 |
| Dr R Morar | Deputy Chair and Member | P | P | P | P | P | 100 |
| Mr R Pillay | Registrar and Member | P | P | P | P | P | 100 |
| Prof M Hall | Member | N/A | Ap | P | P | P | 75 |
| Prof L Feris | Member | P | N/A | N/A | N/A | N/A | 100 |
| Prof L Lange | Member | P | P | P | P | P | 100 |
| Prof S Harrison | Member | P | Ap | P | P | P | 80 |
| Mr P Mgolombane | Member | P | Ap | P | P | P | 80 |
| Dr C Duggan | Member | P | P | P | P | P | 100 |
| Prof A Lewis | Member | P | P | Ap | P | Ap | 60 |
| Ms J Henry | Member | P | P | N/A | N/A | N/A | 100 |
| Mr A Conrad | Member | N/A | N/A | P | P | P | 100 |

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

RISK MANAGEMENT AREAS OF FOCUS

As risk is inherent in all the operations of the University, the Executive and Management are responsible for the daily activities and ongoing management of risks facing the University. The University has various committees, working groups/forums and task teams dealing with various teaching, learning, research, and operational risks.

DEALING WITH STRATEGIC, OPERATIONAL, AND EMERGING RISKS

At the beginning of 2021, the Chair of Council, selected members of Council (including the UARC), members of the University Executive, Head of Internal Audit, members of the Risk Office, and other senior members had a facilitated risk workshop to identify and assess the impact of risks which are likely to negatively impact the University from attaining its objectives. This workshop was important as it confirmed that the risk approach adopted by the University is aligned to University strategy and risk appetite. In addition, the workshops showed a strong interaction between the top risks as indicated by the Institute of Risk Management of South Africa (IRMSA) and what UCT's top risks are emerging to be. In addition to the strategic risk register, all the University faculties and key departments have their own operational risk registers which are assessed and updated regularly. Those registers are presented by the accountable persons to the RMEC to keep them abreast of the operational and emerging risks. Emerging risks are also identified, assessed and mitigation measure provided on how to manage those risks.

DEALING WITH DISRUPTIVE RISK EVENTS

UCT has continuously enhanced systems and processes over the last few years to mitigate and manage any potential disruptions/threats to its operations. Two of the major events which impacted in the University included the ongoing impact of COVID-19 and the UCT fire incident that took place on the 18 April 2021.

COVID-19 Pandemic

To respond effectively to the COVID-19 pandemic challenges, the University leadership established the COVID Coordinating Committee (CCC) – which is responsible for responding to the outbreak. The committee is chaired by COO, Dr Reno Morar and it is tasked with continued close monitoring of any developments around COVID-19-related matters and is working in partnership with the Department of Health, the NICD, the Western Cape Department of Health, and other spheres and agencies of government. The CCC met regularly to advise the Vice-Chancellor and the Executive on how to effectively deal with the pandemic whilst maintaining key operations in teaching and learning, and research. UCT in partnership with the Provincial Department of Health established a UCT Community of Hope Vaccination Centre. This Centre was open to all members of the public, with staff and students being encouraged to make full use of the site.

Managing COVID-19 on Campus is integrated into the OHSE programme and the roles, responsibilities and accountabilities have been defined within a new legal OHS structure to facilitate a pragmatic approach OHSE. A central OHSE advisory committee was established to foster participation across UCT with representatives from each Department or Faculty, reporting to the Executive. Key performance outcome areas have been defined and feedback on prioritised areas have been regularly communicated to the Executive through the Committee. Whilst UCT's commitment as per the OHSE policy is to mitigate all possible risks of harm to UCT staff, students, contractors and visitors, a more robust risk and incident management system has been developed to ensure that all incidents be investigated with appropriate corrective actions and timeous close-out.



REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE Continued

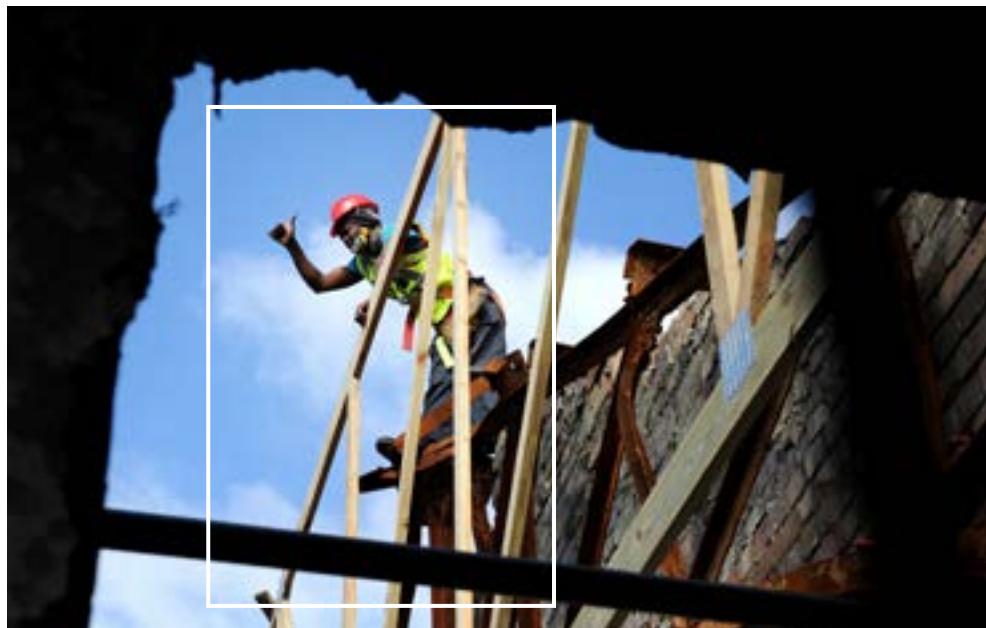
RISK MANAGEMENT EXECUTIVE COMMITTEE Continued

DEALING WITH DISRUPTIVE RISK EVENTS Continued

UCT Fire

The UCT fire can be regarded as a black swan event due to the nature of the incident, and the impact it had on operations. The University managed to successfully evacuate approximately 4 000 students and staff members in residences. This was executed in a safe manner without any major security or health incident during level three lockdown. All students and staff affected were accommodated in hotels on the same day with the University carrying the costs. Students and staff were provided with meals and warm clothing as required. Students and staff in residents who suffered loss of items due to them being damaged or lost were reimbursed by the University insurers.

In dealing with the UCT fire, the University Executive established a (UCT) Fire Operations Committee that met weekly, and a Steering Committee made up of senior managers which met monthly. The Operations Committee provided ongoing progress updates on matters relating to capital planning, health and safety, risk and insurance, finance, legal issues, communication, environment sustainability, information and technology services, student affairs, biological sciences, libraries, and human resources. The Steering Committee reported to the Vice-Chancellor on all critical matters and milestones achieved. The work of these two committees was instrumental in returning UCT to its



core business without any prolonged impact on its operation. In addition, the relocation of staff that were housed in affected buildings were major impediments following the fire. Most of the materials from the Jagger basements had been salvaged and a two- to three-year recovery process was envisaged. A two-year lease had been signed for temporary premises close to the University. An extensive collaborative network had been created with national and international universities to assist with the collection of library material that was lost to the fire or damaged during the incident. A major risk highlighted by the fire was the lack of conservation expertise, skills, and infrastructure both nationally and internationally. Furthermore, the long-term preservation of materials is major concern that will take time to complete. Capacity building is crucial in mitigating this risk and the University commenced with the process of appointing an experienced Conservator.

Disaster Management Plans

One area of performance that OHSE had honed into in 2021 was the emergency and disaster management preparedness and response as a result of the devastating wildfire in April 2021. Properties and Services embarked on the upgrading of the fire management systems with sophisticated technology that will enhance fire detection. The newly built Joint Operating Centre enables a more efficient, technology-driven monitoring and rapid response to emergencies. First responders during an emergency have received tailored training creating a more agile response to typical emergencies and disaster scenarios. Student residences continue with the rigorous evacuation drills of twice per annum and plans for campus wide drills are underway and will be coordinated between the OHSE Division and Campus Risk services. A revised OHSE programme was established in 2021 to enable the delivery of the OHSE strategic framework and plan over the next three to five years to meet full OHSE compliance as well as international best practices. A systematic and risk-based approach was adopted and most of the planning phase had taken place during 2021, the University was ready to ramp up on its implementation phase to meet desired objective and targets.

Business Continuity Management

UCT has first-hand experience over the last several years in responding to crises and disruptive events that threatened the ability to successfully continue with teaching, learning, and research activities. The UCT Internal Audit in 2019 made a finding indicating that UCT needed a formal business continuity management plan. The realisation that UCT does not have the internal capability to undertake the task without external assistance resulted in the development of a formal business continuity management plan tender planned for 2022 with the appointment of a capable external service provider.

Although UCT has been able to successfully respond to disruptions in the past, 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 key operations. To ensure that its plans and operations remain robust and resilient in dealing with disruptions, the University is in a process to appoint a service provider to assist with the development of a formal Business Continuity Plan (BCP). The request for proposal of appointment of a service provider is planned for 2022 and is on track.

REPORT OF THE UNIVERSITY AUDIT AND RISK COMMITTEE Continued

RISK MANAGEMENT EXECUTIVE COMMITTEE Continued

DEALING WITH DISRUPTIVE RISK EVENTS Continued

Insurance Risk

UCT is part of Tertiary Risk Insurance South Africa (TERISA), which is made up of all public universities. TERISA is managed by Marsh Africa (Insurance Brokers) to cater for the insurance needs of Higher Education institutions. The UCT claim relating to the fire is ongoing and given the loss of unique and rare information material, the library claim will be ongoing for several years. The smaller part of the loss has already been covered by the Insurers including student and staff personal belongings lost in the fire. To ensure that students were not adversely impacted by the loss of personal items, their claims were prioritised, and settlement of all legitimate claims was done within a few months of claimant submitting all the necessary and supporting documents for their losses. The insurers have made significant interim payment to the University.

Student Funding and Debt Management

One of the significant risks facing all institutions of higher education is the issue of student funding and debt owed by returning students. The National Student Financial Aid Scheme (NSFAS) is a government entity responsible for undergraduate student funding. At the beginning of the 2021 academic year, NSFAS made far reaching policy changes which included that the entity is no longer providing funding for postgraduate courses, including postgraduate diplomas. Students who had been previously funded in 2020 were granted continued funding for the completion of their courses. However, no new funding was provided for students who had applied for 2021 with the result that students who had applied and provided the necessary supporting documents were informed to consider other funding opportunities. In addition, NSFAS could not provide confirmation for 2021 first time entering students (FTENs) due to the delays in confirming funding outcomes for the 2021 first time entering students. Through its own funding, the University supported students who had applied for NSFAS funding by providing financial assistance for tuition and accommodation for financially and academically eligible students. Council also took an unprecedented decision by allowing students who had 2020 debt to register in 2021. This far-reaching concession was necessitated following the impact of COVID-19 on households and the need to ensure that selected students can continue with their studies despite carrying debt from the previous academic year. As part of ensuring its financial sustainability, the University Finance Committee (UFC) plays an important role in oversight of the budget and quarterly reports are presented on the financial performance of the University including debt collection and management.

Cybercrime and Information Security Breaches

Cybercrime and information threat of cybercrime and information security breaches remains an ever-present danger for the University. UCT's Computer Security Incident Response Team (CSIRT) continuously works with the communications department within Information communication and Technology Services (ICTS) to ensure that users remain aware of the current threats facing the UCT community. The Security awareness campaign is currently on hold, however, there is a continuous effort to keep our staff and students informed. The month of October each year is Security awareness month, and the University provides communication and training on various training initiatives aimed at raising information security awareness with staff and students. The October security awareness drive is a heightened effort to raise awareness, which is augmented by year-round communication on key information security topics.

In addition to a detailed cyber security report presented to RMEC and shared with the UARC, there are constant awareness and information campaigns aimed at staff and students. The University is aware that there is a global scarcity of qualified and experienced information security resources. Remote working has opened new avenues for staff to seek opportunities locally and internationally. This coupled with lucrative offers from corporates and other entities has resulted in UCT losing some of its highly valuable and regarded staff members. To protect UCT assets by providing a cohesive Information security capability and incident response, UCT not only needs to continuously provide opportunities for staff members to enhance their skills in this field, but it is also critical for the University to retain staff with the requisite skills and competencies.

Preventing and Minimising the Impact of Fraud and Corruption

The University aims to maintain the highest standards of integrity in all its activities and has several measures in place to deal with fraud. There are no major incidents of fraud reported over the last few years which points to robust internal controls. The process for updating the UCT Fraud and Corruption Prevention Policy was initiated and RMEC was satisfied that the draft could be shared with key stakeholders for review and comments. The updated policy is anticipated to be presented and approved by Council at one of its meetings in 2022. In addition to the review of the Fraud and Corruption Prevention Policy a fraud case management reporting tool will be introduced. Any fraud or corruption case that is reported will be captured and maintained for data analysis. UCT also has an external whistle blowing hotline managed by a dedicated service provider. The hotline assists management in matters which may not have been picked up through internal reporting. To ensure accountability, quarterly reports are presented to RMEC with the Registrar also providing an annual update to the UCT community.

Through its own funding, the University supported students who had applied for NSFAS funding by providing financial assistance for tuition and accommodation for financially and academically eligible students.

RISK MANAGEMENT EXECUTIVE COMMITTEE Continued

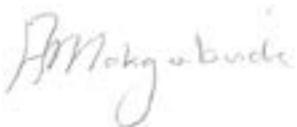
DEALING WITH DISRUPTIVE RISK EVENTS Continued

Measures to Reduce Crime On and Off Campus

The University is dedicated to maintaining a safe and healthy environment for all its staff, students, visitors, and contractors on all campuses, by putting measures in place to mitigate all the identified risks in teaching and research environments. The Campus Protection Services (CPS) is active in providing guidelines to students, staff and third parties on how to stay safe on and off campus. The University has invested in increasing security visibility on major routes used by students and staff. In addition, there is a close working relationship and collaboration with the South African Police Service (SAPS) and the Groote Schuur Community Improvement District (GSCID).

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



Prof Mamokgethi Phakeng
Vice-Chancellor and
Chair: Risk Management
Executive Committee



Ms Bahijah Hashim (CA)SA
Director: Internal Audit

18 June 2022





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

The UFC operates within the planning and strategic frameworks decided by Council and in turn advises on financial strategy, makes recommendations on 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 2021.

Table 19: 2021 Attendance at University Finance Committee Meetings

| | 26 Feb 2021 | 12 Mar 2021 | 4 Jun 2021 | 19 Nov 2021 | % Attendance |
|--------------------|-------------|-------------|------------|-------------|--------------|
| Ms Z Khanyile | P | P | Ap | P | 75% |
| Mr B Jakoet | P | P | P | P | 100% |
| Ms S Mzimela | P | Ap | P | P | 75% |
| Ms D Yach | Ap | P | P | Ap | 50% |
| Mr V Motholo | N/A | N/A | N/A | P | 100% |
| Mr H Maritz | P | P | P | N/A | 100% |
| Dr R Morar | 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 | P | 100% |
| Prof J Raju | P | P | P | P | 100% |
| Mr A Goso | P | P | Ap | N/A | 67% |
| Ms O Thothela | P | Ap | Ap | N/A | 33% |
| Mx K Goqoza | N/A | N/A | N/A | Ab | 0% |
| Ms J Griesel | N/A | N/A | N/A | Ab | 0% |

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

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.

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
- » 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.

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.

REPORT OF THE UNIVERSITY FINANCE COMMITTEE Continued

FINANCIAL MANAGEMENT Continued

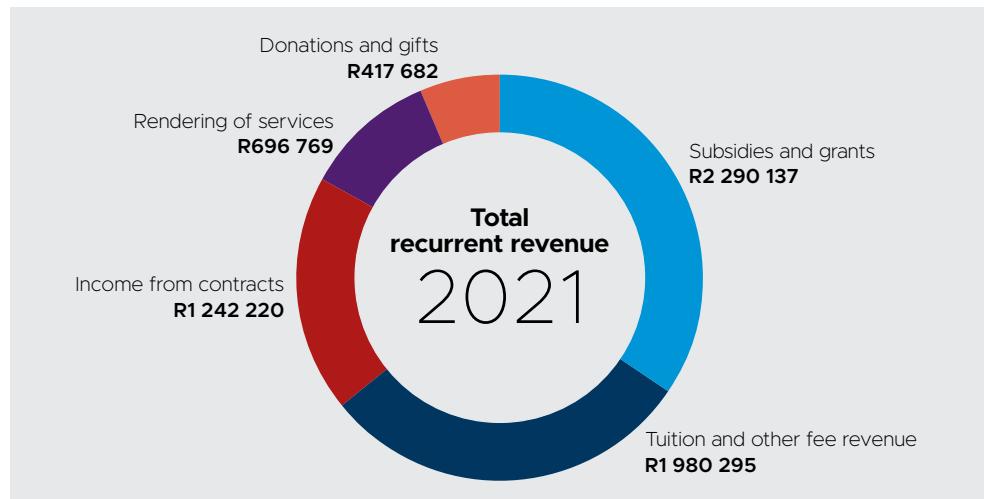
SUSTAINABILITY

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.

HIGHLIGHTS OF THE 2021 CONSOLIDATED ANNUAL STATEMENTS

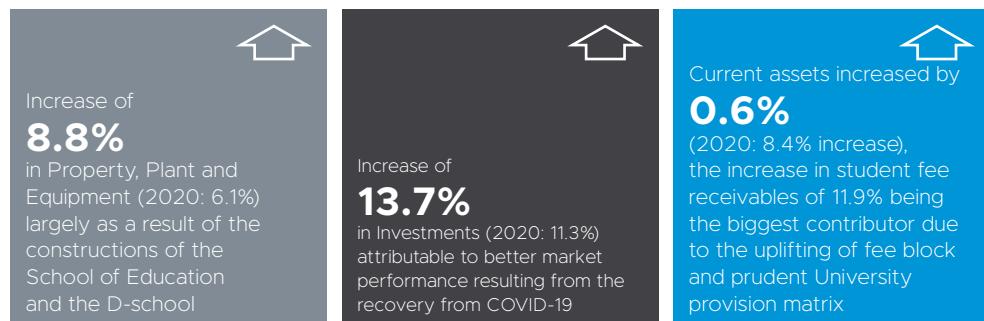


| | | | | | |
|--|---|--|---|--|---|
| | Total recurrent revenue of R7.05 billion versus R6.56 billion in 2020 an increase of 7.5% (2020: 0.6% decrease) | | Net Fee income of R1.98 billion versus R1.44 billion in 2020, an increase of 37.3%. The reported fee income number is net of bursaries and scholarships as well as International Financial Reporting Standards (IFRS) adjustments of R200.1 million (2020: R223.6 million) | | Income from state appropriations of R2.29 billion versus R2.29 billion in 2020, an insignificant decrease of 0.2% (2020: 1.7% decrease) |
| | Income from research contracts and grants of R1.24 billion versus R1.04 billion in 2020 an increase of 19.4% (2020: 1.4% increase) | | Recurrent expenditure of R6.75 billion versus R6.13 billion in 2020, an increase of 10.1% (2020: 2.1% decrease) | | Consolidated operating surplus of R1.37 billion versus a surplus of R645.3 million in 2020 a 112.6% increase (11.9% decrease in 2020) |
| | A deficit of R136.8 million (2020: R63.5 million) if investment income and fair value movements on fair value through surplus or deficit financial instruments are excluded | | A decrease in cash generated from operations to R251.4 million (2020: R713.3 million) | | Total assets of R15.63 billion versus R14.3 billion in 2020, an increase of 9.3% (2020: 8.1% increase); |
| Of the consolidated operating surplus of R1.37 billion , R1.29 billion 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 balance of the result relating to council-controlled activities can be largely attributed to the net bottom line cost savings from Council Controlled operations, while the Student Housing operations reported a deficit of R60.9 million. | | | | | |

REPORT OF THE UNIVERSITY FINANCE COMMITTEE Continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated assets increased by 10.2% with the following as significant contributors:



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 R4.1 billion, being 26% of total assets for the current fiscal year (2020: R3.7 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.

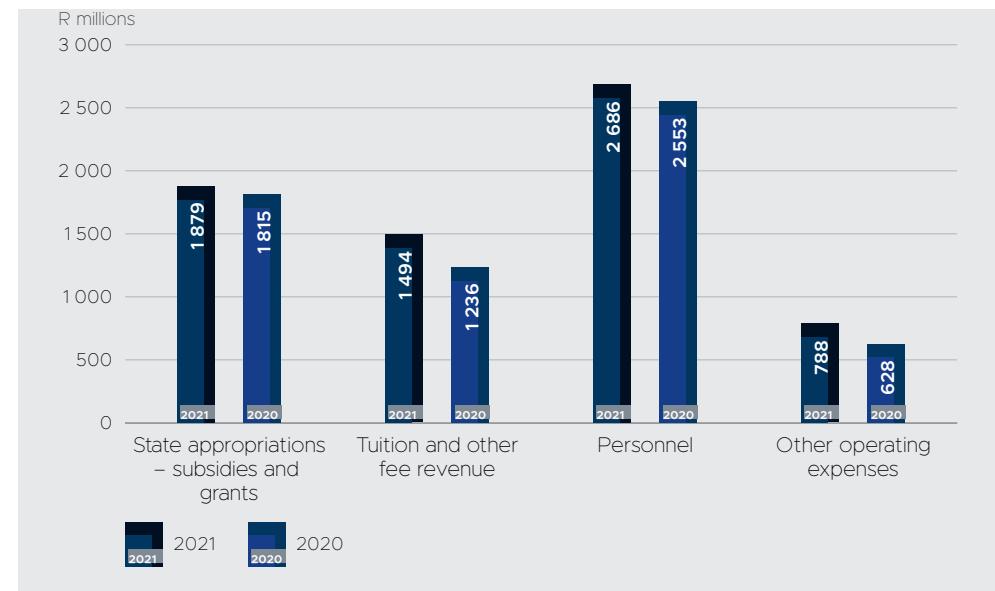
The increase in the student fee receivables is characterised by the fact that 9.4% of this debt is over 12 months overdue. Student fee debt collection remains a key focus by management, more so given the effect that COVID-19 may have on the timing and ability to effect collections. In-person graduations have long been a strong driver of fee settlements, and the longer-term impacts of online graduations remain to be seen.

Capital Expenditure of R436 million was similar in value to the investment in 2020.

The University has a healthy gearing ratio, with liabilities totalling R3.38 billion against total assets of R15.63 billion; a debt ratio of 0.22. The University did not increase its long-term borrowings in 2021, 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 fourth year of repayment.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Council Controlled Unrestricted Operations



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 recurrent operating income increased by R368.6 million (10.8%) to R3.79 billion, primarily due to an increase in tuition fees of R257.9 million (20.9%), taking the 2021 total to R1.49 billion, and services rendered which increased by R83.1 million (59%).

The increase in tuition fee income is primarily due to the increase in our intake of first-time entering new students at UCT in 2021 versus 2020. 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 muted increase indicates the slow recovery of the hospitality market as COVID-19 restrictions were being eased, allowing for the resumption of business and leisure travel and conferencing.

REPORT OF THE UNIVERSITY FINANCE COMMITTEE Continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Continued

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 R1.64 billion, an increase of R184.4 million. At a net level, post the required adjustments, tuition revenues increased by R257.9 million or 20.9%. At a more granular level, the increase in tuition fees is attributable to a combination of increased volumes of first-time entering new students at UCT, increased fee rates and a greater number of students being NSFAS funded, which results in a decrease in financial aid underwriting from university operations in the year.

Expenditure increased by R199.8 million (5.5%) to R3.82 billion, primarily due to an increase in personnel costs of R132.7 million (5.2%) and an increase in other operating costs of R159.5 million (25.4%). The main driver of the increase in personnel costs is the annual primarily due to vacant permanent posts being filled and the cost-of-living increment agreed with unions.

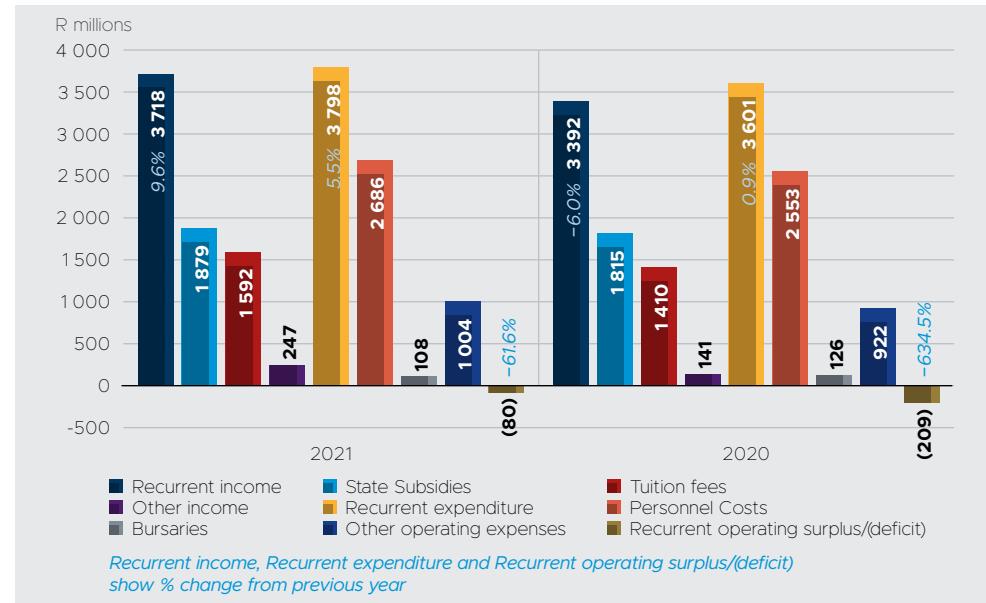
Our undergraduate students received a total of R1.73 billion in financial support, up from R1.43 billion in 2020. This support comes from various sources; corporate and other external bursaries support students to a value of R293 million, while NSFAS provided grants amounting to R761 million and UCT a further R548 million from council-controlled funds (of which R52.6 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 R128.2 million.

As shown in the table on page 65, 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 R80 million, following the deficit in 2020 of R209 million. At a high level, this significant decrease in the deficit can almost entirely be attributed to the turnaround and recovery from COVID19 as well as the increase in first-time entering new students at UCT.

The actual surplus attributable to council-controlled unrestricted funds, as reflected in the Consolidated Income Statement on page 101 is R140.5 million, compared to R39.9 million in 2020, with investment income of R172 million (R205.6 million in 2020) being the major contributor in both years to the difference between this and the 2020 surplus mentioned above.

Our undergraduate students received a total of R1.73 billion in financial support, up from R1.43 billion in 2020.

Table 20: Analysis of Council-controlled recurrent operations



Reconciliation to Recurrent Operating Surplus/(Deficit)

as per the Annual Financial Statements

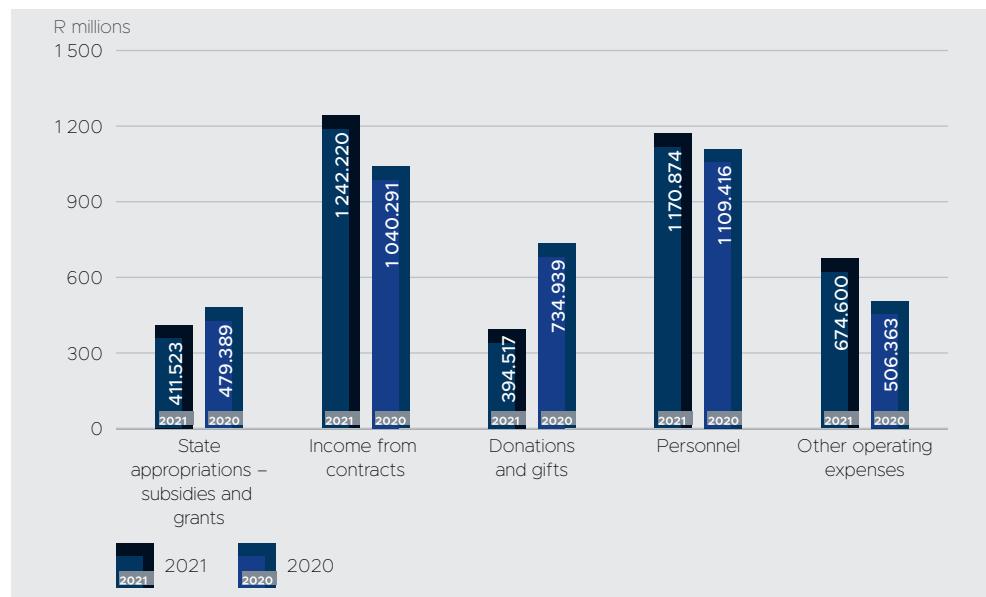
| | 2021 | 2020 |
|---|-------------|--------------|
| Recurring operating surplus/(deficit) as above | (80) | (209) |
| IFRS 15 Specifically-funded activities adjustment* | (98) | (174) |
| Recurrent surplus excluding financing component | (178) | (383) |
| Interest | 172 | 206 |
| Net finance costs | (18) | (15) |
| Recurrent Surplus | (24) | (192) |

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

REPORT OF THE UNIVERSITY FINANCE COMMITTEE Continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Continued

SPECIFICALLY FUNDED ACTIVITIES RESTRICTED OPERATIONS



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 decreased slightly by 5.15% to R2.74 billion. Government-related grants decreased by 14.2% from R479.4 million to R411.5 million, while contracts showed an increase of 19% from R1.04 billion to R1.24 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 R1.65 billion (2020: R1.52 billion) which represents 60% of the total specifically funded activities (R2.74 billion) in value. It also continues to account for at least 23% of total university income.

Regarding the broad categories of funding, contract income of R1.24 billion (2020: R1.04 billion) constitutes 45% of the research revenue, with government grants amounting to R411.5 million (2020: R479.4 million) accounting for 15% of the research revenue. Research related donations totalling R394.5 million, showed a significant decrease of R340.4 million when compared to 2020.

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

2021 proved to be a highly active year for innovation, with ten transactions (R18.6m investment) between the University Technology Fund (UTF) and UCT spin-off companies, or projects incubated within UCT that will become incorporated companies in the near future. UCT is a Special Partner of the UTF and at certain levels of investment the university co-invests using resources from the UCT Evergreen Fund.

Three new companies were incorporated or recognised as UCT spin-offs: Quovo (Pty) Ltd; MariHealth (Pty) Ltd; and Nautilus Enterprises (Pty) Ltd. The companies represent the commercialisation of a diverse range of research outputs, from blockchain applied to privacy and management of data in the health and finance sectors, forensics equipment to determine the time of death more accurately, through to various interventions relating to the health and wellbeing of abalone, especially in the earliest stages of their mariculture. This brings the total number of spin-offs since 2004 to 30, and of these 27 companies are operational, albeit that in some instances there is limited activity for assorted reasons. 14 companies have earned revenue, whilst others are still involved with funded technology development, especially when their products are medical and related devices that require clinical evaluation and regulatory approval.

Six new projects were awarded funding by the UCT Innovation Builder Fund, and 25 projects are currently being managed. 23 licences granted rights to UCT intellectual property, with the AfriTox® poisons information database being in the most demand. 34 new invention disclosures were received (an increase on 2020, but still short of the pre-COVID levels), 40 new patent applications were filed, and 23 patents granted in different countries.

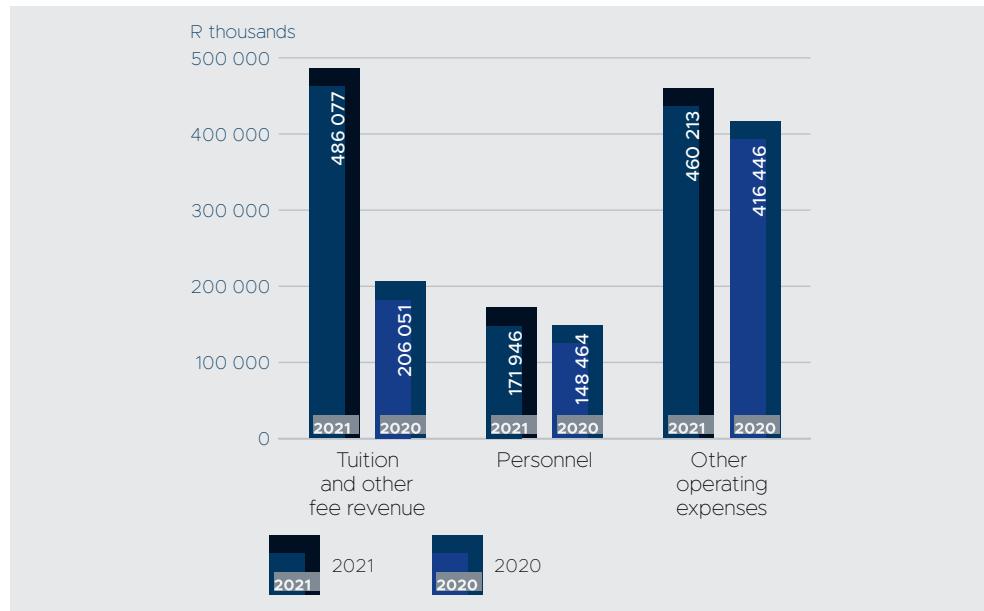
Income from donations and gifts amounted to R394.5 million compared to the R734.9 million raised in 2020. Apart from the large single donation from the Atlantic Philanthropies towards the Nelson Mandela School of Public Governance building project in 2020, in 2021, donations from the top ten donors have remained consistent versus prior years.

REPORT OF THE UNIVERSITY FINANCE COMMITTEE Continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Continued

STUDENT HOUSING RESTRICTED OPERATIONS

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 significantly by 112.5% to R517.5 million, while the recurrent deficit of R60.9 million, when added to the provision for loan repayments of R21 million, means the housing sector failed to make any noteworthy progress in respect of its debt repayment obligations related to the OBZ Square development.

The primary driver underpinning the reported loss in operating our residences was the COVID-19 pandemic resulting in the loss of 800 shared bedroom spaces and COVID compliancy related costs in catering operations.

CONSOLIDATED STATEMENT OF CASH FLOWS

The operations yielded a net inflow of R251.4 million (2020: 713.3 million) for the year. The variance in comparison to prior year is a decrease of 65%. The main contributing factors are:

- » An increase in personnel costs of R217.6 million which is attributed to the annual increment and filling up of vacant positions.
- » A decrease in the change in trade payables of R400.8 million mostly attributable to the significant increase in student deposits in 2020 versus the subsequent decrease in 2021 of the same, as no refunds for residences were processed in 2021.
- » An increase in other operating expenses of R315.3 million mainly due to additional costs in rentals and catering including a spike in repairs and maintenance.

FUTURE CHALLENGES – 2022 AND BEYOND

In prior years, we indicated that the outlook for the economy in general remained bleak. Prior to the COVID-19 pandemic, this was still the view. The pandemic has simply served to pile additional pressure on an economy that was already struggling. With the confirmed real decreases in state funding commitments for UCT in 2021 we remain concerned at how sustainable this funding will be given the significant challenges faced by government, especially in the wake of the COVID-19 pandemic and overall state funding constraints.

It is also well understood that inflation in the higher education (HE) sector (illustrated by the Higher Education Price Index (HEPI) and our own Internal Inflation) continues to be higher than the official consumer price index (CPI). Thus, by way of example, if the Department of Higher Education and Training (DHET) were to receive a CPI-related increase from National Treasury, in real terms this would result in a decline in funding of HE institutions. This situation would be exacerbated by the growth in student numbers and enrolments targeted by the DHET. The consequence of this is that until April 2018, additional volume into the national system was being funded by diluting the existing pool of funding. The result was that institutions such as UCT, which has limited opportunity for further student growth, received a lesser proportional share of state funding for a number of years. This trend has continued in 2021 and 2022. In March 2021, in presenting his budget to parliament, the Minister of Higher Education indicated cuts to budgets that will impact university block grants and NSFAS in 2022. A significant risk faced by the university is the potential capping of NSFAS funding for student accommodation, with a potential knock-on effect of some R220 million per annum on the financial aid underwriting by UCT (unless our own funding rules are changed). The ministry has undertaken to work with the sector in managing the impact of these cuts.

Fee income is expected to increase by inflation at best. There are some concerns with regard to the intake of 2022 and the overall level of enrolments which may unfavourably impact this. In addition, the DHET has indicated that they would like to implement the long-proposed Fee Regulatory Framework in 2023. This framework will further restrict UCT's ability to increase fees.

The Commercial Development unit continues to manage the vacation accommodation and staff housing with the intention of maximising the potential. The Conference Centre at the GSB continues to operate adding yet another diversified revenue stream to the University. Further opportunities are being explored as part of our medium-term financial sustainability plan.

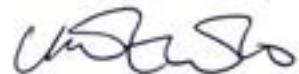
The COVID-19 pandemic and subsequent lockdown have impacted these third-stream revenue operations significantly. 2022 through to 2024 are considered recovery and expansion periods, and early indications suggest that existing commercial/hospitality operations will deliver on that front aligned with recoveries evidenced in the business and leisure markets.

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.

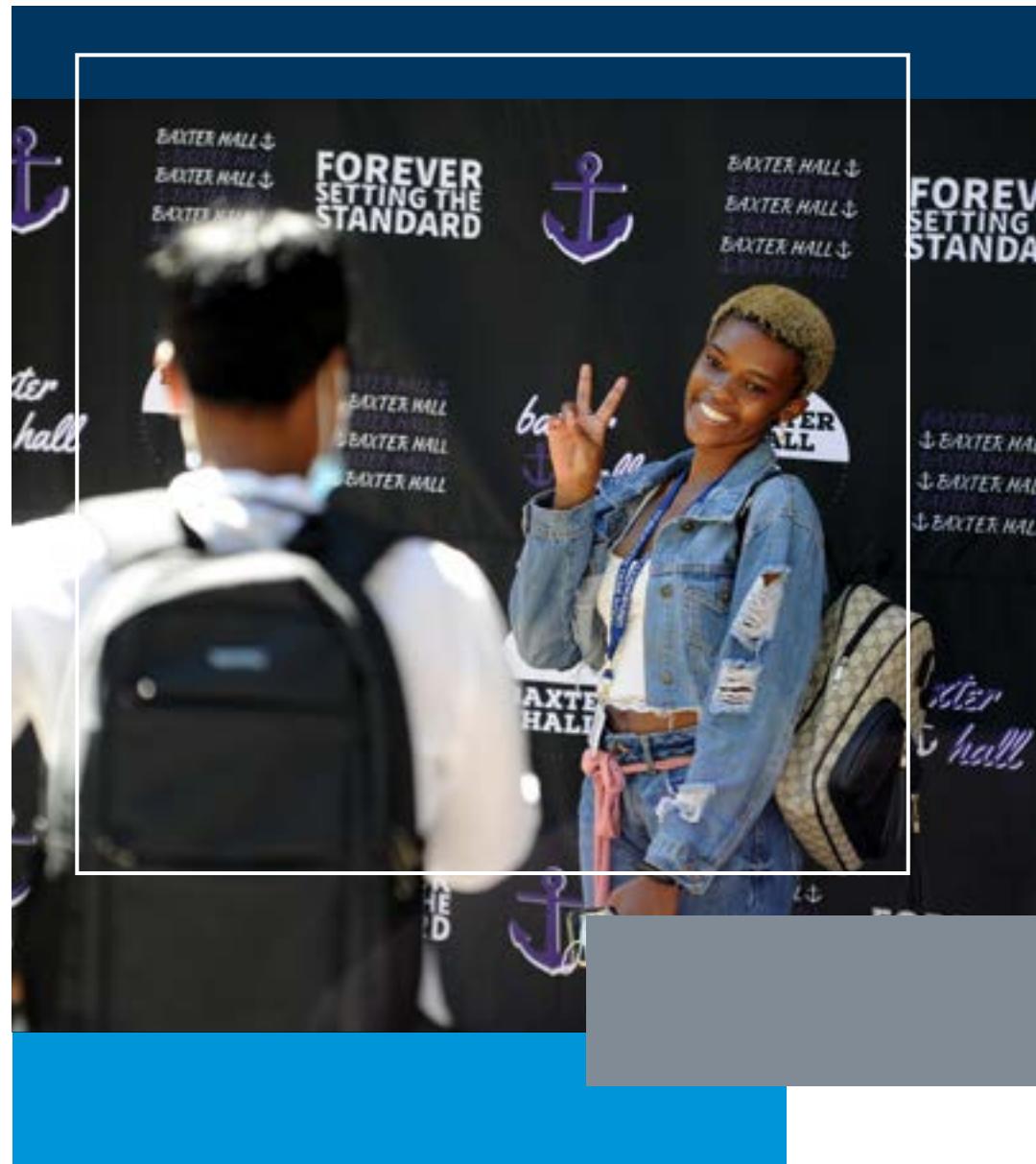


Zama Khanyile CA (SA)
Chair: University Finance Committee

18 June 2022



Vincent Motholo CA (SA)
Chief Financial Officer





CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR 2021

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR
THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL AND THE MINISTER OF
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Consolidated Statement of Financial Position
Consolidated Statement of Comprehensive Income
Consolidated Statement of Other Comprehensive Income
Consolidated Statement of Changes in Fund Balances
Consolidated Statement of Cash Flows

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

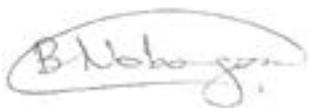
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COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

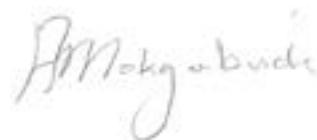
The consolidated annual financial statements for the financial year 2021 presented on pages 70 to 114 have been prepared in accordance with International Financial Reporting Standards (IFRS) and the regulations gazetted by the Minister of Higher Education and Training in terms of the Higher Education 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 consolidated 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.

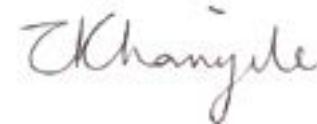
The consolidated annual financial statements have been audited by PricewaterhouseCoopers (PwC) who have been given unrestricted access to all financial records and related data, including minutes of the meetings of Council and all its committees. Council believes that all representations made to the independent auditors during their audit were valid and appropriate. The annual financial statements set out on pages 70 to 114 were authorised for issue on 24 June 2022, in accordance with a resolution of the University Council on 18 June 2022, and are signed on its behalf by:



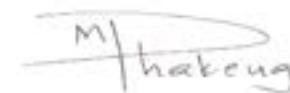
Ms Babalwa Ngonyama CA(SA)
Chair: Council



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



Ms Zama Khanyile CA(SA)
Chair: University Finance Committee



Prof Mamokgethi Phakeng
Vice-Chancellor



Mr Vincent Motholo CA(SA)
Chief Financial Officer





INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL AND THE MINISTER OF HIGHER EDUCATION, SCIENCE AND TECHNOLOGY 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 112 to 169, which comprise the consolidated statement of financial position as at 31 December 2021, 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 University of Cape Town as at 31 December 2021, 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 University 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).

The examination of controls over the maintenance and integrity of the Group's website is beyond the scope of the audit of the financial statements. Accordingly, we accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

PricewaterhouseCoopers Inc., 1st Floor, Trumali Forum Building, Trumali Park, C/O Trumali Street and the R44, Stellenbosch, 7600
PO Box 57, Stellenbosch, 7599
T: +27 (0) 21 815 3000, F: +27 (0) 21 815 3100, www.pwc.co.za

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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 TECHNOLOGY ON THE UNIVERSITY OF CAPE TOWN Continued

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.

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 2021:

| 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 | 15–18 |
| Goal Area 2: To provide thought leadership on social justice | 15–18 |
| Goal Area 3: To offer a holistic, innovative, future oriented education | 18–21 |
| Goal Area 4: To conduct research solving Afrika's problems | 21–27 |

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 2021". 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.

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

REPORT ON THE AUDIT OF COMPLIANCE WITH LEGISLATION Continued

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.

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 performed in relation to 2021 by ourselves. PwC has also been engaged to perform 9 agreed upon procedures which have been approved by Council.

Additional agreed-upon procedures were issued by 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 | 01 January 2021– 31 December 2021 |
| Joint Medical Scheme | Performing agreed-upon procedures over the Joint Medical Staff salaries claimable from the Provincial Government of the Western Cape | 01 January 2021– 31 December 2021 |
| Publications Count | Performing agreed-upon procedures in respect of the subsidy claim for research outputs claimable from the Department of Higher Education and Training | 01 January 2021– 31 December 2021 |
| Foundation Provision Grant | Performing agreed-upon procedures in respect of the Foundation Provision Reporting template submitted to the Department of Higher Education and Training | 1 April 2021– 31 March 2022 |
| University Capacity Development Programme (UCDP) – Institutional Grant | Performing agreed-upon procedures in respect of the UCDP – Institutional Reporting templates submitted to the Department of Higher Education and Training | 1 January 2021– 21 March 2022 |

| Entity name/ engagement | Purpose of the engagement | Period covered |
|---|--|----------------------------------|
| University Capacity Development Programme (UCDP) – Collab Grant | Performing agreed-upon procedures in respect of the University Capacity Development Programme – National Collaborative project reporting templates to be submitted to the Department of Higher Education and Training. The following projects were reported on: Diagnostics Mathematics Information for Student Retention and Success (DMSIRS), University Staff Doctoral Programme – Engineering Education (USDP-EE), University Staff Doctoral Programme – Climate Risk, Resilience, and Sustainable Development (USDP-ACDI), and New Academics Transitions into Higher Education (NATHEP) | 1 January 2021– 21 March 2022 |
| UFS Collab | Performing agreed-upon procedures in respect of the UCDP – National Collaborative project template to be submitted to the University of the Free State | 1 January 2021– 21 March 2022 |
| Infrastructure & Efficiency Grant | Performing agreed-upon procedures in respect of the submission to the Department of Higher Education and Training supporting the infrastructure spending for Phase 3, Phase 4 (backlog and priority maintenance and wireless densification) and Phase 5 spending | 1 April 2021– 31 March 2022 |
| Clinical Training Grant | Performing agreed-upon procedures in respect of the expenditure report to be submitted to the Department of Higher Education and Training with respect to the Clinical Training Grant and funds for clinical training of South African medical students returning from Cuba received for the period 1 April 2021 to 31 March 2022 | 1 April 2021– 31 March 2022 |
| Hydrogen | Performing agreed-upon procedures in respect of the statement of income and expenditure relating to the Hydrogen and Fuel Cell Technologies Fund to be submitted to the Department of Chemical Engineering | 1 April 2021– 31 March 2022 |

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: D Adriaans

Registered Auditor

Stellenbosch, South Africa

24 June 2022

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL AND THE MINISTER OF HIGHER EDUCATION, SCIENCE AND TECHNOLOGY 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.

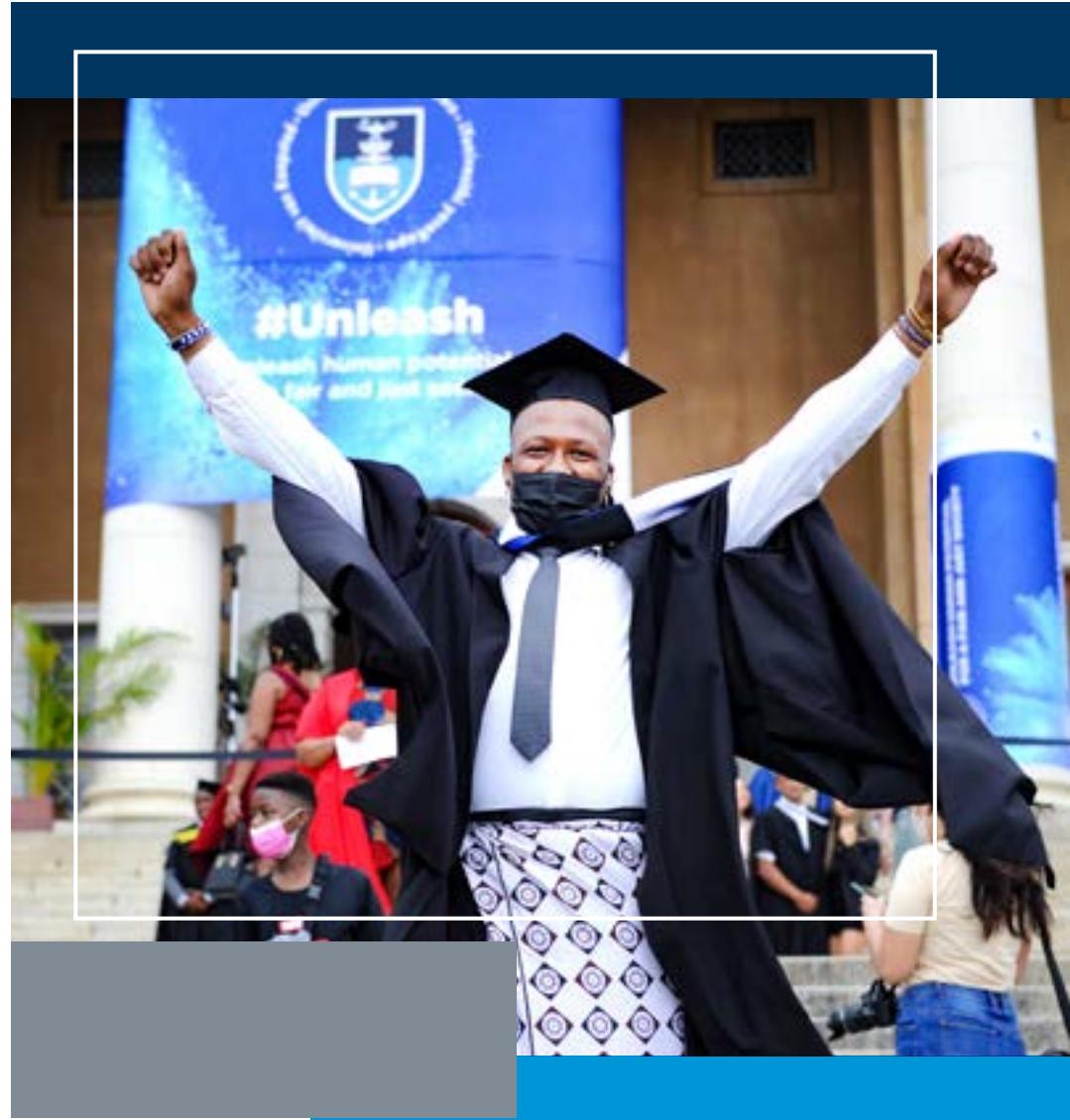


CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

| | Notes | 2021 R'000 | 2020 R'000 |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | 15 634 720 | 14 300 877 |
| Property, plant and equipment | 5 | 13 377 953 | 12 067 088 |
| Right-of-use assets | 20 | 4 060 473 | 3 732 686 |
| Investments | 6 | 360 307 | 457 373 |
| Investments in associates | 7 | 8 932 003 | 7 853 849 |
| Loans receivable | 8 | 4 276 | 3 763 |
| | | 20 894 | 19 417 |
| Current assets | | 2 256 767 | 2 233 789 |
| Inventories | | 1 787 | 1 998 |
| Loans receivable | 8 | 9 742 | – |
| Accounts receivable and prepayments | 9 | 446 940 | 457 692 |
| Student fees receivable | 9 | 252 985 | 226 131 |
| Contract assets | 17 | 9 367 | 15 784 |
| Cash at bank and cash equivalents | 10 | 1 535 946 | 1 532 184 |
| ACCUMULATED FUNDS AND LIABILITIES | | 15 634 720 | 14 300 877 |
| Accumulated funds | | 12 252 913 | 10 906 930 |
| Non-distributable funds | | 5 337 771 | 4 409 748 |
| Endowed funds | | 5 337 771 | 4 409 748 |
| Restricted funds designated for specific activities | | 3 702 693 | 3 429 762 |
| Education and general | | 3 850 695 | 3 516 880 |
| Student and staff accommodation | | (148 002) | (87 118) |
| Unrestricted Council-controlled funds | | 3 202 297 | 3 056 652 |
| Non-controlling interests | | 10 152 | 10 768 |
| Non-current liabilities | | 1 902 327 | 1 926 654 |
| Deferred revenue | 11 | 863 915 | 876 926 |
| Interest-bearing borrowings | 19 | 77 515 | 84 895 |
| Employee benefit liabilities | 12 | 715 755 | 662 319 |
| Lease liabilities | 20 | 245 142 | 302 514 |
| Current liabilities | | 1 479 480 | 1 467 293 |
| Accounts payable and accrued liabilities | 13 | 695 924 | 518 884 |
| Contract liabilities | 17 | 68 635 | 43 474 |
| Deferred revenue | 11 | 338 920 | 405 352 |
| Interest-bearing borrowings | 19 | 7 878 | 7 878 |
| Student deposits | | 153 119 | 272 429 |
| Employee benefit liabilities | 12 | 126 672 | 107 532 |
| Lease liabilities | 20 | 88 332 | 111 744 |



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 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 | % Change |
|--|-------|------------------------------------|---|------------------|--|------------------|---------------|
| Recurrent revenue | | 3 792 051 | 2 744 418 | 6 536 469 | 517 456 | 7 053 925 | 7.5 |
| Subsidies and grants | 14 | 1 878 614 | 411 523 | 2 290 137 | — | 2 290 137 | (0.2) |
| Tuition and other fee income | 17 | 1 494 218 | — | 1 494 218 | 486 077 | 1 980 295 | 37.3 |
| Gross revenue | | 1 644 384 | — | 1 644 384 | 536 010 | 2 180 394 | 30.9 |
| Council bursaries | 21.1 | (52 596) | — | (52 596) | (18 142) | (70 738) | 42.9 |
| Restricted bursaries | 21.1 | (97 570) | — | (97 570) | (31 791) | (129 361) | (25.7) |
| Income from contracts | | — | 1 242 220 | 1 242 220 | — | 1 242 220 | 19.4 |
| Rendering of services | 17 | 224 050 | 451 574 | 675 624 | 21 145 | 696 769 | 31.9 |
| Donations and gifts | | 23 165 | 394 517 | 417 682 | — | 417 682 | (45.1) |
| Sub-total | | 3 620 047 | 2 499 834 | 6 119 881 | 507 222 | 6 627 103 | 9.3 |
| Interest | 15 | 172 004 | 137 301 | 309 305 | 10 234 | 319 539 | (13.5) |
| Dividends | 15 | — | 107 283 | 107 283 | — | 107 283 | (14.3) |
| Recurrent expenditure | | 3 816 088 | 2 265 433 | 6 081 521 | 669 887 | 6 751 408 | 10.1 |
| Personnel | 16 | 2 686 181 | 1 170 874 | 3 857 055 | 171 946 | 4 029 001 | 5.7 |
| Other operating expenses | 18 | 787 950 | 674 600 | 1 462 550 | 460 213 | 1 922 763 | 24.2 |
| Expected credit losses | 9 | 19 347 | — | 19 347 | — | 19 347 | (75.6) |
| Financial aid and scholarships | 21.1 | 107 636 | 304 274 | 411 910 | — | 411 910 | 32.2 |
| Depreciation | 5&20 | 196 799 | 115 666 | 312 465 | 16 563 | 329 028 | (2.7) |
| Sub-total | | 3 797 913 | 2 265 414 | 6 063 327 | 648 722 | 6 712 049 | 10.3 |
| Net finance costs | | 18 175 | 19 | 18 194 | 21 165 | 39 359 | (6.7) |
| Finance costs | | 39 340 | 19 | 39 359 | — | 39 359 | (6.7) |
| Interest on internal borrowings | | (21 165) | — | (21 165) | 21 165 | — | — |
| RECURRENT SURPLUS/(DEFICIT) | | (24 037) | 478 985 | 454 948 | (152 431) | 302 517 | (29.7) |
| NON-RECURRENT ITEMS | | (13 925) | 1 083 662 | 1 069 737 | (71) | 1 069 666 | 397.6 |
| Profit/(loss) on disposal of property, plant and equipment | 7 | (11 354) | (1 571) | (12 925) | (116) | (13 041) | (3 550.0) |
| Income from associates | | — | 513 | 513 | — | 513 | 112.9 |
| Fair value movement on fair value through profit or loss financial instruments | | (2 571) | 1 084 720 | 1 082 149 | 45 | 1 082 194 | 404.9 |
| NET OPERATING SURPLUS/(DEFICIT) | | (37 962) | 1 562 647 | 1 524 685 | (152 502) | 1 372 183 | 112.6 |
| 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 | 112.6 |
| Attributable to: | | | | | | | |
| University operations | | 140 491 | 1 293 192 | 1 433 683 | (60 884) | 1 372 799 | |
| Non-controlling interests | | — | (616) | (616) | — | (616) | |

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME Continued FOR THE YEAR ENDED 31 DECEMBER 2020

| All amounts in R'000 | Notes | Council-Controlled Unrestricted | Specifically Funded Activities Restricted | Sub-total | Student and Staff Housing Restricted | Total | % Change |
|--|-------|------------------------------------|---|------------------|--|------------------|---------------|
| Recurrent revenue | | 3 423 466 | 2 893 344 | 6 316 810 | 243 476 | 6 560 286 | (0.6) |
| Subsidies and grants | 14 | 1 814 647 | 479 389 | 2 294 036 | — | 2 294 036 | (1.7) |
| Tuition and other fee income | 17 | 1 236 338 | — | 1 236 338 | 206 051 | 1 442 389 | (10.6) |
| Gross revenue | | 1 459 965 | — | 1 459 965 | 206 051 | 1 666 016 | (12.5) |
| Council bursaries | 21.1 | (49 501) | — | (49 501) | — | (49 501) | (60.7) |
| Restricted bursaries | 21.1 | (174 126) | — | (174 126) | — | (174 126) | 5.8 |
| Income from contracts | | — | 1 040 291 | 1 040 291 | — | 1 040 291 | 1.4 |
| Rendering of services | 17 | 140 904 | 362 654 | 503 558 | 24 616 | 528 174 | (26.6) |
| Donations and gifts | | 25 974 | 734 939 | 760 913 | 2 | 760 915 | 83.9 |
| Sub-total | | 3 217 863 | 2 617 273 | 5 835 136 | 230 669 | 6 065 805 | (0.7) |
| Interest | 15 | 205 603 | 150 910 | 356 513 | 12 807 | 369 320 | (7.4) |
| Dividends | 15 | — | 125 161 | 125 161 | — | 125 161 | 33.9 |
| Recurrent expenditure | | 3 616 300 | 1 908 349 | 5 524 649 | 605 288 | 6 129 937 | (2.1) |
| Personnel | 16 | 2 553 491 | 1 109 416 | 3 662 907 | 148 464 | 3 811 371 | 7.0 |
| Other operating expenses | 18 | 624 838 | 506 363 | 1 131 201 | 416 446 | 1 547 647 | (20.1) |
| Expected credit losses | 9 | 79 169 | — | 79 169 | — | 79 169 | 153.4 |
| Financial aid and scholarships | 21.1 | 126 197 | 185 287 | 311 484 | — | 311 484 | (23.7) |
| Depreciation | 5&20 | 217 587 | 107 438 | 325 025 | 13 051 | 338 076 | 17.5 |
| Sub-total | | 3 601 282 | 1 908 504 | 5 509 786 | 577 961 | 6 087 747 | (2.2) |
| Net finance costs | | 15 018 | (155) | 14 863 | 27 327 | 42 190 | 22.7 |
| Finance costs | | 42 345 | (155) | 42 190 | — | 42 190 | 22.7 |
| Interest on internal borrowings | | (27 327) | — | (27 327) | 27 327 | — | — |
| RECURRENT SURPLUS/(DEFICIT) | | (192 834) | 984 995 | 792 161 | (361 812) | 430 349 | 26.7 |
| NON-RECURRENT ITEMS | | 11 020 | 204 188 | 215 208 | (255) | 214 953 | (45.3) |
| Profit/(loss) on disposal of property, plant and equipment | 7 | 10 356 | (9 723) | 633 | (255) | 378 | (104.1) |
| Income from associates | | — | 241 | 241 | — | 241 | (58.7) |
| Fair value movement on fair value through profit or loss financial instruments | | 664 | 213 670 | 214 334 | — | 214 334 | (46.6) |
| NET OPERATING SURPLUS/(DEFICIT) | | (181 814) | 1 189 183 | 1 007 369 | (362 067) | 645 302 | (11.9) |
| Transfers between funds | 22.1 | 221 742 | (261 855) | (40 113) | 40 113 | — | — |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 39 928 | 927 328 | 967 256 | (321 954) | 645 302 | (11.9) |
| Attributable to: | | | | | | | |
| University operations | | 39 928 | 926 669 | 966 597 | (321 954) | 644 643 | |
| Non-controlling interests | | — | 659 | 659 | — | 659 | |

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

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 for the year | | 140 491 | 1 292 576 | (60 884) | 1 372 183 |
| Other comprehensive income | | (26 200) | – | – | (26 200) |
| Other comprehensive income 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 | | 114 291 | 1 292 576 | (60 884) | 1 345 983 |
| Attributable to: | | | | | |
| University operations | | 114 291 | 1 292 576 | (60 884) | 1 345 983 |
| Non-controlling interests | | 114 291 | 1 293 192 | (60 884) | 1 346 599 |
| | | – | (616) | – | (616) |

FOR THE YEAR ENDED 31 DECEMBER 2020

| All amounts in R'000 | Notes | Council-Controlled Unrestricted | Specifically-Funded Activities Restricted | Student and Staff Housing Restricted | Total |
|---|-------|---------------------------------|---|--------------------------------------|----------------|
| Surplus for the year | | 39 928 | 927 328 | (321 954) | 645 302 |
| Other comprehensive income | | 51 900 | – | – | 51 900 |
| Other comprehensive income not to be reclassified to surplus or deficit in subsequent periods | | 51 900 | – | – | 51 900 |
| Actuarial gains/(losses) on post-retirement medical aid benefit obligation | | (51 900) | – | – | (51 900) |
| TOTAL COMPREHENSIVE INCOME | | 91 828 | 927 328 | (321 954) | 697 202 |
| Attributable to: | | | | | |
| University operations | | 91 828 | 927 328 | (321 954) | 697 202 |
| Non-controlling interests | | 91 828 | 926 669 | (321 954) | 696 543 |
| | | – | 659 | – | 659 |

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 Continued

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 | | | |
|------------------------------|-------|-------------------|--|---------------------------|--------------------|---------------------------|-------------------|
| | | Endowed Funds | Education and General | Student and Staff Housing | Council Controlled | Non-controlling interests | |
| Opening fund balances | | 4 409 748 | 3 516 880 | (87 118) | 3 056 652 | 10 768 | 10 906 930 |
| Total comprehensive income | | – | 1 293 192 | (60 884) | 114 291 | (616) | 1 345 983 |
| Surplus for the year | | – | 1 293 192 | (60 884) | 140 491 | (616) | 1 372 183 |
| Other comprehensive income | | – | – | – | (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 STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED 31 DECEMBER 2020

| All amounts in R'000 | Notes | Non-distributable | Funds Restricted for Specific Activities | Unrestricted Funds | | | |
|------------------------------|-------|-------------------|--|---------------------------|--------------------|---------------------------|-------------------|
| | | Endowed Funds | Education and General | Student and Staff Housing | Council Controlled | Non-controlling interests | |
| Opening fund balances | | 4 137 979 | 2 892 136 | 234 836 | 2 934 668 | 10 109 | 10 209 728 |
| Total comprehensive income | | – | 926 669 | (321 954) | 91 828 | 659 | 697 202 |
| Surplus for the year | | – | 926 669 | (321 954) | 39 928 | 659 | 645 302 |
| Other comprehensive income | | – | – | – | 51 900 | – | 51 900 |
| Transfers between funds | | 271 769 | (301 925) | – | 30 156 | – | – |
| Closing fund balances | | 4 409 748 | 3 516 880 | (87 118) | 3 056 652 | 10 768 | 10 906 930 |

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

Continued

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

| | Notes | 2021 R'000 | 2020 R'000 |
|---|-------|------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash receipts from students, government and private sources | | 6 155 499 | 5 622 154 |
| Cash paid to employees and suppliers | | (5 904 119) | (4 908 901) |
| Cash generated from operations | 25 | 251 380 | 713 253 |
| Investment income – interest | 15 | 319 539 | 369 320 |
| Investment income – dividends | 15 | 107 283 | 125 161 |
| Finance costs | | (39 359) | (42 190) |
| Net cash inflows from operating activities | | 638 843 | 1 165 544 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions to property, plant and equipment | | (585 711) | (445 894) |
| Proceeds on disposal of property, plant and equipment | | 8 129 | 927 |
| Purchase of investments | | (910 434) | (1 360 255) |
| Proceeds from sale of investments | | 917 790 | 776 500 |
| Net cash used in investing activities | | (570 226) | (1 028 722) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase in interest-bearing borrowings | 23.9 | 637 | – |
| Payment of principal portion of interest-bearing borrowings | 23.9 | (8 017) | (8 067) |
| Payment of principal portion of lease liabilities | 23.9 | (80 784) | (89 496) |
| Government grants relating to the Infrastructure Efficiency Grant | 11 | 23 309 | 41 438 |
| Net cash inflows from financing activities | | (64 855) | (56 125) |
| Net increase in cash and cash equivalents | | 3 762 | 80 697 |
| Cash and cash equivalents at the beginning of the year | | 1 532 184 | 1 451 487 |
| Cash and cash equivalents at the end of the year | 10 | 1 535 946 | 1 532 184 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

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 2021 were authorised for issue on 24 June 2022, 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 2021 that had a material impact on the University.

2.2 IFRS Amendments and IFRIC Interpretations issued but not yet effective

As at 31 December 2021, there are no such amendments and interpretations that would have a material impact on the University.

2.3 Statement of compliance

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

2. Basis of preparation Continued

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

2. Basis of preparation Continued

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

3. Significant accounting judgements and estimates Continued

3.1 Judgements Continued

3.1.3 Provision for expected credit losses (ECLs) of trade receivables and student fee receivables

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

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

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

3.1.4 Leases

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

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

is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The University included the renewal period as part of the lease term for leases of buildings relating to student accommodation with shorter non-cancellable period (i.e. one to three 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 three years) are not included as part of the lease term as these are not reasonably certain to be exercised. The University has plans in place to acquire/construct buildings which will amply accommodate students in future and thus no further leases for student accommodation should be needed.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

3. Significant accounting judgements and estimates Continued

3.2 Estimation uncertainty Continued

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 Estimation uncertainty continued

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 2021, 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 ECLs 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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

4.2 Revenue recognition Continued

4.2.2 Donations and gifts

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

4.4 Employee benefit liabilities Continued

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 liability

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.

4.4.3 Defined benefit post-retirement medical aid liability continued

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:

| | 2021 | 2020 |
|---|--------------|--------------|
| 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

4.9 Impairment of non-financial assets

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

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

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

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

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

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

4.10 Financial assets and liabilities

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

With the exception of trade and student debtors that do not contain a significant finance component, the University initially measures financial assets and liabilities at fair value plus, in the case of a financial asset or liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. Trade and student debtors that do not contain a

significant financing component are measured at transaction price in accordance with 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

4.10 Financial assets and liabilities Continued

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.

4.10.1 Financial assets at amortised cost and receivables continued

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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

4.11 De-recognition of financial assets and liabilities Continued

4.11.1 Financial assets Continued

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

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

4.11.2 Financial liabilities

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

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

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

4.12 Impairment of financial assets at amortised cost

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

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

4.13 Investment in associates

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

4. Summary of significant accounting policies Continued

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:

Buildings 3 to 47 years

Motor vehicles 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.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

5. Property, Plant and Equipment

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 |
| Transfers | 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 |
| Accumulated depreciation 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 |

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 R36.3 billion (2020: R30.1 billion).

Land and buildings above include leasehold improvements with a net carrying amount of R188.3 million (2020: R189.2 million).

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

5. Property, Plant and Equipment Continued

Year ended 31 December 2020

| All amounts in R'000 | Land, Buildings and Land Improvements | Furniture and Equipment | Computers and Hardware | Motor Vehicles | Assets Under Construction | Total |
|--|---------------------------------------|-------------------------|------------------------|----------------|---------------------------|------------------|
| Carrying amount at 1 January 2020 | 2 268 056 | 812 545 | 224 636 | 31 234 | 182 872 | 3 519 343 |
| Cost | | | | | | |
| Cost 1 January 2020 | 2 601 873 | 1 215 631 | 432 289 | 50 413 | 182 872 | 4 483 078 |
| Additions | 212 937 | 97 770 | 71 532 | 4 337 | 49 669 | 436 245 |
| Transfers | 152 454 | – | – | – | (152 454) | – |
| Disposals | (356) | (33 420) | (45 038) | (1 132) | – | (79 946) |
| Zero book value adjustment | – | 39 118 | 3 495 | – | – | 42 613 |
| Cost 31 December 2020 | 2 966 908 | 1 319 099 | 462 278 | 53 618 | 80 087 | 4 881 990 |
| Accumulated depreciation | | | | | | |
| Balance 1 January 2020 | 333 816 | 403 086 | 207 653 | 19 178 | – | 963 733 |
| Disposals | (334) | (33 535) | (44 986) | (559) | – | (79 414) |
| Depreciation | 44 757 | 92 371 | 81 661 | 3 583 | – | 222 372 |
| Zero book value adjustment | – | 39 118 | 3 495 | – | – | 42 613 |
| Accumulated depreciation 31 December 2020 | 378 239 | 501 040 | 247 823 | 22 202 | – | 1 149 304 |
| Carrying amount at 31 December 2020 | 2 588 669 | 818 059 | 214 455 | 31 416 | 80 087 | 3 732 686 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

6. Investments

| | 2021 R'000 | 2020 R'000 |
|---|------------------|------------------|
| LISTED INVESTMENTS | | |
| Local investments | | |
| Equities | 2 219 876 | 1 964 346 |
| Mutual funds/Exchange traded funds | – | 3 469 |
| Collective investment schemes | 1 028 209 | 968 939 |
| Capital market interest-bearing investments | 950 944 | 311 157 |
| International investments | | |
| Mutual funds | 108 643 | 93 867 |
| Equity collective investment schemes | 927 503 | 722 624 |
| UNLISTED INVESTMENTS | | |
| Local investments | | |
| Equities | 50 239 | 12 404 |
| Mutual funds/Exchange traded funds | 76 625 | 307 830 |
| Collective investment schemes | 145 617 | 163 169 |
| Capital market interest-bearing investments | 1 034 978 | 1 040 260 |
| Local equity-linked-derivatives | – | 17 |
| Local money market and call deposits | 692 740 | 807 578 |
| Unlisted companies | 59 951 | 56 750 |
| International investments | | |
| Mutual funds | 577 206 | 487 701 |
| Equity collective investment schemes | 827 481 | 913 550 |
| Money market and call deposits | 231 991 | 188 |
| TOTAL INVESTMENTS | 8 932 003 | 7 853 849 |

Due to a change in the underlying nature of the investment, R331 931 927 (2020: R307 829 634) relating to the FutureGrowth portfolio in the University of Cape Town Foundation has been disclosed as local capital market interest-bearing investments in the current year and local mutual funds in the prior year.

No investments were pledged as security during the financial year.

Fair value hierarchy

As at 31 December 2021, the University held the above financial instruments measured at fair value. The University uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1:

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

Level 2:

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

Level 3:

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

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

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

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

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 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 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 |

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

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

| Reconciliation of Level 3 investments | 2021 R'000 | 2020 R'000 |
|---------------------------------------|---------------|---------------|
| Balance at 1 January | 56 750 | 46 000 |
| Purchase | 3 201 | 10 750 |
| Balance at 31 December | 59 951 | 56 750 |

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 |

| | 2021 R'000 |
|--|---------------|
| UCT Medical Centre (Pty) Ltd (26%) | 2 770 |
| Hyplat (Pty) Ltd (23%) | 993 |
| Total | 3 763 |
| Opening balance | 2 770 |
| Share of profit/(loss) for the year | 1 067 |
| Write up to reflect net asset value of associate | 161 |
| Carrying value | 3 998 |
| Hyplat (Pty) Ltd (23%) | 278 |
| Total | 4 276 |
| | 2020 R'000 |
| UCT Medical Centre (Pty) Ltd (26%) | – |
| Hyplat (Pty) Ltd (23%) | 1 111 |
| Total | 1 111 |
| Opening balance | – |
| Share of profit/(loss) for the year | (912) |
| Reversal of impairment | 2 411 |
| Write up to reflect net asset value of associate | 1 271 |
| Carrying value | 2 770 |
| Hyplat (Pty) Ltd (23%) | 993 |
| Total | 3 763 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

7. Investments in Associates Continued

Summarised provisional financial information is set out below.

| Associates' statements of financial position: | 2021 R'000 | | 2020 R'000 | |
|--|---------------------------------|---------------------|---------------------------------|---------------------|
| | UCT Medical Centre (Pty) Ltd | Hyplat (Pty) Ltd | UCT Medical Centre (Pty) Ltd | Hyplat (Pty) Ltd |
| Non-current assets | 44 062 | 6 723 | 58 569 | 6 639 |
| Current assets | 17 340 | 4 905 | 26 533 | 7 225 |
| Non-current liabilities | (26 195) | – | (57 698) | – |
| Current liabilities | (19 832) | (15 910) | (16 133) | (14 113) |
| Net assets/(liabilities) | 15 375 | (4 282) | 11 271 | (248) |
| Equity | 15 375 | (4 282) | 11 271 | (248) |
| Share capital | 20 000 | 1 | 20 000 | 1 |
| Accumulated losses | (4 625) | (4 283) | (10 624) | (249) |
| Non-distributable reserves | – | – | 1 276 | – |
| Minority interest | – | – | 619 | – |
| Associates' revenue and losses: | 2021 R'000 | | 2020 R'000 | |
| | UCT Medical Centre (Pty) Ltd | Hyplat (Pty) Ltd | UCT Medical Centre (Pty) Ltd | Hyplat (Pty) Ltd |
| Revenue | 183 547 | 1 733 | 160 131 | 5 239 |
| Cost of sales | (100 689) | (102) | (94 452) | (59) |
| Other income | 451 | 28 | 122 | 150 |
| Administrative expenses | (73 908) | (4 768) | (68 431) | (5 842) |
| Net finance costs | (4 274) | – | (5 256) | – |
| Profit/(loss) before tax | 5 127 | (3 109) | (7 886) | (512) |
| Income tax expense | (1 023) | – | 3 147 | – |
| Profit/(loss) for the year | 4 104 | (3 109) | (4 739) | (512) |
| Less (profit)/loss attributable to minority shareholders | – | – | 1 232 | – |
| Profit/(loss) attributable to equity holders of the parent | 4 104 | (3 109) | (3 507) | (512) |
| University's share of profits/(losses) | 1 067 | (715) | (912) | (118) |

8. Loans Receivable

| | 2021 R'000 | 2020 R'000 |
|--|---------------|---------------|
| Non-current loans | | |
| Loan to the Ukuhula Trust | 3 861 | 2 830 |
| Loans to Sports Science Share Block (Pty) Ltd shareholders | 17 033 | 16 087 |
| Loan to Hyplat (Pty) Ltd | – | 500 |
| | 20 894 | 19 417 |
| Current loans | | |
| Loan to Cape Bio Pharma (Pty) Ltd | 8 230 | – |
| Loan to Hyplat (Pty) Ltd | 1 512 | – |
| | 9 742 | – |
| Total loans | 30 636 | 19 417 |

The loan to the Ukuhula 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 4.52% (2020: 5.77%).

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

The loan to Cape Bio Pharma (Pty) Ltd has no fixed repayment terms and earns interest at a rate of prime plus 1%. It is anticipated that the loan will be repaid during the course of 2022.

The loan to Hyplat (Pty) Ltd was repayable on 31 December 2021 and earns interest at a rate of prime plus 1%. The terms of this loan are currently being renegotiated; the loan is deemed recoverable.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

9. Accounts Receivable, Prepayments and Student Fees Receivable

| | 2021 R'000 | 2020 R'000 |
|---|----------------|----------------|
| Research receivables | 127 845 | 115 350 |
| Other trade receivables | 93 748 | 79 440 |
| Total trade receivables | 221 593 | 194 790 |
| Property deposits and guarantees | 514 | 518 |
| Prepayments | 27 287 | 30 217 |
| National Research Foundation (NRF) accrual | 61 982 | 124 843 |
| Sundry receivables | 135 564 | 107 324 |
| Accounts receivables and prepayments | 446 940 | 457 692 |
| Student fees receivable | 252 985 | 226 131 |
| Total | 699 925 | 683 823 |

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 ECL 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 R71.9 million (2020: R29.2 million). Interest receivable amounts to R40.3m (2020: R22.5m).

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 |
|---|---------------|---------------|---------------|----------------|---------------|-----------------|
| | Up to 30 days | 30 to 60 days | 60 to 90 days | 90 to 180 days | 180 days plus | |
| 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% |
| Amounts in R'000 | Up to 30 days | 30 to 60 days | 60 to 90 days | 90 to 180 days | 180 days plus | Total |
| | Up to 30 days | 30 to 60 days | 60 to 90 days | 90 to 180 days | 180 days plus | |
| Net receivable: 31 December 2020 | 104 326 | 22 022 | 26 670 | 27 546 | 14 226 | 194 790 |
| Gross trade receivables | 105 666 | 22 972 | 27 165 | 28 610 | 20 600 | 205 013 |
| Provision for expected losses | (1 340) | (950) | (495) | (1 064) | (6 374) | (10 223) |
| Expected loss rate | 1.27% | 4.14% | 1.82% | 3.72% | 30.94% | 4.99% |

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 R10.2 million (2020: R10.2 million) were impaired and fully provided for. Movements in the provision for impairment of trade receivables were as follows:

| | 2021 R'000 | 2020 R'000 |
|-------------------------------|---------------|---------------|
| Balance at 1 January | 10 223 | 10 225 |
| Charge for the year | – | 1 734 |
| Used | (57) | (1 736) |
| Balance at 31 December | 10 166 | 10 223 |

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

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 2022 academic year. While it is University policy that returning students are not allowed to register with outstanding fee debt, Council resolved that all students who are eligible to re-register on academic grounds be allowed to register for the 2022 academic year, irrespective of any outstanding fees. This concession applies to the 2022 academic year only, and does not apply to students registered for courses at the Graduate School of Business (GSB), or who are international students from continents other than Africa.

As at 31 December 2021, student receivables with a nominal value of R141.0 million (2020: R137.0 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:

| | 2021 R'000 | 2020 R'000 |
|-------------------------------|----------------|----------------|
| Balance at 1 January | 137 038 | 74 422 |
| Charge for the year | 19 347 | 77 435 |
| Used | (15 354) | (14 819) |
| Balance at 31 December | 141 031 | 137 038 |

10. Cash at Bank and Cash Equivalents

| | 2021 R'000 | 2020 R'000 |
|--------------------------------|------------------|------------------|
| Cash at bank and in hand | 210 346 | 176 015 |
| Local short-term bank deposits | 1 325 600 | 1 356 169 |
| Balance at 31 December | 1 535 946 | 1 532 184 |

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:

| | |
|---------------|-----|
| Standard Bank | Ba2 |
| Absa Bank | Ba2 |
| Grindrod Bank | Ba1 |

At 31 December 2021, the University has an undrawn loan facility of R865 million (2020: R857 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 4.42% (2020: 5.51%). Cash and cash equivalents for the purpose of the consolidated statement of cash flows are as stated above.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

11. Deferred Revenue

11.1 Government Grants

| | 2021 R'000 | 2020 R'000 |
|---|----------------|----------------|
| Total government grants at 1 January | 944 446 | 943 623 |
| Received during the year | 23 309 | 41 438 |
| Released to the income statement | (40 267) | (40 615) |
| Total government grants at 31 December | 927 488 | 944 446 |
| Current portion of government grants at 31 December | 63 573 | 67 520 |
| Non-current portion of government grants at 31 December | 863 915 | 876 926 |

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

| | 2021 R'000 | 2020 R'000 |
|---|----------------|----------------|
| Total government grants at 1 January | 337 832 | 135 301 |
| Received during the year | 220 792 | 269 727 |
| Released to the income statement | (283 277) | (67 196) |
| Total government grants at 31 December | 275 347 | 337 832 |
| Current portion of government grants at 31 December | 275 347 | 337 832 |
| Non-current portion of government grants 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

| | 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 |
| | 2020 R'000 | | |
| | Current | Non-current | Total |
| Gratuity liability for academic staff | 3 211 | 71 730 | 74 941 |
| Leave liability for professional, administrative and support staff | 79 321 | 131 189 | 210 510 |
| Post-retirement medical aid benefit obligation | 25 000 | 459 400 | 484 400 |
| Total employee benefit liabilities | 107 532 | 662 319 | 769 851 |

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% (2020: 7.6% per annum), while the discount rate that has been applied is 11.6% (2020: 13.2%).

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:

| | 2021 | | 2020 | |
|--|-------------|--------------|-------------|--------------|
| | R'000 1% | R'000 -1% | R'000 1% | R'000 -1% |
| Change in liability – salary inflation | 4 208 | (3 756) | 6 709 | (5 836) |
| Change in liability – discount rate | (3 756) | 4 208 | (5 836) | 6 709 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

12. Employee Benefit Liabilities Continued

12.1 Gratuity Liability for Academic Staff Continued

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

| | 2021 R'000 | 2020 R'000 |
|--|---------------|---------------|
| Obligation at the start of the year | 74 941 | 78 408 |
| Movement through profit and loss | 3 451 | (2 873) |
| Leave paid out | (882) | (594) |
| Obligation at the end of the year | 77 510 | 74 941 |

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:

| | 2021 R'000 | 2020 R'000 |
|--|----------------|----------------|
| Obligation at the start of the year | 210 510 | 147 097 |
| Movement through profit and loss | 10 139 | 76 059 |
| Leave paid out | (19 432) | (12 646) |
| Obligation at the end of the year | 201 217 | 210 510 |

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 11.6% (2020: 13.2%); expected inflation on medical aid contributions of 9% (2020: 10.0%). Post retirement mortality is based on PA (90) ultimate mortality tables rated down three years (2020: three years).

It is assumed, in both the current and prior year, that 2.5% of members present will retire at each age from 55 to 59 and ages 61 and 62; and 15% of members will retire at age 60; and 10% of members at ages 63 and 64 will retire; with all the remaining members retiring at age 65. The expected average remaining working lives of the employees participating in the scheme is 16 years (2020: 17 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:

| | 2021 | | 2020 | |
|---------------|-------------|--------------|-------------|--------------|
| | R'000 1% | R'000 -1% | R'000 1% | R'000 -1% |
| Liability | 77 100 | (63 700) | 62 600 | (52 100) |
| Service cost | 4 200 | (3 200) | 3 500 | (2 800) |
| Interest cost | 9 500 | (7 700) | 8 700 | (7 300) |

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

| | 2021 | | 2020 | |
|---------------|-------------|--------------|-------------|--------------|
| | R'000 1% | R'000 -1% | R'000 1% | R'000 -1% |
| Interest cost | (33 700) | 37 300 | (27 400) | 30 200 |

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

| Amounts in R'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|------------------|---------|---------|---------|---------|---------|
| Liability | 563 700 | 484 400 | 487 800 | 499 200 | 484 300 |

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

| | 2021 R'000 | 2020 R'000 |
|---------------------------|---------------------------|------------------|
| | Within the next 12 months | Beyond 12 months |
| Within the next 12 months | 26 900 | 25 000 |
| Beyond 12 months | 536 800 | 459 400 |
| Total liability | 563 700 | 484 400 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

12. Employee Benefit Liabilities Continued

12.3 Post-Retirement Medical Aid Benefit Obligation Continued

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

| | 2021 R'000 | 2020 R'000 |
|--|---------------|---------------|
| Expenses in the income statement | 81 900 | 71 900 |
| – Interest on obligation | 64 600 | 53 900 |
| – Current service cost | 17 300 | 18 000 |
| (Gains)/losses in the statement of other comprehensive income | 26 200 | (51 900) |
| – Actuarial (gains)/losses due to demographic factors | (14 400) | (13 900) |
| – Actuarial (gains)/losses due to changes in financial assumptions | 40 600 | (38 000) |

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

| | 2021 R'000 | 2020 R'000 |
|--|----------------|----------------|
| Defined benefit obligation at the start of the year | 484 400 | 487 800 |
| Interest on obligation | 64 600 | 53 900 |
| Current service cost | 17 300 | 18 000 |
| Actuarial (gains)/losses | 26 200 | (51 900) |
| Benefits paid in respect of funding obligations | (28 800) | (23 400) |
| Defined benefit obligation at the end of the year | 563 700 | 484 400 |

13. Accounts Payable and Accrued Liabilities

| | 2021 R'000 | 2020 R'000 |
|--|----------------|----------------|
| Trade payables | 178 089 | 154 328 |
| Accrued expenses | 62 235 | 55 715 |
| National Research Foundation grant deposit | 79 200 | 85 000 |
| Payroll liabilities | 132 548 | 115 845 |
| Other payables | 243 852 | 107 996 |
| Balance at 31 December | 695 924 | 518 884 |
| Financial liabilities | 671 968 | 498 742 |
| Non-financial liabilities | 23 956 | 20 142 |
| Balance at 31 December | 695 924 | 518 884 |

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, of R233.9 million (2020: R94.7 million).

14. Subsidies and Grants

| | 2021 R'000 | 2020 R'000 |
|-----------------------------------|------------------|------------------|
| Subsidy for general purpose | 1 799 580 | 1 740 080 |
| State grants and contracts | 450 290 | 504 652 |
| Release of deferred revenue | 40 267 | 49 304 |
| Total subsidies and grants | 2 290 137 | 2 294 036 |

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

15. Interest and Dividends

| | 2021 R'000 | 2020 R'000 |
|---|----------------|----------------|
| Interest calculated using the effective interest rate method | | |
| Bank interest | 66 900 | 92 418 |
| Interest income on student fees | 54 869 | 57 914 |
| Interest income on other receivables | 1 549 | 15 851 |
| | 123 318 | 166 183 |
| Other interest | | |
| Interest on investments | 196 221 | 203 137 |
| | 196 221 | 203 137 |
| Total interest | 319 539 | 369 320 |
| Dividends | 107 283 | 125 161 |
| Total interest and dividends | 426 822 | 494 481 |

16. Personnel Costs

| All amounts in R'000 | 2021 | | |
|--|---------------------------|------------------|------------------|
| | 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 personnel costs | 1 736 065 | 2 292 936 | 4 029 001 |

All amounts in R'000

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

Average number of persons employed during the year:

| | 2021 R'000 | 2020 R'000 |
|--------------|---------------|---------------|
| Full time | 5 663 | 5 440 |
| Part time | 1 870 | 1 744 |
| Students | 1 711 | 1 581 |
| Total | 9 244 | 8 765 |

17. Revenue from Contracts with Customers

| | 2021 R'000 | 2020 R'000 |
|--|------------------|------------------|
| Tuition and other fee income | 1 980 295 | 1 442 389 |
| Gross tuition and other fee income | 2 180 394 | 1 666 016 |
| Council bursaries | (70 738) | (49 501) |
| Restricted bursaries | (129 361) | (174 126) |
| Income from commercial research contracts | 98 478 | 54 101 |
| Rendering of services | 696 769 | 528 174 |
| Total revenue from contracts with customers | 2 775 542 | 2 024 664 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

17. Revenue from Contracts with Customers Continued

Income from commercial research contracts concluding more than 12 months after year end amounted to R40.9 million (2020: R9.2 million) at the end of the year.

| | 2021 R'000 | | 2020 R'000 | |
|------------------------|--------------------|-------------------------|--------------------|-------------------------|
| | Contract Assets | Contract Liabilities | Contract Assets | Contract Liabilities |
| Opening balance | 15 784 | (43 474) | 3 420 | (37 061) |
| Amounts received | 8 595 | 89 882 | 16 038 | 44 014 |
| Amounts utilised | (15 012) | (115 043) | (3 674) | (50 427) |
| Closing balance | 9 367 | (68 635) | 15 784 | (43 474) |

18. Other Operating Expenses

The following items are included in other operating expenses:

| | 2021 R'000 | 2020 R'000 |
|-----------------------------------|---------------|---------------|
| Computer consumables | 64 492 | 63 752 |
| Consulting costs | 278 107 | 223 710 |
| Laboratory materials and services | 177 659 | 124 384 |
| Library acquisitions | 98 231 | 112 635 |
| Repairs and maintenance | 224 286 | 148 021 |
| Software costs | 52 104 | 49 071 |
| Water and electricity | 139 433 | 116 290 |

19. Interest-Bearing Borrowings

| | 2021 R'000 | 2020 R'000 |
|----------------------------------|---------------|---------------|
| Non-current borrowings | | |
| Development Bank of South Africa | 76 878 | 84 756 |
| Sunlyn | 637 | — |
| Standard Bank Limited | — | 139 |
| | 77 515 | 84 895 |
| Current borrowings | | |
| Development Bank of South Africa | 7 878 | 7 878 |
| Total borrowings | 85 393 | 92 773 |

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

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

The first drawdown of R96 million is for a period of fifteen years and bears interest at a variable rate of 1-month JIBAR plus 2.2% per annum. The loan is repayable over a period of 168 monthly instalments, which commenced 31 October 2018, the last of which is due on 30 September 2032. The second drawdown of R14 million is for a period of thirteen and a half years and bears interest at a variable rate of 1-month JIBAR plus 2% per annum. The loan is repayable over a period of 162 monthly instalments, which commenced on 31 March 2019, the last of which is due on 30 September 2032.

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

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:

| | 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 |
| Accumulated depreciation 31 December 2021 | 233 650 | 33 901 | 267 551 |
| Carrying amount at 31 December 2021 | 332 825 | 27 482 | 360 307 |
| | 2020 R'000 | | |
| | Land, Buildings and Land Improvements | Motor Vehicles | Total |
| Carrying amount at 1 January 2020 | 526 848 | 47 821 | 574 669 |
| Cost | | | |
| Cost 1 January 2020 | 598 143 | 58 860 | 657 003 |
| Additions | 9 649 | 2 523 | 12 172 |
| Terminations | (41 773) | – | (41 773) |
| Cost 31 December 2020 | 566 019 | 61 383 | 627 402 |
| Accumulated depreciation | | | |
| Balance 1 January 2020 | 71 295 | 11 039 | 82 334 |
| Depreciation | 104 273 | 11 431 | 115 704 |
| Terminations | (28 009) | – | (28 009) |
| Accumulated depreciation 31 December 2020 | 147 559 | 22 470 | 170 029 |
| Carrying amount at 31 December 2020 | 418 460 | 38 913 | 457 373 |

20.2 Lease Liabilities

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

| | 2021 R'000 | 2020 R'000 |
|--------------------------|----------------|----------------|
| As at 1 January | 414 258 | 514 997 |
| Additions | – | 2 523 |
| Interest | 31 849 | 35 805 |
| Payments | (112 633) | (125 302) |
| Terminations | – | (13 765) |
| As at 31 December | 333 474 | 414 258 |
| Non-current portion | 245 142 | 302 514 |
| Current portion | 88 332 | 111 744 |
| As at 31 December | 333 474 | 414 258 |

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

20.3 Amounts recognised in profit and loss

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

| | 2021 R'000 | 2020 R'000 |
|--|----------------|----------------|
| Income from subleasing right-of-use assets | (130) | (173) |
| Depreciation expense of right-of-use assets | 97 522 | 115 704 |
| Interest expense on lease liabilities | 31 849 | 35 805 |
| Expense relating to short-term leases | 82 | 82 |
| Expense relating to leases of low-value assets | 2 548 | 2 533 |
| Total amount recognised in profit or loss | 131 871 | 153 951 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

20. Leases Continued

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:

| | 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 |
| Termination options expected to be exercised | – | – | – |
| 2020 R'000 | | | |
| | Within 5 years | More than 5 years | Total |
| | 55 121 | 3 614 390 | 3 669 511 |
| Extension options expected not to be exercised | – | – | – |
| Termination options expected to be exercised | – | – | – |

21. Bursaries, financial aid and scholarships

21.1 UCT expenses

| | 2021 R'000 | | | 2020 R'000 | | |
|------------------------------------|--------------------|-------------------|----------------|--------------------|-------------------|----------------|
| | Under- graduate | Post- graduate | Total | Under- graduate | Post- graduate | Total |
| Council-Controlled | 97 445 | 80 929 | 178 374 | 110 344 | 65 354 | 175 698 |
| Unrestricted | 104 672 | 328 963 | 433 635 | 63 511 | 295 902 | 359 413 |
| Specifically- Funded Activities | | | | | | |
| Restricted | | | | | | |
| Total | 202 117 | 409 892 | 612 009 | 173 855 | 361 256 | 535 111 |

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

| | 2021 R'000 | | | 2020 R'000 | | |
|--|--------------------|-------------------|----------------|--------------------|-------------------|----------------|
| | Under- graduate | Post- graduate | Total | Under- graduate | Post- graduate | Total |
| Offset against tuition income | 99 647 | 100 452 | 200 099 | 84 401 | 139 226 | 223 627 |
| Financial aid and scholarship expenses | 102 470 | 309 440 | 411 910 | 89 454 | 222 030 | 311 484 |
| Total | 202 117 | 409 892 | 612 009 | 173 855 | 361 256 | 535 111 |

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.

| | 2021 R'000 | | | 2020 R'000 | | |
|---|--------------------|-------------------|------------------|--------------------|-------------------|----------------|
| | Under- graduate | Post- graduate | Total | Under- graduate | Post- graduate | Total |
| National Student Financial Aid Scheme (NSFAS) | 771 359 | – | 771 359 | 600 187 | – | 600 187 |
| Other external donors | 306 505 | 8 925 | 315 430 | 245 663 | 2 813 | 248 476 |
| Total | 1 077 864 | 8 925 | 1 086 789 | 845 850 | 2 813 | 848 663 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

22. Transfers

22.1 Transfers in the Consolidated Statement of Comprehensive Income

| | 2021 R'000 | | | |
|---|------------------------------------|---|--|----------|
| | Council-Controlled Unrestricted | Specifically-Funded Activities Restricted | Student and Staff Housing Restricted | Total |
| 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 IFRS 15 treatment of bursaries | 79 428 | (129 361) | 49 933 | – |
| Total | 178 453 | (270 071) | 91 618 | – |
| 2020 R'000 | | | | |
| | Council-Controlled Unrestricted | Specifically-Funded Activities Restricted | Student and Staff Housing Restricted | Total |
| General operating budget transfer to Housing | (40 000) | – | 40 000 | – |
| Research levies | 70 632 | (70 632) | – | – |
| Transfers of project costs | 1 176 | (1 289) | 113 | – |
| Transfers for software costs | 15 808 | (15 808) | – | – |
| Transfer required due to IFRS 15 treatment of bursaries | 174 126 | (174 126) | – | – |
| Total | 221 742 | (261 855) | 40 113 | – |

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 costs be offset against tuition income, and not be disclosed as expenses. However, as all tuition income is Council-controlled, the portion of specifically-funded activities' bursaries that are offset against tuition income represents a transfer of expenses from specifically-funded activities to Council-controlled, and this transfer incorporates this impact.

22.2 Transfers in the Consolidated Statement of Changes in Fund Balances

| | 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 | – |
| Transfer of UCT Foundation surplus | 271 769 | (271 769) | – | – |
| Transfer of endowed interest related to Council activities | – | (30 156) | 30 156 | – |
| Total | 271 769 | (301 925) | 30 156 | – |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

23. Financial Risk Management Objectives and Policies

The University's principal financial instruments comprise equities and debt instruments measured at fair value through profit or loss, accounts receivables, student fee receivables, cash and cash equivalents, accounts payable, interest-bearing borrowings and accrued liabilities. The University manages a substantial portfolio of financial assets with a long-term view to growing the portfolio in order to provide financial stability and support for new initiatives and strategic choices.

The University may enter into derivative transactions. The University's portfolio managers make limited use of futures and option contracts for hedging purposes only to manage the equity exposure flexibly and cost effectively. This is done in order to achieve desired equity exposures. Forward exchange contracts may be entered into to mitigate risks relating to transactional currency exposures.

The main risks arising from the University's financial instruments are market, credit and liquidity risks. The Council, through its Finance and Joint Investment Committees, reviews and agrees policies for managing each of these risks which are summarised below:

23.1 Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: price, currency and interest rate risk.

The University's exposure to market risk relates primarily to its investments which are measured at fair value through profit or loss. These financial assets are invested in terms of a considered strategy adopted by the University Council and the Board of Trustees of the UCT Foundation, advised by the Joint Investment Committee. The strategy takes into account the risk profile of the individual endowed funds and allocates investments to appropriate asset classes. Portfolios are then allocated to selected portfolio managers who operate under defined mandates. The investment decisions made and performances of these managers are closely monitored by the Joint Investment Committee.

The Joint Investment Committee comprises trustees of the Foundation, members of the University's Council and external members with specific expertise relating to investments. The Joint Investment Committee meets quarterly and receives reports from investment managers on a cyclical basis.

In addition, the Joint Investment Committee has employed the services of an actuarial firm, Willis Towers Watson (Pty) Limited, who monitor the performance of the portfolio managers, both on a qualitative and quantitative basis, and who also report quarterly to the Joint Investment Committee. These reports are also distributed to the Foundation trustees. Internal checks are performed regarding the income received and the purchase and sale of investments as reflected on the portfolio statements.



NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

23. Financial Risk Management Objectives and Policies Continued

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 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) |
| | 800.8 | 400.3 | 80.1 | (400.3) | (800.8) | (1 601.5) | (2 402.2) |
| At 31 December 2020 | | | | | | | |
| Local equities | 197.7 | 98.8 | 19.8 | (98.8) | (197.7) | (395.4) | (593.0) |
| Collective investment schemes | 113.2 | 56.6 | 11.3 | (56.6) | (113.2) | (226.4) | (339.6) |
| Local mutual funds | 31.1 | 15.6 | 3.1 | (15.6) | (31.1) | (62.3) | (93.4) |
| Local capital markets | 135.1 | 67.6 | 13.5 | (67.6) | (135.1) | (270.3) | (405.4) |
| Local unlisted equity investments | 5.7 | 2.8 | 0.6 | (2.8) | (5.7) | (11.3) | (17.0) |
| International mutual funds | 58.2 | 29.1 | 5.8 | (29.1) | (58.2) | (116.3) | (174.5) |
| International collective investment schemes | 163.6 | 81.8 | 16.4 | (81.8) | (163.6) | (327.2) | (490.9) |
| | 704.6 | 352.3 | 70.5 | (352.3) | (704.6) | (1 409.2) | (2 113.8) |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 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 2021 year, students were charged interest at a fixed rate of 1.0% per month (2020: 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 | | | | | | |
|--|--|-------------|-------------|---------------|---------------|----------------|----------------|
| Interest rate changes in basis points (BP) | +200 BP | +100 BP | +50 BP | -50 BP | -100 BP | -200 BP | -300 BP |
| 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 |
| | 107.6 | 53.8 | 27 | (27.0) | (53.8) | (107.6) | (161.5) |
| At 31 December 2020 | | | | | | | |
| Interest-bearing collective investment schemes and bonds | 49.7 | 24.8 | 12.4 | (12.4) | (24.8) | (49.7) | (74.5) |
| Money market and call deposits | 16.2 | 8.1 | 4 | (4.0) | (8.1) | (16.2) | (24.2) |
| Cash and cash equivalents | 30.6 | 15.3 | 7.7 | (7.7) | (15.3) | (30.6) | (46.0) |
| Interest-bearing borrowings | (1.9) | (0.9) | (0.5) | 0.5 | 0.9 | 1.9 | 2.8 |
| | 94.6 | 47.3 | 23.6 | (23.6) | (47.3) | (94.6) | (141.9) |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS 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 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) |
| | 502.7 | 251.4 | 125.6 | (125.6) | (251.4) | (502.7) | (754.1) |
| At 31 December 2020 | | | | | | | |
| International mutual funds | 116.3 | 58.2 | 29.1 | (29.1) | (58.2) | (116.3) | (174.5) |
| International collective investment schemes | 327.2 | 163.6 | 81.8 | (81.8) | (163.6) | (327.2) | (490.9) |
| Trade receivables | 12.7 | 6.3 | 3.2 | (3.2) | (6.3) | (12.7) | (19.0) |
| | 456.2 | 228.1 | 114.1 | (114.1) | (228.1) | (456.2) | (684.4) |

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 R222 million (2020: R195 million), which reflects the amount after the recognition of the provision for impairment. Refer note 9 for further details.

Student fees receivables

The University has stringent policies with respect to not allowing students with outstanding fee balances to either graduate or to register for the new academic year. The outstanding fees balance at year end is widely spread amongst numerous students indicating no particular concentration of credit risk. The maximum credit risk exposure for student fee receivables is equal to the carrying amount of the student fee receivable at year end. At year end the maximum exposure to student fees is R253 million (2020: R226 million), after the current year impairment provision. Refer note 9 for further details.

Other financial assets

With respect to credit risk arising from the other financial assets of the University, which comprise 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 R3.5 billion (2020: R2.9 billion). The University places cash and cash deposits only with major financial institutions with good credit ratings.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

23. Financial Risk Management Objectives and Policies Continued

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:

| | On demand | 1 to 12 months | 1 to 5 years | More than 5 years | Total |
|------------------------------------|----------------|----------------|----------------|-------------------|------------------|
| 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 financial liabilities | 153 119 | 798 515 | 222 518 | 558 517 | 1 732 669 |
| At 31 December 2020 | | | | | |
| Trade and other payables | – | 498 742 | – | – | 498 742 |
| Interest-bearing borrowings | – | 12 797 | 46 835 | 63 241 | 122 873 |
| Student deposits | 272 429 | – | – | – | 272 429 |
| Lease liabilities | – | 114 798 | 275 120 | 526 386 | 916 304 |
| Total financial liabilities | 272 429 | 626 337 | 321 955 | 589 627 | 1 810 348 |

23.7 Fair Values

Set out below is a comparison by category of carrying amounts and fair values of all of the University's financial instruments:

| | Fair Value | | Carrying Value | |
|--|------------|------------|----------------|------------|
| | 2021 R'000 | 2020 R'000 | 2021 R'000 | 2020 R'000 |
| Financial Assets | | | | |
| Cash | 1 535 946 | 1 532 184 | 1 535 946 | 1 532 184 |
| Financial instruments at fair value through profit or loss | 8 932 003 | 7 853 849 | 8 932 003 | 7 853 849 |
| Account receivables | 419 139 | 426 957 | 419 139 | 426 957 |
| Student fees receivable | 252 985 | 226 131 | 252 985 | 226 131 |
| Loan receivables | 30 636 | 19 417 | 30 636 | 19 417 |
| Financial liabilities | | | | |
| Accounts payable and accrued liabilities | 671 968 | 498 742 | 671 968 | 498 742 |
| Interest-bearing borrowings | 85 393 | 92 773 | 85 393 | 92 773 |
| Student deposits | 153 119 | 272 429 | 153 119 | 272 429 |
| Lease liabilities | 333 474 | 414 258 | 333 474 | 414 258 |

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

23. Financial Risk Management Objectives and Policies Continued

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

| | 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 |
| | 2020 R'000 | | |
| | Long-term loans | Lease liabilities | Total |
| Balance as at 1 January | 100 839 | 514 997 | 615 836 |
| Interest | 6 567 | 35 805 | 42 372 |
| Repayments | (14 633) | (125 302) | (139 935) |
| Additions | – | 2 523 | 2 523 |
| Terminations | – | (13 765) | (13 765) |
| Balance as at 31 December | 92 773 | 414 258 | 507 031 |

24. Commitments

24.1 Capital Commitments

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

| All amounts in R'000 | Contracted (purchase order raised) | Approved but not contracted for | Total |
|--|--|--|----------------|
| Avenue Road building | 33 | 1 567 | 1 600 |
| Teacher Education building | 971 | 9 528 | 10 499 |
| Rochester building | 6 790 | 10 897 | 17 687 |
| Priority projects | 43 | 1 874 | 1 917 |
| Chris Hani building refurbishment | 44 | 22 124 | 22 168 |
| Water sustainability project | – | 72 659 | 72 659 |
| Upper Campus parking initiative | – | 18 512 | 18 512 |
| ICT network renewal | 3 337 | 9 562 | 12 899 |
| ICT Upper Campus datacentre refurbishment | – | 9 259 | 9 259 |
| ICT storage architecture renewal | – | 21 381 | 21 381 |
| Total 2021 | 11 218 | 177 363 | 188 581 |

One of the University's subsidiaries, the University of Cape Town Foundation, is committed to future investments of R66.3m 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 2020 | 11 218 | 177 363 | 188 581 |
|-------------------|---------------|----------------|----------------|
| Total 2020 | 11 218 | 177 363 | 188 581 |

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 R927.4 million (2020: R944.4 million) of Government grants reflected as deferred revenue in note 11.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

24. Commitments continued

24.2 Short Term and Low Value Lease Commitments – University as Lessee

For leases where the recognition exemptions of IFRS16: Leases apply (short-term and low value), the totals of future minimum lease payments under non-cancellable operating leases are as follows:

| | 2021 R'000 | | 2020 R'000 | |
|--------------------------|--------------------|-----------------------|--------------------|-----------------------|
| | Property rental | Photocopy machines | Property rental | Photocopy machines |
| Within 1 year | 266 | 2 405 | 251 | 1 301 |
| 1 to 2 years | 184 | 1 623 | 266 | 420 |
| 2 to 3 years | – | 741 | 184 | 6 |
| 3 to 4 years | – | 369 | – | – |
| Total commitments | 450 | 5 138 | 701 | 1 727 |

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

| | 2021 R'000 | 2020 R'000 |
|--------------------------|---------------|---------------|
| Within 1 year | 4 194 | 5 202 |
| 1 to 2 years | 3 318 | 3 152 |
| 2 to 3 years | 2 598 | 2 432 |
| 3 to 4 years | 2 544 | 1 632 |
| 4 to 5 years | 836 | 1 348 |
| More than 5 years | 1 284 | 2 638 |
| Total commitments | 14 774 | 16 404 |

25. Cash Generated From Operations

Reconciliation of net surplus to cash generated from operations:

| | Note | 2021 R'000 | 2020 R'000 |
|--|--------|----------------|----------------|
| Surplus for the year | | | |
| Adjusted for: | | | |
| Depreciation | 5 & 20 | 329 028 | 338 076 |
| Release of deferred revenue | 11 | (40 267) | (40 615) |
| Movement in employee benefits | | 46 376 | 108 446 |
| (Profit)/loss on sale of property, plant and equipment | | 13 041 | (381) |
| Investment income – interest | 15 | (319 539) | (369 320) |
| Investment income – dividends | 15 | (107 283) | (125 161) |
| Finance costs | | 39 359 | 42 190 |
| Fair value movement on fair value through profit or loss financial instruments | | (1 082 194) | (214 334) |
| Income from associate | 7 | (513) | (241) |
| Changes in working capital | | | |
| Accounts receivable and prepayments | | (19 427) | (91 551) |
| Inventories | | 211 | (384) |
| Accounts payable, accrued liabilities, project income and deposits | | 20 405 | 421 226 |
| Cash generated from operations | | 251 380 | 713 253 |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

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 2021

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance* R'000 | Total for other services R'000 |
|--------------------------|---|---------------------------------|--------------------------------------|-------------------------|-------------------------|--------------------------------|
| Professor RM Phakeng | Vice-Chancellor | 3 753 | 3 753 | 395 | – | 1 217** |
| Professor STL Harrison | Deputy Vice-Chancellor | 2 633 | 2 633 | 138 | – | – |
| Dr RL Morar | Chief Operating Officer | 2 633 | 2 633 | – | – | – |
| Assoc Professor ML Lange | Deputy Vice-Chancellor | 2 633 | 2 633 | – | – | – |
| Emer Professor MJ Hall | Acting Deputy Vice Chancellor Appointment effective 01/04/2021 | 2 495 | 1 871 | – | – | – |
| Professor LA Feris | Deputy Vice-Chancellor | 2 633 | 2 633 | – | – | – |
| Professor AE Lewis | Dean: Faculty of EBE | 2 203 | 2 203 | 278 | – | 274 |
| Mr RJ Van Huyssteen | Executive Director: Information and Communication Technology Services | 2 049 | 2 049 | – | – | – |
| Mr RN Pillay | Registrar | 2 049 | 2 049 | 259 | – | – |
| Ms M Hoosain | Executive Director: Human Resources | 2 049 | 2 049 | 172 | – | – |

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

** Included in the total for other services of R1 216 959 is R891 167 (2020: R837 671), being the deemed value of the house and vehicle provided to the Vice-Chancellor as part of her package.

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance 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 MF Ramutsindela | Dean: Faculty of Science | 2 203 | 2 203 | 139 | – | – |
| Professor DM 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 A Russell | Executive Director: Development and Alumni Office 01/01/2021 to 30/06/2021 | 2 049 | 1 025 | – | – | – |
| Associate Professor LP 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 | – | – |

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

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

26. Remuneration of Key Management Continued

Executive Management Team During 2021 Continued

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance 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 VM Motholo | Executive Director: Finance Appointment effective 01/10/2021 | 2 049 | 512 | – | – | – |
| Dr CSM Duggan | Director: Graduate School of Business | 2 357 | 2 357 | – | – | – |
| Mr P Mgolombane | Executive Director: Department of Student Affairs | 1 878 | 1 878 | – | – | – |
| Mr HR Maritz | Director: Group Finance and Acting Executive Director: Finance 01/01/2021 to 30/09/2021 | 1 859 | 1 859 | 293 | 118 | – |
| Professor AF Cliff | Acting Dean: CHED | 1 349 | 1 349 | 194 | 542 | – |

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

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance*** R'000 | Total for other services R'000 |
|------------------------------|---|---------------------------------|--------------------------------------|-------------------------|---------------------------|--------------------------------|
| Emeritus Professor LC 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 | – | – | – |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

26. Remuneration of Key Management Continued

Executive Management Team During 2020

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance R'000 | Total for other services R'000 |
|------------------------------|---|---------------------------------|--------------------------------------|-------------------------|------------------------|--------------------------------|
| Professor RM Phakeng | Vice-Chancellor | 3 615 | 3 615 | – | – | 1 163 |
| Professor LA Feris | Deputy Vice-Chancellor | 2 536 | 2 536 | – | – | – |
| Associate Professor ML Lange | Deputy Vice-Chancellor | 2 536 | 2 536 | – | – | – |
| Professor STL Harrison | Deputy Vice-Chancellor | 2 156 | 2 156 | – | – | 19 |
| Dr RL Morar | Chief Operating Officer | 2 536 | 2 536 | – | – | – |
| Mr RN Pillay | Registrar | 1 974 | 1 974 | – | – | – |
| Dr R Ally | Executive Director: Development & Alumni Department | 1 974 | 1 974 | – | – | – |
| Ms M Hoosain | Executive Director: Human Resources | 1 974 | 1 974 | – | – | – |
| Dr MBM Khan | Executive Director: Student Affairs | 1 974 | 1 974 | – | – | – |
| Ms G Kruger | Executive Director: Communication & Marketing | 1 974 | 1 974 | – | – | – |
| Mr H Maritz | Acting Executive Director: Finance 27/07/2020 to 31/12/2020 | 153 | – | – | 67 | – |
| Mr H Maritz | Director: Group Finance | 1 791 | 1 791 | – | – | – |

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance R'000 | Total for other services R'000 |
|----------------------|---|---------------------------------|--------------------------------------|-------------------------|------------------------|--------------------------------|
| Mr A Francis | Executive Director: Finance 01/01/2020 to 25/08/2020 | 2 650 | 1 725 | – | – | – |
| Ms CLE Pather | Acting Executive Director: Research 01/01/2020 to 30/11/2020 | 255 | – | – | 233 | – |
| Ms CLE Pather | Director: Research Enterprise | 1 540 | 1 540 | – | – | – |
| Dr L Mtwhisa | Executive Director: Research Office 01/10/2020 to 31/12/2020 | 1 950 | 488 | – | – | – |
| Mr M Parker | Executive Director: Properties & Services | 2 036 | 2 036 | – | – | – |
| Ms U Satgoor | Executive Director: Libraries | 1 752 | 1 752 | – | – | – |
| Mr RJ Van Huysssteen | Executive Director: Information and Communication Technology Services | 1 974 | 1 974 | – | – | – |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

26. Remuneration of Key Management Continued

Executive Management Team During 2020 Continued

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance R'000 | Total for other services R'000 |
|---------------------------------------|--|---------------------------------|--------------------------------------|-------------------------|------------------------|--------------------------------|
| Professor H Corder | Acting Director: Graduate School of Business 15/01/2020 to 15/09/2020 | 1 974 | 1 730 | – | – | – |
| Dr CSM Duggan | Director: Graduate School of Business 01/09/2020 to 31/12/2020 | 2 270 | 757 | – | – | – |
| Professor MF Ramutsindela | Dean: Faculty of Science | 1 974 | 1 974 | – | – | – |
| Professor DM Chirwa | Dean: Faculty of Law | 1 974 | 1 974 | – | – | – |
| Associate Professor S Kessi | Dean: Faculty of Humanities | 1 974 | 1 974 | – | – | – |
| Professor C Williamson | Acting Dean: Faculty of Health Sciences 01/01/2020 to 14/03/2020 | 663 | – | – | 134 | – |
| | Professor: Division of Virology | 1 500 | 1 593 | – | – | – |
| Associate Professor LP Green-Thompson | Dean: Faculty of Health Sciences 15/03/2020 to 31/12/2020 | 2 765 | 2 178 | – | – | – |
| Professor AE Lewis | Dean: Faculty of EBE | 2 122 | 2 122 | – | – | 90 |
| Professor LC Ronnie | Dean: Faculty of Commerce | 2 122 | 2 122 | – | – | 56 |
| Professor C Alan | Acting Dean: Centre for Higher Education Development | 1 065 | 1 065 | – | 687 | – |

| Name | Job Title | Annualised salary for job R'000 | Amount paid or accrued for job R'000 | Performance bonus R'000 | Acting allowance R'000 | Total for other services R'000 |
|---------------------|---|---------------------------------|--------------------------------------|-------------------------|------------------------|--------------------------------|
| Ms CLE Pather | Acting Executive Director: Research 01/01/2020 to 30/11/2020 | 255 | – | – | 233 | – |
| | Director: Research Enterprise | 1 540 | 1 540 | – | – | – |
| Dr L Mtwisha | Executive Director: Research Office 01/10/2020 to 31/12/2020 | 1 950 | 488 | – | – | – |
| Mr M Parker | Executive Director: Properties & Services | 2 036 | 2 036 | – | – | – |
| Ms U Satgoor | Executive Director: Libraries | 1 752 | 1 752 | – | – | – |
| Mr RJ Van Huyssteen | Executive Director: Information and Communication Technology Services | 1 974 | 1 974 | – | – | – |

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

26. Remuneration of Key Management Continued

Other payments

| Name | Position held | Purpose/reason for payment | Amount R'000 |
|---------------|--|------------------------------------|-----------------|
| 2021 | | | |
| Dr A Russell | Executive Director: Development and Alumni Office | Leave encashment at resignation | 796 |
| Dr A Russell | Executive Director: Development and Alumni Office | Severage package | 1 025 |
| Mr RN Pillay | Registrar | Retention allowance | 376 |
| Mr M Parker | Executive Director: Properties and Services | Retention allowance | 322 |
| Mr VM Motholo | Executive Director: Finance | Attraction allowance | 113 |
| | | | 2 632 |

| Name | Position held | Purpose/reason for payment | Amount R'000 |
|--------------|--|------------------------------------|-----------------|
| 2020 | | | |
| Dr MBM Khan | Executive Director: Student Affairs | Leave encashment at resignation | 843 |
| Mr A Francis | Executive Director: Finance | Leave encashment at resignation | 776 |
| | | | 1 619 |

No remuneration is paid to members of Council for services as Council members, membership or attendance at meetings, nor is it the policy of the University to pay those whom it appoints as board members, trustees or directors of related or affiliated entities.

The following table represents the disclosure required in terms of IAS24: Related Party Disclosures in respect of compensation of key management:

| | 2021 R'000 | 2020 R'000 |
|--|---------------|---------------|
| Short-term employee benefits | 52 790 | 45 637 |
| Post-employment benefit | 8 718 | 8 860 |
| Termination benefits | 1 821 | 1 619 |
| Total compensation paid to key management personnel | 63 329 | 56 116 |

27. Retirement Benefits

The University of Cape Town Retirement Fund is a defined provident contribution fund, of which the majority of permanent and long-term contract employees are members. The current year's contribution to the Fund for the benefit of employees was R482 million (2020: R452 million). The expense is disclosed in Note 16.

The Fund was formed on 1 January 1996, after the majority of employees had elected to transfer from the Associated Institutions Pension Fund, a defined benefit plan underwritten by the State.

28. Lessee Improvements

28.1 Groote Schuur Hospital

The Groote Schuur Hospital, located in Observatory, Cape Town, has been built on land owned by the University of Cape Town. The initial 99-year lease has four years to run with an option to renew for a further 99 years. Lease income on this property is nominal.

28.2 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 69 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS Continued

29. Related Parties

The related party relationships of the University of Cape Town in terms of IAS24: Related Party Disclosures are as follows:

- » Subsidiary entities (refer Note 2.4);
- » Associate company (refer Note 7);
- » Key management personnel, which comprises members of both Council and the University executive management team (refer Note 26); and
- » National Government (refer Note 11).

The following related party transactions in respect of subsidiary entities occurred during the year under review:

| | 2021 R'000 | 2020 R'000 |
|---|---------------|---------------|
| University of Cape Town Foundation | | |
| Related Party Balances | | |
| Intercompany loan | 24 879 | 10 980 |
| Related Party Transactions | | |
| Grants | 151 507 | 148 488 |
| Unutilised funds reinvested | (40 228) | (25 515) |
| Management fee received | 3 957 | 4 088 |
| Endowed funds | (1 099) | (15 320) |
| University of Cape Town Lung Institute (Pty) Ltd | | |
| Related Party Balances | | |
| Investment | (461) | (440) |
| Trade payables | (5 558) | (552) |
| Related Party Transactions | | |
| Interest paid | (21) | (346) |
| Services rendered | 5 336 | 5 650 |
| Services received | (8 557) | (4 466) |
| Sports Science Share Block (Pty) Ltd | | |
| Related Party Balances | | |
| Loans to shareholder | 33 046 | 33 046 |
| Related Party Transactions | | |
| Services received | (7 191) | (6 984) |

| | 2021 R'000 | 2020 R'000 |
|---|---------------|---------------|
| University of Cape Town Foods Services (Pty) Ltd | | |
| Related Party Balances | | |
| Intercompany loan | 53 436 | 49 364 |
| Trade payables | (3 692) | (845) |
| Related Party Transactions | | |
| Interest received | 4 073 | 3 762 |
| Purchases | (94 704) | (60 878) |
| Services received | — | (96) |
| Services rendered | 45 | 774 |

30. Contingent Liabilities

The University faces various litigation claims, the outcome of which is uncertain. There is no significant effect on the financial position or profitability at the date of this report.

31. Events After the Reporting Date

There have been no material non-adjusting events after the year end date.

32. 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.