

RHODES UNIVERSITY

**ANNUAL REPORTS
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2011**

RHODES UNIVERSITY

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CONTENTS	Page
Details of Officers and Members of Council	1 - 2
Report of Chair of Council	3 - 10
Report of the Vice-Chancellor	11 - 22
Report of the Chair of the Finance Committee of Council	23
Council's Report on Governance	24 - 25
Report of Senate	26 – 28
Report of the Institutional Forum of the Council	29 - 31
Report on Internal Administrative/Operational Structures and Controls	32
Report on Enterprise Risk Management	33
Council's Statement of Responsibility	34
Auditor's Report	35 - 38
Consolidated Statement of Financial Position	39
Consolidated Statement of Comprehensive Income	40
Consolidated Statement of Changes in Equity	41
Consolidated Statement of Cash Flows	42
Notes to the Annual Financial Statements	43 - 61
Summary of Significant Accounting Policies	62 - 70

RHODES UNIVERSITY

DETAILS OF OFFICERS AND MEMBERS OF COUNCIL as at 31 December 2011

Officers of the University

Chancellor: Professor G Jakes Gerwel

Principal and Vice-Chancellor: Dr M Saleem Badat

Deputy Vice-Chancellor – Academic and Student Affairs: Dr Sizwe Mabizela

Deputy Vice-Chancellor – Research and Development: Dr Peter Clayton

Chairman of Council: The Hon Mr Justice RJW Jones

Registrar: Dr Stephen Fourie

Council

The Vice-Chancellor – Dr MS Badat (1,3)

Chairman of Council: The Hon Mr Justice RJW Jones (1,3)

The Deputy Vice-Chancellor – Academic and Student Affairs: Dr S Mabizela (1)

The Deputy Vice-Chancellor – Research and Development: Dr P Clayton (1)

Appointment by the Minister of Education

Ms N Pityana

The Hon Mr Judge President CM Somyalo

Dr TR Terblanche (2)

Mr A Zinn

(Vacant)

Elected by Senate

Professor RTF Bernard (1)

Professor FT Hendricks

Professor DA Sewry

Professor ACM Webb (1)

Elected by the academic staff

Ms J Sewry

Elected by the administrative/support staff

Mr S Mpumlo

Ms N Ripley

Appointed by the Makana Municipality

Clr N Gaga

Clr R Madinda

Elected by the Board of Governors

Dr BS Rayner (1,2,3)

Appointed by Council

Ms W Bischoff

The Hon Mr Justice RJW Jones (1,3)

Mr C Meyer (1,2)

Ms M Schoeman

Dr N Stubbs

Mr NE Woollgar (1,3)

RHODES UNIVERSITY

**DETAILS OF OFFICERS AND MEMBERS OF COUNCIL
as at 31 December 2011 (continued)**

Co-opted Members

The Hon Mr Judge C Plasket (1)
Mr AB Steele-Gray (2)
Mr TS Tagg (1,2)
Bishop EM Ntlali

Appointed by the Students' Representative Council

Mr M Maralack
Mr J-R Pool

Secretary (in attendance)

Dr S Fourie

1 Member of the Finance and General Purposes Committee
2 Member of the Audit Committee
3 Member of the Remuneration Committee

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011

This report addresses matters of governance, and it records the developments and achievements which constitute progress by the University towards the attainment of the goals articulated in its Vision and Mission Statements. Council is confident that the University is well managed, that it offers its students a high quality educational experience and that it contributes to the country's research output in a way which is positively disproportionate to its position as the smallest of all South African higher education institutions.

The Council

The Council met four times during the course of 2011. Apart from the changes in student membership due to the annual Student Representative Council elections, the membership of Council was stable in 2010.

The composition of the Council at the end of 2011 is appended to this report. Attendance at Council meetings was generally good; the overall attendance of 74% was up from 69% in previous years.

Summary of attendance:

Attended 4 out of 4 meetings: Dr S Badat, Dr P Clayton, Dr S Mabizela, Judge CM Somyalo, Professor A Webb, Professor D Sewry, Professor F Hendricks, Dr B Rayner, Judge J Jones, Mr N Woollgar, Mr B Steele-Gray.

Attended 3 out of 4 meetings: Professor R Bernard, Ms N Ripley, Ms W Bischoff, Ms M Schoeman, Dr N Stubbs, Mr T Tagg.

Attended 2 out of 4 meetings: Ms N Pityana, Dr T Terblanche, Mr A Zinn, Mr C Meyer, Judge C Plasket, Bishop E Ntlali.

Attended 2 out of 3 meetings: Mr A Magubane (Term ended September)

Attended 2 out of 2 meetings: Ms C Leggit (Term ended June)

Attended 1 out of 2 meetings: Mr J-R Pool (Term started September)

Attended 1 out of 3 meetings: Mr T Amos (Term ended June)

Attended 1 out of 1 meeting: Ms J Sewry (Term started Dec), Mr S Mpumlo (Term started Dec), Mr M Maralack (Term started Dec)

Attended 0 out of 4 meetings: Clr N Gaga, Clr R Madinda

Attended 0 out of 2 meetings: Mr S Mzangwa (Term ended June)

Council sub-committees

The Council sub-committees are mandated to attend to issues of strategic or financial significance. The Executive Committee, the Finance and General Purposes Committee, the Remuneration Committee and the Audit Committee are all chaired by external members of Council with appropriate skills and experience. The issue of succession planning in relation to Council appointments has been prioritised. There were no matters on the agendas of these committees that were not resolved at the year end.

The Executive Committee seldom meets unless mandated to act on behalf of Council. In these instances all members of the committee are consulted. Attendance at the Finance and General Purposes Committee, the largest of the sub-committees, is good (overall 77% down from 82% in 2010) as is attendance at the Audit and Remuneration committees. The roles played by these committees are dealt with in greater detail by the Council's Report on Governance.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011 (continued)

Matters of significance considered by the Council

- Approved the transfer the amount of R3.728m to the Infrastructure Upgrade Reserve Fund.
- Approved the transfer of the surplus of R5.659m in the residences budget to the Residence Refurbishment Fund.
- Approved the expenditure of R3.2m to complete the postgraduate research commons facility.
- Approved the the sale of Rhodes House, Johannesburg, subject to the concurrence of the Minister.
- Approved the construction of a building for the Faculty of Education, using Infrastructure and Efficiency funding from the DoHET.
- Approved the Fundraising Policy of the Development and Alumni Relations Division.
- Approved a list of names and the procedures to be followed in naming residences.
- Approved the establishment of a postgraduate research commons at Level Zero of the new Library building.
- Approved changes to the Policy and Procedures for Personal Promotion of Academic Staff.
- Approved the Library Use and Conduct Code.
- Approved a balanced budget for 2012.
- Approved the Leave Policy for Support Staff.
- Approved a review of the School of Languages in terms of size and shape.
- Approved the enrolment and efficiency targets for 2013/14.
- Ratified the appointment of PricewaterhouseCoopers Inc as External Auditors for the Financial Year ending 31 December 2011.
- Noted the establishment of a Language Committee based on the necessity to co-ordinate activities related to the implementation of the Rhodes Language Policy.
- Approved the amended Policy for the responsible use of Alcohol.
- Approved the Policy on Eradicating Unfair Discrimination and Harassment.
- Approved a proposal to utilise part of the financial aid reserve funds to make bursaries and financing available in order to attract post-graduate students.
- Authorized the extension of the Vice-Chancellor's contract of employment at Rhodes University for a further period.
- Approved the criteria for the appointment of academics as Distinguished Professors.
- Approved the revised terms of reference for the Internationalisation Committee.
- Approved the reviewed Policy for Parental Benefits and Leave.
- Approved the revised Terms of Reference for the Language Committee.
- Approved the proposed fees and charges, based on a 8% tuition and residence fee increase.

Significant awards to staff and students

- A team in the Education Faculty led by Professor Jean Baxen, won a R20 million grant from the DHET for a Foundation Phase Teacher Development Programme. Rhodes is the lead partner in a consortium that includes WSU, NMMU and UWC. The R20 million grant was the largest awarded to any consortium and the Rhodes share is at least R8 million.
- A team led by Dr Monica Hendricks of the Institute for the Study of English in Africa was awarded R20.5 million by the Sishen Iron Ore Company Community Development Trust. This is a four-year grant for in-service teacher education programmes for teachers in the John Taolo Gaetsewe and Frances Baard education districts and environs in the Northern Cape.
- Mellon Foundation Funding: \$800 000 was received for a Humanities Focus Areas programme and \$95 000 for a Women's Scholars Programme.
- The Vice-Chancellor's Senior Distinguished Teaching Award for 2011 was awarded to Dr James Gambiza of the Environmental Science department.
- The Vice-Chancellor's Distinguished Teaching Award for 2011 was awarded to Ms. Juanita Finestone-Praeg of the Drama department.
- The Vice-Chancellor's Community Engagement Award for 2011 was awarded to Mr Mandla Gagayi.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011 (continued)

- The Ford Foundation approved a three-year grant of USD200 000 to Dr Hannah Thinyane, Senior Lecturer in Computer Science, to pilot the development of a Social Accountability Monitoring Tool – MOBISAM.
- Professor McQuaid was awarded the prestigious Gilchrist Award for his “outstanding contribution to the enhancement of marine and coastal science in South Africa including the Southern Ocean”.
- Professor C Macleod won the International Association for Women in Psychology’s Distinguished Publication Award.
- Professor J Limson was first runner up in the DCT Women in Science Awards – in the category ‘Distinguished Young Woman Researcher in the Life and Physical Sciences’.
- Professor T Nyokong was named the 2011 Distinguished Woman in Chemistry by the Pan African Chemistry Network of the Royal Society of the United Kingdom.
- Professor T Nyokong was invited to sit on the UNESCO High Panel on Science, Technology and Innovation for Development.
- Professor Janice Limson and Dr Earl Prinsloo were granted of R6.1 million from the NRF’s National Nanotechnology Equipment Programme for a new high sensitivity Surface Plasmon Resonance (SPR) Spectroscopy machine.
- Professors Heinrich Hoppe, Rosemary Dorrington, and Alan Hodgson were awarded a grant of R4 million from the NRF’s National Equipment Programme towards a new Transmission Electron Microscope (TEM).
- Professors Paul Maylam , Christopher McQuaid and Tebello Nyokong were awarded the status of Distinguished Professor.
- The Vice-Chancellor’s Distinguished Senior Research Award was awarded jointly to Distinguished Professor Paul Maylam and Professor Martin Villet.
- The Vice-Chancellor’s Distinguished Research Award was awarded to Dr Samantha Vice.
- The Vice-Chancellor’s Book Award was awarded to Professor Herman Wassermann.

Financial viability

As indicated in the Annual Financial Review, 2011 was a successful financial year for the institution, contributing to a further increase in the already viable financial state of the University.

Staff development and equity in 2011

During the course of 2011, a total of fifty-two Rhodes staff (permanent and temporary) acquired further qualifications, five of these PhDs and four of these Masters degrees. Ten staff acquired certificates in student assessment, a professional development course run by the Centre for Higher Education Teaching and Learning, aimed at improving the assessment of learners with a further three staff completing the full Postgraduate Diploma in Higher Education. Initiatives taken to assist and encourage academic staff in completing further degrees include the provision of academic leave (2 months for every year of service) to all academics as well as the provision of additional academic leave funded by the Mellon Foundation for those in the Humanities Faculty and Claude Leon Foundation for those in the Science Faculty, the remission of fees and student bursaries, the provision of funding for research expenses, and in many departments, the co-ordination of teaching schedules and even lesser workloads to maximise time that can be dedicated to completing the degree.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011 (continued)

The development of the next generation of academics remains a focus area and the accelerated development programme for academics, from designated groups, has continued and expanded. Four staff completing this programme were offered permanent posts in late 2011 or early 2012, three of which have been retained in Psychology, Fine Art and Entomology. A further two staff will be eligible for permanent posts at the end of 2012 in Information Systems and History and a further three in 2013 in Computer Science, English and Organisational Psychology. In 2011, further development posts were allocated to Biotechnology, Computer Science, the Centre for Higher Education Teaching, Learning and Research, Drama, Education and Environmental Science, all of which are linked to future staff retirements such that vacant posts will be available upon completion of the accelerated development programme. These posts will be filled in due course. Rhodes funding has also been used to facilitate the placement of new young staff on accelerated development programmes in Politics and Mathematics and a senior post in Sociology has been converted into two lecturer development posts.

Support staff also have the opportunity to complete further qualifications from NQF level 1 (through the provision of an ABET programme), NQF level 4 (through the running of the matric school), or at NQF levels 5 to 9 (either at Rhodes University through the provision of remission of fees or through the provision of funding to study at another institution). In 2011, two Rhodes staff completed their NQF level 1 qualification which is equivalent to grade 9. A further three completed their matric studies.

The Human Resources Division continues to run in-house programmes such as supervision, office administration, isiXhosa language courses and a variety of computer literacy courses.

The support staff internship programme continues to provide a vital pipeline of future staff from designated groups for the institution. This programme aims to provide young graduates or matriculants with the necessary work experience to secure employment, the majority of which are then employed in permanent posts in the institution. In 2011, internship placements were in areas such as Food Services, Marketing and Communications, Finance, Human Resources, Registrar's Division, the Research Office (this person later transferred to the Vice-Chancellor's Office), Centre for Social Development as well as academic departments including Journalism, Business School, Accounting and Chemistry.

During the course of 2011, all departments and divisions were required to review progress made against employment equity targets for their areas. In addition, a scorecard on equity statistics is presented to the Employment Equity and Institutional Culture Committee on a quarterly basis.

RHODES UNIVERSITY

**REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2011 (continued)**

As at 31 December 2011, the institutional profile of the number of designated staff is as follows:

Department of Labour Categories	Permanent staff			Permanent and temporary staff		
	Black (African, Coloured, Indian)	Women	Foreign national	Black (African, Coloured, Indian)	Women	Foreign nationals
Top and senior management	31%	31%	0%	31%	31%	0%
Professionally qualified (including academics) and mid management staff	18%	41%	11%	20%	42%	11%
Skilled technical, junior management and supervisory levels	47%	58%	1.5%	45%	60%	2.6%
Total institution	58%	51%	3.8%	55%	52%	5.3%

Note:

- Percentages for semi-skilled and unskilled have not been included.

The Policy for the Eradication of Unfair Discrimination and Harassment was approved in 2011 and has been implemented in 2012. This policy provides critical mechanisms for staff to report complaints of unfair discrimination and harassment e.g. racism, sexism, homophobia. A revised exit interview protocol was approved in 2011 and has been implemented in 2012. This is to ensure that quality data is gathered related to the reasons for staff leaving the institution, particularly those from designated groups. A new induction programme, designed in 2011, has been implemented in early 2012.

The institutional imbizo of 2011 included a session on equity and institutional culture and provided an important opportunity to discuss the challenges being experienced at multiple levels in the institution as well as within the Higher Education sector. Focus areas from the imbizo relating to employment equity have been integrated into the qualitative goals of the Employment Equity plan of the institution.

Composition of the student body

Student numbers totalled 7285 in 2011 (up from 7166 in 2010). The details thereof are contained in the report of the Chairperson of Senate. The University is on track to meet its enrolment targets.

Research

The research activities are dealt with in detail in the report of the Chairperson of Senate. The University continues to function as a research-intensive institution with an enviable research publication record for the smallest public university in South Africa.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011 (continued)

Campus infrastructure

Following a number of years in which there was considerable infrastructure development, 2011 was a relatively quiet year. Work was begun on converting a house in Gilbert Street into accommodation for senior visiting researchers and a new roof was put onto Dingemans residence.

Prominent events on campus

- Graduation: Five graduation ceremonies took place at which honorary doctorates were awarded to Tariq Ali, George Bizos, Herbert Kretzmer, Basil Moore, Joe Thloloe and Lillian Cingo.
- Convocation and Founders Day: Convocation was well supported by alumni and Distinguished Old Rhodian Awards (for those alumni who have attained and maintained excellence in their chosen fields of endeavour and in their service to society) were presented to Connie Molusi, Margie Keeton and Judith Bishop. A new award, the Emerging Old Rhodian Award, was instituted during the year under review. It is an award specifically aimed at honouring younger (under 40) Old Rhodians who have excelled early in their career and shown potential for continued success. The awardees were Garth Cambray and Tembeka Ngcukaitobi.
- University Imbizo. A successful imbizo was held to critically revisit and engage on the core values, purposes, goals and strategic directions of Rhodes University, and the efficacy of the policies, instruments and processes for their realisation; and to critically discuss the emerging Institutional Development Plan for the coming 5-10 years

Student services

A wide variety of services are available to students in order to provide non-academic support, enhance overall student wellbeing and to provide opportunities to participate in sporting and cultural activities.

Awareness-raising & transformation

The Dean of Students Division promoted transformation through policy development & implementation and as well as practical initiatives focussing on education and advocacy. The Division offered support to victims of harassment and discrimination and maintained a critical incidents database. The division ran a number of successful awareness-raising weeks, including House Committee Leadership Training (Jan/Feb), Orientation Week (Feb), Anti Alcohol Abuse Week (Feb), Human Rights Week (March), Anti Sex & Gender based violence Week (April/May), LGBTi Pride Week (May), Africa Week (May), Women's Week (Aug), HIV/AIDS Awareness Week (Aug) and Constitution Week (Sept).

A campaign against Sexual Violence was a huge success, with over 1000 students participating for the full day.

The Dean of Students' Alcohol-free challenge was enhanced through a successful Dean of Students Variety Show, and an on-line usage survey, in which students were supplied with personalised feedback on their own drinking habits. As part of the effort to shift drinking culture, much time and energy has been devoted to putting together a comprehensive motivation and lobbying for a 'chill centre' in the Biko building.

Owing to the growing difficulties experienced by many of our indigent students who are on financial aid but have no spare money at all, The Dean of Students Pocket Money Fund was launched, and the DoS Office was able to use the money (from monthly staff donations) to assist over 100 very needy students with R130 pocket money for 10 months of the year.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2011 (continued)

Policy development, review & implementation

A new Leave of Absence Policy was drafted, approved by Council and widely publicised on campus. The policy has streamlined and clarified procedures for obtaining permission to miss classes.

Students with disabilities

The Dean of Students Division continues to act as a champion for the rights and needs of students with disabilities within the institution. A grant from the Ford Foundation has enabled the purchase of technically advanced computers and software to assist sight- and hearing-disabled students. These are housed in the Library. Part-time staff assistance has been secured, to ensure a rapid response to the needs and requests of disabled students..

Student leadership development

The Rhodes slogan of “where leaders learn” becomes a lived reality through various initiatives. Several training programmes to support student leadership, including the training of all subwardens and House Committees, prior to Orientation Week, and mandatory training for all committees of Sports Clubs and Societies are organized annually.

A “Top 100” Awards Ceremony was held to recognize inspiring student role-models in a range of fields. Eleven floating trophies for leadership are awarded, one by each of the halls of residence, to the top student leaders.

Residential system

Hilltop Hall with three new residences was launched in 2011. A significant task was the selection of staff and student leadership for the new hall.

A new disciplinary database was launched during the year, with a user-friendly interface, enabling reports to be drawn, and showing, for example, uncompleted hours of compulsory service.

A new online mid-year review of performance of all house committee members and sub wardens was introduced, in order to counteract the tendency to ‘relax’ by midyear and neglect obligations. Mid-year refresher training for all residential leadership teams was instituted and proved to be very successful.

Counselling centre

The Counselling Centre works from a wellness model which states that practicing healthy choices can create a more successful and balanced lifestyle. The aim of the centre during 2011 was to remain focused on the core business but in addition to target students physical, academic, social, emotional and spiritual wellness holistically. The first ever Wellness week was held in October and was a great success, having a significant impact on campus.

All counselling meets the standards of the Health Professions Council of South Africa. Statistics show that students of all cultural groups are comfortable in utilising the CC’s services.

Health care centre

A very positive collaboration between the Health Care Centre and the Department of Health led to the Centre being an ARV roll down site. A HIV Officer commenced duty on 1 September 2011. All first years, and other students and staff, were invited to have their eyes tested for free during orientation week. The Health Care Centre staff met with various stakeholders to discuss cancer initiatives on campus and blood donation initiatives. These health care initiatives are an opportunity to broaden the Centre’s involvement in diverse service delivery matters.

RHODES UNIVERSITY

**REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2011 (continued)**

Sport

Rhodes Sport hosted a very successful USSA Squash tournament in July and participated in the Eastern Cape Intervarsity hosted by University of Fort Hare. Rhodes teams also participated in various USSA national tournaments held around the country.

Renovations and an upgrade to Health Suite were completed in December 2011.

Conclusion

Good student success rates, a highly productive research capability, ongoing attention to institutional culture, inter alia, have all contributed to realizing the goals of the University as set out in its vision and mission statements.


JUDGE R J W JONES
CHAIR OF COUNCIL
14 June 2012

Goals and objectives

The goals, objectives and plans of Rhodes for the period under review must be considered in relation to the overall social purposes for which Rhodes as a university exists. Rhodes University seeks to serve three fundamental purposes.

The first is to *produce knowledge*, so that we can advance understanding of our natural and social worlds and enrich our accumulated scientific and cultural heritage. This means that we “test the inherited knowledge of earlier generations”, we dismantle the mumbo jumbo that masquerades for knowledge, we “reinvigorate” knowledge and we share our findings with others. We undertake research into the most arcane and abstract issues and the “most theoretical and intractable uncertainties of knowledge”. At the same time we also strive to apply our discoveries for the benefit of humankind. We “operate on both the short and the long horizon”. On the one hand, we grapple with urgent and “contemporary problems” and seek solutions to these. On the other hand, we “forage” into issues and undertake enquiries “that may not appear immediately relevant to others, but have the proven potential to yield great future benefit”.

As a university our second purpose is to *disseminate knowledge* and to cultivate minds. Our goal is to ensure that our students can think imaginatively, “effectively and critically”; that they “achieve depth in some field of knowledge”; that they can critique and construct alternatives, that they can communicate cogently, orally and in writing, and that they have a “critical appreciation of the ways in which we gain knowledge and understanding of the universe, of society, and of ourselves”. At the same time, we also seek that our students should have “a broad knowledge of other cultures and other times”; should be “able to make decisions based on reference to the wider world and to the historical forces that have shaped it”, and that they should have “some understanding of and experience in thinking systematically about moral and ethical problems”.

Our final purpose as a university is to undertake *community engagement*. On the one hand this involves our students’ voluntary participation in community projects. On the other hand, it involves service-learning, in which through academic courses our students and academics take part “in activities where both the community” and we benefit, “and where the goals are to provide a *service* to the community and, equally, to enhance our *learning* through rendering this service”.

In short, students come to Rhodes University to embark on a voyage centred on the pursuit, making and sharing of knowledge. This is why we refer to Rhodes as indawo yolwazi - a place of knowledge. This journey is at the same time also a voyage of self-discovery. The time our students spend at Rhodes is an opportunity to discover who they are. It is said that ‘you are who you are’. That’s not true. You are who you *learn* to become. We at Rhodes University seek to support our students to learn, and to learn to become.

William Butler Yeats, the great Irish poet and winner in 1923 of the Nobel Prize for literature writes that “education is not the filling of a pail, but the lighting of a fire”. The idea of education as the igniting of the intellect and of the desire to question, to learn, and to discover is one that we at Rhodes strongly embrace. However, the fire that higher education must light cannot be satisfied with imparting only technical and vocational skills or simply preparing students for the labour-market and the economy. To reduce higher education to producing just competent accountants, pharmacists, scientists, lawyers and educators is to devalue higher education and to strip it of its considerably wider social value and functions.

Higher education is also intimately connected to the idea of democratic and critical citizenship, the assertion and pursuit of social and human rights and the cultivation of humanity. We seek our graduates to be not just capable professionals, but also thoughtful, sensitive and critical intellectuals and citizens – people who think about ethical issues, and questions of justice, equity, human rights, and the common good. Our teaching, research, and community engagement therefore seek to be alive to the social, economic as well as moral challenges of our local, national, African and international contexts.

Our students are reminded that South Africa continues to be one of the most unequal societies on earth in terms of disparities in wealth, income, opportunities, and living conditions. The divisions of race, class, gender and geography and the privileges and disadvantage associated with these are still all too evident – not least in the town in which Rhodes is located. Hunger and disease, poverty and unemployment continue to blight our democracy. Millions of South Africans are mired in desperate daily routines of survival on less than R 10 a day. Patriarchy and sexism stifle the realization of the talent of girls and women and the contribution they can make to the development of our society. Crime, rape and abuse of women are pervasive, morbid ills that wreak havoc in our country. Instead of an ethos of public good and selfless service, unbridled individualism, crass materialism, and a vulgar mentality of “greed is cool” and “grab what you can” run rampant in our society.

It is for good reason that the Rhodes University slogan is ‘Where Leaders Learn’. This expresses our commitment to produce outstanding people and leaders, who are not only knowledgeable, wise and visionary, but also ethical and compassionate. As the Indian Nobel laureate Rabindranath Tagore has put it: ‘We may become powerful by knowledge, but we attain fullness by sympathy.’

Our understanding of our core social purposes informs our overall social and educational goals and objectives. Rhodes seeks to:

- ❖ Possess an intellectual, social and physical environment and institutional culture that embraces academic freedom, the pursuit of truth and the flowering of the intellect intellectual autonomy and rational debate, and facilitates high quality learning, scholarship and knowledge production, and community engagement that is nationally and internationally recognised.
- ❖ Be an outstanding undergraduate university. Our objectives are to
 - Produce knowledgeable, skilled and socially committed and compassionate intellectuals and graduates equipped to exercise leadership in our society
 - Maintain our status of possessing best or among the best undergraduate pass rates and graduations rates among South African universities
 - Ensure that we provide effective academic and financial support to all our students, and especially black South African students who are from historically disadvantaged public schools
 - Pursue the appropriate balance between face-to-face teaching-learning and other forms of teaching-learning that harness the potential of new information and communication technologies
 - Establish an appropriate model for extended studies programmes for students that do not meet our normal admission requirements but display talent and potential.
- ❖ Be an excellent postgraduate and research-oriented university. Our objectives are to
 - Produce knowledgeable, skilled and socially committed and compassionate intellectuals, professionals and scholars that lead in our society.
 - Maintain our status of possessing among the best research outputs per capita academic staff
 - Pursue a trajectory of becoming more postgraduate and research-oriented without any compromise of the high quality undergraduate provision for which we are well-recognised – the overall objective is to *enhance the quantity, the quality and the equity profile of postgraduates* in coming years
 - Ensure that we provide effective scholarly and financial support to all our students
 - Ensure that we continuously enhance the quality of leaning and research opportunities, especially for black South African students, through new initiatives

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

- ❖ Pursue high quality community engagement and service learning that is characterised by critical and mutually respectful and beneficial interaction. Our objectives are
 - To facilitate and support the engagement on the part of the different sections of the university community with the social ills, problems, and challenges of our society, towns and cities through community outreach, student and staff volunteerism and service learning
 - To help build the institutional capabilities of specific institutions and organisations, and the capacities of particular defined constituencies and individuals
 - For Rhodes students and staff to simultaneously develop as individuals and citizens through a process of discovery, listening, understanding and contributing.
 - For community engagement to be a bridge for students, staff and the university as a whole to acquire more knowledge and greater awareness and understanding of social realities, and for the development on the part of staff and students of new competencies and skills
 - To institutionalise service-learning as a curricular innovation that builds on the core knowledge dissemination and production purposes of the university and is infused in the teaching and learning and research activities of the university and staff and students

In so far as the above goals and objectives are concerned, we give continuous attention to them and it is safe to say that that we are either achieving them or are on track to achieve them. Especial attention is being given to putting in place the structures and processes and mobilising the finances to sustain the greater postgraduate and research trajectory that the University wishes to pursue.

The University can express especial satisfaction with the continuing development and progress in community engagement and service learning. From a modest beginning in 2006 with a single staff member, today Rhodes has a Director of Community Engagement, five additional staff and a dedicated budget for community outreach, staff and student volunteerism and service-learning. A range of partnerships exist between Rhodes and various kinds of communities and significant numbers of students and clubs and societies are involved in myriad activities.

Institutional planning

Institutional planning, and the creation of structures, mechanisms and processes for such planning, seeks to hold fast to core academic values. It must accord to academic faculties and departments substantial autonomy and guarantee scholars academic freedom with regard to teaching and research. It must also guard against producing an institutional culture of dull, plodding conformity that stifles imagination, creativity and innovation. There must be space for academic and research programmes with different purposes, methodologies, pedagogies and modes of delivery, and that respond in distinct ways to our varied and changing intellectual, social, and economic needs.

As a university, it is necessary to analyse our changing context, to monitor, evaluate and interpret economic and social dynamics, trajectories and trends, and to read the nature of policies and policy signals. The political terrain, economic conditions, macro-economic policy, the high-level knowledge and skills requirements of the labour market, budgets for higher education, including student financial aid, secondary school outputs all warrant close analysis for they impact on the work of a university and have implications for our institutional development. We do not wish to be purely determined by our context, but to also engage pro-actively to shape and modify our context.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Planning has as its *objects* the following:

1. Enrolments

- The size of the overall student body of the University
- The rate of annual growth
- The mix between undergraduate and postgraduate students
- The mix between students in Humanities, Science, Commerce, Pharmacy, Education and Law
- The mix between local and international students (including short-term exchange students)
- The equity (class, race and gender) profile of the University
- The geographical origins of local students
- Is there an envisaged maximum size?

2. Academic programmes

- The current academic programmes (disciplines, fields, qualifications, extended studies) of the University
- The mix between undergraduate and postgraduate programmes
- The nature of academic programmes (formative, professional, disciplinary, inter- and multi-disciplinary)
- The breadth of programme offerings and possible course combinations
- The desirability and feasibility of new academic programmes
- Academic pass, throughput, success and graduation rates
- Research productivity.

3. Staff

- The size of the University's academic and support staff bodies
- The rate of annual growth of the academic and support staff bodies
- The academic: student ratio
- The mix between local and international staff
- The equity (race and gender) profile of the academic and support staff bodies
- Developing a new generation of academics and transforming the social composition of the academic staff body.

4. Infrastructure

- The available infrastructure to support academic programmes
- The available infrastructure for student accommodation and sports/cultural activities
- The available infrastructure for housing for academics
- The available infrastructure for administrative and other support services
- The backlogs with respect to infrastructure for academic programmes, student accommodation, sports/cultural activities, housing for academics and administrative and other support services
- The implications of future enrolments and academic programmes for different kinds of infrastructure
- The capability and capacity of Makana Municipality to provide the necessary services to support larger enrolments and new infrastructure.

5. Finances

- The available finances to
- √ Maintain current academic programmes
- √ Initiate new academic (teaching and research) programmes
- √ Remunerate staff appropriately
- √ Ensure infrastructure backlogs are addressed and to support additional infrastructure related to growth and development

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

- The current and possible future mix of sources of funding
- √ State subsidy - including teaching input funds, teaching outputs funds, research (postgraduate outputs and publication) related funds, institutional size funds, student composition funds, teaching development grants, research development grants, academic development funds, infrastructure and efficiency funds
- √ Student tuition fee income
- √ Third stream income – including short courses, research contracts, endowments and gifts
- The effective and efficient use of available finances to address the social purposes of the University, implement agreed upon strategies and realise defined goals.

Integral to planning is inspiring, conceptualising, managing, communicating and effectively implementing change. Institutional change is a demanding undertaking, whose complexity and enormity is not always fully understood. It requires sober, careful, detailed and realistic planning, that gives attention to strategies, structures and instruments, available financial resources, sources of expert staff, time frames, and so on. At the same time that change is being undertaken in certain areas, various other areas of institutional activity have to continue to be steered, supported and maintained. Thus, institutional change and institutional maintenance have to be managed simultaneously (not consecutively). If not managed effectively, parts and aspects of the University that function relatively well could become dysfunctional and create new problems.

The *purposes* of planning are threefold. One is to ensure that Rhodes has carefully considered and formulated ideas on its academic and overall institutional trajectory and development. Another is that we are not simply shaped by historical patterns and contemporary currents and pressures but proactively and consciously shape our future. And, finally, that choices and decisions are made with respect to knowledge production, teaching-learning and community engagement.

These choices include the balance between undergraduate and postgraduate provision, the breadth of qualifications and programmes, the nature of programmes (the mix between general formative, vocational, professional, etc.), the mode of provision (contact, distance, e-learning) and the like. Regarding knowledge production, there are choices on different kinds of scholarship (discovery, integration, etc.) and the nature of research (fundamental, applied, strategic, developmental). Community engagement involves issues such as relations with different kinds of communities (mining, manufacturing, agriculture, commerce, government, non-governmental organisations, social movements), which operate in different spaces (national, provincial, regional, local), and have different requirements (research, teaching).

Certain values, principles, purposes, goals and strategies, may stand in a relationship of intractable tension in so far as, for good social reasons, we wish to pursue them *simultaneously*. Paradoxes have to be creatively addressed and policies and strategies devised that can satisfy multiple imperatives, *balance* competing goals, and enable the pursuit of equally desirable goals. If trade-off's are necessary, they must be made deliberately with respect to their implications for vision and goals, and also transparently. Such trade-offs and choices must be communicated in ways that build understanding and secure support from important constituencies.

Allied to the need to make difficult choices, priorities have to be established with respect to institutional goals - more easily asserted than accomplished in practice. Yet some basis for prioritising, for establishing first order, second order and third order priorities, and for determining what changes are essential concurrently and what changes can be sequential, is crucial if an institutional development agenda is to be effectively pursued.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

A key intended *outcome* of planning is an Institutional Development Plan, which is not a cast-in-stone invariant blueprint, as much as a *compass* that guides developments, prioritisation, decision-making and implementation at Rhodes while leaving room for pursuing new imperatives and exploiting possible new opportunities; that Rhodes is financially sustainable taking into account its enrolments, academic programmes and operations, and its staffing and infrastructure requirements; that we are able to effectively address and pursue new social and educational imperatives, goals and strategies; that there is an alignment between enrolment planning, academic planning, staffing, infrastructure planning and financial planning, and that this occurs on a longer-term horizon than has hitherto existed.

In general, an extensive range of good quality information related to academic and administrative issues is available to the University management. An annual *Statistics Digest* presents relevant information. A very capable and experienced Data Management Unit, headed by a Director who is part of the senior administration of the University works closely with other structures (the IT, Human Resources, Finance and Residential Operations divisions and the Registrar) to write programmes, and collect and present various kinds of useful information. The necessary and needed modernisation in certain areas is underway.

An Institutional Development Plan is in the process of development, as is a specific Transformation Plan that addresses issues of equity and academic and institutional culture. In addition, attention will be given to identifying the kinds of academic information that needs to be collected and regularly analysed by the Institutional Planning Unit and Centre for Higher Education Research, Teaching and Learning in order to ensure that there is effective learning support and equity of opportunity.

Enrolments and graduations

Following discussions with the Department of Higher Education & Training, Rhodes University's enrolment plan for 2011-2013 was finalised.

With 7 192 students in 2010, Rhodes target enrolments are 7 390 in 2011, 7 576 in 2012 and 7 645 in 2013, an overall growth of 2.2% over 2011-2013. These enrolments mean that we will remain the smallest university in South Africa.

Provision was made for an intake of 1 500 first-time entering undergraduates during each of the next three years, meaning a very modest overall growth in undergraduate enrolments of just 0.1% - from 5 309 students in 2010 to 5 329 students in 2013.

Much of the new enrolment growth in coming years is targeted at postgraduate level. Growth of 8.2% is planned to occur – an increase in postgraduate numbers from 1 840 in 2010 to 2 273 in 2013. If these targets are realized, postgraduate enrolments at Rhodes will increase from 26% in 2010 to 30% in 2013

Women as a proportion of the total student body were projected to remain at 59% and international students at 20%. The number of black students will increase; the extent to which the proportion of black students (currently 58%), and specifically black South African students, especially from the Eastern Cape, will increase will depend on the availability of state financial aid and the ability of the University to mobilise donor funds to support needy deserving students. In recent years Rhodes has devoted substantial amounts of its own core funds (that is, non-state and donor financial aid funds) to financial aid, but has now reached the limits of its own internal financial allocations.

Finally, the current proportions during 2011-2013 in terms of fields of study is intended to remain constant: at 26% natural sciences/pharmacy, 12% commerce, 6% education and 56% arts, humanities, social sciences and law.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

A number of considerations underpin the 2011-2013 enrolment plan. One is the need to consolidate the considerable undergraduate growth that occurred between 2007 and 2009, when some 800 new undergraduates entered Rhodes. This will also provide the space to investigate key long-term institutional growth issues, including within the Grahamstown context. Another is to give effect to Rhodes' overall institutional development strategy of increasing further the current postgraduate and research-orientation of Rhodes.

Actual enrolments in 2011 were 7 285 students, comprising 4 288 (59%) women and 2 997 (41%) men. 59% were black and 41% were white students. 78% were South African students and 22% international students from over 50 countries around the world, but especially Southern African Development Community countries and the rest of Africa. Black South Africans constituted, 40% (2 908) of the overall student body, and 51% of all South African students. 27% (1986) of enrolled students were postgraduates, in line with the goals of increasing the numbers and proportion of postgraduates at Rhodes.

During 2011, 2 240 students graduated from Rhodes. 1 333 students received undergraduate degrees, and 907, or 40% postgraduate degrees. 1 383 graduates or 62% were women. 445 or 20% were international students from 32 countries in the rest of Africa and from countries around the world. We also celebrate a new University record of 55 PhD's, including 25 in the Science faculty and 15 in a single department: Chemistry. This was a tremendous achievement for the smallest university in the country!

Academic activities

The very modest increase in undergraduate enrolments during 2011-2013 signals that there were no plans to introduce any new undergraduate programmes. Instead, much attention will be given to

- Identify potential new postgraduate and research niche areas and programmes
- Decide on such areas and programmes and ensure there is effective planning and implementation
- Support the Humanities Faculty to ensure that it increases its contribution to postgraduate and research outputs
- Develop appropriate institutional arrangements to effectively support larger numbers of Honours, Masters and Doctoral students, as well further enhance their academic and social experiences.

Currently, five prestigious South African Research Chair's awarded by the National Research Foundation exist in Medicinal Chemistry, Marine Science, Astronomy and Mathematics Education (two). The University will continue to pursue further chairs in proven areas of academic excellence.

2011 saw the introduction of three new postgraduate and research focus areas funded by the Mellon Foundation: in *Southern African Literature*; in *Critical Sexual and Reproductive Health Studies*, and in *Visual and Performing Arts of Africa*. Funds permitting, there will be hopefully a fourth focus area on Media and Democracy under Prof. Herman Wasserman of Journalism and Media Studies. We have also set aside funds for a new postgraduate and research focus area in another Faculty.

New Masters programmes began in 2011 in Creative Writing, Social Policy, Bioinformatics and Applied Computer Science, as well as a new Honours specialisation in Health Journalism in partnership with Discovery Health. It was planned to continue expansion of the new Doctoral programme in Higher Education Studies that was initiated in 2010.

Other new postgraduate and research programmes to consolidate our excellence in water, isiXhosa and multilingualism, medicinal chemistry and fisheries science are intended to follow. On the basis of our breadth and depth in water education and research, we hope to become a key institutional hub on the African continent in this field. In partnership with the universities of Fort Hare and Nelson Mandela Metropolitan, and with the support of other South African and rest of Africa universities, and the departments of Water, Science and Technology and Higher Education and Training, we hope bid for and win the right to become a UNESCO Institute of Water Education and Research.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

To give impetus to our plans and support strategic new academic initiatives the University's Council and Board of Governors agreed in November 2010 to create the Sandiswa *Imbewu* ('We are growing/multiplying our seeds') Fund. R 12.5 million was pledged between 2011 and 2015 as seed funding for new initiatives. The Fund is intended to help consolidate and enhance current areas of academic excellence at Rhodes; facilitate ventures into new academic and research areas, especially at the postgraduate level; support Rhodes to exploit new opportunities that can develop research and knowledge production, and further enhance the quality of graduates produced.

A call for proposals elicited 30 proposals; owing to the available funding it was possible to only support 9 initiatives:

- Environmental Learning, Agency and Societal Change: Educational Implications.
- UPANDO UBUNGQINA: Master's Degree in Forensic Science and Expert Evidence.
- Development of a multidisciplinary research platform in aquatic sciences.
- Connectivity through allochthony: reciprocal links between adjacent terrestrial and aquatic ecosystems in South Africa.
- Nanofibre colorimetric diagnostic probes for biological and environmental samples.
- Unlocking the future of biotechnology at Rhodes.
- Understanding health reform and policy implementation in a democratic South Africa: the medical professions' response to the proposal for a universal system of health care.
- Chinese Organisations in sub-Saharan Africa: New Dynamics, New Synergies.
- Maternal and Infant Health: Assessment, Community educational intervention and Evaluation.

During 2011, Rhodes graduated 907 postgraduates, including 407 Honours, 214 Masters and 55 PhDs. We estimate that our publications output in 2011 will be 310.20 units as opposed to 292.38 units in 2010.

In 2011 we celebrated a number of important anniversaries. One was the 100th anniversary of the History Department. Another was the centenary of the Old Rhodian Union, founded in 1911 by Professor Cullen Bowles and Sir George Cory to form a link between alumni and their alma mater. The Rhodes Student Representative Council celebrated its 101st anniversary. Various activities were held to celebrate all the anniversaries.

Student services and extra-curricular activities

In so far as student services and extra-curricular activities (beyond community engagement) are concerned, Rhodes is committed to the all-round development of students and as a highly residential university gives great attention to ensuring a positive overall student experience. A Health Suite (recently extended and modernised) exists which students can visit for minor ailments and to make appointments with a visiting doctor, and a Student Counselling Centre constituted by qualified counsellors provides various services to students. Large numbers of students participate in a variety of sports, which is under the auspices of a Sports Council comprising staff and students and managed and administered by student-run sports clubs. An annually elected SRC leads student involvement in university governance and also relates to various student clubs and societies. Great consideration is given to the creative use of spaces such as the residences and sport and cultural clubs and activities to realize the talents and potential of students and provide opportunities for students to develop intellectually, socially and personally.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

One of the special and distinctive features of Rhodes University is our outstanding residence system and we make a tremendous effort to ensure that the experience of our students of our residences is an integral part of their overall positive experience of Rhodes. Almost 1 in 2 and 65% of our undergraduates students live in a residence - 3 467 students. Rhodes has 50 residences which are linked to 12 dining halls and a 13th dining hall exists for oppidan students. Each residence has a warden (usually a Rhodes academic or support staff member), an elected House Committee and appointed sub-wardens. All House committees and sub-wardens attend a week-long orientation programme at the beginning of the academic year and are challenged to address how we can: creatively use the residences to make them an integral part of the overall education and development of students; make our residences environments that can help the University produce the kinds of students we seek to develop and graduate, and develop leadership and the attributes of our motto *Vis Virtus Veritas - Strength Virtue Truth* - through the residences. They are also implored to appreciate the rich diversity that exists at Rhodes and in the residences, to unequivocally respect this diversity, and to embrace this rich diversity as exciting and a fountain of great vitality for the personal, social and intellectual development of students.

Staffing

Key, of course, to institutional and academic quality is qualified and committed staff. In this regard, attention is being given to:

- Improving teacher: student ratios in specific areas
- Improving the equity profile of academic and senior support staff
- Continuing to build the next generation of academics, and especially black and women academics
- Effectively supporting new and emerging scholars academics
- Finalising, after consultation with staff unions, a remuneration policy
- Systematically moving to remunerate all staff on the 50th percentile.

Among South African universities, Rhodes has one of the highest proportions of academic staff with Doctorates. In 2011 52% of our academics had Doctoral and 30% Masters degrees. While the general teacher: student ratio at Rhodes is among the best in the country, certain areas – especially in Commerce and Law - need to be improved.

Rhodes has a relatively flat senior administrative management staff structure, which means that considerable demands are placed on senior managers and administrators. This means that senior managers and administrators must address strategy as well as operational matters to a much greater extent than is perhaps the case at other institutions. Given budget pressures and the commitment to allocate budgets for new posts to the academic arena, the pressure on senior managers and administrators is likely to be a constant. It does, on occasion, translate into longer lead times for new initiatives and policy and strategy implementation.

Finding suitably qualified, high quality senior academics with the requisite experience is a significant problem in general and especially in certain disciplines and fields – Economics, Accountancy, Geology, Statistics, Computer Science and Law – and in specific areas of senior management, such as Finances and Operations and Estates/Facilities Management.

The problem is especially severe with respect to finding Black South African candidates – in general and especially for senior positions. Donor funding from the Mellon and Kresge foundations is being used for innovative accelerated programmes to develop black South African and women scholars who are guaranteed employment at Rhodes on completion.

In so far as equity is concerned progress continues to made, though with some difficulty in the academic arena. Issues of institutional culture are very much on the agenda of the Equity and Institutional Culture Committee and the new Director of Equity and Institutional Culture. At the same time, the differentials between earnings in the public and private sectors and the remuneration that is offered and affordable at Rhodes remains an ongoing challenge.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Infrastructure

Supported by R 142.5 million of government Infrastructure and Efficiency Funding, donor funding and alumni support, recent years have seen the construction of a spectacular new library, five new residences and a dining hall, an environmental education learning centre, and new equipment for life sciences. This year, construction will begin on a new teacher education building.

The new 8000 square metres Library, opened by the Minister of Higher Education and Training in November 2010, with its state of the art and technology facilities will help further cement Rhodes' standing as one of Africa's leading teaching and research institutions.

It embodies our determination to continue to provide a high quality education and experience to our students who come from diverse social and national backgrounds; to continue to push forward the frontiers of knowledge and understanding, and to continue to possess the best undergraduate pass rates, among the most outstanding postgraduate graduation rates, and among the highest per capita research outputs of any South African university.

The new library includes a Research Commons, in large part made possible by a generous grant from the Carnegie Corporation of New York. This is part of a prestigious \$2.5 million programme involving six South African universities: Rhodes, UCT, Stellenbosch, Wits, Pretoria and UKZN. The Rhodes share is over \$300 000 and is intended to cover three initiatives: the Research Commons, enhancing of staff capabilities in research librarianship, and the implementation of a portal that will use advanced discovery search tool software to access online information resources.

The Research Commons has facilities for photocopying, scanning, charging laptops, as well as a seminar room. It possesses state-of-the-art equipment and an ambience which makes it eminently suitable for the production of new knowledge. It will serve senior postgraduate students and staff, and especially emerging researchers who may not otherwise have access to such a space. The idea has been to create an environment that is supportive and conducive to producing quality research, to develop a community of practice that young researchers will aspire to join and which can help to overcome feelings of loneliness and isolation.

The Research Commons will be staffed by professional librarians supported by senior postgraduate students, who will serve as research navigators to assist after normal office hours. Some 16 Rhodes Library staff members were selected to participate in national training workshops for the consortium partners. They have been exposed to the full spectrum of activities and dynamics involved in the research process, in order to understand and provide relevant support for researchers. 4 librarians will participate in a 10-week internship in the USA, where they will immerse themselves in what a top-level research librarian does.

Our R75 million investment in the library extends well beyond the bricks and mortar of this impressive new infrastructure. More importantly, it embraces the tasks of cultivating new generations of graduates, professionals and critical citizens, and of producing knowledge, the lifeblood of human development in the 21st century.

The initial budget for the new library was R97 million. We settled with contractors on an all-inclusive cost of R86 million. The final bill was R75 million, some 13% below the original estimate, achieved through disciplined and honest project management.

We understood that we were using gifts and citizen's taxpayer public funds that had to be accounted to the last cent. We pledged to donors that we would use their investment scrupulously, creatively and wisely, and we discharged our pledge with grace and style.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

During 2011, there will be an opportunity to apply for new Infrastructure and Efficiency Funding for 2012-2014. We will request support for a new life sciences building; a new School of Languages building, which will take African languages and work in multi-lingualism to new heights and also help free up space for numerous new projects in the Humanities; upgrading of facilities in Pharmacy; a new postgraduate residence and upgrading/renovations to some residences; support for better-equipped laboratories and cooperative projects in partnerships with HDIs around water education and research (with Fort Hare and NMMU) and others HDIs; building the teaching-learning capabilities of HDIs using the expertise in CHERTL, and a promotion of isiXhosa as a language in higher education initiative with Fort Hare, Walter Sisulu, UWC and other Eastern and Western Cape universities. We continue to aspire to build a new indoor sports centre or to considerably expand the current one, given the increased student numbers and the burgeoning of sport at Rhodes.

New infrastructure development at Rhodes will be guided by a long-term Campus Development Plan, so that we remain a beautiful campus and also incorporate environmental considerations in our planning. A draft Campus Development Plan has been presented to various constituencies and will be finalised in due course.

Finances

The budget process at Rhodes involves all key stakeholders and is open to all members of the Rhodes community. Rhodes is committed to a zero-deficit budget and annually balancing income and expenditure. Key issues are the annual public subsidy, the projected increases in tuition and residence fees, expected inflation and salary increases. There is great sensitivity to tuition and residence fees increases given the burden of university costs and equity considerations. Any annual surpluses, which are generally extremely modest, are allocated to an Infrastructure and Strategic Developments Fund in the case of the general university budget, and in the case of the residence budget to a Residence Infrastructure and Maintenance Reserve Fund. Considerable effort is to be made to increase third stream income in the forms of research contracts, grants by foundations and corporates and alumni contributions. The University can express satisfaction in its innovations, efforts and achievements in recent years with respect to third stream income, spearheaded by a Development and Alumni Relations Office.

Once the budget is approved by Council, a Budget Executive Committee chaired by the Vice-Chancellor ensures effective oversight of income and expenditure, approves any expenditure beyond the budgeted amount, and makes recommendations to the Finance and General Purposes Committee of Council on funding issues and the deployment of available funds in the Infrastructure and Strategic Developments Fund. A process is under way to attempt to plan on a three-year basis and generate budgets for a three-year time frame.

Managerial/administrative aspects of Rhodes' operations

Turning to managerial/administrative aspects of Rhodes' operations it can be confidently asserted that Rhodes University is generally an extremely well-managed and administered university. Institutional management and administration, as opposed to governance, is facilitated by six structures:

- Weekly meetings of the senior administrative management of the University (the VC, the DVC's of Academic and Student Affairs and Research and Development and the Registrar and Registrar: Finance and Operations)
- Regular meetings of the Academic Leadership Forum (the senior administrative management and all six Faculty and the Deans of Teaching and Learning and Students)
- Regular meetings of the Senior Administration (the senior administrative management and all senior administrators – the directors of Institutional Planning, Data Management, Estates, Residential Operations, Finance, etc.).

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

- Occasional joint meetings of the Academic Leadership Forum and Senior Administration
- In relation to finances, regular meetings of the Budget Executive Committee, constituted by the VC, DVCs, Registrars, two representatives of the Deans and the directors of Finance and Residential Operations. The Budget Executive Committee monitors and reviews on a continuous basis the Council-approved university budgets (general university budget and residences budget), external funds from research contracts, donors and alumni, oversees and regulates spending, approves any requests by entities for additional funds, and reports and makes recommendation on income and expenditure to the Council's Finance and General Purposes Committee which meets at least four times a year.

The six management/administrative structures address strategic and operational issues, take decisions on matters within their ambit or refer matters to the appropriate governance structures.

There also exist two additional structures: the Deans Forum and the HoDs Forum. Both are also intended to address strategic and operational issues within their ambits and to refer matters to the appropriate governance structures.

In 2011, a new post of Director of Equity and Institutional Culture was established and Advocate Tshidi Hashatse was appointed.

Vice-Chancellors priorities

During 2011, the Vice-Chancellor prioritised:

- Leading conversations and processes of making choices and decisions on postgraduate development. He produced a discussion document to frame postgraduate development and raise critical issues and pertinent questions. The document was discussed by the Academic Leadership Forum, the Institutional Planning Committee, Faculty Boards, Senate, and the Postgraduate Student Liaison Committee. Taking into account the comments and responses of all key stakeholders, a document with concrete proposals will be tabled at the relevant governance structures for decision in late 2012.
- Engaging with relevant Ministers and state departments, civil society, other universities in South Africa and the rest of Africa, and corporates and potential donors on a proposed UNESCO Institute for Water Education and Research at Rhodes, as part of a joint initiative with the universities of Fort Hare and Nelson Mandela Metropolitan.

A Round Table of relevant institutes and departments was established at Rhodes; meetings held with the Ministers of Science & Technology and Higher Education & Training; with the DDG in the Department of Water Affairs; with Fort Hare and Nelson Mandela Metropolitan; with Waternet in Harare, and with the universities of Zimbabwe and Dar es Salaam. There was also contact with potential corporate and other donors. Regrettably, it proved most difficult to secure a meeting with the Minister of Water Affairs. There will be ongoing work on this issue until a decision is made by government regarding a bid at UNESCO in 2013.

- Addressing specific issues that hinder transformation, compromise participation, and contribute to a lack of effectiveness and efficiency in the realization of goals and strategies. The key issues are equity and institutional culture, the need for proactive engagement, more timeous decision-making and implementation and better and more extensive communication. This was discussed at the institutional imbizo held in mid-2011 and which assembled a cross-section of the University community, and at additional imbizos for specific constituencies. This is ongoing work in conjunction with the Director of Equity and Institutional Culture, the Director of HR and other administrative and academic leaders.



PP. DR M S BADAT
VICE-CHANCELLOR

14 June 2012

RHODES UNIVERSITY


REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL

Rhodes University returned pleasing results for the financial year ended 31 December 2011. The operating surplus of R69 million was largely achieved through a meaningful contribution from research-related activities, and savings in various areas of the University.

Government subsidies and grant income represents 40% of total recurrent Council Directed and Council Managed income (2010: 41%). The contribution from research activities increased significantly over the period. Tuition, accommodation and meal fee income increased by 13% over the previous year, representing 41% of total income (2010: 41%). Other income items (investment income, research grants and contracts, donations and gifts and from services rendered) increased by 25% over the period.

Expenditure in respect of Council Directed activities increased by 11% over the period. Human Resources costs accounted for 59% of this expenditure. The working capital ratio continues to reflect the University's strategy of committing internal funds to finance non-current assets such as the construction of residences. Although this strategy has worked well in the past, it is not sustainable going forward and additional funding support from Government and other external sources in the form of subsidies and grants will be essential for the University to maintain its existing facilities and provide the environment required to support infrastructure and student costs necessary to achieve the Enrolment Plan.

The University has once again been given an unqualified report by the auditors and this is a testament to the sound financial structures adopted by management.



N E WOOLLGAR
CHAIR: FINANCE & GENERAL PURPOSES
COMMITTEE



R W MARRINER
REGISTRAR: FINANCE AND OPERATIONS

14 June 2012

RHODES UNIVERSITY

COUNCIL'S REPORT ON GOVERNANCE

The purpose of this statement is to provide readers of the Annual Report with an understanding of the governance structures and procedures adopted by the Rhodes University Council.

The Council of Rhodes University is committed to serving the best interests of the university. It is committed to the principals of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King Report on Corporate Governance. The Council is aware of its role and responsibilities in governing the institution in a responsible manner, with integrity and in accordance with generally accepted practices.

Council

The Council comprises thirty members who are elected in the manner prescribed by the Institutional Rules, the Rhodes University Statute and the Higher Education Act, No 101 of 1997. At the end of 2011 one vacancy existed for a nominee of the Minister of Higher Education and Training. Sixty percent of the members of Council are external members i.e. neither staff nor students of the university. No Council members are remunerated for their services to the University. The Chairperson and the Vice-Chairperson are elected from the external members.

The functions of the Council are set out in the University Statute (Government notice 234 of 15 March 2005) and in terms of the Higher Education Act. The Council is responsible for the ongoing strategic direction of the university, the approval of all policies which guide the management of the institution, for the allocation of the university's resources and the oversight of its finances. The Council receives regular reports from management on the day-to-day operation of the university.

The Council meets regularly, as prescribed by the Statute, and has in place the necessary sub-committees to ensure sound governance. These include an Executive Committee, a Finance and General Purposes Committee, a Remuneration Committee, an Audit Committee and a Nominations Committee.

Executive Committee

The Executive Committee acts for Council whenever instructed to do so by Council and it acts on behalf of Council in an emergency in any matter other than those which, in terms of the Statute, Council may not delegate. The Chairperson of Council is the chairperson of the committee and the other members are the Vice-Chairperson of Council, the Vice-Chancellor, the Deputy Vice-Chancellors, two external members of Council and one member of Council elected to Council by Senate. The Registrar, who is the secretary, is in attendance.

Remuneration Committee

The Remuneration Committee's mandate includes recommending to Council remuneration practices and policies, reviewing and making recommendations on remuneration levels, determining the remuneration and benefits of executive and senior management, approving mandates for annual institutional remuneration increases and determining conditions of service. The Committee has five members, four of whom are external members and the Vice-Chancellor. The Committee is chaired by an external member of Council.

Finance and General Purposes Committee

In terms of its mandate, the Finance and General Purposes Committee advises Council on all matters involving the finances and property of the university, monitors performance in relation to operating and capital budgets and acts on behalf of Council when instructed by Council to do so. It ensures that the accounting records of the institution are accurately maintained and that the university is in a sound financial position. The majority of members including the chairperson are external members of Council.

RHODES UNIVERSITY

COUNCIL'S REPORT ON GOVERNANCE (continued)

Audit Committee

The functions of the Audit Committee are set out in detail in its charter but its primary functions are to ensure good governance, proper procedures and control for the safeguarding of assets, good systems of internal control and effective financial management and control of the finances of the university. Four members of the Audit Committee are external members of the Council and the fifth is an expert in the field who is also external but not a member of Council. Neither the chairperson of Council nor the Vice-Chancellor is a member. The Audit Committee has, in addition, co-opted three members who are also external to the University. The Vice-Chancellor, the Registrar: Finance and Operations, the Director of Finance, the University Risk Manager and the external auditors are in attendance.

Code of ethics

The university has written codes of ethics which relate to research protocols and student behaviour. Procurement policies commit the institution to the highest standards of integrity, behaviours and ethics. Members of Council are not permitted to have a conflict of interest with the University. The Council is in the process of drafting and adopting the code of conduct to which all members of the Council, all members of committees of the Council and all other persons who exercise functions of the Council in terms of delegated authority must subscribe, as contemplated in the Higher Education Laws Amendment Act, 2011.

Council Nominations Committee


This membership committee, comprising the Chairperson of Council and the Registrar, makes recommendations to the Council for vacancies in the Council membership and for the appointment of Council members to the committees of Council.

Conflict management

During the year under review it has not been necessary for the Council to call upon the services of mediation, arbitration or dispute resolution practitioners.

Employee and student participation

Employees and students have more than adequate representation on committees which deal with issues which affect employees and students directly or materially. Liaison meetings are held regularly between management and the two trade unions represented at the University.


JUDGE R J W JONES
CHAIR OF COUNCIL
14 June 2012

RHODES UNIVERSITY

REPORT OF SENATE

It is a feature of the Rhodes University Senate that it is a fully functional and well attended body that has wide representation. It gives strong academic leadership through strategic input on matters pertaining to teaching, learning and research and through close scrutiny of the academic processes and their implementation.

The Senate has an excellent relationship with the Vice-Chancellor and affords him much support and guidance. Every Senate agenda includes a Vice-Chancellor's report and these lead to informed and insightful discussion between the Vice-Chancellor and his senior academic colleagues.

During 2011 the Senate met on five occasions.

1 April

3 June

2 September

28 October

25 November

Composition of the Senate

The composition of the Senate is as follows:

(a) The Vice-Chancellor

(b) The Deputy Vice-Chancellors

(c) The Professors

(d) The Registrar

(e) The Director of Library Services

(f) Two members of the Council elected by the Council

(g) Six members of the academic staff elected by the academic staff

(h) The heads and acting heads of department

(i) Five students elected by the SRC

(j) The heads of associated institutes who are not professors of the university

(k) Two members of the administrative and support staff elected by the administrative and support staff

(l) The Dean of Students

The composition of the Senate complies with the requirement set out in the Institutional Rules that the majority of Senate members must be academic staff.

Academic structures

No new academic structures were created during the year under review. However, the name of the Rhodes Investec Business School was changed to Rhodes Business School. A forum for Heads of Department was established.

Significant developments

- Approved the name-change from Support Staffing Committee to Staffing Committee and approved the Standing Orders for the Staffing Committee.
- Approved a policy for Eradication of Unfair Discrimination and Harassment.
- Approved a protocol for dealing with Sexual Offences against students.
- Approved a Fundraising Policy.
- Approved a list of names for the naming of residences and the procedure to be followed by the residences in naming residences.
- Approved the criteria and submission guidelines for the Sandisa Imbewu Fund, a fund to foster and promote research.
- Engaged with the Vice-Chancellor's document on the planning of postgraduate development.
- Approved revisions to the policy and procedures for the Personal Promotion of Academic Staff.
- Approved a Library Use and Conduct Code

RHODES UNIVERSITY

REPORT OF SENATE (continued)

- Approved revisions to the policy for Responsible Use of Alcohol for students.
- Approved the naming of a hall (Desmond Tutu Hall) and residences (Rosa Parks House, Ellen Kuzwayo House, Amina Cachalia House and Calata House).
- Approved a proposal for the display of portraits removed from the Council Chamber.
- Approved enrolment and efficiency targets for 2013/14.
- Approved a revised Internationalisation Policy.
- Approved revised terms of reference for the Language Committee.
- Approved a protocol for the payment of scarcity allowances to academic staff.

Composition and size of the student body

The tables below illustrate the composition of the student body in 2011. They also indicate the very pleasing success rates and the significant progress in addressing student access and equity.

RACE	2010	2011
African	3 614	3 755
Indian	274	279
Coloured	255	257
White	3 023	2 994
Total	7 166	7 285

	Registered	Completed	Success Rate
UG Diploma	114	106	93%
Bachelors	4 552	3 791	83%
4 year Bachelors	237	223	94%
PG Diploma	222	203	91%
Honours	442	397	83%

Research

Rhodes University maintained and improved its track record of research performance in the 2011 audited returns based upon 2010 graduations and publications.

Rhodes contributed 3.3% of all accredited research output in the public higher education sector in 2010 (0.1% up on 2009). With 1.9% of academic staff in the system, Rhodes retained its place amongst the top three most productive universities as measured by accredited publications per academic. Rhodes exceeds the DHET research output norm for universities by 53%.

Overall individual academic research output productivity rates kept Rhodes amongst the top research performers in the country using this measure (1.75 weighted accredited research outputs per individual at Rhodes as against the national average of 1.0). In addition, Rhodes continues to have one of the highest proportions of academic staff with doctoral degrees among South African universities (52%).

The range of research activities was maintained and grown across the six faculties at Rhodes University of Humanities, Science, Commerce, Pharmacy, Law, and Education, and within the research entities hosted on the Rhodes campus (please refer to <http://www.ru.ac.za/research> for details).

The total subsidy earning accredited research output count for Rhodes University of 615.3 units represents an increase of 9% on the previous year. By far the major contributor to this growth was the significant increase in both PhD (37.5% up on 2009 to 44 graduates) and Masters by thesis students (34.5% up on 2009 to 158 graduates).

In 2010, the total accredited publication output count for Rhodes University of 325.33 units represented a decline over 2009 of 7.3 percent. This followed two years of steep growth during which accredited research publication output grew by 28%.

RHODES UNIVERSITY

REPORT OF SENATE (continued)

Accredited publication output for 2010 consisted mainly of journals at 89.9%, with conference proceedings at 7.2% and books and book chapters at 2.9% making far smaller contributions. This mix is roughly in line with the sector as a whole. It has been recognised that books and book chapters are under-appreciated in relation to journals, and recommendations to increase the weighted points that they attract as proposed by ASSAf¹ are awaiting approval by the DHET.

External Research Income (*new grants in the financial report*) from sources other than the DHET for the period January to December 2011 (as compared to the same periods in 2009 and 2010), show an outstanding increase in value.

New External Research Income R(million)	2009	2010	2011	% increase 2010-11	% increase 2009-11
	R 115.31	R 137.4	R 174.6	27%	51%

It should be noted that this increase in funding has put considerable pressure on the Research Office and Research Finance Office support structures.

The University has become increasingly reliant on research funding in recent years as a larger proportion of its budget, and attention at university council level is being given to ensuring that appropriate systems and support structures for researchers are in place.

Tuition fees

Tuition fees in 2011 were 9% higher than in 2010 and residence fees were 9.5% higher. The tuition fee increase was slightly higher than the previous year (8.5%) but the residence fee increase was somewhat lower (12%) The fees are set by way of an inclusive budget process which is characterised by active student participation.

Access to financial aid

Funding for undergraduate financial aid in 2011:

	2010 R'000	2011 R'000
NSFAS	13 302	26 222
RU Council	27 480	18 983
Total	40 782	45 205
Number of students supported	910	865

There was a very significant increase in the NSFAS funding in 2011, mainly due to the addition funds for final year students. For the first time in many years the NSFAS allocation exceeded that of the RU Council. However, as the table above indicates, the NSFAS funding to Rhodes is still inadequate in that the University Council has to contribute nearly R19m of its own funds to be able to provide the necessary level of financial aid.



PP DR MS BADAT
VICE-CHANCELLOR

14 June 2012

¹ ASSAf: *Scholarly Books: their production, use and evaluation in South Africa today*, 2009.

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL

Composition of the Institutional Forum

Governance sector

Judge RJW Jones *Council*
Professor R Bernard *Council*
Professor R Boswell *Senate*
Ms N Makhubu *Senate*
Dr S Badat *Management*
Dr S Mabizela *Management*
Mr G Mtukela *Management alt (2010)*.

Student sector

Ms N Mwaura *SRC*
Ms B Bonokwane *SRC*
Mr M Lecwidi *SRC*
Mr A Magubane *SRC*
Ms A Mpete *SRC*
Ms N Nyamutumbu
Mr M Forsyth
Ms K Gillies
Mr M Shabangu
Mr M Dyantyi
Mr S Welcome
Mr A Mayat

Staff sector

Mr A Vena *NEHAWU*
Mr T Tommy *NEHAWU*
Ms L-A Knowles *NTEU*
Dr A Kirkaldy *NTEU*
t.b.a. *Non-professorial staff rep.*
t.b.a. *Non-professorial staff rep.*

Community sector

Councillor M Fulani *Community (Makana Municipality)*
t.b.a. *Community (Makana Municipality)*

Scheduled meetings for 2011

11 March
17 May
5 August
19 October

The agreement among the stakeholders and members of the Institutional Forum is that meetings will only be held if and when a stakeholder or member places an item on the agenda. A call is made for agenda items before every scheduled meeting but if no items are forthcoming for that particular meeting, that meeting of the Institutional Forum is cancelled.

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL (continued)

In terms of the above, the scheduled meetings that took place during 2011 were those of 11 March, 17 May and 5 August. Only the meeting scheduled for 19 October was cancelled. The Institutional Forum was thus far more active than it has been for a number of years and one reason for this was that the Institutional Forum re-visited its mandate during the course of the year. It remains true, however, that the Institutional Forum at Rhodes does not play the full role as contemplated in the Higher Education Act but the reason for this is a positive one. The various stakeholder groups have sufficient representation on the standing committees and principal committees at Rhodes (e.g. Senate and Council) to be able to raise their issues without having to resort to the Institutional Forum. This is not to suggest that there is no role for the Institutional Forum. A working group has been established to explore the role of the Institutional Forum in relation to the numerous other committees, and to define its goals, agenda and mandate. In the past the Institutional Forum has played a very valuable role in the University in breaking deadlocks such as that of the composition of the Council or the appointment procedure for a new Vice-Chancellor.

The Committee would be obliged to meet should it have to discharge a statutory obligation, such as advising the Council on the appointment of senior management.

Meeting of 11 March 2011.

The meeting considered the following issues:

- Noted that a job profile had been finalised for the post of Equity/Transformation Officer at the level of Director and that a suitable candidate at RU had been screened and interviewed.
- Noted that the Vice-Chancellor saw a need to convene an Imbizo for late June 2011 and noted that: only 60 delegates would be able to attend, e.g. representatives from every level, gender and race; that the achievements of the Imbizo of 2006 would be reviewed and the way forward for Rhodes for the next 5-10 years would be explored.
- Discussed the Rhodes University Employment Equity Plan and issues around the implementation of affirmative action measures for designated groups at Rhodes to advance employment equity for academic staff in particular.
- Agreed to re-evaluate the mandate of the Institutional Forum.

Meeting of 17 May 2011

The meeting considered the following issues:

- Received a report on the appointment of the Equity/Transformation Officer.
- Noted the progress made in planning the University Imbizo.
- Received a progress report from the working group on the mandate of the Institutional Forum.
- Discussed the desirability of a round table discussion on what it means for Rhodes to be a secular university.

Meeting of 5 August 2011

The meeting considered the following issues:

- Received a report on the Imbizo and noted that it had not been a decision-making forum and that any proposals from the Imbizo would be channelled through the usual University structures.
- Noted that the SRC President and the Director: Equity and Institutional Culture were in the process of formulating a document on "Courageous Conversations" for discussion of important issues within the University and that a report would be made to the next meeting.
- Received a report on the Rhodes University Green Fund.

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL (continued)

Chairperson of the Institutional Forum

The Institutional Forum elects from among its members a chairperson who serves from the end of one ordinary meeting to the end of the next ordinary meeting. If a chairperson is absent, the first item of business at the meeting is the election of a chairperson.

CHAIRPERSON (ROTATIONAL)
14 June 2012

A handwritten signature in black ink, appearing to read 'R. Bennett', is written over the printed name of the chairperson.

RHODES UNIVERSITY

REPORT ON INTERNAL ADMINISTRATIVE/OPERATIONAL STRUCTURES AND CONTROLS

The Rhodes University systems of internal control are designed to provide reasonable assurance to the University and the Council regarding the operational environment that promotes the safeguarding of the University's assets and the preparation and communication of reliable financial and other information.

The systems of internal control that include documented organizational structures set out the division of responsibilities and establish policies and procedures that are supported by careful selection, training and development of the financial staff of the University.

The Council of the University has also appointed the Audit Committee to review governance and provide oversight over the systems of internal control and financial management and reporting.

The Information Systems have been developed and implemented according to defined and documented standards to achieve efficiency, effectiveness, reliability and security. Generally accepted standards are applied to protect privacy and provide controls over all data, including disaster recovery and "back-up" procedures. Systems are under the control of competently trained staff and are continually reviewed and upgraded to ensure modern technology is applied throughout the University.

Internal controls and information systems are audited by the external auditors on an annual basis to ensure that the system controls were effective throughout the financial period under review. Transactions with staff, students and third parties receive close scrutiny for control aspects. Procedures that are in place are continually reviewed to minimize the risk of fraud or error.

The University has embarked on a process of formal risk management. This process involves the identification of strategic and operational risks, the rating of these risks and the development of strategies to assist in the management of the institution to mitigate the risks which include the maintenance of effective systems of internal control.

Registered auditors, independent of the external auditors, perform ad hoc internal audit assignments reporting findings and recommendations to the Audit Committee of the Council. Corrective actions are taken to address control deficiencies and systems are continuously assessed to identify opportunities for improvement.

As at 31 December 2011 Rhodes University believes that its systems of internal control over its operational environment, information reporting and safeguarding of assets against the authorized acquisition, use or disposal of assets are adequate and ensure proper financial governance.



DR B S RAYNER
CHAIR: AUDIT COMMITTEE

14 June 2012

RHODES UNIVERSITY

REPORT ON ENTERPRISE RISK MANAGEMENT

Good progress continues to be achieved on the risk management front.

The Risk Management Committee met twice during 2011. It reviewed risks (financial and non-financial) indicated by the senior management, who are responsible for identifying risks and accountable for manage the risks within their operational areas. This is in accordance with Rhodes's level of maturity, adopted model and strategy in so far as risk management is concerned.

There is especial focus on the following categories of risk: Reputation, Finance, Human, Information Technology and Compliance, including the procurement cycle. The framework and key features of the risk management system is outlined and publicised on the university's web page.

A central risk register is maintained within the Risk Management Unit, and all identified risks are submitted to the Risk Management Committee. The outcomes from the Risk Management Committee are then submitted to the Audit Committee.

On the request of the Audit Committee, the internal auditor, Brandt Stoltz & Grobler, completed a review of the University's risk management. Within the range of risk naïve, risk aware, risk defined, risk managed and risk enabled, it was established that the maturity level was "risk defined." This confirms that risk management policies and strategies have been communicated and are mostly in place, but not yet fully implemented.

The Enterprise Risk Management process includes whistle blowing as well as interaction with the internal and external auditors, facilitating risk-based auditing and early detection of risks and weaknesses to enable maximum utilisation of the audit resources.

The University is committed to a continuous, systematic and integrated process of enterprise-wide risk management that enables the Council to assure stakeholders that risk within and to the university is and managed in a diligent, methodical and substantive manner.



PP **DR M S BADAT**
CHAIRPERSON
RISK MANAGEMENT COMMITTEE



DR B S RAYNER
CHAIRPERSON
AUDIT COMMITTEE

14 June 2012

RHODES UNIVERSITY

COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Council is responsible for the preparation and fair presentation of the financial statements of Rhodes University. The financial statements, presented on pages 39 to 70 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by management.

The Council also prepared the other information included in the Annual Report and is responsible for both its accuracy and consistency with the financial statements. The current viability of Rhodes University is supported by the financial statements.

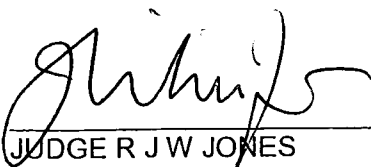
The "going concern" basis has been adopted in the preparation of the financial statements. The Council has no reason to believe that the University will not be a "going concern" in the foreseeable future based on forecasts and available cash resources.

The financial statements have been audited by the independent audit firm, PricewaterhouseCoopers Inc, which was given unrestricted access to all financial records and related data, including minutes of meetings of the Council and all its committees.

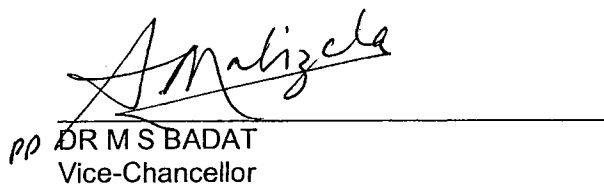
The Council believes that all representations made to the independent auditors during their audit were valid and appropriate.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

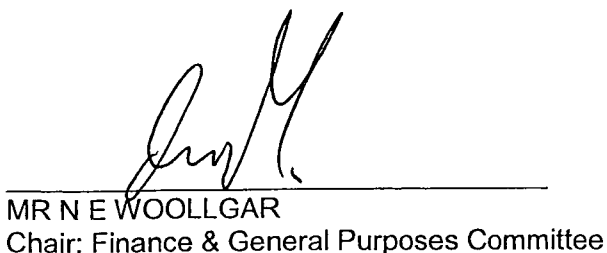
The consolidated financial statements on pages 39 to 70 were approved by the Council on 14 June 2012, and signed on its behalf by:



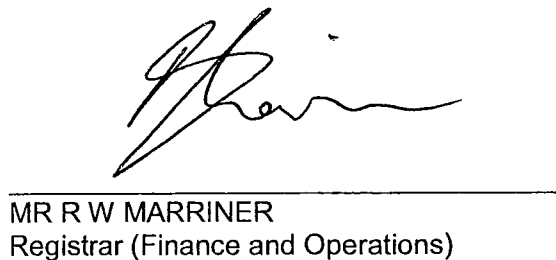
JUDGE R J W JONES
Chair: Council



PP DR M S BADAT
Vice-Chancellor



MR N E WOOLLGAR
Chair: Finance & General Purposes Committee



MR R W MARRINER
Registrar (Finance and Operations)



INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF RHODES UNIVERSITY REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Introduction

We have audited the consolidated financial statements of Rhodes University and its subsidiaries as set out on pages 39 to 70, which comprise the consolidated statement of financial position as at 31 December 2011, the consolidated statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Council's responsibility for the consolidated financial statements

The Council is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Higher Education Act of South Africa, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Public Audit Act of South Africa, the *General Notice* issued in terms thereof and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

*PricewaterhouseCoopers Inc, Ascot Office Park, 1 Ascot Road, Greenacres, Port Elizabeth 6045
P O Box 27013, Greenacres 6057
T: +27 (41) 391 4400, F: +27 (41) 391 4500, www.pwc.co.za*

Executive: S P Kana (Chief Executive Officer) T P Blandin de Chalain D J Fölscher P J Mothibe S Subramoney F Tonelli
Regional Director in Charge: H C Staple
The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

RHODES UNIVERSITY

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF RHODES UNIVERSITY REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Rhodes University and its subsidiaries as at 31 December 2011, and their financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Higher Education Act of South Africa.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Public Audit Act of South Africa and the *General Notice* issued in terms thereof, we report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

We performed procedures to obtain evidence about the reliability of the information in the Report of the Vice Chancellor as set out on pages 11 to 22 of the annual report. The reported performance against predetermined objectives was evaluated against the overall criterion of reliability. The reliability of the information in respect of the selected objectives is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).

There were no material findings on the Council Report on Corporate Governance concerning the reliability of the information.

Compliance with laws and regulations

We performed procedures to obtain evidence that the University has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. We did not identify any instances of material non-compliance with specific matters in the Higher Education Act of South Africa.

OTHER REPORTS

Agreed-upon procedures engagements

As required by the funding agreements from the following entities, agreed upon procedure engagements were conducted during the year under review as indicated below:

Entity name / engagement	Purpose of the engagement	Period covered	Date issued
Department of Higher Education and Training – Student Statistics	Performance of procedures required by the Department of Higher Education and Training relating to the HEMIS submission	1 January 2010 to 31 December 2010	22 July 2011
Department of Higher Education and Training - Infrastructure Grant	Agreeing of expenditure to contracts and supporting documentation.	1 February 2010 to 31 January 2011	31 March 2011

RHODES UNIVERSITY

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF RHODES UNIVERSITY
REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Department of Higher Education and Training – Efficiency Funding Grant	Agreeing of expenditure to contracts and supporting documentation.	1 February 2010 to 31 January 2011	31 March 2011
Department of Higher Education and Training - Financial data submission	Agreeing of financial data to the Financial Statements.	1 January 2010 to 31 December 2010	29 June 2011
Department of Higher Education and Training – Interest & Redemption	Agreeing interest and redemptions claims to actual amounts/payments incurred.	Quarterly for the 2011 financial year	29 July 2011 29 June 2011 29 September 2011 6 December 2011
Department of Higher Education and Training – Clinical Training	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 to 31 December 2010	8 March 2011
Department of Higher Education and Training – Research Articles	Agreeing research articles claim to supporting journals and publications	1 January 2010 to 31 December 2010	16 May 2011
Department of Higher Education and Training – Clinical Enrolments	Agreeing enrolment head counts to supporting registration documentation.	1 January 2010 to 31 December 2010	22 September 2011
National Research Foundation – NRF Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 to 31 December 2010	14 March 2011
National Research Foundation – THRIP Grants	Agreeing of expenditure to contracts and supporting documentation.	1 April 2010 to 31 March 2011	22 June 2011
Water Research Commission – Research Grant	Agreeing of expenditure to contracts and supporting documentation.	1 April 2010 to 31 March 2011	9 June 2011
DST/Mintek NIC Consortium - Research grant	Agreeing of expenditure to contracts and supporting documentation.	1 April 2010 to 31 March 2011	14 April 2011

RHODES UNIVERSITY

INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF RHODES UNIVERSITY
REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Investec Commerce Foundation	Agreeing of expenditure to contracts and supporting documentation.	1 February 2010 – 31 January 2011	23 March 2011
Centre for Social Development - Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 – 31 December 2010	22 February 2011
Zenex Foundation – Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 – 31 December 2010	22 February 2011
Zenex Foundation – In-service Teacher Training Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 – 31 December 2010	22 February 2011
Rhodes University Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2010 – 31 December 2010	8 March 2011
Open Society Initiative for Southern Africa (OSISA): World Journalism Education Congress	Agreeing of expenditure to contracts and supporting documentation.	1 April 2010 – 31 August 2010	22 February 2011
Eastern Cape Department of Health: Pharmacy Doctorate Programme	Agreeing of expenditure to contracts and supporting documentation.	1 April 2010 – 31 March 2011	2 August 2011



PricewaterhouseCoopers Inc
Director: A F Puggia
Registered Auditor
14 June 2012

RHODES UNIVERSITY

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2011**

	Notes	2011 R'000	2010 R'000
ASSETS			
Non-current assets			
Property, plant and equipment	1	344 237	325 526
Investments	2	310 904	296 000
Loans and receivables	3	37 422	32 622
Current assets			
Inventories	4	5 104	5 442
Receivables and prepayments	5	54 521	43 626
Cash and cash equivalents	6	53 947	17 808
Total assets		<u>806 135</u>	<u>721 024</u>
EQUITY AND LIABILITIES			
Equity funds			
Property plant and equipment funds		327 179	307 292
Council managed earmarked funds		126 292	88 410
Council directed funds		145 181	93 857
Non-current liabilities			
Interest-bearing borrowings	8	855	1 526
Retirement benefit obligations	9	126 962	146 737
Current liabilities			
Trade and other payables	10	69 829	70 855
Leave pay accrual		9 345	11 716
Current portion of borrowings	8	492	631
Total equity and liabilities		<u>806 135</u>	<u>721 024</u>

**RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2011**

	2011					2010
	Council Directed Fund Activities				Council Managed Earmarked Fund Activities	TOTAL R'000
	Central operations R'000	Accommo- dation R'000	Endowed funds R'000	SUB- TOTAL R'000		
TOTAL INCOME	432 971	135 495	25 953	594 419	220 961	815 380
RECURRENT ITEMS	428 979	135 125	18 217	582 321	210 841	793 162
State appropriations – subsidies and grants	253 171	34	-	253 205	62 804	316 009
Tuition and other fee income	169 561	123 711	-	293 272	30 955	324 227
Income from contracts	-	-	-	-	32 072	32 072
Sales of goods and services	811	11 380	-	12 191	16 673	28 864
Private gifts and grants	211	-	7 880	8 091	64 881	72 972
Interest and dividends	423 754	135 125	7 880	566 759	207 385	774 144
NON-RECURRENT ITEMS	5 225	-	10 337	15 562	3 456	19 018
Profit on disposal of assets	3 992	370	7 736	12 098	10 120	22 218
Realised capital profits on investments	5	15	-	20	49	69
Impairment of investments	-	-	8 406	8 406	-	8 406
Other non-recurrent income	3 987	355	(979)	(979)	-	(552)
			309	4 651	10 071	13 871
TOTAL EXPENDITURE	425 123	123 518	29 700	578 341	168 001	746 342
RECURRENT ITEMS	423 149	122 512	29 700	575 361	166 930	742 291
Personnel costs	154 399	-	-	154 399	29 958	184 357
Academic professional	151 774	40 293	-	192 067	44 289	236 356
Other personnel	(2 371)	-	-	(2 371)	-	(2 371)
Leave liability (decrease)/increase	303 802	40 293	-	344 095	74 247	418 342
Other current operating expenses	100 183	77 972	29 700	207 855	85 933	293 788
Depreciation	19 029	4 240	-	23 269	6 750	30 019
Finance costs	423 014	122 505	29 700	575 219	166 930	742 149
NON-RECURRENT ITEMS	135	7	-	142	-	142
Capital expenditure expensed	1 974	1 006	-	2 980	1 071	4 051
	1 974	1 006	-	2 980	1 071	4 051
NET SURPLUS BEFORE TRANSFERS	7 848	11 977	(3 747)	16 078	52 960	69 038
TRANSFERS	-	-	-	-	(126 292)	(126 292)
Amounts received not expended	-	-	-	-	88 410	88 410
Amounts spent from prior year	-	-	-	-	15 078	15 078
NET SURPLUS after transfers	7 848	11 977	(3 747)	16 078	15 078	31 156
OTHER COMPREHENSIVE INCOME	19 775	-	-	19 775	-	19 775
Retirement funding valuation adjustments	-	-	18 214	18 214	-	18 214
Investments fair value adjustment	27 623	11 977	14 467	54 067	15 078	69 145
TOTAL COMPREHENSIVE INCOME FOR THE YEAR						

RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2011

Description	Accumulated	Endowment	Sub-total	Contract	Sub-total	Property,	Total
	Fund	Fund	Council	Fund	Council	plant and	Total
	R'000	R'000	Directed	R'000	Managed	equipment	R'000
			Funds		Funds	Fund	
			R'000		R'000	R'000	
Balance at 1.1.2010	(136 455)	278 157	141 702	79 327	79 327	249 524	470 553
Retirement funding valuation adjustments	(21 417)	-	(21 417)	-	-	-	(21 417)
Investment fair value adjustment	-	7 192	7 192	-	-	-	7 192
Net surplus/(deficit) before transfers	6 659	9 445	16 104	17 399	17 399	-	33 503
Funds utilised/written off	(272)	-	(272)	-	-	-	(272)
Transfers							
- Depreciation charge	20 665	-	20 665	9 667	9 667	(30 332)	-
- Property, plant and equipment additions	(70 117)	-	(70 117)	(17 983)	(17 983)	88 100	-
Balance at 31.12.2010	(200 937)	294 794	93 857	88 410	88 410	307 292	489 559
Balance at 1.1.2011	(200 937)	294 794	93 857	88 410	88 410	307 292	489 559
Retirement funding valuation adjustments	19 775	-	19 775	-	-	-	19 775
Investment fair value adjustment	-	18 214	18 214	-	-	-	18 214
Net surplus before transfers	19 825	(3 747)	16 078	52 960	52 960	-	69 038
Funds utilised/written off	2 066	-	2 066	-	-	-	2 066
Transfers							
- Depreciation charge	23 269	-	23 269	6 750	6 750	(30 910)	-
- Property, plant and equipment additions	(28 078)	-	(28 078)	(21 828)	(21 828)	49 906	-
Balance at 31.12.2011	(164 080)	309 261	145 181	126 292	126 292	327 179	598 652

The Endowment Funds include the revaluation reserve of R101 001 473 (2010: R82 787 688).

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2011

	Notes	2011 R'000	2010 R'000
Cash flow from operating activities			
Cash generated from operations	18	62 011	23 006
Interest received		8 681	8 918
<i>Net cash generated from operating activities</i>		<u>70 692</u>	<u>31 924</u>
Cash flow from investing activities			
Purchase of property, plant and equipment			
Funded through own cash resources		(49 906)	(88 100)
Funded through infrastructure grant		-	(33 244)
Proceeds on disposal of property, plant and equipment		1 107	(824)
Interest and dividends received		10 337	11 180
Net decrease in non-current investments		10 737	30 575
Net advances of student, staff and other loans		(5 876)	(9 286)
<i>Net cash utilised in investing activities</i>		<u>(33 601)</u>	<u>(89 698)</u>
Cash flow from financing activities			
Infrastructure grant received		-	30 900
Interest paid		(142)	(172)
(Payments)/advances on interest-bearing borrowings		(810)	349
<i>Net cash utilised in financing activities</i>		<u>(952)</u>	<u>31 077</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year		17 808	44 505
Cash and cash equivalents at end of year	6	<u>53 947</u>	<u>17 808</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011

1. Property, plant and equipment

	Land and buildings R'000	Furniture and equipment R'000	Computer equipment R'000	Vehicles R'000	Library, museum and art collections R'000	Total R'000
Year ended						
31 December 2011						
Opening carrying amount	287 293	31 749	1 497	4 987	-	325 526
Additions	11 836	28 070	4 804	2 566	2 630	49 906
Disposals/transfers	-	(775)	(12)	(389)	-	(1 176)
Depreciation charge	(4 307)	(16 265)	(4 818)	(1 999)	(2 630)	(30 019)
Closing carrying amount	<u>294 822</u>	<u>42 779</u>	<u>1 471</u>	<u>5 165</u>	<u>-</u>	<u>344 237</u>
At 31 December 2011						
Cost or valuation	345 713	154 402	48 401	19 083	100 228	667 827
Accumulated depreciation	(50 891)	(111 623)	(46 930)	(13 918)	(100 228)	(323 590)
Carrying amount	<u>294 822</u>	<u>42 779</u>	<u>1 471</u>	<u>5 165</u>	<u>-</u>	<u>344 237</u>
Year ended						
31 December 2010						
Opening carrying amount	239 610	22 768	1 029	3 655	-	267 062
Additions	55 505	22 408	4 543	2 836	2 808	88 100
Disposals/transfers	-	(236)	265	667	-	696
Depreciation charge	(7 822)	(13 191)	(4 340)	(2 171)	(2 808)	(30 332)
Closing carrying amount	<u>287 293</u>	<u>31 749</u>	<u>1 497</u>	<u>4 987</u>	<u>-</u>	<u>325 526</u>
At 31 December 2010						
Cost or valuation	333 877	129 977	48 794	16 797	97 598	627 043
Accumulated depreciation	(46 584)	(98 228)	(47 297)	(11 810)	(97 598)	(301 517)
Carrying amount	<u>287 293</u>	<u>31 749</u>	<u>1 497</u>	<u>4 987</u>	<u>-</u>	<u>325 526</u>

Details of all fixed properties are available for inspection at the University.

The finance lease liability (included in interest-bearing borrowings in note 8) is secured by vehicles with a net book value of R1 116 651 (2010 : R1 603 508).

In addition to the above, the University has received Infrastructure Development Grants from the Department of Higher Education and Training to fund specific capital projects. To date the following amounts have been expended and set off against the cost of these assets as set out in accounting policy 1.3.1:

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	Total R'000
Land and buildings	120	24 810	33 414	36 610	94 954
Furniture and equipment	117	8 434	749	758	10 058
Computer equipment	-	-	400	-	400
	<u>237</u>	<u>33 244</u>	<u>34 563</u>	<u>37 368</u>	<u>105 412</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

2. Investments	2011	2010
	R'000	R'000
At market value:		
Listed shares	173 090	173 653
International market unit trust	74 924	46 925
Money market deposits	62 890	75 422
	<u>310 904</u>	<u>296 000</u>
At cost:		
Listed shares	84 079	94 773
International market unit trusts	62 878	48 568
Money market deposits	61 660	68 392
	<u>208 617</u>	<u>211 733</u>

The carrying amounts of the University's international market unit trust investments are denominated primarily in US Dollar.

The market values of certain investments within the portfolio were less than original cost at year end. This reduction below cost is considered to be of a significant or prolonged nature and therefore an impairment loss of R979 415 (2010 : R551 917) has been charged through the income statement.

Effective 1 January 2009, the University adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (LEVEL 1)
- Inputs for fair value measurements, other than quoted prices, that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (LEVEL 2)
- Inputs, for fair value measurements from the asset or liability that are not based on observable market data (that is, unobservable inputs) (LEVEL 3)

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

2. Investments (continued)

The following table presents the University's assets that are measured at fair value at 31 December 2011.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Available-for-sale financial assets				
- Investments	235 980	74 924	-	310 904
Total assets	<u>235 980</u>	<u>74 924</u>	<u>-</u>	<u>310 904</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing services, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the University is the bid price at year-end. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. The fair value of investments disclosed under level 2 is determined by portfolio managers based on current market indicators.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

3. Loans and receivables	2011	2010
	R'000	R'000
Student loans	38 393	34 610
Loans to employees	1 398	969
Other loans	5 465	3 801
	<u>45 256</u>	<u>39 380</u>
Provision for impairment	(7 834)	(6 758)
	<u>37 422</u>	<u>32 622</u>

Student loans bear interest at 10% (2010 : 10%) and are repayable in terms of individual contracts with students. These loan contracts are on the same terms and conditions as applied to financial aid granted under the National Student Financial Aid Scheme (NSFAS).

Unsecured loans to employees bear interest at a fixed rate of 15% (2010 : 15%) and are repayable in terms of individual contracts with the employees. The loans are made available for housing and personal purposes.

Other loans are interest free with no fixed terms of repayment.

The University's historical experience in collection of these loans falls within the recorded allowances. Due to these factors, university management believes that no additional credit risk beyond amounts provided for collection losses is inherent in these loans.

4. Inventories	2011	2010
	R'000	R'000
Stationery	397	478
Technical inventories	2 019	2 090
Cleaning material and foodstuffs	2 144	2 313
Study materials	544	561
	<u>5 104</u>	<u>5 442</u>

5. Receivables and prepayments	2011	2010
	R'000	R'000
Student debtors	23 415	19 082
Prepayments	7 998	5 003
NRF control account	7 462	10 410
Department of Higher Education and Training – Block Grant Subsidy	2	36
Other receivables	18 050	12 972
Receiver of Revenue – Value Added Tax	5 143	2 280
	<u>62 070</u>	<u>49 783</u>
Provisions for impairment	(7 549)	(6 157)
	<u>54 521</u>	<u>43 626</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

5. Receivables and prepayments (continued)

Student debtors

Student receivables are deemed impaired and credit losses are provided for if the students do not register for the next academic year and did not successfully complete their degrees. Students are normally not allowed to register for the next academic year if they still have outstanding debt. Student debt in respect of students who have completed their degrees is not considered to be impaired based on historical evidence that they settle their debt in full in order to secure their degrees.

Credit quality of student debtors is managed by the University with reference to the last year of registration of the relevant student. The impairment provision is based on the University's experience in collection of student debt according to the period outstanding since last registration of the student.

The movement in the impairment provision was as follows:

	2011	2010
	R'000	R'000
Opening balance at 1 January	6 157	5 019
Additional/(release of) impairment	1 363	1 135
Receivables written off during the year	29	3
Closing balance at 31 December	<u>7 549</u>	<u>6 157</u>

The movement in the impairment provision has been included in other current operating expenses in the statement of comprehensive income. Student receivables are generally written off when there is no expectation of recovery.

Overdue student debts bear interest at market related rates.

External debtors and other receivables

External debtors and other receivables consist of a number of reputable institutions, from whom monies are due for various grants, projects and auxiliary activities of the University in accordance with relevant agreements. Due to the nature of these receivables and a history of low defaults, credit losses are deemed minimal.

Fair value of external debtors and other receivables approximate their cost.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

6. Cash and cash equivalents	2011 R'000	2010 R'000
Cash at bank and in hand	6 421	9 911
Short term bank deposits	47 526	7 897
	<u>53 947</u>	<u>17 808</u>

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

Cash and bank balances	53 947	17 808
Bank overdraft	-	-
	<u>53 947</u>	<u>17 808</u>

7. Deferred income	2011 R'000	2010 R'000	2009 R'000
As at 1 January	965	5 393	(7 611)
Net (decrease)/increase in deferred income	(965)	(4 428)	13 004
Government grants received	-	30 900	50 000
Capital expenditure incurred	(237)	(33 245)	(34 563)
Realised in comprehensive income	(728)	(2 083)	(2 433)
As at 31 December	<u>-</u>	<u>965</u>	<u>5 393</u>

Deferred income represents the building and infrastructure upgrade funding received from the Department of Higher Education and Training. Where funds received have been utilised for capital projects, they are offset against the cost of the asset purchased. Where funds have been utilised to defray related expenses which do not qualify for capitalisation, income is recognised as the expenses are incurred. Unspent amounts are held in current liabilities. Where amounts are spent in advance of the receipt of the grant, an appropriate current asset is raised. In terms of the conditions attaching to these Government Grants, unspent amounts are not refundable.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

8. Interest-bearing borrowings	2011	2010
	R'000	R'000
Current portion of borrowings		
Lease liability	399	476
Current portion of interest-bearing borrowings	<u>93</u>	<u>155</u>
	<u>492</u>	<u>631</u>
Non-current portion of borrowings		
Lease liability	773	1 352
Interest-bearing borrowings	<u>82</u>	<u>174</u>
	<u>855</u>	<u>1 526</u>
Total borrowings	<u><u>1 347</u></u>	<u><u>2 157</u></u>

The bank borrowings and other current borrowings are unsecured. Redemption of loans is guaranteed by the Department of Education.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default. Refer to note 1 for details of assets held as security.

	2011	2010
Interest rates:		
- lease liability	12.00%	12.00%
- borrowings	9.7%	10.6%
Maturity of interest-bearing borrowings (excluding finance lease liabilities)		
Not later than 1 year	93	155
Later than 1 year not later than 5 years	82	174
Later than 5 years	-	-
	<u>175</u>	<u>329</u>
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	550	634
Later than 1 year not later than 5 years	785	1 512
Later than 5 years	-	-
	<u>1 335</u>	<u>2 146</u>
Future finance charges on finance lease	(163)	(318)
Present value of finance lease liabilities for vehicles	<u>1 172</u>	<u>1 828</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

9. Retirement benefit obligations

The University operates a defined benefit pension fund as well as two defined contribution provident funds. These funds are separately administered and managed in terms of the Pension Funds Act.

The trustees of the Rhodes University Pension Fund manage the fund on the basis of the statutory valuation, performed in terms of the Pension Funds Act, and the recommendations made by the statutory actuary. This valuation reflected a funding level in excess of 100% at year-end for both 2010 and 2009.

For the purposes of the preparation of these financial statements, the retirement obligations are required to be valued in terms of IAS 19 (AC116) Employee Benefits, which is consistent with prior years. In terms of IAS19 (AC116), a different actuarial valuation method and assumptions are used compared to the statutory valuation. These valuation methods and assumptions are by nature more conservative and hence result in differences in measurement.

The University also provides post-retirement healthcare benefits to retirees employed by the institution prior to 1991. The entitlement to this benefit is based on the employee remaining in service up to retirement age and the completion of a minimum service period. This obligation is also valued in terms of IAS19 (AC116) Employee Benefits, which is consistent with prior years.

	2011	2010
	R'000	R'000
Balance sheet obligations for:		
- pension benefits	65 762	93 737
- post-retirement medical benefits	61 200	53 000
	<u>126 962</u>	<u>146 737</u>
Income statement charge for:		
- pension benefits	(27 975)	17 094
- post-retirement medical benefits	8 200	4 323
	<u>(19 775)</u>	<u>21 417</u>

Refer to note 20 for details of the actuarial valuations prepared in terms of IAS19 (AC116) Employee Benefits.

10. Trade and other payables

	2011	2010
	R'000	R'000
Trade and other payables	38 066	41 864
Student deposits	31 763	28 026
Deferred income	-	965
	<u>69 829</u>	<u>70 855</u>

The fair value of trade and other payables approximates the carrying amounts as the majority of trade and other payables are non-interest bearing and are normally settled within agreed terms with creditors.

Refer to note 7 for details of the deferred income and related accounting treatment.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

11. Private gifts and grants

Council Managed Earmarked Funds include grants received from the National Lottery Trust amounting to R1 986 034 (2010 : R3 638 966) and National Arts Council of R1 100 000 (2010 : R625 000).

12. Income from investments	2011	2010
	R'000	R'000
Interest income	14 119	15 754
Marketable securities:		
Dividend income	4 899	4 344
Gains on sales of marketable securities	8 406	16 455
	<u>13 305</u>	<u>20 799</u>
	<u>27 424</u>	<u>36 553</u>

13. Personnel costs	2011	2010
	R'000	R'000
Academic professional	184 357	169 931
Other personnel	236 356	206 415
Leave liability (decrease)/increase	(2 371)	4 157
	<u>418 342</u>	<u>380 503</u>
Post-retirement benefit provisions (decrease)/increase		
- medical aid benefits	8 200	4 323
- pension fund deficit	(27 975)	17 094
	<u>(19 775)</u>	<u>21 417</u>
	<u>398 567</u>	<u>401 920</u>

14. Other operating expenses	2011	2010
	R'000	R'000
The following items have been included in recurrent expenditure:		
Repairs and maintenance expenditure	12 698	10 914
Expenditure on computer equipment written off	1 178	1 657

15. Finance costs	2011	2010
	R'000	R'000
Interest expense	<u>142</u>	<u>172</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

16. Commitments	2011 R'000	2010 R'000
Commitments for capital expenditure		
Infrastructure grant projects	-	-
Other	8 963	13 425
	<u>8 963</u>	<u>13 425</u>
Commitments for operating expenditure		
General	10 238	11 581
Library	-	510
	<u>10 238</u>	<u>12 091</u>

Capital expenditure commitments will be financed through funds specifically designated for the projects.

General expenditure commitments will be financed through the internal central budget funds.

17. Contingent liabilities

There is a contingent liability amounting to R342 773 (2010 : R332 773) for surety guarantees given by the University to various financial institutions to assist staff to obtain housing loans.

There is a contingent liability amounting to R5.8 million (2010 : R6.2 million) for surety guarantees given by the University to assist staff to obtain motor vehicle and other loans.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

18. Cash generated from operations	2011 R'000	2010 R'000
Reconciliation of net surplus to cash generated from operations:		
Net surplus before transfers	69 038	33 503
Adjustments for non-cash items:		
Deferred income released	(965)	(2 083)
Depreciation	30 019	30 332
Profit/(loss) on disposal of fixed assets	69	(143)
Profit on disposal of non-current investments	(8 406)	(16 455)
Impairment of investments	979	552
Increase/(decrease) in provision for non-current receivables	1 076	(1 201)
Non-cash movement in reserves	2 066	(272)
(Decrease)/increase in provision for leave pay	(2 371)	4 158
Interest and dividends received	(19 018)	(20 098)
Interest paid	142	172
Changes in working capital (excluding Infrastructure Grant)	(10 618)	(5 459)
Receivables and prepayments	(10 895)	(17 648)
Inventories	338	(258)
Trade and other payables	(61)	12 447
Cash generated from operations	62 011	23 006

19. Compensation paid to Executive Personnel

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2011. The amounts reflected below are based on the total cost of employment to the University (annualised for appointments made during the year) and comprise flexible remuneration packages.

	Office held	Basic salary R'000	Employment benefits R'000	Other allowances/ payments R'000	Total cost to Rhodes University R'000
Dr S Badat	Vice-Chancellor	1 125	394	84	1 603
Dr S Mabizela	Deputy Vice- Chancellor : Academic & Student	1 057	279	62	1 398
Dr P Clayton	Deputy Vice- Chancellor: Research & Development	1 080	174	144	1 398
Mr R W Marriner	Registrar : Finance and Operations	1 063	241	-	1 304
Dr S Fourie	Registrar	892	158	-	1 050

Exceptional payments amounts – each exceeding an annual aggregate of R249 999

There were no exceptional payments in excess of R249 999 in the current year.

Members of council are not paid for attendance at meetings of council and its sub-committees.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

20. Retirement benefit obligations – detailed valuation disclosures

Pension benefits

For AC116 purposes, the pension fund is valued by independent actuaries on an annual basis using the Projected Unit Credit method. The latest actuarial valuation of the pension fund was performed on 31 December 2011.

	2011	2010
	R'000	R'000
<i>The amounts recognised in the balance sheet are determined as follows:</i>		
Present value of funded obligations	638 078	624 043
Fair value of plan assets	(572 316)	(530 306)
Net liability	<u>65 762</u>	<u>93 737</u>
Unrecognised surplus due to surplus apportionment legislation	-	-
Liability at balance sheet date	<u><u>65 762</u></u>	<u><u>93 737</u></u>

The movement in the defined benefit obligation over the year is as follows:

Beginning of the year	624 043	545 909
Current service cost	15 122	12 731
Interest cost	54 257	53 013
Employee contributions	9 856	9 337
Actuarial (gain)/loss	(23 973)	32 279
Benefits paid	(39 312)	(27 265)
Risk premium	(1 915)	(1 961)
End of the year	<u><u>638 078</u></u>	<u><u>624 043</u></u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

20. Retirement benefit obligations – detailed valuation disclosures (continued)

2011 **2010**
R'000 **R'000**

The movement in the fair value of plan assets over the year is as follows:

Beginning of the year	530 306	469 266
Expected return on plan assets	52 181	49 750
Employer contributions	19 192	18 179
Employee contributions	9 856	9 337
Benefits paid	(39 312)	(27 265)
Risk premium	(1 915)	(1 961)
Actuarial gain/(loss)	2 008	13 000
End of the year	<u>572 316</u>	<u>530 306</u>

Net effect of the valuation in the income statement:

Current service costs	15 122	12 731
Net actuarial gain	(25 981)	19 279
Interest costs	54 257	53 013
Expected return on plan assets	(52 181)	(49 750)
	<u>(8 783)</u>	<u>35 273</u>

The actual return on the plan assets was R54 905 253 (2010 : R63 782 258) which includes fair value adjustments of R43 164 225 (2010 : R51 016 287).

Plan assets comprise the following:

Cash	12.75%	11.30%
Equities	50.15%	53.02%
Bonds	10.73%	10.46%
Property	2.70%	3.66%
International	22.31%	20.24%
Other	1.36%	1.32%
	<u>100%</u>	<u>100%</u>

The fund's expected long-term return is a function of the expected long-term returns on equities, cash and bonds. In setting these assumptions, use was made of the asset split as at 31 December 2011. The expected long-term rate of return on bonds was set at the same level as the discount rate. This implied a yield on government bonds of 8.25% per annum as at 31 December 2011. The expected long-term rate of return on equities was set at a level of 3% above the bond rate. The expected long term rate of return on property was set at a level of 2% above the bond rate and the expected long-term rate of return on cash was set at a level of 1% below the bond rate. Adjustments were made to reflect the effect of expenses.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

20. Retirement benefit obligations – detailed valuation disclosures (continued)	2011 R'000	2010 R'000
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Pension benefits (continued)

The principal actuarial assumptions used were as follows:

Discount rate	8.25%	8.50%
Expected return on plan assets	9.50%	9.75%
Future salary increases	6.50%	6.25%
Future pension increases	1.41%	1.64%

Mortality rate:

The standard mortality tables utilised to perform the valuation were SA 85-90 Ultimate (2010 : SA 85-90) for employees during their employment and PA 90 (2010 : PA 90) post-employment rated down two years plus 1% improvement from 31 December 2003.

History of post-retirement pension obligations

As at 31 December	2011 R	2010 R	2009 R	2008 R
Fair value of plan assets	572 316	530 306	469 266	414 757
Present value of defined benefit obligation	<u>(638 078)</u>	<u>(624 043)</u>	<u>(545 909)</u>	<u>(507 123)</u>
Surplus	(65 762)	(93 737)	(76 643)	(92 366)
Experience adjustment gain on plan assets	2 008	13 000	38 607	(60 808)
Experience adjustment gain on plan liabilities	23 973	(32 279)	(24 060)	(11 521)

Expected employer and employee contributions to the defined benefit pension fund for the year ended 31 December 2012 are R30.936 million.

The revised IAS19 is effective from 1 January 2013, the impact of which is still being assessed.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

20. Retirement benefit obligations – detailed valuation disclosures (continued)

Post-employment medical benefits

The University provides post-retirement medical benefits to certain qualifying employees in the form of continued medical aid contributions. Entitlement to this benefit is based on the employee being employed by the University prior to 1991, remaining in service up to retirement age and completing a minimum service period. This unfunded defined benefit liability in respect of this obligation is valued by independent actuaries annually using the Projected Unit Credit method. This liability was valued at 31 December 2011. The revised IAS19 is effective from 1 January 2013, the impact of which is still being assessed.

	2011	2010
	R'000	R'000
<i>The amounts recognised in the balance sheet are determined as follows:</i>		
Present value of unfunded medical benefit obligations	<u>61 200</u>	<u>53 000</u>

The movement in the liability over the year is as follows:

Beginning of the year	53 000	48 677
Current service cost	578	618
Interest cost	4 881	4 824
Benefits paid	(3 319)	(2 836)
Actuarial loss	6 060	1 717
End of the year	<u>61 200</u>	<u>53 000</u>

The amounts recognised in the income statement are as follows:

Current service cost	578	618
Interest cost	4 881	4 824
Benefits paid	(3 319)	(2 836)
Actuarial loss	6 060	1 717
Total included in personnel costs	<u>8 200</u>	<u>4 323</u>

Membership data:

Employed members (in service)	89	102
Retired members	251	256

The principal actuarial assumptions used were as follows:

Interest rate	8.40%	9.50%
Subsidy inflation rate (medical cost trend rate)	7.55%	7.35%
Net discount rate as prescribed	2.00%	2.00%

Mortality rate:

The standard mortality tables utilised to perform the valuation were SA 1956/62 (2010 : SA 1956/62) for employees during their employment and PA90-1 (2010 : PA 90) post-employment.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

20. Retirement benefit obligations – detailed valuation disclosures (continued)

Post-employment medical benefits (continued)

The effects of a 1% movement in the assumed medical cost trend rate were as follows:

	1% Increase R'000	1% Decrease R'000
Effect on the aggregate of the current service cost and interest cost	642	(547)
Effect on the defined benefit obligation	(164)	(11 006)

History of post-retirement medical obligation

Present value of defined benefit obligation as at 31 December:

2011	61 200
2010	53 000
2009	48 677
2008	44 513
2007	38 709

Experience adjustment gain/(loss) on plan liabilities:

2011	(6 060)
2010	1 717
2009	2 229
2008	4 142
2007	712

The experience adjustment for 2011 is attributable to the following factors:

- higher than expected exits of employed and retired members;
- higher than expected early retirements;
- lower than expected increase in subsidy inflation (actual of 6.3% a year versus expected of 7.35% a year; and
- several miscellaneous items of actuarial gains and losses which are considered to be related to an apparent data clean-up.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

21. Financial instruments by category

The financial assets and liabilities of the University are classified as follows:

	Category	2011 R'000	2010 R'000
Assets			
Non-current investments	Available for sale	310 904	296 000
Non-current receivables	Loans and receivables	41 395	36 396
Receivables and prepayments	Loans and receivables	62 070	49 783
Cash and cash equivalent	Loans and receivables	53 947	17 808
		<u>468 316</u>	<u>399 987</u>
Liabilities			
Interest bearing borrowings	Other financial liabilities	1 347	2 157
Trade and other payables	Other financial liabilities	66 829	69 890
		<u>68 176</u>	<u>72 047</u>

The appropriate accounting policies for these financial instruments have been applied according to the categories set out above.

The fair values of the financial instruments are approximately equal to their carrying values.

22. Financial risk management

1. Financial risk factors

The University's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The University's overall risk management processes focus on the unpredictability of financial markets and seeks to minimise potential adverse effects on the University's financial performance.

Day to day risk management is the responsibility of all the management and staff of the University and is achieved through compliance with the documented policies and procedures of the University. All such policies and procedures are approved by Council or an appropriately mandated sub-committee of council.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from transactions which are denominated in a currency which is not the University's functional currency. The University has no significant foreign exchange exposure and therefore no formal policy is in place to manage foreign currency risk.

The only area where the University is exposed to foreign exchange risk at financial position date is in the non-current investments which includes international market unit trusts which are exposed to the US dollar. The impact of a 5% increase/decrease in exchange rates with all other variables held constant on the valuation of the international asset swaps at reporting date would be R3.7million (2010 : R2.3 million) higher/lower.

22. Financial risk management (continued)

ii) Price risk

The University is exposed to equity securities price risk because of investments held by the University and classified as available-for-sale investments. The University is not exposed to commodity price risk. To manage its price risk arising from investments in equity shares, the University diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Investment Committee of the Rhodes University Foundation Trust.

At 31 December 2011, if the FTSW/JSE CPI index increases/decreases by 10% with all other variables held constant and all the University's equity instruments moved according to the historical correlation with the index, the market value of the listed equities would have been R17.309 million (2010 : R17.365 million) higher/lower. Due to the unpredictability of equity market returns, a general indicative percentage of 10% is used to highlight the changes in market value on equity investments.

(iii) Interest rate risk

The University is exposed to interest rate risk due to financial assets and liabilities bearing variable interest rates. Interest rate risk is managed by ensuring that the University's assets are invested in accounts which earn the best possible interest rates.

(b) Credit risk

Potential concentrations of credit risk consist mainly of short term cash, cash equivalent investments, trade receivables and other receivables. The University places cash and cash equivalents with reputable financial institutions.

Receivables comprise outstanding student fees, student loans and a number of customers, dispersed across different industries and geographical areas. The University is exposed to credit risk arising from student receivables relating to outstanding fees. This risk is mitigated by requiring students to pay an initial instalment in respect of tuition and accommodation fees at or prior to registration, the regular monitoring of outstanding fees and the institution of debt collection action in cases of long outstanding amounts. In addition, students with outstanding balances from previous years of study are only permitted to renew their registration after either the settling of the outstanding amount or the conclusion of a formal payment arrangement. The student loans outstanding at year-end have been appropriately assessed.

Where considered appropriate, credit evaluations are performed on the financial condition of customers other than students.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability through an adequate amount of committed credit facilities and the ability to close out market positions. Council, through the Finance and General Purposes Committee, and management of the University monitor the University's liquidity on an ongoing basis.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2011 (continued)

22. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the University's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year R'000	Between 1 and 5 years R'000	Later than 5 years R'000
At 31 December 2011			
Interest-bearing borrowings	643	867	-
Trade and other payables	66 829	-	-
	<u>67 472</u>	<u>867</u>	<u>-</u>
At 31 December 2010			
Interest-bearing borrowings	789	1 686	-
Trade and other payables	70 855	-	-
	<u>71 644</u>	<u>1 686</u>	<u>-</u>

(d) Capital risk management

The University's objectives when managing capital are to safeguard the ability of the University to continue as a going concern and meet its stated objectives. This objective is met through careful consideration by the Council each year of the critical strategic objectives of the University.

1. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 Basis of Preparation

The consolidated financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"). They are presented in the manner required by the Minister of Education in terms of S41 of Act 101 of 1997 (as amended). The consolidated financial statements are prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities.

The preparation of financial statements in conformity with SA GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are employee benefits and impairment of receivables.

a) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the University

The following standards and amendments to existing standards have been published and are mandatory for the University's accounting periods beginning on or after 1 January 2012 or later periods. These standards have not been early adopted.

- Amendment to IAS 1 (AC 101) Presentation of financial statements. The amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment requires entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to profit or loss in the future. Items that will not be recycled such as revaluation gains on property, plant and equipment will be presented separately from items that may be recycled in the future, such as deferred gains and losses on cash flow hedges. The amendment does not address which items should be presented in OCI and the option to present items of OCI either before tax or net of tax has been retained. The amendment is effective for year ends commencing on or after 1 July 2012. As the amendment only impacts presentation aspects, there is no impact on the University's reported profits.
- Amendment to IAS 19 (AC 116) Employee Benefits. The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The amendment is effective for year ends commencing on or after 1 January 2013. As the amendment only impacts presentation aspects, there is no impact on the University's reported profits.
- Amendments to IFRS 7 (AC 144) Financial Instruments – Disclosures. The amendments are intended to address concerns raised during the financial crisis by the G20, among others, that financial statements did not allow users to understand the ongoing risks the entity faced due to derecognised receivables and other financial assets. The amendment is effective for year ends commencing on or after 1 July 2011. As the amendment only impacts presentation aspects, there is no impact on the University's reported profits.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 December 2011 (continued)

1. Accounting policies (continued)

1.1 Basis of preparation (continued)

a) Standards and amendments to existing standards that are not yet effective and have not been early adopted by the University (continued)

- IFRS 9 (AC 146) Financial instruments. This standard is part of the IASB's project to replace IAS 39 (AC 133). IFRS 9 (AC 146) addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has also subsequently updated IFRS 9 (AC 146) to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39 (AC 133) without change, except for financial liabilities that are designated at fair value through profit or loss.

The standard is effective for the University's year end commencing 1 January 2013. The University is still assessing the impact of this change in accounting policy on the University's financial statement, but does not believe this to have a material impact.

- IFRS 13 Fair value measurement. This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRSs and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The new standard is effective from 1 January 2013. The new standard is not expected to have a significant impact on the results of the University.

c) Standards and amendments to existing standards that are not yet effective and are not relevant for the University's operations

The following standards and amendments to existing standards have been published and are mandatory for the University's accounting periods beginning on or after 1 January 2012 or later periods but are not relevant for the University's operations:

- Amendments to IFRS 1 (AC 138) First time adoption of International Financial Reporting Standards - Hyperinflation and fixed dates (effective 1 July 2011);
- IAS 27 (revised 2011) Separate financial statements (effective 1 January 2013);
- IAS 28 (revised 2011) Associates and joint ventures (effective 1 January 2013);
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013);
- IFRS 11 Joint Arrangements (effective 1 January 2013);
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013);

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 December 2011 (continued)

1. Accounting policies (continued)

1.2 Consolidation

Subsidiary entities are those entities over which Rhodes University has the power, directly or indirectly, to exercise control. All subsidiaries are consolidated, except if control is expected to be temporary, or if there are long term restrictions on the transferability of funds. Subsidiaries are consolidated from the date on which effective control is transferred to Rhodes University and they are de-consolidated from the date that control ceases. All inter-entity transactions, balances and unrealised surpluses and deficits are eliminated.

The following entities are included in the consolidated financial statements of Rhodes University:

- Rhodes University Foundation.
- David Rabkin Project for Experiential Journalism Training (Pty) Ltd (trading as Grocotts Mail)

1.3 Income recognition

Revenue is generally recognised at the fair values of the consideration received for goods or services rendered. Revenue is shown net of value-added tax, returns, rebates and discounts. The University recognises revenue when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the University's activities as described below.

1.3.1 State appropriations: Subsidy and grant income

State appropriations and grants for general purposes are recognised as income in the financial year to which the subsidy relates. Appropriations for capital expenditure purposes are set off against the cost of the assets as incurred. Unspent amounts are retained in deferred income as a current liability.

1.3.2 Tuition and accommodation fee income

Tuition and fee income is only recognised when the amount can be measured reliably and future economic benefits will flow to the University. Tuition fees are recorded as income in the period to which they relate. To the extent that this income may not be realised, provision is made for the estimated irrecoverable amount. Deposits provided by prospective students are treated as current liabilities until the related fees become due to the University.

1.3.3 Designated income

Income received for designated specific purposes will arise from contracts, grants, donations and income on specifically purposed endowments. In all instances any such income is recognised as income in the financial period when the University is entitled to use those funds. Thus funds that will not be used until some specified future period or occurrence are held in an appropriate fund until the financial period in which the funds can be used. Prior to that time the amount is appropriately grouped in one of the restricted funds comprising aggregate funds. These are treated as "transfers" on the statement of comprehensive income.

1.3.4 Interest income

Interest is recognised on a time allocation basis, taking account of the principal outstanding and the effective interest rate over the period to maturity, when it is determined that such income will accrue to the University. When impairment of a debtor occurs, the University reduces the carrying value to the recoverable value. The recoverable value represents the future cash flow, discounted as interest over time. Interest income on loans in respect of which impairment has been recognised is recognised at the original effective interest rate.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 December 2011 (continued)

1. Accounting policies (continued)

1.3 Income recognition (continued)

1.3.5 Dividend income

Dividends are recognised when the University's right to receive a dividend is established.

1.3.6 Donations and gifts

Donations and gifts are recognised on receipt. Donations in kind are recognised at fair value.

1.3.7 Rental income

Where the University retains the significant risks and benefits of ownership of an item under a lease agreement, it is classified as an operating lease. Receipts in respect of the operating lease are recognised on a straight-line basis in the statement of comprehensive income over the period of the lease.

1.3.8 Student deposits

Deposits provided by prospective students are treated as current liabilities.

1.4 Research costs

Research costs are expensed in the period in which they are incurred.

1.5 Reserve Funds

1.5.1. Unrestricted use fund

The unrestricted operating fund reflects the University's subsidised activities and also includes tuition fees. Additions to these funds mainly comprise formula-subsidy, tuition fees and the sales and services of educational activities, as well as transfers from other funds to finance expenditure. Expenditure mainly comprises direct expenses in academic departments for training, research and community service, as well as other support service expenses, such as academic administration, library facilities, bursaries and loans. Institutional expenses, such as expenses incurred for the executive, student services, information technology and operating costs regarding land and buildings, are also recorded here. The budget of the University, as approved by Council, finds expression in this fund group.

1.5.2. Restricted funds

These funds may be used only for the purposes that have been specified in legally binding terms by the provider of such funds or by another legally empowered person.

1.5.3. Council-designated funds

These funds fall under the absolute discretion and control of Council, for example, sales of goods and services, non-prescriptive donations and grants, income from investments that are not held as cover for trust funds, specific purpose endowments or administrated funds.

1.5.4. Property, plant and equipment funds

The amount in property, plant and equipment funds represents that portion of the University's fixed assets that is financed from own funds.

1. Accounting policies (continued)

1.6 Foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognised in the income statement in the year in which they arise. Such balances are translated at year-end exchange rates.

1.7 Financial Instruments

Financial instruments carried on the balance sheet include cash and bank balances, investments and loans, receivables, trade payables and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

The carrying amounts for the following financial instruments approximate their fair value: cash and bank balances, investments, receivables, trade creditors and borrowings.

1.8 Financial assets

The University classifies its financial assets in the following categories: loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

1.8.1 Loans and receivables

Loans and receivables included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The University's loans and receivables comprise 'Trade and other receivables' and cash and cash equivalents. Loans and receivables are carried at amortised cost using the effective interest rate. Loans and receivables are impaired on a basis similar to trade receivables set out in 1.8.2 below.

1.8.2 Trade receivables (including student debt)

Trade receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. Financial assets classified as receivables are initially recognised at fair value plus transaction costs. Subsequent to recognition, receivables are carried at amortised cost using the effective interest rate method less provision for impairment. Short-term receivables with no stated interest are measured at the original invoice amount if the effect of discounting is immaterial. A provision for impairment for trade receivables is established when there is objective evidence that the University will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivable is impaired. An impairment loss is recognised in profit/loss when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument.

Assets that are individually significant are considered separately for impairment. When these assets are impaired, any impairment loss is recognised directly against the related asset. Assets that are individually significant and that are not impaired and groups of small balances are considered for impairment on a portfolio basis, based on similar credit risk. Impairment losses are recognised in an allowance account for credit losses until the impairment can be identified with an individual asset and, at that point, the allowance is written off against the individual asset. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

1. Accounting policies (continued)

1.8 Financial assets (continued)

1.8.3 Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intend to dispose of it within 12 months of the end of the reporting period.

Financial assets classified as available-for-sale are initially recognised at fair value plus transaction costs. Subsequent to initial recognition, available-for-sale financial assets are carried at fair value. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets is the current bid price as per the Johannesburg Stock Exchange (JSE). If the market value of an investment cannot be determined, the investment is measured using an acceptable valuation method.

Unrealised gains and losses arising from the change in fair value are recognised directly in other comprehensive income until the asset is derecognised or impaired, at which time the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive income. However, interest income on these items, calculated using the effective interest method, is recognised in profit/loss. Dividend income is recognised when the University's right to payment has been established and it is included in other income. Net foreign exchange gains or losses on monetary available-for-sale financial assets are recorded directly in profit/loss as part of other income or other expenses. Cumulative gains or losses accumulated in equity are recognised in profit/loss upon disposal or impairment of the financial asset, as part of net gains or losses, and are included in other income or other expenses.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

The University assesses at each reporting date whether there is objective evidence that a financial asset or group of assets is impaired. A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. Available-for-sale financial assets will become impaired when a significant or prolonged decline in the fair value of the investments below their cost price or amortised cost is noted. If any objective evidence of impairment exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and current fair value less any impairment loss on the financial asset previously recognised in profit/loss, is removed from equity and recognised in the statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit/loss, the impairment loss is reversed through the statement of comprehensive income.

1.9 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1. Accounting policies (continued)

1.10 Property, plant and equipment

All property, plant and equipment is stated at historical cost, less depreciation, as applicable. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Donated property, plant and equipment is recorded at fair value at the date of the donation. Property, plant and equipment purchased with government grant funds are treated as set out in note 1.3.1.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the University and the cost of the item can be measured reliably. The carrying amount of the related asset is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. The estimated useful lives are:

Buildings	50 years
Furniture and equipment	6 to 10 years
Vehicles	4 to 10 years
Computer equipment	3 to 5 years

Library books and periodicals are written off in the year of acquisition.

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

Assets which individually cost less than R5 000 are not capitalised, but are expensed in the year of acquisition. Assets which individually cost between R5 000 and R15 000 are capitalised and written off in full in the year of acquisition.

The residual values and useful lives of all significant assets are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

Interest costs on borrowings to finance the construction of property, plant and equipment are capitalised as part of the cost of the asset during the period of time that is required to complete and prepare the asset for its intended use.

1.11 Impairment of non-financial assets

Non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows.

1. Accounting policies (continued)

1.12 Accounting for leases

Leases of property, plant and equipment where the University assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalised at the estimated fair value of the leased assets, or, if lower, the present value of the underlying lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance charge is charged to the income statement over the lease period. The property, plant and equipment acquired under finance leasing contracts are depreciated over the useful life of the assets.

Leases of assets, under which all the risks and benefits of ownership are effectively retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

1.13 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method.

1.14 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, and investments in short-term money market instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Borrowings are classified as current liabilities unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.16 Trade and other payables

Trade and other payables are carried at the fair value of the consideration to be paid for goods and services that have been received or supplied and invoiced or formally agreed with the supplier.

Other liabilities are stated at original debt, less principal repayments and amortisations. Other liabilities are classified as current unless the University has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

1.17 Provisions

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate. The increase in the provision due to the passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

1. Accounting policies (continued)

1.18 Employee benefits

1.18.1 Accumulated annual leave

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of reporting date.

1.18.2 Pension obligations

The University operates a defined benefit pension plan, the assets of which are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and the University.

The University also operates two defined contribution provident plans. The University's contributions to these plans are charged to income as incurred.

1.18.3 Other post-retirement benefit obligations

The University provides post-retirement healthcare benefits to retirees employed by the institution prior to 1991. The entitlement to these benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out annually by independent actuaries. All actuarial gains and losses are recognised immediately in the year in which they arise.

1.18.4 Termination benefits

Termination benefits are payable when employment is terminated by the institution before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The institution recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.