

RHODES UNIVERSITY

**ANNUAL REPORTS
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2012**

RHODES UNIVERSITY

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FOR THE YEAR ENDED 31 December 2012**

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DETAILS OF OFFICERS AND MEMBERS OF COUNCIL as at 31 December 2012

Officers of the University

Chancellor: Vacant

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: Judge RJW Jones

Registrar: Dr Stephen Fourie

Council

The Vice-Chancellor – Dr MS Badat (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)

Appointed by the Minister of Higher Education

Ms F Loliwe

Professor R Maharajh

Mr MK Rune

(Vacant)

(Vacant)

Elected by Senate

Professor RTF Bernard (1)

Professor J Baxen

Professor DA Sewry

Professor ACM Webb (1)

Elected by the academic staff

Ms JD Sewry

Elected by the administrative/support staff

Mr S Mpumlo

Ms G Armstrong

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 WH Bishoff

The Hon Mr Justice RJW Jones (1,3) (Chairperson)

Ms M Schoeman

Dr N Stubbs

Mr NE Woollgar (1,3)

Mr C Meyer (1,2)

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**DETAILS OF OFFICERS AND MEMBERS OF COUNCIL
as at 31 December 2012 (continued)**

Co-opted Members

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
Ms L Janse van Rensburg

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

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REPORT OF CHAIR OF COUNCIL

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 2012. The term of office of the members appointed by the Minister of Higher Education and Training ended in 2012. The Minister appointed five new members for the period 2012 – 2016 but it was particularly disappointing that two of the five appointees failed to take up their appointments and the Minister has yet to replace them.

The composition of the Council at the end of 2012 is recorded above. Attendance at Council meetings was generally good; the overall attendance of 71% was down slightly from 74% in the previous year.

Summary of attendance:

MEMBERS	NO OF MEETINGS ELIGIBLE TO ATTEND	NO OF MEETINGS ATTENDED
Dr S Badat <i>Vice-Chancellor</i>	4	3*
Dr P Clayton <i>DVC (Research & Development)</i>	4	4
Dr S Mabizela <i>DVC (Academic & Student Affairs)</i>	4	4
Ms F Loliwe <i>Minister of Education rep</i>	2	2
Ms N Pityana <i>Minister of Education rep</i>	2	1
Dr R Maharajh <i>Minister of Education rep</i>	2	1
Mr M Rune <i>Minister of Education rep</i>	2	2
Judge CM Somyalo- <i>Minister of Education rep</i>	2	1
Dr TR Terblanche. - <i>Minister of Education rep</i>	2	0
Ms X Peter <i>Minister of Education rep</i>	2	0
Professor R Bernard	4	4
Professor J Baxen <i>Senate rep</i>	4	3
Professor D Sewry <i>Senate rep</i>	4	4
Professor A Webb <i>Senate rep</i>	4	2*
Ms J Sewry <i>Academic staff rep</i>	4	4
Mr S Mpumlo <i>Admin staff rep (1 - 5)</i>	4	4
Ms G Armstrong <i>Admin staff rep (6 - 15)</i>	4	4
Clr N Gaga <i>Makana Municipality rep</i>	4	1

* On sabbatical for one meeting

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REPORT OF CHAIR OF COUNCIL (continued)

Clr R Madinda <i>Makana Municipality rep</i>	4	0
Dr B Rayner <i>Board of Governors rep</i>	4	4
Mr M Maralack <i>SRC President</i>	4	4
Ms L Janse van Rensburg <i>PGLSC Chairperson</i>	4	4
Ms WH Bishoff <i>Appointed by Council</i>	4	0*
Judge J Jones <i>Appointed by Council</i> CHAIR	4	3
Mr C Meyer <i>Appointed by Council</i>	4	4
Ms M Schoeman <i>Appointed by Council</i>	4	2
Dr N Stubbs <i>Appointed by Council</i>	4	3
Mr N Woollgar <i>Appointed by Council</i>	4	4
Judge C Plasket <i>Co-opted by Council</i>	4	1*
Mr B Steele-Gray <i>Co-opted by Council</i>	4	4
Mr T Tagg <i>Co-opted by Council</i>	4	3
Bishop E Ntlali <i>Co-opted by Council</i>	4	1*

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. 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 excellent (overall 95% up from 77% in 2011) 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.

Matters of significance considered by the Council

- Approved restructuring at senior administrative management level which included the establishment of a single division of Infrastructure and Operations and the creation of the post of Executive Director: Infrastructure, Finance and Operations; the disestablishment of the separate divisions of Estates and Residential Operations; the disestablishment of the portfolios of Director: Residential Operations and Director: Estates; and the suspension of the post of Registrar: Finance and Operations for the foreseeable future.
- Approved the establishment of a Leadership Ethics Programme housed in the Allan Gray Centre for Leadership Ethics based in the Department of Philosophy.
- Approved the integration of the Public Service Accountability Monitor (PSAM) with the School of Journalism.
- Approved participation in the Corruption Watch Pledge.
- Approved the appointment process for a new Chancellor.
- Approved a protocol for managing close relationships between staff and students and between staff.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL (continued)

- Approved amendments to the policy and procedures for the personal promotion of academic staff.
- Approved a HIV & AIDS / TB and STI's Strategic Plan for Rhodes University.
- Approved a tender for the construction of a new Education Department building.
- Re-evaluated the mandate of the Institutional Forum.
- Approved the Job Evaluation Policy and Procedures for Support Staff Posts.
- Approved the changes in the Conditions of Service for Academics – Probation Requirements.
- Approved the amended Student Disciplinary Code.
- Approved a Database Management Policy.
- Approved a request from the National Archives of Zimbabwe to return Rhodesian Cabinet papers stored in the Cory Library for the past 35 years.
- Noted the Infrastructure and Efficiency Funding for the period 2012/13 to 2014/15 allocated by the DHET, confirmed the projects and undertook to meet the conditions specified with the grant, including the own contribution funding component.
- Approved the commencement of the construction of an undergraduate residence.
- Approved a postgraduate liaison sub-committee constitution.
- Approved a break even budget of 2013 based on a 8% tuition increase and a 7% residence increase.

The non-delivery of services by the Makana Municipality was an item of business that received considerable attention by Council and should be singled out for specific mention in this report. Council is especially concerned about the lack of a reliable water supply.

Significant awards to departments, staff and students

- The award of the honorary title of Distinguished Fellow of the University to Distinguished Professor Paul Maylam.
- The award of the honorary title of Distinguished Fellow of the University to Professor Hugh Eales.
- Distinguished Professor Tebello Nyokong (Chemistry) received an NRF A rating.
- Distinguished Professor Christopher McQuaid (Zoology) received an NRF A rating.
- Professor Mike Marais (English) received a NRF B1 rating – the highest ever rating in the Humanities Faculty at Rhodes.
- Professor Alredo Terzoli was the recipient of the 2011 Vice-Chancellor's Distinguished Community Engagement Award.
- The International Office was awarded the International Education Association of South Africa (IEASA) – Golden Key Award for Excellence in Internationalisation in the category “Good Practice in Developing a Comprehensive International Strategy – 2012”.
- The Executive Director: Infrastructure, Finance and Operations, Dr Iain L'Ange received the ACUHO-I-SAC Presidential Gold Award for Leading Researcher for the Ministerial Report for the Review of the Provision of Student Accommodation in Higher Education South Africa.
- Distinguished Professor Tebello Nyokong had a special issue of the World Scientific Journal of Porphyrins and Phthalocyanines (JPP) dedicated to her on the occasion of her 60th birthday.
- The Academy of Sciences for the Developing World (the Third World Academy of Sciences) announced at its General Meeting in Tianjan, China that it had been unanimously decided to award the 2012 TWAS Medal for outstanding contributions to Science and Technology to Distinguished Professor Tebello Nyokong.
- Professor Mark Bunting in the Accounting Department became the first Rhodes academic to be awarded the Chartered Financial Analyst (CFA) Professional Charter. Professor Bunting passed all three levels of this qualification at the first attempt, becoming part of only 9% who managed to do this worldwide.

- Professor Alfredo Terzoli was named the winner of the 2012 Department of Trade and Industry (DTI) Technology Awards in the Human Resource Development category.
- Ms Ujala Satgoor, Director of Library Services, was elected as the President of the Library and Information Association of South Africa (LIASA) for the term 2012-2014.
- The South African Wetland Society presented the 2012 Mondi National Wetland Award to Professor Fred Ellery of Environmental Science in the category of "Science and research" at the annual Wetland Indaba
- Professor Denis Hughes, Institute for Water Research, was awarded the Vice-Chancellor's Senior Distinguished Research Award for 2012.
- Professor Catriona Macleod, Department of Psychology, was awarded the Vice-Chancellor's Book Award for 2012.
- Professor Jen Snowball, Economics, was awarded the Vice-Chancellor's Senior Distinguished Teaching Award for 2012.
- Dr Lizanne Raubenheimer, Statistics, was awarded the Vice-Chancellor's Distinguished Teaching Award for 2012.

Financial viability

As indicated in the Annual Financial Review, 2012 was a successful financial year for the institution, contributing to a further increase in the already viable financial state of the University. The pension fund liability which is recorded in the University's 2012 annual financial statements is an issue of concern because of conservative assumptions called for under the IAS19 Accounting Convention. This required the convening of the first extraordinary meeting of Council in some eighteen years. Council elected to adopt the conservative IAS19 valuation and accordingly received an unqualified audit report, but the magnitude of this liability valuation remains a concern. The Vice Chancellor, in his annual report, argues that the pension fund is an important benefit offered to the members of the academic community that is Rhodes University. The University is undertaking further research in this regard, and will request the Department of Higher Education & Training (DHET) to fully investigate the IAS19 accounting standard and its impact upon post-retirement benefits within the higher education sector.

Staff development and equity in 2012

During the course of 2012, a total of 41 Rhodes staff (permanent and temporary) acquired further qualifications, seven of these PhDs and 16 of these Masters degrees. 14 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 four 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 (two 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.

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. Two staff completing this programme were offered permanent posts from 2013, in the areas of Information Systems and History, both linked to the retirements of academics. Important to note is that three of these posts have been or are in the scarce skills areas of Computer Science and Information Systems where traditionally Rhodes University has struggled to recruit staff. As such, this programme is strategically positioned to contribute to staff capacity issues and to ensure sustainability. By the end of 2013, a further three staff in the areas of Computer Science, English and Organisational Psychology (another scarce skill area) will have completed the programme and will be screened for permanent posts, again all against academic retirement posts.

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REPORT OF CHAIR OF COUNCIL (continued)

Two further staff, in Politics and in Mathematics (another scarce skill area), will also complete the Rhodes University Accelerated Development programme at the end of 2013, before reverting back to their full-time academic posts. Started in 2012, to date there are five staff on the RU Accelerated Development programme (the two already mentioned above, two in Sociology, one in Drama, with a further two posts in the process of being filled, one in Education and one in CHERTL, a total of seven posts so far.

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 2012, six Rhodes staff completed their NQF level 4 qualifications, which is equivalent to matric.

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 piloting of a new management development programme started in late 2012. SETA funding to the value of a R500,000 was secured allowing for the development of materials for this programme. This will ensure sustainability of the programme in the future where the programme can be facilitated by Rhodes University staff. An application has been made to the SETA for a further R500,000 in 2013/2014 to support the review of the supervisory programme.

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 2012, 21 internship placements were in areas such as Food Services, Community Engagement, Finance, Human Resources, Registrar's Division, the Library, the Research Office, CSD, SAIAB, as well as academic departments including Journalism, Ichthyology, Drama, Biochemistry, Chemistry and Zoology and Entomology, with one intern deciding to further postgraduate studies. To date, 83% of interns have secured employment at Rhodes or elsewhere as a result of the internship.

As is the case each year, all departments and divisions were required to review progress made against employment equity targets for their areas. In addition, a scorecard on equity stats is presented to the Employment Equity and Institutional Culture Committee on a quarterly basis.

As at 31 December 2012, 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 nationals	Black (African, Coloured, Indian)	Women	Foreign nationals
Top and senior management	38.46%	38.46%	0%	38.46%	38.46%	0%
Professionally qualified (including academics) and mid management staff	26.57%	45.78%	11.06%	28.34%	45.16%	11.33%
Skilled technical, junior management and supervisory levels	49.81%	59.32%	0.76%	48.91%	61.07%	1.66%
Total institution	61.05%	52.78%	3.97%	60.05%	53.85%	4.52%

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REPORT OF CHAIR OF COUNCIL (continued)

Notes:

1. Percentages for semi-skilled and unskilled have not been included;
2. Foreign nationals are international members of staff who in terms of the Department of Labour's definition are not counted as members of designated groups (i.e. Black, women and the disabled);
3. Columns reflected under A (permanent staff) show that 38.46% of top and senior management are Black. This includes men and women. Also within this group of top and senior management, 38.46% are women (of a races);
4. Columns reflected under B (permanent and temporary staff) show the percentage for all staff (permanent and contract). The numbers for top and senior management remain the same as no contract staff are appointed at this level. For professionally qualified staff, Black permanent staff constitute 26.57% of all staff in this category while for temporary and permanent staff, the number of Black permanent and temporary staff constitute a higher percentage at 28.34%.

An equity scorecard (reflecting progress against targets for permanent posts in the institution) is produced by the HR Division on a quarterly basis to the Employment Equity and Institutional Culture Committee and from 2013 will be tabled at the Institutional Forum and Senate on a quarterly basis. These scorecards show the number of opportunities (vacancies that have been filled) for transformation as well as how many of those opportunities have resulted in the employment of a Black member of staff. In 2012, the turnover for permanent academic staff in 2012 was 3.6%, i.e. a total of 12 academics of which two were Black academics, left permanent posts at the institution. While it is pleasing to note that only one Black academic left voluntarily (the other was medically boarded), there was only one other voluntary termination, the rest being academics retiring. The lack of opportunities for transformation in this staff sector is of concern. The turnover rate for support staff was 8.3%, a total of 83 permanent staff terminations, 36% of these voluntary. Therefore, the voluntary turnover rate for all staff is low.

As at 31 December 2012, the profile for permanent academic staff is:

	Permanent ACADEMIC staff		
	Black (African, Coloured, Indian)	Women	Foreign nationals
Professors + Associate Professors	13.39%	23.21%	11.61%
Senior Lecturers	16.82%	51.40%	16.82%
Lecturers	40.38%	50%	12.5%

Notes:

1. South African white men are not reflected in the table above;
2. Black refers to the designation as per the Department of Labour;
3. For lecturers, 40.38% of all lecturers are Black (men and women) while only 13.39% of professors and associate professors are Black (men and women);
4. In the case of women, 50% of all lecturers are women (all races) while 23.21% of professors and associate professors are women;
5. The numbers of Black staff, women and foreign nationals cannot be added together as the categories of women and Black staff are not mutually exclusive.

The issue of transformation of leadership i.e. Dean and Heads of Departments received attention in 2012 and a revised process for the appointment of Heads of Departments (this is a three year contract) was finalised and implemented in 2013. The process for the election of Deans is still in the process of being finalised.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL (continued)

Composition of the student body

Student numbers totalled 7398 in 2012 (up from 7285 in 2011). 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.

Campus infrastructure

During 2012 the following major infrastructure projects were undertaken:

1. Completion of the Gilbert St accommodation project for visiting senior researchers.
2. Construction of a new Education Department building commenced.
3. Construction of a new undergraduate residence commenced.
4. Refurbishment of Celeste Residence.
5. Refurbishment/replacement of roofs of several buildings.
6. A postgraduate commons was created in the Library.

Prominent events on campus

- Graduation: Five graduation ceremonies took place at which honorary doctorates were awarded to Raymond Louw, Geoffrey John de Jager, Epainette Mamotseki Mbeki, Leymah Roberta Gbowee and Michael Noel Bruton.
- 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 Trevor Evans, Duncan Buchanan, Paul Skelton and Steuart Pennington. The Emerging Old Rhodian Award, an award specifically aimed at honouring younger (under 40) Old Rhodians who have excelled early in their career and shown potential for continued success, was awarded to Ayanda Mbanga and Eusebius McKaiser.

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. The residence system functions well and provides a pleasant environment conducive to learning.

Awareness-raising & transformation

The parents' orientation sessions at the start of the year were moved from Monday to Sunday, enabling far more parents to attend. The Dean of Students website was upgraded, and online 'twitter' from the Dean of Students has greatly enhanced communication to students.

The Dean of Students 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), Live Smart 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. An on-line *alcohol usage* survey ran in August, in which students were supplied with personalised feedback on their own drinking habits. Results from this survey are widely distributed to raise awareness.

Awareness-raising & transformation (continued)

The Dean of Students Pocket Money Fund grew in terms of the number of donations, and benefited from a significant donation from the Give 5 campaign amongst students. 160 needy students received R130 pocket money for 10 months of the year.

Counselling Centre

The appointment of two qualified psychologists who speak an African language as a first language at the beginning of 2012 has boosted the level of service of the Counselling Centre. The protocol on the use of illicit drugs was approved by Senate and has been widely promulgated. The 2012 wellness week was the highlight of the wellness leaders programme (attention was given to students' physical, academic, social, emotional and spiritual wellness and many students attended the week's events). Group therapy continued this year and a new 'Hangover' group was formed to assist students who were abusing substances (many students committed to a voluntary drug testing program facilitated by the Counselling Centre).

Health Care Centre

The appointment of a permanent administrative assistant has improved the service delivery of the Health Care Centre. Many successful initiatives were held during the year, including eye screening week in February and TB screening week in March. Professional care, support and assistance was given to one of our beloved students who passed away from cancer. The Health Care Centre has a well run ARV treatment program.

Career Centre

Workshops on CV writing, job search skills and Interview Preparation for small groups of students were well attended. The Graduate Recruitment Programme was very successful, with excellent attendance by companies, and good feedback about the quality of students attending the three Career Fairs organised for this year.

Student leadership development

The Dean of Students Division organised several training programmes to support student leadership, including the training of all subwardens and House Committees, prior to Orientation Week, and mandatory training for the incoming SRC and all committees of Sports Clubs and Societies. Twenty-seven wellness leaders were trained by the Counselling Centre and offered support in the Residences. The "Top 100" Awards Ceremony was held in collaboration with the Oppidan Press and recognised inspiring student role-models in a range of fields.

Residential system

- Desmond Tutu Hall was officially named, along with three of its residences: Amina Cachalia House; Ellen Kuzwayo House and Calata House.
- The results of the annual Residence 'Quality of Life Survey' were widely disseminated and discussed.
- Several Wardens Discussions on a range of relevant topics were well attended.
- A new disciplinary database has enabled reports to be drawn, showing trends and enhancing consistency.
- The mid-year review of performance of all house committee members and sub wardens continues to counteract the tendency to 'relax' by midyear, and mid-year refresher training for all residential leadership teams has become mandatory .

Sport

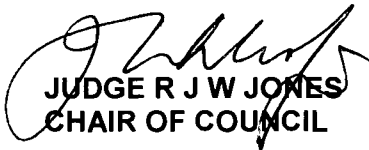
- Rhodes Sport successfully hosted Intervarsity on 17 - 18 August, finishing 2nd behind NMMU
- Rhodes Sport also hosted the USSA Boat Race on 13 - 15 September in Port Alfred and participated in the Fish River Canoe Marathon in Cradock
- The Annual Sports Awards dinner took place on 19 October with Mr Mvuzo Mbebe as a guest speaker
- Rhodes hosted the USSA Pool National Institutional Tournament from 3 - 7 December and clinched a bronze medal.

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REPORT OF CHAIR OF COUNCIL (continued)

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

22 August 2013

Introduction

In this document we report on the overall goals and objectives of Rhodes University as well as certain specific goals and objectives, on institutional planning, enrolments and graduations, key academic developments during the year, student services and extra-curricular activities, academic and support staffing, infrastructure, finances, the management and administration of operations, and the Vice-Chancellor's specific priorities during 2012. Finally, we review the University's performance in relation to certain predetermined objectives.

Goals and objectives

The goals of Rhodes during 2012 were fundamentally shaped by its overall threefold social 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 involves testing "the inherited knowledge of earlier generations", reinvigorating knowledge and sharing findings with others. It entails undertaking research into the most arcane and abstract issues and the "most theoretical and intractable uncertainties of knowledge", as well as also striving to apply discoveries for the benefit of humankind. It requires universities to "operate on both the short and the long horizon": on the one hand, to grapple with urgent and "contemporary problems" and seek solutions to these; on the other hand, to delve into issues and undertake enquiries "that may not appear immediately relevant to others, but have the proven potential to yield great future benefit".

Rhodes' 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".

Students at Rhodes have to be committed to a partnership with academics centred on the pursuit, making and sharing of knowledge. This is why we refer to Rhodes as *indawo yolwazi* - a place of knowledge. 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 seek to be alive to the social, economic as well as moral challenges of our local, national, African and international contexts.

Our work is informed by the reality that post-1994 South Africa continues to be confronted by profound economic and social challenges. Despite some economic and social gains, post-1994 South Africa has remained a highly unequal society in terms of disparities in wealth, income, opportunities and living conditions. According to the National Planning Commission, in 2008 the poorest 20% in South Africa earned 2.2% of income while the richest earned 70%, little change from 1995. In 2008, 'the poorest 20 percent of people earned R1 486 a year and the richest 20 percent earned an average of R64 565 a year,' and 'median expenditure per capita for Africans was R454 a month, and for whites R5 668 a month'. The Gini coefficient, a measure of the 'gap between richest and poorest, increased marginally from about 0.64 to 0.68 between 1995 and 2005.... South Africa remains one of the world's most unequal societies'. Using R524 a month per person as a poverty line measure, 48% of people lived below the poverty line in 2008, as compared to 53% in 1995, the National Planning Commission acknowledging that this is 'a very high level of poverty' and that 'the decline in poverty since 1995 has been relatively small given rising per capita income, a growing economy and significant social policy interventions. In summary, the divisions of race, class, gender and geography and the privileges and disadvantage associated with these are still all too evident – including in the town in which Rhodes is located.

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

1. Possess an intellectual, social and physical environment and institutional culture that embraces academic freedom, the pursuit of truth and the flowering of intellectual autonomy and rational debate, and facilitates high quality learning, scholarship and knowledge production, and community engagement that is nationally and internationally recognised.
2. 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.
3. 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 best or among the best postgraduate pass rates and graduations rates among South African universities;
 - 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 learning and research opportunities, especially for black South African students, through new initiatives.

4. 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 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.

We are confident and are able to demonstrate that by and large we realize our overall goals, and give continuous attention to either achieving these goals or being 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.

Institutional planning

Attention continued to be given to the production of an Institutional Development Plan (IDP). The *purpose* of planning is to ensure that Rhodes is not simply shaped by historical patterns and contemporary currents and pressures but proactively and consciously shapes its future, and that it has carefully considered and formulated ideas on its academic and overall institutional trajectory and development. The IDP will through an open and participatory process:

- Collate, consolidate and expresses our choices, decisions and goals and strategies with respect to academic programmes, enrolments, staffing, infrastructure and finances over the next decade (two five-year terms);
- Be a *compass* (rather than an invariant blueprint) that guides developments, prioritisation, decision-making and implementation at Rhodes, while leaving room for pursuing new imperatives and exploiting possible new opportunities;
- Ensure that there is an alignment between enrolment planning, academic planning, staffing, infrastructure planning and financial planning, and that planning occurs on a longer-term horizon;
- Ensure that Rhodes is financially sustainable taking into account its enrolments, academic programmes and operations, and its staffing and infrastructure requirements;
- Help us to effectively address and pursue new social and educational imperatives, goals and strategies.

Integral to the IDP and also under development was a Transformation Plan that focuses on issues of equity, institutional culture, knowledge and curriculum. Informed by the IDP, a Campus Development Plan will be finalised as a guide to the considered overall physical development and maintenance of the Rhodes University campus. A Green Fund has been created to support the University to institute environmentally-friendly short-, medium- and long-term measures, and initiatives and activities that ensure that Rhodes becomes a greener campus.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Good quality information related to academic and administrative issues is available to the University management. An annual *Statistics Digest* presents relevant information. A 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. In certain areas, there is need for some modernisation, and this is underway. Attention is being given to identifying the kinds of academic information that needs to be collected and regularly analysed by the Institutional Planning Unit and the Centre for Higher Education Research, Teaching and Learning in order to ensure that there is effective learning support and equity of opportunity. During the year the Institutional Planning Director resigned. Following discussions in the Academic Leadership Forum on the post and the performance of the previous incumbent, a new job profile was produced for advertising in early 2013.

Enrolments and graduations

During the year considerable attention was given to the development of a new enrolment plan for 2014 - 2019. This is the first time that the Department of Higher Education & Training (DHET) has requested a six year plan (previously there were three-year plans), a move that Rhodes has welcomed. Of course, this poses interesting challenges with respect to academic, infrastructure, staff and financial planning.

The draft key enrolment targets of the plan are:

Students	Projected target 2013	Proposed target 2019	Average annual increase
First-time entering undergraduates	1500	1672	1.3%
Total undergraduate	5329	5926	1.3%
Postgraduate to Masters level	987	1158	4.0%
Masters	912	1058	4.2%
Doctors	374	561	4.9%
Total postgraduate	2273	2777	4.3%
Occasional students	43	45	0.0%
Total Enrolment	7645	8748	2.2%

The projected enrolment growth between 2013 and 2019 is from 70% undergraduate to 68%; and from 30% to 32% postgraduate. The projected enrolments necessarily have implications for academic infrastructure (academic buildings, lecture, seminar and tutorial venues and laboratories), and for undergraduate and postgraduate residences and the like.

The target enrolment for 2012 was a total of 7 576 students - 5 329 undergraduate students and 2 204 postgraduate students. We were under-enrolled by 183 students: 82 less undergraduate students, 97 less postgraduate students, and four less occasional students than was our target. In the light of the above, we gave careful attention to the 2013 enrolments in order to try and meet our overall three year (2011 - 2013) targets: a total enrolment of 7 645 with 5 329 undergraduates and 2 273 postgraduates. We decided on a new first year intake target in 2013 of 1 600 students instead of the 2012 intake of 1 500.

Academic activities

Rhodes' Enrolment Plan expressed our intention to become a more postgraduate university and to further enhance our contribution to knowledge production through research and scholarship. We are well-positioned for such a trajectory. We:

- Have a vibrant research culture, take research seriously and endeavour to provide our academics with effective support;
- Among South African universities have the third best research output per capita staff member;
- Have the second highest percentage of staff with PhDs (56%); and
- Have very good postgraduate graduation rates and the best rate at the PhD level.

In terms of graduations of the 2012 cohort:

- 1 340 students received undergraduate degrees;
- 948 students or 41% received postgraduate qualifications;
- 1 378 graduates or 60% were women;
- 495 or 22% were international students from 30 countries in the rest of Africa and around the world;
- We celebrated a new University record of 63 PhD's – a tremendous achievement for the smallest university in the country;
- The Science Faculty produced 220 students with B.Sc degrees, 35 PhD graduates, 83 Masters graduates, 132 Honours graduates.

Research continued to thrive in 2012. Despite being the smallest university in South Africa, and comprising only 0.8% of South Africa's university students and 1.9% of all full-time academic staff, we possessed 7% (10) of all the prestigious research chairs that are available to universities as part of the South African Research Chairs initiative (SARChI). The programme was established in 2006 to strengthen scientific research leadership and capacity in South African universities. It aims to create a critical mass of world-class scholars who will train future generations of scholars and graduates to support a South African knowledge-based economy. SARChI chairs are tenable for five years and renewable for two further five-year periods, giving a total life span of 15 years. Eligibility for renewal is based on performance. The funding per chair is R2.5 million per annum, and is intended to cover salaries, postdoctoral fellowships, postgraduate student bursaries, research operating costs, and equipment necessary for the work the Chair.

A key criterion for the award of a SARChI chair is that the host university must provide a scholarly environment in which the chair and scholarship can flourish – without doubt Rhodes is such an environment. Our SARChI chairs are in:

- Medicinal Chemistry and Nanotechnology (Prof Tebello Nyokong);
- Marine Ecosystems (Prof Christopher McQuaid);
- Mathematics Education (Prof Marc Schafer);
- Numeracy (Prof Mellony Graven);
- Radio Astronomy (Prof Oleg Smirnov);
- Intellectualisation of African Languages, Multilingualism and Education (Prof Russell Kaschula);
- Insects in Sustainable Agricultural Ecosystems (Prof Steve Compton);
- Interdisciplinary Science in Land and Natural Resource Use for Sustainable Livelihoods (Prof Charlie Shackleton);
- Marine Natural Products Research (in process), and
- Critical Studies in Sexualities and Reproduction: Human and Social Dynamics (in process).

The University will continue to pursue further chairs and Department of Science and Technology centres of excellence in proven areas of academic excellence.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

As part of our future institutional trajectory, during the year we continued to give special attention to identifying potential new postgraduate and research niche areas and programmes, and developing the appropriate institutional arrangements to effectively support larger numbers of Honours, Masters and Doctoral students, as well as to further enhance their academic and social experiences.

On the basis of our breadth and depth in water education and research, and in partnership with Nelson Mandela Metropolitan University and the University of Fort Hare, we continued to press on in our efforts to become a key institutional hub on the African continent in this field and to bid for a UNESCO facility. There were meetings with officials from the Department of Water Affairs, following a meeting between the Vice-Chancellor and the Minister of Water Affairs. We also produced an exciting proposal in search of donor funding for a cooperative projects to promote isiXhosa as a language in higher education with other Eastern Cape universities and Western Cape universities.

A number of new research and postgraduate programmes were established. One was the Allan Gray Centre for Leadership Ethics, located in the University's outstanding Philosophy department. Made possible by a five-year, R12.5 million renewable grant from the Allan Gray Orbis Foundation, the Centre will seek to imaginatively and critically investigate what is meant by leadership and specifically leadership with ethics, and how to promote such leadership in diverse contexts and circumstances, with the ultimate intent of promoting such leadership. We propose to begin by promoting leadership with ethics among university students in the first instance and then among other specific constituencies as the Centre expands.

A second Humanities initiative was UHURU – a new *Unit for the Humanities at Rhodes University* – funded to the tune of \$ 950 000 over four years by the Mellon Foundation. UHURU seeks to expand this team approach and to establish research themes and foci that engage with critical historical and contemporary issues in the arts, social sciences and humanities. It also seeks to create an intellectual space for dedicated scholars - a mix of internal staff and visiting scholars - to undertake research on a relatively full-time basis. The aim is to provide an institutional 'home' for groups of leading scholars to realize their scholarly potential; help deepen a vibrant and dynamic intellectual culture at Rhodes; increase scholarly outputs in the Humanities at Rhodes, and help to re-establish and re-invigorate humanities research in South Africa in a way that impacts on state, civil society and society more generally. UHURU will be complemented with an additional Mellon grant of \$100 000 for a visiting writers and scholars programme. Following a grant from Atlantic Philanthropy we also look forward to the start-up for a project based in the History department on *Addressing Legacies of the Apartheid Wars*.

There have been exciting developments in the Centre of Higher Education Research, Teaching and Learning (CHERTL). CHERTL's new PhD programme in Higher Education Studies, with a special focus on Learning and Teaching, now enrolls over 30 students, with more seeking admission. CHERTL was also been awarded 1 million euros by the Dutch agency Nuffic to conduct a national project on enhancing postgraduate supervision. The funds will be used to develop a course on supervision and to roll this out at South African universities, particularly those with low PhD graduation rates. The project brings together as partners Rhodes, Stellenbosch, UCT and Fort Hare, and a consortium from the Netherlands involving the Vrije University of Amsterdam, the African Studies Centre in Leiden and the Institute for Social Studies of the Erasmus University in Rotterdam.

Rhodes and CHERTL also seek to mobilise support for a R40 million national programme that will partner with the Council on Higher Education (CHE) to help build the teaching and learning capabilities of academics and universities in South Africa. The programme is intended to enhance the development of academic staff as professional educators in South African universities. CHERTL supports the Rhodes academic staff in providing first class teaching and learning experiences for students of all levels, enjoys a well-deserved national and international reputation and is well placed to assist in this project. Already, CHERTL has offered short courses at other universities in order to enhance the teaching capabilities of academics. In addition, its Postgraduate Diploma in Higher Education has been offered over two years in 'block' format to staff from other universities.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

During 2012, the Education Faculty gave further attention to how and what Rhodes could contribute to improving schooling in the Eastern Cape, especially through our teacher education programmes. We continued discussions with the Department of Higher Education & Training in this regard. We also continue to explore how we may continue to cultivate and support local and regional students with talent and facilitate their entry to Rhodes

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.

Our key tasks are:

- Maintaining our status of possessing the best undergraduate pass rates and graduations rates among South African universities;
- Ensuring that we provide effective support to all our students, and especially black South African students who are from historically disadvantaged public schools;
- Identifying potential new postgraduate and research niche areas and programmes, and ensuring that there is effective planning, fund-raising and implementation;
- Providing further support to the Humanities, Law and Commerce faculties to enable them to increase their contributions to postgraduate and research outputs;
- Developing appropriate institutional arrangements to enhance the quantity, the quality, the academic and social experience and the equity profile of our postgraduates, and especially South African postgraduates;
- Continuing to pursue further chairs in proven or potential new areas of academic excellence.

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 Care Centre 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.

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 residences is an integral part of our students' 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. Among South African universities, Rhodes has one of the highest proportions of academic staff with Doctorates. In 2012, 51% of our academics had doctoral qualifications 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, and especially black academics, with the requisite experience continues to be a significant problem in certain disciplines and fields, such as Statistics, Economics, Accountancy and Geology and in specific areas of senior management, such as Finances and Operations and Facilities Management. In a context of budget constraints and Rhodes paying its senior and middle-level administrators much lower salaries than at other universities, the problem is especially severe with respect to securing black South African staff. The significant difference between salaries in the public and private sectors and the remuneration offered by and affordable at Rhodes remains an ongoing challenge. Progress in improving the equity profile of academic and support staff remains a significant challenge. It is recognised that there could be institutional culture issues and attention has been paid to this through various studies and strategies under the leadership of a Director of Equity and Institutional Culture that reports directly to the Vice-Chancellor. Donor funding from the Mellon and Kresge foundations, supplemented by Rhodes University funding, is being used for innovative accelerated programmes to develop black South African and women scholars who are guaranteed employment at Rhodes on completion.

Attention continues to be given to:

- Improving teacher: student ratios in specific areas;
- Improving the equity profile of academic and senior support staff;
- Building 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.

Infrastructure

Adequate infrastructure in the form of buildings, facilities, equipment and the like are important to our academic and support-staff operations. We have to give continuous attention to:

- 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.

Since 2007 we have

- Built a spectacular new library, completely renovated the existing library and released academic space through the incorporation of some branch libraries into the main library – a cost of R75 million;
- Built five new residences – cost of some R100 million;
- Built a new environmental education building – cost of R12 million;
- Built a new Desmond Tutu dining hall;
- Added additional ICT bandwidth and speed with considerable future savings.

Currently, a new building for teacher education is being completed at a cost of some R17 million.

During 2012 we applied for and received welcome new infrastructure funding from the DHET. The salient aspects of the new funding were the following:

- Despite constituting only 0.8% of the student body and commanding only 1.2% of public subsidy funding, we received 2.9% of total infrastructure funding of R5.9 billion. Our share was even better – we were only able to bid for a total pool of R2.2 billion, and our share of this was 7.5%;
- We received R 169.6 million over the three years, beginning with an initial allocation soon of R 56.5 million;
- Our matching contribution was R28.7 million – which was 14.5% of the total approved funding of R 198.3 million. This was higher than the previous 10% we had to contribute in the first two rounds of Infrastructure & Efficiency Funding;
- The specific allocations were as follows:
 - ✓ A new Life Sciences building - R86.2 million; our contribution is R14.6 million, giving a total of R100.8 million.
 - ✓ A new School of Language building – R25.8 million; our contribution is R5.5 million, giving a total of R31.3 million.
 - ✓ Improvements in Pharmacy facilities and equipment - R 21.8 million; our contribution is R2.4 million, giving a total of R24.2 million.
 - ✓ A new undergraduate residence and refurbishment of current residences – R30.9 million; our contribution is R5.9 million, giving a total of R36.8 million.
 - ✓ Improvements in disability access – R2.8 million; our contribution is R0.2 million, giving a total of R3.0 million.
 - ✓ A contribution towards our project management costs of R2 million.

The Council of the University confirmed to the DHET by 15 December 2012 that it approved the projects, and that it would meet the R28.7 own contribution that was required and would also ensure that our projects would satisfy all the stipulated conditions.

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

We have three sources of funds:

- 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.

We give careful attention to the current and possible future mix of sources of funding and the income from these three sources as part of ensuring that we have the 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;
- Address the social purposes of the University, implement agreed upon strategies and realise defined goals.

As far as finances are concerned we are committed to a zero-deficit budget and present to the Council for its approval a balanced budget. The budget process at Rhodes involves all key stakeholders and is open to all members of the Rhodes community. 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 surplus, which is generally extremely modest, is 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 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. We have instituted a process to plan on a three-year basis and generate three-year budgets.

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.

The financial results of the University are very pleasing in all respects, though it is necessary to comment on the issue of the additional liability that was created in the Annual Financial Statements as an underpin provision against the University's retirement benefit plans, and in particular the University Pension Fund.

The pension fund is an independent entity and has been confirmed as fully funded under the requirements of the Financial Services Board. Accounting conventions (IAS 19), however, call for a more conservative valuation which necessitates an added provisioning requirement in the University's Financial Statements. The difference between the two valuations is significant. The IAS accounting convention is internationally prescribed and is substantially more conservative than the valuation of the separate pension fund funded as an ongoing entity. This accounting convention is a liability-based evaluation with no recognition for asset growth and is compounded by the economic conditions at the date of the year end. In many respects it is intellectually questionable and open to interpretation, as evidenced during the 2012 year end valuation: this resulted in differing opinions between the University's auditors and independent actuaries. While this difference remains ongoing, the University has finalised the 2013 financial statements in full compliance with the auditors' interpretation of the standard and accordingly has received an unqualified audit report.

Rhodes University has in the past raised issues with regard to the accounting standard and, once again, questions the appropriateness of the convention as applied to academic institutions. The conservative approach has a strong potential of promoting social outcomes that do not benefit universities or academics and support staff. This has been evidenced clearly in the corporate environment with the effective demise of defined benefit pension funds.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

In general, defined benefit pension funds confer advantages on their members. Many academics, as evidenced at Rhodes, committed to the pursuit of scholarship and teaching, have looked to chosen members of their community to safeguard their post-retirement futures through the mechanism of the defined benefit pension fund. The interpreted accounting convention dissuades the continued existence of defined benefit pension funds even if such a fund is in a relatively healthy state (as in the case of Rhodes). Simultaneously, as has become the orthodoxy of recent decades, it corrodes the values of social solidarity and community, and fosters individualism and self-centred conduct around post-retirement saving.

Given all these implications, it is necessary for the Department of Higher Education and Training (DHET) to investigate and express a view on the accounting convention being as applicable to academic institutions. The Vice Chancellor will raise this matter with both DHET and also within Higher Education South Africa.

Management and administration of operations

Turning to the management and administration 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 Executive Director: Infrastructure, Operations & Finance);
- Regular meetings of the Academic Leadership Forum (the senior administrative management and the six Faculty deans 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, Finance, etc.);
- 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, Registrar, Executive Director: Infrastructure, Operations & Finance, two representatives of the Deans and the Director of Finance. 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 various management/administrative structures address strategic and operational issues, take decisions on matters within their ambit or refer matters to the appropriate governance structures. There are three other structures: the Deans Forum, the academic Heads of Departments Forum and the Middle-Management Forum. All are intended to address strategic and operational issues within their ambits and to refer matters to the appropriate governance structures.

Vice-Chancellor's priorities

During 2012, beyond the routine activities of chairing the Senate and numerous University committees, forums, events and meetings; attending Faculty Boards, meeting with deans, senior administrators, academic departments, staff and students; addressing meetings and conferences; participating in Board meetings of Higher Education South Africa (HESA) and chairing the Funding Strategy Group of HESA; meeting with national higher education and science and technology officials; meeting with alumni and donors, and participating in alumni reunions and bequest meetings in Toronto, London, Cape Town and Johannesburg, the Vice-Chancellor prioritised:

- Providing leadership on the University making of strategic choices and taking of decisions on infrastructure development and finalising the submissions to the DHET for Infrastructure and Efficiency funding. As has been noted, the outcomes were most favourable with almost R200 000 million of new infrastructure and related funds being approved;
- Providing leadership on the University's new six-year (2014-2019) enrolment plan and the making of strategic choices and decisions on this, including the implications for infrastructure, staffing and finances, and the minor revision of enrolment targets for 2013;

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

- Addressing specific issues that constrain institutional development and transformation, compromise participation, reduce effectiveness and hinder efficiency in the realization of goals and strategies. These issues include enhancing academic staff equity, creating a socially inclusive institutional culture, proactive and creative engagement with challenges, more timeous decision-making and implementation and better and more extensive communication. An invitation was issued to staff to suggest ways of cutting 'red tape' at Rhodes, while being mindful of legal and compliance issues. This is ongoing work in conjunction with the director of Equity and Institutional Culture and Human Resources and other administrative and academic leaders;
- Finalising a book for publication, during a three-month sabbatical at the University of California, Berkeley. The book, *The Forgotten People: Political Banishment under Apartheid* (Jacana Media) was launched in various cities in late 2012. Alongside, a documentary, *Thrown Away*, was produced with the support of Freedom Park and Atlantic Philanthropies and a travelling photo exhibition was developed. During the sabbatical five potential draft journal articles were also produced, and seminar presentations on some of these were made at the University of Toronto (30 August) – attended by the South African Consul General and about 15 people; at the African Studies Center, Boston University (7 September), and at the Centre for African Studies, Oxford University (13 September). Also during the sabbatical, a keynote address at the Southern African Association for Institutional Research Forum titled 'Theses on Institutional Planning and Research at Universities' was corrected, revised and finalised for publication in the *South African Journal on Higher Education*; - a final draft of a *Teaching and Learning Charter* for Higher Education South Africa (HESA) was extensively reworked and produced; and a final draft Conceptual Framework document on Differentiation in South African Higher Education and a final draft document for surveying university's views on differentiation was produced for the HESA Task Team on Differentiation.

There was participation in the annual Berkeley Institute between 9 and 13 July 2012. The Institute focused on the Californian system of higher education, long recognised as an outstanding model of a differentiated and articulated system of higher education, and was attended by people from the USA, Netherlands, Denmark, Mexico and the Middle East. There were also meetings with Berkeley academics, with the Executive Director of the Markkula Center for Applied Ethics at Santa Clara University in connection with the establishment at Rhodes University of the Allan Gray Centre for Leadership Ethics, and with the Provost of the University of California: Davis on building a relationship with Rhodes beginning with collaboration with Prof Amina Mama, a specialist in gender studies at the University of California: Davis who would be useful for working with young academics and postgraduate students on research and publishing on gender issues. Finally, there was a meeting with the Director of the Centre for International Higher Education at Boston College, Prof Phil Altbach, and staff on 6 September and a presentation on contemporary developments in higher education in South Africa.

Immediately prior to the sabbatical, the Vice-Chancellor met in New York with the President of the Andrew W. Mellon Foundation; the Managing Director of the Rockefeller Foundation; Prof Jacques Fremont, Director of the International Higher Education Support Program, Open Society Foundations; Dr Omatade Akin Aina, Program Director Higher Education and Libraries in Africa International Programs and Ms Andrea Johnson, Program Officer, Higher Education and Libraries in Africa International Programs, Carnegie Corporation of New York; Prof Jeannie Oakes, Director: Educational Opportunity & Scholarship, Ford Foundation; Prof Philip A Griffiths, head of the Carnegie-Institute for Advanced Study Regional Initiative in Science and Education (RISE) programme based at Princeton University; Ms Donna Katzin of Shared Interest; the South African Ambassador, Ebrahim Rasool, and Mr Simon Barber Manager of Brand South Africa, and the SA Consul General, George Monyemangene.

In San Francisco, the Vice-Chancellor participated in an event at the Commonwealth Club where he introduced the South African Deputy Minister of International Relations and Cooperation and also led a conversation with him. The event was broadcast on a local radio station. He also participated in a Global South Africans/South African Business Link to Experts (SABLE) Accelerator Roundtable at the Stanford University Graduate School of Business that included the South African Deputy Minister of International Relations and Cooperation, Mr Simon Barber, the US Country Manager of Brand South Africa and expatriate South Africans from Silicon Valley and elsewhere. A presentation was made on building ethical leadership in South Africa.

Performance in relation to certain predetermined objectives

Goals and objectives	Performance Measure/s	Outcome/Impact
Enrolments		
Total enrolment of 7576 students	Actual 2012 enrolment	Total enrolment was 7 398 – 178 students or 2.35% below target
Enrolment of 5 372 undergraduate students	Actual 2012 enrolment	There were 5 284 undergraduate students - 88 students or 1.6% below target
Enrolment of 2 018 postgraduate students	Actual 2012 enrolment	There were 2 114 postgraduate students – 4.75% above target
Enrolment of 1 500 first-time entering students (including transfer students)	Actual 2012 enrolment	There were 1 593 first-time entering students – 93 students or 6.2% above target
Enrolment of 4 470 (59%) women students	Actual 2012 enrolment	There were 4 306 women students – 164 students or 3.7% below target
Enrolment of 4 394 (58%) black students	Actual 2012 enrolment	There were 4 451 black students – 57 students or 1.2% above target
Enrolment of 1 515 (20%) international students	Actual 2012 enrolment	There were 1694 (23%) international students – 179 students or 11.8% above target; 1036 undergraduate (20%) and 658 postgraduate (31%)
Enrolment of 1 818 (24%) students in science, engineering and technology	Actual 2012 enrolment	There were 2 104 students – 286 or 15.7% above target
Enrolment of 3 864 (52%) students in humanities	Actual 2012 enrolment	There were 2 925 students – the 'reduction' is in part a result of the new convention of economics students being counted under business/management
Enrolment of 1 174 (15.5%) students in business/management	Actual 2012 enrolment	There were 1 585 students - the increase is in part a result of the new convention of economics students being counted under business/management
Enrolment of 720 (9.5%) students in education	Actual 2012 enrolment	There were 784 students in education – 64 students or 8.9% above target
Increase the numbers and proportion of postgraduate students from 1 840 (26%) in 2010 to 2 204 (29%) in 2012	Actual 2012 enrolment	The increase in 2012 was to 2 114 students (29%)
Reduce the proportion of undergraduate students from 74% in 2010 to 70% in 2012	Actual 2012 enrolment	The decrease in 2012 was to 71% (5 284 students)
Gradually reduce the proportion of international students to 20%	Actual 2012 enrolment	The proportion was 23%, which means we are slowly reducing the proportion from the previous 25%
Teaching and Learning		
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	Actual practice/s	This is in place. Pilot research has been conducted in the Commerce faculty on the optimum balance between face-to-face lectures and open learning. An Education Technology section exists with the Centre for Higher Education Research, Teaching and Learning (CHERTL) to promote new ICT's

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Ensure that all new academic staff members complete an assessor's course	Actual practice/s	This is the policy and practice and is supervised by CHERTL
Establish an appropriate model for extended studies programmes for students that do not meet our normal admission requirements but display talent and potential.	Actual practice/s	A review was conducted of the previous Extended Studies programmes and new models are in progress
Ensure that student tutors and lab demonstrators are trained and supported	Actual practice/s	This happens in academic departments and with the support of CHERTL
Ensure that there is an adequate library with appropriate holdings to support effective teaching and learning	Actual situation	With the refurbishment of the old library and extension of the library completed in 2010 at a cost of R75 million, Rhodes has a state of the art and technology library. There is extensive use of the library. There are good holdings, though the adverse exchange rates against major international currencies places pressure on the extent of new purchases
Ensure that there is an advanced information and communication technology infrastructure and systems to effectively support teaching and learning	Actual practice/s	This is in place, especially since Rhodes became part of the SANREN backbone
Ensure quality assurance of learning and teaching	Actual practice/s	Policy and practice related to quality assurance is managed by CHERTL
Graduations		
Graduate 1 160 undergraduate students - 1 019 undergraduate degrees and 141 undergraduate diplomas - in 2012	Actual results - HEMIS figures	There were 1334 graduates - 1 284 undergraduate degrees and 50 undergraduate diplomas
Graduate 869 Honours and postgraduate diploma students in 2012	Actual results - HEMIS figures	There were 664 graduates - 437 Honours, 227 Postgraduate Diplomas
Graduate 229 Masters students in 2012	Actual results - HEMIS figures	There were 245 Masters graduates
Graduate 46 doctoral students in 2012	Actual results - HEMIS figures	There were 73 doctoral graduates
Graduate 553 students in science, engineering and technology 2012	Actual results - HEMIS figures	There were 611 graduates

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Graduate 357 students in business/management in 2012	Actual results - HEMIS figures	There were 486 graduates
Graduate 1 175 students in humanities in 2012	Actual results - HEMIS figures	There were 922 graduates (Economics was counted under Humanities previously)
Graduate 219 students in education in 2012	Actual results - HEMIS figures	There were 297 graduates
Graduate 30% of students as % of total enrolments in 2012	Actual results - HEMIS figures	There were 2 316 (31%) graduates
Graduate 22% of undergraduates as % of total enrolments in 2012	Actual results - HEMIS figures	There were 1 334 out of 5 284 (25%) graduates
Graduate 90% of Honours and postgraduate diploma students as % of total enrolments in 2012	Actual results - HEMIS figures	There were 664 out of 788 (84%) graduates
Graduate 26% of Masters students as % of total enrolments in 2012	Actual results - HEMIS figures	There were 245 out of 906 (27%) graduates
Graduate 13% of doctoral students as % of total enrolments in 2012	Actual results - HEMIS figures	There were 73 out of 420 (17%) graduates
Research		
Generate 377 publication units in 2012	Actual results - HEMIS figures	The 2012 audited results for Journal Publications is 350.6 units. The 2012 Audited results for Conference Proceedings and Books are not yet available. (In 2011 there were 24.22 units for Conference Proceedings and 25.02 for Books, and Total Publication Units of 358.51. It is almost certain that the 377 Units projected for 2012 will be exceeded - some 400 units are expected
Have a ratio of publication units to permanent academic staff of 113% in 2012	Actual results - HEMIS figures	The ratio of Publication Units to permanent staff in 2011 was 112%. The expected outcome for 2012 is about 120%

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Have a trajectory of increasing publication units	Actual results - HEMIS figures	A clear upward trajectory can be seen in the increasing publication units year-on-year for 2006 to 2011, with slight decreases in 2007 and 2010: 2006: 292.12; 2007: 274.38; 2008: 330.02; 2009: 350.99; 2010: 325.20; 2011: 358.51; expected 2012: 400. In 2012 there was an increase of 41.33 units in Journal Publications alone
Have a trajectory of increasing ratio of publication units to permanent academic staff	Actual results - HEMIS figures	This is the case: 2010: 103%; 2011: 112%, and 2012 (expected): 125%
Establish postgraduate and research focus areas, especially in the Humanities, Commerce and Law	Actual results	This occurred in 2011 in the Humanities through AW Mellon funding, was extended to Commerce in 2012 through Sandiswa Imbewu funding and continues to be supported
Apply for and increase the number of SARCHI chairs	Actual practice and results	This happened and the University received five new chairs, taking its total to 10 chairs
Develop strategies for increasing the available funds for new postgraduate academic programmes	Actual practice and results	There is a special focus on new postgraduate programmes in the mobilisation of donor funding. Sandiswa Imbewu was created in this regard
Increase the available funds for new postgraduate academic programmes	Actual results	This has occurred though AW Mellon funding, Sandiswa Imbewu funding, the Vice-Chancellor's Discretionary Fund and other donor funding
Develop strategies for increasing the available funds for research support to academic staff and new and emerging researchers	Actual practice and results	This has happened through the mobilisation of donor funding, the creation of Sandiswa Imbewu and increased allocations to the Research Office
Increase the available funds for research support to academic staff and new and emerging researchers	Actual results	This has occurred though AW Mellon funding, Sandiswa Imbewu funding, the Vice-Chancellor's Discretionary Fund, the Deputy Vice-Chancellor: Research and Development's Discretionary Fund and an increased allocation to the Research Office
Develop strategies for increasing the available funds for postgraduate students	Actual practice and results	It has been agreed to cap undergraduate financial aid so as to release funds for postgraduate aid and to focus especially on postgraduate aid in the mobilisation of donor funding
Increase the available funds for financial aid for postgraduate students	Actual results	In 2012 R35.77 million was provided in postgraduate financial aid: R8.6m from University Council funds; R7.8m from University-administered donor funds and R19.3m from funds raised from external donors. This was an improvement from R 24.6 million in 2008 and R32.5 million in 2012
Recruit outstanding retired scholars to mentor new/next generation academics and enhance research and publishing	Actual practice and results	This is occurring, facilitated through a Mellon Foundation grant and Council allocations to the Research Office

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

There is an adequate library with appropriate holdings to effectively support scholarship and research	Actual situation	There is a new library with a special Research Commons funded by Carnegie Corporation for senior postgraduates and academics and also a Postgraduate Commons. Librarians have been sent to the USA and have received special training through Carnegie Corporation funded programme. There are good holdings, though the adverse exchange rates against major international currencies places pressure on the extent of new purchases
There is an advanced information and communication technology infrastructure and systems to effectively support scholarship and research	Actual situation	This is in place, especially since Rhodes became part of the SANREN backbone. Attention is being given to possible new measures to support postgraduates
Ensure quality assurance of research	Actual practice	This occurs through peer-review of journal articles, book chapters and books and encouragement to academics to ensure that as far as possible, published materials are peer-reviewed
Community Engagement		
Pursue high quality community engagement and service learning that is characterised by critical and mutually respectful and beneficial interaction.	Actual practice and results	This is in place and growing, as is evident from the recent publications of the Community Engagement Office
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	Actual practice and results	This is occurring as is evident from the recent publications of the Community Engagement Office the minutes of the Community Engagement Committee
Progressively 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	Actual practice and results	This is occurring, with increased numbers of academic departments having service learning modules. There is a staff member in CHERTL that supervises service learning
Ensure quality assurance of community engagement	Actual practice	This occurs through the Community Engagement Office and there are protocols in place

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Staff		
Employ 334 permanent academic staff in 2012	Actual results - HEMIS figures	There were 336 staff. 23% were black (increase of 3% over 2011) and 40% were women (an increase of 1% over 2011)
Employ 131 senior and middle-management support staff in 2012	Actual results - HEMIS figures	There were 135 staff: 32 senior management and 103 middle management. 37% of senior management were black and 53% women. 39% of middle management were black and 58% women Overall, 38% were black (increase of 5% over 2011) and 58% were women (a decrease of 2% over 2011)
Employ 894 'non-professional' staff in 2012	Actual results - HEMIS figures	There were 866 staff
Employ a total of 1359 permanent staff in 2012	Actual results - HEMIS figures	There were 1354 staff
Have 167 permanent academic staff (50%) with doctoral degrees in 2012	Actual results - HEMIS figures	There were 178 (51%) staff
Have 100 permanent academic staff (30%) with Masters degrees in 2012	Actual results - HEMIS figures	There were 107 (30%) staff
Have 67 permanent academic staff (20%) with other degrees in 2012	Actual results - HEMIS figures	There were 47 (13%) staff
Increase permanent academic staff with doctoral qualifications from 163 to 167 and from 50% to 50%	HEMIS Staff Submission 1 Unaudited	Achieved 51% in 2012
Increase permanent academic staff with Masters qualifications from 98 to 100 and 30% to 30%	HEMIS Staff Submission 1 Unaudited	Achieved 30% in 2012
Achieve a FTE student to FTE academic staff ratio of 17.1 in 2012	Actual results - HEMIS figures	The ratio was 18.01
Ensure that the FTE student to FTE academic staff ratio is maintained at 17.1 and seek to decrease the ratio	Actual results - HEMIS figures	The ratio not maintained and increased slightly
Increase the numbers of suitably qualified black and women academics	Actual situation	This occurred: there was an increase of 3% in black academics over 2011 and an increase of 1% in women over 2011

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Develop effective strategies for building the next generation of academics, and especially black and women academics	Actual practice/s	An Accelerated Development Programme exists, supported by the Kresge and Mellon foundations and the University. This cultivates talented potential academics for posts that will become available on the retirement of academics. In some cases, supernumerary posts are created by the University. Own funding is also used in other ways: Senior posts are split up where feasible to create opportunities for young black and women staff with potential; bridging funding to employ black and women staff where waiting for gaps due to retirement, and for development posts in growth areas. Efforts are also made to attract black and women post-graduates into academia. State support is required for institutionalizing the programme
Increase the numbers of suitably qualified black and women senior and middle-management support staff	Actual practice/s	There was an increase of 5% in black staff over 2011, but a decrease of 2% in women staff over 2011
Increase the numbers of black and women academics through institutional programmes for next generation academics	Actual practice/s	In 2012 two academics completed the Accelerated Development Programme and were offered permanent posts from 2013, in Information Systems and History (both linked to the retirements of academics)
Infrastructure		
Agreement by the University Council to mobilise matching funding of some R30 million to secure some R170 million in DHET Infrastructure and Efficiency funding	Actual result	This was agreed by Council in late 2012 and communicated to the DHET
A comprehensive ten year Infrastructure Development Plan is formulated and adopted by Council and submitted to DHET by 31 January 2014	Actual result	This was approved by Council in late 2012 and is in progress
A comprehensive Infrastructure Maintenance Plan is formulated and adopted by Council and submitted to DHET by 31 January 2014	Actual result	This was approved by Council in late 2012 and is in progress
A new Education Faculty building is constructed and completed, within budget, in 2013	Actual result	This began in 2012 and is in progress
A new Life Sciences building is constructed and completed, within budget, by 2015	Actual result	This was approved by Council in late 2012 and is in progress
A new School of Languages building is constructed and completed, within budget, by 2015	Actual result	This was approved by Council in late 2012 and is in progress

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

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Increase the numbers of suitably qualified black and women senior and middle-management support staff	Actual practice/s	There was an increase of 5% in black staff over 2011, but a decrease of 2% in women staff over 2011
Increase the numbers of black and women academics through institutional programmes for next generation academics	Actual practice/s	In 2012 two academics completed the Accelerated Development Programme and were offered permanent posts from 2013, in Information Systems and History (both linked to the retirements of academics)
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A comprehensive Infrastructure Maintenance Plan is formulated and adopted by Council and submitted to DHET by 31 January 2014	Actual result	This was approved by Council in late 2012 and is in progress
A new Education Faculty building is constructed and completed, within budget, in 2013	Actual result	This began in 2012 and is in progress
A new Life Sciences building is constructed and completed, within budget, by 2015	Actual result	This was approved by Council in late 2012 and is in progress
A new School of Languages building is constructed and completed, within budget, by 2015	Actual result	This was approved by Council in late 2012 and is in progress

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

A new undergraduate residence is constructed and completed, within budget, by early 2014	Actual result	This was approved by Council in late 2012 and is in progress
Finance		
There is a balanced budget that is produced through an open and participatory process and adopted by Council	Actual result and practice/s	The meetings of the Budget Committee provides evidence of this
There is a zero deficit, and preferably a modest surplus to support future infrastructure development or strategic priorities, at the end of the financial year	Actual result	This was the case in 2012
There is effective oversight by the University management of all income and expenditure in relation to the approved budget	Actual practice/s	Evidence of this is provided by the minutes of the Budget Executive Committee and the Finance and General Purposes Committee of the University Council
The University's HR budget will not exceed 68.5% and will ideally be not greater than 67%	Actual result	It was 67.8% in 2012
There is effective management of all income and expenditure by the University management	Actual practice/s	Evidence of this is provided by the minutes of the Budget Executive Committee and the Finance and General Purposes Committee of the University Council
Annual audited statements of the University are produced timeously and that there is an unqualified audit	Actual practice/s and result	This has been the case every year and will likely be the case in 2012
The University's endowment funds and reserve funds are effectively governed and managed	Actual practice/s and result	This is the case; the funds are effectively supervised by an Investment Committee of the Rhodes Board of Governors and well-managed by Investec
There are robust and continuous efforts to raise and increase the University's third stream income in support of key academic and social objectives	Actual practice/s and result	There is a Development and Alumni Relations Office that reports directly to the Vice-Chancellor undertakes this activity relatively successfully. The Vice-Chancellor is also actively involved. The Research office is also critical in this activity. There is empirical evidence of the successes of the University
All cases of fraud and corruption are reported to the University Council's Audit Committee and that action is taken against the relevant parties in accordance with established policies and procedures	Actual practice/s and result	This is the practice

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Governance and Management		
There are regular meetings (at least four per year) of the University Council and its sub-committees (Finance and General Purposes, Audit and Remuneration) and that there are effective and efficient processes of policy and decision-making	Notices and minutes of meetings	There were regular meetings of Council and its sub-committees and decisions were taken relatively effectively and efficiently
There are regular meetings of the University Senate and Faculty Boards (at least four per year) and that there are effective and efficient processes of policy and decision-making	Notices and minutes of meetings	There were regular meetings of Senate and Faculty Boards and their committees and decisions were taken relatively effectively and efficiently
There are regular meetings of all other University committees and sub-committees and that there are effective and efficient processes of policy and decision-making	Notices and minutes of meetings	There were regular meetings of all other University committees and their committees and decisions were taken relatively effectively and efficiently
There are biannual meetings of the Board of Governors and regular meetings of its sub-committees	Notices and minutes of meetings	There are biannual meetings of the Board of Governors and regular meetings of its sub-committees
An annual report is submitted to the Department of Higher Education and Training, as provided for by law	Tabling of report and approval by Council and confirmation of receipt by DHET	This report as part of the overall Annual Report is evidence
All relevant reports are timeously submitted to the Department of Higher Education and Training and Department of Labour and other government departments	Tabling of report and approval by Council and confirmation of receipt by DHET, DL and others	This was done during 2012 and reports can be provided as evidence
Transformation		
There is an institutional transformation plan adopted by the Institutional Forum, Senate and Council	Existence of plan and adoption by relevant bodies	A plan is being developed by the Director of Equity and Institutional Culture, who reports to the Vice-Chancellor
There is an Equity Policy and Action Plan	Existence of plan and adoption by relevant bodies	This is in place and evidence can be provided
There is a dedicated Office and staff to advance transformation policies, goals and outcomes	Actual situation	There is a Director of Equity and Institutional Culture, who reports to the Vice-Chancellor, and is supported by Project Officer and a budget

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

Give attention to equity of access, opportunity and outcomes in all arenas	Actual practice/s	This a key focus of the Academic Leadership Forum and the senior administration
Advance student equity in recruitment and enrolments	Actual practice/s and result	There is an Equity Action Plan and attention is being given to broadening the feeder schools base of Rhodes, to targeted programmes and mobilization of financial aid to increase recruitment from historically disadvantaged social groups and especially those from rural poor and working class backgrounds. Black student enrolments have shown a steady increase
There is an institutional culture that respects and promotes human dignity and human rights, embraces difference and diversity and is comfortable for blacks and women, and people irrespective of language, culture, nationality, sexual orientation and religion	Actual practice/s	Much work has been undertaken in this regard and this will continue. There continue to be various challenges
There are effective strategies for recruiting black and women academics	Actual practice/s and result	There is an Equity Action Plan and attention is being given to recruitment strategies, selection criteria and other measures to improve the equity profile. Significant improvements remain a considerable challenge for various reasons
The number of suitably qualified black and women academics is increased	Actual result	This occurred: there was an increase of 3% in black academics over 2011 and an increase of 1% in women over 2011
There are effective strategies for recruiting and increasing the numbers of suitably qualified black and women senior and middle- management support staff	Actual practice/s and result	Attention is being given to recruitment strategies, selection criteria and other measures to improve the equity profile. There is internal promotion and screening, where feasible. There is also use of search agencies where necessary, which has been relatively successful in support staff recruitment. Significant improvements remain a considerable challenge for various reasons
The number of suitably qualified black and women senior and middle- management support staff is increased	Actual result	There was an increase of 5% in black staff over 2011, but a decrease of 2% in women staff over 2011

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

<p>The number of black and women academics is increased through institutional programmes for next generation academics.</p>	<p>Actual result</p>	<p>Two academics completed the Accelerated Development Programme and were offered permanent posts from 2013, in Information Systems and History (both linked to the retirements of academics). (By the end of 2013, a further 3 staff in the areas of Computer Science, English and Organisational Psychology will have completed the programme and will be screened for permanent posts, all against academic retirement posts. Two further staff, in Politics and in Mathematics, will complete the Accelerated Development programme at the end of 2013 and revert back to their full-time academic posts)</p>
<p>The number of black and women academics on the University Senate is increased</p>	<p>Actual practice/s and result</p>	<p>This has occurred. In 2010 there were 20 black (17%) and 33 women (28%) senators; in 2012 there were 22 black (19%) and 34 women (30%) senators</p>
<p>The number of black and women members on the University Council is increased</p>	<p>Actual practice/s and result</p>	<p>In 2010 there were 15 black (50%) and 8 women (27%) Council members; in 2012 there were 14 black (47%) and 9 women (30%) Council members</p>
<p>The number of black and women members on the University Board of Governors is increased</p>	<p>Actual practice/s and result</p>	<p>The situation has remained the same between 2010 and 2012: 11 black (44%) governors (44%) and 5 women (20%) governors</p>



**DR M S BADAT
VICE-CHANCELLOR**

22 August 2013

RHODES UNIVERSITY

ANNUAL FINANCIAL REVIEW REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL

Budget Principle and Financial Sustainability

The Rhodes University budget process is an open process whereby any member of the University community may attend and participate in the General Budget Committee meetings of which three are held annually. The fundamental principle guiding the establishment of the annual budget is that of a break-even budget. Deficit budgeting is not entertained.

Within the parameters of the budget, a conservative financial management style is adopted to ensure that recurrent operations and obligations are financed so that funding, even if it may be modest, is available to support strategic priorities and initiatives. Any surpluses from recurring expenditure is assigned to an infrastructure reserve fund to provide firstly for the institutional co-funding portion for DHET funded infrastructure development projects, and secondly to provide a hedge against unforeseen circumstances. Capital expenditure takes place within the strategic objective framework of the University, and is constrained by affordability within the budget. Rhodes University currently does not make use of debt financing.

Financial Management

Financial management at Rhodes University is meticulously controlled in order to ensure that the University is provided with the financial resources needed to meet its obligations and objectives, through good practice, stewardship and forward planning. The components of the financial management responsibility which form the basis of this report are:

- Central University operations (continuing educational operations)
- Research and related operations
- Residential operations
- Investments
- Capital expenditure
- Cash flow planning

Highlights – 2012 Financial performance

Despite the adverse impact of the pension fund liability valuation (see below), 2012 was a very good year for Rhodes University from a financial perspective. The net surplus of R94,271m is attributed to an 11.7% year-on-year increase in total income whilst the year-on-year increase in total expenditure was restricted to 9.41%. Total State subsidy and grant income increased year-on-year by 8.7%, but decreased as a percentage of total income by 1% (from 38.75% in 2011 to 37.71% in 2012). Income from private gifts and grants increased by 43.3% to R104.5m due mainly to a large bequest received during the course of 2012.

- **Central University Operations**
Total recurrent operating income increased in 2012 by 7.7% to R463.7m. Tuition and other fee income increased by 8.7% to R184.3m mainly due to an 8% tuition fee increase. State subsidy income for the central university operations increased year-on-year by 5.8% to R268m, but decreased as a percentage of total income from 58.4% in 2011 to 57.8% in 2012. Recurrent expenditure rose by 7.4% to R454.3m, attributable mainly to a personnel cost increase of 9.39% to R332.2m whilst other operating costs increased by 8.6% to R108.8m.

The net result of the recurrent operations was a modest surplus of R8.3m, 5.8% up on 2011's surplus. This surplus represents 0.9% of total revenue, and indicates the very tight margins within which the university operates.

- **Research and other related activities**
Research and other related activity expenditure normally falls outside the discretion of Council and Management, which remain responsible for the governance, the monitoring and frequently the approval of the use of such funds. These funds relate mainly to research but also include earmarked grants or funds ring-fenced for a specific purpose. Unused funds are shown in the equity funds in the statement of financial position and are reflected as Council managed earmarked funds.

RHODES UNIVERSITY

ANNUAL FINANCIAL REVIEW

REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL (continued)

Highlights – 2012 Financial performance (continued)

- Research and other related activities (continued)

The total inflow of funds for 2012 was R222.2m whilst R200.7m (including property, plant and equipment additions of R17.531m) was spent in accordance with fund mandates. Ring-fenced funds increased by 17% from R126.2m (2011) to R147.7m at the end of 2012.

These funds effectively represent the University's responsibility (liability) to donors and funders.

- Residential operations

The Residential Operations (comprising the student residences and staff transit housing) are completely self-sustaining. New residence development which has not been funded by DHET infrastructure grants has been financed through internal loans from the central university funds. In 2012, interest of R9.7m and capital redemption of R3.9m was paid to the university central funds. Recurrent income increased by 8.5% to R146.5m, comprising a 7.2% increase in residence fee income, and a 21.8% increase in conference and other revenue income. Recurrent expenditure increased by 12.6% to R138m.

The net result of recurrent operations is a surplus of R8.429m after payment of R3.9m capital redemption paid to central university funds. Any remaining surplus is earmarked to address residence infrastructure refurbishment backlogs.

- Investments

Long term investment portfolios are managed by the University's Board of Governors. The value of these invested funds increased by 30.3% to R405.2m. A portion of this increase was due to the receipt of the large bequest mentioned above.

- Cash flow planning

The University has a predictable seasonal cash flow cycle which allows any available cash to be invested in short term instruments. These investments are actively managed by the University to maximise returns allowing the University to operate without the need for external financing.

RU Pension Fund liability valuation

An offset to the financial performance this year was the effect of the accounting convention IAS19 covering the potential liability of retirement funds.

The valuation of this liability is required by International Financial Reporting Standards, more particularly IAS19 in order to gauge the impact of post-retirement benefits offered to University employees and to reflect those impacts in the University's financial statements. While the valuation of the Pension Fund as a self-standing legal entity is confirmed as fully funded, the valuation of this underpin liability for Financial Statement purposes as required by International Financial Reporting Standards (IAS19) calls for a more conservative valuation of post-retirement benefits for University employees. These valuations require that economic and actuarial assumptions be made which are subject to varying interpretations. This was the case in the 2012 financial year end valuations with conceptual and interpretational differences arising between the auditors and the University's pension actuarial advisors compounded by economic conditions prevailing at the year end, details of which are explained in the notes to the Financial Statements.

The University Council agreed to adopt the University's auditors' interpretation of IAS19 as the determining authority for Financial Statement purposes of the liability valuation in these financial statements and has accordingly received an unqualified audit report.

RHODES UNIVERSITY

ANNUAL FINANCIAL REVIEW

REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL (continued)

The potential negative impact of this conservative AIS19 accounting convention has far-reaching social re-engineering issues around retirement benefits, including those offered by the University. This is addressed in the Chair of Council's and Vice Chancellors' reports. The University has alerted the Department of Higher Education & Training to this issue and is undertaking further research in this regard.



N E WOOLLGAR
CHAIR: FINANCE & GENERAL PURPOSES
COMMITTEE



DR I L'ANGE
EXECUTIVE DIRECTOR:
INFRASTRUCTURE, OPERATIONS &
FINANCE

22 August 2013

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 30 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 2012 two vacancies existed for nominees of the Minister of Higher Education and Training as two of the five persons appointed by the Minister during the year failed to take up their positions. One vacancy existed for a co-opted member of Council. 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 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.

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 of the five 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 Vice-Chancellor, the Executive Director: Infrastructure, Finance & Operations, the Director of Finance, the University Risk Manager and the external auditors are in attendance. During the year under review a representative of the Auditor-General's Office joined the Committee in an "in attendance" capacity.

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

22 August 2013

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 2012 the Senate met on five occasions:

30 March

1 June

7 September

26 October

23 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

The Allan Gray Centre for Leadership Ethics was created in the Department of Philosophy during the year under review.

Significant developments

- Approved a Staff Institutional Culture Survey.
- Supported the Corruption Watch Pledge.
- Approved the Protocol on Managing Close Relationships between Staff and Students and between Staff.
- Approved amendments to the Constitution of the Students.
- Approved amendments to the Terms of Reference for the Student Services Council.
- Re-confirmed a decision to proceed with the review of all languages in the Faculty of Humanities.
- Approved a HIV & AIDS / TB and STI's Strategic Plan.
- Approved a revised Bachelor of Pharmacy Curriculum.
- Approved an amended Student Disciplinary Code.
- IT Facilities Use and Conduct Code.
- Amended the Database Management Policy.

RHODES UNIVERSITY

REPORT OF SENATE (continued)

- Approved a proposal from the Library to support and centrally coordinate and manage the creation of specialised digital collections.
- Approved a postgraduate liaison sub-committee constitution.

Composition and size of the student body

The tables below illustrate the composition of the student body in 2012. They also indicate the very pleasing success rates and the significant progress in addressing student access and equity.

RACE	Enrolment in 2011
African	3750
Indian	279
Coloured	256
White	2993
TOTAL	7278

DEGREE LEVEL	Completed in 2011	Success Rate in 2011
UG Diploma	123	93%
Bachelors 4 Year	950	83%
Bachelors	224	94%
PG Diploma	227	92%
Honours	407	90%

RACE	Enrolment in 2012	UNAUDITED
African	3879	
Indian	288	
Coloured	284	
White	2947	
TOTAL	7398	

DEGREE LEVEL	Completed in 2012	Success Rate in 2012	UNAUDITED
UG Diploma	50	83%	
Bachelors 4 Year	1034	86%	
Bachelors	250	90%	
PG Diploma	227	93%	
Honours	437	88%	

RHODES UNIVERSITY

REPORT OF SENATE (continued)

Research

Rhodes University continued to show a gratifying and steady increase in overall accredited research outputs in the 2012 audited returns, based upon 2011 graduations and publications, and individual increases were experienced in all categories of output.

Rhodes contributed 3.2% of all accredited research output in the public higher education sector in 2011. 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. The per capita publication rate at Rhodes increased from 1.01 to 1.12, and the overall weighted outputs (including research masters and doctorate graduations) rose at Rhodes from 1.75 to 2.17 accredited outputs per academic staff member, driven primarily by a record number of PhD graduates. This figure exceeds the DHET norm by 74%. Rhodes continues to have one of the highest proportions of academic staff with doctoral degrees among South African universities (53%).

The range of research activities was maintained and grown across the six faculties 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 639.6 units represents an increase of 12.7% on the previous year. 51% of the outputs were due to publications, 25% to PhD graduations, and 24% to Masters graduations by thesis. The PhD contribution represented a record year, and a 30% increase over the number graduating in the preceding year.

The journal output, (which accounts for 86% of our total accredited publishing output for higher education subsidy purposes) grew by 5.9% from the previous year's level (to 309.61 units in 2011). The previous year has seen a 3% decline in this category. Coupled with Rhodes's high volume of accredited journal outputs in relation to its size, a very pleasing quality measure was that 90% of journal outputs (by far the highest proportion of universities in the sector) appeared in internationally accredited journals.

Our output from accredited conference proceedings, (which in 2011 amounted to 7% of our total accredited publishing output) grew by 3.5% to 24.22 units – from a small base where year-on-year variance in either direction is common.

The book outputs (which in 2011 amounted to 7% of our total accredited publishing output) increased by 162% – again from a small base (moving up to 25.02 units), where year-on-year variance is expected. This category had seen a negative growth of 60.6% in the previous year.

External Research Income (*new grants in the financial report*) from sources other than the DHET for the period January to December 2012 rose to reach R190,3 million.

The NRF (National Research Foundation) deposit to Rhodes, a barometer of the research health of the institution, showed a very dramatic increase over the previous two years, primarily due to the award of five new NRF research chairs in 2012.

NRF Deposit	2010	2011	2012	% increase 2011-12	% increase 2010-12
	R 5.15 mil	R 12.74 mil	R 24.2 mil	90%	369%

It should be noted that the 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.

RHODES UNIVERSITY

REPORT OF SENATE (continued)

Tuition fees

Tuition and residence fees in 2012 were 8% higher than in 2011.

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 2012:

	2011	2012
	R'000	R'000
NSFAS	26 222	29 095
RU Council	18 983	26 730
Total	45 205	55 825

Number of students supported : 865 938

Rhodes awards NSFAS funds and RU Council funds on exactly the same basis. In other words, the students who qualified for RU Council funding also qualified for NSFAS funding but did not receive it because the NSFAS allocation to Rhodes is inadequate. Given the proposed radical changes to the NSFAS scheme and the provisions of the National Credit Act (the University is not a credit provider), it is unclear how the RU Council funds would be administered once the NSFAS changes are implemented.



DR M S BADAT
VICE-CHANCELLOR

22 August 2013

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL

Composition of the Institutional Forum (as agreed at the meeting of 27 July 2012)

Judge RJW Jones *Council*
Professor R Bernard *Council*
Professor L Steenveld *Senate*
Dr S Nsengiyumva *Senate*
Dr S Badat *Management*
Dr S Mabizela *Management*
Dr S Fourie *Management*
Mr S Badi *SRC President*
Ms B Bense *SRC VP Internal*
Ms M Thabane *SRC Secretary General*
Mr M Qoyo *SRC Treasurer*
Mr V Mafuku *SRC Academic*
Mr T Seshoka *SRC Community Engagement*
Mr M Ngwenya *SRC Activism & Transformation*
Mr T Mapuranga *SRC Residence*
Mr R Cannon and Mr N Zonke *NEHAWU*
Mr O Eybers *NTEU*
t.b.a. *Non-professorial staff rep.*
t.b.a. *Non-professorial staff rep.*
Mr P Ranchod *Community (Makana Municipality)*
t.b.a. *Community (Makana Municipality)*
One representative from the following:

- Equity & Institutional Culture – t.b.a.
- CHERTL - Dr L Quinn
- Oppidan - t.b.a
- PGLSC - t.b.a
- GENACT – Ms S Smailes

Scheduled meetings for 2012

28 February
17 May
27 July
18 October

Previously, the agreement among the stakeholders and members of the Institutional Forum was that meetings will only be held if and when a stakeholder or member places an item on the agenda. A call was 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. This procedure often resulted in meetings being cancelled.

All scheduled meetings of the Institutional Forum for 2012 were held. As will be seen below, much of the reason for that lies with the decision of the Institutional Forum to revisit its mandate. In addition to discharging its statutory responsibilities, such as advising the Council on the implementation of the Higher Education Act or the appointment of senior management, the Forum resolved to order its work in such a way as to advise the University Council on issues such as race and gender equity policies, codes of conduct, mediation, and dispute resolution procedures; and fostering an institutional culture which promotes tolerance and respect for fundamental human rights and creates an appropriate environment for research, teaching and learning.

Meeting of 28 February 2012

The meeting, which predated the revised mandate of the Institutional Forum, considered the following significant issues:

- Discussed a proposed colloquium on what it means to be a secular university and noted that the focus would be on the place of religion in the University.
- Supported a proposed staff institutional culture survey but resolved that it should be an institutional priority and imperative and not merely a project of the office of Equity and Institutional Culture or the Human Resources Division.
- Supported the institution's signing of a corruption watch pledge.
- Discussed the practice of "serenading" during Orientation Week and noted that the Vice-Chancellor, Deputy Vice-Chancellor and the Dean of Students would be visiting the residences concerned in order to address the issue and find a way forward. At a subsequent meeting it was noted that a policy/regulations document on serenading would be compiled.

Meeting of 17 May 2012

The core business of this meeting was to receive a report on the re-evaluation of the mandate of the Institutional Forum. As a result the meeting resolved to make the membership of the Forum much more inclusive. This represented a very significant break from the past where a carefully crafted balance of members from various interest groups ensured that no one group dominated the Forum. The new membership reflects a maturing of views and interactions in the institution which allows for conflict resolution in a more widely constituted Forum where decisions are made by consensus.

Meeting of 27 July 2012

This was the first meeting of the more inclusive Forum and discussion ensued about the Forum's role. It was felt that the newly constituted Forum would create a functional and useful committee by addressing the concerns of other committees, facilitating discussion, and creating a broader sense of what was happening within the University. A feature of the agenda of the Forum is that it would include a regular report from the Vice-Chancellor.

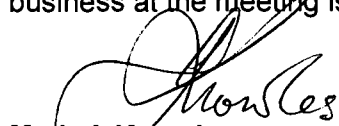
Meeting of 18 October

The minutes of this meeting reflect the new direction of the Forum. In addition to receiving a report from the Vice-Chancellor, the meeting received and commented upon reports from a diverse group of stakeholders whose work is relevant to the business of the Forum. These included the Director of Equity and Institutional Culture, a Disability Task Team, a Language Committee and each of the Faculties on their transformation plans. The Forum also reviewed the minutes of various committees, *inter alia*, the Gender Action Forum, the Employment Equity and Institutional Culture Committee, the Teaching and Learning Committee and the Research Committee.

The Forum was consulted on the Nomination Committee's nominees for appointment to the University Council and approved these nominations for submission to the Council. It also considered the appointment process for the election of a new Chancellor and elected a Forum member to serve as an observer member of the selection committee.

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.



Ms L-A Knowles
NTEU representative
CHAIRPERSON (ROTATIONAL)

22 August 2013

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 2012 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

22 August 2013

During 2012, good progress continued to be achieved on the risk management front. The University's Risk Management Committee met three times in 2012.

Rhodes has adopted a model and strategy whereby the senior management is individually, collectively and ultimately responsible for identifying risks and being accountable for managing the risks within their operational areas. The Risk Management Committee, which comprises the Vice-Chancellor, the two Deputy Vice-Chancellors, the Registrar and the Executive Director: Infrastructure, Operations and Finance, and is serviced by the Risk Management Unit, reviews all risks (financial and non-financial), and ensures that all risks are listed in a central risk register within the Risk Management Unit, and that the Unit reports regularly to the Audit Committee of Council. There is especial focus on the following categories of risk: Reputation, Human, Finance, Information Technology, Compliance and Procurement. The framework and key features of the risk management system are outlined and publicised on the University's web page

The Risk Management Committee was requested by the Audit Committee to review the University's level of adherence to and implementation of laws on its compliance register. The compliance register was compiled by the Risk Management Unit through a process in which various divisions, units and offices in the University identified the laws and regulations applicable to their operations and the University in general. The Risk Management Unit maintains and updates the compliance register. The Risk Management Committee categorized the laws and regulations in the compliance register into high and low risk, on the basis of judgments on the possible impact on the University of different levels of compliance or non-compliance.

Following on the Internal Auditors positive review of the risk management's policies, procedures and risk register in 2011, they were commissioned in 2012 to audit the compliance register. The audit covered laws that were not being audited by the External Auditors and were rated as needing a high level of compliance from the University. The internal audit reported that: the laws examined had been assigned to a responsible division, department and/or person and that they were fully implemented or that implementation was in progress; that in cases where acts were being audited or inspected by an independent authority, there had been only minimal or no reported findings; and that several laws related to the students' disciplinary code which was being revised by the Director of Special Projects and the Disciplinary Committee. Overall the review was positive about the University level of engagement and compliance.

During 2012, the King 111 diagnostic tool, as formulated and compiled by PriceWaterhouseCoopers, was reviewed and applied by the Risk Management Committee and the Audit Committee, and discussed with the external auditors. During 2013, the document will be subjected to audit and review – this will be reported on in the 2013 annual report.

In the interest of unifying and maximising risk and compliance resources, the senior management reassigned the Safety, Health & Environment section to report into the Risk Management Unit. This will ensure that all issues and concerns relating to safety, health and environment and the work of their relevant committees will feed into the Risk Management Committee and ultimately to the Audit Committee.

The Enterprise Risk Management process includes the Risk Management Unit investigating any allegations of corruption, theft and fraud reported via whistle blowing. The Risk Manager interacts with the internal and external auditors, facilitates risk-based auditing, seeks to ensure that there is early detection of risks and weaknesses, and that there is effective maximum utilisation of audit resources.

RHODES UNIVERSITY

REPORT ON ENTERPRISE RISK MANAGEMENT (continued)

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 managed in a diligent, methodical and substantive manner.



DR B S RAYNER
CHAIRPERSON
AUDIT COMMITTEE



P.P. DR M S BADAT
CHAIRPERSON
RISK MANAGEMENT COMMITTEE

22 August 2013

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 52 to 86 have been prepared in accordance with International Financial Reporting Standards ("IFRS") 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.

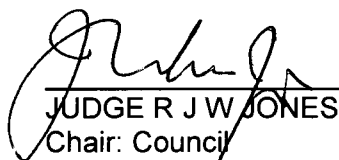
The "going concern" basis has been adopted in the preparation of the financial statements. The Council has no reason to believe that the University will not be a "going concern" in the foreseeable future based on forecasts and available cash resources.

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 55 to 89 were approved by the Council on 22 August 2013, and signed on its behalf by:




JUDGE R J W JONES
Chair: Council



DR M S BADAT
Vice-Chancellor



MR N E WOOLLGAR
Chair: Finance & General Purposes Committee



DR T L'AMGE
Executive Director: Infrastructure, Operations
& Finance



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

Introduction

We have audited the consolidated financial statements of Rhodes University and its subsidiaries as set out on pages 55 to 89, which comprise the consolidated statement of financial position as at 31 December 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in funds and the consolidated 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 International Financial Reporting Standards 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*

Africa Senior Partner: S P Kana

Management Committee: H Boegman, T P Blandin de Chalain, B M Deegan, J G Louw, P J Mothibe, N V Mletwa, T D Shango, S Subramoney, A R Tilakdar, F Tonelli
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 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 2012, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act 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 12 to 34 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 2011 to 31 December 2011	27 June 2012
Department of Higher Education and Training - Infrastructure Grant	Agreeing of expenditure to contracts and supporting documentation.	1 February 2011 to 31 January 2012	26 June 2012

RHODES UNIVERSITY

**INDEPENDENT AUDITOR'S REPORT TO THE COUNCIL OF RHODES UNIVERSITY
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 2011 to 31 January 2012	27 June 2012
Department of Higher Education and Training - Financial data submission	Agreeing of financial data to the Financial Statements.	1 January 2011 to 31 December 2011	27 June 2012
Department of Higher Education and Training – Interest & Redemption	Agreeing interest and redemptions claims to actual amounts/payments incurred.	Quarterly for the 2012 financial year	5 April 2012 25 June 2012 28 September 2012 5 December 2012
Department of Higher Education and Training – Clinical Training	Agreeing of expenditure to contracts and supporting documentation.	1 February 2011 to 31 January 2012	26 April 2012
Department of Higher Education and Training – Research Articles	Agreeing research articles claim to supporting journals and publications	1 January 2011 to 31 December 2011	11 May 2012
National Research Foundation – NRF Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2011 to 31 December 2011	13 March 2012
National Research Foundation – THRIP Grants	Agreeing of expenditure to contracts and supporting documentation.	1 April 2011 to 31 March 2012	1 June 2012
DST/Mintek NIC Consortium - Research grant	Agreeing of expenditure to contracts and supporting documentation.	1 April 2011 to 31 March 2012	13 April 2012

RHODES UNIVERSITY

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

Investec Commerce Foundation	Agreeing of expenditure to contracts and supporting documentation.	1 February 2011 – 31 January 2012	17 April 2012
Centre for Social Development – Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2011 – 31 December 2011	8 March 2012
Zenex Foundation – Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2011 – 31 December 2011	22 February 2012
Zenex Foundation – In-service Teacher Training Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2011 – 31 December 2011	22 February 2012
Rhodes University Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2011 – 31 December 2011	8 March 2012
Eastern Cape Department of Health: Pharmacy Doctorate Programme	Agreeing of expenditure to contracts and supporting documentation.	1 April 2011 – 31 March 2012	22 May 2012
Sishen Iron Ore Community Development Trust	Agreeing of expenditure to contracts and supporting documentation.	1 April 2011 – 31 December 2011	22 February 2012



PricewaterhouseCoopers Inc
Director: A F Puggia
Registered Auditor

12 September 2013

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2012

	Notes	2012 R'000	2011 R'000	2010 R'000
ASSETS				
Non-current assets				
Property, plant and equipment	1	336 727	344 237	325 526
Investments	2	405 247	310 904	296 000
Loans and receivables	3	47 142	37 422	32 622
Current assets				
Inventories	4	4 941	5 104	5 442
Receivables and prepayments	5	36 414	54 521	43 626
Cash and cash equivalents	6	188 764	53 947	17 808
Total assets		<u>1 019 235</u>	<u>806 135</u>	<u>721 024</u>
EQUITY AND LIABILITIES				
Equity funds				
Property plant and equipment funds		319 830	327 179	307 292
Council managed earmarked funds		147 788	126 292	88 410
Council directed funds		116 764	30 327	8 923
Deferred income	7	68 580	-	965
Non-current liabilities				
Interest-bearing borrowings	8	403	855	1 526
Retirement benefit obligations	9	281 125	241 816	231 671
Current liabilities				
Trade and other payables	10	74 555	69 829	69 890
Leave pay accrual		9 873	9 345	11 716
Current portion of borrowings	8	317	492	631
Total equity and liabilities		<u>1 019 235</u>	<u>806 135</u>	<u>721 024</u>

**RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2012**

	2012					2011	
	Council Directed Fund Activities			Council Managed Earmarked Fund Activities			
	Central operations R'000	Accommodation R'000	Endowed funds R'000	SUB-TOTAL R'000	TOTAL R'000	TOTAL R'000	TOTAL R'000
TOTAL INCOME	463 733	146 947	77 943	688 623	222 275	910 898	815 380
RECURRENT ITEMS	462 168	146 563	65 395	674 126	207 945	882 071	793 162
State appropriations – subsidies and grants	268 066	18	-	268 084	75 490	343 574	316 009
Tuition and other fee income	184 354	132 676	-	317 030	35 779	352 809	324 227
Income from contracts	1	-	-	1	23 883	23 884	32 072
Sales of goods and services	819	13 869	-	14 688	17 867	28 555	28 864
Private gifts and grants	167	-	53 334	53 501	51 068	104 569	72 972
Interest and dividends	453 407	146 563	53 334	653 304	204 087	857 391	774 144
NON-RECURRENT ITEMS	8 761	-	12 061	20 822	3 858	24 680	19 018
(Loss)/profit on disposal of assets	1 565	384	12 548	14 497	14 330	28 827	22 218
Realised capital profits on investments	(130)	57	-	(73)	242	169	69
Impairment of investments	-	-	12 201	12 201	-	12 201	8 406
Other non-recurrent income	1 695	327	347	2 369	14 088	16 457	(979)
TOTAL EXPENDITURE	455 432	138 518	23 418	617 368	199 259	816 627	746 342
RECURRENT ITEMS	454 347	138 018	23 418	615 783	197 874	813 657	742 291
Personnel costs	332 323	44 580	-	376 903	83 279	460 182	418 342
Academic professional	171 746	-	-	171 746	34 401	206 147	184 357
Other personnel	160 049	44 580	-	204 629	48 878	253 507	236 356
Leave liability (decrease)/increase	528	-	-	528	-	528	(2 371)
Other operating expenses	108 837	89 285	23 418	221 540	98 584	320 124	293 788
Depreciation	13 099	4 150	-	17 249	16 011	33 260	30 019
Finance costs	88	3	-	91	-	91	142
NON-RECURRENT ITEMS	1 085	500	-	1 585	1 385	2 970	4 051
Capital expenditure expensed	1 085	500	-	1 585	1 385	2 970	4 051
NET SURPLUS	8 301	8 429	54 525	71 255	23 016	94 271	69 038
OTHER COMPREHENSIVE INCOME/(LOSS)	(39 309)	-	-	(39 309)	-	(39 309)	(10 145)
Retirement funding valuation adjustments	-	-	47 175	47 175	-	47 175	18 214
Investments fair value adjustment	(39 309)	-	47 175	(7 866)	-	7 866	8 069
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	(31 008)	8 429	101 700	79 121	23 016	102 137	77 107

**RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2012**

Description	Accumulated Fund R'000	Endowment Fund R'000	Sub-total Council Directed Funds R'000	Contract Fund R'000	Sub-total Council Managed Earmarked Funds R'000	Property, plant and equipment Fund R'000	Total R'000
Balance at 1.1.2011	(285 871)	294 794	8 923	88 410	88 410	307 292	404 625
Retirement funding valuation adjustments	(10 145)	-	(10 145)	-	-	-	(10 145)
Investment fair value adjustment	-	18 214	18 214	-	-	-	18 214
Net surplus/(deficit) 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	(30 019)	-
- Property, plant and equipment additions	(28 078)	-	(28 078)	(21 828)	(21 828)	49 906	-
Balance at 31.12.2011	(278 934)	309 261	30 327	126 292	126 292	327 179	483 798
Balance at 1.1.2012	(278 934)	309 261	30 327	126 292	126 292	327 179	483 798
Retirement funding valuation adjustments	(39 309)	-	(39 309)	-	-	-	(39 309)
Investment fair value adjustment	-	47 175	47 175	-	-	-	47 175
Net surplus before transfers	16 730	54 525	71 255	23 016	23 016	-	94 271
Funds utilised/written off	(1 553)	-	(1 553)	-	-	-	(1 553)
Transfers	-	-	-	-	-	-	-
- Depreciation charge	17 249	-	17 249	16 011	16 011	(33 260)	-
- Property, plant and equipment additions	(8 380)	-	(8 380)	(17 531)	(17 531)	25 911	-
Balance at 31.12.2012	(294 197)	410 961	116 764	147 788	147 788	319 830	584 382

The Endowment Funds include the revaluation reserve of R149 176 558 (2011: R101 001 473; 2010: R82 787 688).

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2012

	Notes	2012 R'000	2011 R'000
Cash flow from operating activities			
Cash generated from operations	19	181 940	62 011
Interest received		12 619	8 681
<i>Net cash generated from operating activities</i>		<u>194 559</u>	<u>70 692</u>
Cash flow from investing activities			
Purchase of property, plant and equipment			
Funded through own cash resources		(25 911)	(49 906)
Proceeds on disposal of property, plant and equipment		330	1 107
Interest and dividends received		12 061	10 337
Net (increase)/decrease in non-current investments		(34 967)	10 737
Net advances of student, staff and other loans		(10 537)	(5 876)
<i>Net cash utilised in investing activities</i>		<u>(59 024)</u>	<u>(33 601)</u>
Cash flow from financing activities			
Interest paid		(91)	(142)
Payments on interest-bearing borrowings		(627)	(810)
<i>Net cash utilised in financing activities</i>		<u>(718)</u>	<u>(952)</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		134 817	36 139
Cash and cash equivalents at end of year	6	<u>53 947</u>	<u>17 808</u>
		<u>188 764</u>	<u>53 947</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2012

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 2012						
Opening carrying amount	294 822	42 779	1 471	5 165	-	344 237
Additions	3 501	14 463	4 951	442	2 554	25 911
Disposals/transfers	-	(122)	(32)	(7)	-	(161)
Depreciation charge	(11 670)	(13 252)	(3 628)	(2 156)	(2 554)	(33 260)
Closing carrying amount	286 653	43 868	2 762	3 444	-	336 727
At 31 December 2012						
Cost or valuation	349 213	165 528	51 357	19 295	102 782	688 175
Accumulated depreciation	(62 560)	(121 660)	(48 595)	(15 851)	(102 782)	(351 448)
Carrying amount	286 653	43 868	2 762	3 444	-	336 727
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	294 822	42 779	1 471	5 165	-	344 237
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	294 822	42 779	1 471	5 165	-	344 237

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 R629 793 (2011 : R1 116 651).

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:

	2012 R'000	2011 R'000	2010 R'000	2009 R'000	Total R'000
Land and buildings	13 243	120	24 810	33 414	71 587
Furniture and equipment	5 756	117	8 434	749	15 057
Computer equipment	-	-	-	400	400
	18 999	237	33 244	34 563	87 044

2. Investments	2012	2011	2010
	R'000	R'000	R'000
At fair value:			
Listed shares	214 412	173 090	173 653
International market unit trust	150 350	74 924	46 925
Money market deposits	40 485	62 890	75 422
	<u>405 247</u>	<u>310 904</u>	<u>296 000</u>
At cost:			
Listed shares	95 498	84 079	94 773
International market unit trusts	121 672	62 878	48 568
Money market deposits	40 362	61 660	68 392
	<u>257 532</u>	<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 the prior year end. This reduction below cost was considered to be of a significant or prolonged nature and therefore an impairment loss of R0 (2011 : R979 415; 2010: R551 917) has been charged through the income statement in the prior year.

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)

2. Investments (continued)

The following table presents the University's assets that are measured at fair value at 31 December 2012.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Available-for-sale financial assets				
- Listed shares	214 412	-	-	214 412
- International market unit trusts	150 350	-	-	150 350
- Money market deposits	40 485	-	-	40 485
Total assets	<u>405 247</u>	<u>-</u>	<u>-</u>	<u>405 247</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 2012 (continued)

3. Loans and receivables	2012	2011	2010
	R'000	R'000	R'000
Student loans	48 513	38 393	34 610
Loans to employees	2 468	1 398	969
Other loans	4 812	5 465	3 801
	<u>55 793</u>	<u>45 256</u>	<u>39 380</u>
Provision for impairment	(8 651)	(7 834)	(6 758)
	<u>47 142</u>	<u>37 422</u>	<u>32 622</u>

Student loans bear interest at 10% (2011 : 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% (2011 : 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	2012	2011	2010
	R'000	R'000	R'000
Stationery	345	397	478
Technical inventories	2 097	2 019	2 090
Cleaning material and foodstuffs	1 938	2 144	2 313
Study materials	561	544	561
	<u>4 941</u>	<u>5 104</u>	<u>5 442</u>

5. Receivables and prepayments	2012	2011	2010
	R'000	R'000	R'000
Student debtors	26 380	23 415	19 082
Prepayments	546	7 998	5 003
NRF control account	7 504	7 462	10 410
Department of Higher Education and Training – Block Grant Subsidy	-	2	36
Other receivables	9 364	18 050	12 972
Receiver of Revenue – Value Added Tax	2 600	5 143	2 280
	<u>46 394</u>	<u>62 070</u>	<u>49 783</u>
Provisions for impairment	(9 980)	(7 549)	(6 157)
	<u>36 414</u>	<u>54 521</u>	<u>43 626</u>

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:

	2012	2011	2010
	R'000	R'000	R'000
Opening balance at 1 January	7 549	6 157	5 019
Additional impairment	2 428	1 363	1 135
Receivables written off during the year	3	29	3
Closing balance at 31 December	<u>9 980</u>	<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 2012 (continued)

6. Cash and cash equivalents	2012 R'000	2011 R'000	2010 R'000
Cash at bank and in hand	14 496	6 421	9 911
Short term bank deposits	174 268	47 526	7 897
	<u>188 764</u>	<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	<u>188 764</u>	<u>53 947</u>	<u>17 808</u>
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The majority of the cash and cash equivalents of the University are spread amongst four of the top rated banks in South Africa.

The credit quality of these institutions in terms of the Fitch rating scale is as follows:

	2012 R'000	2011 R'000	2010 R'000
F2	-	285	285
F3	183 170	51 249	14 828
	<u>183 170</u>	<u>51 534</u>	<u>15 113</u>

7. Deferred income	2012 R'000	2011 R'000	2010 R'000
As at 1 January	-	965	5 393
Net (decrease)/increase in deferred income	68 580	(965)	(4 428)
Government grants received	88 042	-	30 900
Capital expenditure incurred	(18 999)	(237)	(33 245)
Realised in comprehensive income	(463)	(728)	(2 083)
As at 31 December	<u>68 580</u>	<u>-</u>	<u>965</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 2012 (continued)

8. Interest-bearing borrowings	2012 R'000	2011 R'000	2010 R'000
Current portion of borrowings			
Lease liability	281	399	476
Current portion of interest-bearing borrowings	36	93	155
	<u>317</u>	<u>492</u>	<u>631</u>
Non-current portion of borrowings			
Lease liability	403	773	1 352
Interest-bearing borrowings	-	82	174
	<u>403</u>	<u>855</u>	<u>1 526</u>
Total borrowings	<u>720</u>	<u>1 347</u>	<u>2 157</u>

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

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.

	2012	2011	2010
Interest rates:			
- lease liability	12.00%	12.00%	12.00%
- borrowings	10.7%	9.7%	10.6%

Maturity of interest-bearing borrowings (excluding finance lease liabilities)

Not later than 1 year	36	93	155
Later than 1 year not later than 5 years	-	82	174
Later than 5 years	-	-	-
	<u>36</u>	<u>175</u>	<u>329</u>

Finance lease liabilities – minimum lease payments:

Not later than 1 year	328	550	634
Later than 1 year not later than 5 years	442	785	1 512
Later than 5 years	-	-	-
	<u>770</u>	<u>1 335</u>	<u>2 146</u>
Future finance charges on finance lease	<u>(86)</u>	<u>(163)</u>	<u>(318)</u>
Present value of finance lease liabilities for vehicles	<u>684</u>	<u>1 172</u>	<u>1 828</u>

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 2011 and 2012.

For the purposes of the preparation of these financial statements, the retirement obligations are required to be valued in terms of IAS 19 Employee Benefits, which is consistent with prior years. In terms of IAS19, 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 Employee Benefits, which is consistent with prior years.

	2012 R'000	2011 R'000	2010 R'000
Balance sheet obligations for:			
- pension benefits	211 933	180 616	178 671
- post-retirement medical benefits	69 192	61 200	53 000
	<u>281 125</u>	<u>241 816</u>	<u>231 671</u>
Income statement charge for:			
- pension benefits	31 317	1 945	84 934
- post-retirement medical benefits	7 992	8 200	4 323
	<u>39 309</u>	<u>10 145</u>	<u>89 257</u>

Refer to note 21 for details of the actuarial valuations prepared in terms of IAS19 Employee Benefits.

Movement of bond yield after year end

As mentioned above, IAS19 requires a different actuarial valuation methodology to that used for the statutory valuation. A significant difference is that IAS19 requires the use of economic assumptions that reflect market data at the year end as opposed to assumptions based on longer term trends and estimates. Short term fluctuations in market data could therefore result in significant movements in the net liability from one year to the next.

This is clearly evident when one considers the movement in the bond markets subsequent to year end. IAS19 requires the use of government bond yields as a discount rate in determining the present value of the deferred benefit obligation. The bond yield at 30 June 2013 with a similar maturity to the duration of the pension fund liability was 8.2%. The comparative rate at year end was 7.57%. If an IAS19 valuation was performed at that date, with all other assumptions remaining the same, the net pension fund liability would decrease by some R100 million. This is an indication of the sensitivity of the measurement of the liability to movements in market data.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2012 (continued)

10. Trade and other payables	2012	2011	2010
	R'000	R'000	R'000
Trade and other payables	39 096	38 066	41 864
Student deposits	35 459	31 763	28 026
	<u>74 555</u>	<u>69 829</u>	<u>69 890</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.

11. State appropriations – subsidies and grants	2012	2011
	R'000	R'000
Subsidy – general purposes	267 931	252 952
Subsidy – interest and redemption	75	93
Subsidy – other	78	125
Specific grants – infrastructure	88 042	-
Specific grants – research	75 027	62 111
	<u>431 153</u>	<u>315 281</u>
Infrastructure grants offset against assets purchased or under construction	(18 999)	(237)
Infrastructure grants (deferred)/released	(68 580)	965
	<u>343 574</u>	<u>316 009</u>

12. Private gifts and grants

Council Managed Earmarked Funds include grants received from the National Lottery Trust amounting to R375 000 (2011 : R1 986 034; 2010 : R3 638 966) and National Arts Council of R175 000 (2011 : R625 000; 2010 : R1 100 000).

13. Income from investments	2012	2011
	R'000	R'000
Interest income	<u>18 152</u>	<u>14 119</u>
Marketable securities:		
Dividend income	6 528	4 899
Realised capital profits on investments	12 201	8 406
	<u>18 729</u>	<u>13 305</u>
	<u>36 881</u>	<u>27 424</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2012 (continued)

14. Personnel costs	2012 R'000	2011 R'000
Academic professional	206 147	184 357
Other personnel	253 507	236 356
Leave liability (decrease)/increase	<u>528</u>	<u>(2 371)</u>
	460 182	418 342
Post-retirement benefit provisions (decrease)/increase		
- medical aid benefits	7 992	8 200
- retirement fund obligation	<u>31 317</u>	<u>1 945</u>
	39 309	10 145
	<u>499 491</u>	<u>428 487</u>

15. Other operating expenses	2012 R'000	2011 R'000
The following items have been included in recurrent expenditure:		
Repairs and maintenance expenditure	12 819	12 698
Expenditure on computer equipment written off	866	1 178

16. Finance costs	2012 R'000	2011 R'000
Interest expense	<u>91</u>	<u>142</u>

17. Commitments	2012 R'000	2011 R'000
Commitments for capital expenditure	<u>2 758</u>	<u>8 963</u>
Commitments for operating expenditure		
General	<u>5 129</u>	<u>10 238</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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2012 (continued)

18. Contingent liabilities

There is a contingent liability amounting to R184 689 (2011 : R342 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 R5.0 million (2011 : R5.8 million) for surety guarantees given by the University to assist staff to obtain motor vehicle and other loans.

19. Cash generated from operations	2012	2011
	R'000	R'000
Reconciliation of net surplus to cash generated from operations:		
Net surplus before transfers	94 271	69 038
Adjustments for non-cash items:		
Deferred income increase/(release)	68 580	(965)
Depreciation	33 260	30 019
(Profit)/loss on disposal of fixed assets	(169)	69
Profit on disposal of non-current investments	(12 201)	(8 406)
Impairment of investments	-	979
Increase in provision for non-current receivables	817	1 076
Non-cash movement in reserves	(1 553)	2 066
Increase/(decrease) in provision for leave pay	528	(2 371)
Interest and dividends received	(24 680)	(19 018)
Interest paid	91	142
Changes in working capital (excluding Infrastructure Grant)	22 996	(10 618)
Receivables and prepayments	18 107	(10 895)
Inventories	163	338
Trade and other payables	4 726	(61)
Cash generated from operations	181 940	62 011

20. Compensation paid to Executive Personnel

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2012. The amounts reflected below are based on the total cost of employment to the University 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	1 124	388	267*	1 779
Dr S Mabizela	Deputy Vice- Chancellor : Academic & Student	1 140	323	-	1 463
Dr P Clayton	Deputy Vice- Chancellor: Research & Development	980	267	216	1 463
Mr R W Marriner	Registrar : Finance and Operations (3 months)	247	63	25	335
Dr S Fourie	Registrar	958	170	-	1 128
Dr I L'Ange	Executive Director: Infrastructure, Operations & Finance (6 months)	546	190	-	736

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.

* Other allowances include deferred income that has been retained until employment terminates.

21. Retirement benefit obligations – detailed valuation disclosures***Pension benefits***

For IAS19 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 2012.

	2012	2011	2010
	R'000	R'000	R'000
<i>The amounts recognised in the balance sheet are determined as follows:</i>			
Present value of funded obligations	887 232	752 932	708 977
Fair value of plan assets	<u>(675 299)</u>	<u>(572 316)</u>	<u>(530 306)</u>
Net liability	211 933	180 616	178 671
Unrecognised surplus due to surplus apportionment legislation	-	-	-
Liability at balance sheet date	<u>211 933</u>	<u>180 616</u>	<u>178 671</u>

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

Beginning of the year	752 932	708 977	586 438
Current service cost	21 047	18 674	13 982
Interest cost	63 715	61 017	56 632
Employee contributions	10 409	9 856	9 337
Actuarial loss/(gain)	86 218	(4 365)	71 814
Benefits paid	(45 131)	(39 312)	(27 265)
Risk premium	<u>(1 958)</u>	<u>(1 915)</u>	<u>(1 961)</u>
End of the year	<u>887 232</u>	<u>752 932</u>	<u>708 977</u>

**21. Retirement benefit obligations –
detailed valuation disclosures
(continued)**

	2012 R'000	2011 R'000	2010 R'000
<i>The movement in the fair value of plan assets over the year is as follows:</i>			
Beginning of the year	572 316	530 306	469 266
Expected return on plan assets	54 780	52 181	49 750
Employer contributions	20 266	19 192	18 179
Employee contributions	10 409	9 856	9 337
Benefits paid	(45 131)	(39 312)	(27 265)
Risk premium	(1 958)	(1 915)	(1 961)
Actuarial gain/(loss)	64 617	2 008	13 000
End of the year	<u>675 299</u>	<u>572 316</u>	<u>530 306</u>

*Net effect of the valuation in the income
statement:*

Current service costs	21 047	18 674	13 982
Net actuarial (gain)/loss	21 601	(6 373)	58 814
Interest costs	63 715	61 017	56 632
Expected return on plan assets	(54 780)	(52 181)	(49 750)
	<u>51 583</u>	<u>21 137</u>	<u>79 678</u>

The actual return on the plan assets was R119 397 000 (2011 : R54 905 253; 2010 : R63 782 258) which includes fair value adjustments of R105 151 006 (2011 : R43 164 225; 2010 : R51 016 287).

Plan assets comprise the following:

Cash	11.90%	12.75%	11.30%
Equities	50.69%	50.15%	53.02%
Bonds	10.32%	10.73%	10.46%
Property	1.90%	2.70%	3.66%
International	23.95%	22.31%	20.24%
Other	1.24%	1.36%	1.32%
	<u>100%</u>	<u>100%</u>	<u>100%</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2012 (continued)

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

	2012 R'000	2011 R'000	2010 R'000
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Pension benefits (continued)

The principal actuarial assumptions used were as follows:

Discount rate	7.57%	8.25%	8.50%
Inflation rate	5.75%	5.50%	5.25%
Salary increase rate	6.75%	6.50%	6.25%
Pension increase rate	3.45%	3.30%	3.15%

Mortality rate:

The standard mortality tables utilised to perform the valuation were SA 85-90 Ultimate (2011 : SA 85-90; 2010 : SA 85-90) for employees during their employment and PA 90 (2011 : 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	2012 R'000	2011 R'000	2010 R'000
Fair value of plan assets	675 299	572 316	530 306
Present value of defined benefit obligation	(887 232)	(752 932)	(708 977)
Deficit	211 933	180 616	178 671
Experience adjustment gain on plan assets	64 617	2 008	13 000
Experience adjustment gain on plan liabilities	86 218	(4 363)	71 814

Expected employer and employee contributions to the defined benefit pension fund for the year ended 31 December 2013 are R32.746 million.

21. 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 2012. The revised IAS19 is effective from 1 January 2013, the impact of which is still being assessed.

	2012 R'000	2011 R'000	2010 R'000
<i>The amounts recognised in the balance sheet are determined as follows:</i>			
Present value of unfunded medical benefit obligations	<u>69 192</u>	<u>61 200</u>	<u>53 000</u>

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

Beginning of the year	61 200	53 000	48 677
Current service cost	560	578	618
Interest cost	5 186	4 881	4 824
Benefits paid	(3 554)	(3 319)	(2 836)
Actuarial loss	5 800	6 060	1 717
End of the year	<u>69 192</u>	<u>61 200</u>	<u>53 000</u>

The amounts recognised in the income statement are as follows:

Current service cost	560	578	618
Interest cost	5 186	4 881	4 824
Benefits paid	(3 554)	(3 319)	(2 836)
Actuarial loss	5 800	6 060	1 717
Total included in personnel costs	<u>7 992</u>	<u>8 200</u>	<u>4 323</u>

Membership data:

Employed members (in service)	75	89	102
Retired members	262	251	256

The principal actuarial assumptions used were as follows:

Interest rate	7.30%	8.40%	9.50%
Subsidy inflation rate (medical cost trend rate)	7.20%	7.55%	7.35%
Net discount rate as prescribed	0.09%	0.79%	2.00%

Mortality rate:

The standard mortality tables utilised to perform the valuation were SA 1956/62 (2011 : SA 1956/62; 2010 : SA 1956/62) for employees during their employment and PA90-1 (2011 : PA 90-1; 2010 : PA 90) post-employment.

21. 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	665	(565)
Effect on the defined benefit obligation	7404	(6 296)

History of post-retirement medical obligation

Present value of defined benefit obligation as at 31 December:

2012	69 192
2011	61 200
2010	53 000
2009	48 677
2008	44 513

Experience adjustment gain/(loss) on plan liabilities:

2012	(5 800)
2011	(6 060)
2010	1 717
2009	2 229
2008	4 142

The experience adjustment for 2012 is attributable to the following factors:

- higher than expected exits of employed and retired members, and
- actual subsidy inflation being less than expected

22. Prior period error

International Accounting Standard (IAS) 19, Employee benefits requires an entity to measure its defined benefit obligations by using an actuarial method, being the projected unit credit method, using demographic and financial assumptions based on data at the end of the reporting period. IAS 19 requires that the actuarial assumptions reflect the entity's best estimate of the variables that will determine the ultimate cost of providing the post-employment benefits.

In the prior period an assumption for the variable, "rate of pension increases", was used to value the defined benefit obligation. This assumption did not reflect the best estimate of future pension increases. The best estimate of future pension increases is to apply an estimate of future pension increases based on a change in the Consumer Price Index.

In accordance with the requirements of IAS 1 (Revised) the effect of this error is disclosed in the financial statements for both 2011 and 2010.

The changes are as follows:

	2011 R'000	2010 R'000
Equity Funds:		
Equity Funds: As originally stated	598 652	489 559
Equity Funds: Prior year adjustment	<u>(114 854)</u>	<u>(84 934)</u>
Equity Funds: Restated	<u>483 798</u>	<u>404 625</u>
Non-current liabilities		
Retirement Benefit Obligations: As originally stated	126 962	146 737
Retirement Benefit Obligations: Prior year adjustment	<u>114 854</u>	<u>84 934</u>
Retirement Benefit Obligations: Restated	<u>241 816</u>	<u>231 671</u>
Statement of Comprehensive Income		
Retirement Funding Valuation Adjustments : As originally stated	(19 775)	21417
Retirement Funding Valuation Adjustments : Prior Year adjustment	<u>29 290</u>	<u>84 934</u>
Retirement Funding Valuation Adjustments : Restated	<u>10 145</u>	<u>106 351</u>

23. Financial instruments by category

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

	Category	2012 R'000	2011 R'000	2010 R'000
Assets				
Non-current investments	Available for sale	405 247	310 904	296 000
Non-current receivables	Loans and receivables	57 293	41 395	36 396
Receivables and prepayments	Loans and receivables	46 394	62 070	49 783
Cash and cash equivalent	Loans and receivables	188 764	53 947	17 806
		<u>697 698</u>	<u>468 316</u>	<u>399 985</u>
Liabilities				
Interest bearing borrowings	Other financial liabilities	720	1 347	2 157
Trade and other payables	Other financial liabilities	74 555	66 829	69 890
		<u>75 275</u>	<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.

24. 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 seek 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 include 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 R7.5 million (2011 : R3.7 million; 2010 : R2.3 million) higher/lower.

24. 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.

At 31 December 2012, 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 R21.441 million (2011 : 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.

24. 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 2012			
Interest-bearing borrowings	363	442	-
Trade and other payables	74 555	-	-
	<u>74 918</u>	<u>442</u>	<u>-</u>
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.

24. First-time adoption of International Financial Reporting Standards

IFRS 1 requires full retrospective application of IFRS. However, the standard allows for exceptions and exemptions from full retrospective application of IFRS. The mandatory exceptions from full retrospective application of IFRS are not applicable, other than the estimates exception in respect of which no adjustments were made. The conversion of the financial results of the University from SA GAAP to IFRS did not result in any adjustments to the University's previous reported financial position, financial performance or cash flows. As such no reconciliations are presented.

Transition elections

The University has applied the following transition exemptions to full retrospective application of IFRS:

a) Employee benefits – comparative period disclosures

The University elected to disclose pension balances and experience adjustments, as set out in the 3 year *summary as at 31 December* included in note 9, only from the date of transition to IFRS, in accordance with the transitional exemptions of IFRS.

b) Capitalisation of borrowing costs

In accordance with IFRS transitional provisions, the University elected to apply IFRS relating to capitalisation of borrowing costs from 1 January 2010. As such, previous GAAP balances relating to property, plant and equipment before that date, have been carried forward without adjustment.

Adjustments to the statements of cash flows

The transition from SA GAAP to IFRS had no significant impact on cash flows generated by 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 of the Rhodes University (the University) have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner prescribed by the Minister of Education in terms of section 41 of the Higher Education Act 1997 (Act No. 101 of 1997), as amended. The consolidated financial statements have been prepared under the historical cost convention as modified by available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise 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 valuation of employee benefits, impairment of receivables and valuation of certain available-for-sale investments.

IFRS1, First-time Adoption of International Financial Reporting Standards ('IFRS 1'), has been applied in preparing these consolidated financial statements. These consolidated financial statements are the University's first consolidated financial statements to be prepared in accordance with IFRS.

The policies set out below have been consistently applied to all the years presented. The consolidated financial statements of the University until 31 December 2011 had been prepared in accordance with Generally Accepted Accounting Principles in South Africa ('SA GAAP'). SA GAAP differs in certain respects from IFRS.

When preparing the consolidated financial statements, the Council have not amended any of the accounting or valuation methods applied in the SA GAAP consolidated financial statements as they did not differ from IFRS. As a result, the comparative figures in respect of the consolidated financial statements at 2011 and 1 January 2011 were not restated.

Refer to the exceptions and exemptions set out in note 24 First-time adoption of International Financial Reporting Standards.

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

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 2013 or later periods. These standards have not been early adopted.

- Amendment to IAS 1 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.

1. Accounting policies (continued)

1.1 Basis of Preparation (continued)

- Amendment to IAS 1 Presentation of financial statements. The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either: as required by IAS 8, 'Accounting policies, changes in accounting estimates and errors'; or voluntarily. 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.
- Amendment to IAS 32 Financial instruments: presentation. The amendment clarifies the treatment of income tax relating to distributions and transaction costs. The amendment clarifies that the treatment is in accordance with IAS 12. So, income tax related to distributions is recognised in the income statement, and income tax related to the costs of equity transactions is recognised in equity. The amendment is effective for year ends commencing on or after 1 January 2013.
- Amendment to IFRS 7 Financial Instruments – Disclosures – Asset and Liability Offsetting. The IASB has published an amendment to IFRS 7, 'Financial instruments: Disclosures', reflecting the joint requirements with the FASB to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. 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.
- IFRS 9 Financial Instruments. This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 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 updated IFRS 9 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 without change, except for financial liabilities that are designated at fair value through profit or loss.

The IASB has also published an amendment to IFRS 9, that delays the effective date to annual periods beginning on or after 1 January 2015. The original effective date was for annual periods beginning on or after from 1 January 2013. This amendment is a result of the board extending its timeline for completing the remaining phases of its project to replace IAS 39 (for example, impairment and hedge accounting) beyond June 2011, as well as the delay in the insurance project. The amendment confirms the importance of allowing entities to apply the requirements of all the phases of the project to replace IAS 39 at the same time. The requirement to restate comparatives and the disclosures required on transition have also been modified.

- 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.

1. Accounting policies (continued)

1.1 Basis of Preparation (continued)

- Amendment to IAS 12 Income Taxes – Deferred tax accounting for investment property at fair value (effective 1 January 2012);
- Amendments to IFRS 1 First time adoption of International Financial Reporting standards – Applying IFRS 1 more than once in certain circumstances, borrowing costs adoption date and supporting notes for all statements presented (effective 1 January 2013);
- IAS 27 (revised 2011) Separate financial statements (effective 1 January 2013). This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10. The revised standard is effective for year ends commencing on or after 1 January 2013. Implementation of the revised standard will not have a material impact on the university's reported profits;
- Amendments to IAS 32 Financial Instruments – Presentation (effective 1 January 2014);
- IFRS 10 Consolidated Financial Statements (effective 1 January 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard might impact the entities that a group consolidates as its subsidiaries. The new standard is effective for year ends commencing on or after 1 January 2013. It is not expected that the accounting treatment of existing subsidiaries, associates and joint ventures will change due to this new standard;
- IFRS 12 Disclosure of Interests in Other Entities (effective 1 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The new standard 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;
- Amendment to IAS 19 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 equity.

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.

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.