

RHODES UNIVERSITY

**ANNUAL REPORTS
AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 December 2013**

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FOR THE YEAR ENDED 31 December 2013**

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RHODES UNIVERSITY

DETAILS OF OFFICERS AND MEMBERS OF COUNCIL as at 31 December 2013

Officers of the University

Chancellor: Judge Lex Mpati

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 Education

Ms F Loliwe

Professor R Maharajh (3)

Mr MK Rune

(Vacant)

(Vacant)

Elected by Senate

Professor J Baxen

Professor DA Sewry (1)

Professor RB Walker

Professor ACM Webb (1)

Elected by the academic staff

Ms JD Sewry

Elected by the administrative/support staff

Ms G Armstrong

Mr P Ngxitho

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

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

Mr VD Kahla

Ms M Schoeman

Mr C Staple (1, 2)

Dr N Stubbs

Mr NE Woollgar (1,3)

RHODES UNIVERSITY

DETAILS OF OFFICERS AND MEMBERS OF COUNCIL as at 31 December 2013 (continued)

Co-opted Members

Ms N Pityana

Mr E Motala

Mr AB Steele-Gray (2)

Mr TS Tagg (1,2)

Appointed by the Students' Representative Council

Mr S Badi

Ms S Patel

Secretary (in attendance)

Dr S Fourie

1 Member of the Finance and General Purposes Committee

2 Member of the Audit Committee

3 Member of the Remuneration Committee

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2013

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 five times during the course of 2013.

The composition of the Council at the end of 2013 is recorded above. Two of the five Ministerial appointments are still vacant. Attendance at Council meetings was generally good; the overall attendance of 77% was up from 71% 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>	5	5
Dr P Clayton <i>DVC (Research & Development)</i>	5	4
Dr S Mabizela <i>DVC (Academic & Student Affairs)</i>	5	5
Ms F Loliwe <i>Minister of Education rep</i>	5	3
Mr MK Rune <i>Minister of Education rep</i>	5	3
Dr R Maharajh <i>Minister of Education rep</i>	5	3
Professor J Baxen <i>Senate rep</i>	5	4
Professor D Sewry <i>Senate rep</i>	5	5
Professor A Webb <i>Senate rep</i>	5	4
Professor RB Walker	5	5
Ms J Sewry <i>Academic staff rep</i>	5	5
Mr S Mpumlo <i>Admin staff rep (1 - 5)</i>	2	2
Ms G Armstrong <i>Admin staff rep (6 - 15)</i>	5	5
Mr P Ngxitho <i>Admin staff rep (1 - 5)</i>	2	1
Clr N Gaga <i>Makana Municipality rep</i>	5	2
Clr R Madinda <i>Makana Municipality rep</i>	5	0
Dr B Rayner <i>Board of Governors rep</i>	5	5
Mr S Badi <i>SRC President</i>	5	4
Ms S Patel <i>PGLSC Chairperson</i>	5	2
Mr C Staple <i>Appointed by Council</i>	5	5
Judge J Jones <i>Appointed by Council</i>	5	4
CHAIR		
Mr VD Kahla <i>Appointed by Council</i>	4	4
Ms M Schoeman <i>Appointed by Council</i>	5	2
Dr N Stubbs <i>Appointed by Council</i>	5	3
Mr N Woollgar <i>Appointed by Council</i>	5	4
Ms N Pityana <i>Co-opted by Council</i>	5	4
Mr B Steele-Gray <i>Co-opted by Council</i>	5	4
Mr T Tagg <i>Co-opted by Council</i>	5	4
Mr E Motala <i>Co-opted by Council</i>	5	5

**REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2013 (continued)**

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 2012) 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

- Appointed a new Chancellor, Judge Lex Mpati, to succeed Professor Jakes Gerwel.
- Approved a tender for the construction of a new undergraduate residence.
- Re-elected Judge J Jones for a further term as Chairperson of Council (April 2013 to April 2015).
- Re-elected Mr N Woollgar for a further term as the Vice-Chairperson of Council (April 2013 to April 2015).
- Approved a break-even budget for 2013.
- Approved the building of a postgraduate residence at R18.99million.
- Noted concerns relating to the water situation in Grahamstown and noted that the University had considered closing earlier at the end of the previous term due to the water outages.
- Supported proposed legal action in respect of the Higher Education and Training Laws Amendment Act of 2012 subject to the caveat that all the mechanisms to deal with the issue should have been exhausted before action is taken.
- Supported in principle the campus spatial development and design Principles which would inform, guide and shape the campus spatial development plan.
- Approved a governance structure for the Allan Gray Centre for Leadership Ethics.
- Appointed Mr Vuyo Kahla as a member of Council.
- Agreed that a "Conflict of Interest Statement" would be extended beyond Council and Senate and inserted on all attendance registers of Rhodes University Council and Senate Sub-Committees.
- Approved amendments to the policy and procedures for the personal promotion of academic staff.
- Approved enrolment targets for the next five year period.
- Approved a student societies policy.
- Authorized the Executive Committee of Council to approve the award of the tender for the new Life Sciences building on behalf of Council.
- Approved a Rhodes University Council Code of Conduct.
- Approved the review of the policy on naming and renaming buildings, facilities and academic units and structures.
- Appointed PricewaterhouseCoopers Inc. as the University external auditors for the 2013 year.
- Noted that the University had contracted with the CSIR to conduct an Infrastructure Condition Assessment.
- Approved revisions to the Procurement Policy.
- Approved the 2014 University Budget: a balanced budget with a 9% increase on Tuition Fees.
- Approved the amendments to the Information Technology/Data Management Unit General Control Processes and Risk Areas with particular reference to "Protea" database and VIP Services (HR database).
- Approved revisions to the Acceptable Use Policy for IT on campus.
- Approved a policy on Emergency Access to ICT Accounts and Information.

**REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2013 (continued)**

Significant awards to departments, staff and students

- Prof Russell Kaschula was appointed to a NRF SARCHI Chair in Intellectualisation of African Languages, Multilingualism and Education.
- Prof Charlie Shackleton was appointed to a NRF SARCHI Chair in Interdisciplinary Science in Land and Natural Resource Use for Sustainable Livelihoods.
- Professor Rod Walker was invited to serve on the international editorial board of a new journal, Pharmaceutical Nanotechnology, published by Bentham Science Publishers, based in the UAE.
- Professor Andrew Buckland was awarded a "Standing Ovation Award" at the 2013 Standard Bank/National Arts Festival Ovation Awards for decades of contributing to the performing arts world as a performer and educator.
- Distinguished Professor Christopher McQuaid was awarded the Gold Medal of the National Zoological Society at its Annual Conference Gala Dinner in Limpopo Province.
- Professor Catriona MacLeod was appointed to the DST/NRF SARCHI chair in Critical Studies in Sexualities and Reproduction.
- Professor Rosemary Dorrington was appointed to the DST/NRF SARCHI chair in Marine Natural Products Research.
- Professor Steve Compton from Leeds University in the UK was appointed to the DST/NRF SARCHI chair in Insects in Sustainable Agricultural Ecosystems at Rhodes.
- Professor Tebello Nyokong was awarded the NRF Life Time Achievement Award for 2013.
- Professor Martin Hill was awarded the Vice-Chancellor's Senior Distinguished Research Award for 2013.
- Dr Patricia Henderson was awarded the Vice-Chancellor's Book Award for 2013.
- Mr Andrew Todd was awarded the Vice-Chancellor's Senior Distinguished Teaching Award for 2013.
- Ms Undine Weber was awarded the Vice-Chancellor's Distinguished Teaching Award for 2013.
- Postgraduate student Ms Natalie Ross won a gold medal in the 20 - 24 age group at the World Duathlon Championship in Ottawa, Canada.
- Professors H Hoppe and P Kaye, Dr A Edkins and colleagues were awarded a Flagship Project from the Medical Research Council (R8.25 million over three years).
- Professor T Nyokong received the Third World Academy of Science (TWAS) medal for the advancement of science in developing countries.

Financial viability

As indicated in the Annual Financial Review, 2013 was a successful financial year for the institution, contributing to a further increase in the already viable financial state of the University. Council has no hesitation in asserting that the institution is a going concern.

Staff development and equity in 2013

During the course of 2013, a total of 11 Rhodes staff (permanent and temporary) acquired further qualifications, 1 of these a PhD and 5 of these Masters degrees. There are 26 staff enrolled in a professional development course run by the Centre for Higher Education Teaching and Learning, aimed at improving the assessment of learners. A further staff member is completing the full Postgraduate Diploma in Higher Education. Initiatives taken to assist and encourage academic staff in completing further degrees include the provision of academic leave (2 months for every year of service) to all academics as well as the provision of additional academic leave funded by the Mellon Foundation for those in the Humanities Faculty and Claude Leon Foundation for those in the Science Faculty, the remission of fees and student bursaries, the provision of funding for research expenses, and in many departments, the co-ordination of teaching schedules and even lesser workloads to maximise time that can be dedicated to completing the degree. A new initiative in 2013 was requiring that academic leave is used first and foremost for the completion of a PhD where such staff have not yet got that qualification. This means that applications for academic leave that do not focus on the completion of the PhD, are unlikely to receive support.

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. Staff completing this programme in 2013 and now in permanent employment number 6, in the departments of Computer Science, English, History, Mathematics, Political Studies and Psychology. By the end of 2014, a further 3 staff in the areas of Biochemistry, Microbiology and Biotechnology and Sociology (individuals) will have completed the programme and will be screened for permanent posts which currently exist. Started in 2012, to date there are 12 staff on the RU Accelerated Development programme (these are the development posts specifically funded by Rhodes as opposed to the Kresge and Mellon Foundations), with 5 new posts starting in 2013.

Support staff also have the opportunity to complete further qualifications from NQF level 4 (through the running of an outsourced 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 2013, 14 Rhodes staff registered for their NQF level 4 qualifications which is equivalent to matric. They are due to complete their qualification in June 2014. In addition, a further 17 Rhodes staff were supported in studying at other institutions, 12 support staff and 5 academic staff.

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, aimed at middle management, was completed in 2013 and the first modules of this are rolled out as part of an organisational development initiative to support managers and Heads of Departments in having development conversations with their support staff. A leadership development pilot programme, targeted at senior and top management, was started in 2013 and is due for completion by May 2014 when the next co-hort of senior staff are likely to participate.

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 2013, 19 internship placements were in areas such as Food Services, Communications and Marketing, Finance, Human Resources, Registrar's Division, the Library, the Research Office, Grounds and Gardens, SAIAB, as well as academic departments including Journalism, Drama, Biochemistry, Chemistry and Zoology and Entomology. To date, since the inception of this programme over a decade ago, 129 of the interns that have participated have secured employment at Rhodes or elsewhere as a result of the internship. This has contributed towards improving the demographic profile of Black staff in the support staff areas in clerical and entry level professional jobs.

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REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2013 (continued)

As at 31 December 2013, the institutional profile of the number of designated staff is as follows:

Department of Labour Categories	A. Permanent staff			B. Permanent and temporary staff		
	Black (African, Coloured, Indian)	Women	Foreign nationals	Black (African, Coloured, Indian)	Women	Foreign nationals
Top and senior management	4 (29%)	6 (43%)	0	4 (29%)	6 (43%)	0
Professionally qualified (including academics) and mid management staff	89 (21 %)	186 (43%)	50 (12%)	129 (22%)	249 (42%)	74 (13%)
Skilled technical, junior management and supervisory levels	135 (51%)	154 (58%)	2 (0%)	162 (47%)	208 (61%)	5 (2%)
Total institution	228 (32%)	346 (49%)	52 (7%)	295 (31%)	463 (49%)	79 (8%)

Notes:

- Percentages for semi-skilled and unskilled have not been included;
- 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);
- Columns reflected under A (permanent staff) show that 29% of top and senior management are Black. This includes men and women. Also within this group of top and senior management, 43% are women (of all races);
- 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 21% of all staff in this category while for temporary and permanent staff, the number of Black permanent and temporary staff constitute a percentage of 22%.

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 was 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 2013, the turnover for permanent academic staff was 3.3% (this number in 2012 was 3.6%), i.e. a total of 11 academics in permanent posts of which 8 were Black academics, left permanent posts at the institution in 2013. This lack of opportunities for transformation in this staff sector is of concern. The turnover rate for permanent support staff was 6% (compared to 8.3% in 2012), a total of 57 permanent staff terminations, 38% of these voluntary. This turnover rate for support staff has also declined over the past three years.

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REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2013 (continued)

As at 31 December 2013, the profile for permanent academic staff is:

	Permanent ACADEMIC staff		
	Black (African, Coloured, Indian)	Women	Foreign nationals
Professors + Associate Professors	8%	20%	11%
Senior Lecturers	12%	49%	18%
Lecturers	26%	45%	13%

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, 26% of all lecturers are Black (men and women) while only 8% of professors and associate professors are Black (men and women);
4. In the case of women, 45% of all lecturers are women (all races) while 20% 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 2013 and a revised process for the appointment of Heads of Departments (this is a three year contract) was finalised and implemented in 2013 and for Deans is now part of the current election process for Deans (four out of the five Deans have their terms of office finish as at 30 June 2014).

Composition of the student body

Student numbers totalled 7485 in 2013 (up from 7398 in 2012). The details thereof are contained in the report of the Chairperson of Senate. The University is on track to be within 2% of its enrolment targets, although the split between undergraduate and postgraduate has shifted with postgraduate well over the target and undergraduate slightly under.

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 2013 the following major infrastructure projects were undertaken:

1. Site works commenced on the construction of a new Life Sciences building.
2. An undergraduate residence was constructed.
3. A new Education Department building was completed.
4. The Gilbert Street senior researcher accommodation facility was completed.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2013 (continued)

Prominent events on campus

- Graduation: Five graduation ceremonies took place at which honorary doctorates were awarded to Carol Wynne Hofmeyr and Vusi Sydney Mahlasela.
- Convocation and Founders Day: The annual meeting of 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 Janet Mary Cherry and Sandile Bethuel Malinga. 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 Nomkhita Nqweni and Jennifer Elizabeth Thorpe.

Student services

The Dean of Students Division offers a wide variety of services 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 Office is also responsible for ensuring that the Residence system functions well and provides a pleasant environment conducive to learning.

Awareness-raising & transformation

1. An online 'twitter' from the Dean of Students has greatly enhanced the channels of communications to students.
2. The Division offered support to victims of *harassment and discrimination* and maintained a critical incidents database. The division arranged residence leadership training and Orientation, and ran a number of successful awareness-raising weeks, including the launch of a Men's Group and a very successful campaign against Sexual Violence, with over 1500 students participating.
3. The Dean of Students Pocket Money Fund, which depends on voluntary donations, assisted 100 needy students with R150 pocket money for 10 months of the year.
4. The Get Home Safe service continued to serve the needs of vulnerable students on Wednesday, Friday and Saturday evenings.

Policy development, review & implementation

1. Residences adopted the new University Student Disciplinary Code, including a new Protocol relating to Search and Seizure
2. A new policy for Advertising on campus for Students was adopted.
3. A Memorandum of Understanding was signed by the University and Settlers Hospital, to ensure that standard protocols are observed.
4. A first draft Sports Admin strategic document has been tabled before the Sports Council for further discussion in 2014

Student leadership development

1. An exciting new mentorship proposal was developed and approval granted to launch the "Ncedana" mentoring programme from 2014
2. The 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.
3. The 4th annual "Top 100" Awards Ceremony was held in collaboration with the Oppidan Press, and recognised inspiring student role-models in a range of fields.

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2013 (continued)

Residential system

1. Kimberley East Hall was formally renamed Miriam Makeba Hall
2. The results of the annual Residence 'Quality of Life Survey' were widely disseminated and discussed.
3. Several Wardens Discussions on a range of relevant topics were well-attended.
4. 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:

1. Lotto funding of R2.65 million was spent on a rowing boat trailer, rugby scrumming machines, electronic scoreboards and soccer goalposts
2. Sports Admin revised the structure of the inter-residence sports competition to ensure maximum participation and enjoyment.
3. Community outreach programmes continued in soccer, netball, karate and high performance rowing.
4. Rhodes Sport hosted a Sports sign-up evening, an Athletics competition for 1st years, the Mutual & Federal USSA Rowing Boatrace and a Sports Awards dinner.
5. Facilities are aging, and funds have been set aside to refurbish the Squash Courts and Alec Mullins Hall. The lighting on Great Field, Prospect Fields, and Hockey Astro urgently needs to be upgraded.
6. The following clubs participated in USSA tournaments: Hockey; Basketball; Netball; Squash; Table Tennis, Cricket; Aquatics; Sailing; Tennis; Pool, and Chess

Student wellness

Student Wellness is dedicated to putting students' wellness first. The staff are to be commended for their dedication, hard work, position attitude and the incredible difference they make to the wellness of Rhodes University.

Health Care Centre (HCC)

1. The HCC dealt with many difficult cases which included losing two of our students. Students also presented with severe infectious diseases and many students had to be hospitalised.
2. The HCC not only provides a service for students but also for staff on a post level 1-5.
3. Total statistics 2013

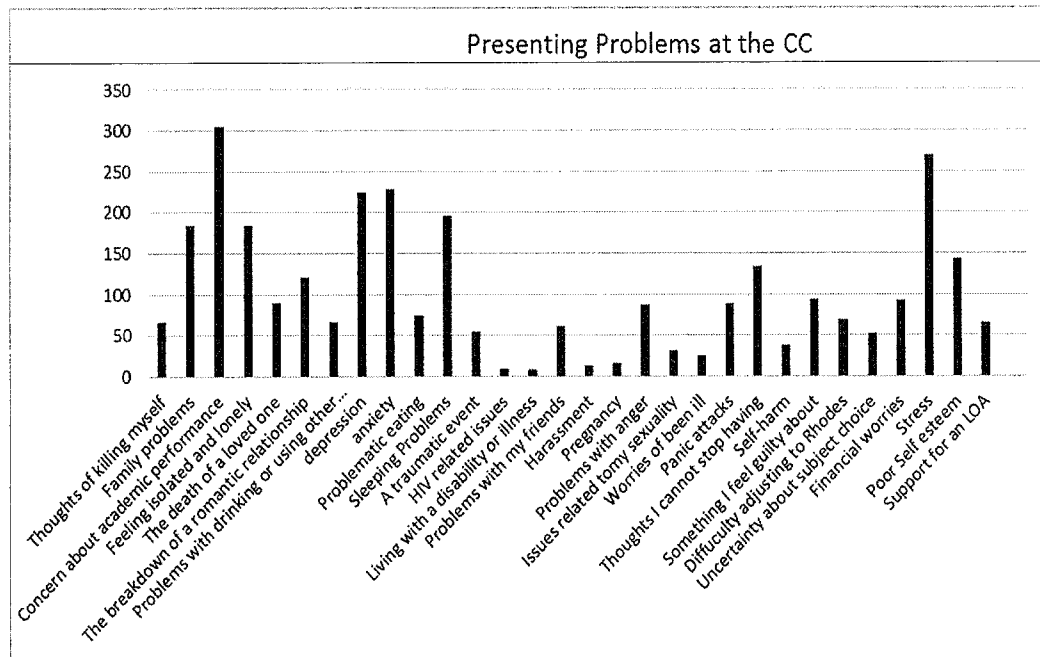
<u>2013 STUDENTS</u>					<u>Dr</u>	<u>Total student consultations with the Sisters</u>	
<u>Date</u>	<u>Res</u>	<u>Oppi</u>	<u>TOTAL</u>	<u>LOA</u>	<u>STUD</u>	<u>STUD</u>	<u>VCT</u>
<u>TOTAL</u>	<u>5187</u>	<u>799</u>	<u>5986</u>	<u>259</u>	<u>368</u>	<u>6658</u>	<u>282</u>

4. They provide HIV testing to all students and staff. 282 students received Voluntary Confidential Counselling and Testing during 2013 (VCT).
5. The HCC remains the only university clinic in the country that provides an after hours service.
6. A local doctor provides a valuable service to students and staff. She not only assisted with morning sessions, but assisted with after-hours emergencies and advice and guidance daily (see statistics above).

Counselling Centre (CC)

1. The CC again had a very busy year. The most common presenting problem at the CC during 2013 was concern about academic performance. Other presenting problems that were most common were: stress; anxiety; depression; sleeping problems; feeling isolated and family problems.

REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2013 (continued)



2. Total statistics for 2013

Total no. of therapy sessions	2957
Total no. of individuals who accessed therapy	1441
Total no. of individuals who attended workshops facilitated by the CC for Rhodes students	1837
Total no. of Rhodes individuals who accessed our Counselling Centre wellness services	<u>3278</u>

3. 101 crisis calls were received during 2013.

4. Many workshops were facilitated in the residences. Specific attention was given to adjustment issues; study skills; stress management; and wellness.

5. The five interns, were a valuable part of the team, and will be graduating in April 2014 after successfully passing their board examinations.

Career Centre

1. Total statistics for 2013

Walk in clients	216
Booked appointments	319
Career assessments	9
Students who attended workshops & groups	1378
Therapy clients	55
Total no clients assisted	<u>1977</u>

2. The career fairs grew in numbers and were well attended by students. Companies were most complimentary of the Rhodes Career Centre.

3. The Centre continues to provide a professional walk in service, appointment system, workshops and on-line service.

RHODES UNIVERSITY

**REPORT OF CHAIR OF COUNCIL
FOR THE YEAR ENDED 31 December 2013 (continued)**

HIV office

1. The HIV office managed to conduct two testing campaigns.
2. A very successful staff peer education program was facilitated.
3. The HIV office is well respected among staff.
4. The HIV office has partnered with SHARC to select and train student peer educators and we are sure that this role will grow from strength to strength in 2014.

At a Council meeting on 24 April 2014, Judge R J W Jones announced his resignation as Chair of Council. At that meeting, Mr V D Kahla was elected Chair of Council.



**MR V D KAHLA
CHAIR OF COUNCIL**
19 June 2014

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 2013. Finally, we review the University's performance in relation to certain predetermined objectives.

Goals and objectives

The goals of Rhodes during 2013 were as usual 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 continues to inform 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.

REPORT OF THE VICE-CHANCELLOR (continued)

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 have no doubts that we largely realize our overall goals, and are able to demonstrate that we do so.

Institutional planning

Attention continued to be given to producing an Institutional Development Plan (IDP) and various meetings were held in this regard. Our *purpose* in 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. We hope that through an open and participatory process the IDP will:

- Collate, consolidate and express 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;
- Will ensure that Rhodes is financially sustainable taking into account its enrolments, academic programmes and operations, and its staffing and infrastructure requirements;
- Will help us to effectively address and pursue new social and educational imperatives, goals and strategies.

Integral to the IDP and also under development is a Transformation Plan that focuses on issues of equity, institutional culture, knowledge and curriculum. Informed by the IDP, a Campus Development Plan is under preparation, 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 University was unsuccessful in appointing a suitable Institutional Planning Director. The post will be positioned at the Manager level in the hope that a suitable candidate can be found, who with the necessary mentoring can be groomed to take on the Director level post in due course.

Enrolments and graduations

A new enrolment plan was approved by the Department of Higher Education & Training (DHET) for 2014-2019. The target enrolment for 2013, and actual enrolments was as follows:

Students	Projected 2013 target	Actual 2013 enrolment
First-time entering undergraduates	1500	1536
Total undergraduate	5329	5135
Postgraduate to Masters level	987	898
Masters	912	941
Doctors	374	454
Total postgraduate	2273	2297
Occasional students	43	53
Total Enrolment	7645	7485

We were under-enrolled by 160 students: the 194 less undergraduate students was off-set by 24 more postgraduate students and 10 more occasional students. Additional information related to enrolment is provided in the section below on performance in relation to predetermined objectives.

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, we have the third best research output per capita staff member; In the context of South African universities we have a high percentage of staff with PhDs (49%); and
- We have very good postgraduate graduation rates and the best rate at the PhD level.

With respect to graduations, during 2013

- 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;

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

- We celebrated a new University record of 78 PhD's – a tremendous achievement for the smallest university in the country;
- The Science Faculty graduated 220 students with B.Sc degrees, 35 PhD graduates, 83 Masters graduates, and 32 Honours graduates.

Research continued to thrive in 2013. 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 of 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.

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.

We continued to be one of the few South African recipients of significant funding from the Andrew W Mellon Foundation for programmes in the Arts, Humanities and Social Sciences, receiving a total of \$830 000. \$355,000 was received to support postdoctoral fellowships; \$290,000 to support a research and postgraduate project on a critical history of the University and the establishment of a university archive; \$100 000 for research and postgraduate scholarships for an initiative related to equity and institutional culture at Rhodes; and \$85 000 for the digitization of select materials in the University's Cory Archive.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

The Centre of Higher Education Research, Teaching and Learning (CHERTL) continued with the support of 1 million euros from the Dutch agency Nuffic to roll out a national project on enhancing postgraduate supervision 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. CHERTL also remained committed to a partnership with the Council on Higher Education (CHE) to help build the teaching and learning capabilities of academics and universities in South Africa, including enhancing the development of academic staff as professional educators in South African universities.

During 2013, the Education Faculty continued to give 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 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.

RHODES UNIVERSITY

REPORT OF THE VICE-CHANCELLOR (continued)

One of the special and distinctive features of Rhodes University is our outstanding residence system and we make a tremendous effort to ensure that the experience of our 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 2013, 49% 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, in certain areas – especially in Commerce and Law – its 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 – a cost of some R100 million;
- Built a new environmental education building – a cost of R12 million;
- Built a new Desmond Tutu dining hall;
- Added additional ICT bandwidth and speed with considerable future savings.

During 2013 a new building for teacher education was completed at a cost of some R17 million. We also set into motion the construction of the new infrastructure and improvements for which R178.6 million over the three years was received from the DHET and we had to commit R29.8 million. These included:

- A new Life Sciences building
- A new School of Language building.
- Improvements in Pharmacy facilities and equipment
- A new undergraduate residence and refurbishment of current residences
- Improvements in disability access
- An audit of current buildings in order to develop a comprehensive maintenance plan.
- 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 million own contribution that was required and would also ensure that our projects would satisfy all the stipulated conditions.

In a small town like Grahamstown with an unemployment rate of over 60% and massive socio-economic development challenges, the fillip to the local economy, job creation and skills development of the R 300 million in new infrastructure development at Rhodes since 2007 is not to be underestimated.

The weak capacity of the local municipality, however, is a grave concern and potential threat to current and future new infrastructure developments as well as the growth of the university generally.

Already, the university community has been obliged to march to the municipal offices to protest against the tardy and irregular provision of water. Inefficient processing of building applications delays construction, increases costs and delays workers earning livelihoods.

An effective and efficient municipality with officials who possess the requisite technical expertise to undertake and support infrastructure development and maintenance is critical to Grahamstown's and Rhodes' development.

Following the water protest march there has been welcome and sustained involvement by the Presidential Infrastructure Coordinating Committee, the Ministry of Economic Development, the Department of Water Affairs and other relevant state departments. Such joined-up efforts are essential to address shortcomings and also develop the institutional and human capacities of Makana municipality.

New infrastructure investments and rollout at universities is a cause for celebration. It is wise investment by government in maintaining and enhancing the quality of graduates and knowledge produced, both of which are critical for addressing socio-economic development challenges of South Africa.

Rhodes infrastructure projects supported by DHET funding

Project	Value	State contribution
Completed		
University library	R 75 million	R 50 million
Teacher education building	R16.8 million	R15 million
Undergraduate residences x3 and Dining Hall renovation	R66 million	R36 million
Current		
Life Sciences building	R 111 million	R95 million
School of Languages	R31 million	R26 million
Pharmacy laboratories	R22 million	R20 million
Undergraduate residence and renovation	R37 million	R31 million
Postgraduate residences	R19 million	Not funded
Campus Capital Development Plan and Campus Maintenance Plan	R2 million	R2 million
Campus Disability Access Improvement Plan	R3 million	R2.8million
Prospective new		
Lecture and tutorial venues	R35 million	
Postgraduate centre	R15 million	
Undergraduate residences	R156 million	
Postgraduate residences	R113 million	
Indoor sports centre	R25 million	

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.

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.

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 2013, routine activities of the Vice-Chancellor included 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 and Teaching and Learning 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 London, Cape Town and Johannesburg. The Vice-Chancellor's priorities were:

- To table a document on postgraduate development at Rhodes in coming years, and obtain the approval of the various Faculty Boards, University Senate and Council. This was to ensure that Rhodes was effectively geared, as part of its overall institutional academic trajectory, to larger postgraduate numbers and addressed key issues in this regard. This exercise was completed successfully and various aspects of envisaged postgraduate development will be implemented by the Research Office led by the Deputy Vice-Chancellor for Research and Development
- To establish an effective institutional research and planning capability and capacity at Rhodes. In past years, the Institutional Planning Unit had not provided the University with the research and overall planning support that it was intended to and thus needed to be effectively built. This entailed revising the previous job profile of the Director: Institutional Planning and getting this approved, recruiting and selecting a new Director, and working with the new incumbent to establish an institutional research agenda and effective planning capability. It proved difficult to secure a suitable Director. As a result, the post of Director has been re-scoped at the level of a Manager. It is hoped that a suitable candidate can be found at this level, who with appropriate mentoring and support can develop into a Director over time.
- To help raise the Rhodes funding contributions needed for the new Life Sciences and School of Languages buildings. As previously with the Library campaign, the Vice-Chancellor has to actively participate in and support effectively the fundraising efforts of the Development and Alumni Relations Division. Work has begun in this regard and there have been engagements with consultants advising on the appetite of the corporate business sector to support Rhodes fundraising and with the Rhodes Board of Governors to mobilise funds. Using the warm relationship between the Vice-Chancellor and the Director General and Chief Executive of Hanban/Confucius Institute Headquarters, efforts continue to solicit funding from the Hanban for the School of Languages.

Performance in relation to certain predetermined objectives

Goals and objectives	Performance Measure/s	Outcome/Impact
Enrolments		
Total enrolment of 7645 students	Actual 2013 enrolment	Total enrolment was 7 485 – 160 students or 2.09% below target
Enrolment of 5 372 undergraduate students	Actual 2013 enrolment	There were 5 183 undergraduate students - 189 students or 3.5% below target
Enrolment of 2 273 postgraduate students	Actual 2013 enrolment	There were 2 302 postgraduate students – 29 students or 1.2% above target
Enrolment of 1 500 first-time entering students (including transfer students)	Actual 2013 enrolment	There were 1 535 first-time entering students – 35 students or 2.3 % above target
Enrolment of 4 511 (59%) women students	Actual 2013 enrolment	There were 4 356 women students – 155 students or 3.4% below target
Enrolment of 4 434 (58%) black students	Actual 2013 enrolment	There were 4 629 black students – 195 students or 4.4% above target
Enrolment of 1 529 (20%) international students	Actual 2013 enrolment	There were 1658 (22%) international students – 129 students or 8.4% above target; 954 undergraduate (18.4%) and 704 postgraduate (31%)
Enrolment of 1 835 (24%) students in science, engineering and technology	Actual 2013 enrolment	There were 2 208 students – 373 or 20.3% above target
Enrolment of 3 899 (51%) students in humanities	Actual 2013 enrolment	There were 2 949 students – the 'reduction' is in part a result of the new convention of economics student being counted under business/management
Enrolment of 1 185 (16%) students in business/management	Actual 2013 enrolment	There were 1 523 students - the increase is in part a result of the new convention of economics student being counted under business/management
Enrolment of 726 (10%) students in education	Actual 2013 enrolment	There were 805 students in education – 79 students or 10.8% above target
Increase the numbers and proportion of postgraduate students from 1 882 (26%) in 2010 to 2 273 (30%) in 2013	Actual 2013 enrolment	The increase in 2013 was to 2 302 students (30%)
Reduce the proportion of undergraduate students from 73% in 2010 to 70% in 2013	Actual 2013 enrolment	The decrease in 2013 was to 70% (5 183 students)
Gradually reduce the proportion of international students to 20%	Actual 2013 enrolment	The proportion was 22%, which means we are slowly reducing the proportion from the previous 25% and 23%
Graduations		
Graduate 1 160 undergraduate students - 1 019 undergraduate degrees and 141 undergraduate diplomas - in 2013	Actual results - HEMIS figures	There were 1289 graduates - 1 288 undergraduate degrees and 1 undergraduate diplomas
Graduate 888 Honours and postgraduate diploma students in 2013	Actual results - HEMIS figures	There were 719 graduates - 453 Honours, 266 Postgraduate Diplomas

Graduate 237 Masters students in 2013	Actual results - HEMIS figures	There were 296 Masters graduates
Graduate 49 doctoral students in 2013	Actual results - HEMIS figures	There were 78 doctoral graduates
Graduate 560 students in science, engineering and technology 2013	Actual results - HEMIS figures	There were 674 graduates
Graduate 362 students in business/management in 2013	Actual results - HEMIS figures	There were 532 graduates
Graduate 1 190 students in humanities in 2013	Actual results - HEMIS figures	There were 916 graduates (Economics was counted under Humanities previously)
Graduate 222 students in education in 2013	Actual results - HEMIS figures	There were 260 graduates
Graduate 31% of students as % of total enrolments in 2013	Actual results - HEMIS figures	There were 2 382 (32%) graduates
Graduate 22% of undergraduates as % of total enrolments in 2013	Actual results - HEMIS figures	There were 1 289 out of 5 183 (25%) graduates
Graduate 90% of Honours and postgraduate diploma students as % of total enrolments in 2013	Actual results - HEMIS figures	There were 719 out of 901 (80%) graduates
Graduate 26% of Masters students as % of total enrolments in 2013	Actual results - HEMIS figures	There were 296 out of 941 (31%) graduates
Graduate 13% of doctoral students as % of total enrolments in 2013	Actual results - HEMIS figures	There were 78 out of 460 (17%) graduates
Research		
Generate 406.52 publication units in 2013	Actual results – pre-audited DHET report	Estimated total is 456.52: 406.52 journal units; 25 units for 68 books and chapters in books; 25 units for 93 Conference proceedings; DHET audited units for 2012 was 409.93
Have a ratio of publication units to permanent academic staff of 130% in 2013	Actual results - Pre-audited DHET report	The expected ratio for 2013 is about 130%. The ratio of Publication Units to permanent staff in 2012 was 122%.
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 since 2009 - 2009: 350.99; 2011: 358.51; 2012: 409.93; 2013: 456.52 (excepted)
Have a trajectory of increasing ratio of publication units to permanent academic staff	Actual results – HEMIS figures	This is the case: 2011: 112%, 2012: 122% and 2013 (expected): 130%
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
Ensure quality assurance of community engagement	Actual practice	This occurs through the Community Engagement Office and there are protocols in place
Staff		
Employ 338 permanent academic staff in 2013	Actual results - HEMIS figures	There were 342 permanent academic staff. 25% were black (increase of 2% over 2012) and 42% were women (an increase of 2% over 2012).
Employ 133 senior and middle-management support staff in 2013	Actual results - HEMIS figures	There were 122 staff: 25 senior management and 97 middle management. 32% of senior management were black and 52% women. 42% of middle management were black and 58% women. Overall, 40% were black (increase of 4% over 2012) and 57% were women (an increase of 1% over 2012).
Employ 895 'non-professional' staff in 2013	Actual results - HEMIS figures	There were 861 staff
Employ a total of 1366 permanent staff in 2013	Actual results - HEMIS figures	There were 1325 staff
Have 169 permanent academic staff (50%) with doctoral degrees in 2013	Actual results - HEMIS figures	There were 165 (49%) staff
Have 101 permanent academic staff (30%) with Masters degrees in 2013	Actual results - HEMIS figures	There were 104 (30%) staff
Have 68 permanent academic staff (20%) with other degrees in 2013	Actual results - HEMIS figures	There were 73 (21%) staff
Increase permanent academic staff with doctoral qualifications from 167 to 169 and from 50% to 50%	HEMIS Staff Submission 1 Unaudited	Achieved 49% in 2013. The decrease is being assessed and may be due to a lag in the capturing of PhD to permanent academic staff records
Increase permanent academic staff with Masters qualifications from 100 to 101 and 30% to 30%	HEMIS Staff Submission 1 Unaudited	Achieved 30% in 2013
Achieve a FTE student to FTE academic staff ratio of 17.1 in 2013	Actual results - HEMIS figures	The ratio of all FTE student to all FTE academic was 17.0.
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 target has been met.
Increase the numbers of suitably qualified black and women academics	Actual situation	This occurred: there was an increase of 2% in black academics over 2012 and an increase of 2% in women over 2012.
Increase the numbers of suitably qualified black and women senior and middle-management support staff	Actual practice/s	There was an increase of 4% in black staff over 2012 and no change in the percent of women.
Develop effective strategies for	Actual practice/s	An Accelerated Development Programme

building the next generation of academics, and especially black and women academics		exists, supported by the Kresge foundation 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 another way: Senior posts are split up where feasible to create opportunities for young black and women staff with potential; bridging funding are funded to employ black and women staff where waiting for gaps due to retirement, and for development posts in growth areas. Efforts are made to attract black and women post-graduates into academia. State support is required for institutionalizing the programme.
Increase the numbers of black and women academics through institutional programmes for next generation academics	Actual practice/s	In 2013 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 July 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 July 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 was completed and opened in 2013
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. R10 million has been raised from the Chinese Hanban, which covers the required University contribution of R6 million
A new undergraduate residence is constructed and completed, within budget, by early 2014	Actual result	This was done and the residence was opened for the 2014 academic year
A new postgraduate residence is constructed and completed at a cost of R19 million, by February 2015	Actual result	Completion is expected in February 2015

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 2013
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	The HR staff spend was R 352.56 million (67.2%) in 2013. 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 be the case in 2013
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
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	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

processes of policy and decision-making		
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 2013 and reports can be provided as evidence
Transformation (Consolidated commentary)		
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
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
The number of black and women academics is increased through institutional programmes for next generation academics.	Actual result	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)
The number of black and women academics on the University Senate is increased	Actual practice/s and result	This has occurred. There are 26 black (23%) and 38 women (33%) senators. In 2010 there were 20 black (17%) and 33 women (28%) senators;
The number of black and women members on the University Council is increased	Actual practice/s and result	There are 15 black (50%) and 10 women (33%) Council members. In 2010 there were 15 black (50%) and 8 women (27%) Council members
The number of black and women members on the University Board of Governors is increased	Actual practice/s and result	In 2013 there are 11 black (46%) governors and 6 women (25%) governors. In 2012 there were 11 black (44%) governors and 5 women (20%) governors.

DR M S BADAT
VICE-CHANCELLOR



19 June 2014

RHODES UNIVERSITY

REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL

Budget Principle and Financial Sustainability

The Rhodes University budget process is an open process in which any member of the University community may attend. 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 and that adequate 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.

2013 Financial performance

The success of this management style was again evident in 2013 when operating budget objectives were fundamentally achieved. An improved investment environment provided for sound growth on long term investments (which are managed by the University's Board of Governors) and also allowed for an easing on financial support necessary to protect employee benefit programs. As a result, nearly R206 million was added to the equity fund of the University with growth reflected in both Council-managed and Council-directed funds.

The growth in student enrolments from disadvantaged and working class backgrounds has increased pressure on student funding income. This growth has been achieved through a significant contribution from the University's own funds and supplemented by NSFAS funding to support students from working class families. Collection of these funds, and particularly those administered by NSFAS, is however proving to be problematic. As a result, the University has provided for an additional impairment of R33,5 million to address the risk on collections.

Further growth on research and related activities was achieved as a result of strong emphasis in these activities as well as on the university residential operations which are a major component of the University's structure. Both components have again provided a positive contribution towards University funds. While the academic climate in which universities are finding growth and student support more challenging, this report reflects a satisfactory result from sound and proven financial management at Rhodes University.



N E WOOLLGAR
CHAIR: FINANCE & GENERAL PURPOSES
COMMITTEE



DRILL'ANGE
EXECUTIVE DIRECTOR:
INFRASTRUCTURE, OPERATIONS &
FINANCE

19 June 2014

RHODES UNIVERSITY

COUNCIL'S REPORT ON GOVERNANCE

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

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

Council

The Council comprises thirty members who are elected in the manner prescribed by the Institutional Rules, the Rhodes University Statute and the Higher Education Act, No 101 of 1997. At the end of 2013 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 previous year failed to take up their positions. Despite repeated requests to the Minister via the Department, no appointments have been made. 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, four external members of Council and one member of Council elected to Council by Senate. The Registrar, who is the secretary, is in attendance.

Remuneration Committee

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

Finance and General Purposes Committee

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

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. A representative of the Auditor-General's Office attends 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 has approved a 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, after wide consultation with Council members, 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.

At a Council meeting on 24 April 2014, Judge RJW Jones announced his resignation as Chair of Council. At that meeting, Mr V D Kahla was elected Chair of Council.



MR V D KAHLA
CHAIR OF COUNCIL
19 June 2014

RHODES UNIVERSITY

REPORT OF SENATE

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

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

During 2013 the Senate met on five occasions:

20 March

21 June

30 August

25 October

22 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

A Bioinformatics Unit (RUBi) was established during the course of 2013.

Significant developments

- Approved the Campus Spatial Development/Design Principles with the caveat that Disability issues needed more serious attention.
- Approved a governance structure for Allan Gray Centre for Leadership Ethics.
- Approved changes to the student disciplinary code regarding visiting in the residences.
- Revised the institution's Language Policy.
- Approved a new academic programme in Organizational Psychology subject to external (PQM and HEQC) approval.
- Approved a new academic programme in Forensic Science subject to external (PQM and HEQC) approval.
- Approved a Student Societies Policy.
- Approved a Communications Policy.
- Reviewed the Policy on Naming and Renaming Buildings, Facilities and Academic Units and Structures.

RHODES UNIVERSITY

REPORT OF SENATE (continued)

- Approved a new postgraduate Diploma in Heritage Management subject to external approval.
- Approved the "Ncedana" Mentorship proposal for a new mentoring programme in the residences.
- Approved a multilingual signage proposal for the campus.

Composition and size of the student body

The tables below illustrate the composition of the student body in 2013. They also indicate the very pleasing success rates and the significant progress in addressing student access and equity.

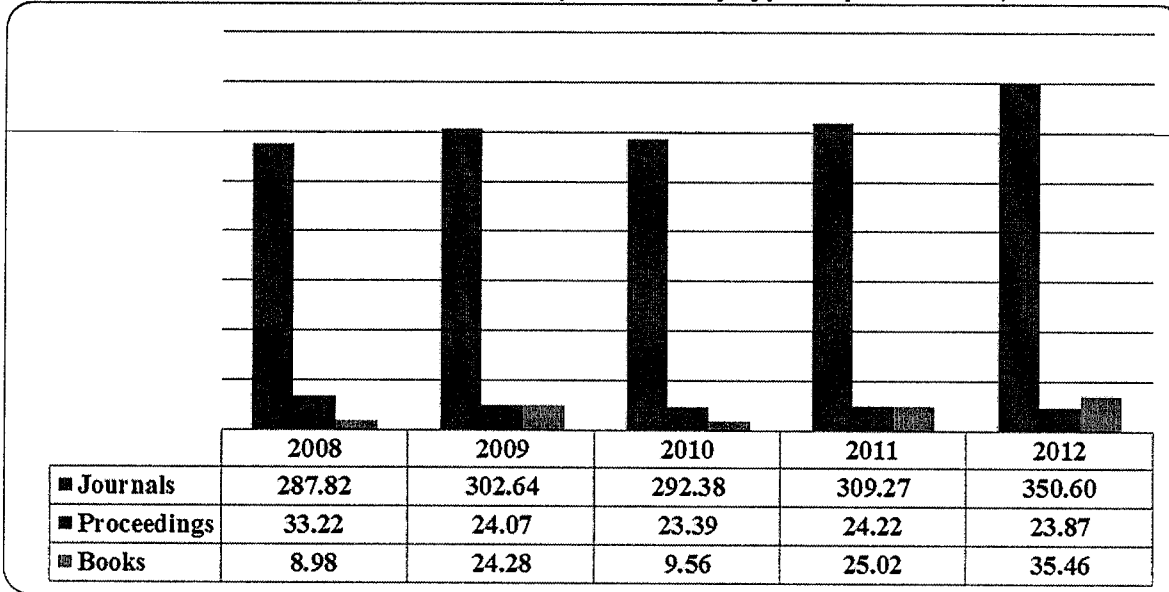
<u>Race</u>	<u>2012</u>	<u>2013</u>
African	3877	4046
Indian	289	303
Coloured	284	280
White	2945	2856
TOTAL	7395	7485

<u>Degree</u>	<u>2012</u>	<u>2013</u>
	<u>Success Rate</u>	
UG Dip	84	13
Bach	86	84
4year	90	88
PG Dip	93	88
Hons	89	89

Research

Rhodes University showed a gratifying increase in overall accredited research outputs in the 2013 audited returns, based upon 2012 graduations and publications. The total accredited output count rose by 13.24 % on publications, and by 12.12% overall when thesis graduating students were added into the mix, resulting in a total accredited unit count of 777.68 (as opposed to 693.6 the previous year).

The university's weighted doctoral graduations were up by 17.5% (it was a record year), and masters graduations were marginally up (1.8%). Journals, which account for most of Rhodes University's publication outputs, experienced a bumper year (350.6 units, as opposed to 309.6 the previous year). Books and conferences are always much smaller unit contributors by comparison, and there is some variance on these outputs from year to year as the base is low. Conferences were very slightly down and books significantly up (by 41.7%). The gratifying aspect in these two categories is that the submission rejection rate went down, which can be attributed primarily to improved submission processes on the part of the university.

Figure: Rhodes University research output totals by type of publication, 2008-2012

Rhodes contributed 3.3% of all accredited research output in the public higher education sector in 2012 (as opposed to 3.2% the year before), which will result in its share of the DHET research subsidy pie increasing slightly in 2014. 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 overall weighted outputs (including research masters and doctorate graduations) rose from 2.17 to 2.31 accredited outputs per academic staff member, driven primarily by the record number of PhD graduates. This figure exceeds the DHET norm by a very large margin, and makes Rhodes one of only 6 universities to exceed the norm for conventional universities of 1.42. Rhodes continues to have one of the highest proportions of academic staff with doctoral degrees among South African universities (50.9% in this DHET audit cycle, whereas it was recorded as 56% in the previous year - the recorded proportion declined due to adjustments in how HEMIS scoped the academic population being included).

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

External Research Income (*new grants in the financial report*) from sources other than the DHET for the period January to December 2013 rose to reach R199 million.

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

Tuition fees

Tuition and residence fees in 2013 were 9% higher than in 2012.

The fees are set by way of an inclusive budget process which is characterised by active student participation.

RHODES UNIVERSITY

REPORT OF SENATE (continued)

Access to financial aid

Funding for undergraduate financial aid in 2013:

	2012	2013
NSFAS	R28,464,848.84	R32,458,516
Rhodes Council	R26,373,820.04	R27,848,018.90
Total	R54,838,668.88	R60,306,534.90
Number Supported	925	932

The extent of the funding that Rhodes provides from its own Council funds is very significant as it indicates the extent to which the NSFAS funding is inadequate. Rhodes awards NSFAS funds and RU Council funds on exactly the same basis by using the NSFAS means test. 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 remains unclear how the RU Council funds would be administered once the NSFAS changes are implemented. Rhodes has received no formal communication from NSFAS about the new scheme and is seriously concerned about the possible implications for the Institution.

A second matter of concern is the very low recovery rate of RU Council loans by NSFAS.



DR M S BADAT
VICE-CHANCELLOR
19 June 2014

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL

Composition of the Institutional Forum

Judge RJW Jones *Council*
Ms J Sewry *Council*
Professor L Steenveld *Senate*
Dr S Nsengiyumva *Senate*
Dr S Badat *Management*
Dr S Mabizela *Management*
Dr S Fourie *Management alt (2013)*
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 P Ngxitho and Mr T Tommy *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 – vacant
- CHERTL – *Dr L Quinn*
- Oppidan – *Ms S Timothy*
- PGLSC – *Ms S Patel*
- GENACT – *Ms S Smailes*

Scheduled meetings for 2013

6 March 2013
24 May 2013
15 August 2013
17 October 2013

Recent history of the Forum

Prior to 2012 the agreement among the stakeholders and members of the Institutional Forum was that meetings would only be held if and when a stakeholder or member placed an item on the agenda. A call was made for agenda items before every scheduled meeting but if no items were forthcoming for a particular meeting that meeting of the Institutional Forum was cancelled. This procedure often resulted in meetings being cancelled. In 2012 the Institutional Forum revisited its mandate with the result that the Forum resolved that 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 would 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. In that year all scheduled meetings of the forum took place.

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL (continued)

Year under review

In 2013, the year under review, the Forum again reverted to cancelling a meeting due to lack of business and a further meeting was deemed to be not quorate so that just two of the four meetings took place. Also, as will be seen below, the Forum is again dependent on the management sector for taking the initiative in setting the agenda. As the other sectors are actively involved in the various University structures and fora, the only conclusion can be that these sectors are satisfied that their concerns and issues are adequately addressed in the formal University meeting and approval processes.

Meeting of 24 May 2013

Management reported on the development of two important institutional plans. The meeting noted and discussed the work being done on developing an institutional Development Plan and a Campus Development Plan but made no recommendations on these developments.

The meeting received a report on the Higher Education and Training Laws Amendment Act of 2012 and subsequent developments within the higher education sector.

The Director: Equity and Institutional Culture reported on a review of programmes, initiatives and strategies used over a period of 6 years to advance the equity, institutional culture and transformation related objectives of the institution. The meeting noted that a workshop would be held in order to process the content of the report and its recommendations.

The meeting further noted the reports of six Senate and Council sub-committees but made no recommendations with regard to these.

In line with its statutory responsibility, the meeting did support the nomination of a Council nominee to the University Council.

Meeting of 15 August 2013

The bulk of the meeting was devoted to receiving a report from the Office of the Vice-Chancellor but without this leading to any recommendations or advice from the Forum.

The meeting also heard of further developments to the compilation of an Institutional Development Plan and it noted the resignation of the Director of Institutional Equity and Culture.

As in the previous meeting, the meeting noted the reports of six Senate and Council sub-committees but made no recommendations with regard to these.

Meeting of 17 October 2013

Only three members attended and the meeting was deemed not to be quorate.

Review

It is apparent from the above, the failure of two meetings and the précis of the minutes of the two successful 2013 meetings, that the Forum itself and the University continues to grapple to find a meaningful role for this statutory body.

RHODES UNIVERSITY

REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL (continued)

Chairperson of the Institutional Forum

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



Dr S Mabizela
Management Representative
CHAIRPERSON (ROTATIONAL)
19 June 2014

RHODES UNIVERSITY

REPORT ON INTERNAL ADMINISTRATIVE/OPERATIONAL STRUCTURES AND CONTROLS

Rhodes University has implemented systems of internal control which are designed to provide reasonable assurance to the University and the Council that an operational environment is created and maintained which promotes the safeguarding of the University's assets and the preparation and communication of reliable financial and other information.

These systems of internal control include documented organizational structures which 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 and report 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 2013 Rhodes University believes that its systems of internal control over its operational environment, information reporting and safeguarding of assets against the authorised acquisition, use or disposal of assets are adequate and ensure proper financial governance.



DR B S RAYNER
CHAIR: AUDIT COMMITTEE
19 June 2014

RHODES UNIVERSITY

REPORT ON ENTERPRISE RISK MANAGEMENT

During 2013 the University's Risk Management Committee met twice.

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. This process avoids locating all responsibility within the Risk Management Unit and relies on the submissions and disclosure of risks by senior management.

The Risk Management Committee, which comprises the Vice-Chancellor, the two Deputy Vice-Chancellors, the Registrar, Director of Special Projects 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 is outlined and publicised on the University's web page.

During the current year there was an interrogation of all registered risks and these were allocated into four categories: 'Terminate', 'Treat', 'Transfer' or 'Tolerate'. This exercise resulted in about 20 percent of risks being listed as especial focus risks, which are reviewed at each Risk Management Committee Meeting, and around 10 % being categorised as treatable.

Last year a review report on the compliance register was positive about the University's level of engagement and compliance. During the current year there was further interrogation of the risks list; this highlighted certain areas that needed to be included in the register and required further scrutiny. However, the majority were regarded as having been covered by the external Audit and/or regarded as low impact.

The King 111 diagnostic tool, as formulated and compiled by Price Waterhouse Coopers and adapted to suit the University environment, has highlighted certain areas that require compliance. The University will seek to ensure compliance or will provide explanations as to why it is not necessary or possible to comply.

The Safety, Health & Environment Committee of the University now reports into the Risk Management Unit. This ensures that all issues and concerns relating to safety, health and environment feed into the Risk Management Committee and ultimately to the Audit Committee if required.

As custodian of whistle blowing, the Risk Management Unit is tasked with reporting, and where required, investigating any reported allegations of corruption, theft and fraud. During the current year there have been no incidences reported. Other investigations are undertaken when requested by the Vice Chancellor.

The University is committed to a continuous, systematic and integrated process of University-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



DR M S BADAT
CHAIRPERSON
RISK MANAGEMENT COMMITTEE

19 June 2014

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 48 to 84 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.

At a Council meeting on 24 April 2014, Judge R J W Jones announced his resignation as Chair of Council. At that meeting, Mr V D Kahla was elected Chair of Council.

APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements on pages 48 to 84 were approved by the Council on 19 June 2014, and signed on its behalf by:



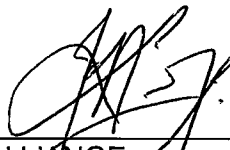
MR V D KAHLA
CHAIR OF COUNCIL



DR M S BADAT
Vice-Chancellor



MR N E WOOLLGAR
Chair: Finance & General Purposes Committee



DR I L'ANGE
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 as set out on pages 48 to 84, which comprise the consolidated statement of financial position as at 31 December 2013, 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 the 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.

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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 Chalaïn, B M Deegan, J G Louw, S N Madikane, P J Mothibe, T D Shango, S Subramoney, A R Tilakdari, F Tonelli
The Company's principal place of business is at 2 Eglïn 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 as at 31 December 2013, 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 13 to 30 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 2012 to 31 December 2012	26 June 2013
Department of Higher Education and Training - Infrastructure Funding Progress Report	Agreeing of expenditure to contracts and supporting documentation.	1 February 2012 to 31 January 2013	28 March 2013

RHODES UNIVERSITY

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

Department of Higher Education and Training - Financial data submission	Agreeing of financial data to the Financial Statements.	1 January 2012 to 31 December 2012	27 August 2013
Department of Higher Education and Training – Clinical Training	Agreeing of expenditure to contracts and supporting documentation.	1 February 2012 to 31 January 2013	19 April 2013
Department of Higher Education and Training – Research Articles	Agreeing research articles claim to supporting journals and publications	1 January 2012 to 31 December 2012	14 May 2013
National Research Foundation – NRF Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 to 31 December 2012	12 March 2013
National Research Foundation – THRIP Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 to 31 December 2012	26 June 2013
DST/Mintek NIC Consortium - Research grant	Agreeing of expenditure to contracts and supporting documentation.	1 April 2012 to 31 March 2013	11 April 2013
Investec Commerce Foundation	Agreeing of expenditure to contracts and supporting documentation.	1 February 2012 – 31 January 2013	28 March 2013
Centre for Social Development – Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 – 31 December 2012	19 April 2013
Zenex Foundation – Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 – 31 December 2012	28 March 2013
Zenex Foundation – In-service Teacher Training Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 – 31 December 2012	28 March 2013

RHODES UNIVERSITY

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

Rhodes University Maths Education Project	Agreeing of expenditure to contracts and supporting documentation.	1 January 2012 – 31 December 2012	28 March 2013
Eastern Cape Department of Health: Pharmacy Doctorate Programme	Agreeing of expenditure to contracts and supporting documentation.	1 April 2012 – 31 March 2013	16 July 2013
Sishen Iron Ore Community Development Trust	Agreeing of expenditure to contracts and supporting documentation.	1 April 2012 – 31 December 2012	28 March 2013
Clinical Training Enrolments	Agreeing the Head Count Enrolments per Clinical Programme to the student records of Rhodes University	1 January 2012 – 31 December 2012	12 July 2013

Audit engagements

As required by the funding agreement, an audit was conducted during the year under review, as indicated below.

NUFFIC – Netherlands Organisation for International Co- operation in Higher Education	Report to stakeholders of the project whether, in our opinion, the annual project statements present fairly, in all material respects, the financial performance of the project in accordance with the project agreement, NPT financial rules and the NPT financial guidelines.	1 January 2012 to 31 December 2012	29 April 2013
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PricewaterhouseCoopers Inc

Director: A F Puggia

Registered Auditor

19 June 2014

RHODES UNIVERSITY

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2013**

	Notes	2013 R'000	2012 R'000
ASSETS			
Non-current assets		824 896	789 116
Property, plant and equipment	1	335 349	336 727
Investments	2	470 176	405 247
Loans and receivables	3	19 371	47 142
Current assets		293 300	230 119
Inventories	4	4 808	4 941
Receivables and prepayments	5	74 228	36 414
Cash and cash equivalents	6	189 364	188 764
Financial assets	7	24 900	-
Total assets		<u>1 118 196</u>	<u>1 019 235</u>
EQUITY AND LIABILITIES			
Equity funds		790 075	584 382
Property plant and equipment funds		318 734	319 830
Council managed earmarked funds		193 313	147 788
Council directed funds		278 028	116 764
Non-current liabilities		141 912	281 528
Interest-bearing borrowings	9	211	403
Retirement benefit obligations	10	141 701	281 125
Current liabilities		186 209	153 325
Deferred income	8	95 153	68 580
Trade and other payables	11	81 087	74 555
Leave pay accrual		9 680	9 873
Current portion of borrowings	9	289	317
Total equity and liabilities		<u>1 118 196</u>	<u>1 019 235</u>

RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2013

	2013					2012	
	Council Directed Fund Activities				Council Managed Earmarked Fund Activities		
	Central operations R'000	Accommo- dation R'000	Endowed funds R'000	SUB- TOTAL R'000		TOTAL R'000	TOTAL R'000
TOTAL INCOME	501 889	159 024	42 957	703 870	252 440	956 310	910 898
RECURRENT ITEMS	499 320	158 706	28 202	686 228	235 651	921 879	882 071
State appropriations – subsidies and grants	287 992	5	-	287 997	82 197	370 194	343 574
Tuition and other fee income	200 535	143 866	-	344 401	37 449	381 850	352 809
Income from contracts	174	-	-	174	19 534	19 708	23 884
Sales of goods and services	597	14 835	-	15 432	17 912	33 344	32 555
Private gifts and grants	22	-	13 096	13 118	72 355	85 473	104 569
Interest and dividends	489 320	158 706	13 096	661 122	229 447	890 569	857 391
NON-RECURRENT ITEMS	10 000	-	15 106	25 106	6 204	31 310	24 680
(Loss)/profit on disposal of assets	2 569	318	14 755	17 642	16 789	34 431	28 827
Realised capital profits on investments	(262)	11	-	(251)	931	680	169
Impairment of investments	-	-	14 362	14 362	-	14 362	12 201
Other non-recurrent income	2 831	307	393	3 531	15 858	19 389	-
TOTAL EXPENDITURE	560 237	155 001	28 322	743 560	215 051	958 611	828 535
RECURRENT ITEMS	524 654	154 221	28 322	707 197	214 239	921 436	825 565
Personnel costs	390 313	47 618	-	437 931	88 648	526 579	472 090
Academic professional	188 739	-	-	188 739	38 113	226 852	206 147
Other personnel	201 768	47 618	-	249 386	50 535	299 921	265 415
Leave liability (decrease)/increase	(194)	-	-	(194)	-	(194)	528
Other operating expenses	115 143	103 045	28 322	246 510	111 662	358 172	320 124
Depreciation	19 139	3 558	-	22 697	13 929	36 626	33 260
Finance costs	59	-	-	59	-	59	91
NON-RECURRENT ITEMS	35 583	780	-	36 363	812	37 175	2 970
Capital expenditure expensed	2 583	780	-	3 363	812	4 175	2 970
NSFAS impairment	33 000	-	-	33 000	-	33 000	-
NET SURPLUS(DEFICIT)	(58 348)	4 023	14 635	(39 690)	37 389	(2 301)	82 363
OTHER COMPREHENSIVE INCOME	169 805	-	-	169 805	-	169 805	(27 401)
Items that will not be reclassified to total income/expenditure							
Retirement funding valuation adjustments							
Items that may be subsequently reclassified to total income/expenditure							
Investments fair value adjustment							
TOTAL OTHER COMPREHENSIVE INCOME FOR THE YEAR	169 805	-	38 386	38 386	-	38 386	47 175
							19 774
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	111 457	4 023	53 021	168 501	37 389	205 890	102 137

RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2013

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 1.1.2012	(278 934)	309 261	30 327	126 292	126 292	327 179	483 798
Retirement funding valuation adjustments	(27 401)	-	(27 401)	-	-	-	(27 401)
Investment fair value adjustment	-	47 175	47 175	-	-	-	47 175
Net surplus/(deficit) before transfers	4 822	54 525	59 347	23 016	23 016	-	82 363
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
Balance at 1.1.2013	169 805	-	169 805	-	-	-	169 805
Retirement funding valuation adjustments	-	38 386	38 386	-	-	-	38 386
Investment fair value adjustment	-	14 635	(39 690)	37 389	37 389	-	(2 301)
Net surplus before transfers	(54 325)	-	(197)	-	-	-	(197)
Funds utilised/written off	(197)	-	(197)	-	-	-	(197)
Transfers							
- Depreciation charge	22 697	-	22 697	13 929	13 929	(36 626)	-
- Property, plant and equipment additions	(29 737)	-	(29 737)	(5 793)	(5 793)	35 530	-
Balance at 31.12.2013	(185 954)	463 982	278 028	193 313	193 313	318 734	790 075

The Endowment Funds include the revaluation reserve of R186 562 767 (2012: R149 176 558).

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2013

	Notes	2013 R'000	2012 R'000
Cash flow from operating activities			
Cash generated from operations	20	46 928	181 940
Interest received		15 845	12 619
<i>Net cash generated from operating activities</i>		<u>62 773</u>	<u>194 559</u>
Cash flow from investing activities			
Purchase of property, plant and equipment			
Funded through own cash resources		(35 530)	(25 911)
Proceeds on disposal of property, plant and equipment		963	330
Interest received		8 621	5 533
Dividends received		6 844	6 528
Net (increase)/decrease in non-current investments		(12 181)	(34 967)
Net (increase)/decrease in financial assets		(24 900)	-
Net advances of student, staff and other loans		(5 711)	(10 537)
<i>Net cash utilised in investing activities</i>		<u>(61 894)</u>	<u>(59 024)</u>
Cash flow from financing activities			
Interest paid		(59)	(91)
Movement on interest-bearing borrowings		(220)	(627)
<i>Net cash utilised in financing activities</i>		<u>(279)</u>	<u>(718)</u>
Increase/(decrease) in cash and cash equivalents		600	134 817
Cash and cash equivalents at beginning of year		188 764	53 947
Cash and cash equivalents at end of year	6	<u>189 364</u>	<u>188 764</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2013

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 2013						
Opening carrying amount	286 653	43 868	2 762	3 444	-	336 727
Additions	7 168	10 553	10 315	4 762	2 732	35 530
Disposals/transfers	-	(282)	-	-	-	(282)
Depreciation charge	(7 808)	(13 443)	(10 105)	(2 538)	(2 732)	(36 626)
Closing carrying amount	286 013	40 696	2 972	5 668	-	335 349
At 31 December 2013						
Cost or valuation	356 380	174 861	60 999	23 590	105 514	721 344
Accumulated depreciation	(70 367)	(134 165)	(58 028)	(17 921)	(105 514)	(385 995)
Carrying amount	286 013	40 696	2 971	5 669	-	335 349
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

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

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:

	2013 R'000	2012 R'000	2011 R'000	2010 R'000	Total R'000
Land and buildings	36 594	13 243	120	24 810	74 767
Furniture and equipment	711	5 756	117	8 434	15 018
Computer equipment	-	-	-	-	-
	37 305	18 999	237	33 244	89 785

Property, plant and equipment under construction at year end includes the construction of the Life Sciences project. The cost incurred at year end amounts to R12.5 million which has been offset by the grant received.

2. Investments	2013 R'000	2012 R'000
At fair value:		
Listed shares	233 236	214 412
International market unit trust	127 899	150 350
Money market deposits	45 641	40 485
Government bonds local authority	42 352	-
Government bonds parastatals	21 048	-
	<u>470 176</u>	<u>405 247</u>
At cost:		
Listed shares	103 592	95 498
International market unit trusts	70 815	121 672
Money market deposits	44 744	40 362
Government local	42 168	-
Government parastatals	21 017	-
	<u>282 336</u>	<u>257 532</u>

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

Credit quality of investments held is managed by the University with reference to monthly portfolio statements received from the fund managers.

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 2013.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Available-for-sale financial assets				
- Listed shares	233 236	-	-	233 236
- International market unit trusts	127 898	-	-	127 898
- Money market deposits	45 641	-	-	45 641
- Government bonds	63 401	-	-	63 401
Total assets	470 176	-	-	470 176

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 2013 (continued)

3. Loans and receivables	2013 R'000	2012 R'000
Student loans	56 067	48 513
Loans to employees	2 792	2 468
Other loans	2 645	4 812
	<u>61 504</u>	<u>55 793</u>
Provision for impairment	(42 133)	(8 651)
	<u>19 371</u>	<u>47 142</u>

Student loans bear interest at 10% (2012 : 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% (2012 : 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.

The movement in the impairment provision was as follows:

	2013 R'000	2012 R'000
Opening balance at 1 January	8 651	7 834
Additional impairment	33 482	817
Loans written off during year	-	-
Closing balance at 31 December	<u>42 133</u>	<u>8 651</u>

In the current year an additional amount of R33 million was provided for the NSFAS receivable, the recovery of which is considered doubtful.

There are no other material loans and receivables balances that are past due and not impaired.

4. Inventories	2013 R'000	2012 R'000
Stationery	307	345
Technical inventories	2 204	2 097
Cleaning material and foodstuffs	1 771	1 938
Study materials	526	561
	<u>4 808</u>	<u>4 941</u>

5. Receivables and prepayments	2013 R'000	2012 R'000
Student debtors	38 455	26 380
Prepayments	9 028	546
NRF control account	7 124	7 504
NSFAS	17 410	-
Other receivables	11 903	9 364
Receiver of Revenue – Value Added Tax	4 400	2 600
	88 320	46 394
Provisions for impairment	(14 092)	(9 980)
	<u>74 228</u>	<u>36 414</u>

Student debtors

Student debt is 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:

	2013 R'000	2012 R'000
Opening balance at 1 January	9 980	7 549
Additional impairment	3 923	2 428
Receivables written off during the year	189	3
Closing balance at 31 December	<u>14 092</u>	<u>9 980</u>

Student debtors amounting to R14.4 million (2012: R7.4 million) of debit balances outstanding at year end are considered to be fully performing. The balance of R24 million (2012: R18.9 million) are past due. However, only R14.1 million (2012: R9.9 million) is considered impaired and a provision has been raised accordingly.

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 2013 (continued)

6. Cash and cash equivalents

	2013 R'000	2012 R'000
Cash at bank and in hand	24 471	14 496
Short term bank deposits	164 893	174 268
	<u>189 364</u>	<u>188 764</u>

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

Cash and bank balances	<u>189 364</u>	<u>188 764</u>
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97% of the cash and cash equivalents of the University is invested with five of the A-rated banks in South Africa.

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

	2013 R'000	2012 R'000
F2	-	-
F3	189 364	183 170
	<u>189 364</u>	<u>183 170</u>

7. Financial assets

	2013 R'000	2012 R'000
Fixed deposits (3 to 12 months)	<u>24 900</u>	<u>-</u>

8. Deferred income

	2013 R'000	2012 R'000
As at 1 January	68 580	-
Net increase in deferred income	26 573	68 580
Government grants received	65 603	88 042
Capital expenditure incurred	(37 305)	(18 999)
Realised in comprehensive income	(1 725)	(463)
As at 31 December	<u>95 153</u>	<u>68 580</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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2013 (continued)

9. Interest-bearing borrowings	2013 R'000	2012 R'000
Current portion of borrowings		
Lease liability	289	281
Current portion of interest-bearing borrowings	<u>-</u>	<u>36</u>
	<u>289</u>	<u>317</u>
Non-current portion of borrowings		
Lease liability	211	403
Interest-bearing borrowings	<u>-</u>	<u>-</u>
	<u>211</u>	<u>403</u>
Total borrowings	<u>500</u>	<u>720</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. The finance lease liability is secured by vehicles with a net book value of R441 992 (2012: R629 793)

	2013	2012
Interest rates:		
- lease liability	12.00%	12.00%
- borrowings	9.75%	10.7%

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

Not later than 1 year	-	36
Later than 1 year not later than 5 years	-	-
Later than 5 years	<u>-</u>	<u>-</u>
	<u>-</u>	<u>36</u>

Finance lease liabilities – minimum lease payments:

Not later than 1 year	320	328
Later than 1 year not later than 5 years	221	442
Later than 5 years	<u>-</u>	<u>-</u>
	<u>541</u>	<u>770</u>

Future finance charges on finance lease
Present value of finance lease liabilities for vehicles

(41)	(86)
<u>500</u>	<u>684</u>

10. 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 responsibility for governance and management of the defined benefit pension fund lies with the trustees. The trustees engage professional pension fund administrators to assist them in discharging their responsibilities. Further, 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 IAS19R Employee Benefits. In terms of IAS19R, 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 IAS19R Employee Benefits.

	2013 R'000	2012 R'000
Statement of financial position obligations for:		
- pension benefits	74 089	211 933
- post-retirement medical benefits	67 612	69 192
	<u>141 701</u>	<u>281 125</u>
Total income / expenditure charge for:		
- pension benefits	(51 054)	(63 161)
- post-retirement medical benefits	(5 598)	(5 746)
	<u>(56 652)</u>	<u>(68 907)</u>

Refer to note 22 for details of the actuarial valuations prepared in terms of IAS19R Employee Benefits.

11. Trade and other payables

	2013 R'000	2012 R'000
Trade and other payables	41 281	39 096
Student deposits	39 806	35 459
	<u>81 087</u>	<u>74 555</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.

12. State appropriations – subsidies and grants

	2013 R'000	2012 R'000
Subsidy – general purposes	287 969	267 931
Subsidy – interest and redemption	28	75
Subsidy – other	-	78
Specific grants – infrastructure	61 042	88 042
Specific grants – research	85 032	75 027
	<u>434 071</u>	<u>431 153</u>
Infrastructure grants offset against assets purchased or under construction	(37 305)	(18 999)
Infrastructure grants (deferred)/released	<u>(26 572)</u>	<u>(68 580)</u>
	<u>370 194</u>	<u>343 574</u>

13. Private gifts and grants

Council Managed Earmarked Funds include grants received from the National Lottery Development Trust Fund amounting to R3 428 860 (2012 : R 375 000), National Arts Council of R415 000 (2012 : R192 544) and Open Society of R1 971 345 (2012 : R1 480 000).

14. Income from investments

	2013 R'000	2012 R'000
Interest income	24 466	18 152
Dividend income	6 844	6 528
	<u>31 310</u>	<u>24 680</u>
Realised capital profits on investments	<u>14 362</u>	<u>12 201</u>

15. Personnel costs

	2013 R'000	2012 R'000
Academic professional	226 852	206 147
Other personnel	299 921	265 415
Other personnel costs	269 540	253 507
Retirement funding adjustments	30 381	11 908
Leave liability (decrease) / increase	(194)	528
	<u>526 579</u>	<u>472 090</u>

RHODES UNIVERSITY**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2013 (continued)**

16. Other operating expenses	2013	2012
	R'000	R'000

The following items have been included in recurrent expenditure:

Repairs and maintenance expenditure	13 134	12 819
Expenditure on computer equipment written off	1 191	866
Lease expense	418	546
Rates	8 496	7 961
Electricity	22 260	20 957
Scholarship, bursaries and merit awards	25 051	19 213
Library periodicals	11 116	9 226

17. Finance costs	2013	2012
	R'000	R'000

Interest expense	<u>59</u>	<u>91</u>
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18. Commitments	2013	2012
	R'000	R'000

Commitments for capital expenditure	<u>251 328</u>	<u>2 758</u>
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Commitments for operating expenditure		
General	<u>8 342</u>	<u>5 129</u>

Capital expenditure commitments will be financed through funds specifically designated for the projects and infrastructure grants from the Department of Higher Education. In 2013, commitments relate to the construction of the life sciences project and new residences.

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

19. Contingent liabilities

There is a contingent liability amounting to R160 089 (2012 : R184 689) 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 R4.4 million (2012 : R5.0 million) for surety guarantees given by the University to assist staff to obtain motor vehicle and other loans.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2013 (continued)

20. Cash generated from operations	2013 R'000	2012 R'000
Reconciliation of net surplus/(deficit) to cash generated from operations:		
Net surplus/(deficit) before transfers	(2 301)	94 271
Adjustments for non-cash items:		
Deferred income increase/(release)	26 573	68 580
Depreciation	36 626	33 260
(Profit)/loss on disposal of fixed assets	(680)	(169)
Profit on disposal of non-current investments	(14 362)	(12 201)
Increase in post-retirement obligations	30 381	-
Increase in provision for non-current receivables	37 594	817
Non-cash movement in reserves	(197)	(1 553)
Increase/(decrease) in provision for leave pay	(194)	528
Interest received	(24 466)	(18 152)
Dividends received	(6 844)	(6 528)
Interest paid	59	91
Changes in working capital (excluding Infrastructure Grant)	(35 261)	22 996
Receivables and prepayments	(41 926)	18 107
Inventories	133	163
Trade and other payables	6 532	4 726
Cash generated from operations	<u>46 928</u>	<u>181 940</u>

21. Compensation paid to Executive Personnel

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2013. 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	1 721	559	139	2 419
Dr S Mabizela	Deputy Vice-Chancellor : Academic & Student	1 186	368	-	1 554
Dr P Clayton	Deputy Vice-Chancellor: Research & Development	1 094	288	172	1 554
Dr S Fourie	Registrar	1 021	192	25	1 238
Dr I L'Ange	Executive Director: Infrastructure, Operations & Finance	1 185	196	22	1 403

21. Compensation paid to Executive Personnel (continued)

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.

22. Retirement benefit obligations***Pension benefits:***

The defined benefit 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 2013.

This plan is registered under the Pension Fund Act. The assets of this fund are held independently of the University's assets in a separate trustee-administered fund.

The plan is a final average salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on the member's length of service and their salary in the final year to retirement. The plan is governed by local regulations and practises of the Financial Services Board as well as the Pension Fund Act of South Africa. There were no financial significant rule amendments, curtailments or settlements during the year under review.

The fund is required by law to maintain a funding level of at least 100%. A statutory valuation is conducted every year to confirm the fund's financial soundness:

	2013	2012
	R'000	R'000
<i>The amounts recognised in the statement of financial position are as follows:</i>		
Present value of funded obligations	832 882	887 232
Fair value of plan assets	(758 793)	(675 299)
	<u>74 089</u>	<u>211 933</u>
Unrecognised surplus due to surplus apportionment legislation	-	-
Liability at statement of financial position date	<u>74 089</u>	<u>211 933</u>

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

Beginning of the year	887 232	752 932
Current service cost	34 464	21 047
Interest cost	66 131	63 715
Member contributions	11 087	10 409
Remeasurement (gain)/loss	(89 917)	86 218
Benefits paid	(73 331)	(45 131)
Risk premium and expenses	(2 784)	(1 958)
End of the year	<u>832 882</u>	<u>887 232</u>

22. Retirement benefit obligations (continued)

	2013	2012
	R'000	R'000
<i>Pension benefits (continued):</i>		
<i>The movement in the fair value of plan assets over the year is as follows:</i>		
Beginning of the year	675 299	572 316
Expected return on plan assets	49 541	54 780
Employer contributions	22 523	20 266
Employee contributions	11 087	10 409
Benefits paid	(73 331)	(45 131)
Risk premium	(2 784)	(1 958)
Remeasurement gain/(loss)	76 458	64 617
End of the year	<u>758 793</u>	<u>675 299</u>

The amount recognised in total income/expenditure are as follows:

Current service costs	(34 464)	(21 047)
Net interest income/(expense)	<u>(16 590)</u>	<u>(42 114)</u>
Total, included in staff costs	<u>(51 054)</u>	<u>(63 161)</u>

Plan assets, as set out in the actuarial valuation, are comprised as follows:

Cash	14.40%	11.90%
Equities	45.80%	50.69%
Bonds	9.60%	10.32%
Property	1.90%	1.90%
International	26.90%	23.95%
Other	1.40%	1.24%
	<u>100%</u>	<u>100%</u>

The overall duration of the fund's liabilities is estimated at 16 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2013 (continued)

22. Retirement benefit obligations (continued)

*Pension benefits (continued):***Sensitivity analysis**

The table below sets out the sensitivity of the valuation results to changes in the key financial assumptions as at 31 December 2013. The rate of discount (8.6%) is decreased by 1.0% (7.6%) and increased by 1.0% (9.6%), while keeping all other assumptions unchanged. The salary increase rate (7.0%) is increased by 1.0% (8.0%) and decreased by 1.0% (6.0%) while keeping all other assumptions unchanged. The pension increase assumption (3.6%) is increased by 1.0% (4.6%) and decreased by 1.0% (2.6%) while keeping all other assumptions unchanged.

	31 December 2013 (R'000)					
	Valuation results	Discount rate -1%	Discount rate +1%	Salary increase +1%	Salary increase -1%	Pension increase +1% Pension increase -1%
Assets at market value	758 793	758 793	758 793	758 793	758 793	758 793
Active member liabilities	521 299	620 686	443 273	563 039	485 397	475 178
Pensioner liabilities	311 583	338 539	288 241	311 583	311 583	286 973
Funded status	832 882	959 225	731 514	874 622	796 980	762 151
Funding level	(74 089)	(200 432)	27 279	(115 829)	(38 187)	(3 358)
Service cost	91.1%	79.1%	103.7%	86.8%	95.2%	99.6%
	23 629	32 311	17 182	28 644	19 488	20 888

22. Retirement benefit obligations (continued)***Pension benefits (continued):******Sensitivity analysis (continued)***

The table below sets out the sensitivity of the valuation results to changes in the pensioner mortality assumption as at 31 December 2013. The sensitivity is shown by assuming a pensioner has a mortality of a person 2 years older and 2 years younger than that assumed in the main valuation results. All other assumptions are kept the same as used for the main valuation results.

	31 December 2013 (R'000)		
	Valuation results	Mortality -2 years	Mortality +2 years
Assets at market value	758 793	758 793	758 793
Active member liabilities	521 299	543 830	497 887
Pensioner liabilities	311 583	328 696	294 167
	832 882	872 526	792 054
Funded status	(74 089)	(113 733)	(33 261)
Funding level	91.1%	87.0%	95.8%
Service cost	23 629	25 049	22 161

The RU Pension Fund valuations reflected in these annual financial statements are arrived at in compliance with IAS19. The Trustees of the Pension Fund, whilst mindful of these IAS19 valuations, manage the fund with reference to the valuations undertaken by the Fund's statutory actuary, whose valuations are subject to scrutiny by the Financial Services Board. The most recent such valuation reflected the fund as fully funded with a solvency reserve of 14.4% of calculated liabilities.

The Trustees of the pension fund take into account the following employer risks in the management of the fund:

Market risk: The assets of the pension fund are invested in equities, bonds, cash and international assets. The trustees apply an investment strategy of diversification and use two asset managers, who each manage approximately 50% of the fund's assets, to mitigate this risk.

Inflation risk: Pension increases are linked to inflation which has an impact on the pensioner liability. The trustees are mindful that the employer is subject to risk as a result. In arriving at pension increases the trustees consider, inter alia, the statutory valuations of the fund and not the IAS 19 valuations and have hitherto succeeded in not increasing employer obligations to the fund beyond the employer contribution, which has remained the same since inception of the Fund. As at 31 December 2012, the date of the most recent statutory valuation, the required rate of contribution from the employer for benefits accruing after the valuation date amounts to 9.34% of pensionable emoluments. The current employer contribution rate is 15%.

There are further risks attaching to the employer from the defined benefit plan, namely:

1. Longevity risk which is the risk that pensioners and current employees will live for longer than the mortality assumptions used in the statutory valuations. This risk is, for obvious reasons, not manageable beyond adjusting the mortality assumptions when appropriate.
2. Inflation risk arising from the employer granting salary increases greater than those assumed in the statutory valuations. The trustees require that the Actuary takes note of any such trends in preparing the statutory valuations.

22. Retirement benefit obligations (continued)***Pension benefits (continued):******Analysis of remeasurements:***

	2013 R'000	2012 R'000
<i>Defined benefit obligation:</i>		
Remeasurement loss / (gain) due to change in financial assumptions	(104 662)	85 294
Remeasurement loss / (gain) due to experience adjustment	14 745	924
	<u>(89 917)</u>	<u>86 218</u>
<i>Plan assets:</i>		
Remeasurement gain : Return on plan assets, not included on interest income above	76 458	64 617
<i>The principal actuarial assumptions used were as follows:</i>		
Discount rate	8.6%	7.25%
Future salary increases	7.0%	6.75%
Future pension increases	3.6%	3.45%
Inflation rate	6.0%	5.75%

Mortality Rate:

Pre-retirement: SA85-90 Ultimate

Post-retirement: PA(90) ultimate life table less a 1 year age adjustment with an improvement of 0.5% per annum from 2007 onwards.

Actual return on plan assets for 2013 was R126 million.

22. Retirement benefit obligations (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 2013. The plan is registered under the Medical Schemes Act. The plan is governed by a Board of Trustees.

	2013 R'000	2012 R'000
<i>The amounts recognised in the statement of financial position are determined as follows:</i>		
Present value of unfunded medical benefit obligations	<u>67 612</u>	<u>69 192</u>
<i>The movement in the liability over the year is as follows:</i>		
Beginning of the year	69 192	61 200
Current service cost	658	560
Interest cost	4 940	5 186
Benefits paid	(3 748)	(3 554)
Remeasurement (gains)/losses due to changes in financial assumptions	(10 814)	6 232
Remeasurement (gains)/losses due to changes in experience	7 384	(432)
End of the year	<u>67 612</u>	<u>69 192</u>
<i>The amounts recognised in total income/expenditure are as follows:</i>		
Current service cost	(658)	(560)
Interest cost	(4 940)	(5 186)
Total included in personnel costs	<u>(5 598)</u>	<u>(5 746)</u>

The overall duration of the Post-Retirement Medical Aid subsidy scheme liability is estimated at 15 years.

22. Retirement benefit obligations (continued)***Post-employment medical benefits (continued):******Sensitivity analysis***

Sensitivity analysis looks at the effect of deviations in the key valuation assumptions and other implicit valuation assumptions.

31 December 2013 (R'000)			
	Real discount rate: 2.5%	Valuation basis (real 1.5%)	Real discount rate: 0.5%
Accrued liabilities			
- employees	14 341	16 723	19 620
- continuation members	46 765	50 889	55 596
Total	61 106	67 612	75 216
Annual expense items			
- service cost	439	516	610
- interest cost	5 036	5 592	6 242
Total	5 475	6 108	6 852

31 December 2013 (R'000)			
	No resignation	Valuation basis	PA (90) mortality
Accrued liabilities			
- employees	16 872	16 723	15 849
- continuation members	50 889	50 889	47 751
Total	67 761	67 612	63 600
Annual expense items			
- service cost	522	516	489
- interest cost	5 605	5 592	5 250
Total	6 127	6 108	5 739

Membership data:

Employed members (in service)	68	75
Retired members	264	262

The principal actuarial assumptions used were as follows:

Interest rate	8.50%	8.80%
Subsidy inflation rate (medical cost trend rate)	7.00%	7.20%

Mortality rate:

During employment: SA 1985/90; (2012 : SA 1956/62)

Post-employment: PA(90) ultimate life table less than 1 year age adjustment with an improvement of 0.5% per annum from 2007 onwards (2012 : PA(90 -1)

22. Retirement benefit obligations (continued)***Post-employment medical benefits (continued):****History of post-retirement medical obligation*

Present value of defined benefit obligation as at 31 December:

2013	67 612
2012	69 192
2011	61 200
2010	53 000
2009	48 677

Experience adjustment (gain)/loss on plan liabilities:

2013	(3 430)
2012	5 800
2011	(6 060)
2010	1 717
2009	2 229

Risks associated with post-employment medical benefits:

Through its post-employment medical benefit plan, the University is exposed to a number of risks, the most important of which are detailed below:

Inflation risk: The risk that future CPI inflation and healthcare cost inflation are higher than expected and uncontrolled.

Longevity risk: The risk that pensioners live longer than expected and thus their healthcare benefit is payable for longer than expected.

23. Related parties

The Department of Higher Education and Training (DHET) is considered to be a related party. The DHET is considered to exert significant influence over the University. Refer to note 12 for details of state appropriations received and note 8 for details of grants received for building and infrastructure funding.

24. Financial instruments by category

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

	Category	2013 R'000	2012 R'000
Assets			
Non-current investments	Available for sale	470 176	405 247
Non-current receivables	Loans and receivables	61 504	57 293
Receivables and prepayments	Loans and receivables	88 320	46 394
Cash and cash equivalent	Loans and receivables	189 334	188 764
Financial assets	Loans and receivables	24 900	-
		<u>834 234</u>	<u>697 698</u>
Liabilities			
Interest bearing borrowings	Other financial liabilities	500	720
Trade and other payables	Other financial liabilities	81 087	74 555
		<u>81 587</u>	<u>75 275</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.

25. Financial risk management**1. Fair value estimations**

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

The following table presents the University's assets and liabilities that are measured at fair value at 31 December 2013:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total balance R'000
Assets				
Investments	470 176	-	-	470 176
Total assets	<u>470 176</u>	<u>-</u>	<u>-</u>	<u>470 176</u>

The fair value of investments is determined by quoted market prices at reporting date.

25. Financial risk management (continued)

The following table presents the fair value of the University's assets and liabilities that are carried at an amount other than fair value at 31 December 2013:

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Financial assets	24 900	-	-	24 900
Loans and receivables	-	52 371	-	52 371
Total assets	<u>24 900</u>	<u>52 371</u>	<u>-</u>	<u>82 271</u>
Liabilities				
Deferred income	-	95 153	-	95 153
	<u>-</u>	<u>95 153</u>	<u>-</u>	<u>95 153</u>

The fair value of the items in the table above are based on cash flows discounted using a market rate.

Fair values for financial instruments where the carrying amount is a reasonable approximation of fair value are not disclosed (trade receivables, cash, trade payables).

2. 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 R6.4 million (2012 : R7.5 million) higher/lower.

25. 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 2013, 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 R23.323 million (2012 : R21.441 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.

25. 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 2013			
Interest-bearing borrowings	320	221	-
Trade and other payables	81 087	-	-
	<u>81 407</u>	<u>221</u>	<u>-</u>
At 31 December 2012			
Interest-bearing borrowings	363	442	-
Trade and other payables	74 555	-	-
	<u>74 918</u>	<u>442</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.

26. Events after reporting period

No matters which are material to the financial affairs of the University have occurred between 31 December 2013 and the date of approval of the Annual Financial Statements.

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.

a) New and amended standards adopted

The University has adopted the following new and amended standards as of 1 January 2013:

- 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. As the amendment only impacts presentation aspects, there is no impact on the University's reported profits.
- 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. As the amendment only impacts presentation aspects, there is no impact on the University's reported profits.
- Amendment to IFRS 7, Financial Instruments: Disclosures. 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. As the amendment only impacts presentation aspects, there is no impact on the reported profits.
- 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 IFRS 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 impact of the new standard on the University has been limited to additional disclosures only.

1. Accounting policies (continued)

1.1 Basis of Preparation (continued)

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

The following standards and amendments to existing standards have been published and are mandatory for the University's accounting periods beginning on or after 1 January 2014 or later periods. These standards have not been early adopted.

- Amendments to IAS 32 – Financial Instruments: Presentation. The IASB has issued amendments to the application guidance in IAS 32, 'Financial instruments: Presentation', that clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. However, the clarified offsetting requirements for amounts presented in the statement of financial position continue to be different from US GAAP. The amended standard is effective from 1 January 2014. As the amendment only impacts presentation aspects, there is no impact on the results of the University.
- Amendments to IAS 36 Impairment of assets. These amendments address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less cost of disposal. The amended standard is effective from 1 January 2014. As the amendment only impacts presentation aspects, there is no impact on the results of the University.
- Amendments to IFRS 10, consolidated financial statements. The amendments mean that many funds and similar entities will be exempt from consolidating most of their subsidiaries. Instead they will measure them at fair value through profit or loss. The amendments give an exception to entities that meet an 'investment entity' definition and which display particular characteristics. The amended standard is effective for periods commencing on or after 1 January 2014.
- 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 updated IFRS 9, 'Financial Instruments' 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, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss.
- The IASB has published an amendment to IFRS 9, 'Financial Instruments' that delay 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.

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.

Uniform accounting policies are applied for all entities consolidated.

The following entity is included in the consolidated financial statements of Rhodes University:

- 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.

1.3.9 Other non-recurrent income

This revenue comprises sundry revenue including cost recoveries.

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 statement of comprehensive income 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 statement of financial position 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. Purchase and sale transaction of financial instruments are accounted for at trade date.

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, reduced by depreciation and government grants received, 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 statement of comprehensive income 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 year end. 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 statement of comprehensive income.

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 statement of comprehensive income 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 (with low risk of value changes), net of bank overdrafts. In the statement of financial position, 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 year end.

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 in other comprehensive income.

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.

1.19 Taxes

The University is exempt from income tax.