

**RHODES UNIVERSITY**

**ANNUAL REPORTS  
AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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FOR THE YEAR ENDED 31 DECEMBER 2016**

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## RHODES UNIVERSITY

### DETAILS OF OFFICERS AND MEMBERS OF COUNCIL AS AT 31 DECEMBER 2016

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#### **Officers of the University**

Chancellor: Judge Lex Mpati

Principal and Vice-Chancellor: Dr Sizwe Mabizela

Acting Deputy Vice-Chancellor – Academic and Student Affairs: Professor Chrissie Boughey

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

Chairman of Council: Mr Vuyo Kahla

Registrar: Dr Stephen Fourie

#### **Council**

##### ***Ex officio***

The Vice-Chancellor: Dr S Mabizela (1,3)

The Acting Deputy Vice-Chancellor – Academic and Student Affairs: Professor C Boughey (1)

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

##### ***Appointed by the Minister of Education***

Revd V Kgabe

Professor R Maharajh

Mr MK Rune

Ms T Lewin

Dr S Mosoetsa

##### ***Elected by Senate***

Professor L Strelitz

Professor DA Sewry (1)

Professor RB Walker

Professor GC Wells (1)

##### ***Elected by the academic staff***

Dr S Khamanga

##### ***Elected by the administrative/support staff***

Ms D Bekker

Mr A Vena

##### ***Appointed by the Makana Municipality***

Cllr P Ranchod

Cllr MR Xonxa

##### ***Elected by the Board of Governors***

Dr BS Rayner (1,2,3)

**RHODES UNIVERSITY**

**DETAILS OF OFFICERS AND MEMBERS OF COUNCIL  
AS AT 31 DECEMBER 2016 (continued)**

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***Appointed by Council***

The Hon Mr Justice RJW Jones  
Mr VD Kahla (Chairperson) (1,3)  
Ms M Schoeman  
Mr C Staple (1, 2)  
Dr N Stubbs  
Mr NE Woolgar (1,3)

***Co-opted Members***

Ms N Pityana  
Mr E Motala (3)  
Mr AB Steele-Gray (2)  
Mr TS Tagg (1,2)

***Appointed by the Students' Representative Council***

Mr G Sandi  
Mr C Rafael

***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 2016

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This report addresses matters of governance and records the developments and achievements which constitute the University's progress towards the attainment of the goals articulated in its Annual Performance Plan. 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 to an extent which is positively disproportionate to its position as the smallest of all South African institutions of higher education.

#### The Council

The Council met six times during 2016 (5 scheduled meetings & 1 extraordinary meeting).

The composition of the Council at the end of 2016 is recorded above. There was one vacancy, that of an appointee of the Rhodes University Board of Governors to replace Dr B Rayner who retired after the first Council meeting of the year. The attendance of Council member was generally good.

<b>MEMBERS</b>	<b>No of meetings eligible to attend</b>	<b>No of meetings attended</b>	<b>Percentage of meetings attended %</b>
Dr S Mabizela <i>Vice-Chancellor</i>	6	6	100
Dr P Clayton <i>DVC: Research &amp; Development</i>	6	5	83
Dr C Boughey: <i>DVC: Academic &amp; Student Services</i>	6	5	83
Revd V Kgabe <i>Minister of Education representative</i>	3	1	33.3
Dr R Maharajh <i>Minister of Education representative</i>	6	3	50
Mr M Rune <i>Minister of Education representative</i>	6	3	50
Ms T Lewin <i>Minister of Education representative</i>	6	6	100
Dr S Mosoetsa <i>Minister of Education representative</i>	6	3	50
Professor G Wells <i>Senate representative</i>	6	5	83
Professor L Strelitz <i>Senate representative</i>	6	6	100
Professor D Sewry <i>Senate representative</i>	6	6	100
Professor RB Walker <i>Senate representative</i>	6	4	66.6
Dr S Khamanga <i>Academic staff representative</i>	6	5	83
Mr A Vena <i>Administrative staff representative (1 - 5)</i>	6	5	83

RHODES UNIVERSITY

REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

Ms D Bekker <i>Administrative staff representative (6 - 18)</i>	3	2	66.6
Cllr P Ranchod <i>Municipal representative, replaced by Cllr MR Xonxa</i>	3	1	33.3
Cllr MS Tame <i>Municipal representative</i>	3	1	33.3
Dr B Rayner <i>Board of Governors representative</i>	1	1	100
Mrs M Schoeman <i>Elected</i>	6	3	50
Mr C Staple <i>Elected</i>	6	6	100
Mr V Kahla <i>Elected</i>	6	6	100
Justice RWJ Jones <i>Elected</i>	6	3	50
Dr N Stubbs <i>Elected</i>	6	1	16.6
Mr N Woolgar <i>Elected</i>	6	5	83
Mr T Tagg <i>Co-opted</i>	6	4	66.6
Ms N Pityana <i>Co-opted</i>	6	5	83
Mr E Motala <i>Co-opted</i>	6	4	66.6
Mr G Sandi <i>SRC President</i>	6	5	83
Mr C Rafael <i>PGLSC Chairperson</i>	6	2	33.3

**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. The roles played by these committees are dealt with in greater detail in the Council's Report on Governance.

**Assessment of performance towards achieving Annual Performance Plan targets**

**A. Predetermined objectives – KPI's & performance targets**

Institutional Performance in Relation to Predetermined Objectives - 2016		
Goals and objectives	Performance Measure/s	Outcome/Impact
1. 2016 Enrolment Targets		
Total 8304 enrolment of students	HEMIS-Submission 2	8136
Enrolment of 5784 undergraduate students	HEMIS-Submission 2	5600
Enrolment of 2520 postgraduate students	HEMIS-Submission 2	2536
Enrolment of 1620 first-time entering students (including transfer students)	HEMIS-Submission 2	1488

REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

Institutional Performance in Relation to Predetermined Objectives - 2016		
Goals and objectives	Performance Measure/s	Outcome/Impact
<b>1. 2016 Enrolment Targets</b>		
Enrolment of <b>4899 (59%)</b> women students	HEMIS-Submission 2	4800 (59%)
Enrolment of <b>5184 (62%)</b> black students	HEMIS-Submission 2	5444 (67%)
Enrolment of no more than <b>20%</b> international students	HEMIS-Submission 2	1576 (19%)
Enrolment of <b>2135 (26%)</b> students in Science, Engineering and Technology	HEMIS-Submission 2	2453(30%)
Enrolment of <b>3330 (40%)</b> students in Humanities	HEMIS-Submission 2	3140 (39%)
Enrolment of <b>1893 (23%)</b> students in Business/Management	HEMIS-Submission 2	1530 (19%)
Enrolment of <b>946 (12%)</b> students in Education	HEMIS-Submission 2	1013 (12%)
Increased numbers and proportion of postgraduate students to <b>2520 (30%)</b>	HEMIS-Submission 2	2536 (31%)
Reduce the proportion of undergraduate students from 73% in 2010 to <b>70%</b> in 2016	HEMIS-Submission 2	5600 (69%)

<b>2. Teaching and Learning Goals for 2016</b>		
Pursue the appropriate balance between face-to-face teaching-learning and other forms of teaching-learning that harness the potential of new information and communication technologies	Actual practice/s	The appointment of a new co-ordinator of the Educational Technology Unit in the Centre for Higher Education Research Teaching & Learning (CHERTYL) has provided much needed expertise and leadership. The protests in 2016 resulted in many staff members using Information and Communication Technologies for teaching. Research assessing the ongoing impact of shifts at the end of 2016 is ongoing.
Ensure that all new academic staff members complete an assessor's course	Actual practice/s	The completion of an assessor's course has never been compulsory. Rather, staff are required to submit evidence at the end of a three-year probationary period that they meet the requirements of a set of criteria related to teaching and learning. Currently the HR Division is investigating the harmonization of conditions for support and academic staff. It recommends that the probationary period for academics be reduced to one year. If this happens, the mechanism for assuring the quality of teaching and learning will fall away. This would be a serious loss.
Establish an appropriate model for extended studies programmes for students that do not meet our normal admission requirements but display talent and potential.	Actual practice/s	The new Foundation Grant Policy which is about to be gazetted offers the opportunity of using 'developmental' courses that constitute the foundation phase of extended programmes more flexibly. We plan to use the proposed changes to foundation funding to allow us to use developmental courses to support students more flexibly. We already use developmental courses which are not part of the foundation phase in extended programmes to support students who are identified as 'at risk' in the BSc programme. This has impacted positively on success and throughput rates. Our model for extended programmes is therefore likely to change once the new Foundation Grant Policy is gazetted.
Ensure that student tutors and laboratory demonstrators are trained and supported	Actual practice/s	A CHERTYL staff member is now responsible for supporting departments in the training of tutors.

**RHODES UNIVERSITY**

**REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

Ensure that there is an adequate library with appropriate holdings to support effective teaching and learning	Actual situation	Although the exchange rate has impacted negatively on our ability to purchase materials for the Library, the holdings available to support teaching and learning are sufficient and of the highest quality. CHERTYL has also published a range of resources for staff.
Ensure that there are an advanced information and communication technology infrastructure and systems to effectively support teaching and learning	Actual practice/s	The University has a sound information and technology infrastructure is managed by the Information & Technology Services Division devoted to this purpose. The roll- out of wifi across the campus continued in 2016. Students in residence all have access to the internet and those in digs near the campus are also able to access the internet. The Information & Technology Services Division employs a manager with specialist knowledge of teaching and learning who, with specialists in CHERTYL, is actively promoting the use of information and communication technologies in teaching and learning.
Ensure quality assurance of learning and teaching	Actual practice/s	The faculties are responsible for ensuring the quality of teaching and learning since it is they which award the credits which comprise a qualification. Faculties all have representatives on a Senate Teaching and Learning Committee. The University manages teaching and learning by means of a suite of relevant policies. The University was involved in the Quality Enhancement Project run by the Council on Higher Education.

**3. Graduations**

Graduate 1 320 undergraduate students in 2016	HEMIS-Submission 2	1322
Graduate 972 Honours and postgraduate diploma students in 2016	HEMIS-Submission 2	756
Graduate 247 Masters students in 2016	HEMIS-Submission 2	323
Graduate 64 doctoral students in 2016	HEMIS-Submission 2	94
Graduate 584 students in science, engineering and technology 2016	HEMIS-Submission 2	774
Graduate 536 students in business/management in 2016	HEMIS-Submission 2	482
Graduate 1010 students in humanities in 2016	HEMIS-Submission 2	892
Graduate 473 students in education in 2016	HEMIS-Submission 2	347
Graduate 30% of students as total % of enrolments in 2016	HEMIS-Submission 2	31%
Graduate 23% of undergraduates as total % of enrolments in 2016	HEMIS-Submission 2	24%
Graduate 90% of Honours and postgraduate diploma students as total % of enrolments in 2016	HEMIS-Submission 2	82%
Graduate 26% of Masters students as % of total enrolments in 2016	HEMIS-Submission 2	33%
Graduate 13% of doctoral students as total % of enrolments in 2016	HEMIS-Submission 2	16%



**RHODES UNIVERSITY**

**REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

<b>4. Research</b>		
Generate <b>365</b> publication units in 2016 Audit for the 2015 research outputs	Actual results - HEMIS figures	487.21 publication units were produced in the 2016 audit (from 2015 research outputs, which included journals, conference proceedings and books.)
Have a ratio of publication units to permanent academic staff of <b>107%</b> in 2016	Actual results - HEMIS figures	A ratio of 153% was achieved in the 2016 audit (from a permanently employed academic staff of 318).
Have a trajectory of increasing publication units	Actual results - HEMIS figures	487.21 publication units in the 2016 audit represented a slight decrease (4.39 units) on the previous year's figure of 491.6 publication units. This tailing off should be seen against substantial increases in publications in the preceding 5-year period.
Have a trajectory of an increasing ratio of publication units to permanent academic staff	Actual results - HEMIS figures	The ratio of publication units to permanent academic staff increased despite the tailing off in the overall quantities. As reported previously, it would be unrealistic to expect that the rate of year-on-year increase could be maintained. Some leveling off was expected. Research is not a linear process, and the trajectory of increasing publication units only has real meaning when viewed over several years.
Establish postgraduate and research focus areas, especially in the Humanities, Commerce and Law	Actual results	New focus areas in Science, Humanities and Education resulted in the awarding of SARChI chairs in each of these faculties.
Apply for and increase the number of SARChI chairs	Actual practice and results	2016 saw a substantial increase in the number of SARChI chairs from 11 to 14. Rhodes University's SARChI Chair per capita concentration is the highest in the sector.
Develop strategies for increasing the available funds for new postgraduate academic programmes	Actual practice and results	Some new areas of funding were achieved, mainly linked to short-term research programme grants. This objective remains an ongoing challenge incentivized, amongst other strategies, through the external funds levy mechanism.
Increase the available funds for new postgraduate academic programmes	Actual results	Internal funds for new postgraduate academic programs remained static in 2016 due to the tight internal budget. Most new funding was from outside sources (as indicated below).
Develop strategies for increasing the available funds for research support to academic staff and new and emerging researchers	Actual practice and results	A substantial increase was realized in 2016 in the DHET research development grant, and in overall NRF funding (primarily linked to three new chairs being awarded to Rhodes University). The Mellon Foundation provided two substantial new grants. A number came from other sources.
Increase the available funds for research support to academic staff and new and emerging researchers	Actual results	Internal funds for research support to academic staff remained static in 2016 due to the tight internal budget. Most new funding was from outside sources in 2016.
Recruit outstanding retired scholars to mentor new/next generation academics and enhance research and publishing	Actual practice and results	A number of senior scholars were attracted or retained for mentoring purposes using funding from the DHET research development grant, and an internal retirement research output incentive fund.
Provide an adequate library with appropriate holdings for the effective support of scholarship and research	Actual situation	The library is well equipped, and the university retained its scope of access to information resources in 2016. The majority of research information resources are digital. Usage statistics are recorded, tracked, and analyzed to ensure that good use is made of the substantial investment made for the purpose.
Provide an advanced information and communication technology infrastructure and systems for the effective support of scholarship and research	Actual situation	The ICT infrastructure at Rhodes is well maintained. A modernization task team has been established to examine software fitness for purpose and drive renewal.
Ensure quality assurance of research	Actual practice	Research quality assurance is assured primarily through independent peer review of publications and theses. Rhodes's International Index publication rate (percentage of internationally accredited journals) in 2016 was 85%, one of the highest in the sector. The Rhodes University Ethical Standards Committee received national accreditation in 2015 and new exacting processes of compliance were implemented from 2016.

5. Community Engagement		
Pursue high-quality community engagement and service learning characterised by critical and mutually respectful and beneficial interaction.	Actual practice and results	Community Engagement (CE) has been instituted at Rhodes, a Senate Committee meets quarterly. A directorate with 5 permanent and 2 contract staff is employed to ensure programme implementation and quality. A key to quality is the ongoing training offered to academics and students before engagement. Rigorous monitoring undertaken by the directorate ensures relationships of mutual benefit.
Facilitate and support the engagement of 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	Rhodes is known for its volunteer programmes. Numbers grew to 400 students serving weekly and another 200 volunteers serving in various other capacities. 42 registered community partners co-managed the programme and were central to all we undertook. All residences were linked to a pre-school and served weekly in addressing reading and other challenges, the "ECD Residence Programme". The Vice-Chancellor's unique Reviving Education in Grahamstown Programme, initiated in Jan 2016, has developed a pathway for the youth from ECD Primary, High and 2 <sup>nd</sup> chance schools to university access. We established 2 HUBS, one for schooling and one for economic development, in Joza. Both these key points for Service Learning (SL) and Volunteerism activities increased in 2016.
Progressively institutionalise service-learning as a curricular innovation that builds on the dissemination of core knowledge and production purposes of the university, and is infused in the teaching, learning and research activities of university staff and students	Actual practice and results	Service Learning: 92 SL programmes functioned across the 6 Faculties in 2016. All academics and students received training before engaging with the community so that mutually beneficial and reciprocal partnerships were developed. Engaged research increased in 2016 as more academics used participatory research approaches to address intractable local social and economic issues. In 2016 we received funding from the NRF for post-graduate research in the scholarship of engagement. 9 students were selected. This will make a meaningful contribution to the national body of knowledge in future.
Ensure quality assurance of community engagement	Actual practice	Monitoring and evaluation at programme level has been sharpened considerably over the past two years. Volunteerism is a professional service at Rhodes – students may only serve if they are part of a registered RU programme, have undergone training, meet monthly to reflect on practice and write quarterly reports. SL is embedded in the curriculum with standard QA requirements. The director of CE and Faculty representatives report quarterly to the Senate CE Committee.  Awards of recognition are given, the V-C's Distinguished Award is given to the top engaged academic, to the volunteer of the year, gold awards are given to the top ten volunteers, the top residence, the top community partner and the top engaged student researcher.

### Matters of significance considered by the Council

#### Financial sustainability

Following the #feesmustfall protests of October 2015 and again during 2016, the issue of the financial sustainability of Rhodes University dominated the deliberations and consideration of Council. The financial challenges are two-fold – firstly, the non-payment of fees created significant cashflow problems for the University, and secondly, levels of revenue have declined due to a decrease in enrolments. The fee concessions made in 2015 for the 2016 academic year were reviewed, and the Council requested management to develop a viability plan to address the financial challenges facing the University, and to create a platform upon which the financial and academic sustainability of the University can be founded.

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### **Transformation**

In 2016 the Council paid more attention to the matter of transformation than any other, save for financial matters. It established a task team on the future of the name of the University but was clear about locating the future of the name within the context of the transformation imperatives of the University. The task team comprised Dr Barney Pityana, Mr Ahmed Essop, Ms Nombonisa Gasa and Rev Nkosinathi Ngesi. After the task team was formed the Council was compelled to recognize that the busy schedules of these eminent persons made it impossible to convene a meeting at which all members could be present. It was decided to abandon the task team and convene a transformation summit instead. A stakeholder-inclusive process was deemed appropriate. It was agreed that the Transformation Summit would be convened before the end of 2016 but this had to be postponed to 2017.

The Council noted that under the Vice-Chancellor's leadership Senate had agreed that 2016 be declared the year of focussing on the transformation of the curriculum. The Council also noted the need to engage with the resolutions of the national Higher Education Summit.

#### **Student protests**

Council discussed at length and on a number of occasions issues relating to student protests. Students protested against sexual violence in April and against fees towards the end of the year. These events are reported in full in the report of the Vice-Chancellor.

#### **Other matters of significance:**

The Council:

- Attempted to register as a developmental credit provider with the credit regulator;
- Sought the Minister's permission for credit facilities of R100m with a bank;
- Established a Fees Committee to consider all applications for financial assistance from students;
- Approved an Annual Performance Plan for 2016;
- Endorsed a Campus Spatial Development and Urban Design Framework document;
- Approved amendments to the terms of reference and the composition of the Language Committee;
- Received a draft report from a task team set up to explore issues of sexual violence;
- Approved tenders for the construction of three new residences.

#### **Significant awards to departments, staff and students**

- Distinguished Professor Tebello Nyokong was awarded the African Union Kwame Nkrumah Scientific Award on 30 January 2016 at the Summit of Heads of State and Government of the AU in Addis Ababa.
- Ms Jessica Harris in the Department of Chemistry received the Women in Science Award. This was the second consecutive year that a student of Professor Nyokong had received this award.
- Distinguished Professor T Nyokong and her team won accolades on the 63 accredited journal papers published by them in 2015.
- Professor Dennis Hughes won the 2016 International Hydrology Prize, the Vulcan Medal.
- The Drama Department won an Ovation Award for Best Student Production at the National Arts Festival. The work was by writer Thembele Madliki.
- Professor Gary Gordon of the Drama Department won a Lifetime Ovation Award.
- Professor Rod Walker was elected to the Chair of the Academy of Pharmaceutical Sciences of South Africa, and was asked to join the Pharmaceutical Advisory Board of RB.
- Professor Rui Krause was awarded R4.8m from the NRF for a new spectrometer.
- The VC's Distinguished Senior Research Award was awarded Professor H Lotz-Sisitka, holder of the SARCHI Chair in Transformative Social Learning and Green Skills Learning Pathways.
- The VC's Distinguished Research Award was awarded to both Professor J Coetzee of the Department of Botany and Dr D Nkomo from the School of Languages.

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### Financial viability

A full statement on the financial viability of the institution is contained in the financial documents.

#### Staff development report 2016

In 2016, 23 Rhodes staff (permanent and temporary) acquired further qualifications: 10 PhDs, 9 Masters and 4 Honours degrees. 15 staff enrolled in a professional development course (Postgraduate Diploma in Higher Education) run by CHERTL and aimed at improving the assessment of learners.

The development of the next generation of academics remains a focus and the accelerated development programme for academics from designated groups has continued and expanded. The five members who completed the programme in 2015 were permanently employed in 2016 in the Drama, Education, Pharmacy (2), and Sociology departments. During 2016, various development opportunities presented included workshops on promotion, teaching with technology, RU connect, a curriculum colloquium and tutor development. 126 academic staff attended these workshops.

Support staff also have the opportunity to complete further qualifications from NQF level 4 to NQF level 9 (either at Rhodes University through the remission of fees or through the provision of funding to study at another institution). 141 support and academic staff used the remission of fees. A further 19 Rhodes support staff were supported in studying at other institutions through the Continuous Education programme. The Ad-Hoc funding programme to improve work-related skills benefited 34 support staff.

The Human Resources Division runs generic programmes such as office administration, isiXhosa language courses and financial wellness programmes. Other development opportunities including driving licences, first aid, firefighting and health and safety courses were available to staff.

A Matric (Grade 12) programme was undertaken in 2016. In 2017, a Recognition for Prior Learning (RPL) assessment approach will be piloted with a view to recognising employees who do not have Matric, but who through assessments, may be awarded a recognition certificate.

A Learnership in Hygiene and Cleaning started in June 2016 and met with excitement. The estimated completion date is February 2017. This is a formal NQF 2 qualification for 10 staff who perform cleaning-related duties. An application was lodged with the ETDP-SETA to reclaim the R250 000.00 expenditure of the course. This was a pilot project, and Rhodes University will run learnerships on an annual basis.

Categories of women and black staff are not mutually exclusive.

**RHODES UNIVERSITY**

**REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**Employment Equity**

On 31 December 2016 the institutional profile of the number of designated staff was as follows:

Table 1

Occupational levels as per Department of Labour categories	Permanent Academic Staff					
	Black (African, Coloured, Indian) A		Women B		Foreign Nationals C	
1 - Top Management	1	33%	1	33%	0	0%
2 - Senior Management	4	40%	7	70%	0	0%
3 - Professionally Qualified	111	26%	180	42%	48	11%
4 - Skilled Technical	156	58%	159	59%	4	1%
5 - Semi-skilled	298	92%	164	51%	1	0%
6 – Unskilled	300	100%	183	61%	0	0%
<b>TOTAL PERMANENT</b>	<b>870</b>	<b>65%</b>	<b>694</b>	<b>52%</b>	<b>53</b>	<b>4%</b>

Table 1: Institutional Employment Equity Profile

1. 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).
2. Columns reflected under A (permanent staff) show that 33% of Top Management and 40% of Senior Management are Black. This includes men and women. Also within this group of Senior Management 70% are women (of all races).
3. Columns reflected under B for professionally qualified staff, Black permanent staff constitute 26% of all staff in this category.

**RHODES UNIVERSITY**

**REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

At 31 December 2016 the profile for permanent academic staff is:

Table 2

Level	Permanent Academic Staff					
	Black (African, Coloured, Indian) A		Women B		Foreign Nationals C	
PROFESSOR	2	4%	8	16%	4	8%
ASSOCIATE PROFESSOR	5	7%	21	31%	15	22%
SENIOR LECTURER	15	15%	48	47%	13	13%
SENIOR RESEARCHER	1	50%	1	50%	0	0%
LECTURER	38	41%	38	41%	14	15%
RESEARCHER	1	50%	1	50%	0	0%
JUNIOR LECTURER	1	50%	2	100%	0	0%
<b>TOTAL PERMANENT</b>	<b>62</b>	<b>19%</b>	<b>118</b>	<b>37%</b>	<b>46</b>	<b>14%</b>

Notes:

1. South African white men are not reflected in the table above.
2. Black refers to the designation by the Department of Labour.
3. 41% of all lecturers are Black (men and women) while 4% of professors and 7% of associate professors are Black (men and women).
4. 41% of all lecturers are women (all races) while 16% of professors and 31% of associate professors are women.

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### Composition of the student body

In 2016 student total was 8 136. The details are contained in the report of the Chairperson of Senate.

#### Research

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

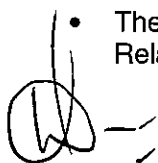
#### Campus infrastructure

During 2016 the following major infrastructure projects were undertaken:

- Refurbishment of the School of Art and the Nun's Chapel buildings
- Major roof repair on the Botany building
- SARCHI Laboratory space for the MCB Eukaryotic (Professor Adrienne Edkins) and the Environmental Education (Professor Heila Lotz-Sisitka) Chairs
- Replacement of the electrical switchgear in the RU 1 & 2 substations
- Fitting of new floodlights – Great Field and Astro turf
- Paraplegic lift fitted to the Steve Biko Student Services building
- School of Languages building completed and occupied
- Chessington flats – complete refurbishment
- Ablution refurbishment – Atherstone and Graham residences
- Construction of three new residences commenced
- Stanley Kidd residence – complete refurbishment

#### Prominent events on campus

- Six successful graduation ceremonies were celebrated: 2 298 students graduated, including a record 75 PhD degrees; 61% of graduates were women (60% in 2014), and 23% were international students (21% in 2014). Honorary doctorates were awarded to James David Matthews, Beatrice Mtetwa, Jeunesse Park, Imtiaz Ismail Sooliman and Edward Charles Webster.
- Convocation and Founders Day: The annual meeting of Convocation was well supported by alumni. Distinguished Old Rhodian Awards for alumni who have attained and maintained excellence in their chosen fields of endeavour and in their service to society, were presented to Ms Tanya Accone, Judge Lex Mpati, Mr Mbusowemvelo Mtshali and Ms Caroline Rowland. Emerging Old Rhodian awards, specifically aimed at honouring Old Rhodians of 40 years and under who have excelled early in their career and shown potential for continued success, were given to Mr Sherwin Bryce-Pease and Ms Nondumiso Hlophe.
- President Kgalema Motlanthe presented the second Archbishop Thabo Makgoba Development Trust (ATMDT) annual lecture on Values-based leadership.
- The Department of Politics & International Relations hosted the Deputy Minister of International Relations & Cooperation, Mr Luwellyn Landers.



V D KAHLA  
CHAIR OF COUNCIL  
22 June 2017

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016

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The year 2016 was one in which the University marked significant achievements in spite of numerous challenges that put pressure on our resources. Our University occupies a unique position in the public higher education landscape of our country in that it is the smallest and yet it is a leader in many indicators of academic excellence.

In April, our students protested against sexual/gender-based violence. Through their protests they highlighted the pernicious scourge of sexual/gender-based violence in our community and society. The University responded to the issues raised by students by establishing a Task Team to investigate all pertinent issues and to make recommendations for a systemic overhaul of the University's initiatives to address sexual/gender-based violence in our community.

In the second semester we were faced with student protests against university fees. These were sparked by the announcement of fee adjustments for 2017 by the Minister of Higher Education & Training. The challenges of access to and affordability of quality public higher education are real since many academically deserving students cannot afford university fees. While the National Student Financial Aid Scheme (NSFAS) provides some assistance to the poor, there is no national mechanism to assist children of mid-level income families. A major shortcoming of the NSFAS is that it does not fund the full cost of study (tuition, accommodation, transport, books, living expenses, etc.). Until the funding of public higher education is substantially increased and a financially sustainable funding mechanism for all academically deserving students is put in place, the challenges of access to and affordability of quality public higher education will remain. Failure to resolve these challenges will place the entire future of South African public higher education in peril. Should this system collapse, it is the poor and working class families who will have to contend with public higher education of dubious quality. In my view, access to education of mediocre quality is worse than no access at all. We must work with our government, private sector and other role-players to ensure that no academically deserving student is deprived of an opportunity to acquire quality and life-changing education simply because s/he is born into a family of meagre means.

While much energy and many resources have been invested to facilitate greater access to higher education, less attention has been devoted to improving the levels of throughput and success at universities. An alarmingly high percentage of students who access higher education drop out without completing their studies. This is a colossal waste of both human talent and limited resources. Most of these students leave universities with huge debts which cripple them for the rest of their lives.

The challenges we face call for critical reflection. The times ahead are uncertain. We have an opportunity to rethink and reimagine our higher education system – its place, purpose and value in a society in which grinding and debilitating poverty, inequality and unemployment are everywhere. We should not be imprisoned by what is but free ourselves to imagine what can be. Current realities are not unchangeable. Our future is not pre-ordained or pre-determined. We can chart a new course. Above all, we must remain faithful to our knowledge project and use it to fashion a better society and a better world.

I am grateful that, despite the significant challenges faced towards the end of the year, we completed our academic year successfully.

It was with sadness that we lost our President of Convocation, the Rev Dr Simon Gqubule, who passed away on 26 May 2016. Dr Gqubule had served as Chair of Convocation for many years. At an annual meeting of Convocation, Emeritus Professor Peter Mtuzze was elected as his successor.



## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### **2016 Graduations**

In the 6 graduation ceremonies of 2016, 2250 students received their degrees and diplomas. Of these, 55% were undergraduate Bachelor's degrees and 45% were postgraduate degrees and diplomas. Of the 1 015 postgraduate students, 230 received their Master's degrees. 67 graduates their PhD degrees. We celebrated a new record of 19 PhD degrees for the Faculty of Humanities, up from 17 in 2015. Of the 2250 graduates, 58% were women; and 19% were international students. The Faculty of Science, the third largest Faculty in the University, produced 34 PhDs – more than all the other five Faculties combined!

In our graduation ceremonies, we conferred honorary doctorates on Dr James Matthews (DLitt), Dr Jeunesse Park (LLD), Dr Imtiaz Sooliman (LLD), Dr Beatrice Mtetwa (LLD), Professor Edward Webster (LLD).

#### **Transformation**

Our University is guided by the principles of social justice, equity, redress and public accountability.

Over the years we have significantly invested our own resources to ensure that young people who come from poor and working-class families are able to access our quality education. As a result of this significant investment, the racial, linguistic and cultural composition of our student population reflects the diversity of our society.

While we are pleased with the progress we have made to change the social composition of our student body, we recognise that much more needs to be done to achieve the same with our academic staff. In this regard, we are pleased that in 2016 we were able to secure four Next Generation Academic Programme (nGAP) lecturers who are being mentored and supported as they develop their academic careers. We now have seven nGAP lecturers. The nGAP programme forms part of the larger Staffing South African Universities Framework developed by the DHET. The nGAP programme provides funding for universities to appoint new academics on a six-year developmental trajectory during which appointees gradually take on more and more academic work. Appointees are expected to complete a doctoral qualification in this time while being mentored in all aspects of academic life. The programme is equity-focused: 80% of all appointments should be black and/or women. Appointments are to Council-funded positions at lecturer level. Funding from the DHET allows for the reduced workloads necessary to allow appointees to fulfill the requirements related to the position within six years. Our nGAP lecturers work in: Information Systems, Entomology, Geography, Education, Accounting, Economics and Sociology. For each nGAP scholar the DHET provides R2 105m. Funding for the entire six-year development period is paid at the beginning of each cycle. The University thus benefits from the accrual of interest. A financial plan for the six-year period developed at proposal stage shows that the cost of the entire development of the new academic, including a reduced workload, is covered by DHET funding.

We declared 2016 the year of intensified curriculum transformation. Individual Faculties and Departments were encouraged to step up their efforts in this regard. The Deputy Vice-Chancellor: Academic & Student Affairs, Dr Chrissie Boughey, developed a framework for Faculties and Departments to use as they advanced this imperative. Curriculum transformation includes carefully reflecting on the material that is taught, how it is taught (pedagogy) and how it is assessed. We aim to decentre 'western' knowledge and 'western' ways of knowing, to include knowledge from different parts of the world, from diverse epistemic cultures and traditions, and to foster the appreciation of knowledge in all its forms. We do not privilege one form of knowledge and knowing to the exclusion or detriment of others, particularly those previously ignored.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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In 2016, 22 transformation workshops were held in the Infrastructure and Operations Division. These were designed to inform a planning process that would result in the production of a divisional transformation plan. A report based on the outputs of the workshop was submitted to the division's leadership. NEHAWU was invited to use the report as in preparation for the eventual summit.

Following consultative meetings and engagements with stakeholders, a project plan for the Rhodes University Transformation Summit and preparation process was drawn up and then approved by the Institutional Forum. The summit process will result in the development of an institutional transformation plan. Implementation of the plan began in December.

An indicator document responding to the resolutions of the 2015 DHET Transformation Summit was crafted. It is one of the source documents for the preparations for the RU Transformation summit.

Two disability policies were redrafted and merged into a single document that speaks to both staff- and student-related practices. A disability study commissioned in 2014 was reconsidered after the terms were renegotiated with the researcher. The study will inform the drafting of a disability strategy for the University.

Events and activities convened after our awareness-raising calendar included weeks focusing on Human Rights, Disability, Gender, Youth and Heritage. We have increased our reach into the lecture room and the residences through working with lecturers and student awareness-raising representatives. During Disability week for example, five departments (Psychology, English Language & Linguistics, Accounting, Politics and Environmental Science) ran disability seminars. Our representatives enabled us to create spaces in the residences to hold dialogues on sexual violence.

Following the Sexual Violence Protests in April, instead of holding the Silent Protest in August, we launched the #WeBelieveYou campaign. The decision not to hold the protest was informed partly by the impact of the April protests on members of the university community. The campaign enabled us to add an aspect of inward and outward facing education to our awareness-raising work on sexual violence and rape. We hosted a series of open talks and closed conversations on sexual violence on campus and in the residences.

In 2016 the number of awareness-raising representatives in residences rose from 6 to 38, including an Oppidan representative. The goal is to have 48 by the start of 2017.

#### ***Achievements in Teaching & Learning***

The University provides support and mentoring to academics to ensure they are alive to the changing social composition, needs and expectations of our student body. The Centre for Higher Education, Research, Teaching and Learning (CHERTL) and the Senate Teaching and Learning Committee oversee efforts to ensure that our academics develop their skills and capabilities as competent teachers. CHERTL conducts research on teaching in higher education and offers a range of formal programmes in Higher Education Studies. The Centre contributes significantly at a national and international level by offering formal qualifications to lecturers and academic developers.

Many academics have completed a Post-graduate Diploma in Higher Education (PGDip(HE)). This course includes: Learning and Teaching in Higher Education, Curriculum Development, Assessment of and for Student Learning, and Evaluation of Teaching and Course.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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CHERTL runs and/or oversees:

- (i) CATALyst programme, which helps new academics to understand how to assess student learning and to develop relevant skills and competencies.
- (ii) Academic Orientation Programme, which inducts new academic staff into Rhodes University.
- (iii) Growing the Next Generation of Academics Programme (nGAP), funded by the DHET to attract, develop and support early-career black academics.
- (iv) Evaluation of teaching and courses – CHERTL assists academics in the evaluation of their teaching and courses and provides them with feedback on their teaching and how students experience their courses.
- (v) Service-learning – CHERTL assists Departments to integrate a service-learning component in their courses.
- (vi) Postgraduate supervision Development Programme – a course offered to academics, PhD students and novice supervisors to develop their skills in postgraduate supervision.
- (vii) Writing retreats for academics working on teaching and learning-related writing projects.
- (viii) Curriculum Conversations – to encourage academics to share their ideas about ways in which to respond to the curriculum transformation imperatives of the University.
- (ix) Extended Studies Programmes provide augmented support to students who have demonstrated their ability to succeed even though they do not meet the automatic-admission requirements of the University.

The role that CHERTL plays in our University nationally and internationally positions Rhodes as a leading national centre of excellence in the field of higher education studies.

The Department of Accounting launched the Thuthuka Programme in partnership with the South African Institute for Chartered Accountants (SAICA) and the Thuthuka Trust. The Trust funds students in the BCom (Accounting) degree programme. In addition to funding, students are given a range of support programmes to facilitate success. Initially students in their first year and those completing the Post-Graduate Diploma in Accounting were eligible for funding. The Programme will later be extended to second- and third-year students.

CHERTL had its biggest group ever of PGDipHE graduates from Rhodes and across South Africa (31) as well as 3 PhDs. CHERTL contributes to the national AD capacity through the PGDip HE (AD) course. 30 academics from across the University attended two off-campus writing retreats focused on engaging with the scholarship of teaching and learning were attended. CHERTL established an inter-institutional collaboration with the University of Lesotho.

The new BEd(FP) degree enrolled its second first-year class of 56 students. This, together with the first class of 43 brings the total of UG students in the Education Department to 99. More than 300 applications were received for the third class starting in 2017. Places were offered to 160. The course provides access (through the Funza Lushaka merit bursary scheme) to academically talented isiXhosa mother-tongue students, many from rural areas. The BEd students' results provide evidence of the efficacy of the mentoring, academic support, care and encouragement students received in the Faculty. Mother-tongue isiXhosa lecturers appointed to coordinate the BEd(FP) degree were Ms Z Kuhlana; Mr L Singata; Mr N Kitsili and Resource Manager: Mr Sisanda.

The University received a further DHET Infrastructure Grant of R9,4 million for teaching venues and offices for the expanding BEd(FP) programme and R100 million for additional residences. An additional R1million in top-up funding for Funza Lushaka Bursary holders came from the DHET.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

The CSD issued certificates to 365 Level 5 and 6 ECD and CD practitioners between March and May 2016. Two certification ceremonies were held – one in the Great Hall and one in the City Hall, the culmination of much hard work by in-service practitioners. It created a career path and access to further qualifications and improved job opportunities.

The University's application to offer a Grade R Teaching Diploma was approved by the DHET. CHE approval is awaited.

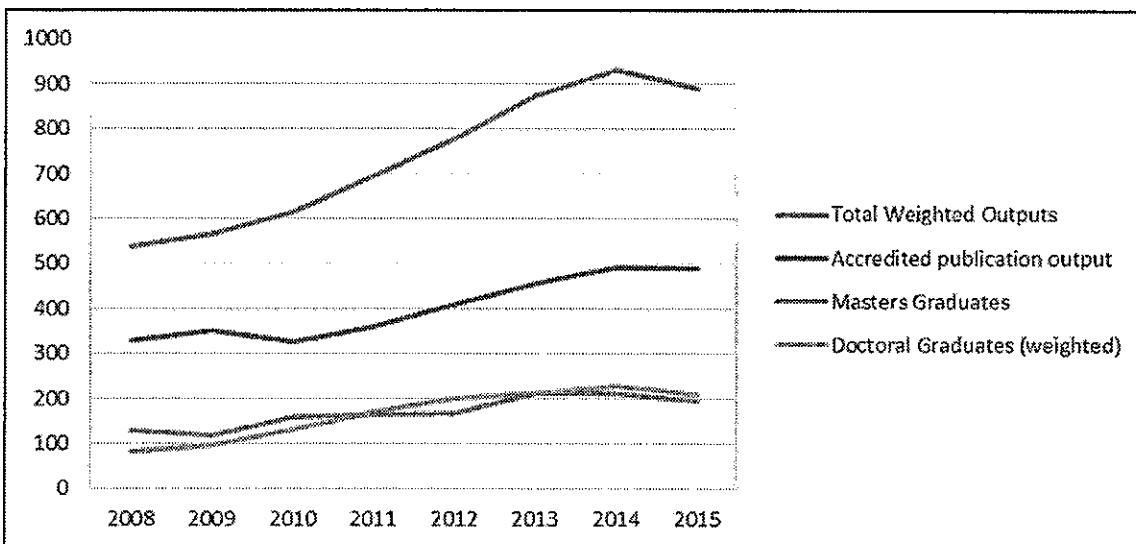
The SANCP designed and ran a 10-session, research-informed Early Number Fun development programme for local Grade R teachers which is based on an early number fun resource kit. In 2016 the SANCP ran 6 sessions with 35 teachers from 18 local schools. This kit has been provided to all fully participating teachers.

The Namibian BEd. (Honours) programme continues to flourish with some 600 applications received for 60 places offered in the 2017 intake. The demand for Masters degrees remains high.

#### ***Achievements in Research and other creative endeavours***

Research continued to thrive at Rhodes in 2016, where a strategic priority is to maintain and grow the intellectual outputs and scholarly reputation of the University. Rhodes retained its position as the third most favourable research output rate per capita in the South African university system. Rhodes has over the years consolidated its position as a leading research university in South Africa and enjoys an excellent reputation for research and creative activities. In 2016 our academics maintained their momentum and productivity in the quantity and quality of research outputs.

The 2015 research outputs audited in 2016 showed a reduction: overall weighted accredited units declined to 889.21, 4.5% down on the previous year. 55% of the accredited outputs were due to publications, 23% to PhDs, and 22% to Master's graduations by thesis. The PhD contribution was 9% down on the previous year's record. The Master's contribution was 8% down on the preceding year's all-time high, after step rises in successive years.



## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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The decline in overall accredited research outputs should be seen in the context of steep growth in the preceding six years. Research is not a linear process, and indications for the coming budget year are that further growth will be enjoyed at Rhodes. A result of the decline in overall accredited output units in 2016 is that Rhodes's overall research contribution to the sector dropped from 3.2% to 3%, with a consequent negative effect on the research component of the block grant for 2017.

Rhodes's journal output, (83% of the total accredited publishing output for higher education subsidy purposes) remained constant at 404.5 units. Preceding years saw steep growth in this category. Coupled with Rhodes' high volume of accredited journal outputs in relation to its size, 85% of journal outputs (amongst the highest in the sector by a significant margin) appeared in international accredited journals.

The output from accredited conference proceedings (7% of our total accredited publishing output) grew by 16% to 34.6 units – from a small base where year-on-year variance in either direction is common.

Book outputs (10% of the total accredited publishing output) decreased by 15% to 48.1 units, from a small base where year-on-year variance is expected. This category had seen a 182% increase the previous year.

Rhodes University launched three new DST/NRF SARCHI chairs in 2016:

- Prof. Adrienne Edkins was awarded a Chair in Molecular and Cellular Biology of the Eukaryotic Stress Response.
- Prof. Heila Lotz-Sisitka was awarded a Chair in Global Change Social Learning Systems Development: Transformative Learning and Green Skills Learning.
- Prof. Ruth Simbao was awarded a Chair in Geopolitics and the Arts of Africa.

These chairs brought the total number at Rhodes to 14 SARCHI Chairs (7% of all chairs awarded nationally), and the number occupied by women incumbents to 50% (as against the national figure of 40%).

The DHET research development grant increased in 2016, as did overall NRF funding, primarily linked to the three new chairs awarded to Rhodes. Three new substantial Mellon Foundation grants were received, the first for Advancing an Inclusive Professoriate, a multi-institutional proposal which brought R8.4 million of support to Rhodes University's Humanities Faculty for advancing the careers of academics. The second, amount of R8,9 million, was for an initiative in the Department of Fine Art to develop scholarly voices in the Visual and Performing Arts of Africa. The third, of R6.3 million, was in the Department of English for Urban Connections in African Popular Imageries,

The Postgraduate Studies Centre entered its second year of operation with a new Director being appointed to replace Professor Lotz-Sisitka who took up a SARCHI chair. The new director is Professor Sioux McKenna of CHERTL.

The Faculty of Science maintained its excellent record of research productivity. Despite being the third-largest faculty at the university, the Faculty earns more than half the university's output subsidy. Apart from research papers published, the PhD graduates each year testify to its success. We also have the highest ratio of research chairs to academics, which may be the highest in the country. With 95 Council-funded academic positions, we now have 8 research chairs in the Faculty. In 2016, 12 of the 30 most productive researchers are from the Faculty, six of them from the Department of Zoology and Entomology.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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Distinguished Professor Nyokong's group is still the most productive in the university and the country.

Research in the Faculty of Commerce spanned a wide range of subject discipline areas including : Environmental and Natural Resource Economics in the Eastern Cape Focus Area (ENREFA); Chinese Organisations in sub-Saharan Africa: New Dynamics, New Synergies; and a partner in the South African Cultural Observatory (SACO).

The Master of Commerce in Taxation, Master of Commerce in Financial Markets and the Master of Business Administration courses continue to attract students keen to explore specific areas of endeavour with a direct influence in commerce and industry.

The Post-Graduate Diploma in Enterprise Management (PDEM) includes a group-based Alpha Project in which students are required to start and run a micro-enterprise. This year, under the leadership of Dr T Mohapelo of the Rhodes Business School and Prof J Limson of the Biotechnology Innovation Centre, PDEM students joined forces with students registered for the MSc in Biotechnology in the Biotechnology Innovation Centre at a 4-day lean startup bootcamp run by staff of Socionext and Ignitor. The bootcamp provides students with an opportunity to develop business ideas. Funding was provided by the Research Office, the SAB Foundation and Ignitor.

A part-time version of the PDEM was launched in 2016. A key component of the programme is the Action Research project in which students are required to conceptualise, plan and implement a new/novel/fresh solution within their organisation to improve or change a current challenge.

In the Faculty of Education,

- Publications continued to be on the upward trend.
- Members of the Faculty participated in numerous international and national conferences and fora.
- Dr Giulietta Harrison has been awarded funding from the DHET/EU funded Teaching and Learning Development Capacity Improvement Programme to investigate what is offered in ECD (birth to four years) training at HEIs, TVETs and NGOs. This will inform the development of a curriculum framework for Level 6 (diploma) and Level 7 (bachelor's degree) qualifications for educators of birth-to-four-year-old children.
- Dr Bruce Brown has been awarded funding and appointed as the lead researcher who, together with Ms Lise Westaway, will investigate primary school mathematics knowledge in a DHET/EU funded Teaching and Learning Development Capacity Improvement Programme.
- The South African Numeracy Chair Project (SANCP) had extensive regional and international conference engagements: 3 papers at the regional SAARMSTE conference in Pretoria, 5 papers at the International Congress on Mathematics Education (ICME) conference in Hamburg, Germany, 3 presentations, a discussion group and a working group at the Primary Mathematics Education (PME) conference in Szeged, Hungary.
- Five members of staff: Lise Westaway, Fortunate Gunzo, Zintle Sonqwana, Sally-Ann Robertson and Farhana Kajee were submitting their PhD theses.

### *Achievements in Community Engagement*

Our Community Engagement activities seek to advance and realise our strategic objective and commitment made regarding our place in Grahamstown. We have made the point that Rhodes University must actively and purposively contribute to and participate in building a vibrant and sustainable Grahamstown community. Rhodes University recognises and affirms that its future and success is inextricably bound to the future and success of the greater Grahamstown community and that it is deeply and intimately connected with the local community. Rhodes University declares unequivocally that the University is not just *in* Makana but is also *of* and *for* Makana. We identified three key areas that will underpin the University's engagement with the Makana community:

A record number of 91 Departmental community engagement initiatives took place in 2016, most as service-learning courses, while others were non-credit-bearing community engagement learning projects.

Last year saw a deepening of the theoretical underpinnings of both the learning and service components of the courses offered. This led to shifts in curricula levels and the strengthening of student reflection components as well as more sustainable partnerships between departments and community partners. There is a growing interest in both engaged research methodologies and the scholarship of engagement.

Dr Paphitis published one journal article and two book chapters on the scholarship of engagement. Another article and a further chapter are in the press. Two more chapters and two articles are under review. She gave six conference papers (2 at international conferences) as well as 2 public lectures.

**NRF Grant: Philosophical Foundations of Community Engagement: Questions of Epistemic Justice and Transformation in the Context of Community Engaged Activities:** The CE Directorate obtained an NRF grant for approximately R1.5m, which made it possible to award funding for one post-doctoral fellow, three doctoral students, four Masters students and one Honours student for three years.

**EU Grant:** Rhodes gained an EU grant in partnership with five European universities on mobile technologies and multimedia training for students, staff and community partners. The project will see the establishment of mobile media technology hubs across South Africa and give access to IT equipment and internet to our partners in the community.

In 2016 significant progress was made in building the body of knowledge in the scholarship of engagement as the research output from the CE Directorate continue to grow and surpassed many small departments. The use of engaged research methodologies across the University grew steadily in 2016.

In 2016 Rhodes hosted another successful community engaged learning symposium with over 100 delegates from 14 institutions (including an international speaker) and over 65 presentations. A special edition of the Journal for New Generation Sciences dedicated to articles presented at the symposium will come out in 2017.

Another important part of Community Engagement is the student involvement in the Student Volunteer Programme (SVP), the Siyakhana @ Makana (S@M) Programme, ECD Residence Programme, Societies and Trading Live for Mandela week. Volunteerism at Rhodes is gaining national recognition and a growing interest from other universities. We have shared our programme designs generously. Volunteerism at Rhodes is taken seriously, volunteers and partners are accountable to one another. High levels of commitment are expected and underperformance is dealt with quarterly.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### *Student Volunteer Programme (SVP-individual focus):*

This programme is important because it serves as an entry into the volunteerism space for young people. It targets *individuals* who are given a broad range of opportunities to select from in our local community.

305 students volunteered in 2016, in two intakes, one in each semester. The students worked in 20 community partner organizations, volunteering for a minimum of one hour a week during term time. 20 student leaders were appointed and trained to manage the volunteers in each site, and received additional training and support in leadership and management. Volunteer managers (employees in community organisations) were appointed in each site and were expected to co-manage the programme. This worked well and participation increased as the year went on.

#### **Early Childhood Development (ECD Residence Programme):**

This new programme was introduced in 2016 to strengthen the focus on early childhood education and aligning ECD with the V-C's Supporting Grahamstown Schools Initiative. Traditionally, Halls and Residences have organised events and collections but rarely worked with community partners. The shift to this new programme was to encourage the building of relationships and working through a project management cycle together. Some aspects of this pilot have been reconceptualised in order to strengthen it. All but one hall (Nelson Mandela Hall) participated in the pilot.

The Community Engagement Office worked closely with the SRC and Societies involved in CE in 2016. The leader in this area was the Inkwenkwezi society that focused on reading in 4 Primary Schools. They had 120 trained volunteers serving weekly with high attendance rates.

#### **Siyakhana@Makana (S@M – group focus)**

This volunteerism programme, conceptualised in 2015, targeted student *groups* and worked with 19 different community partners in 2016. The programme runs for 8 months, in term time and tackles challenges faced by partners, mostly by mobilising and building on available resources in the community. In 2016 we strengthened the programme by refining the steps, by being better structured and offering higher levels of support. Students have to make a shift towards a process-orientated, problem-solving approach *together with* community partners and using local resources.

#### **Trading Live (RU Organisational focus)**

The focus of Trading Live in 2016 was to contribute to a more thoughtful, respectful and understanding institutional culture at Rhodes University. We were pleased with the response to Trading Live 2016. Our partners, in particular *Grocott's Mail*, were very supportive. A record, 118 events took place across 59 locations in Grahamstown from Monday 25<sup>th</sup> to Friday 29<sup>th</sup> July. Participants traded time, skills and creative energy for approximately 257 hours during the week. 28 schools took part: 14 ECD centres, 7 Primary, 5 High and 2 Special Needs schools.

University departments participated in 43 events and Rhodes student groups participated in 31 events. The Trading Live Exhibition took place in Eden Grove. The Journalism students captured the stories with ethical integrity, as well as a critical and aesthetic eye. This year we had all Journalism specializations participating. The writing students helped us produce an '8 pager' which appeared in *Grocott's Mail*.

The Centre for Social Development (CSD) benchmarked literacy levels in Grade 3 in the Kwanobuhle area for the VW Community Trust. This work will continue in 2017 and provide a longitudinal study on how to improve foundational literacies through collaborative intervention.



## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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The CSD opened 'Tyhilulwazi' as an ECD centre of excellence. The guest of honour was the Master of Magdalene College and former Archbishop of Canterbury, Lord Williams. The CSD was working closely with this school to improve practice and build a centre of excellence in ECD in Grahamstown.

The fourth biennial conference of the Eastern Cape English Educators' Association, together with the ISEA, was hosted at Rhodes University, 7-9 July 2016. The theme was 'Reading: A Societal Matter – How Can We Contribute to a Reading Nation?' The broad aims of the conference were to grow English teachers' professionalism through creating networking opportunities in order to enable them to improve the levels of English proficiency among learners in their classes. The ECEEA conference is accredited by the South African Council of Educators (SACE). The 126 conference delegates came from the 20/23 Eastern Cape education districts. The ECEEA has attracted national interest as a model for establishing professional subject specific professional networks, and Professor Hendricks was invited to present the model at a national forum.

The Vice-Chancellor's Grahamstown Schools Initiative The CE office co-managed these Projects with GADRA Education. The results from 2016 are very pleasing.

#### High Impact supplementary School:

- 58 pupils were accepted; attendance averaged 98%;
- 5 subjects were offered: Life Sciences, Geography, Mathematical Literacy, Economics, History
- HISS 2016 results were worth celebrating - 57% improved significantly (15% in 2015). Over 80% of students achieved at least some improvement in their results (44% in 2015).
- Two pupils have gained access to Rhodes and are now registered students.
- Rhodes Kitchens catered for breakfast and lunch every day
- Rhodes Transport organised all the transport for pupils to PGV and home each day.

#### Rhodes University Parent Engagement Programme (RUPEP) – parent programme for RU NEHAWU staff

- 245 pupils and 169 parents registered in January 2016
- Parents divided into 6 groups, each group received 4 workshops – 24 workshops over the year
- ECD, FP and IP Groups focused on literacy. They borrowed book-bags from our office, to bring home a fresh supply of books fortnightly. Family games are also available on loan from the CE office.
- GET group parents focus on subject choice and the pupils attend Andrew Steven's Problem Solving Programme and Joyce Sewry's Chemistry Khanya Maths and Science Programme
- FET group parents focus on how to support their children, career pathing etc. Their children are registered at Ikamva Youth for academic support and CE staff monitor them. We have trained 50 volunteers in 2016 for this programme.
- Pupil attendance at the various academic support programmes was good but parents' attendance was poor. Jay Pillay and her team of supervisors have committed to supporting the programme.
- We also introduced Savings Clubs to the Rhodes Nehawu staff, since some 50% of staff have garnishee orders. In 2016 four clubs were established with 49 staff involved, who together saved R289 000 (R209 000 savings, R80 000 interest). All funds were shared out in December and the groups start saving again in January.

#### Nine-tenths Mentoring Programme

- 138 learners from Mary Waters and 89 from Ntsika SS enrolled.
- They were tutored by 120 RU Student mentors, 7 student leaders and 8 senior students.
- The final session was coupled with a career fair at Barrett Lecture theatre.
- 35 Bachelor-level passes were attained in the two schools (exceeding the target of 32). Ntsika SS rose from 6 Bachelor-level passes in 2015 to 22 in November 2016.
- 22 learners from Ntsika and Mary Waters schools enrolled at Rhodes for 2017 (exceeding the target of 20).

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### School Leadership Course (Run by the Business School)

13 Principals obtained a Certificate in Leadership. The course led to increased networking and joint action by Grahamstown's Principals, a clear indication of the growth and strengthening of the objective of communities of practice in the schools.

#### Virtual Learning Programme

Targets Grade 8 level maths and science, with GADRA teacher support and a Rhodes student component.

- Teacher support for Ntsika and Mary Waters in Grade 8 maths and science.
- Pupil support with after school mentoring for all grade 8s. 250 Inthetho zobomi students give additional English support, 83 PGCE students and 30 Kingswood Grade 11 pupils give maths support.

For the first time in the history of Grahamstown a no-fee school received better results than an ex-model C school. Ntsika achieved an 86% pass and 22 bachelors against PJ Olivier's 82% pass rate and 12 Bachelors. We are seeing a culture change at Ntsika which is very encouraging.

The V-C's Initiative is already playing an important role in the disadvantaged schooling sector. This is likely to be strengthened in 2017.

The V-C's Grahamstown Schools Initiative has been carefully designed to work in an integrated manner, carefully constructing pathways from birth through to tertiary education for Grahamstown's youth.

Three areas of significance have marked the contribution of the CE office in 2016 and will continue to impact on the future of Rhodes University.

Firstly: Partnerships. Rhodes Volunteerism, Engaged Research and Service Learning initiatives have been built on other interventions in the community. This has strengthened the networking and led to a more coordinated and cohesive movement which has gained significant momentum this past year. It has also meant that our work has been cost effective because we are building on work already paid for. Partnerships with over 40 Grahamstown organisations have been strengthened this past year.

The second area of significance is the contribution of Volunteers/Active Citizens. The key feature that underpinned our work in 2016 is student volunteers who brought intellectual capacity and immense passion and energy to bear. I believe these initiatives have helped to stabilise the university because they have channelled activism, accelerated transformation and helped build a community of practice in schools and in the broader Grahamstown. We believe the school movement has already resulted in a culture change in some of the targeted schools.

Lastly, we have grown our academic output considerably which over time will make a financial contribution to Rhodes University. Of note is the work in the Scholarship of Engagement which positions us favourably nationally: the aim is to get the first SARCHI chair in Community Engagement.

#### ***Faculty highlights***

Faculties comprise Heads of Departments, Directors of Institutes, Heads of Research Units and student representatives. Faculties foster academic citizenship and provide a forum to discuss and debate matters relating to the academic offerings in the Faculty. Each Faculty Board meeting has four standing agenda items: Teaching and Learning, Research, Community Engagement, and Equity and Transformation. The first three constitute our intellectual or academic endeavour while the last is a critical imperative pursued by our University.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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Attendance at Faculty Board meetings varies from full-house attendance of the Faculty of Science to poor attendance of the members of the Faculty of Humanities.

In 2016 the composition and structure of the Faculty Board of Science changed. First, not all academics and research associates are immediately included on the Faculty Board as is the case in the other five faculties at the university. Rather, similar to Senate, Professors and Heads of Department are now ex officio members but any other academic, research associate or post-doctoral researcher may apply to the Dean for membership, which is immediately granted. In addition, the faculty now has 14 elected student representatives, one from each of the 14 academic departments. These students have full voting rights and will be able to exercise this right in 2017 when they vote for a new Deputy Dean.

The main benefit of being a Faculty Board member is that one is permitted to be the primary supervisor of an MSc or PhD student, rather than only co-supervising in a junior capacity. Application for membership also ensures that Board members contribute fully in the functioning of the Faculty.

Academic citizenship is excellent and we have internal Faculty Committees with departmental representatives to drive the standing items on the Board's agenda on Teaching and Learning, Research and Community Engagement. These meetings are chaired by the two Deputy Deans and their minutes are attached as documents to the Faculty Board meetings to serve as discussion points and points of departure. Because the faculty's work is done by these committees these minutes serve as a springboard for further conversation and discussion at faculty meetings. In 2016, the Faculty attendance at all Board meetings was higher than attendance at Senate.

Despite being only the third-largest faculty at the university, the Faculty earns more than half the university's output subsidy. Apart from the research papers published, the PhD graduates alone each year in April are evidence of its success. We also have the highest ratio of research chairs to academics: this may be the highest in the country. With 95 council-funded academic positions, we now have 8 research chairs.

This year 12 of the 30 most productive researchers are from the Faculty, six from the Department of Zoology and Entomology. Sadly, two of these researchers retired this year. I hope they will continue to work at the university and assist with post-graduate supervision and publication of papers.

In the Faculty of Commerce, the Department of Accounting and the Department of Information Systems forged strong links with the Kemmy Business School, University of Limerick in Ireland. Staff and students of both the Faculty and the Kemmy Business School spent time at each other's institutions. The specific areas of research included Taxation and ICT for Development.

Under the leadership of Mr S Mabaso of the Department of Accounting, several student teams entered the KPMG International Case Challenge competition. One of them, MANSA, won the Eastern Cape section and will compete in the national section in December, 2016.

In the Faculty of Law, Rhodes University LLB graduate, Jason Houston-McMillan won the 2015 SIEL/CUP international trade law essay competition for his essay 'A Critical Analysis of the Legitimate Regulatory Distinction Test as conceived in US-Clove Cigarettes, US-Tuna II and US-COOL'. The competition annually draws entries from all over the world and the winners are often from institutions such as Harvard Law School or Cambridge University. Houston-McMillan's winning essay, supervised by Ms Vicky Heideman, shows that Rhodes Law Faculty, small as it is, is world-class. The Faculty celebrated his achievement with him at the graduation function.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### *ELSA Moot*

The 2016 African Regional Round of the ELSA Moot Court competition took place at Rhodes University in April, organised by Ms Vicky Heideman with financial support for covering the travel expenses and accommodation costs of all the teams. Contributions were received from United Nations Economic Commission for Africa (UNECA), Webber Wentzel, the Rhodes University International Office and the Office of the Vice-Chancellor. Ten teams from Kenya, Uganda, Tanzania, Ethiopia and South Africa participated in the third African Regional Round of the competition. The Rhodes team, consisting of four final year LLB students, Nkosazana Lulu Dweba, Steph Stretch, Declan Williamson and Moya Vaughan-Williamson won the African Regional Round while the Wits University team was second. Nkosazana Lulu Dweba was awarded a fully paid scholarship for a one-year LLM degree at the University of Barcelona's IELPO programme.

Two final-year LLB students, Orla Murphy and Relebohile Chabeli, accompanied by Ms Tarryn Cooper-Bell, an attorney at the Rhodes University Law Clinic, participated in the 3rd annual NLU Delhi – HSF International Negotiation Competition held in Delhi from 9-11 September 2016. 28 teams from universities around the world competed in simulated negotiations against each other. The Rhodes team won the trophy for upholding the "Spirit of the Competition", as voted for by all the participating teams.

Professor Enyinna Nwauche graduated with his LLD-degree from North-West University in May 2016. He was asked to act as a judge for the Ismail Mohamed Law Reform Essay Competition.

Professor Laurence Juma continues his research into forced migration. In July he was elected to the executive committee of the International Association for the Study of Forced Migration as a member of the Programme Affairs and Innovation Committee.

Ms Helen Kruuse organised a successful Family Law Teachers Colloquium in Grahamstown and participated as a panel discussant on 'Decolonising the family law curriculum' on 26-27 September 2016. Third-year Legal Theory student Nkcubeko Balani won the internal essay competition on decolonisation of the family law curriculum and participated as a member of the panel at the Colloquium.

The Faculty of Pharmacy produced one PhD in Pharmaceutics and one Doctor of Pharmacy. Dr Leonie Goosen was one of two female staff members selected and sponsored by Rhodes University to attend the HERS-SA Academy in Cape Town in 2016. She also received the "Distinguished Teacher Award" of the Academy of Pharmaceutical Sciences of South Africa, sponsored by Johnson & Johnson. Dr Goosen also received a commendation from the Council of Higher Education and HELTASA for her contributions to National Excellence in Teaching and Learning, being adjudged one of the top ten lecturers in Higher Education in the country in 2016.

The Faculty of Education continued to grow. CHERTL had its biggest group of PGDipHE graduates from Rhodes and across South Africa (31) as well as 3 PhDs. CHERTL continues to contribute to national AD capacity through the PGDip HE (AD) course. Two off-campus writing retreats focused on the engagement with the scholarship of teaching and learning were attended by 30 academics from across the University. CHERTL established an inter-institutional collaboration with the University of Lesotho.

The new BEd(FP) degree enrolled its second first-year group of 56 students. This, together with the first group of 43 brings the total of UG students in the Education Department to 99. More than 300 applications for starting in 2017 have been received. Places were offered to 160. The degree provides access (through the Funza Lushaka merit bursary scheme) to academically talented isiXhosa mother-tongue students, many from rural areas.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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The BEd students' results provide evidence of the efficacy of the mentoring, academic support, care and encouragement received in the Faculty. Mother-tongue isiXhosa lecturers appointed to coordinate the BEd(FP) degree are Ms Z Kuhlana, Mr L Singata, Mr N Kitsili and Resource Manager Mr Sisanda.

The University was granted a further DHET Infrastructure Grant of R9,4 million for teaching venues and offices for the BEd(FP) programme and R100 million for additional residences.

An additional R1million top-up funding for Funza Lushaka Bursary holders was received from the DHET. The CSD certificated 365 Level 5 and 6 ECD and CD practitioners between March and May of 2016. Two certification ceremonies were held – one in the Great Hall and one in the City Hall, the culmination of the hard work of the in-service practitioners. It created a career path and provided access to further qualifications and improved job opportunities.

The faculty's application to offer a Grade R Teaching Diploma was approved by the DHET. CHE approval was awaited.

The SANCP began a 10-session, research informed Early Number Fun development programme for local Grade R teachers which is based on an 'early number fun resource kit'. In 2016 the SANCP ran 6 sessions with 35 teachers from 18 local schools. This kit has been provided to all fully participating teachers for use in their Grade R classrooms.

The Namibian Bachelor of Education (Honours) programme continues to flourish with some 600 applications received for the 60 places offered in 2017. The demand for Master's degrees remains high.

#### ***Division of Student Affairs***

The Division of Student Affairs continues to create a social environment conducive to the holistic development of students. The Division is guided by its strategic objective of creating "a living and learning student support system and an environment which is inclusive and is conducive to a healthy life-style, personal growth, development and academic success for our students."

#### **Sport Administration**

- After their excellent performance at the July USSA games, our rugby team qualified to participate in the Varsity Shield Rugby for 2017. This will earn the University media coverage and could lead to more partnerships to benefit Rhodes.
- Floodlights have been installed on the Hockey Astro and Great Fields, thanks to a partnership between Rhodes Sport Administration and Vodacom.

#### **Wellness Centre**

- The pregnancy rate amongst students has dropped by 40% compared to 2015. This may be attributed to increased use of family planning.
- During the student protest, the Health Care Centre staff provided food and cooked meals for all the in-patients.

#### **Career Centre**

The Career Centre Graduate Recruitment Programme had three successful Career fairs with good feedback from companies which noted that our students were well mannered, knowledgeable and held strong academic arguments. They knew what careers they wanted to pursue and had a sound understanding of current affairs. Employment opportunities arise as companies advertise, interview and assess our students throughout the term.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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Evidence of the calibre of our students is the Grad Star Awards, a competition that gives student leaders a competitive edge by connecting emerging leadership talent with some of South Africa's top graduate employers. Over 3500 applications from students across the country have undertaken psychometric tests and video interviews, to compile a list of the top 100 students. Rhodes has 5 students in the Top 100.

Christine Lewis (Acting Manager of the Career Centre) will present a concept paper on using strategic programmes to develop well rounded graduates at the Southern African Association for Counselling and Development conference in Swaziland.

#### Counselling Centre

Mr Greg Wilmot will present a paper at the annual South African Association for Counselling and Development in Higher Education conference in Swaziland on 12-14 September. This paper presents his work together with an Intern Counselling psychologist, on a group that meets weekly at the Counselling Centre focusing on depression and anxiety. It is an ongoing challenge to encourage students to use Group services as opposed to individual counselling particularly in the Rhodes context where students are aware of being in a small community. This group is assisting approximately 6 students to receive support and develop effective coping strategies to manage depressive episodes.

The Counselling centre continues to offer effective services, as seen in the termly statistics and the demand for counselling from students.

#### Student Services Section.

The average pass rate in June for all residences including the Oppidan residence was 80%.

#### ***Library Services***

##### Purpose Statement:

The Rhodes University Library is committed to the pursuit of knowledge by connecting people to resources that contribute to the intellectual development of future responsible citizens. Rhodes University Library aspires to a shared culture, a way of being both in mind and in action in support of a positive academic outcome for the Rhodes University community, while also creating a positive work environment for all. Its goal is to develop and maintain efficient, reliable and responsive library and scholarly communication services that promote, support and enhance the research, teaching and learning endeavours of Rhodes University.

The Library thus strives to promote human dignity, equality, non-racialism, and non-sexism in the library and when providing information and research services to its users. It is committed to quality user-focused service, fairness, innovation, professional integrity and social responsibility.

The university granted R24.2 million to the library in 2016 for information resources and running expenses. This was an increase over the previous year of 14.2%, amongst the highest granted in the university to absorb exchange rate fluctuations and a new VAT requirement on international digital subscriptions. Despite this increase, careful managing and pruning of purchases and subscriptions had to be done.

Rhodes University continued as a member of the South Eastern Academic Libraries Consortium (SEALS), with the Director of Library Services acting as the managing director of SEALS staff and the DVC-R&D chairing the trust. Rhodes continued to host the IT servers that support the SEALS electronic platforms which serve the four academic institutions in the Eastern Cape.

The Library Services Division undertook a strategic review in 2016, which focussed on transformation, innovation, enhancing services, and achieving operating and financial efficiencies. Vacancies were used as an opportunity to refocus positions and create two posts aimed at making the library a research intensive institution: a Librarian for Scholarly Communications and a Librarian for Repository and Metadata.

### ***Information Technology Support***

In 2016 our I&TS Division continued its support of the University in various operations.

- The unsustainably costly and outdated University telephone system was replaced. By December 2016 a 50%t had been achieved. The completion date was March 2017.
- Wi-Fi access across campus has been continuously improved. There are 751 access points installed. In the residences, 143 access points were installed in 2016 providing coverage to 20 additional residences. 36 residences now have complete coverage. The Gavin Relly Postgraduate Village and 16 other residences have common room coverage only. To cover all residences approximately 182 access points are required. Wi-Fi access in other buildings increased by 78 access points in 2016. 96 access points will probably be required to cover the remaining buildings.
- Preparation of the new VIP People server to modernise the HR and Payroll system is complete. The parallel test phase was postponed from November 2016 to March 2017 due to #FeesMustFall protests.
- The ARCHIBUS facilities software project is still in progress. Due to the CSIR project failure, new space data is being collected and will be available in April 2017.
- In July 2015, R2.4 million was received from the DHET/Tenet for ICT infrastructure refurbishment. It has taken a full 12 months to initiate a RFP and Tender process to refurbish the current data centre. A recommendation on the tender will serve before Council in due course and refurbishment will begin in 2017. Applications to support the business processes have continued. Many are related to student activities and ensure that students can request information via the ROSS portal.
- Research into a video streaming tool for lecture delivery is almost complete and I&TS in conjunction with Teaching and Learning will showcase the tool early in 2017.
- Videoconferencing facilities in Barrett have been replaced by smaller units in Eden Grove Seminar Room III and Alumni House. This will save costs as the previous facility was expensive and not used more than 20 times a year.

### ***Infrastructure and operations projects***

In our ten-point strategic priorities, we have committed to providing the best academic infrastructure, equipment and facilities to support our academic project. In this regard, a number of infrastructure projects were completed or initiated in 2016. These include:

- Consolidation of a further 3 erven lodged with surveyor-general & deeds office
- Further 30 title deeds tracked and being processed
- Campus space data & building drawings project for Archibus – tender awarded
- Biko building – disabled lift installed, ramps completed. (R1,3m)
- Refurbishment of Stanley Kidd House main building completed (R8,2m)
- Construction of 3 new undergrad residences under way (R101m)
- Refurbishment assessment of BioSciences building almost complete (R57m); total works will include refurbishment of electrical reticulation, plumbing and gas and ventilation; specific areas to be addressed are:
  - Undergraduate laboratories for Microbiology & Biochemistry
  - Professor Edkins SARChI research laboratory
  - Professor Limson SARChI research laboratory
  - Common workshop space

**REPORT OF THE VICE-CHANCELLOR  
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- Struben IT Hub Room renovation – contractor appointed, work will commence shortly (R2,3m)
- St Peters complex – rising damp problems – geotech solutions being sought
- Major roof and structural repairs completed (R5,7m):
  - Art School building
  - Nuns' Chapel
  - Botany Undergrad laboratory
  - Prof Lotz-Sisitka SARChI research space completed (R500k)
  - Support services Hub – feasibility study finalized
  - Education Faculty – space usage analysis under way prior to design of new building for BEd foundation programme
  - Pharmacy tissue culture laboratory – design in progress
  - Finance Division space optimization completed
  - I&TS office space reconfiguration & renovation completed
  - Fleet management system implemented and operational
  - Procurement supplier database system implemented and being tested, full procurement system pilot within the next few weeks
  - Archibus facilities maintenance system currently being piloted and tested as space data becomes available
  - E-wallet payment system developed and implemented
  - Electrical Certificates of Compliance project has commenced (R40m)
  - Electrical reticulation refurbishment project to commence shortly (R40m)
  - Preliminary fire safety compliance assessment completed, campus-wide assessment will commence shortly
  - Chessington flats refurbishment completed (R5m)
  - Atherstone & Graham House ablution refurbishments completed (R3m)
  - High voltage switchgear replacement completed (R11m)
  - School of Languages Building completed (R30m)
  - Postgraduate residence (Oakdene) completed (R20m)
  - 100 CCTV cameras installed across campus (R1,3m)
  - Internal audit process established, several internal audits completed.
  - Endowed funds management system developed, in test phase
  - Ongoing liaison with Makana Municipality (provision of support inter alia, water tanker during outages and fires, water reticulation assistance, electrical reticulation assistance)
  - Engagement of Student Funding Portal and DebtTracker.

***Internationalisation***

*Partner relationships and visits:*

While at the EAIE conference in Liverpool in September 2016, the Director held meetings with several institutional partners who send us students, and paid site visits to the universities of York and Leeds. Follow-up visits were made to Redding University, who had initiated contact at the Going Global Conference in Cape Town earlier in 2016. The Director also hosted an evening with alumni in London, handing over an Old Rhodian Award to Ms Caroline Rowland.



## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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Programmes arranged on campus for International HEI representatives to Rhodes University:

- January 2016: DELEGATION FROM TERTIARY EDUCATION TRUST FUND (TET), NIGERIA. To consult with Rhodes students funded through TET.
- March 2016: MUENSTER UNIVERSITY, GERMANY. Dr Julia Koch was hosted by the Anthropology Department as part of a staff exchange agreement with Muenster University, funded through DAAD.
- May 2016: LEICESTER UNIVERSITY, UK: Site visit by Professor Paul Boyle, President and Vice-Chancellor and Ms Suzanne Alexander, Director of the International Office.
- May/June 2016: DISTINGUISHED VISITING PROFESSOR: Prof Zine Magubane was hosted in the Sociology Department as a distinguished visiting professor to Rhodes, funded through the International Office.
- June 2016: BAYLOR UNIVERSITY, USA: Site visit by Dr Jeffrey Hamilton, Vice Provost for Global Engagement.
- July 2016: EMERSON COLLEGE, USA: Site visit by Dr Anthony Pinder, Assistant Vice President for Academic Affairs – Internationalization and Global Engagement. Emerson College ran a course for a small group of Emerson students entitled “Voices from the Margins: Contemporary South Africa” over June/July, part of which took place at Rhodes in July 2016.
- August 2016: WILLAMETTE UNIVERSITY, USA: Site Visit by Dr Kris Lou, Director: International Education.  
BELLARMINE UNIVERSITY, USA: Site visit by Dr Gabriele Bosley, Director: International Programs.
- September 2016: BOSTON COLLEGE, USA: Dr Nick Gozik, Director of the Office of International Programs and Mr Larry Pickener, Assistant Director: Education Abroad.

#### *External representation for Rhodes University*

The Director continued as the institutional representative of Rhodes University at IEASA and continues in her elected position as a member of the Management Council. Professor Evance Kalula invited Mr Jos Beelen, Chair of the EAIE Special expert group on IoC, and Ms Orla Quinlan, the equivalent role for IEASA, as the Guest Speakers on Internationalisation of Curriculum to the University of Cape Town, Research Indaba in May 2016. Examples of work with Rhodes University academics are an integral part of these presentations.

#### *Global conference 2016*

South Africa hosted the Global Conference in the Kruger Park in 2016. The Director was on the programme committee and invited Dr Sizwe Mabizela to represent South Africa on the panel of African University leaders. She presented a paper on “Managing a university in an age of disruption”, co-authored with Ms Loshni Govender and Ms Ujala Satgoor; participated in a plenary panel discussion on “Curriculum Transformation in a time of Global Instability” on the topic of “Challenges of having curriculum conversations in a highly politicised environment: the dominance of politics over pedagogy” and participated in a separate session on “Rethinking the Curriculum” with colleagues Dr Marianne Cox and Dr Ben Bartells from NUFFIC.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### *Immigration and Home Affairs*

The Director of the International Office represents Rhodes University on the Management Council of IEASA. Following the publication of an article in the *Mail & Guardian* on the human rights impact of the implementation the immigration regulations <http://mg.co.za/article/2015-09-11-new-laws-sour-sa-for-foreign-students> senior officials in the DHA, contacted IEASA; organised a conference with International students and established refreshed ways of working between IEASA and the DHA. The subsequent DHA/IEASA workshop in early 2016, where a new manual was agreed and written up by IEASA has clarified roles, responsibilities and ways of working between the University representatives, including the Registrars and the Directors in International Offices, IEASA and the DHA. This has improved responsiveness and problem-solving for Rhodes University Staff and student visa issues from DHA.

In early 2016, International staff, whose exceptional skills visas had expired, had difficulties obtaining new visas, as they did not quite meet the criteria for new critical skills. All cases of staff brought to the attention of the Director International Office were resolved. By the end of 2016, for the first time in six years, there were no outstanding unresolved visa issues for staff or students in attendance at the university. Applications for permanent residency are in a different category, requiring extensive investigation and are not as immediately resolvable. There is a flow of new issues each year.

The International Office worked closely with the Registrar's Division in helping new students get visas processed in time to get into the country, especially those from Zimbabwe.

The Director worked with the Registrars' Division on the immigration advice letter to be given to students who would register in 2017.

#### *National Internationalisation policy:*

The Director participated in extensive discussions and two consultative workshops on the formation of the national internationalisation policy, providing further research material and comment to the lead researcher. While awaiting the outcome of this policy, it was agreed that the Rhodes University Internationalisation Committee would delay the review of our own Internationalisation policy.

#### *Internationalisation at Home*

##### International Week

Due to protests and the climate of uncertainty on campus following the first round of protests, international week was scaled down. The post of the programme and events officer was vacant, so students were recruited on temporary contracts. In the International Parade creative students formed a map of Africa to celebrate Africa Day. The Internationalisation academic award was presented to Professor Hari Tsikos in the Geology Department. At the Africa Ball, in honour of Africa Day, differences were set aside and staff and students joined in appreciation of African music, food and culture.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### Inter-cultural competency

Professor Darla Deardorff, Executive Director, Association of International Education Administrators visited Rhodes University in August 2016; a leader in intercultural competence, she ran a workshop co-facilitated by the Director of the International Office at Rhodes and attended by support staff, post graduates currently studying her work, and academics.

A submission to the Internationalisation Committee on the Internationalisation of Curriculum was shared, as part of the overall institutional curriculum review at Rhodes University in 2016.

The Heritage Day event and the Nigeria Dialogues were cancelled due to student unrest.

#### *Publications*

Contributions on topical issues impacting on international education included articles on the Student protests in the 2016 Study SA, co-authored with Ms Huba Boschoff; on Immigration in the 2016 Study SA co-authored with Ms Divinia Pillay; on "Changing what universities teach is a process not a single event" in The Conversation co-authored with Prof Yusef Sayed, **South African Research Chair in Teacher Education and Director of the Centre for International Teacher Education** <https://theconversation.com/changing-what-universities-teach-is-a-process-not-a-single-event-59327>; on "How universities can teach their students to respect different cultures" in The Conversation. <https://theconversation.com/how-universities-can-teach-their-students-to-respect-different-cultures-56857> co-authored with Prof Darla Deardorff.

#### **High profile visitors**

In 2016 our University hosted high profile visitors including

- Former President Kgalema Motlanthe who presented the second annual Archbishop Makgoba Development Trust Lecture (Rhodes University Business School);
- Mr Luwellyn Landers MP, Deputy Minister, Department of International Relations & Cooperation;
- Dr Jeffrey Hamilton, Vice-Provost for Global Engagement, Baylor University, Texas, USA;
- Prof Paul Boyle (President and Vice-Chancellor) and Ms Suzanne Alexander (Director of International Office), University of Leicester;
- The Rt Rev. and Rt Hon. Lord Williams of Oystermouth, Master of Magdalene College, Cambridge.

#### **Notable achievements by our staff and students**

The following members of Rhodes University achieved national and/or international recognition:

- Distinguished Professor Tebello Nyokong was awarded the Kwame Nkrumah African Union's Scientific Award for 2016.
- Distinguished Professor Tebello Nyokong and her Research Group were awarded medals from the Centre for Scientific and Industrial Research and the National Laser Centre as the most productive research group (for 2015) in terms of the number and quality of publications and the number of PhD/MSc students graduating. A special celebration was held in 2016 to acknowledge Distinguished Prof Nyokong and her research group's 63 internationally accredited journal papers in the 2015 annual audit.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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- Prof Tally Palmer of the Institute for Water Research was awarded the Southern African Society for Aquatic Scientists' Gold medal for her sustained contribution to aquatic science and toxicology. Professor Denis Hughes, Director of the Institute for Water Research, was awarded the 2016 International Hydrology Prize: the Volker Medal, on 15 June in Paris, France, for his efforts to bring water to sub-Saharan Africa. The Volker medal recognises outstanding applications of hydrological science for the benefit of society at large.
- Professor Janice Limson of the Biotechnology Innovation Centre was awarded funding by UNICEF to pursue her work on pioneering treatment and care for people living with HIV & AIDs.
- Mrs Rachel Sibande, a PhD student, was listed by the Forbes Magazine as one of 30 promising young entrepreneurs in Africa.
- Ms Jessica Harris, an MSc student in Chemistry, won a South African Women in Science Award.
- Mr C Upfold received the Best Qualitative Research Award at the International Conference on e-Learning held in Funchal, Madeira, Portugal on 1–3 July 2016.
- Professor Gavin Fraser, Professor Jen Snowball, Ms Samantha Munro, Dr Markus Pahlow received the Best Publication in a Professional Journal or Book Award (2015-2016) from the Agricultural Economics Association of South Africa.
- Professor Lynette Louw, Mr Theus Louw, Dr Claude-Hélène Mayer and Dr Christian Boness received the Best Qualitative Research Award at Southern African Institute for Management Scientists Conference held in Pretoria on 4-7 September 2016.
- Ms Alyssa Williams, registered for M Com in Management, was awarded an 2016 Abe Bailey Travel Bursary.
- Professor Sioux McKenna was appointed Director of Postgraduate Studies.
- Professor Mellony Graven (SA Numeracy Chair) was appointed to the Academy of Science of South Africa.
- Dr Giulietta Harrison (Director: CSD) was elected president of South African Research Association for Early Childhood Education.
- Professor Di Wilmot was elected to the Steering Committee of the International Geographical Union Commission on Geography Education for 2016-2021.
- Professor Marc Schafer was appointed as Mathematics Education Chair for a further five years.
- Drs Aretha Phiri (English) and Uchenna Okeja (Philosophy) were awarded Stellenbosch Institute for Advanced Studies Iso Lomso Fellowships. These 3-year fellowships are for early-career African researchers. Academics in any discipline (sciences, commerce, humanities, etc.) and from any institution on the African continent are eligible to apply. The committee received over 250 eligible applications from which five awards were made. That two of these went to RU Humanities staff attests to the quality of our emerging academics.
- Sam Pennington (MA student) received an Ovation Award for his production "Falling off the Horn".
- Dr Sharlene Khan (Fine Art), Professor Samantha Naidu (English) and Professor Pamela Maseko (African Languages) received "Advancing the Professoriate" Fellowships from the Andrew W Mellon Foundation. These are fellowships for black South African academics who are judged to be poised for promotion to the professoriate in the next 3-5 years.
- Professor Rod Walker was elected to the Chair of the Academy of Pharmaceutical Sciences of South Africa for the next two years.
- The Drama Department won an Ovation Award for the best student production at the National Arts Festival, and Professor Gary Gordon, who received a Standing Ovation Award, honouring his longstanding creative energy in South Africa's cultural life.
- The Community Engagement Division attracted funding from both the NRF and the European Union to pursue a trajectory of scholarship into areas of engaged research.

## RHODES UNIVERSITY

### REPORT OF THE VICE-CHANCELLOR FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### *Vice-Chancellor's Awards*

The following members of our University community received Vice-Chancellor's Distinguished Awards:

V-C's Distinguished Senior Teaching Award for 2016: Professor Martin Hill, Department of Zoology and Entomology.

V-C's Distinguished Teaching Award: Dr Gladman Thondlana of the Department of Environmental Science;

V-C's Distinguished Research Award: Professor Dion Nkomo, School of Languages & Literatures, and Professor Julie Coetzee, Department of Botany;

V-C's Distinguished Senior Research Award: Professor Heila Lotz-Sisitka, Environmental Learning Research Centre;

V-C's Distinguished Community Engagement Award: The joint winners were

- The WRC Amanzi for Food Research Programme from the Environmental Learning Research Centre at Rhodes led by Heila Lotz-Sisitka. Other members include Tichaona Pesanayi, Kim Weaver, Chisala Lupele, Lawrence Sisitka, Rob O'Donoghue, Phindile Sithole, Wilma van Staden, Chris Mabeza, Jonathan Denison and Katrina Phillips.
- The Recreational Fisheries Research Group from the Department of Ichthyology & Fisheries Science led by Warren Potts. Other members include Matthew Parkinson, Amber Childs, David Drennan, Alexander Winkler, Edward Butler and Samantha Mannheim.

Both Professors Martin Hill and Heila Lotz-Sisitka are now jointly the first to hold V-C's Distinguished Awards in all three pillars of the university – research, teaching, and community engagement.

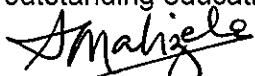
#### *Old Rhodian award recipients*

Rhodes honoured six of our alumni with Emerging and Distinguished Old Rhodian Awards for their outstanding achievements. The recipients of the 2016 Distinguished Old Rhodian Award were the Honourable Justice Lex Mpati, Ms Tanya Accone, Mr Mbusowemvelo (Mbuso) Mtshali and Ms Caroline Rowland, while Emerging Old Rhodian Awards were presented to Ms Nombuso Hlope and Mr Sherwin Bryce-Pease.

#### *Conclusion and Appreciation*

The achievements and successes recorded in this report would not have been possible were it not for the unstinting support and encouragement of our University Council, Board of Governors, Senior Leadership Team (the two Deputy Vice-Chancellors, the Registrar and Executive Director: Infrastructure, Operations & Finance), Deans, Directors, Heads of Department, unions (NEHAWU and NTEU), staff, alumni, sponsors and students. We confronted our challenges together and dealt with them as best as we could. The fact that we could successfully complete the 2016 academic year when some universities suspended their academic activities and postponed examinations to the beginning of 2017 was a great achievement.

We look forward to the new year with hope and optimism as we continue our efforts to propel our University to ever greater success and to making it a beacon of hope. We shall remain true and faithful to our collective objective of further strengthening Rhodes's position as a distinctive university providing outstanding education to young people of our country and beyond.



**DR S. MABIZELA**  
**VICE-CHANCELLOR**

22 June 2017

## RHODES UNIVERSITY

### REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Budget Principle and Financial Sustainability

The Rhodes University budget process is an open process in which any member of the University community may participate. The fundamental principle guiding the establishment of the annual budget has been to achieve at least a break-even position on an annual basis. However, the demands of the #feesmustfall campaign and the declining levels of State funding in real terms have pushed the University into deficit budgeting in order to maintain the quality and span of the academic project offered by the Rhodes University.

The current status of the major areas of concern flagged in the 2015 annual report is as follows:

- Despite the proportion of operational State funding increasing from 55% in 2015 to 58% in 2016 as a result of the additional funding allocation provided following the President's announcement of a zero percent fee increase for 2016, the level of State funding for the higher education sector remains comparatively low;
- The inclusion of this additional funding into the block grant allocation has prejudiced Rhodes University;
- The University's low level of reserves continues to be concerning;
- The high staff cost ratio in the central operations of the university (this ratio declined from 71% in 2015 to 69% in 2016 due to a high number of vacant posts);
- High level of University funded financial aid needed to facilitate access to the university (R38m in 2016);
- Inadequate funds to address the accumulated campus infrastructure maintenance backlogs.

Several fee payment concessions were made by Rhodes University for 2016 in response to the #feesmustfall protests. The significant consequences of the concessions have been the negative impact on cash-flow and a substantial increase in student fee debt. Some of these concessions are being reviewed given the University's financial position.

#### 2016 Financial performance

Whilst the operating budget objectives were fundamentally achieved in 2016 with a net **composite** accounting surplus of R10 million, this represents a year-on-year decline of 92%. The improvement in the 2015 accumulated fund deficit reflected in the changes in equity statement has regrettably been eroded by 8,8% in 2016. The ongoing fee concessions plus the growth in student enrolments from disadvantaged and working class backgrounds placed considerable pressure on student fee income. Poor recovery of student debt, and particularly those funds administered by NSFAS is resulting in a major drain on University funds with collections proving to be extremely problematic. This continued poor recovery by NSFAS has prompted the University to consider the appointment of a professional student debt recovery agency that focuses solely on the recovery of student debt. In the interests of financial prudence the University has fully impaired student loans for 2016 and has considerably increased the impairment for student debt to address the risk on collections for the 2016 financial year.

- **Central University Operations**  
Total recurrent operating income increased in 2016 by 6,7% to R627.7m. Tuition and other fee income increased by 0,14% to R250,1m. State subsidy income for the central university operations increased year-on-year by 13,4% to R324m. Recurrent expenditure rose by 7,3% to R590m, i.e., expenditure increased at a higher rate than income.

## RHODES UNIVERSITY


### REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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- **Earmarked fund activity**  
The total income increased by 4% to R301.5m. State income increased by 7,5% to R110.4m. Income from contracts decreased by 9,8% to R34,4m. Expenditure has increased by 9,6% to R281m. The net result of the Council managed earmarked funds activity is a surplus of R20,4m, which represents an decrease of 32% on the 2015 surplus. It must be noted that this surplus is not available for operational activities beyond those specified in the mandates governing the use of these funds.
- **Residential operations**  
The residential operations budget (comprising the student residences and staff transit housing) is largely self-sustaining. Recurrent income increased by 6,5% to R204,6m, and recurrent expenditure increased by 12,9% to R202,5m. For the first time in many years the net result of residence operations was an accounting deficit of R2.8m.
- **Investments**  
Long term investment portfolios are managed by the University's Board of Governors together with assistance from professional investment managers. Due to poor market performance during 2016, the value of the portfolio declined year-on-year by 2%.
- **Cash flow planning**  
The University's normally predictable seasonal cash flow cycle has been disrupted by the #feesmustfall concessions. A Council mandated and ministerially approved overdraft facility has been established to buffer the disrupted cash-flow cycle of the University, and as mentioned above, the various fee and payment concessions are being re-assessed.
- **Cash balances and reserves**  
The established format of the financial statements masks the actual availability of university cash holdings and reserves. The reported cash holdings do not distinguish between University operating cash and other ear-marked cash holdings such as research funding and donations, DHET and other agencies ear-marked grants. This distinction has been reported in note 6. Similarly, the reported reserves do not distinguish between endowed reserves and reserves available to Council. This distinction has been reported in note 2. The University cannot access the bulk of these cash balances for day to day operations due to the fact that their use is prescribed and restricted

A short-term financial viability plan and a medium-term financial sustainability plan has been completed which are being translated into academic strategies and targets by the academic leadership of the University to increase revenue and to reduce costs.

  
**N E WOOLLGAR**  
**CHAIR: FINANCE & GENERAL PURPOSES**  
**COMMITTEE**  
22 June 2017

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

## **RHODES UNIVERSITY**

### **COUNCIL'S REPORT ON GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2016**

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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 principles of discipline, transparency, independence, accountability, responsibility, fairness and social responsibility, as advocated in the King Report on Corporate Governance. The Council is aware of its role and responsibilities in governing the institution in a responsible manner, with integrity and in accordance with generally accepted practices.

#### **Council**

The Council comprises 30 members who are elected in the manner prescribed by the Institutional Rules, the Rhodes University Statute and the Higher Education Act, No 101 of 1997. At the end of 2016 one vacancy existed for a member elected by the Board of Governors of Rhodes University. As prescribed, 60% 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.

The Council interacts regularly and in the manner prescribed in the Act and Statute with the other governance structures of the University, the Senate, Institutional Forum and the SRC.

#### **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 the Chairperson of Council, an external member of Council.



## RHODES UNIVERSITY

### COUNCIL'S REPORT ON GOVERNANCE FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### **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 Council has adopted a code of ethics and the university has written codes of ethics which relate to research protocols and student behaviour. Procurement practices commit the institution to the highest standards of integrity, behaviour and ethics. A new, comprehensive procurement policy for the institution approved by the relevant university structures obtained final Council approval in 2015. 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**

The membership committee 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. During the course of 2016 the composition of the committee was broadened to include the Chairperson and Vice-Chairperson of Council, the Vice-Chancellor and three external members 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.



**V D KAHLA**  
**CHAIR OF COUNCIL**

22 June 2017

## RHODES UNIVERSITY

### COUNCIL REPORT ON SUSTAINABILITY FOR THE YEAR ENDED 31 DECEMBER 2016

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#### Introduction

The requirement for Universities to submit a sustainability report as part of the annual report is a new requirement of the 2014 amendment to the Higher Education Act pertaining to the regulations for reporting by public higher education institutions. The guidelines provided in the implementation manual that forms part of the amended legislation signal that Universities are required to move towards triple bottom line reporting. As commented in our report for 2015, discussions and consultation with other institutions and the University's auditor, PwC, indicate that this requirement is a work in progress across the sector, and that more detailed guidelines will have to be developed by the Department of Higher Education and Training. Such detailed guidelines have yet to be provided. This report, as per last year, is therefore a brief, overview report in line with the guidance provided.

The definition and understanding of sustainability used for this report is as articulated by the Brundtland Commission, formally the United Nation's World Commission on Environment and Development:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

#### Impact on the local economy

The University's Department of Economics & Economic History has determined that Rhodes University comprises some 60% of the GDP of Makana municipal area. Some of the key factors contributing to this high proportion are:

Rhodes University contributes on average R30 million per annum in municipal services payments; the University is by far the biggest employer in the region. This is underpinned by the University's commitment to "in-sourcing" support services such as cleaning, catering and facilities maintenance for social justice reasons – the local economy will be crippled should the University outsource these services;

The University's revised procurement policy commits it to strive to procure goods and services locally.

#### Social impact and transformation

In his inauguration address the Vice-Chancellor stated that Rhodes University must actively and purposively contribute to and participate in building a vibrant and sustainable Grahamstown community, and that the University recognizes and affirms that its future and success is inextricably bound to the future and success of the greater Grahamstown community and that it is deeply and intimately connected with the local community. Rhodes University declares unequivocally that the University is not just *in* Makana but is also *of* and *for* Makana. To this end he has committed Rhodes University to:

Working with and alongside all levels of government to support the Municipality to fulfill its constitutional mandate for the benefit of all citizens of Makana;

Establishing and fostering partnerships with stakeholders to address the enormous discrepancies in basic education schooling standards encountered in Grahamstown;

Establishing Grahamstown as a wireless city in order to make the information and resources of the internet available to as many of the citizens of Makana as possible.

## RHODES UNIVERSITY

### COUNCIL REPORT ON SUSTAINABILITY FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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#### Financial sustainability

The University is establishing an institutional development plan to provide a “compass” for the strategic direction the University will take for the next ten years. This direction will be informed by a financial sustainability plan currently being developed.

#### Student numbers

Detailed student statistics are provided elsewhere in this Annual Report. It is worth noting here however the level of the University's commitment to making the University accessible to students from poor and working class backgrounds. Over the past ten years, the University has provided in excess of R215 million of its own funds (over and above the NSFAS allocation) to students requiring financial assistance. The recovery rate of these funds through NSFAS acting as an agency has not been successful, and the University is exploring other avenues to ensure the sustainability of this funding provision.

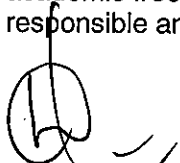
#### Academic staff

The Department of Higher Education & Training has estimated that South Africa will be short of some 7 000 academics by 2020. Arising out of its own experiences of the difficulty in appointing and retaining academic staff in certain disciplines, Rhodes University has developed a Staff Accelerated Development Program using Mellon and Kresge funding in order to “grow its own timber”. This model has formed the basis of the national nGAP (new generation of academics program) developed by the DHET to address this issue nationally. Rhodes University submitted applications for fifteen nGAP positions but only three were granted. Given this difficulty as well as the demands of transformation, the sustainability of the academic project at both institutional and national levels is at severe risk.

#### Environmental sustainability

Rhodes University is one of five South African universities to sign the Talloires Declaration in 1996 that commits the University to practising and promoting environmental literacy. The University's Environmental Sustainability Policy of 1998 is currently under review, and aims to promote environmental sustainability best practice within the ambit of the University's resource constraints. The University has established a Green Fund to support learning and practice in respect of water, energy, waste, carbon footprint, biodiversity, green buildings, responsible purchasing, sustainable travel and sustainability education. New buildings on campus are designed to be as ‘green’ as possible (rain water harvesting, heat pumps, natural lighting and temperature control, motion sensors etc).

Rhodes University is therefore committed to resolutely pursue knowledge, understanding, critique and reason; to steadfastly continue to promote human dignity, equality, non-sexism and non-racialism, critical citizenship and all the human rights and freedoms enshrined in the Constitution, and courageously to protect and assert the core values and purposes of a university, including advancing the public good, academic freedom, institutional autonomy and public accountability in ways that are sustainable, responsible and planned.



**V D KAHLA**  
**CHAIR OF COUNCIL**  
22 June 2017

## **RHODES UNIVERSITY**

### **REPORT OF SENATE FOR THE YEAR ENDED 31 DECEMBER 2016**

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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 2016 the Senate met on six occasions:

18 March

3 June

29 July (special meeting)

26 August

21 October

18 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

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 Rhodes University Centre for Biological Control was established during the course of 2016.

#### **Significant developments**

Senate approved an amended Enrolment Plan for submission to DHET.

Senate approved a proposal for the use of an online platform to distribute theses electronically to examiners.

Senate approved the proposal that departments, divisions and the SRC be invited to suggest nominations for honorary degrees. Before only member of Council or Senate could do so.

A sexual violence task team was established.

Students were given the option of deferring their November examinations but only about 300 out of 6 400 chose this option.

The procedures for the election of a dean were amended.

**RHODES UNIVERSITY**

**REPORT OF SENATE  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

**Composition and size of the student body**

The tables below illustrate the composition of the student body in 2016. They also indicate the significant progress in addressing student access and equity.

<u>Race</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
African	3 877	4 048	4 169	4 685	5 010
Indian	289	304	365	420	434
Coloured	284	280	296	339	338
White	2 945	2 853	2 682	2 563	2 354
<b>TOTAL</b>	<b>7 395</b>	<b>7 485</b>	<b>7 512</b>	<b>8 007</b>	<b>8 136</b>

<u>Degree</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
	<u>Success Rate</u>				
Bach	86	85	86	88	86
4year	90	88	90	95	90
PG Dip	93	88	86	88	86
Hons	89	89	92	89	89

**Research**

The research outcomes are reported in the report of the Chairperson of Council. Rhodes University continues on the trajectory of a research intensive institution.

**Tuition fees**

As is well known, the Minister of Higher Education and Training capped the tuition and residence fees for 2016 at the 2015 level. Although a special grant was provided by the Department to cover the loss of an increase in 2016, this step has severely impacted the institution's ability to set fees at a necessary level for 2017 and beyond as the 2017 fees are a mere 8% higher than the 2015 fees.

**Access to financial aid**

Funding for undergraduate financial aid in 2016:

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
NSFAS	35 053	36 287	63 530
Rhodes Council	31 112	34 100	35 886
<b>Total</b>	<b>66 165</b>	<b>70 387</b>	<b>99 416</b>
Number supported	949	1 127	1 264

The extent of the funding that Rhodes provides from its own Council funds is significant as it indicates the extent to which the NSFAS funding is inadequate in spite of a NSFAS increase in 2016. Rhodes awards NSFAS funds and RU Council funds on the same basis by using the NSFAS means test.

## RHODES UNIVERSITY

### REPORT OF SENATE FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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A matter of concern has been the low recovery rate of RU Council loans by NSFAS. Over R170m of Rhodes-funded loans have not been collected. Thus late in 2016 the decision was made to no longer supplement NSFAS funding with Council loans but to enter into an agreement with "The Student Funding Portal", a private provider, which will assess financial need, prepare loan contracts and ultimately collect the debt on Rhodes' behalf.

The full amount for 2016 for bursaries and scholarship was:

By the University from outside funders or from own funds	79,858,428.89
Outside funding directly to students	29,978,632.33
Provincial government funding directly to students	14,768,173.67
Postgraduate Rhodes Council loans	2,177,860.00
Postgraduate NSFAS loans	2,268,412.00
Undergraduate NSFAS funding	63,530,000.00
Council funding to supplement NSFAS	35,886,000.00

TOTAL FUNDING R 228,467,506.89

#### **Student services**

The sexual violence protests in April and the #FeesMustFall protests towards the end of the year saw an increase in the number of students who accessed our counselling centre and that put a strain on resources and on the staff members involved. The Counselling Centre offers ongoing counselling service and an after-hours emergency psychological line. The centre does referrals to other professionals for long-term therapy. The Centre facilitates workshops both at the Centre and in the residences on issues including study skills and depression.

The Harassment Office serves as a first point of call for students to report cases. Students are given advice and are referred to the University prosecutors for further assistance. They are also advised to report cases of sexual assault to the South African Police.

The Healthcare Centre renders services to students for all medical emergencies and does hospital referrals. The Centre runs workshops at the residences on topical medical issues like reproductive health. A nurse is on call in the evenings for medical emergencies.

The Careers Centre undertakes career counselling for students through scheduled appointments. The centre also facilitates workshops and hosts a career exhibition to which companies are invited. Through the professional relationships built with industry, the career centre facilitates the creation and accessing of employment opportunities.

The Sport Administration section focuses on encouraging students to be actively involved in sport as an activity that indirectly supports the academic project. This is done through focussing on both recreational and high performance sports. Recreational sport has mainly focused on residence leagues and has seen mass participation. Residence leagues in football, rugby and cricket operated successfully in 2016. Six codes were identified and prioritised as high performance sporting codes: rowing, rugby, netball, football, hockey and archery. It was because of this concentration of resources and time on high performance that Rhodes rugby qualified for Varsity Shield.

**RHODES UNIVERSITY**

**REPORT OF SENATE  
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)**

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Students are encouraged to volunteer for community engagement. In 2016 there were 91 departmental service learning programmes. 570 student volunteers were placed in and contributed weekly to 40 different NGO's, schools and other community based organisations.

The HIV/AIDS office plays an active role in the creation of awareness on HIV/AIDS and related issues. This is done through individual consultations, workshops, talks and through the First Things First campaign. The office also facilitates workshops to reduce alcohol and substance abuse.



**DR S MABIZELA  
VICE-CHANCELLOR**

22 June 2017

## RHODES UNIVERSITY

### REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016

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#### **Composition of the Institutional Forum**

In terms of the Institutional Statute, the Institutional Forum is a carefully constructed body with balanced representation of various constituencies. There are six members from the Governance sector, eight from the student sector, eight from the staff and two from the community. In recent years the Forum has permitted members of various interest groups to be in attendance.

The membership during 2016 was:

Dr S Khamanga *Council*  
Professor L Strelitz *Council*  
Cllr M Thami *Council*  
Professor P Maseko *Senate*  
Professor J Larena *Senate*  
Dr S Mabizela *Management*  
Dr S Fourie *Management alt*  
Professor C Boughey *Management*  
Mr G Sandi *SRC President*  
Mr Z Hlatshwayo *SRC VP*  
Ms H Raselabe *SRC Secretary General*  
Ms S Tyobashe *SRC Treasurer*  
Mr H Mashozhera *SRC Academic*  
Ms A Bulunga *SRC Community Engagement*  
Ms N Mashishi *SRC Activism & Transformation*  
Mr O Nongubo *SRC Student Benefits*  
Vacant. *SRC Residence*  
Ms Z Mbatha *SRC Oppidan*  
Mr M Lunke *NTEU*  
Mr R van Rooyen *NTEU*  
Mr A Vena *NEHAWU*  
Mr R Xonxa *Community (Makana Municipality)*  
t.b.a. *Community (Makana Municipality)*

In attendance but non-voting - one representative from each of the following:

- Equity & Institutional Culture – *Ms N Nhlapo*
- CHERTL – *Professor L Quinn*
- Oppidan – *Mr R Harris*
- PGLSC – *Mr C Rafael*
- GENACT – *Ms S Smailes*

#### **Meetings during 2016**

Three meetings were held during 2016: 7 March 2016, 25 July 2016 and 9 November 2016. By agreement, the format of the meetings was formalized to include three standard items on each agenda: a report from the Office of the Vice-Chancellor, a report from the Office of Equity and Institutional Culture and a Student report on transformation issues.

#### **Transformation matters including the future of the name of the Institution**

This matter dominated the discussions at each of the meetings during the year. The year began with an attempt to constitute a group of "eminent persons" whom the University Council hoped would assist the University in dealing with transformation matters including the future of the name of the Institution. The Institutional Forum was tasked with gathering nominations from the Rhodes community, staff, students and alumni. A sub-committee narrowed the nominations to six. The University Council accepted the advice of the Institutional Forum and approved the six nominations. However, only four of the six agreed to serve.



## RHODES UNIVERSITY

### REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

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It proved virtually impossible to find a suitable time for these four busy people to meet, so Council concluded that the arrangement was not workable. Concerned that the Institutional Forum would misinterpret the decision as a delaying tactic, the Council asked the Chairperson of Council to attend the Institutional Forum meeting held on 25 July.

The Chairperson, Mr V Kahia, updated the Forum on Council's view on the broad issue of transformation. Council had decided to seek the advice of the Institutional Forum about the process to pursue to ensure sustainable transformation, from which would emerge a stronger, more resilient and successful University. A decolonised transformed University would build an ethos allowing for true diversity. He noted that the character of an institution should be reflected in its makeup and its institutional culture, which should reflect the constitutional values of equity, equality and non-discrimination. Council had started this process by considering its own aspirations regarding transformation, and had felt that getting a team of eminent persons to advise them would be helpful. However, drawing together the eminent persons proved impossible, and Council decided therefore to change its focus. It was expected that the planned Transformation Summit would start the process of defining some of the elements which would constitute a transformed/decolonised university, and the steps to be taken to see this reflected in the university. Council had agreed that an all-inclusive process would be necessary. That led to the question of how inclusivity, in respect of a planned Transformation Summit, should be defined, and Council was therefore seeking the advice of the IF. It was necessary to identify people who would reflect the diverse voices within the University. No voice should be 'locked out' of this process. Council looked to the Institution Forum for advice covering the following areas: the format and code of conduct for the summit, the identification of the key transformational issues and how to deal with them and, finally the future of the name of the University.

The Institutional Forum worked closely with the Office of Equity and Institutional Culture and a newly constituted Transformation Task Team. A concept note was developed and various work streams were established. The Transformation Summit is planned for 2017.

#### **Review of committee work**

At each of its meetings the Institutional Forum reviews the minutes of those committee which deal with issues related to the Forum's mandate. The committees whose minutes the Institutional Forum reviews are:  
The Teaching and Learning Committee;  
The Equity and Institutional Culture Committee;  
The Gender Action Forum;  
The Language Committee; and  
The Research Committee.



**Dr S Khamanga**  
**Senate Representative**  
**CHAIRPERSON (ROTATIONAL)**  
22 June 2017

**RHODES UNIVERSITY**

**REPORT ON INTERNAL ADMINISTRATIVE/OPERATIONAL STRUCTURES AND CONTROLS  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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Rhodes University has implemented systems of internal control 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 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 of 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. As a result of increasing reporting and compliance requirements, particularly from Government, it has become clear that data compilation requires increased attention. The University has embarked upon a review of the capability of its Information Systems. Supporting this review is a systematic appraisal of business processes and systems to identify processes and systems that have become cumbersome, out-dated or inadequate. Business processes and data flow are being evaluated and, where necessary, systems will be modernised or improved.

Internal controls and information systems are audited by the external auditors annually 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 formalising and enhancing its risk management processes. This 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. These include the maintenance of effective systems of internal control.

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



**H C STAPLE**  
**CHAIR: AUDIT COMMITTEE**  
22 June 2017

**RHODES UNIVERSITY**

**REPORT ON ENTERPRISE RISK MANAGEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

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During 2015 the University's Risk Management Committee met twice. The third meeting was cancelled due to student unrest.

The Risk Management Committee 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 via the Risk Management Committee to the Audit Committee of Council.

The Risk Management Committee 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.

During the current year all listed risks facing the University were circulated to all Senior Management and all Directors, HODs and Managers for review to ensure that the listings are relevant and updated and added to where necessary. This approach is in line with the institution's adopted model and strategy of not locating all responsibility within the Risk Management Unit. Reliance is placed on the submissions and disclosure of risks by Senior Management, making them individually and collectively responsible for identifying risks and being accountable for managing the risks within their operational areas. The framework and key features of the risk management system are published on the University's web page.

The most significant risks facing the University relate to the issues which have resulted in student unrest and protests, the inability of being able to fully maintain the campus buildings and structures largely due to lack of funding and the inability of the Municipality to provide reliable basic services.

To ensure that all issues and concerns relating to safety, health and environment reported to the Risk Management Committee and ultimately to the Audit Committee, the Safety Health & Environment Committee of the University reports to the Risk Management Unit.

The custodian of whistle blowing at the University is the Risk Management Unit which is tasked with reporting and, where required, investigating any reported allegations of corruption, theft and fraud. Investigations are undertaken when requested by the Vice Chancellor. During the current year, other than as mentioned in this report, no incidences requiring investigation were reported.

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.



**H C STAPLE  
CHAIRPERSON  
AUDIT COMMITTEE  
22 June 2017**



**DR S MABIZELA  
CHAIRPERSON  
RISK MANAGEMENT COMMITTEE**

**RHODES UNIVERSITY**

**COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016**

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The Council is responsible for the preparation and fair presentation of the financial statements of Rhodes University. The financial statements, presented on pages 58 to 95, have been prepared in accordance with International Financial Reporting Standards ("IFRS") in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by management.

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

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

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

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

**APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

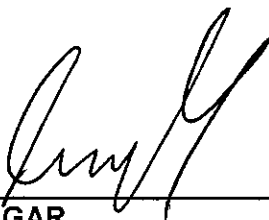
The consolidated financial statements on pages 58 to 95 were approved by the Council on 22 June 2017, and signed on its behalf by:



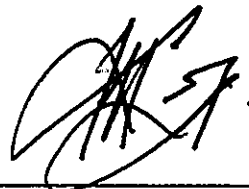
**V D KAHLA**  
**CHAIR OF COUNCIL**



**DR S MABIZELA**  
**VICE-CHANCELLOR**



**N E WOOLLGAR**  
**CHAIR: FINANCE & GENERAL PURPOSES**  
**COMMITTEE**



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



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COUNCIL OF RHODES UNIVERSITY AND ITS SUBSIDIARIES**

### **REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

#### **Opinion**

We have audited the consolidated financial statements of the Rhodes University and its subsidiaries (the group) set out on pages 58 to 95, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in funds, and statement of cash flows for the year then ended, as well as the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Rhodes University as at 31 December 2016, and its 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, act no. 101 of 1997.

#### **Basis for opinion**

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

We are independent of the group in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) together with the ethical requirements that are relevant to our audit in South Africa. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

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

#### **Responsibilities of the Council**

The council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa 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.

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

Chief Executive Officer: TD Shango

Management Committee: S N Madikane, J S Masondo, P J Mothibe, C Richardson, F Tonelli, C Volschenk

The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
Reg. no. 1998/012055/21, VAT reg.no. 4950174582.



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

**Auditor's responsibilities for the audit of the consolidated financial statements**

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

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

**REPORT ON THE ANNUAL PERFORMANCE REPORT**

**Introduction and scope**

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objectives presented in the annual report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the university. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the reliability of the reported performance information for the following selected objectives presented in the annual report of the university for the year ended 31 December 2016:

<b>Objectives</b>	<b>Pages in the annual report</b>
Objective 1: - 2016 Enrolment Targets	4 -5
Objective 3 - Graduations	6

We assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.



We did not identify any material findings on the reliability of the reported performance information for following objectives:

- Objective 1: - 2016 Enrolment Targets
- Objective 3 – Graduations

### **Achievement of planned targets**

Refer to the annual report on pages 4 to 8 for information on the achievement of the planned targets for the year.

## **REPORT ON AUDIT OF COMPLIANCE WITH LEGISLATION**

### **Introduction and scope**

In accordance with the PAA and the general notice issued in terms thereof we have a responsibility to report material findings on the compliance of the university with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

We did not identify any instances of material non-compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA.

### **OTHER INFORMATION**

The group's council is responsible for the other information. The other information comprises the information included in the annual report which includes the report of the Chair of Council, the report of the Vice-Chancellor, the Report of the Chair of the Finance Committee of Council, the Council's Report on Governance, the Council Report on Sustainability, the Report of the Senate, the report of the institutional forum of Council, the Report on Internal Administrative/Operational Structures and Controls and the Report on Enterprise Risk Management. The other information does not include the consolidated financial statements, the auditor's report thereon and those selected objectives presented in the annual report that have been specifically reported on in the auditor's report.

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

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the selected objectives presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

### **INTERNAL CONTROL DEFICIENCIES**

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



## OTHER REPORTS

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

### Agreed-upon procedures engagements

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

Engagement Name	Purpose of Engagement	Period Covered	Reporting Date
Department of Higher Education and Training- Staffing South Africa's University Framework PHASE 1 (nGAP)	Agreeing of expenditure to contracts and supporting documentation.	1 April 2015 to 31 March 2016	9 May 2016
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 2015 to 31 December 2015	29 June 2016
Department of Higher Education and Training - Infrastructure Funding Progress Report	Agreeing of expenditure to contracts and supporting documentation.	1 February 2014 to 31 March 2016	18 April 2016
Department of Higher Education and Training - HEAIDS GLOBAL FUND PROGRAMME	Agreeing of expenditure to contracts and supporting documentation.	1 June 2014 to 31 March 2016	19 April 2016
Department of Higher Education and Training – Clinical Training	Agreeing of expenditure to contracts and supporting documentation.	1 February 2015 to 31 January 2016	19 April 2016
Clinical Training Enrolments- 2015	Agreeing student data to underlying records and Financial data to contracts and supporting documentation	1 January 2015 to 31 December 2015	28 June 2016
Department of Higher Education and Training – Research Articles	Agreeing research articles claim to supporting journals and publications	1 January 2015 to 31 December 2015	12 May 2016



<b>Engagement Name</b>	<b>Purpose of Engagement</b>	<b>Period Covered</b>	<b>Report date</b>
Department of Higher Education and Training – Foundation Programme	Agreeing student data to underlying records and Financial data to contracts and supporting documentation	1 January 2015 to 31 December 2015	30 May 2016
GADRA Educational Welfare Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	25 February 2016
National Research Foundation – NRF Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	9 March 2016
National Research Foundation – THRIP Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	19 April 2016
DST/Mintek NIC Consortium - Research Grant	Agreeing of expenditure to contracts and supporting documentation.	1 April 2015 to 31 March 2016	13 April 2016
Medical Research Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	11 February 2016
Investec Commerce Foundation	Agreeing of expenditure to contracts and supporting documentation.	1 February 2015 to 31 January 2016	25 February 2016
Centre for Social Development – Grant	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	18 March 2016
Rhodes University Maths Education Project-Consolidation	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	25 February 2016



<b>Engagement Name</b>	<b>Purpose of Engagement</b>	<b>Period Covered</b>	<b>Report date</b>
Rhodes University Maths Education Project-Anglogold Ashanti	Agreeing of expenditure to contracts and supporting documentation.	1 January 2015 to 31 December 2015	25 February 2016

**Audit engagements**

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

<b>Engagement Name</b>	<b>Purpose of Engagement</b>	<b>Period Covered</b>	<b>Reporting Date</b>
NUFFIC – Netherlands Organisation for International Cooperation 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 2015 to 31 December 2015	13 May 2016

*PricewaterhouseCoopers Inc.*

**PricewaterhouseCoopers Inc.**

Director: A Rathan  
Registered Auditor  
Port Elizabeth  
23 June 2017



### **Auditor's responsibility for the audit**

As part of an audit in accordance with the ISAs, we exercise professional judgement and maintain professional scepticism throughout our audit of the consolidated financial statements, and the procedures performed on reported performance information for selected objectives and on the university's compliance with respect to the selected subject matters.

#### **Financial statements**

In addition to our responsibility for the audit of the consolidated financial statements as described in the auditor's report, we also:

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the university's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the council.
- Conclude on the appropriateness of the council's use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to me at the date of the auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

#### **Communication with those charged with governance**

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

We also confirm to the council that we have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on our independence and here applicable, related safeguard.

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AT 31 DECEMBER 2016

	Notes	2016 R'000	2015 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>		965 534	969 498
Property, plant and equipment	1	409 939	400 142
Investments	2	545 314	557 544
Loans and receivables	3	10 281	11 812
<b>Current assets</b>		406 880	275 573
Inventories	4	4 796	4 845
Receivables and prepayments	5	78 577	75 335
Investments	2	29 819	30 400
Cash and cash equivalents	6	293 688	164 993
<b>Total assets</b>		<u>1 372 414</u>	<u>1 245 071</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity funds</b>		1 039 135	1 028 896
Property plant and equipment funds		394 876	385 007
Council managed earmarked funds		254 087	226 824
Council directed funds		390 172	417 065
<b>Non-current liabilities</b>		65 818	61 330
Interest-bearing borrowings	9	355	334
Retirement benefit obligations	21	65 463	60 996
<b>Current liabilities</b>		267 461	154 845
Deferred income	8	145 977	30 442
Trade and other payables	10	120 721	123 790
Interest bearing borrowings	9	763	613
<b>Total equity and liabilities</b>		<u>1 372 414</u>	<u>1 245 071</u>

**RHODES UNIVERSITY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2016**

Notes	2016					2015
	Council Directed Fund Activities				Council Managed Earmarked Fund Activities	TOTAL R'000
	Central operations R'000	Accommo- dation R'000	Endowed funds R'000	SUB- TOTAL R'000		
	632 595	205 006	60 016	897 617	301 558	1 199 175
	627 746	204 611	33 968	866 325	281 269	1 147 594
11	367 317	17 237	-	384 554	110 459	495 013
	250 100	168 565	-	418 665	43 668	462 333
	-	-	-	-	34 414	34 414
	613	18 759	-	19 372	15 009	34 381
12	18	50	14 646	14 714	60 837	75 551
	618 048	204 611	14 646	837 305	264 387	1 101 692
13	9 698	-	19 322	29 020	16 882	45 902
	4 849	395	26 048	31 292	20 289	51 581
	(66)	-	-	(66)	327	261
13	-	-	26 048	26 048	36	26 084
7	4 915	395	-	5 310	19 926	25 236
	609 417	205 510	41 857	856 784	281 135	1 137 919
14	607 030	205 099	41 857	853 986	280 427	1 134 413
	423 790	60 426	-	484 216	115 532	599 748
	215 999	-	-	215 999	43 215	259 214
	207 252	60 426	-	267 678	72 317	339 995
	539	-	-	539	-	539
15	140 598	123 693	41 857	306 148	147 038	453 186
	14 583	4 861	-	19 444	-	19 444
	16 210	11 835	-	28 045	-	28 045
1	11 706	4 284	-	15 990	17 857	33 847
	606 887	205 099	41 857	853 843	280 427	1 134 270
16	143	-	-	143	-	143
	2 387	411	-	2 798	708	3 506
	2 387	411	-	2 798	708	3 506
	23 178	(504)	18 159	40 833	20 423	61 256
						146 641
21	(14 868)	(2 358)	-	(17 226)	-	15 887
	-	-	(33 798)	(33 798)	-	(37 181)
	(14 868)	(2 358)	(33 798)	(47 690)	-	(21 294)
	6 310	(2 862)	(15 639)	(10 191)	20 423	10 232
						125 347

**RHODES UNIVERSITY  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Accumulated Fund R'000	Endowment Fund R'000	Sub-total Council Directed Funds R'000	Contract Fund R'000	Property, plant and equipment Fund R'000	Total R'000
<b>Balance at 1.1.2015</b>	(135 070)	489 308	354 238	187 959	363 897	906 094
Retirement funding valuation adjustments	15 887	-	15 887	-	-	15 887
Investment fair value adjustment	-	(37 181)	(37 181)	-	-	(37 181)
Net surplus/(deficit) before transfers	33 131	80 477	113 608	33 033	-	146 641
Funds utilised/written off	(2 545)	-	(2 545)	-	-	(2 545)
Transfers						
- Depreciation charge	18 693	-	18 693	17 138	(35 831)	-
- Property, plant and equipment additions	(45 635)	-	(45 635)	(11 306)	56 941	-
<b>Balance at 31.12.2015</b>	<b>(115 539)</b>	<b>532 604</b>	<b>417 065</b>	<b>226 824</b>	<b>385 007</b>	<b>1 028 896</b>
<b>Balance at 1.1.2016</b>	<b>(115 539)</b>	<b>532 604</b>	<b>417 065</b>	<b>226 824</b>	<b>385 007</b>	<b>1 028 896</b>
Retirement funding valuation adjustments	(17 226)	-	(17 226)	-	-	(17 226)
Investment fair value adjustment	-	(33 798)	(33 798)	-	-	(33 798)
Net surplus before transfers	22 674	18 159	40 833	20 423	-	61 256
Funds utilised/written off	7	-	7	-	-	7
Transfers						
- Depreciation charge	15 990	-	15 990	17 857	(33 847)	-
- Property, plant and equipment additions	(32 699)	-	(32 699)	(11 017)	43 716	-
<b>Balance at 31.12.2016</b>	<b>(126 793)</b>	<b>516 965</b>	<b>390 172</b>	<b>254 087</b>	<b>394 876</b>	<b>1 039 135</b>

The Endowment Fund comprises R371 million (2015: R379 million) relating to specified purpose endowments, trust funds and other similarly restricted amounts. The balance of R146 million (2015: R154 million) falls under the discretion and control of Council.

The Endowment Funds include the revaluation reserve of R139 117 232 (2015: R154 756 232).

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 R'000	2015 R'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	19	37 276	97 071
Interest received		16 904	23 556
<i>Net cash generated from operating activities</i>		<u>54 180</u>	<u>120 627</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment			
Funded through own cash resources		(43 716)	(56 941)
Proceeds on disposal of property, plant and equipment		4 443	2 292
Interest received		10 891	7 316
Dividends received		7 508	11 479
Net decrease in non-current investments		(22 539)	(26 455)
Proceeds on investments		31 212	22 713
Acquisition of investments		(53 751)	(49 168)
Proceeds on current investment		581	20 000
Net advances of student, staff and other loans		(1 588)	(21 576)
<i>Net cash outflow from investing activities</i>		<u>(41 083)</u>	<u>(63 885)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(143)	(145)
Movement on interest-bearing borrowings		171	(687)
Deferred income increase/(decrease)		115 535	(74 635)
<i>Net cash inflow/(outflow) from financing activities</i>		<u>115 563</u>	<u>(75 467)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		164 993	183 718
Cash and cash equivalents at end of year	6	<u>293 688</u>	<u>164 993</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016

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
<b>Year ended</b>						
<b>31 December 2016</b>						
Opening carrying amount	320 561	70 647	2 505	6 429	-	400 142
Additions	26 720	7 189	7 113	1 812	882	43 716
Disposals/transfers	-	(40)	(32)	-	-	(72)
Depreciation charge	(9 173)	(14 916)	(6 245)	(2 631)	(882)	(33 847)
Closing carrying amount	<u>338 108</u>	<u>62 880</u>	<u>3 341</u>	<u>5 610</u>	<u>-</u>	<u>409 939</u>
<b>At 31 December 2016</b>						
Cost or valuation	434 339	245 811	76 343	28 282	107 626	892 401
Accumulated depreciation	(96 231)	(182 931)	(73 002)	(22 672)	(107 626)	(482 462)
Carrying amount	<u>338 108</u>	<u>62 880</u>	<u>3 341</u>	<u>5 610</u>	<u>-</u>	<u>409 939</u>
<b>Year ended</b>						
<b>31 December 2015</b>						
Opening carrying amount	297 469	72 612	2 956	7 449	-	380 486
Additions	32 412	16 402	4 539	1 476	2 112	56 941
Disposals/transfers	(879)	(534)	(35)	(6)	-	(1 454)
Depreciation charge	(8 441)	(17 833)	(4 955)	(2 490)	(2 112)	(35 831)
Closing carrying amount	<u>320 561</u>	<u>70 647</u>	<u>2 505</u>	<u>6 429</u>	<u>-</u>	<u>400 142</u>
<b>At 31 December 2015</b>						
Cost or valuation	407 619	238 662	69 262	26 470	107 626	849 639
Accumulated depreciation	(87 058)	(168 015)	(66 757)	(20 041)	(107 626)	(449 497)
Carrying amount	<u>320 561</u>	<u>70 647</u>	<u>2 505</u>	<u>6 429</u>	<u>-</u>	<u>400 142</u>

Included in the amounts above are finance leases. See note 9.

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

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:

	2016 R'000	2015 R'000	2014 R'000	2013 R'000	Total R'000
Land and buildings	17 583	66 432	48 508	36 594	169 117
Furniture and equipment	1 178	7 082	1 724	711	10 696
Computer equipment	-	-	-	-	-
	<u>18 761</u>	<u>73 514</u>	<u>50 232</u>	<u>37 305</u>	<u>179 813</u>

Property, plant and equipment under construction at year end includes the construction of the Life Sciences project, the Post-Graduate Residence project and the Cullen Bowles Residence Project. The cumulative costs incurred at year end amount to R117.4 million which have been offset by the grant received.



**RHODES UNIVERSITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016 (continued)**

<b>2. Investments</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
At fair value:		
Listed shares	223 704	209 727
International market unit trust	169 067	194 661
Money market deposits	49 686	63 873
Government bonds local authority	85 422	71 848
Government bonds parastatals	17 435	17 435
	<u>545 314</u>	<u>557 544</u>
At cost:		
Listed shares	133 881	100 862
International market unit trusts	142 433	147 082
Money market deposits	49 686	63 873
Government local	85 613	77 257
Government parastatals	19 499	19 499
	<u>431 112</u>	<u>408 573</u>
<p>Of the above investments an amount of R161 million (2015: R168 million) relates to Council directed funds.</p>		
At amortised cost		
Fixed deposit	<u>29 819</u>	<u>30 400</u>
<p>R26 million (2015: R28 million) comprises ring fenced restricted funds with the balance R3 million (2015: R2 million) being Council directed funds.</p>		
<p>The carrying amounts of the University's international market unit trust investments are denominated primarily in US Dollar.</p>		
<p>Credit quality of investments held is managed by the University with reference to quarterly by Board of Governors portfolio statements received from the fund managers.</p>		
<p>Disclosed in the financial statements as:</p>		
Current asset	29 819	30 400
Non-current asset	<u>545 314</u>	<u>557 544</u>
	<u>575 133</u>	<u>587 944</u>

**2. Investments (continued)**

The following table presents the University's investments that are measured at fair value at 31 December 2016.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
<b>Assets</b>				
Available-for-sale financial assets				
- Fixed deposit	-	29 819	-	29 819
- Listed shares	223 704	-	-	223 704
- International market unit trusts	169 067	-	-	169 067
- Money market deposits	49 686	-	-	49 686
- Government bonds	102 857	-	-	102 857
<b>Total assets</b>	<u>545 314</u>	<u>29 819</u>	<u>-</u>	<u>575 133</u>

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

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

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

Specific valuation techniques used to value financial instruments include:

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

**RHODES UNIVERSITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016 (continued)**

<b>3. Loans and receivables</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Student loans – NSFAS	94 809	75 365
Provision for impairment	<u>(94 809)</u>	<u>(75 365)</u>
	-	-
Student loans	14 418	12 273
Loans to employees	2 753	2 801
Other loans	-	510
	<u>17 171</u>	<u>15 584</u>
Provision for impairment	<u>(6 890)</u>	<u>(3 772)</u>
	<u>10 281</u>	<u>11 812</u>

Student loans bear interest at 10% (2015: 10%) and are repayable in terms of individual loan agreements with students. These loan agreements are on the same terms and conditions as applied to financial aid granted under the National Student Financial Aid Scheme (NSFAS). Student loans have been fully impaired. This is based on historical knowledge.

Unsecured loans to employees bear interest at a fixed rate of 16.5% (2015: 15.75%) and are repayable in terms of individual contracts with the employees. The loans are made available for housing and personal purposes.

The movement in the impairment provision was as follows:

	<b>NSFAS</b>	<b>Other loans and receivables</b>
	<b>R'000</b>	<b>R'000</b>
Balance at 1 January 2015	62 243	7 880
Movement in impairment	13 122	(4 108)
Balance at 31 December 2015	<u>75 365</u>	<u>3 772</u>
Additional impairment	19 444	3 118
Closing balance at 31 December 2016	<u>94 809</u>	<u>6 890</u>

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

<b>4. Inventories</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Stationery	192	227
Technical inventories	2 231	2 409
Cleaning material and foodstuffs	1 807	1 652
Study materials	566	557
	<u>4 796</u>	<u>4 845</u>

5. Receivables and prepayments	2016 R'000	2015 R'000
Student debtors	72 175	62 881
Prepayments	2 268	1 871
NRF control account	25 252	13 797
Water research control account	721	1 309
NSFAS	19 783	8 331
Accrued interest receivable	2 556	1 633
Other receivables	9 705	11 499
Receiver of Revenue – Value Added Tax	3 600	3 600
	<u>136 060</u>	<u>104 921</u>
Provisions for impairment	<u>(57 483)</u>	<u>(29 586)</u>
	<u>78 577</u>	<u>75 335</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 who still have outstanding debt from previous years are allowed to register for the next academic year provided their financial situation has been assessed and a formal financial arrangement for repayment based on the assessment has been put in place. Students with outstanding debt upon completion of their qualification do not receive parchments or certificates until outstanding fees are settled.

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:

	2016 R'000	2015 R'000
Opening balance at 1 January	29 586	16 188
Adjustment	28 045	13 398
Receivables written off during the year	(148)	-
Closing balance at 31 December	<u>57 483</u>	<u>29 586</u>

Student debtors amounting to R14.1 million (2015: R26.8 million) of debit balances outstanding at year end are considered to be fully performing. The balance of R58 million (2015: R35.9 million) are past due. However, R57.5 million (2015: R29.6 million) is considered impaired and a provision has been recognised accordingly.

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 level of 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 2016 (continued)

6. Cash and cash equivalents	2016 R'000	2015 R'000
Cash at bank and in hand	25 657	65 634
Short term bank deposits	268 031	99 359
	<u>293 688</u>	<u>164 993</u>

Cash and cash equivalents includes infrastructure funding as well as Council managed earmarked funds. Rhodes University has secured a credit facility with their bankers.

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

Cash and bank balances	<u>293 688</u>	<u>164 993</u>
------------------------	----------------	----------------

Cash and cash equivalents are invested with major regulated financial institutions in South Africa.

7. Other non-recurrent income	2016 R'000	2015 R'000
Other non-recurrent income includes the following amounts:		
South East Academic Libraries Systems operating costs levy income	2 383	2 216
SEALS millennium income	3 754	3 071
Board of Governors admin levy	3 502	-
Sundry revenue	-	2 863
Information and Technology System student sales	4 367	4 287

8. Deferred income	2016 R'000	2015 R'000
As at 1 January	30 442	105 077
Net increase/(decrease) in deferred income	115 535	(74 635)
Government grants received	134 501	-
Capital expenditure incurred	(18 761)	(73 514)
Realised in comprehensive income	(205)	(1 121)
As at 31 December	<u>145 977</u>	<u>30 442</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 2016 (continued)

9. Interest-bearing borrowings	2016 R'000	2015 R'000
<b>Current portion of borrowings</b>		
Lease liability	763	613
<b>Non-current portion of borrowings</b>		
Lease liability	355	334
<b>Total borrowings</b>	<u>1 118</u>	<u>947</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 R1 081 422 (2015: R1 232 416).

	2016	2015
Interest rates:		
- lease liability	<u>10.5%</u>	<u>9.75%</u>
<b>Finance lease liabilities – minimum lease payments:</b>		
Not later than 1 year	775	613
Later than 1 year not later than 5 years	445	408
Later than 5 years	-	-
	<u>1 220</u>	<u>1 021</u>
Future finance charges on finance lease	(102)	(74)
Present value of finance lease liabilities for vehicles	<u>1 118</u>	<u>947</u>

**RHODES UNIVERSITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016 (continued)**

<b>10. Trade and other payables</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Trade and other payables	57 032	59 110
Student deposits	53 107	54 637
Leave pay accrual	10 582	10 043
	<u>120 721</u>	<u>123 790</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.

<b>11. State appropriations – subsidies and grants</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Subsidy – general purposes	367 317	323 964
Subsidy – other	17 237	-
Specific grants – research	110 254	101 662
	<u>494 808</u>	<u>425 626</u>
Infrastructure grants released	205	1 121
	<u>495 013</u>	<u>426 747</u>

**12. Private gifts and grants**

Private gifts and grants comprise donations and grants received from third party donors.

Included in this are grants received from the National Lotteries Commission amounting to R359 992 (2015 : RNil) and Open Society Foundation of R2 758 240 (2015 : R2 250 000).

<b>13. Income from investments</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Interest income	38 394	35 035
Dividend income	7 508	7 316
	<u>45 902</u>	<u>42 351</u>
Realised capital profits on investments	<u>26 084</u>	<u>97 646</u>

**RHODES UNIVERSITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016 (continued)**

<b>14. Personnel costs</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Academic professional	259 214	254 864
Academic professional cost	266 666	247 774
Retirement funding adjustment	(7 452)	7 090
Other personnel	339 995	316 205
Other personnel costs	349 769	307 408
Retirement funding adjustment	(9 774)	8 797
Leave liability increase	539	393
	599 748	571 462

<b>15. Other operating expenses</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>

The following items have been included in recurrent expenditure:

Advertising	3 274	2 468
Books, journals and periodicals	23 429	16 531
Catering and entertainment	6 195	5 456
Electricity	34 466	28 040
Expenditure on computer equipment written off	956	777
Cleaning costs and materials	4 702	4 816
Rates	11 245	10 436
Repairs and maintenance expenditure	12 225	17 344
Residence kitchens supplies	33 616	32 500
Scholarship, bursaries and merit awards	79 625	79 841
SEALS Trust software fees	3 669	2 885
Security	4 517	3 827
Skills Development Levies	4 422	3 877
Software licences and internet expenses	10 667	6 668
Telephone and fax	3 095	2 886

<b>16. Finance costs</b>	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Interest expense	143	145



**RHODES UNIVERSITY**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2016 (continued)**

<b>17. Commitments</b>	<b>2016 R'000</b>	<b>2015 R'000</b>
Commitments for capital expenditure	<u>138 140</u>	<u>52 675</u>
Commitments for operating expenditure General	<u>8 894</u>	<u>12 184</u>

Capital expenditure commitments will be financed through funds specifically designated for the projects and infrastructure grants from the Department of Higher Education. In 2016, commitments relate to the construction of the life sciences project, new residences, the school of languages project and teaching venues.

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

**18. Contingent liabilities**

There is a contingent liability amounting to R1.4 million (2015 : R2.7 million) for surety guarantees given by the University to assist staff to obtain motor vehicle and other loans.

<b>19. Cash generated from operations</b>	<b>2016 R'000</b>	<b>2015 R'000</b>
Reconciliation of net surplus/(deficit) to cash generated from operations:		
Net surplus before transfers	61 256	146 641
Adjustments for non-cash items:		
Depreciation	33 847	35 831
Profit on disposal of fixed assets	(261)	(838)
Profit on disposal of non-current investments	(26 084)	(97 631)
Movement in retirement benefit assets and liabilities	4 467	(577)
Movement in non-current receivables	19 444	18 657
Non-cash movement in reserves	-	(2 545)
Increase / Decrease in provision for leave pay	539	393
Interest received	(38 394)	(35 035)
Dividends received	(7 508)	(7 316)
Interest paid	143	145
Changes in working capital (excluding Infrastructure Grant)	(6 801)	39 346
Receivables and prepayments	(3 242)	31 519
Inventories	49	11
Trade and other payables	(3 608)	7 816
Cash generated from operations	<u>37 276</u>	<u>97 071</u>

**20. Compensation paid to Executive Personnel**

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2016. The amounts reflected below are based on the total cost of employment to the University and comprise flexible remuneration packages. The following are key management:

	<b>Office held</b>	<b>Basic salary R'000</b>	<b>Employment benefits R'000</b>	<b>Other allowances/ payments R'000</b>	<b>Total cost to Rhodes University R'000</b>
Dr S Mabizela Dr P Clayton	Vice-Chancellor	2 084	517	50	2 651
	Deputy Vice- Chancellor: Research & Development	1 527	274	137	1 938
Dr C Boughey	Deputy Vice- Chancellor: Academic & Student Affairs	1 569	268	23	1 860
Dr S Fourie Dr I L'Ange	Registrar	1 209	214	93	1 516
	Executive Director: Infrastructure, Operations & Finance	1 391	246	-	1 637

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2015. The amounts reflected below are based on the total cost of employment to the University and comprise flexible remuneration packages.

	<b>Office held</b>	<b>Basic salary R'000</b>	<b>Employment benefits R'000</b>	<b>Other allowances/ payments R'000</b>	<b>Total cost to Rhodes University R'000</b>
Dr S Mabizela Dr P Clayton	Vice-Chancellor	1 974	491	50	2 515
	Deputy Vice- Chancellor: Research & Development	1 427	258	151	1 836
Dr S Fourie Dr I L'Ange	Registrar	1 145	202	87	1 434
	Executive Director: Infrastructure, Operations & Finance	1 343	208	-	1 551

**21. 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 defund 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.

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.

	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
Statement of financial position obligations for:		
- pension benefits	-	-
- post-retirement medical benefits	65 463	60 996
	<u>65 463</u>	<u>60 996</u>
Total income / expenditure charge for:		
- pension benefits	(11 671)	(22 192)
- post-retirement medical benefits	(6 399)	(6 341)
	<u>(18 070)</u>	<u>(28 533)</u>
Recognised in other comprehensive income:		
- pension benefits	(14 459)	6 374
- post-retirement medical benefits	(2 767)	9 513
	<u>(17 226)</u>	<u>15 887</u>

**21. Retirement benefit obligations (continued)*****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 2016.

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 three years to confirm the fund's financial soundness and an interim valuation is conducted annually.

	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
<i>The amounts recognised in the statement of financial position are as follows:</i>		
Present value of funded obligations	895 777	723 239
Fair value of plan assets	(896 787)	(901 000)
	<u>(1 010)</u>	<u>(177 761)</u>
Unrecognised surplus due to surplus apportionment legislation	1 010	177 761
Liability at statement of financial position date	<u>-</u>	<u>-</u>

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

Beginning of the year	723 239	833 459
Current service cost	12 199	21 441
Interest cost	75 389	74 068
Member contributions	13 126	12 201
Remeasurement increase/(decrease)	125 517	(160 395)
Benefits paid	(49 989)	(55 061)
Risk premium and expenses	(3 704)	(2 474)
End of the year	<u>895 777</u>	<u>723 239</u>

**21. Retirement benefit obligations (continued)**

	2016 R'000	2015 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	901 000	824 866
Interest	75 917	73 317
Employer contributions	26 130	24 411
Employee contributions	13 126	12 201
Benefits paid	(49 989)	(55 061)
Risk premium	(3 704)	(2 474)
Remeasurement (loss)/gain	(65 693)	23 740
End of the year	<u>896 787</u>	<u>901 000</u>

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

Current service costs	(12 199)	(21 441)
Net interest (expense)	528	(751)
Total, included in staff costs	<u>(11 671)</u>	<u>(22 192)</u>

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

Cash	16.2%	13.20%
Equities	36.5%	37.90%
Bonds	13.0%	14.60%
Property	3.4%	1.20%
International	24.8%	28.20%
Other	6.1%	4.90%
	<u>100.00%</u>	<u>100.00%</u>

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

	<b>2016</b>	<b>2015</b>
	<b>R'000</b>	<b>R'000</b>
<b><i>Defined benefit obligation:</i></b>		
Remeasurement loss / (gain) due to change in financial assumptions	71 708	(160 479)
Remeasurement loss / (gain) due to experience adjustment	53 809	84
	<u>125 517</u>	<u>(160 395)</u>
<b><i>Plan assets:</i></b>		
Remeasurement (loss)/gain : Return on plan assets, not included on interest income above	(65 693)	23 740
<b><i>The principal actuarial assumptions used were as follows:</i></b>		
Discount rate	9.9%	10.6%
Future salary increases	7.0%	7.0%
Future pension increases	3.6%	3.6%
Inflation rate	6.0%	6.0%

***Mortality Rate:***

Pre-retirement: SA85-90

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

21. 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 2016. The rate of discount (9.9%) is decreased by 1.0% (8.9%) and increased by 1.0% (6.9%), 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 2016 (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	896 787	896 787	896 787	896 787	896 787	896 787	896 787
Active member liabilities	555 007	651 463	478 199	594 973	520 429	607 448	509 294
Pensioner liabilities	340 770	366 609	318 066	340 770	340 770	368 012	316 557
Funded status	895 777	1 018 072	796 265	935 743	861 199	975 460	825 851
Funding level	1 010	(121 285)	100 522	(38 956)	35 538	(78 673)	70 936
Service cost	100.1%	88.1%	112.6%	95.8%	104.1%	91.9%	108.6%
	18 535	25 996	12 905	22 824	14 971	21 263	16 150

**21. 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 2016. 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 2016 (R'000)		
	Valuation results	Mortality -2 years	Mortality +2 years
Assets at market value	896 787	896 787	896 787
Active member liabilities	555 007	575 277	533 755
Pensioner liabilities	340 770	358 929	322 130
	895 777	934 206	855 885
Funded status	1 010	(37 419)	40 902
Funding level	100.1%	96.0%	104.8%
Service cost	18 535	19 661	17 357

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.

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 1 January 2016, 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 13.56% 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.



## 21. 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 2016. The plan is registered under the Medical Schemes Act. The plan is governed by a Board of Trustees.

	2016 R'000	2015 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>65 463</u>	<u>60 996</u>
<i>The movement in the liability over the year is as follows:</i>		
Beginning of the year	60 996	68 867
Current service cost	278	463
Interest cost	6 121	5 878
Benefits paid	(4 699)	(4 699)
Remeasurement gains due to changes in financial assumptions	3 294	(9 427)
Remeasurement losses due to changes in demographic assumptions	325	266
Remeasurement (gains)/losses due to changes in experience	<u>(852)</u>	<u>(352)</u>
End of the year	<u>65 463</u>	<u>60 996</u>
<i>The amounts recognised in total income/expenditure are as follows:</i>		
Current service cost	(278)	(463)
Interest cost	(6 121)	(5 878)
Total included in personnel costs	<u>(6 399)</u>	<u>(6 341)</u>

## 21. 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 2016 (R'000)			
	Real discount rate: -1%	Valuation basis (real)	Real discount rate: +1%
Accrued liabilities			
- employees	10 472	12 021	13 878
- continuation members	49 547	53 442	57 834
Total	60 019	65 463	71 712
Annual expense items			
- service cost	259	302	354
- interest cost	5 646	6 181	6 796
Total	5 905	6 483	7 150

31 December 2016 (R'000)			
	No resignation	Valuation basis	PA (90) mortality
Accrued liabilities			
- employees	12 060	12 021	11 442
- continuation members	53 442	53 442	50 269
Total	65 502	65 463	61 711
Annual expense items			
- service cost	304	302	288
- interest cost	6 185	6 181	5 813
Total	6 489	6 483	6 101

*Membership data:*

Employed members (in service)	255
Retired members	46

*The principal actuarial assumptions used were as follows:*

Interest rate	8.8%
Subsidy inflation rate (medical cost trend rate)	7.0%

*Mortality rate:*

During employment: SA 85/90

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

**21. Retirement benefit obligations (continued)*****Post-employment medical benefits (continued):****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.

**22. 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 11 for details of state appropriations received and note 8 for details of grants received for building and infrastructure funding.

**23. Financial instruments by category**

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

	Category	2016 R'000	2015 R'000
<b>Assets</b>			
Non-current investments	Available for sale	545 314	557 544
Non-current receivables	Loans and receivables	4 300	2 835
Receivables and prepayments	Loans and receivables	78 964	84 312
Cash and cash equivalent	Loans and receivables	293 688	164 993
Financial assets	Loans and receivables	29 819	30 400
		<u>952 085</u>	<u>843 084</u>
<b>Liabilities</b>			
Interest bearing borrowings	Other financial liabilities	1 118	947
Trade and other payables	Other financial liabilities	110 139	113 747
		<u>111 257</u>	<u>114 694</u>

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

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

**24. Financial risk management****1. 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 2016:

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
<b>Assets</b>				
Investments	545 314	-	-	545 314
<b>Total assets</b>	<u>545 314</u>	<u>-</u>	<u>-</u>	<u>545 314</u>

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

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 2016:

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
<b>Assets</b>				
Financial assets	-	29 819	-	29 819
<b>Total assets</b>	<u>-</u>	<u>29 819</u>	<u>-</u>	<u>29 819</u>
<b>Liabilities</b>				
Deferred income	-	145 977	-	145 977
	<u>-</u>	<u>145 977</u>	<u>-</u>	<u>145 977</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).

**24. Financial risk management (continued)**

**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 R8.5 million (2015 : R7.3 million) higher/lower.

**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 2016, 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 R7.1 million (2015 : R24.27 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.

**24. Financial risk management (continued)****(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, NSFAS receivables 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 has increased since the implementation of concessions made as a result of the concessions made following the #feesmustfall protests of 2015 and 2016. In line with the Vice Chancellor's strategic objective that no academically capable student will be excluded from access to the University, a registration fee of 10% of tuition and residence is payable at registration. Students who are unable to meet the payment requirements of the University may establish individualized payment plans with the University. The University is considering an arrangement with an external student fee administration specialist who will provide services ranging from affordability assessments and creditworthiness checks to debt collection. Further "debt control levers" have been approved by Council, viz., the withholding of examination results as well as the withholding of degree parchments of students with outstanding debt. These concessions do not apply to international students, who, in terms of their study permits, are required to pay 50% of tuition and residence fees at registration, and the balance by the end of May.

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. Following the #feesmustfall concessions mentioned above, the Minister, at Council's request, approved the establishment of an overdraft facility of R100 million to mitigate cashflow risk caused by the slow payment of fees during 2016.

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

	<b>Within 1 year R'000</b>	<b>Between 1 and 5 years R'000</b>	<b>Later than 5 years R'000</b>
<b>At 31 December 2016</b>			
Interest-bearing borrowings	763	355	-
Trade and other payables	110 139	-	-
	<u>110 902</u>	<u>355</u>	<u>-</u>
<b>At 31 December 2015</b>			
Interest-bearing borrowings	613	408	-
Trade and other payables	113 747	-	-
	<u>114 360</u>	<u>408</u>	<u>-</u>

**24. Financial risk management (continued)**

(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.

**25. Events after reporting period**

No matters which are material to the financial affairs of the University have occurred between 31 December 2016 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.

### New standards adopted

The university has applied the following amendments for the first time for their annual reporting period commencing 1 January 2016:

- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

There are no other standards or amendments which were effective for the first time in this reporting period which impacted the university's financial statements.

### New Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2016 reporting periods and have not been early adopted by the university. The university's assessment of the impact of these new standards and interpretations is set out below:

#### Disclosure Initiative: Amendments to IAS 7.

This amendment requires disclosure of changes in liabilities arising from financing activities. This additional disclosure that will enable users to evaluate changes in liabilities arising from financing activities.

The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available and is not expected to have a material impact on the university's financial statements as this amendment impacts the disclosure relating to liabilities and does not change any recognition or measurement principles.

This amendment standard must be applied for financial years commencing on or after 1 January 2017. The university does not intend to adopt the amendment before its mandatory date.



## 1. Accounting policies (continued)

### **IFRS 9 *Financial Instruments***

IFRS 9 addresses the classification, measurement and derecognition 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. It also introduces new rules for hedge accounting and a new impairment model for financial assets.

While the university has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AfS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the group include:

- equity instruments currently classified as AfS for which a FVOCI election is available
- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under IFRS 9, and
- debt instruments currently classified as held-to-maturity and measured at amortised cost which appear to meet the conditions for classification at amortised cost under IFRS 9.

Accordingly, the university does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the university's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the university does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new hedge accounting rules are more closely aligned to an entity's risk management. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach.

There will be no impact on the university's financial statements as the university does not have any such hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the university has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

This standard must be applied for financial years commencing on or after 1 January 2018. The university does not intend to adopt IFRS 9 before its mandatory date.

**1. Accounting policies (continued)**

**IFRS 15 Revenue from Contracts with Customers**

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

This standard is mandatory for financial years commencing on or after 1 January 2018 and the university does not intend to adopt IFRS 15 before its mandatory date.

**IFRS 16 – Leases**

IFRS 16, will result in almost all leases being recognised on the statement of financial position, as the distinction between financing and operating leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the university's operating leases. As at the reporting date, the university currently does not have any operating leases.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

This standard is mandatory for financial years commencing on or after 1 January 2019. The university does not intend to adopt IFRS 16 before its mandatory date.

**Other**

There are no other standards, interpretations or amendments that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**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. Accounting policies (continued)**

**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.

**1.3.5 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 recognised.

**1. Accounting policies (continued)**

**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.

**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.

**1.6 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. Accounting policies (continued)**

**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.

*1.8.3 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.

**1. Accounting policies (continued)**

**1.8 Financial assets (continued)**

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 profit in the statement of comprehensive income.

### 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 Financial instruments**

***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.

***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.

***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. Accounting policies (continued)**

**1.15 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.

**1.16 Employee benefits**

**1.16.1 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.

**1.16.2 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.

**1.16.3 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.

**1.16.4 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.

**1.17 Taxes**

The University is exempt from income tax.