

RHODES UNIVERSITY

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

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I. ACRONYMS

ACRONYM/TERM	DEFINITION
APP	Annual Performance Plan
CA	Communications and Advancement
CE	Community Engagement
CHERTL	Centre for Higher Education Research, Teaching & Learning
DHET	Department of Higher Education and Training
DVC: A & SA	Deputy Vice Chancellor Academic & Student Affairs
DVC: RD	Deputy Vice Chancellor Research & Development
ED: IOF	Executive Director: Infrastructure, Operations & Finance
FTE	Full Time Equivalent
Graduation Rate	The number of students which graduated within a year to the number of enrolled students within the same year (including cancellations). $\text{Graduated (Year n)}/\text{Enrolled (Year n)} \times 100$
HE	Higher Education
HEIs	Higher Education Institutions
HELTASA	Higher Education Learning and Teaching Association of Southern Africa
HEQC	Higher Education Quality Committee
HEQSF	Higher Education Qualification Sub-Framework
HR	Human Resources
ICT	Information and Communication Technologies
IEF	Infrastructure & Efficiency Funding
IPU	Institutional Planning Unit
ITS	Information Technology Service
I/R Staff	Instructional / Research Staff
KPI	Key Performance Indicators
NA	Not applicable
NGAP	Next Generation of Academics Programme
NDP - 2030	National Development Plan
NGO	Non-Governmental Organization
NPHE	National Plan for Higher Education
NRF	National Research Foundation
PC	Personal Computer
PG	Postgraduates
PhD	Doctor of Philosophy
PGDip	Post Graduate Diploma
PQM	Programme Qualification Mix
RU	Rhodes University
SARChI	The South African Research Chairs Initiative
SET	Science, Engineering & Technology
Success Rate	$\text{FTE credited} / \text{FTE enrolled (Incl. cancellations)} \times 100$
UG	Undergraduates
VC	Vice Chancellor

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II. INSTITUTIONAL GOVERNANCE AND MANAGEMENT INFORMATION

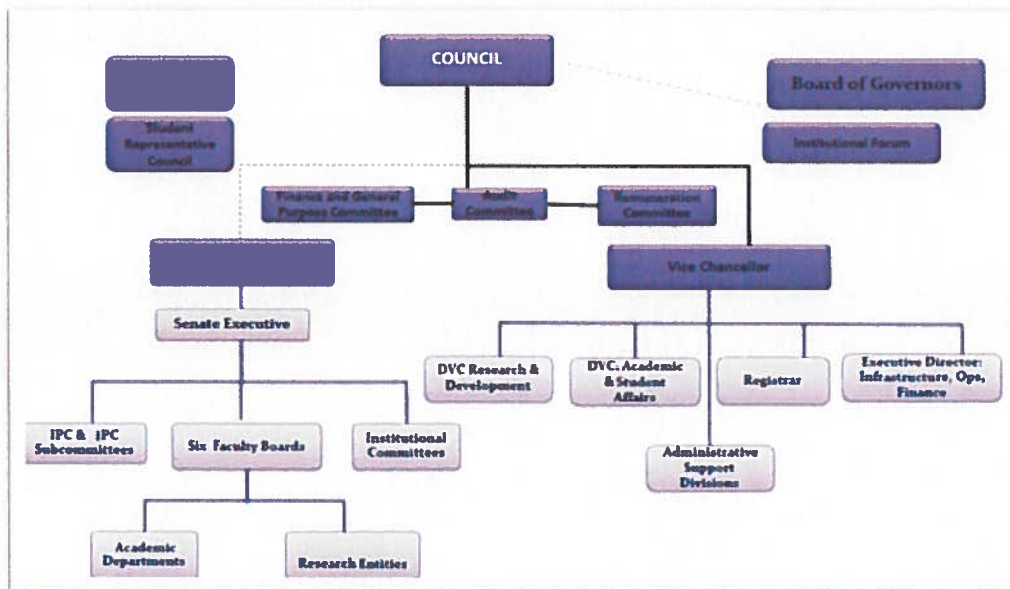
Organizational Structure

The Chancellor is the titular head of the Rhodes University and is empowered in the name of the University to confer all degrees. The Vice-Chancellor and Principal is the chief academic and administrative officer of the University. The University Executive comprises the Vice-Chancellor and Principal, the Deputy Vice-Chancellor (Academic and Student Affairs), the Deputy Vice-Chancellor (Research and Development), the Registrar and the Executive Director: Infrastructure, Operations and Finance.

The academic structure of Rhodes University is organised around six faculties: Humanities, Science, Commerce, Pharmacy, Law, and Education. Each academic faculty is led by a Dean. There are thirty-five academic departments within the six faculties. These provide an extensive range of undergraduate and postgraduate degrees and research interests for students and academics. Each academic department is led by the Head of Department. Rhodes University also has a number of research institutes and centres.

Rhodes University's administrative and support divisions provide support for the operations of the University and contribute to the attainment of the strategic goals of the University. The divisions include; Student Affairs, Human Resources, Finance, Library Services, Special Services, Institutional Planning, Internationalization, Communications and Advancement, Equity and Institutional Culture, Research, Information Technology Services, Estates and Residences. The administrative and support divisions are led by their respective Directors.

Rhodes University Governance & Management Organogram in 2017



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1. ANNUAL PERFORMANCE ASSESSMENT REPORT OF THE APP

1.1 Background

Rhodes is a small university (approximately 8000 students), but enjoys the distinction of having among the best undergraduate success and graduation rates in South Africa. This is testimony to the quality of students that Rhodes attracts and to the academic provision made for them, and also to the commitment of Rhodes staff to student development and success.

Table 1 presents a detailed set of enrolment indicators; access indicators, success indicators, and efficiency indicators, as well as research indicators. These indicators include the University's ministerially approved enrolment target in the current enrolment cycle (2013 to 2019).

Each key performance indicator in Table 1 is associated with the actual score for the previous year (2016), the target for the reporting year (2017) and the actual score for the reporting year. A colour-coded performance indicator column is provided for easier assessment of each indicator. In the colour-code scheme, green represents excellent performance, yellow represents good performance, while red represents poor performance. The last column to the right of Table 1 provides comments/remarks or possible explanations of deviations from the targeted performance score for each KPI.

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Enrolment KPI	Year-end Actual 2016	Year-end target 2017	Year-end actual 2017	Performance Score	Comments/Remarks on Deviations
A. ACCESS					
Headcount totals	8136	8277	8077		UG enrolments are lower than targets. A piece of research investigating the reasons for students who had been offered a place at Rhodes University in 2017 but who had not taken up the offer showed that the cost of living away from home was a significant factor in decisions. Since the majority of students at Rhodes University live away from home, this could be playing a part in the failure to meet enrolment targets. A second piece of research is being conducted into reasons why students from more senior years in good academic standing are not returning to study.
First-time entering undergraduates	1267	1643	1339		A value proposition for Rhodes University as a destination of choice for first-time entering students has been developed. This will inform recruitment.
Headcount enrolments (Foundation Provisioning)	157	150	160		Extended programmes are over-enrolled by 10.
Headcount enrolments total UG	5645	5883	5660		Research is being conducted into reasons for the non-return of students in good academic standing. A value proposition for prospective students has been developed and will inform enrolments.
Headcount enrolments total PG	2491	2394	2417		Postgrad enrolments have continued to grow. This is in line with the long term trajectory to reach 30 % to 35% postgrad enrolments
Science, engineering, technology	2455	2342	2468		The surplus is due to increased headcount enrolments in Pharmacy
Business/management	1531	1625	1480		The deficit is due to decrease in Bachelor of Commerce enrolments. Registration for a BCom degree requires mathematics in the National Senior Certificate (NSC). Many students wanting to enrol for a BCom degree do not meet this requirement.
Education	1012	985	1071		Bachelor of Education Foundation growth as the programme now includes 1st year, 2nd year and 3rd year students. 4th year to follow in 2018
Other humanities	3138	3325	3058		There is decrease in Social Sciences enrolments, this will be further analysed.
Distance education enrolments	0	0	0	NA	
B. SUCCESS					
Graduates UG	1324	1287	1454		This commendable achievement is attributable to our high success rate of 84% which has been maintained in the context of fairly rapid change.
Graduates PG	1140	1164	1083		The target is missed by 7%, delays from external examination may have contributed to certain student not meeting deadlines

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Enrolment KPI	Year-end Actual 2016	Year-end target 2017	Year-end actual 2017	Performance Score	Comments/Remarks on Deviations
Success rates(All)	86%	84%	84%		Rhodes University uses an integrated strategy encompassing student and staff development to ensure the quality of teaching and learning.
Engineering graduates	0	0	0		N/A
Life and physical sciences graduates	177	154	146		Performance at school level in Maths and Science continues to affect the pool of eligible applicants.
Animal and human health graduates	118	155	145		Performance at school level in Maths and Science continues to affect the pool of eligible applicants.
Teacher education graduates	236	205	299		Funding in the form of bursaries is available. The B.Ed programmes are proving to be very popular.
Success rate in scarce skills	91%	89%	92%		Rhodes University uses an integrated strategy encompassing student and staff development to ensure the quality of teaching and learning.
C. EFFICIENCY					
Headcount of permanent instructional/research professional staff	318	352	322		Retention of academic staff is a challenge
% Staff with doctoral degrees	55%	54%	53%		The University is providing support for staff pursuing doctoral degrees thanks using funding from the UCDCG.
Number of nGap staff	4	7	7		Rhodes University has been awarded the maximum number of posts possible in all rounds of nGAP funding.
Ratio of FTE students to FTE instructional/research staff	15.4	14.1	15.9		The student to teacher ratio at Rhodes University is carefully planned to support quality learning
D. RESEARCH					
Total research output units	821	776	823		The research office is providing necessary support for Rhodes University to meet targets with the support of UCDCG
Publication units per I/R staff	1.32	1.19	1.41		The research office is providing necessary support for Rhodes University to meet targets with the support of UCDCG
Research masters graduates	240	190	259		Activities of Postgraduate Centre: Support for writing, research design, supervisor development courses
Doctoral graduates	84	67	108		Activities of Postgraduate Centre: Support for writing, research design, supervisor development courses






 Mr V D Kahla
 Chairperson of Council

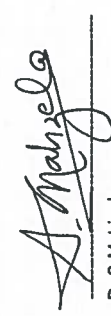

 Dr S Mabizela
 Vice-Chancellor

Table 1: Ministerial Approved Enrolment Targets

RHODES UNIVERSITY

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2. REPORT OF THE CHAIRPERSON OF THE COUNCIL

In 2017, the Council of Rhodes University performed its fiduciary duties with dedication and commitment. This is testament to the fact that all the meetings of Council were held as scheduled, with 76% average attendance. Members of Council of Rhodes University receive no session allowances/remuneration for their immense contribution to the governance oversight of the University. I commend the members of Council of Rhodes University for their selfless commitment towards the advancement of the University in the quest for the common public good. I also commend the management, staff and students of Rhodes University for their various achievements in 2017.

It is evident from the enrolment KPIs in Table 1 that Rhodes University excelled in the core mandates of teaching, learning and research in 2017. Students of Rhodes University achieved a total success rate of 84% - one of the best records in the higher education sector in South Africa. In 2017, the University achieved a total research output of 823 research units: 6% above the target of 776 units as set in 2017 APP. The University is punching above its weight in the sector, with a research output of 1.4 units per academic staff in 2017. Reports from faculties indicate active community engagement drive in the faculties. The overall academic success at Rhodes University is underpinned by the research-teaching-community engagement nexus which enables our students to access powerful knowledge.

A challenge that calls for urgent attention is the issue of under-enrolment, particularly at undergraduate level. The University has to put recruitment strategies in place to ensure that enrolment targets for first-time entering students are met. This should also be complemented with strategies for retention of returning students. The Council has requested the academic leadership of the University to report regularly on the issues of under-enrolment.

The University is also faced with the challenge of slow demographic transformation in the academic staff cohort and senior leadership in relation to the rapid demographic transformation of the student body. The University is committed to the deployment of strategies to attract and retain staff of high calibre and to providing an inclusive, welcoming, affirming and positive institutional environment for all. We will continue to work towards getting our staff demographic diversity to reflect the demographic diversity of the country, particularly at the middle to senior levels of academic and administrative leadership.

In 2017, Rhodes University organised a successful transformation summit. The purpose of the summit was to facilitate dialogue and propose recommendations for addressing the slow pace of transformation at the University. One of the recommendations of the Summit was that Council should devise a mechanism to design, within a six-month timeframe, a process that would enable the University to resolve the issue of the future of its name. This name change issue was resolved at the meeting of council November 2017. The consensus was for the name of the University to remain as Rhodes University after due consideration of information presented by the *ad hoc* committee on name change. (See Statement of Council on Name Change in 3.4. below.)

The financial statements indicate that operational expenditure is within the anticipated budget targets. However, the pressure on cash flow has been considerable, giving rise to plans to implement debt levers and strategies to improve levels of fee payments.



V D Kahla
Chairperson of Council
14 June 2018

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3. COUNCIL'S STATEMENT ON GOVERNANCE

3.1 Statutory Governance Information

Rhodes University, in line with the Higher Education Act 101 (1997 as amended), embraces the principles of good governance, promoting cooperative governance, at all levels and within all committees. In the spirit of cooperative governance, Rhodes University works cooperatively with government, civil society constituencies as well as intra-institutionally. In this regard, the NCHE proposed model of cooperative governance is espoused and embraced by Rhodes University: there is a shared sense of power, accountability and responsibility from all participants within the Institution. The model of cooperative governance also embraces the responsibility of Council as provided for by the NCHE. Cooperative governance at Rhodes University also adopts the spirit of the Higher Education White Paper 3: this not only assumes a co-operative relationship between the State and the University, but also recognises that institutional autonomy is to be exercised in tandem with public accountability.

3.2 Composition of Council

The composition of Council of Rhodes University is presented in Table 1.

Constituency		Number of Representatives
Ministerial Appointee		5
Executive Management		3
Secretary (Registrar)		1
SENATE Representative		4
Board of Governors		1
Senior Admin Staff (In attendance)		9
SRC		2
Staff Reps Admin		2
Staff Reps academic		1
Makana Municipality reps		2
Total	Members	29
	In attendance	9

Table 2: Composition of Council of Rhodes University

3.3 Council Committees and Summary of Attendance of Meetings

As per Table 3 below, Council comprises the Committees as outlined. Summary of attendance of meetings is also provided in Table 3.

Name of committee Meeting	Number Scheduled	Number Held	Average % Attendance
COUNCIL	5	5	76%
Finance & General Purposes Committee	4	4	77.5%
Audit Committee	4	4	62.5%

Table 3: Council Committees & Attendance of Meetings

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3. COUNCIL'S STATEMENT ON GOVERNANCE (Continued)

3.4 Major Statements/decisions of council in 2017

Policies/Reports/Plans Approved in 2017

At the meetings of Council in 2017, the following Policies/Proposals/Budgets/Reports/Plans/Framework documents were approved:

- 3.4.1 Financial Viability Plan of Rhodes University
- 3.4.2 Identity Management Framework
- 3.4.3 2016 Rhodes University Annual Report
- 3.4.4 Proposal for renaming Jameson House as Charlotte Maxeke House
- 3.4.5 Proposal for renaming Piet Retief House as Enoch Sontonga House
- 3.4.6 Proposal for the change of name from the Department of English to the Department of Literary Studies in English
- 3.4.7 Proposed amendments to the Student Disciplinary Code
- 3.4.8 Proposal for the VC to enter into a collective agreement on Staff Disciplinary Code and Procedures on behalf of the University
- 3.4.9 Proposal for Registrar, or in her absence the Vice-Chancellor or one of the Deputy Vice-Chancellors as signatories to formal University contracts and other University matters after the documents have been through the relevant University vetting procedures
- 3.4.10 Draft Rhodes University Budget for 2018
- 3.4.11 Draft Rhodes University Residence Budget for 2018
- 3.4.12 Mid-year Performance Report for 2017 for submission to the DHET
- 3.4.13 Open Access Policy
- 3.4.14 Video Monitoring Policy
- 3.4.15 RU Smoking Policy
- 3.4.16 Policy on Supervision in Higher Degree by Research
- 3.4.17 Health & Safety Policy

Statement of Council on Name Change

In 2015, Council initiated a process to advance transformation at the University and to solicit views of all stakeholders on the future of its name within the context of its long-term sustainability. Following a number of delays in implementing the initially agreed process, Council resolved that the transformation of Rhodes University was ultimately the responsibility of the Rhodes University community and that an inclusive process should be pursued through a broad Institutional Transformation Summit. The aim of the Summit was to consolidate, and provide impetus to, the University's transformation journey and devise a less cumbersome process to address demands regarding the name of the University. The desired outcome of the Summit was to focus the University's attention to the imperative of transformation with a view to building a stronger, more resilient and sustainable University that could inspire pride in all its stakeholders.

Rhodes University held its very successful Transformation Summit at the end of July 2017. One of the recommendations of the Summit was that Council should devise a mechanism to design, within a six-month timeframe, a process that would enable the University to resolve the issue of the future of its name. Council was mandated to deal with the matter, taking into account inputs from stakeholders and all related factors, which were pertinent to such a decision.

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3. COUNCIL'S STATEMENT ON GOVERNANCE (Continued)

Rhodes University Council, at its meeting on Thursday, 14 September 2017, established a seven member *ad hoc* committee to collect and report to Council at its next meeting all information required, and all issues to be considered, in arriving at a decision about the name of the University. This *ad hoc* Committee comprised all constituencies represented on the Council.

At its meeting held on 30 November 2017, the *ad hoc* committee presented its report to the Rhodes University Council. Council VOTED on the future of the name of the University. The motion proposed was that the name of the University should be changed. Due process was followed as per the Institutional Rules, and the motion was NOT CARRIED.

It is worth noting, however, that there is consensus about what Rhodes University has come to represent in terms of academic excellence and the brand it has developed to stand out amongst the best universities in the world. This point is held both by the proponents and by opponents of the name change. Indeed, it cannot be disputed that Rhodes University has, over its 113-year history, developed and sustained an enviable reputation for academic and research excellence. Among other things,

- Rhodes University has the best pass and graduation rates of any South African university;
- We have outstanding postgraduate success rates and enjoy one of the highest research output per academic staff member of any South African university;
- Each year our university produces PhDs of the highest calibre;
- We have one of the best residential systems in the country accommodating more than half of our students in well-appointed residences and serving more than 11 thousand meals daily; and
- The University is committed to the town and surrounds in which it is situated, and has not outsourced the provision of regular services.

Notwithstanding the challenges of financial sustainability brought about by the decline in state funding of higher education, Rhodes University's student profile now reflects a preponderance of young people from poor and working class backgrounds, arguably because of the commitment the University has made to providing funding for them from its own budget. Given its commitment to social justice and the public good, the University continues to play its role in responding to the challenges of building a new and better society.

Rhodes University has, over more than a century, developed a unique identity of its own, which is separate from, and far transcends, the person Cecil John Rhodes. The values that Rhodes University embodies and celebrates are very different to those that Cecil John Rhodes espoused.

Senior Academic and Administrative Appointments Approved by Council in 2017

Council approved the following senior academic appointments.

Deputy Deans:

Prof E Mgwashu:	Faculty of Education
Ms J Sewry:	Faculty of Science
Prof L Louw:	Faculty of Commerce
Prof L Juma:	Faculty of Law

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3. COUNCIL'S STATEMENT ON GOVERNANCE (Continued)

Heads of Academic Departments:

Dr J Voster:	CHERTL
Prof H Nel:	Economics and Economics History
Prof I Meiklejohn:	Geography
Dr B Wilhelmi:	Biochemistry and Microbiology
Professor A Garman:	Academic Deputy: School of Journalism & Media Studies
Mr C Kabwato:	External Relations: School of Journalism & Media Studies

Dr R Klein and Prof S Radloff were appointed as acting heads of the Chemistry and Statistics Departments respectively.

Details of academic promotions are presented in the faculty highlights under SENATE report.

Council approved the following senior management appointments in 2017:

Professor Adele Leah Moody:	Registrar
Dr RC Nnadozie:	Director: Institutional Planning Unit
Mrs Nomangwane Mrwetyana:	Director: Student Affairs.

Council noted the imminent retirement of the University's long-serving Registrar, Dr Steve Fourie. Council congratulated him for well-deserved retirement and thanked him for his service to Rhodes University.

3.5 Statement on IT Governance

IT Governance Framework

The University does not comply with either COBIT5 or ITIL V3 frameworks. Aspects of each are applied for governance controls. Adoption of either of these standards is costly. There is collaboration and training within the sector regarding these frameworks and staff attend workshops to gain an understanding of the frameworks in order to apply appropriate aspects.

Management and Monitoring of IT Assets

IT Assets are placed on the University's central asset register. Network Infrastructure assets are replaced according to a cycle and the Divisional annual running grant is broken down into pockets of money used for specific purposes e.g. upgrading servers. Assets such as laptops and desktop PCs are managed through an upgrade process. Laboratory replacements are in a cycle. When new PCs are purchased for a lab, the next laboratory receives the PC's taken out of the refurbished laboratory and staff receive the PCs no longer in use.

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3. COUNCIL'S STATEMENT ON GOVERNANCE (Continued)

Significant IT Investment

The Running Grant of Information Technology division for 2017 was broken down into:

Internet costs	R 2 754 000
Software licenses	R5 555 000
Capital equipment and renewal	R4 451 000
Running grant	R428 000
Total	R13 188 000


Capital Equipment and Renewal includes investment on renewing systems such as the Telephone system, HR and Payroll systems. ARCHIBUS system. System purchases are capitalised across the budget over four years. Investment for refurbishment of the student laboratories is not charged directly to the Division but is a centralised University expense.

IT Related Policies/Committee

The University has an Information and Technology Steering Committee that is a sub-committee of Senate. Strategic inputs from major technology-driven Divisions are tabled at the committee. The committee has representation from Information & Technology Services, Teaching & Learning, Library Services, Communication and Advancement, Academic Departments such as Computer Science and Information Systems and Finance. This committee discusses IT-related strategy and receives operating reports from Information and Technology Services, Library, Web Unit and the Computer Lab Sub-Committee. This committee signs off and approves the Governance controls regarding central financial systems and servers.

An annual IT Governance Controls audit is performed by the external auditors PwC and tabled at the audit committee. The 2017 report was favourable with nine issues tabled. Only two of these were categorised as High risk: one was resolved prior to the report and the other was reliant on changes in third-party software.

There is also a Modernisation Committee, chaired by the DVC: Research. This forum discusses and assesses business process and associated systems, approving or rejecting the appropriateness and suitability of intended changes to systems and processes affecting the wider University community.



V D Kahla
Chairperson of Council
14 June 2018

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4. COUNCIL'S STATEMENT ON SUSTAINABILITY

Introduction

Universities are required to submit a sustainability report as part of the annual report, in terms of the 2014 amendment to the Higher Education Act on regulations for reporting by public higher education institutions. The guidelines provided in the implementation manual form part of the amended legislation by which Universities are required to move towards triple bottom-line reporting. However, detailed guidelines for such reporting have yet to be provided to the sector. This report, as in previous years, is therefore a brief overview report in line with the guidance provided.

The definition and understanding of sustainability used as the basis for this report are as articulated by the Brundtland Commission, (formerly 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".

a. Impact on the local economy

The University's Department of Economics and Economic History has established that Rhodes University comprises some 60% to 65% of the GDP of the Makana municipal region. Some of the key factors contributing to this high proportion are:

- Rhodes University paid R41 million for municipal services in 2017;
- 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 has committed itself in its recently revised procurement policy to strive to procure goods and services locally.

b. Social impact and transformation

In his inauguration address the Vice-Chancellor stated that Rhodes University must actively and purposefully contribute to and participate in building a vibrant and sustainable Grahamstown community, that the University recognizes and affirms that its future and success are 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:

- work 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.

c. Financial sustainability

The University is in the process of finalising an institutional development plan that will provide a "compass" for the strategic direction the University will take for the next ten years. This direction is informed by a financial sustainability plan approved by Council during 2017.

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4. COUNCIL'S STATEMENT ON SUSTAINABILITY (continued)

d. Student numbers

Detailed student statistics are provided elsewhere (Table 1) 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 R200 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, which has compelled the University to engage the services of an external agency specializing in student debt.

e. Academic staff

The Department of Higher Education and Training has estimated that South Africa will be short of some 7000 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.

f. 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 best-practice environmental sustainability within the University's resource constraints. The University has also 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 (rainwater harvesting, heat pumps, natural lighting and temperature control, motion sensors etc) within the constraints of the budget.

During 2017 the Vice-Chancellor directed that sustainability be incorporated into all areas and activities of the University – sustainability is one of the foundational principles upon which the soon-to-be-completed Institutional Development Plan is being established. Rhodes University is therefore committed resolutely to pursue knowledge, understanding, critique and reason; steadfastly to continue to promote human dignity, equality, non-sexism and non-racialism, critical citizenship and all the human rights and freedoms proclaimed in our Constitution proclaimed, and courageously and boldly 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
Chairperson of Council
14 June 2018

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5. THE STATEMENT OF COUNCIL ON TRANSFORMATION

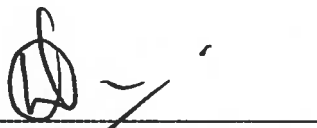
In 2017, the focus of the equity and transformation drive at Rhodes University was implementation of the transformation summit plan. As part of this process, thirty-four consultative meetings/dialogues were convened and three surveys were conducted to elicit views and contributions on what needs to be done for the institution to transform from various stakeholders in the lead up to the transformation summit which was held in July. Post summit, a report on the summit process and recommendations of the summit has been written and presented to governance structures of the University. Council demands periodic reports on the implementation of recommendations of the summit from management of Rhodes University.

Rhodes University is a predominantly residential University, major aspects of student experiences at the University occur in the student residences. Transformation talks and discussion are taking place in the student residences where students engage on issues around alienating cultures such as names of residence buildings. To this end, students have taken the lead in the discussions of renaming of residences. As a result, at the end of 2017, three residences were renamed. Jan Smuts house was renamed to Robert Sobukwe, Jameson house to Charlotte Maxeke and Piet Retief to Enoch Sontonga.

In 2017, greater efforts were devoted towards improving the physical and social spaces for enhanced experiences of students with disabilities at Rhodes University. The Enable student society formed to offer support and advocacy for students with disabilities. Various other support systems were provided through the exam concessions committee, the counselling centre and career centre.

Reports from the faculties indicate that work on curriculum review is progressing. The review of curriculum is an important aspect of the transformation of the University; it features as one of the objectives of the Institutional Development Plan for which progress reports are expected from faculties on a regular basis.

The University faces the challenge of slow demographic transformation in the academic staff cohort and senior leadership in relation to the rapid demographic transformation of the student body. The challenge amplified by the sector-wide constraint brought about by high attrition rate of academics particularly Black academics. The University is committed to the deployment of strategies to attract and retain staff of high calibre and to providing an inclusive, welcoming, affirming and positive institutional environment for all. We will continue to work towards getting our staff demographic diversity to reflect the demographic diversity of the country, particularly at the middle to senior levels of academic and administrative leadership.



V D Kahla
Chairperson of Council
14 June 2018



Dr S Mabizela
Vice-Chancellor

RHODES UNIVERSITY

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6. THE REPORT OF COUNCIL ON RISK ASSESSMENT AND MANAGEMENT OF RISK

The Council is responsible for the governance of risk at Rhodes University. Oversight and monitoring has been delegated to the Audit Committee.

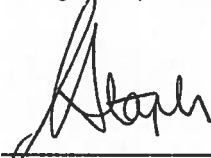
Rhodes University's risk management processes are aligned to and support the objectives of the University. Risk management is embedded in the day-to-day decision-making processes at Rhodes through a system of internal controls and other engagement processes.

The Risk Management Committee comprises the Vice-Chancellor, the two Deputy Vice-Chancellors, the Registrar, the Executive Director: Infrastructure, Operations and Finance, and the Director of Special Projects. The Risk Management Committee is supported by the Risk Management Unit.

The Risk Management Unit continues to be the custodian of whistleblowing at the University and is tasked with reporting, and to the extent required, investigating any allegations of corruption, theft or fraud. Investigations are undertaken when requested by the Vice-Chancellor. To ensure that all matters and concerns relating to safety, health and environment are reported to the Risk Management Committee (and ultimately the Audit Committee), the Safety Health and Environment Committee of the University reports to the Risk Management Unit.

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 which include the maintenance of effective systems of internal control.

The University is committed to a continuous, systematic and integrated process of risk management that enables Council to assure stakeholders that risk within and to the University is managed in a diligent, methodical and effective manner. During the year under review the Risk Management Committee reviewed all key risks, financial and non-financial, and the outcomes were submitted for consideration by the Audit Committee. The material risks, together with related risk mitigation plans, are monitored by the Audit Committee. The Audit Committee was satisfied with the University's risk management processes and risk mitigation plans in respect of material risks.



H C Staple
Chairperson of Audit Committee
14 June 2018



Dr S Mabizela
Vice-Chancellor
Chairperson
Risk Management

RHODES UNIVERSITY

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7. REPORT ON INTERNAL ADMINISTRATIVE/OPERATIONAL CONTROLS


Council is responsible for the governance of the University's risk management and systems of control in respect of the financial and non-financial processes. Management is responsible for the implementation of effective control systems. The Audit Committee keeps under review the effectiveness of the University's systems of financial and other control.

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

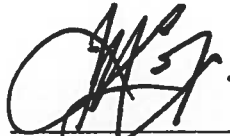
The University applies a combined assurance model to ensure that financial and non-financial controls are evaluated in a structured and adequate manner by independent, qualified assurance service providers. Risk-based external and internal audit plans are presented to the Audit Committee for approval. The Audit Committee monitors the progress of external and internal audits and ensures that the reported control deficiencies are appropriately addressed in a timely manner.

The financial and administrative 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 interpretation and reporting 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 those that require improvement. Business processes are being evaluated and, where necessary, systems will be modernised or improved.

The Audit Committee has considered the assessment of financial and non-financial controls as reported by assurance providers and is satisfied with management's plans and actions to address significant items.



H C Staple
Chairperson of Audit Committee
14 June 2018



DR I L'ANGE
Executive Director: Infrastructure,
Operations & Finance

RHODES UNIVERSITY

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8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION

Introduction

In this report we provide a broad overview of the activities of our University in 2017. We are happy to report that 2017 was a very successful year for our University. We were able to maintain our position as a distinct and a distinctive institution of higher learning providing quality and transformative education to the young people of our country and beyond; we were able further to consolidate our position among the highly research productive universities in our country; and we were able to build strong, mutually beneficial, reciprocal and knowledge-driven partnerships with our local communities.

The national student protests that affected our academic activities in 2015 and 2016 had scaled down by the beginning of the 2017 academic year. In preparation for the start of the 2017 academic year, a number of meetings had been held at national level with the National Education Crisis Forum (NECF) led by Justice Dikgang Moseneke and Bishop Mpumlwana. These meetings were to culminate in a national Convention (NECF Higher Education Convention) in February 2017 involving student leaders, the Vice-Chancellors and other stakeholders in the higher education sector. Unfortunately, the Convention was disrupted by student formations who were fighting among themselves. In the end, the Convention was called off.

The year ended off with a major announcement by the President that government would provide state-subsidised higher education to all first-time entering students in 2018 whose gross family income was no more than R350 000, thereby lifting the previous threshold of R122 000 and removing the loan component of the State funding.

2017 Graduations

Our 2017 graduation ceremonies went off without a hitch. In the 6 graduation ceremonies of 2017, a total of 2 464 students received their degrees and diplomas. Of these, 1 328 (or 54%) received their undergraduate Bachelor's degrees and 1 136 (or 46%) received postgraduate degrees and diplomas. Of the 1136 postgraduate students, 295 received their Master's degrees.

Of the 2 464 graduates, 59% were women and 21% are international students.

This year we produced 88 PhD graduates, up from 67 of 2016. We celebrated a new record of 29 PhD degrees for the Faculty of Humanities, up from the previous record of 19 achieved last year. The Faculty of Science produced 38 PhD graduates, the Faculty of Commerce 6, the Faculty of Education 13, and the Faculty of Pharmacy 2.

In five of the six graduation ceremonies, we conferred honorary degrees on five distinguished individuals whose profound and exceptional contributions to our nation and humankind were found worthy of our recognition. These were: Prof Penny Siopis, Dr Marguerite Barankitse, Prof Barney Pityana, Dr Lenton Kwesi Johnson, and Dr Sheila Sisulu.

Transformation

Our University remains resolute in its commitment to create and maintain an institutional environment that is positive, welcoming, affirming and supportive for all its staff and students. We are committed to providing our staff and students with a learning, living and working environment that is free from all forms of unlawful discrimination, harassment, prejudice and other forms of inappropriate behaviour; one which supports and encourages excellence and freedom of every student and staff member to be; an institutional environment that frees the potential of every student and staff of Rhodes University. All students and staff of our university have an individual and a collective responsibility to contribute to the advancement and realisation of this objective. Those in positions of authority and responsibility have a higher duty to model and shape the appropriate values of our institution.

RHODES UNIVERSITY

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8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

The major highlight in our transformation endeavours in 2017 was the convening of the Institutional Transformation Summit in July. Prior to the holding of the Summit in July 2017, a number of workshops, discussions forums, dialogues and consultation with students, staff and alumni had been held. The themes covered in the Summit covered a wide spectrum of important areas of transformation ranging from Language, to curriculum transformation, staff equity, student experience at Rhodes, gender and sexuality.

The Equity & Institutional Culture Directorate held a number of awareness-raising activities aimed at creating and sustaining a supportive and positive institutional culture and environment at Rhodes University. Special weeks designated for human rights, disability awareness, and international week were used to create a focused attention on important dimensions of social justice, human dignity and the importance of embracing solidarity with students and staff coming from other parts of the world.

The Division of Student Affairs also organised and hosted a number of activities in the residences and halls to raise student awareness on issues of sexual/gender-based violence, sexual harassment and other forms of unacceptable behaviour. Focused discussions on "positive consent" in sexual relations were held in order to educate young students about the importance of respecting the wishes of others.

Addressing the challenge of the academic staff equity profile remained at the forefront of our recruitment of staff at Rhodes University. While we are pleased with the progress we have made to attract younger black academics through such initiatives as the Next Generation Academic Programme (nGAP), we are deeply concerned that we tend to lose senior black academic staff members. This leads to what has been referred to as the 'juniorisation' of black staff. We need to redouble our efforts to recruit and retain black staff. While progress to transform the academic demographic profile has not progressed as fast as we would have liked, we have made significant strides to transform our demographic and social composition of our Directors. In this regard, it is worth reporting that, in its 114 year history, our University appointed its

- first black and woman Registrar, Dr Adele Moody;
- first black Director: Communications & Advancement, Mr Luzuko Jacobs;
- first and African Director: Institutional Planning, Dr Remy Nnadozie;
- first and black Manager: Risk & Student Affairs, Mr Theo Hartzenberg;
- first black and woman Director: Student Affairs, Ms Nomangwane Mrwetyana.

These appointments add to the appointments over the past 3 to 5 years of

- the first black Director: Human Resources;
- the second black and woman Director: Equity & Institutional Culture.

The Centre for Higher Education, Research, Teaching & Learning (CHERTL) continued its Curriculum Conversation aimed at sharing good practice in curriculum transformation. The 'decolonisation' of the curriculum remains an important aspect of curriculum transformation.

The University financial position

The University's financial position remained precarious in 2017 following the concessions made as a result of the #FeesMustFall protests. Student fee income was particularly unpredictable as some students held back from paying their fees. As a result, financial sustainability of our University remained a strong focal point in 2017. Fiscal prudence accompanied by measures to reduce expenditure were implemented. Staff costs consume almost 73% of the University's recurring income. A viability plan that had been prepared and approved by Council set clear savings targets aimed at returning the University to financial sustainability.

Achievements in research and other creative endeavours

Publication Count for 2016: RU Number One in Weighted Research Per Capita Output.

The *Report on the Evaluation of the 2016 Universities' Research Output March 2018* confirmed that Rhodes University is now one of the top two universities (with Stellenbosch University) in the Weighted Research Per Capita Output. RU and SU stand equally at the top at 3.11 Weighted Output per capita. This is a notable achievement.

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**8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND
ADMINISTRATION (continued)**

Research Development Grant (RDG):

The Research Development Grant (RDG) was successfully concluded by end 2017 with the earmarked R2.8million successfully expended on staff completing PhDs, staff developing their research foci post-PhD, on institutional co-funding required for other research grants, on support for postgraduate students and on many other initiatives. The benefits of the RDG are widespread across Rhodes University and it has proved to be an essential resource for the development of research. The RDG has been replaced in 2018 by the University Capacity Development Programme (UCDP).

NRF Ratings:

Our number of NRF Rated Researchers continues to increase. We now have one hundred and two (102) Rated Researchers. This is possibly the highest proportion of NRF rated academic staff of any university.

SARChI Research Chairs:

Six (6) National Research Foundation (NRF) SARChI Chairs were reviewed and renewed, two of these for their third five year period.

SARChI Chair	Chair Title	Renewal	Start	End
1. Professor Russell Kaschula	Intellectualisation of African Languages, Multilingualism and Education	2	2018	2022
2. Professor Tebello Nyokong	Medicinal Chemistry & Nanotechnology	3	2017	2021
3. Professor Christopher McQuaid	Marine Ecosystems & Resources	3	2018	2022
4. Professor Charlie Shackleton	Interdisciplinary Science in Land and Natural Resource Use for Sustainable Livelihoods	2	2018	2022
5. Professor Oleg Smirnov	Radio Astronomy Techniques and Technology	2	2017	2022
6. Professor Marc Schäfer	Mathematics Education	2	2017	2021

Technology Transfer:

In September 2017 we had a very successful stand at the Innovation Bridge in Pretoria. Two Masters in Biotechnology students, Mr Lucas Lotter and Mr Charles Faul, under the supervision of Professor Janice Limson, won the Innovation Bridge award for Best Prototype. The aim of our Biotechnology Innovation Centre is to have this mobile lab-in-a-box commercially available in 2018. The prototype subsequently won the award for best prototype in the Innovation Hub's GAP-Biosciences National Awards. This was accompanied by prize money of R500 000.00.

Andrew W. Mellon Foundation New Grants:

Two new Mellon grants were received in the fourth quarter of 2017. The Institute for Social & Economic Research (ISER) received a planning grant for a new project between Rhodes University and the University of Havana. Mellon also awarded a large (R7.5million) four-year grant to our School of Journalism & Media Studies for a programme *Media & Social Belonging: Probing Coloniality and Decoloniality through the Media-Social Belong Nexus in Contemporary South Africa*. As part of the Andrew W. Mellon Foundations's 30th Anniversary of support to South African HEIS, another grant was awarded to host a Seminar Series over 18 months.

RHODES UNIVERSITY

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8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

Launch of the Centre For Biological Control:

The Department of Zoology & Entomology launched the Centre for Biological Control (CBC) on the 2nd November 2017. This research group, now known as a centre, has been highly productive since 2002 producing 140 peer reviewed papers, 160 conference papers, 34 MSc students and 21 Doctoral graduates, as well much practical work on invasive plants.

African Research Universities Alliance (ARUA):

The African Research Universities Alliance (ARUA), inaugurated in 2015 and includes 15 leading universities from across the continent. RU submitted a proposal in the area of nanotechnology and a proposal in water research. The water research proposal was successful.

Conferences and other scholarly meetings

- The 15th International Conference on Luminescence and Electron Spin Resonance was held in Cape Town in September, hosted by Rhodes University under the chairmanship of Professor Makaiko Chithambo. This is the first time that this prestigious conference was held under the African skies.
- Our University co-organised with the Durban University of Technology (DUT) a very successful conference on Community Engagement. The conference, held under the theme "Community Engagement: Towards Social and Epistemic Justice", took place from 31 May 2017 to 02 June 2017. The Vice-Chancellor of Rhodes University was one of the keynote speakers. Academics from fifteen South African Universities and four international Universities presented at the Conference. Eighteen (18) papers from various departments at Rhodes were presented.
- For the first time in their history, the five language associations - African Languages Association of Southern Africa (ALASA), African Association for Lexicography (AFRILEX), Southern African Applied Linguistics Association (SAALA), South African Association for Language Teaching (SAALT), and Linguistics Society of Southern Africa (LSSA) – held a ground-breaking joint conference, Conference of the Language Associations of South Africa (CLASA) at Rhodes University, from 26 -28 June 2017.
- Rhodes University Highway Africa Conference was held from 31 August to 01 September 2017 under the theme *Media, Accountability and Local Governance*. This conference was combined with that of the South Africa Communication Association (SACOMM), which held its meeting for the first time at Rhodes in 2017.
- For the first time since its inception in 1925, the Economics Society of South Africa held its biennial conference on *Curriculum Transformation* at Rhodes from 30 August to 01 September 2017.

Inaugural lectures presented

The following academics presented their professorial inaugural lectures in 2017:

- Prof Sioux McKenna of the Centre for Higher Education Research, Teaching & Learning and also the Acting Director of the Centre for Postgraduate Studies presented her professorial inaugural address titled "Unmasking the doctorate" on 15 March 2017.
- Prof Sunitha Srinivas of the Faculty of Pharmacy delivered her professorial inaugural address titled "*Engaging Communities to Enrich Health Promotion*" on 22 March 2017.
- Prof Jacqui Akhurst of the Department of Psychology presented her address titled "*Community Psychology: Hopeless optimism or hopeful future?*" on 2 August 2017.
- Prof Di Wilmot who is the Dean of the Faculty of Education delivered her inaugural address, titled "*Transformative Teacher Education in a time of crisis*" on 7 September 2017.
- Prof Pedro Tabensky of the Department of Philosophy and the Director of the Allan Gray Centre for Leadership Ethics delivered his inaugural address titled "*The Revolutionary Impetus*" on 04 October 2017.

8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

Achievements in Community Engagement

- Locally Rhodes departments engage with no less than 77 partner organisations in Grahamstown, these include 8 High Schools, 12 Primary Schools, 25 ECD Centres and 32 NGO's and CBO's.
- There are a total of 92 Service Learning and Engaged Learning Programmes in the 6 Faculties which sees an increase from 2016.
- The interest in engaged research methodologies that are more participatory in nature has increased this past year with exciting examples of work making a meaningful impact locally and provincially. Three new research projects have been established in the CE Office, NRF Epistemic Justice, Amakhala Conservation and Community Building and the Erasmus + Common Good First digital storytelling and social innovation Project.
- The ambitious Student Volunteer Programme (now called the Engaged Citizen Programme) was delivered in line with the plan and budget over the four terms with unprecedented growth in numbers – capped at 400 students. Twenty-five (25) student volunteer leaders were appointed and trained to manage groups of volunteers, they served with distinction. Six of these student leaders were part of the top 10 selected for Gold Awards at the Rhodes CE Gala Dinner.
- The Vice Chancellor, Dr Mabizela regularly reminds us that we have re-positioned our institution such that our University "is not just in Grahamstown but is also *of and for* Grahamstown" motivating us to feature the city more prominently in the intellectual project of Rhodes University. Notable progress has been made during this period on increasing the number of disadvantaged local Grade 12 learners to securing access to Rhodes – from 11 pupils in 2012 to 100 in 2017, the highest in the history of the institution.
- It takes a long time to transform a city's public schooling system. Therefore Rhodes University has committed itself to playing a constructive and deliberate role in this process in the long term. However, it is pleasing that there were numerous highlights achieved during 2017. These include the following:
 1. 2nd successful year of Leadership training for Public School Principals and Deputies, delivered by the Rhodes Business School
 2. The GADRA Matric School (GMS) remains Rhodes University's leading feeder school, with over 50 members of its Class of 2017 registered as fulltime students in 2018.
 3. New bridging programme to improve local access to Rhodes piloted. 10 students participated of who 8 passed Psychology 1. 9 of the 10 are registered as full-time students in 2018.
 4. On the basis of the success of the pilot, it has been expanded to 18 participants in 2018. It has all the makings of a substantial new pathway into Rhodes for deserving, disadvantaged local students.
 5. The mentoring programme (9/10ths) enabled the participating schools to more than treble their consolidated Bachelors amongst the 2017 cohort, from 16 to 52.
 6. Of these students, 26 are registered as full-time students and a further 7 as Occasional students. That is, 63,5% of the 9/10ths Bachelor candidates are registered at Rhodes – an outstanding throughput rate.
 7. High Impact Supplementary School (HISS). In 2017 HISS produced excellent results at the top-end – 3 of the new Bachelor candidates are registered at Rhodes. Unfortunately HISS is being discontinued in 2019 because DBE has decided to discontinue supplementary examinations.
 8. A new counselling support service was launched by the Psychology department aimed at school going pupils.
 9. New Science Faculty Service Learning requirement conceptualised. From 2018, all third year students are required to support the teaching and learning of science at Ntsika, Nombulelo and Mary Waters, in partnership with GADRA's Mobile Science Lab (MSL).
 10. There were excellent voluntary performance and contributions from a vast number of Rhodes students during the year – at its height there were 800 students engaging in weekly activities.

RHODES UNIVERSITY

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

- The year 2017 saw a record 143 successful events taking place across Grahamstown in six days. Five(5) vehicles on the road for 10 hours each day, 21 schools participated, 21 Rhodes Departments, 21 Community Organisations, 6 Halls and residences, 8 businesses, 5 Societies, the SRC and 6 SVP groups.
- Recreational Fisheries Research Group from the Department of Ichthyology & Fisheries Science. The group is led by Warren Potts. Other members include Matthew Parkinson, Amber Childs, David Drennan, Alexander Winkler, Edward Butler and Samantha Mannheim.

Student financial aid

Our commitment to ensure that quality and life-changing Rhodes University education was accessible and affordable to young people irrespective of their family circumstances took a significant step forward with the launch of the Isivivane Student Financial Aid Fund campaign on 06 June 2017. This is the biggest and most ambitious fundraising campaign in the 113-year history of our University. This campaign to raise funds to assist academically capable but financially needy students access Rhodes University quality and transformative education. This bold and audacious campaign aims to raise R1billion in ten years. Through this campaign we want to make the transformative Rhodes education accessible and affordable to many academically capable young people of our country irrespective of their economic, social or class status. It is not enough for us to facilitate greater access to our university; we must work with and support our students to successful degree completion in the shortest possible time.

High profile visitor to our University

In 2017 our University was honoured to host a number of high profile visitors. These included

- Mr Cyril Ramaphosa, the Deputy President of our country. This was the Deputy President's first visit to Rhodes University. He addressed staff and students of our University.
- Dr Zweli Mkhize, founder of the Ikusasa le-Afrika Foundation (ILAF), former Premier of kwaZulu-Natal, current Treasurer General of the African National Congress (ANC). He addressed students and staff of our University on the topic "*Citizenship and our country today.*"
- Mr Radhi al-Bashir Asgayar, Ambassador Extraordinary and plenipotentiary of the Sahrawi Arab Democratic Republic. He addressed our students and staff on the topic "*The right to self-determination and independence of the Sahrawi people.*" The ambassador came at the invitation of the the Black Lawyers Association and the International Office, in collaboration with the Thabo Mbeki Foundation, as part of the Africa month. The CEO of the Thabo Mbeki Foundation, Mr Max Boqwana, served as the moderator of the proceedings.
- Mr Moeletsi Mbeki presented a public lecture titled "*The political economy of sugar: the corporate food regime and the dependence effect*" on 19 September 2017. Mr Mbeki came at the invitation of the Rhodes University Economics Student Society.
- Ms Nomboniso Gasa, Adjunct Professor of Public law, UCT, presented the annual D C S Oosthuizen Academic Freedom lecture on 19 September 2017. The title of her lecture was "*Sexual and Gender Based Violence: Holding up a mirror to South African Society Today.*"
- Dr Arthur Mutambara, former Deputy President of Zimbabwe, presented a public talk on 28 September 2017 titled "*In Search of the Elusive Zimbabwe Dream*" at the invitation of the Department of Sociology.
- Mrs Graça Machel presented our third Archbishop Thabo Makgoba Development Trust (ATMDT) annual lecture on Values Based Leadership on 05 October 2017. The ATMDT annual lecture is hosted by the Rhodes Business School.
- Prof Michael Levitt, recipient of the 2013 Nobel Prize in Chemistry (shared with Martin Karplus and Arieh Warshel) and ASSAf Distinguished Visiting Scholar, presented a public lecture on "*Birth & Future of Multiscale Modelling of Macromolecules*" on 20 November 2017. Prof Levitt was a special guest of the Department of Science & Technology and the Academy of Science South Africa.
- Prof Lin, President of Jinan University, our Confucious partner institution

8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

Notable achievements by our staff and students

Many of our staff and students received national and/or international recognition of one kind or another. We congratulate and celebrate them and thank them for flying our University's flag with great honour and distinction. Our chest swells with pride in their achievements.

- Prof Michael Neocosmos was a 2017 *Frantz Fanon Outstanding Book Award* recipient for his book *Thinking Freedom in Africa*.
- Prof Ken Ngcoza was elected as the President of SAARMSTE with effect from January 2018.
- Visiting Professor Jeff Opland of the School of Languages and Literatures was recognized by the Presidency with the Order of Khamanga: Silver for, as quoted in the announcement of the award, "excellent contribution to the field of history and an impressive body of works in literature. His work exhumes stories of the dead and brings them to life so that the living can continue to learn and benefit." The Award was formally conferred at a ceremony held at the Presidential Guest House on 28 April 2017.
We also congratulate Assoc Professor Pam Maseko and Emeritus Professor Peter Mtuze, whose work with Professor Opland contributed significantly to this recognition.
- The '*Amanzi for Food*' project, a student group research project in the SARChI Research Chair in Global Change Social Learning Systems Development (Prof Lotz-Sisitka) and funded by the WRC, was selected for a 'pitch' focussing on innovative education and training for green economy development at the "Partnership on Action for a Green Economy Inter-Ministerial conference", held in Berlin in March 2017. Prof Lotz-Sisitka was invited to present the project and Minister Edna Molewa was a fellow conference speaker.
- Professor Martin Hill was elected a Fellow of the Royal Society of South Africa.
- The official launch of the Centre for Biological Control in the Department of Zoology and Entomology was held on 2 November 2017. Congratulations to Professor Martin Hill and the large and diverse Biological Control Group who have made this into a high profile research focus area of the university.
- Three members of staff, Dr Karen Ellery, Professor James Gambiza and Dr Leonie Goosen received the prestigious *Teaching Advancement at Universities (TAU)* Fellowships run under the auspices of the Higher Education Learning and Teaching Association of Southern Africa.
- Professor Catriona MacLeod was selected for the 10th Psychology and Social Change Award at Rhodes recently, and is the first recipient from within the Rhodes University community to have received this honour in acknowledgement of the social and transformational contributions she had made over a long period.
- A large group of students in Professor MacLeod's chair were very prominent at the recent Pan African Psychology Union conference, Ms Yanela Ndabula receiving the prize for the Sexuality and Gender Division/Feminism & Psychology student presentation, and several others receiving honourable mentions.
- Professors Heila Lotz-Sisitka and Leigh Price were awarded the 2016 Cheryl Frank Memorial Prize for their book *Critical Realism, Environmental Learning and Social-Ecological Change* (Routledge).
- Prof Ozlem Tastan-Bishop was a recipient of an international NIH (National Institute of Health) grant of R1 million for continuation of her work in Bioinformatics. NIH grants are exceedingly competitive.
- In the Business School, MBA student, Mr Godfrey Nyamande, was awarded one of six AMBA (International Association of MBAs) scholarships worldwide, and was the only recipient of the award from our continent. This reflects well not only on the candidate, but also the growing international reputation of our business school, and Rhodes's reputation in this sector.
- Professor Paul Maylam's book: "*Rhodes University, 1904-2016: An Intellectual, Political and Cultural History*," was launched on Thursday 28 Sept 2017. This is the culmination of a multi-year project funded by the Mellon Foundation on the History of our institution. The project also produced a second book, authored by Postdoctoral Fellow Dr Sandy Shell: "*Protean Paradox: George Edward Cory*", a biography of the most famous founding professor. Our congratulations to both authors and all who supported them in this work.

8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND ADMINISTRATION (continued)

- The 2017 winners of the South African Literary Awards were announced 7 November 2017 at UNISA in Pretoria. Professor Pam Maseko was a double winner in the Category: *Literary Translators Award*:
 - Jeff Opland, Wandile Kuse and Pamela Maseko, *William Wellington Gqoba: Isizwe Esinembali, Xhosa Histories And Poetry (1873 – 1888)* (isiXhosa to English translation);
 - Jeff Opland and Pamela Maseko, *DLP. Yali-Manisi: limbali Zamanyange, Historical Poems* (isiXhosa to English translation).
- At an award ceremony held in Johannesburg on the 14th November 2017, the Council for Scientific and Industrial Research (CSIR) presented Distinguished Professor Tebello Nyokong with two awards for the number of students trained and the number of doctorates awarded in 2016/2017 in the National Laser Centre Programme.
- Distinguished Professor Nyokong attracted one of two national funding awards in the *South Africa / Canada Research Chairs Trilateral Partnership Initiative*. The award provides funding for a five-year research collaboration which will bring together researchers in South Africa, Kenya, and Canada.
- Professor Andrew Buckland won the *Fleur du Cap Best Actor Award* for his lead role in *The Inconvenience of Wings* by Lara Foot.
- Bio-Informatics PhD student Ms Caroline Ross's paper in FEBS Letters (FEBS is The Federation of European Biochemical Societies) was selected as the cover-page feature for the forthcoming issue. Congratulations to her and her supervisor Professor Tastan-Bishop.
- Professor Rosie Dorrington attracted new SARChI *Community of Practice* funding for establishing a Marine Science Community of Practice in South Africa.
- On the 16th November 2017, Fieldlab, the mobile lab-in-a-box, designed by the Masters students Charles Faul and Lucas Lotter of the Biotechnology Innovation Centre under the supervision of Professor Janice Limson, received another national award. This time it was first prize in the Innovation Hub's GAP-Biosciences competition, which carries a prize of half-a-million rand. Earlier this year, Fieldlab was awarded the prize for the best prototype at the DST's National Innovation Bridge.
- Ms Natalie MacLarty, a 2nd year BPharm was selected for the South African Polocosse team to play in the World Cup in Australia in April 2019.
- Samrihi Sharma (Master's student in Pharmacy Practice) received a 3-month WHO internship in Geneva from February 2018.
- Dr Nosi Ngqwala was invited and attended the recent World Science Forum in Jordan.
- Dr Fred Schneider received an award for the best doctoral thesis in the area of Taxation.

Old Rhodian award recipients

Our University was privileged to honour six of our alumni for their outstanding achievements with Emerging and Distinguished Old Rhodian Awards. The recipients of the 2017 Distinguished Old Rhodian Award were Professor Chris Brink, Prof Anthony Granger and Prof Godwell Nhamo. The recipients of the Emerging Old Rhodian Award were Mr David Abbey, Dr Prudence Ogunlade and Ms Krivani Pillay.

Retirement of the University, Dr Stephen Fourie

After serving the University for 22 years as its Registrar, Dr Stephen Fourie hooded his last doctoral student at the 2017 graduation ceremonies. Dr Fourie's relationship with Rhodes dates back to 1974 when he registered as an undergraduate student in the Bachelor of Theology degree programme. Prior to assuming the position of Registrar he was the Director of the East London campus of Rhodes for two years.

We are grateful to Dr Fourie for the immense contribution he has made to our University. We wish him a well-earned retirement filled with good health, happiness, lots of cooking and many low stress games of bowls.

RHODES UNIVERSITY

**ANNUAL REPORT
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**8. REPORT OF THE VICE-CHANCELLOR ON MANAGEMENT AND
ADMINISTRATION (continued)**

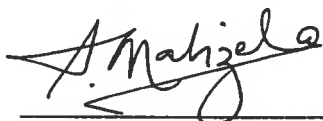
Conclusion and Appreciation

Our University has had a very busy and productive 2017 academic year. 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, Executive Leadership Team (Deputy Vice-Chancellor: Research & Development, Deputy Vice-Chancellor: Academic & Student Affairs, Registrar and Executive Director: Infrastructure, Operations & Finance), Deans, Directors, Heads of Department, unions (NEHAWU and NTEU), staff, alumni, sponsors and students.

Following our Institutional Transformation Summit, we committed ourselves to re-imagining our university on the basis of four pillars. These are:

- *Sustainability* – we need to ensure that principles sustainability permeate every aspect of our academic endeavour and every decision taken by our university. In the process, we want to produce graduates with an elevated sense of awareness of and responsibility for building sustainable communities.
- *Simultaneous local responsiveness and global engagement* – our academic endeavour should seek to respond to the pressing and urgent local challenges while simultaneously contributing to our accumulated global stock of knowledge. This will allow us to enter the global knowledge system from our position of strength.
- *Advancing social justice* – given the painful past of our country characterized by exclusion and denial of opportunities for a significant segment of our society, it is vitally important that we do all we can to restore the dignity and humanity of those who were treated as less than human by the previous dispensation.
- *Advancing the public good purpose of higher education* – our university does not exist in a vacuum. It exists within social, cultural and economic milieu and has an important role to play in lifting the standard of living of our local community.

With the finalisation of our institutional Development Plan (IDP), which will serve as a compass and a roadmap for us, we are well poised to take our University to its next level of growth and development in our endeavour to further our shared objective of strengthening its position as a distinct and distinctive institution of higher learning that is committed to providing outstanding education to young people of our country and beyond, generating and disseminating knowledge of high quality and which advances human knowledge, understanding and wisdom; knowledge that helps us build and sustain a better society and a better world. We are pleased with the progress we have made in 2017. We remain deeply committed in our quest to make Rhodes University a place of hope, a place of aspiration, a place of inspiration, and a place of opportunity for all.



Dr S Mabizela
Vice Chancellor
14 June 2018

RHODES UNIVERSITY

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9. SENATE'S REPORT TO THE COUNCIL

9.1 Composition of Senate & Attendance of Meetings in 2017

The SENATE of Rhodes University as the highest academic decision-making committee of the University is comprised as shown in Table 4.

Constituency		Number of Representatives
Management		4
Academic Professors		61
Deans		6
Deputy Deans		7
Heads of Departments		17
SRC Representatives		6
Senate Academic Representatives		6
Other (institutes/centres/RUL)		12
Administrative Staff Representatives		2
Hall Warden Representatives		2
In attendance members		9
Total	Members	123
	In attendance	9

Table 4: Composition of Senate of Rhodes University

Senate Committees:	Faculty Boards:
Senate Executive Committee	Humanities Faculty Board
Senate Examinations Committee	Science Faculty Board
Honorary Degrees Committee	Law Faculty Board
Nominations Committee	Education Faculty Board
Constitution Committee	Commerce Faculty Board
Institutional Planning Committee	Pharmacy Faculty Board
Research Committee	
Wellness Committee	
Ethical Standards Committee	
Financial Aid Committee	
Teaching & Learning Committee	
Library Committee	
IT Steering Committee	
Student Services Committee	
Board of Residences	
RU Environmental Committee	
Disciplinary Committee	
Health & Safety Committee	
Equity & Institutional Culture Committee	
Naming Committee	
Community Engagement Committee	
Internationalisation Committee	

RHODES UNIVERSITY

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Summary of Attendance of Meetings of Senate in 2017

Name of committee	Number Scheduled	Number Held	Average % Attendance
SENATE	5	5	47%
SENEX	4	5	80%

9.2 Major decisions of Senate in 2017

At the meetings of SENATE in 2017, the following academic proposals were approved:

- 9.3.1 Admission of eleven *Ad Eundem Gradum* Candidates into various academic programmes/disciplines across faculties of Rhodes University
- 9.3.2 Supported proposal to recognise the CO₂ facility as a Research Group with the clear understanding that there were no resource implications
- 9.3.3 Supported the Student Disciplinary Code, the Law and Protest. The support is with condition that suggested amendment is implemented
- 9.3.4 Supported the revision of Assessment Methods for Art History and Visual Culture
- 9.3.5 The proposal that the School of Languages and Literatures German Department be allowed to continue the teaching of years II and III of German Cultural Studies concurrently. Students would be assessed at different levels
- 9.3.6 The changes to the Department of Sociology Masters by coursework
- 9.3.7 The proposed calendar changes from the Rhodes Business School, subject to SAQA approval
- 9.3.8 The proposed calendar changes from the Department of Information Systems
- 9.3.9 Guidelines on PhD by and with publication in the Education Faculty
- 9.3.10 Senate approved various academic promotion details of which are presented in faculties highlights in 5.4.

9.3 Highlights of major development & achievements at faculties

9.3.1. Faculty of Commerce

2017 Issues	Comment
Enrolment	Concern at the year-on-year (2016-2017) and against the Enrolment Plan (2014-2019) drop in enrolment of +-5% mostly in the BCom and BCom(Hons) programme.
Student success	Dr F Schneider received the South African Institute of Professional Accountants (SAIPA) Award for the best Ph.D in Taxation. Mr G Nyamande, MBA student, was awarded one of six Association of MBAs (AMBA) scholarships. He was the winner for all of Africa, since the AMBA makes only one available for each continent.
Teaching & learning	Active work on the Faculty Curriculum Review.
Research	VC's Distinguished Research Award for 2017: Dr F Botha (Department of Economics) Faculty of Commerce Researcher of the Year Award for 2017: joint award to Prof E Stack (Accounting) and Prof N Pearse (Rhodes Business School). The Department of Economics and Economic History hosted the Economics Society of South Africa (ESSA) Conference, 30 August – 1 September 2017.

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Community Engagement	The Assumption Development Centre (ADC) continued to serve as a hub for Community Engagement activities, especially, but not exclusively for the Rhodes Business School for purposes of service learning, knowledge dissemination and business support. MobiSAM (Mobile Social Accountability Monitoring) continued to operate locally and increasingly in surrounding areas as a means of improved two-way communication between citizens and local authorities.
Academic promotions	Dr F Botha – promoted to Associate-Professor
Notable visitor/s or Events	Successful Open Day held on 8 September 2017. 3rd Archbishop Thabo Makgoba Development Trust Annual lecture on 15 September 2017: Guest speaker: Mrs Graça Machel. Active participation by members of Faculty in the Transformation Summit Working Groups and at the Summit.
Major challenges	Enrolment and meeting the Enrolment Plan.
Other	The Rhodes Business School's MBA was accredited by AMBA for a period of three years 2018-2020. PGDip(Business Analysis) was accredited by the HEQC; awaiting SAQA approval. Faculty awarded and appointed nGAP Lecturers in Economics and Accounting. A sum of R3.167m was provided by Mercedes-Benz (SA) for distribution in the form of Educational Bursaries to students in Commerce, Education and Social Sciences. Ms P Myers (Department of Accounting) was appointed to the Executive Committee of the Southern African Accounting Association (SAAA). Prof C Khene (Department of Information Systems) was invited to join the Oversight Committee of the Online National Treasury Budget Portal representing Civil Society to observe and advise on the planning, development and implementation of the Portal.

9.3.2. Faculty of Education

2017 Issues	Comment
Enrolment	Undergraduate/post grad ratio exceeded the University target. Undergraduate : 56% Postgraduates, approximately: 43% The Faculty is growing steadily growth in initial teacher education courses and in-service professional development programmes. We exceeded enrolment targets of 985 (approved by the DHET in 2016). Actual headcount for 2017 = 1091
Student success	Throughput rates in initial and in-service teacher qualifications are very good and well above the sector average. The language courses in Humanities are a challenge for many students reading for a BEd(FP) degree.

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Teaching & learning	The re-qualification of all teacher education qualifications is an ongoing challenge.
Research	<p>Excellent support to PG students through the Research Methods course, held twice a year, and its three PhD Weeks, which are attended by international scholars</p> <p>Three SARCHI chairs in the Faculty: Distinguished Professor H Lotz-Sisitka (Global Change Social Learning Systems Development: Transformative Learning and Green Skills Learning), Professor MH Graven (South African Numeracy Chair) and Professor M Schafer (Mathematics Education Chair)</p>
Community Engagement	<p>Vice-Chancellor's Distinguished Community Engagement Awards</p> <p>The WRC Amanzi for Food Research Programme in the ELRC and the Recreational Fisheries Research Group won first place in this annual competition, which recognises meaningful and committed partnerships between members of the university and the community.</p> <p>The CSD Level 4 Community Practitioner Certification ceremony was held in the Great Hall in November 2017.</p> <p>168 young people completed a three-year National Youth Service skills programme in level 4 Community Development on 30 November 2017 at Rhodes University. The Department of Social Development invested R6 million in empowering rural young people from all over the Eastern Cape Province with community development skills, through training by the Rhodes University's Faculty of Education, facilitated by the Centre for Social Development.</p>
Academic promotions	<p>Distinguished Professor Heila Lotz-Sisitka (from Professor to Distinguished Professor)</p> <p>Associate Professor B Brown (from Senior Lecturer to Associate Professor)</p> <p>Associate Professor J Vorster (from Senior Lecturer to Associate Professor)</p> <p>Dr K Ellery (from Lecturer to Senior Lecturer)</p> <p>Professor Sioux Mc Kenna gave her inaugural lecture on 'Unmasking the doctorate' and Professor Di Wilmot gave her inaugural lecture on 'Transformative teacher education in a time of crisis'.</p>

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

<p>Notable visitor/s or Events</p>	<p>Dr Phillip Collett, Govan Mbeki Mathematics Development Centre, NMU. Prof Marina Derossi, University of Padua (Italy). SARAEECE (South African Research Association for Early Childhood Education) in November 2017 with Prof Ebrahim as keynote speaker Hosted the Research and Work Learning 10th annual conference's 6-8 December 2017. Keynote speakers included: Professor John Holmberg, Physics and Sustainability Professor, Chalmers University, Sweden Professor Yrjo Engestrom, Professor and Director & Professor Annalise Sannino, Senior Research Fellow: Centre for Research on Activity, Development and Learning, University of Helsinki, Finland Professor Johnny Sung, Head of the Centre for Skills, Performance and Productivity at the Institute for Adult Learning in Singapore. Honorary Professor at the University of Cardiff (UK) and Visiting Professor at the University College London (UK) Professor Guy Standing, School of Oriental and African Studies, University of London, UK Emeritus Professor Edward Webster, Research Professor, Society, Work and Development Institute (SWOP), University of the Witwatersrand, South Africa Dr Ruy Koide, Researcher, Sustainable Consumption and Production Area, Institute for Global Environmental Strategies (IGES), Japan Dr Stephanie Chan, 10YFP Sustainable Lifestyles and Education Programme, Stockholm Environment Institute, Stockholm University, Sweden Professor Peliwe Lolwane, Recently Retired Director of the Centre for Researching Education and Labour, University of the Witwatersrand, South Africa Critical Realism Research School attended by 40 participants, including visiting scholars from Japan</p> <p>Dr Bennison – University of Queensland – Australia Professor Vince Geiger – Australian Catholic University Professor Gabriele Kaiser - University of Hamburg.</p>
<p>Challenges</p>	<p>Attracting and retaining staff from designated groups - remuneration challenges Accreditation of teacher education qualifications – slow pace of the three-phase process Slow internal processes and decision making Increasing number of Junior members of staff and an aging senior staff – succession planning with a significant number of Professors and Associate Professors in the faculty retiring in the next 5 years Funding for post-graduate students</p>

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

9.3.3. Faculty of Humanities

2017 Issues	Comment
Enrolment	3180 students were enrolled in the Humanities Faculty in 2017.
Student success	940 Humanities Students graduated in six Graduation Ceremonies in 2017. 26 of those were PhD candidates.
Teaching & learning	The Humanities Faculty conducted a curriculum review of all departments as part of a broader Senate initiative. Departments were asked to reflect on their student cohorts in terms of a broad set of variables (including gender, race, language, schooling experience) and how these might interact with the curriculum (e.g. language of Teaching and Learning, subject content, assessment, etc.). The goal was to identify impediments to student success and epistemological access. In addition, quantitative analysis was performed on these variables (for all departments and the Faculty as a whole) and how they contribute to student success rates. Departments are currently engaged in developing these insights and responses with the assistance of the Centre for Research, Teaching and Learning. Pass rates have remained good with 10% of graduates in 2017 achieving a first-class pass.
Research	Two SARCHI Chairs in Languages and the Visual Arts respectively both of which are graduating very good post-graduate numbers. Recipients of Mellon Grants engaged in cutting edge research on institutional culture (Professor Louse Vincent); digital media and their subjectivities (Professor Lynette Steenveld); African and diaspora literature (Lynda Spencer, Sam Naidu, Aretha Phiri and others). Recipients of NRF Research Grants: Professor E. Msindo (histories of marginalised communities); Prof. Cocks (anthropology) and others. Long-standing research niches such as translation and lexicography (Professor Nkomo) as well as the growing works in French literature (Professors Mukenge and Mwepu). Vice-Chancellor's Award winners: Dr S Matthews from the Department of Politics and International Studies received the Vice-Chancellor's Distinguished Research Award, shared with Professor F Botha in Commerce. Professor R Kaschula , from the School of Languages and SARCHI Chair, on received the Vice-Chancellor's Senior Distinguished Research Award. Professor G Baines , from the Department of History, received the Vice-Chancellor's Book Award for 2017.
Community Engagement	Faculty has a decentralised community engagement system, coordinated by the Community Engagemnt Office. The recipient of the Community Engagement award, Professor Jacqueline Akhurst, is from the Humanities Faculty.

RHODES UNIVERSITY

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

<p>Academic promotions</p>	<p>Associate Professor to Professor Professor A Garman Senior Lecturer to Associate Professor Dr J Brukman Dr A Kirkaldy Dr A Mukenge Dr U Okeja Lecturer to Senior Lecturer Dr P Boshoff Dr S Magadla Professor Catriona Macleod was awarded the title Distinguished Professor</p>
<p>Notable visitor/s or Events</p>	<p>Notable visitors to the University: Dr Cyril Ramaphosa, Dr Barney Pityana, Dr Sheila Sisulu, Dr Marguerite Barankitse, Mr Linton Kwesi Johnson and Professor Penny Siopis</p>
<p>Major challenges</p>	<p>Challenges in HE learning:</p> <ul style="list-style-type: none"> • A need to attract and retain Black academic staff and provide them with opportunities to develop a suitable career path in the Academy. Equity of representation remains a concern, especially at the higher academic levels. • The ageing professoriat remains a key challenge for the medium term. Most university research is produced by older, more established academics and there is a concern that as they retire, we shall need to ensure that new generations of researchers are able to assume research roles. • Epistemological access • Levels of preparedness for university: students come with varying academic literacies and expectations of the HE system (including approaches to learning, degrees of criticality, reflexivity, etc.). • The secondary education system yields uneven outputs which institutions of higher learning are increasingly having to compensate for in various ways (e.g. extended programmes, augmented programmes, etc.). • Severe lack of funding for increasing post-graduate students. The brain drain on our academic staff can lead to regression and juniorisation of the institution. • Overall enrolments not as high as desired. • PG Funding issues – particularly at Honours level – this needs to be addressed.

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

9.3.4. Faculty of Law

2017 Issues	Comment
Enrolment	<p>The faculty's enrolment targets were mostly met. 82 students were registered for LLB-degrees, LLM-degrees (7 candidates) and PhD-degrees (5 candidates).</p> <p>Significantly more students were registered in the Law Department (functioning as such in Commerce, Humanities and Science) with average numbers for the composite courses offered in the Department as follows:</p> <p>Legal Theory 1 – 387 Legal Theory 2 – 235 Legal Theory 3 – 228 Commercial Law 1 – 287 Commercial Law 2 – 40</p> <p>In total 1371 students were registered for one or other law course during the course of 2017, meaning that a significant proportion of the undergraduate students registered at the university was taught by members of staff of the faculty/department.</p>
Student success	<p>On 21 April 2017, 73 students graduated with LLB-degrees, and three LLM candidates graduated. 5 LLB students and one LLM candidate graduated with distinction. 44 % of the graduates were recognised for their achievement and placed on the Dean's List for Academic Merit.</p>
Teaching & learning	<p>The Faculty continued its reflection on its LLB offerings in the light of the National Review of the LLB Qualifications conducted by the CHE. Staff paid particular attention to assessment practices and their alignment with the curriculum.</p>
Research	<p>Regular internal research seminars were conducted. Staff members contributed to the body of legal knowledge in publications and participation in national and international conferences. A highlight was the publication of Prof Enyinna Nwauche's book <i>The Protection of Traditional Cultural Expressions in Africa</i>.</p>
Community Engagement	<p>The invaluable teaching-learning-community engagement nexus that comes to life in the Law Clinic is our flagship engagement programme. Students and staff of the Faculty presented a workshop for the National Schools Moot in March 2017. The Faculty approved the development of an integrated community engagement project plan for implementation in the next year.</p>
Academic promotions	<p>None</p>

RHODES UNIVERSITY

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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Notable visitor/s or Events	<p>The official Faculty Opening in February had Mr Alistair Mokoena, Managing Director of Ogilvie & Mather: Johannesburg, as speaker. Five visiting professors shared their knowledge, expertise and enthusiasm for the law, profession and legal education with the Faculty, with engagement in lectures and discussions with staff and students. Professor Donald Nicolson contributed to a successful orientation programme for penultimate year LLB students in February 2017. Judge Nambitha Dambuza of the Supreme Court of Appeal delivered a public lecture on 'The traditional courts bill: the devil is in the detail' on 3 April 2017. Mr Max Boqwana delivered a lecture on 'The development of jurisprudence under the Zuma administration: A critical review' on 2 March 2017. Advocate Wim Trengrove SC delivered a public lecture 'Is the Government at War with the Banks: A Discussion of <i>The Minister Of Finance v Oakbay Investments</i>' on 18 September 2017. Judge Clive Plasket debunked the mystery surrounding 'judicial deference' in his public lecture on 10 October 2017 'Judicial Review, Administrative Power and Deference: A View from the Bench'. In October the Faculty hosted Prof Thaddeus Metz, an A-rated philosopher from University of Johannesburg who presented a seminar on 'Ubuntu and legal practice'.</p>
Major challenges	<p>The National Review of the LLB Qualification required much time and attention, with engagements on the improvement plan and revision thereof. This challenge provided opportunities for reflection on and refinement of the work of the Faculty.</p>

9.3.5. Faculty of Pharmacy

2017 Issues	Comment
Enrolment	650 Undergraduates for B.Pharm
Student success	98 B.Pharm Graduates 17 Masters Graduates 1 PhD Graduate 1 Pharm. D Graduate
Teaching & learning	Dr Goosen participated in the TAU (Teaching Advancement at Universities) Fellowship programme 2018 – 2019.
Research	The faculty acquired state of the art instrumentation for research: an HPLC and an Atomic Absorption Spectrophotometer. 62 postgraduate students registered in the faculty.
Community Engagement	Dr Goosen was elected to the Regional Eskom Science EXPO committee.

RHODES UNIVERSITY

ANNUAL REPORT
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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Academic promotions	Roman Tandlich was promoted to Associate Professor Nosi Ngqwala was promoted to Senior Lecturer Yoland Irwin was appointed as Senior Lecturer
Notable visitor/s or Events	Professor Bev Glass from James Cook University, Queensland, Australia Dr Peter Hill, Visiting Fellow, spent 3 days teaching in the Faculty Dr Clint Leave was nominated for the VC's teaching Award
Major challenges	<ul style="list-style-type: none"> • Staffing • Funding for post-graduate students.

9.3.6. Faculty of Science

2017 Issues	Comment
Enrolment	The faculty had 54%: 243 students fewer of its enrolment target for 2018 and 141 students fewer than in 2017. The faculty remains almost 50% postgraduate but the lower undergraduate and Honours numbers will not necessarily feed into the postgraduate schools in future. An additional 10% of Honours applicants were accepted but Honours enrolments dropped by 10% from 159 in 2017 to 140 in 2018.
Student success	In terms of failure rates and academic exclusions, undergraduate results were similar to those from the pre-#FeesMustFall era. Fewer students are being placed on the Dean's list for academic excellence. During April, 44 PhDs (50% of the university's total) and 153 Honours degrees were conferred - both up from previous year. Masters graduand numbers were down by 10% from previous year.
Teaching & learning	The Curriculum review process is on track and almost all departments have submitted progress reports. Mrs Sewry, the Deputy Dean in charge of the Teaching & Learning portfolio, was awarded the VC's Distinguished Teaching Award.
Research	One notable event was the establishment of the Centre of Biological Control (CBC) that will be housed in the Department of Zoology & Entomology. It was awarded R69 million for a 3 year programme by the Department of Environmental Affairs and Tourism.
Community Engagement	Apart from Scifest, Khanya Maths & Science Club and the Eskom Expo, several new initiatives were launched. A Mobile Science Lab initiative with three local schools was started with new young academics assisting teachers and their Grade 8 general science NSC practicals. The Faculty holds a Science Open Day to recruit new learners. A new inter-faculty Open Day was launched.

RHODES UNIVERSITY

**ANNUAL REPORT
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9. SENATE'S REPORT TO THE COUNCIL (Continued)

Academic promotions	Dr Paul Mensah from researcher to Senior Researcher Dr Ian Paterson from researcher to Senior Researcher. Dr Ellery from lecturer to Senior Lecturer.
Notable visitor/s or Events	None
Major challenges	Grade 12 students with low Mathematics results are placing all Science Faculties in the country under pressure. The pool of eligible students is getting smaller and the competition between universities fiercer.



Dr S Mabizela
Chairperson of Senate
14 June 2018

RHODES UNIVERSITY

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

10. REPORT OF THE INSTITUTIONAL FORUM TO THE COUNCIL

The Institutional Forum must advise Council on issues affecting the university, including:

1. the implementation of the Higher Education Act, 1997, and the national policy on higher education;
2. policies on race, gender equity, and other grounds of discrimination referred to in relevant legislation;
3. the selection of candidates for senior management positions;
4. codes of conduct, mediation, and dispute resolution procedures;
5. the fostering of an institutional culture which promotes (i) tolerance and respect for human dignity and fundamental human rights and (ii) a positive environment for teaching, research, and learning.

• **Membership of Institutional Forum in 2017**

Constituency		Number of Representatives
Senior Management		3
Council Rep		1
Senate Reps		3
Unions		3
SRC Reps		6
DASO Chair		1
SASCO Chair		1
Management in attendance		5
Total	Members	18
	In attendance	5

• **Summary of Attendance of Meetings of Senate in 2017**

Name of committee	Number Scheduled	Number Held	Average % Attendance
Institutional Forum	4	4	<60%

• **Major Deliberations of Institutional Forum in 2017**

1. Recommend that a Transformation summit be held in July 2017.
2. Coming up with a list of attendees and designing a working structure for the Summit
3. Proposal to have a fixed chair for the IF
4. Noted summary of sexual violence task team that was tabled
5. Student enrollment –decline in 2017 and possible reasons
6. Summit on Higher Education that was held in March-convenor Judge Moseneke
7. Noted the progress of the Heher Commission
8. Student reports on transformation issues
9. Representation of RU IF at DHET institutional forum chairperson's committee
10. Draft transformation summit reports
11. Invitation to HR to report on equity matters (recruitment and selection)
12. Selection of members for senior management-paucity of information available

A major challenge of the Institutional Forum in 2017 is that of reaching a quorum during scheduled meetings. There is a drive for reinvigoration of the IF in 2018.



Dr S Khamanga
Chairperson of Institutional Forum
14 June 2018

RHODES UNIVERSITY

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11. REPORT OF THE AUDIT COMMITTEE

The Audit Committee, a sub-committee of Council, has formal terms of reference, as set out in its Charter. The Charter sets out the composition, duties and responsibilities of the Audit Committee, which have been adopted and approved by Rhodes University Council.

The Audit Committee oversees the University's financial reporting process on behalf of Council. The University's management has the primary responsibility for the annual financial statements, for maintaining internal control over financial reporting, and for assessing the effectiveness of internal control over financial reporting.

The Committee is comprised of independent Council members as defined by its Charter. The Committee held four meetings during 2017.

During the year under review the Audit Committee conducted its responsibilities in accordance with its Charter and is satisfied that it has fulfilled its responsibilities with due regard to good governance. The Audit Committee executed its responsibilities with unrestricted access to required information and/or relevant University personnel. Where required, independent advisors and/or experts were engaged to assist the Committee in dealing with specific matters in a responsible and compliant manner.

The Committee discussed with the University's external and internal auditors the overall scope and plans for their respective audits. The Committee meets with the external and internal auditors, with and without management present, to discuss the results of their examinations and findings and the overall quality of the University's financial reporting.

In fulfilling its oversight responsibilities the Committee reviewed and discussed the audited financial statements and the related schedules in the annual report with both the external auditor and University management, including a discussion of the quality, not just the acceptability of the accounting principles; the reasonableness of significant judgements; and the clarity of disclosures in the financial statements.

The Committee also reviewed and discussed together with management, the external auditors and internal auditors, the results of their assessment of the effectiveness of the University's internal control over financial reporting. The Committee discussed with management and the external and internal auditors material weaknesses and significant deficiencies identified during the course of their audits and also management's plans to remediate those control deficiencies.

In addition, the Committee has discussed with the external auditor the firm's independence from University management and the University itself, including the compatibility of any non-audit services provided.

In reliance on the reviews and discussions referred to above, the Committee recommended to Council that the audited financial statements and related schedules be adopted and included in the University's annual report for the year ended 31 December 2017.



H Staple
Chairperson of Audit Committee
14 June 2018

12. 2017 ANNUAL FINANCIAL REVIEW

12.1. Review of Financial Results

The turbulence and uncertainty which pervaded the higher education sector since October 2015 continued to impact the financial stability of most institutions, including Rhodes University during the 2017 financial year. Uncertainty about the continuation of the 0% fee increase "bailout", the continued discussions about the new subsidy formula, and the eventual release of the Heher judicial commission report on higher education funding culminated in the announcement by the former State President on 16 December 2017 of fee-free higher education for new first year students from households with a joint annual income below R350,000.

In response to this situation, Council approved an institutional three year financial viability plan which lays the foundation for a stable platform upon which financial stability and sustainability can be built. The Viability Plan presents options for firstly, increasing revenue, secondly, reducing expenditure, and thirdly, measures for addressing the cashflow challenges.

A. Increasing revenue: The following items were identified for increasing revenue:

1. *Meeting the enrolment targets* – enrolments at the University have been declining over the past two years. The revised enrolment targets must at the very least be met, preferably surpassed within the DHET parameters.
2. *Increasing Honours enrolments* – the target is to increase Honours enrolments by 10%, not only to contribute to the enrolment target, but to create a source (pipeline) of students ready for Masters and Doctoral studies.
3. *Increasing 3rd stream income* – the Isivivane Fund has been launched by the VC and the Advancement Division with a target of raising R1bn over a ten year period, which translates into an annual target of R100m per annum.
4. *Increasing teaching outputs* – whilst Rhodes University has the highest throughput rate of SA universities, the overall output rate nationally is very low, and reflects an inefficiency throughout the higher education sector. Initiatives are being put in place by the DVC(A&SA) and CHERTL to increase output without compromising quality.
5. *Increasing research outputs* – Rhodes University has one of the highest per capita research output rates of SA universities, but this output is produced by a small concentration of highly productive researchers. Given that RU is a research-intensive university which endorses the scholar-teacher model and philosophy, efforts to increase research outputs will be established.

B. Decreasing expenses: A range of austerity measures to reduce expenditure have been put in place. The operating budget for 2017 was rigorously scrutinised by the Finance team, and all operating excess was eliminated. The practice over the past twenty to twenty-five years of cutting the maintenance budget in order to balance the budget is now exposing the University to considerable and significant risk in terms of health and safety, operations and reputation, and so cutting the maintenance allocation to balance the books is no longer an option. The staff cost ratio in the central budget for 2017 is 74%. The benchmark ratio for the higher education sector is 66%. This staff cost ratio is not financially viable, and exposes the University to considerable financial risk. A mechanism has been established for interrogating the filling of vacancies. In the absence of increased revenue, the staff cost ratio has to be brought closer to the sector benchmark – this requires a scrutiny of all academic departments and administrative Divisions and for tough decisions to be made.

C. Cashflow measures: Due to fee concessions made during 2015 & 2016 as well as due to the changing profile of the student body, Rhodes University has been experiencing cashflow challenges. Council has approved the measures proposed in the Viability Plan, viz., the implementation of debt levers (such as withholding exam results), the withdrawal from the NSFAS scheme for the administration and management of Rhodes University Council loans and the establishment of a partnership with the Student Funding Portal and DebtTracker – both part of an umbrella organisation which specialises in student loans and student debt. The latter entity will commence making inroads into the collection of outstanding student debt.

12. 2017 ANNUAL FINANCIAL REVIEW (Continued)

- D. **Deferred maintenance and available reserves:** the available discretionary reserves of the University are extremely low as indicated in the consolidated statement of changes in equity, which reflect that Council and management had access to unrestricted reserves of only R12,9m. However, given the enormous accumulation of deferred campus infrastructure maintenance and the pressing need to make inroads into this, addressing the level of reserves has been deferred until financial viability has been achieved.

2017 Financial performance

- **Central University Operations**
State subsidy income as a percentage of recurring income remained at 58%, whilst the percentage of recurrent income from tuition fees was 40%. The lack of other significant income streams renders Rhodes University vulnerable to fluctuations in first and second income streams. Total recurrent operating income increased in 2017 by 6,7% to R670m. Tuition and other fee income increased by 6,5% to R266,2m. State subsidy income for the central university operations increased year-on-year by 5,5% to R387m. Recurrent expenditure rose by 13,7% to R655m, with staff costs increasing by 9,4% and other operating expenditure increasing by 9,8%. Once again, expenditure increased at a higher rate than income. The net operating accounting surplus for 2017 was R22,3m prior to the inclusion of the central operations share of the pension fund liability of R45m which gives rise to a net accounting deficit of R22,6m.
- **Contract (earmarked) fund activity**
The total income increased by 13,4% to R342m. State income increased by 3,6% to R114,4m. Income from contracts increased by 18% to R40,6m. Expenditure has increased by 5,7% to R297m. The net result of the Council managed earmarked funds activity is a surplus of R44,8m, which represents a very pleasing year-on-year increase of 119%. 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 (accommodation)**
The residential operations budget (comprising the student residences and staff transit housing) is largely self-sustaining. Recurrent income decreased by 1% to R202,5m, whilst recurrent expenditure decreased by 11,8% to R166m. Due to significant reductions in expenditure, the deficit situation of 2016 has been reversed in 2017 with a net accounting surplus of R29,9m prior to the inclusion of the residential operations share of the pension fund liability of R10,3m which gives rise to a net accounting surplus of R19,5m.
- **Investments**
Long term investment portfolios are managed by the University's Board of Governors together with assistance from professional investment managers. A modest turnaround of 2016's poor market performance saw the market value of the portfolio appreciating by R36,5m. A net real return of 1,5% was achieved.
- **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. Given the very low available cash reserves of the University, cash flow is very carefully planned and tightly managed, and the overdraft buffer was not utilised during the 2017 financial year.
- **Retirement fund obligations**
The University's combined liability for post-retirement benefits increased from R65.5 million to R114.0 million. The increase primarily related to the defined benefit pension plan. Management is investigating options to address this liability.

RHODES UNIVERSITY

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

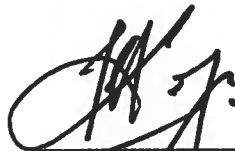
12. 2017 ANNUAL FINANCIAL REVIEW (Continued)

- **Infrastructure investment**
Construction of three new residences was completed at the end of 2017 in time for the accommodation of an additional 264 students in 2018 at a cost of R101m. Several large scale refurbishment and deferred maintenance projects were also completed during 2017. These infrastructure projects were funded from the DHET infrastructure and efficiency funds received for this purpose as well as from university and residence budget allocations.

The University has succeeded in ending the 2017 financial year successfully despite an ongoing myriad of challenges. However the high staff cost ratio in the central budget, the issue of competitive remuneration (particularly for academics) coupled with the very high level of deferred maintenance of campus infrastructure remain the significant challenges for Rhodes University as identified in the viability plan mentioned above.



N E WOOLLGAR
CHAIR: FINANCE & GENERAL PURPOSES
COMMITTEE
14 June 2018



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

RHODES UNIVERSITY

**ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2017**

**12.2 COUNCIL'S STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED
FINANCIAL STATEMENTS**

The Council is responsible for the preparation and fair presentation of the financial statements of Rhodes University. The financial statements, presented on pages 52 to 88, have been prepared in accordance with International Financial Reporting Standards ("IFRS") in the manner required by the Minister of Higher Education & Training 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

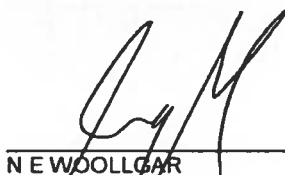
The consolidated financial statements on pages 52 to 88 were approved by the Council on 14 June 2018, and signed on its behalf by:



V D KAHLA
CHAIR OF COUNCIL



DR S MABIZELA
Vice-Chancellor



N E WOOLLGAR
Chair, Finance & General Purposes Committee
14 June 2018



DR I L'ANGE
Executive Director, Infrastructure, Operations



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 52 to 88, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, statement of changes in equity, 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 group as at 31 December 2017, 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(HEA).

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 Council for the financial statements

The council is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Higher Education Act of South Africa, Act no. 101 of 1997(HEA) 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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P O Box 27013, Greenacres, 6057
T: +27 (0) 41 391 4400, F: +27 (0) 41 391 4500, www.pwc.co.za*

Chief Executive Officer: T D 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 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682..



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 AUDIT OF 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. We 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 usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objectives presented in the annual performance report of the university for the year ended 31 December 2017:

Objectives	Pages in the annual report
Headcount totals	5
First-time entering undergraduates	5
Headcount enrolments total UG	5
Headcount enrolments total PG	5
Graduates UG	5
Graduates PG	5
Headcount of permanent instructional/research professional staff	6
Ratio of FTE students to FTE instructional/research staff	6
Total research output units	6
Publication units per I/R staff	6



We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

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

Achievement of planned targets

Refer to the annual report on pages 5 to 6 for information on the achievement of the planned targets for the year and explanations provided for the under/over achievement of a number of targets.

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 council is responsible for the other information. The other information comprises the information included in the annual report. 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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.



Performance audits

No performance audits in progress.

Investigations

No investigations in progress.

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 income and expenditure to contracts and Supporting documentation.	1 April 2016 to 31 March 2017	25 May 2017
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 2016 to 31 December 2016	30 June 2017
Department of Higher Education and Training - Infrastructure Funding Progress Report	Agreeing of expenditure to contracts and supporting documentation.	1 April 2014 to 31 March 2017	25 April 2017
Department of Higher Education and Training - HEADS GLOBAL FUND PROGRAMME	Agreeing of income and expenditure to contracts and supporting documentation.	1 October 2014 to 31 October 2016	22 February 2017
Department of Higher Education and Training – Research Development	Agreeing of income and expenditure to contracts and supporting documentation.	1 April 2016 to 31 March 2017	25 March 2017
Clinical Training Enrolments- 2016	Agreeing student data to underlying records and Financial data to contracts and supporting documentation	1 January 2016 to 31 December 2016	12 May 2017
Department of Higher Education and Training – Research Articles	Agreeing research articles claim to supporting journals and publications	1 January 2016 to 31 December 2016	12 May 2017
Rhodes University Maths Education Project – Apexhi Charitable Trust	Agreeing of income and expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	28 February 2017
National Research Foundation – NRF Grants	Agreeing of expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	12 March 2017
DST/Mintek NIC Consortium - Research Grant	Agreeing of income and expenditure to contracts and supporting documentation.	1 April 2016 to 31 March 2017	7 April 2017



Engagement Name	Purpose of Engagement	Period Covered	Reporting Date
Medical Research Council Grant	Agreeing of income and expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	14 February 2017
Investec Commerce Foundation	Agreeing of income and expenditure to contracts and supporting documentation.	1 February 2016 to 31 January 2017	31 March 2017
Centre for Social Development – Grant	Agreeing of income and expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	28 February 2017
Rhodes University Maths Education Project-Consolidation	Agreeing of income and expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	28 February 2017
Rhodes University Maths Education Project-Anglogold Ashanti	Agreeing of income and expenditure to contracts and supporting documentation.	1 January 2016 to 31 December 2016	28 February 2017
Department of Higher Education and Training – Teaching Development Programme	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 December 2016	25 February 2017
Sishen Iron Ore Community Development Trust	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	28 February 2017
Oppenheimer Memorial Trust	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	22 February 2017
RUMEP – Nedbank Eyethu Community Trust	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	28 February 2017
Department of Higher Education and Training – Staffing South Africa's University Framework Phase 2 (nGap)	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	25 May 2017
Teaching Development Collaborative Programme Grant	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	25 May 2017
Department of Higher Education and Training : Foundation Programme Funds	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	12 May 2017
Centre for Higher Education Research, Teaching and Learning : Strengthening Postgraduate Supervision Grant	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2014 to 31 March 2017	31 May 2017
HIVOS MAVC People Unlimited Grant	Agreeing of income and expenditure to contracts and supporting documentation	20 April 2016 to 31 August 2017	28 September 2017
Department of Higher Education and Training : Statistical Data Return	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	23 June 2017
Department of Environmental Affairs : Ntabalenga Project	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	20 April 2017



Engagement Name	Purpose of Engagement	Period Covered	Reporting Date
Department of Environmental Affairs : Waterweeds Project	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	20 April 2017
Department of Environmental Affairs : Thicket Project	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	20 April 2017
Department of Environmental Affairs : Uitenhage Project	Agreeing of income and expenditure to contracts and supporting documentation	1 July 2016 to 31 March 2017	20 April 2017
Department of Environmental Affairs : Fundisa for Change Project	Agreeing of income and expenditure to contracts and supporting documentation	1 March 2016 to 31 March 2017	20 April 2017
Department of Environmental Affairs : WFW Pereskia	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	20 April 2017
Institute for the Study of English in Africa : New Coin Poetry Awards Grant	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	8 May 2017
Institute for the Study of English in Africa of the New Coin 2016 Volume 5.1.1 and 5.1.2 Grant	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	25 May 2017
Institute for the Study of English in Africa of the DALRO : Annual Lecture Grant	Agreeing of income and expenditure to contracts and supporting documentation	1 January 2016 to 31 December 2016	8 May 2017
Clinical Grant Funds of the Pharmacy Clinical Training Project	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2016 to 31 March 2017	8 May 2017
Development Bank of Southern Africa, Green Fund Project Agreement	Agreeing of income and expenditure to contracts and supporting documentation	1 April 2015 to 31 March 2017	12 April 2017



Audit engagements

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

Engagement Name	Purpose of Engagement	Period Covered	Reporting Date
VC Education Programme	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.	1 January 2016 to 31 December 2016	14 December 2017
Dictionary Unit for South African English NPC	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.	1 April 2016 to 31 March 2017	19 April 2017
NUFFIC – Netherlands Organisation for International Co-operation in Higher Education	Report to stakeholders of the project whether, in our opinion, the annual project statements present fairly, in all material respects, the financial performance of the project in accordance with the project agreement.	1 January 2016 to 31 December 2016	20 April 2017
PSAM – Public Service Accountability Monitor	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.	1 January 2016 to 31 December 2016	30 November 2017

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: A Rathan
 Registered Auditor
 Port Elizabeth
 14 June 2018



1. 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.

2. 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.

3. 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 2017

	Notes	2017 R'000	2016 R'000
ASSETS			
Non-current assets		1 011 281	965 534
Property, plant and equipment	1	424 052	409 939
Investments	2	575 826	545 314
Loans and receivables	3	11 403	10 281
Current assets		493 764	406 880
Inventories	4	4 501	4 796
Receivables and prepayments	5	93 384	78 577
Cash and cash equivalents	6	366 060	293 688
Investments	2	29 819	29 819
Total assets		<u>1 505 045</u>	<u>1 372 414</u>
EQUITY AND LIABILITIES			
Equity funds		1 119 901	1 039 135
Property plant and equipment funds		409 047	394 876
Council unrestricted funds		12 937	19 395
Council restricted funds		697 917	624 864
Non-current liabilities		114 078	65 818
Interest-bearing borrowings	8	65	355
Retirement benefit obligations	21	114 013	65 463
Current liabilities		271 066	267 461
Deferred income	7	115 900	145 977
Trade and other payables	9	154 814	120 721
Interest bearing borrowings	8	352	763
Total equity and liabilities		<u>1 505 045</u>	<u>1 372 414</u>

**RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2017**

	2017					2016	
	Central operations	Accommodation	Endowed funds	SUB-TOTAL	Restricted contract fund	TOTAL	TOTAL
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
TOTAL INCOME	678 157	205 483	36 423	920 063	342 014	1 262 077	1 199 175
RECURRENT ITEMS	670 045	202 546	34 172	906 763	314 134	1 220 897	1 147 594
State appropriations – subsidies and grants	387 409	-	-	387 409	114 498	501 907	495 013
Tuition and other fee income	266 267	182 086	-	448 353	38 123	486 476	462 333
Income from contracts	-	-	-	-	40 652	40 652	34 414
Sales of goods and services	5 058	20 456	-	25 514	22 727	48 241	34 381
Private gifts and grants	23	4	13 058	13 085	77 609	90 694	75 551
Interest and dividends	658 757	202 546	13 058	874 361	293 609	1 167 970	1 101 692
NON-RECURRENT ITEMS	11 288	-	21 114	32 402	20 525	52 927	45 902
(Loss)/profit on disposal of assets	8 112	2 937	2 251	13 300	27 860	41 160	51 581
Realised capital profits on investments	(44)	-	-	(44)	730	686	261
Impairment of investments	-	-	6 092	6 092	30	6 122	26 084
Other non-recurrent income	8 156	2 937	34	11 127	27 120	38 247	25 236
TOTAL EXPENDITURE	655 782	175 557	34 095	865 434	297 170	1 162 604	1 137 919
RECURRENT ITEMS	654 825	175 258	34 095	864 178	296 414	1 160 592	1 134 413
Personnel costs	463 576	56 464	-	520 040	123 469	643 509	599 748
Academic professional	233 041	-	-	233 041	45 544	278 585	259 214
Other personnel	231 124	56 464	-	287 588	77 925	365 513	339 995
Leave liability (decrease)/increase	(589)	-	-	(589)	-	(589)	539
Other operating expenses	154 310	106 281	34 095	294 686	160 476	455 162	453 186
NSFAS impairment	16 149	5 383	-	21 532	-	21 532	19 444
Student debtor provision increase	5 051	3 811	-	8 862	-	8 862	28 045
Depreciation	15 666	3 319	-	18 985	12 469	31 454	33 847
Finance costs	654 752	175 258	34 095	864 105	296 414	1 160 519	1 134 270
NON-RECURRENT ITEMS	73	-	-	73	-	73	143
Capital expenditure expensed	957	299	-	1 256	756	2 012	3 506
	957	299	-	1 256	756	2 012	
NET SURPLUS	22 375	29 926	2 328	54 629	44 844	99 473	61 256
OTHER COMPREHENSIVE INCOME	(45 026)	(10 355)	-	(55 381)	-	(55 381)	(17 226)
Retirement funding valuation adjustments	-	-	36 565	36 565	-	36 565	(33 798)
Investments fair value adjustment	(22 651)	19 571	38 893	35 813	44 844	80 657	10 232
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							

**RHODES UNIVERSITY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017**

	Unrestricted Accumulated Fund R'000	Unrestricted Endowment Fund R'000	Sub-total Unrestricted Funds R'000	Property, Plant and Equipment Fund R'000	Total Unrestricted Funds R'000	Restricted Endowment Fund R'000	Restricted Contract Fund R'000	Total Restricted Funds R'000	Total Funds R'000
Balance at 1.1.2016	(115 539)	153 172	37 633	385 007	422 640	379 432	226 824	606 256	1 028 896
Retirement funding valuation adjustments	(17 226)	-	(17 226)	-	(17 226)	-	-	-	(17 226)
Investment fair value adjustment	-	(10 331)	(10 331)	-	(10 331)	(23 467)	-	(23 467)	(33 798)
Net surplus before transfers	22 674	3 347	26 021	-	26 021	14 812	20 423	35 235	61 256
Funds utilised/written off	7	-	7	-	7	-	-	-	7
Transfers	-	-	-	-	-	-	-	-	-
- Depreciation charge	15 990	-	15 990	(33 847)	(17 857)	-	17 857	17 857	-
- Property, plant and equipment additions	(32 699)	-	(32 699)	43 716	11 017	-	(11 017)	(11 017)	-
Balance at 31.12.2016	(126 793)	146 188	19 395	394 876	414 271	370 777	254 087	624 864	1 039 135
Balance at 1.1.2017	(126 793)	146 188	19 395	394 876	414 271	370 777	254 087	624 864	1 039 135
Retirement funding valuation adjustments	(55 381)	-	(55 381)	-	(55 381)	-	-	-	(55 381)
Investment fair value adjustment	-	11 035	11 035	-	11 035	25 530	-	25 530	36 565
Net surplus before transfers	52 301	(3 162)	49 139	-	49 139	5 490	44 844	50 334	99 473
Funds utilised/written off	109	-	109	-	109	-	-	-	109
Transfers	-	-	-	-	-	-	-	-	-
- Depreciation charge	18 985	-	18 985	(31 454)	(12 469)	-	12 469	12 469	-
- Property, plant and equipment additions	(30 345)	-	(30 345)	45 625	15 280	-	(15 280)	(15 280)	-
Balance at 31.12.2017	(141 124)	154 061	12 937	409 047	421 984	401 797	296 120	697 917	1 119 901

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 R'000	2016 R'000
Cash flow from operating activities			
Cash generated from operations	19	123 184	37 276
Interest received		31 812	16 904
<i>Net cash generated from operating activities</i>		<u>154 996</u>	<u>54 180</u>
Cash flow from investing activities			
Purchase of property, plant and equipment			
Funded through own cash resources		(45 625)	(43 716)
Proceeds on disposal of property, plant and equipment		744	4 443
Interest received		12 436	10 891
Dividends received		8 679	7 508
Net decrease in non-current investments		(8 349)	(19 167)
Proceeds on investments		39 092	34 584
Acquisition of investments		(47 441)	(53 751)
Proceeds on current investment		-	581
Net advances of student, staff and other loans		(19 658)	(1 588)
<i>Net cash outflow from investing activities</i>		<u>(51 773)</u>	<u>(41 048)</u>
Cash flow from financing activities			
Interest paid		(73)	(143)
Movement on interest-bearing borrowings		(701)	171
Deferred income (decrease)/increase		(30 077)	115 535
<i>Net cash (outflow)/inflow from financing activities</i>		<u>(30 851)</u>	<u>115 563</u>
Increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		293 688	164 993
Cash and cash equivalents at end of year	6	<u>366 060</u>	<u>293 688</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017

1. Property, plant and equipment

	Land and buildings R'000	Furniture and equipment R'000	Computer equipment R'000	Vehicles R'000	Library, museum and art collections R'000	Total R'000
Year ended						
31 December 2017						
Opening carrying amount	338 108	62 880	3 341	5 610	-	409 939
Additions	21 137	13 819	8 058	1 333	1 278	45 625
Disposals/transfers	-	-	(58)	-	-	(58)
Depreciation charge	(8 344)	(13 070)	(6 858)	(1 904)	(1 278)	(31 454)
Closing carrying amount	350 901	63 629	4 483	5 039	-	424 052
At 31 December 2017						
Cost or valuation	455 476	259 630	84 343	29 615	108 904	937 968
Accumulated depreciation	(104 575)	(196 001)	(79 860)	(24 576)	(108 904)	(513 916)
Carrying amount	350 901	63 629	4 483	5 039	-	424 052
Year ended						
31 December 2016						
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	338 108	62 880	3 341	5 610	-	409 939
At 31 December 2016						
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	338 108	62 880	3 341	5 610	-	409 939

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:

	2017 R'000	2016 R'000	2015 R'000	2014 R'000	Pre-2014 R'000	Total R'000
Land and buildings	58 436	17 583	66 432	48 508	144 791	335 750
Furniture and equipment	1 826	1 178	7 082	1 724	16 925	28 735
	60 262	18 761	73 514	50 232	161 716	364 485

Property, plant and equipment under construction at year end includes the construction of the New Residence Hall. The cumulative costs incurred at year end amount to R56.3 million which have been offset by the grant received.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

2. Investments	2017	2016
	R'000	R'000
At fair value:		
Listed shares	239 936	223 704
International market unit trust	177 797	169 067
Money market deposits	37 252	49 686
Government bonds local authority	102 104	85 422
Government bonds parastatals	18 737	17 435
	<u>575 826</u>	<u>545 314</u>
At cost:		
Listed shares	136 308	133 881
International market unit trusts	137 688	142 433
Money market deposits	35 646	49 686
Government local	101 190	85 613
Government parastatals	19 499	19 499
	<u>430 331</u>	<u>431 112</u>
Of the above investments an amount of R169 million (2016: R161 million) relates to Council directed funds.		
At amortised cost		
Fixed deposit	<u>29 819</u>	<u>29 819</u>

Of the above amount R26 million (2016: R26 million) comprises restricted funds with the balance of R3 million (2016: R3 million) being Council directed funds.

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

The market value of certain investments within the portfolio was less than original cost at year end. This reduction below cost is considered to be a significant or prolonged nature and therefore an impairment expense of R3.8 million (2016: Rnil) has been charged to the income statement.

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.

Disclosed in the financial statements as:

Current asset	29 819	29 819
Non-current asset	575 826	545 314
	<u>605 645</u>	<u>575 133</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

2. Investments (continued)

The following table presents the University's investments that are measured at fair value at 31 December 2017.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Available-for-sale financial assets				
- Fixed deposit	-	29 819	-	29 819
- Listed shares	239 936	-	-	239 936
- International market unit trusts	177 797	-	-	177 797
- Money market deposits	37 252	-	-	37 252
- Government bonds	120 841	-	-	120 841
Total assets	<u>575 826</u>	<u>29 819</u>	<u>-</u>	<u>605 645</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 2017 (continued)

3. Loans and receivables	2017 R'000	2016 R'000
Student loans – NSFAS	116 341	94 809
Provision for impairment	<u>(116 341)</u>	<u>(94 809)</u>
	-	-
Student loans	12 813	14 418
Loans to employees	<u>2 484</u>	<u>2 753</u>
	15 297	17 171
Provision for impairment	<u>(3 894)</u>	<u>(6 890)</u>
	<u>11 403</u>	<u>10 281</u>

Student loans bear interest at 10% per annum (2016: 10% per annum) 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 – NSFAS have been fully impaired. This is based on historical knowledge.

Unsecured loans to employees bear interest at a fixed rate of 16.5% per annum (2016: 16.5% per annum) 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:

	NSFAS R'000	Other loans and receivables R'000
Balance at 1 January 2016	75 365	3 772
Movement in impairment	19 444	3 118
Balance at 31 December 2016	<u>94 809</u>	<u>6 890</u>
Additional impairment/(reversal)	21 532	(2 996)
Closing balance at 31 December 2017	<u>116 341</u>	<u>3 894</u>

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

4. Inventories	2017 R'000	2016 R'000
Stationery	228	192
Technical inventories	2 104	2 231
Cleaning material and foodstuffs	1 680	1 807
Study materials	489	566
	<u>4 501</u>	<u>4 796</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

5. Receivables and prepayments	2017	2016
	R'000	R'000
Student debtors	93 768	72 175
Prepayments	7 402	2 268
NRF control account	21 643	25 252
Water research control account	501	721
NSFAS	13 863	19 783
Accrued interest receivable	2 993	2 556
Other receivables	17 426	9 705
Receiver of Revenue – Value Added Tax	2 000	3 600
	<u>159 596</u>	<u>136 060</u>
Provisions for impairment	<u>(66 212)</u>	<u>(57 483)</u>
	<u>93 384</u>	<u>78 577</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.

Student debtors amounting to R23.6 million (2016: R14.1 million) of debit balances outstanding at year end are considered to be fully performing. The balance of R70.2 million (2016: R58 million) is past due, of which R66.2 million (2016: R57.5 million) is considered to be impaired and a provision has been accordingly recognised.

The movement in the impairment provision was as follows:

	2017	2016
	R'000	R'000
Opening balance at 1 January	57 483	29 586
Adjustment	8 862	28 045
Receivables written off during the year	<u>(133)</u>	<u>(148)</u>
Closing balance at 31 December	<u>66 212</u>	<u>57 483</u>

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 2017 (continued)

6. Cash and cash equivalents	2017 R'000	2016 R'000
Cash at bank and in hand	46 335	25 657
Short term bank deposits	319 725	268 031
	<u>366 060</u>	<u>293 688</u>
Cash and cash equivalents consists of:		
DHET restricted funds	173 282	182 470
Research restricted funds	148 244	131 688
University unrestricted funds	44 534	(20 470)
	<u>366 060</u>	<u>293 688</u>

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

Cash and bank balances	<u>366 060</u>	<u>293 688</u>
------------------------	----------------	----------------

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

7. Deferred income	2017 R'000	2016 R'000
As at 1 January	145 977	30 442
Net (decrease)/increase in deferred income	(30 077)	115 535
Government grants received	30 199	134 501
Capital expenditure incurred	(60 262)	(18 761)
Realised in comprehensive income	(14)	(205)
As at 31 December	<u>115 900</u>	<u>145 977</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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

8. Interest-bearing borrowings	2017	2016
	R'000	R'000
Current portion of borrowings		
Lease liability	352	763
Non-current portion of borrowings		
Lease liability	65	355
Total borrowings	<u>417</u>	<u>1 118</u>

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 R562 030 (2016: R1 081 422).

	2017	2016
Interest rates:		
- lease liability	<u>10.25%</u>	<u>10.5%</u>
Finance lease liabilities – minimum lease payments:		
Not later than 1 year	353	775
Later than 1 year not later than 5 years	88	445
	<u>441</u>	<u>1 220</u>
Future finance charges on finance lease	<u>(24)</u>	<u>(102)</u>
Present value of finance lease liabilities for vehicles	<u>417</u>	<u>1 118</u>

9. Trade and other payables	2017	2016
	R'000	R'000
Trade and other payables	41 988	40 068
Student deposits	75 668	53 107
DHET – fee adjustment funding	9 326	-
Leave pay accrual	9 993	10 582
Payroll accruals	17 839	16 964
	<u>154 814</u>	<u>120 721</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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

10. State appropriations – subsidies and grants	2017	2016
	R'000	R'000
Subsidy – general purposes	387 409	367 317
Subsidy – other	-	17 237
Specific grants – research	114 484	110 254
	<u>501 893</u>	<u>494 808</u>
Infrastructure grants released	14	205
	<u>501 907</u>	<u>495 013</u>

11. 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 Open Society Initiative for South Africa amounting to R3 852 400 (2016 : R358 240) and Open Society Foundation of R3 983 200 (2016 : R2 758 240).

12. Income from investments	2017	2016
	R'000	R'000
Interest income	44 248	38 394
Dividend income	8 679	7 508
	<u>52 927</u>	<u>45 902</u>
Realised capital profits on investments	<u>6 122</u>	<u>26 084</u>

13. Other non-recurrent income	2017	2016
	R'000	R'000
Other non-recurrent income includes the following amounts:		
South East Academic Libraries Systems operating costs levy income	2 462	2 383
South East Academic Libraries Systems millennium income	4 616	3 754
Board of Governors admin levy	3 443	3 502
Student vacation accommodation	2 538	1 024
Information and Technology System student sales	4 165	4 367
Insurance claims	6 387	1 387

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

14. Personnel costs	2017	2016
	R'000	R'000
Academic professional	278 585	259 214
Other personnel	365 513	339 995
Leave liability	(589)	539
	<u>643 509</u>	<u>599 748</u>
Remeasurements of post-retirement medical benefits	(2 353)	2 767
Remeasurements of post-retirement pension benefits	57 734	14 459
	<u>55 381</u>	<u>17 226</u>
	<u>698 890</u>	<u>616 974</u>

15. Other operating expenses	2017	2016
	R'000	R'000
The following items have been included in recurrent expenditure:		
Advertising	2 419	3 274
Books, journals and periodicals	20 153	23 429
Catering and entertainment	5 148	6 195
Electricity	17 044	34 466
Expenditure on computer equipment written off	843	956
Cleaning costs and materials	4 983	4 702
Rates	11 949	11 245
Repairs and maintenance expenditure	15 236	12 225
Residence kitchens supplies	34 106	33 616
Scholarship, bursaries and merit awards	114 309	88 073
SEALS Trust software fees	3 568	3 669
Security	5 068	4 517
Skills Development Levies	4 172	4 422
Software licences and internet expenses	10 888	10 667
Telephone and fax	2 596	3 095
Travel and accommodation	48 346	44 159

16. Finance costs	2017	2016
	R'000	R'000
Interest expense	<u>73</u>	<u>143</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

17. Commitments	2017	2016
	R'000	R'000
Commitments for capital expenditure	<u>89 976</u>	<u>138 140</u>
Commitments for operating expenditure		
General	<u>12 430</u>	<u>8 894</u>

Capital expenditure commitments will be financed through funds specifically designated for the projects and infrastructure grants from the Department of Higher Education. In 2017, 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 R0.6 million (2016 : R1.4 million) for surety guarantees given by the University to assist staff to obtain motor vehicle and other loans.

19. Cash generated from operations	2017	2016
	R'000	R'000
Reconciliation of net surplus to cash generated from operations:		
Net surplus before transfers	99 473	61 256
Adjustments for non-cash items:		
Depreciation	31 454	33 847
Profit on disposal of fixed assets	(686)	(261)
Profit on disposal of non-current investments	(6 122)	(26 084)
Movement in retirement benefit assets and liabilities	6 931	4 467
NSFAS impairment	21 532	19 444
Impairment of investments	3 875	-
Interest received	(44 248)	(38 394)
Dividends received	(8 679)	(7 508)
Interest paid	73	143
Changes in working capital (excluding Infrastructure Grant)	19 581	(9 634)
Receivables and prepayments	(14 807)	(3 242)
Inventories	295	49
Trade and other payables	34 093	(6 441)
Cash generated from operations	<u>123 184</u>	<u>37 276</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

20. Compensation paid to Executive Personnel

The following disclosures relate to compensation paid to executive management for the year ended 31 December 2017. 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:

	Office held	Basic salary R'000	Employment benefits R'000	Other allowances/ payments R'000	Total cost to Rhodes University R'000
Dr S Mabizela	Vice-Chancellor	2 211	547	50	2 808
Dr P Clayton	Deputy Vice- Chancellor: Research & Development	1 632	291	139	2 062
Dr C Boughey	Deputy Vice- Chancellor: Academic & Student Affairs	1 663	284	-	1 947
Dr S Fourie	Registrar (Jan to Sept)	739	76	500	1 315
Dr A L Moodley	Registrar (Oct to Dec)	285	47	5	337
Dr I L'Ange	Executive Director: Infrastructure, Operations & Finance	1 474	260	-	1 734

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.

	Office held	Basic salary R'000	Employment benefits R'000	Other allowances/ payments R'000	Total cost to Rhodes University R'000
Dr S Mabizela	Vice-Chancellor	2 084	517	50	2 651
Dr P Clayton	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	Registrar	1 209	214	93	1 516
Dr I L'Ange	Executive Director: Infrastructure, Operations & Finance	1 391	246	-	1 637

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 defined benefit pension fund lies with the trustees. The trustees engage professional pension fund administrators to assist them in discharging their responsibilities. Further, the trustees of the Rhodes University Pension Fund manage the fund on the basis of the statutory valuation, performed in terms of the Pension Funds Act, and the recommendations made by the statutory actuary.

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.

	2017	2016
	R'000	R'000
Statement of financial position obligations for:		
- pension benefits	49 612	-
- post-retirement medical benefits	64 401	65 463
	<u>114 013</u>	<u>65 463</u>
Total income / expenditure charge for:		
- pension benefits	(18 443)	(11 671)
- post-retirement medical benefits	(6 483)	(6 399)
	<u>(24 926)</u>	<u>(18 070)</u>
Recognised in other comprehensive income:		
- pension benefits	(57 734)	(14 459)
- post-retirement medical benefits	2 353	(2 767)
	<u>(55 381)</u>	<u>(17 226)</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 2017.

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.

	2017 R'000	2016 R'000
<i>The amounts recognised in the statement of financial position are as follows:</i>		
Present value of funded obligations	986 846	895 777
Fair value of plan assets	(937 234)	(896 787)
	<u>49 612</u>	<u>(1 010)</u>
Unrecognised surplus due to surplus apportionment legislation	-	1 010
Liability at statement of financial position date	<u>49 612</u>	<u>-</u>

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

Beginning of the year	895 777	723 239
Current service cost	17 574	12 199
Interest cost	87 812	75 389
Member contributions	13 615	13 126
Remeasurement increase	49 490	125 517
Benefits paid	(74 889)	(49 989)
Risk premium and expenses	(2 533)	(3 704)
End of the year	<u>986 846</u>	<u>895 777</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

21. Retirement benefit obligations (continued)

	2017 R'000	2016 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	896 787	901 000
Interest	86 943	75 917
Employer contributions	26 665	26 130
Employee contributions	13 615	13 126
Benefits paid	(74 889)	(49 989)
Risk premium	(2 533)	(3 704)
Remeasurement loss	(9 354)	(65 693)
End of the year	<u>937 234</u>	<u>896 787</u>

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

Current service costs	(17 574)	(12 199)
Net interest (expense)	(869)	528
Total, included in staff costs	<u>(18 443)</u>	<u>(11 671)</u>

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

Cash	9.4%	16.2%
Equities	36.8%	36.5%
Bonds	19.3%	13.0%
Property	3.7%	3.4%
International	26.4%	24.8%
Other	4.4%	6.1%
	<u>100.0%</u>	<u>100.0%</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

21. Retirement benefit obligations (continued)

Pension benefits (continued):

Analysis of remeasurements:

	2017 R'000	2016 R'000
Defined benefit obligation:		
Remeasurement loss due to change in financial assumptions	45 345	71 708
Remeasurement loss due to experience adjustment	4 145	53 809
	49 490	125 517

Plan assets:

Remeasurement loss : Return on plan assets, not included on interest income above	9 354	65 693
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The principal actuarial assumptions used were as follows:

Discount rate	9.9%	9.9%
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 (Light) table

Post-retirement: PA(90) ultimate table rated down 1 year plus 0.5% improvement per annum from 31 December 2003.

Sensitivity analysis

Sensitivity analysis looks at the effect of deviations in the key valuation assumptions and other implicit valuation assumptions. The effect of changes in the key valuation assumptions to the defined benefit obligation is as follows:

Assumption	Change	Defined benefit obligation R'000	% change
Salary increase rate	1% increase	1 000 450	4.9%
Salary increase rate	1% decrease	982 139	-4.3%
Discount rate	1% increase	946 196	-11.0%
Discount rate	1% decrease	1 069 236	13.5%
Pension increase rate	1% increase	1 041 829	8.7%
Pension increase rate	1% decrease	944 952	-7.6%
Life expectancy	2 years increase	1 015 816	4.4%
Life expectancy	2 years decrease	958 390	-4.5%

21. Retirement benefit obligations (continued)

Pension benefits (continued):

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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 2017. The plan is registered under the Medical Schemes Act. The plan is governed by a Board of Trustees.

	2017	2016
	R'000	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>64 401</u>	<u>65 463</u>
<i>The movement in the liability over the year is as follows:</i>		
Beginning of the year	65 463	60 996
Current service cost	302	278
Interest cost	6 181	6 121
Benefits paid	(5 192)	(4 699)
Remeasurement due to changes in financial assumptions	(1 623)	3 294
Remeasurement due to experience adjustment	(730)	(527)
End of the year	<u>64 401</u>	<u>65 463</u>
<i>The amounts recognised in total income/expenditure are as follows:</i>		
Current service cost	(302)	(278)
Interest cost	(6 181)	(6 121)
Total included in personnel costs	<u>(6 483)</u>	<u>(6 399)</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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. The effect of changes in the key valuation assumptions to the defined benefit obligation is as follows:

Assumption	Change	Defined benefit obligation R'000	% change
Health care inflation	1% increase	70 034	8.7%
Health care inflation	1% decrease	59 476	-7.6%
Discount rate	1% increase	59 407	-7.8%
Discount rate	1% decrease	70 204	9.0%
Post-retirement mortality tables	2 years decrease with 1% improvement p.a. from 2006	70 070	8.8%
Expected retirement age	1 year younger	65 039	1.0%
Expected retirement age	1 year older	64 282	-0.2%
Withdrawal tables	0% - 15% p.a.	64 463	0.1%

Membership data:

Employed members (in service)	40
Retired members	262

The principal actuarial assumptions used were as follows:

Interest rate	9.9%
Subsidy inflation rate (medical cost trend rate)	6.8%

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

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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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	2017 R'000	2016 R'000
Assets			
Non-current investments	Available for sale	575 826	545 314
Loans and receivables	Loans and receivables	11 403	10 281
Receivables and prepayments	Loans and receivables	83 982	72 709
Cash and cash equivalent	Loans and receivables	366 060	293 688
Financial assets	Loans and receivables	29 819	29 819
		<u>1 067 090</u>	<u>951 811</u>
Liabilities			
Interest bearing borrowings	Other financial liabilities	417	1 118
Trade and other payables	Other financial liabilities	79 146	67 614
		<u>79 563</u>	<u>68 732</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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 2017:

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Investments	575 826	-	-	575 826
Total assets	<u>575 826</u>	<u>-</u>	<u>-</u>	<u>575 826</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 2017:

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
Assets				
Financial assets	-	29 819	-	29 819
Total assets	<u>-</u>	<u>29 819</u>	<u>-</u>	<u>29 819</u>
Liabilities				
Deferred income	-	115 900	-	115 900
	<u>-</u>	<u>115 900</u>	<u>-</u>	<u>115 900</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).

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 R8.9 million (2016 : R8.5 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 2017, 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 R24.0 million (2016 : R22.4 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.

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 #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.

	Within 1 year R'000	Between 1 and 5 years R'000	Later than 5 years R'000
At 31 December 2017			
Interest-bearing borrowings	352	65	-
Trade and other payables	79 146	-	-
	<u>79 498</u>	<u>65</u>	<u>-</u>
At 31 December 2016			
Interest-bearing borrowings	763	355	-
Trade and other payables	67 614	-	-
	<u>68 377</u>	<u>355</u>	<u>-</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 DECEMBER 2017 (continued)

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 2017 and the date of approval of the Annual Financial Statements.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017

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 2017:

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.

New Standards not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 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:

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.

1. Accounting policies (continued)

IFRS 9 *Financial Instruments* (continued)

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.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017 (continued)

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)

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017 (continued)

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.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017 (continued)

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.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017 (continued)

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.

RHODES UNIVERSITY

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - 31 DECEMBER 2017 (continued)

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.