

**RHODES UNIVERSITY**

**ANNUAL REPORTS  
AND  
CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 December 2009**

# RHODES UNIVERSITY

## ANNUAL REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 December 2009

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## RHODES UNIVERSITY

### DETAILS OF OFFICERS AND MEMBERS OF COUNCIL as at 31 December 2009

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

Chancellor: Professor G Jakes Gerwel

Principal and Vice-Chancellor: Dr M Saleem Badat <sup>13</sup>

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

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

Chairman of Council: The Hon Mr Justice R Jos Jones <sup>13</sup>

Registrar: Dr Stephen Fourie

#### **Council**

The Vice-Chancellor – Dr MS Badat <sup>13</sup>

Chairman of Council: The Hon Mr Justice R Jos Jones <sup>13</sup>

The Deputy Vice-Chancellor – Academic and Student Affairs: Dr S Mabizela <sup>1</sup>

The Deputy Vice-Chancellor – Research and Development: Dr P Clayton <sup>1</sup>

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

Ms N Pityana

The Hon Mr Judge President CM Somyalo

Dr TR Terblanche

Mr A Zinn

(Vacant)

#### **Elected by Senate**

Professor RTF Bernard <sup>1</sup>

Professor FT Hendricks

Professor DA Sewry

Professor ACM Webb <sup>1</sup>

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

Mr TL Amos

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

Mr S Mzangwa

Ms N Ripley

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

Clr N Gaga

Clr R Madinda

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

Dr BS Rayner <sup>123</sup>

#### **Appointed by Council**

Ms W Bischoff

The Hon Mr Justice RJW Jones <sup>13</sup>

Mr C Meyer <sup>1</sup>

Ms M Schoeman

Dr N Stubbs

Mr NE Woollgar <sup>13</sup>

**RHODES UNIVERSITY**

**DETAILS OF OFFICERS AND MEMBERS OF COUNCIL  
as at 31 December 2009 (continued)**

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**Co-opted Members**

The Hon Mr Judge C Plasket <sup>1</sup>

Mr AB Steele-Gray

Mr TS Tagg <sup>12</sup>

Bishop EM Ntlali

**Appointed by the Students' Representative Council**

Mr E Ofei

Mr R Barnett

**Secretary (in attendance)**

Dr S Fourie

<sup>1</sup> Member of the Finance and General Purposes Committee

<sup>2</sup> Member of the Audit Committee

<sup>3</sup> Member of the Remuneration Committee

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2009

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

#### **The Council**

As provided for in the Statute, the Council met five times during the course of 2009.

In the previous year the membership of the Council had been revisited with the reappointment of six members and the appointment of four new members so 2009 was a year of stable membership with changes only to the students appointed by the Students' Representative Council and the members appointed by the Makana Municipality. The composition of the Council at the end of 2009 is appended to this report.

Attendance at Council meetings was generally good, though the overall attendance at 69% was down on the previous year's 77%. In addition, the attendance record was marred by two members who failed to attend any of the five meetings during the year and who have, as a result, vacated their positions on Council in terms of the Statute. Summary of attendance (note that not all members were in office for all five meetings held during the year):

Attended 5 out of 5 meetings: Dr S Badat, Dr S Mabizela, Dr P Clayton, Professor R Bernard, Professor D Sewry, Professor F Hendricks, Dr B Rayner, Judge J Jones, Mr N Woollgar and Mr T Tagg.

Attended 4 out of 5: Mr A Zinn, Professor A Webb, Mr T Amos, Ms N Ripley, Mr R Barnett, Ms M Schoeman, Judge C Plasket and Mr B Steele-Gray.

Attended 3 out of 5: Ms N Pityana and Mr C Meyer.

Attended 2 out of 5: Judge C Somyalo, Ms W Bischoff, Dr N Stubbs and Bishop E Ntlati.

Attended 1 out of 5: Dr T Terblanche.

Attended 3 out of 4: Ms K Loni.

Attended 1 out of 2: Clr N Gaga and Clr R Madinda.

Attended 1 out of 1: Mr E Ofei.

Failed to attend: Bishop Z Siwa and Mr S Mzangwa.

#### **Council sub-committees**

The Council sub-committees with a mandate of strategic or financial significance – the Executive Committee, the Finance and General Purposes Committee, the Remuneration Committee and the Audit Committee are all chaired by external members of Council with appropriate skills and experience.

The issue of succession planning in relation to Council appointments has been prioritised.

There were no matters on the agendas of these committees that were not resolved at the year end. The Executive Committee seldom meets but when mandated to act on behalf of Council all members of the committee are consulted. Attendance at the Finance & General Purposes Committee, the largest of the sub-committees, is very good (overall 82%) while with the Audit and Remuneration committees is also good.

### **Matters of significance considered by the Council**

- Considered an institutional Quality Improvement Plan for submission to the HEQC.
- Approved an Infrastructure Funding Application for submission to the DoE.
- Received regular reports on the construction of a new Library.
- Considered a review report on the Rhodes Investec Business School.
- Established a Centre for the Study of Democracy.
- Approved a policy for Eradicating Unfair Discrimination and Harassment.
- Approved a policy for Marketing and Advertising on campus for student societies and clubs.
- Approved the dissolution of the 1970 Foundation Trust and the Drostdy Road Trust.
- Considered a report of the Ministerial Committee on progress towards Transformation and Social Cohesion and the Elimination of Discrimination in Public Higher Education Institutions.
- Put in place a dashboard of performance indicators to facilitate governance issues.
- Approved a formal response to the DoE on the remuneration of senior managers in public higher education institutions.
- Approved recommendations by management on a market related increase for staff.
- Approved a policy on Naming and Renaming Buildings, Facilities and Academic Units and Structures.
- Approved a balanced budget for 2010.
- Approved the appointment of a contractor to construct three new residences in 2010.
- Approved a Recruitment and Selection policy for academic posts.
- Approved a Database Management policy.

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

- Professor Tebello Nyokong was named as the UNESCO-L'Oreal Laureate 2009 for Africa and the Arab States, for her world renowned contributions to harnessing light for cancer therapy and for environmental clean-up.
- Dr Kim Bernard was second runner-up in the Best Young Woman Scientist in the 2009 Department of Science and Technology Women in Science Awards.
- Rhodes became the first English-medium institution to win the Sanlam Prize for Afrikaans Theatre.
- Dr Lee-Anne McKinnell won an inaugural African Union Women Scientist Regional Award in the Basic Science, Technology and Innovation Sector for Women Scientists in the Southern African region.
- Dr Lee-Anne McKinnell and Professor Alfred Terzoli's THRIP projects at Rhodes won awards in Advanced Hi Technology and the Research Collaboration sections of the Technology and Human Resources for Industry Programme.
- Ms Mandy Hlengwa won an award for the "Best proposal, literature review or theoretical survey" at the 2009 National Research Indaba hosted by the UP Faculty of Education.
- Dr Michelle Cocks was joint winner in the category Achiever Award for a Woman Researcher in the Area of Indigenous Knowledge Systems and Local Innovation at the 2009 Department of Science and Technology Women in Science Awards.
- Professor Tebello Nyokong was awarded the 2009/2010 CEO Most Influential Women in Business and Government in the Education and Teaching Sector and was named as a runner-up in the Quality of Life category of the Department of Science and Technology's 2009 Distinguished Woman Scientist Award.
- Professor Tebello Nyokong won the NRF President's Prestige Award for the "Champion of Transformation in Research".
- The Flanagan Scholarship was again won by a graduate of Rhodes, Ms Nimi Hoffman.

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2009 (continued)

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#### Financial viability

As indicated in the Annual Financial Review elsewhere in this report, 2009 was a successful financial year for the institution, contributing to a further increase in the already viable financial state of the university.

#### Staff development and equity in 2009.

During the course of 2009, a total of 14 Rhodes staff acquired further qualifications, 9 of these PhDs, 3 Masters degrees, 2 Honours degrees and 2 with post-graduate diplomas in higher education. A further 20 staff acquired certificates in student assessment, a professional development course run by the Centre for Higher Education Teaching and Learning. The Human Resources Division continues to run in-house office administration and supervision courses as well as an ABET (literacy and numeracy) and matric school. The latter is open to the community.

Funding from the Kresge Foundation of \$932 000 has provided for a further 8 (3 year) posts in the institution's accelerated development programme, aimed at developing members from designated groups. These posts are linked to upcoming retirements and growth areas so that once these individuals have successfully completed the three year programme, they can be permanently employed by the University. To date 3 individuals have been employed and a further post will be filled this year. The other 4 placements will take place in 2011. The same programme has received funding from the Mellon Foundation in the past.

The successful support staff internship programme continues with increased funding from the institution in 2010. This programme has been expanded to include a graduate internship programme giving graduates critical work experience. Since the inception of this programme 7 years ago, over 70% of these individuals who were previously interns have either found work at Rhodes (60% of these individuals) or with other employers. This programme has also contributed to the employment equity initiatives of the institution.

Funding continues to be provided for staff wanting to study qualifications at other institutions and remission of fees for those studying at Rhodes University.

A critical initiative to assist academics in the completion of their degrees has been the provision of additional academic leave. Funding has been raised from the Mellon Foundation to assist those in the Humanities while similar funding will be forthcoming from the Claude Leon Foundation in 2011 for those in Sciences.

Equity remains a significant challenge at Rhodes University. A successful Institutional Culture Colloquium was held in October 2009. Consideration is being given to the creation of a Director: Equity and Institutional Culture to provide the necessary capacity to drive equity initiatives within the institution. This lack of capacity is being sorely felt. The institutional employment equity qualitative plan was approved by Senate in the second semester of 2009 after an extensive consultation process. What is still required is the setting of quantitative targets. This work is being actively pursued in 2010 and will require departments and divisions to set targets which in turn will be collated to constitute Faculty plans and then an overarching institutional plan. A Department of Labour Director General audit was done in November 2009 of the institution's compliance with the Employment Equity legislation. As anticipated, concern was expressed as regards the lack of quantitative targets. In line with the approved Employment Equity plan, the two Recruitment and Selection Policies for Academic and Support Staff posts have been reviewed and changed to ensure a more focused drive on achieving employment equity targets. These were approved late in 2009 by Council and training on this has happened for Chairs of Selection Committees in 2010. Demographics show that at the management level of the institution, 28% of staff are Black (African, Coloured or Indian) while amongst professionals (90% of which are academics), 16% are Black. Amongst clerical staff this percentage shifts to 41% Black staff with progress having been made here due to the clerical internship programmes providing a suitable recruitment pool.

### **Composition of the student body**

Student numbers totalled 6 967 in 2009. The details thereof are contained in the report of the Chairperson of Senate. The growth in numbers, particularly in first time entering undergraduate students, was greater than anticipated or planned. Part of the reason for this was the increase in the number of students qualifying to take degree studies in this first cohort of students who left the schooling system with a National Senior Certificate. Steps are to be taken in 2010 and subsequent years to align student numbers back in line with the enrolment plan established in consultation with the Department of Education. Growth in the number of Black South African students has continued (details are provided in the Senate report). As detailed in the Senate report, the university continues to achieve success rates which are among the highest in South Africa.

### **Research**

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

### **Campus infrastructure**

Towards the end of 2009 work began on preparing the platforms for three new student residences. Throughout the year construction of a new library building took place. These major infrastructure developments are due for completion in 2010.

### **Prominent events on campus**

- Graduation. Five graduation ceremonies took place at which honorary doctorates were awarded to Dennis Vincent Brutus, Sibongile Khumalo, Lynette Marais and Issa Gulamhussein Shivji.
- Convocation and Founders' Day: Convocation was well supported by the Alumni and prestigious Old Rhodian Awards were presented to Professor Mike Brown, Ms Caroline Southey and Mr David Foord.
- A two day colloquium on institutional culture. This event was well attended and a number of important conversations were either started or taken further on a range of issues of institutional culture. While in the nature of the event no decisions were taken, the constructive, consciousness raising activity has, and will continue to, feed issues into the decision-making structures of the university.

### **Student services**

The Dean of Students Division offers a wide variety of services to students in order to provide non-academic support, enhance overall student wellbeing and to provide opportunities to participate in sporting and cultural activities. The office is also responsible for ensuring that the Residence system is a well functioning space that is pleasant to live in and conducive to learning.



REPORT OF CHAIR OF COUNCIL  
FOR THE YEAR ENDED 31 December 2009 (continued)

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**Awareness raising & transformation** The office promoted transformation through policy development & implementation and as well as practical initiatives focussing on education and advocacy. The division offered support to victims of harassment and discrimination and developed and maintained a critical incidents database. The division ran a number of successful awareness-raising weeks, including House Committee Leadership Training (Jan/Feb), Orientation Week (Feb), Anti Alcohol Abuse Week (Feb), Human Rights Week (March), Anti Sex & Gender based violence Week (April/May), LGBTi Pride Week (May), Africa Week (May), Women's Week (Aug), HIV/AIDS Awareness Week (Aug) and Constitution Week (Sept). The Dean of Students' Alcohol-free challenge went from strength to strength with students beginning to engage with the 'fun without drinking' concept and a fair number of high-profile events heralding the ongoing success of this initiative

**Policy development, review & implementation** The University's Sexual Assault Policy and Protocols were reviewed and redrafted. This was followed by an advertising campaign to inform student of anti-harassment services. The Policy on Eradication of Unfair Discrimination and Harassment was also finalised. A new Protocol guiding political activity on campus was finalised, along with a new Policy for Marketing and Marketing & Advertisement on campus for student societies and clubs, which ensures that the campus is free from undue pressure, often associated with religious intolerance

**Students with disabilities** The division held an Imbizo with students with disabilities and formulated a work plan to start addressing the needs of these students in a systematic manner. An Action Plan was presented to senior management detailing the kind of services that would be required in order to address the challenges faced by students with disabilities. The DoS continues to act as a champion for the rights and needs of students with disabilities within the institution.

**Health Care Centre** The operations of the Sanatorium were reviewed, it was renamed the Health Care Centre, and underwent major renovation and reconfiguration in order to transform the physical space and improve the manner in which the Health Care Centre provides its services. The reconfiguration of the space will further enable the centre to provide improved HIV-AIDS related services such as ongoing confidential HIV testing.

**Counselling Centre** The Counselling Centre continued to provide individual student counselling and crisis intervention. A total of 2954 individual counselling sessions were held in 2009. The Centre has a 24 hour crisis line available for students in need of crisis counselling. In keeping with the direction toward operating on a wellness based model the centre also started a programme of training and placing wellness leaders in the various residences.

Various group sessions are held in order to deal with the more common problems faced by students and in an effort to give students support and coping skills to deal with a variety of challenges, such as, study skills, stress management, bereavement, depression, rape survival and healthy relationships.

**Sport** Inter-residence sport saw an increase in participation levels from previous years, growing the competition to the largest sports event on campus, involving thousands of our students in over 20 sporting codes in a social league.

Rhodes hosted an intervarsity weekend with all four of the Eastern Cape Higher Education Institutions participating. Rhodes also participated in various national USSA tournaments and hosted the USSA tennis tournament.

The Health Suite (Gym) under new management, underwent transformation in terms of the manner in which it operates which saw an increase in the number of students and staff using the Gym. The Health Suite, and exercise in particular, is a significant part in the wellness model offered to students through the Health Care and Counselling Centres.

## RHODES UNIVERSITY

### REPORT OF CHAIR OF COUNCIL FOR THE YEAR ENDED 31 December 2009 (continued)

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**Careers Centre** The Career Centre hosted a successful Graduate Recruitment Programme in 2009 which saw new companies signing up to do recruitment activities at Rhodes. The Centre collaborated with the Law Faculty in order to host the Law Market Day which saw an increase in the number of students attending the events.

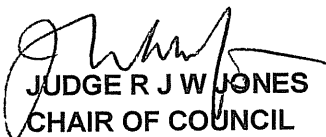
Individual career counselling sessions are also offered at the Centre, and the number of students seen at the Centre more than doubled in 2009 as a result of operational efficiencies that were introduced at the Centre and the career talks offered during orientation

**Student leadership development** The Rhodes slogan of "where leaders learn" becomes a lived reality through the initiatives and operations of the Dean of Students Division. The division organised several training programmes to support student leadership, including the training of all subwardens and House Committees, prior to Orientation Week, and mandatory training for all committees of Sports Clubs and Societies. In addition, we developed and co-ordinated the annual SRC handover and leadership training and co-sponsored and organised a "Top 100" Awards Ceremony, to recognise inspiring student role-models in a range of fields. The office sponsored students to attend Brightest Young Minds.

**Residence system** The residential system expanded to accommodate 210 new students with two new residences (Joe Slovo and the as yet unnamed 'New Res 2') coming on line. 2009 also saw the launch of a new Hall of Residence, Lilian Ngoyi Hall, which has set new standards for Community Engagement as they have developed a Hall ethos which is both truly African and outwardly focussed, placing an emphasis on working to empower members of the community to begin moving from dependence to self-sufficiency through food gardening.

#### Conclusion

Good student pass rates, a highly productive research capability, two major infrastructure projects, new policies and attention to institutional culture, inter alia, have all contributed to realising the goals of the university as set out in its vision and mission statements.

  
JUDGE R J W JONES  
CHAIR OF COUNCIL

10 June 2010

## RHODES UNIVERSITY

### REPORT OF THE CHAIR OF THE FINANCE COMMITTEE OF COUNCIL

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The strong financial results reflected in the 2009 financial statements are indicative of the sound financial policies employed by Management of Rhodes University. Income for the year in respect of Council-directed activities, derived predominantly from Government subsidies, student fees (tuition, accommodation and meal fees) and investment income, increased by 12.4%. While the institution plans a break-even position on an annual basis in respect of Council-directed activities, a surplus of R9.26 million (excluding investment revaluations) was recorded as a result of the higher-than-anticipated increase in student numbers and tight control over expenditure. As a result the University was able to address past imbalances in staff costs and increase the amount of financial aid and bursaries provided to deserving students. The University is determined to continue addressing internal and external equity in staff salaries in order to achieve greater competitiveness in the market place without placing undue strain on financial resources. Although progress has been made in this regard, it is recognised that continued attention in this area will be necessary.

In the previous reporting period, a charge of R66 million relating to a pension fund liability was recorded. This was not related to operating activities but was rather a direct result of the decline in the value of the under-lying investments of the fund which was attributable to fluctuating market conditions. In 2009 an improvement in the value of the investments has resulted in a release of R15.7 million against this provision. The University's Foundation Balance Sheet has also shown significant investment gains as a result of the improvement in the equity market.

Infrastructure and efficiency funding received from the Government in a previous reporting period of R30 million supported the completion of two new residences which were commissioned in 2009. A further grant of R50 million was received from the Government for the expansion of the library, and this project is scheduled to be completed during 2010.

Historically the University has utilised internal funds to finance certain infrastructural projects, mainly the construction of residences, the effect of which is evident in the working capital ratio. This will not be sustainable going forward and additional finances in the form of grants from the Department of Higher Education and Training and external sources will be essential to support future growth in terms of the enrolment plan and to finance infrastructure needs.

The fact that the University has received an unqualified auditor's report bears testimony to the University's long-term financial stability and its aspiration to provide a holistic educative experience for its students in an environment conducive to effective teaching and learning, supported by sound financial structures.



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



**R W MARRINER**  
**REGISTRAR: FINANCE AND OPERATIONS**

10 June 2010

## **RHODES UNIVERSITY**

### **COUNCIL'S REPORT ON GOVERNANCE**

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

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

#### **Council**

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

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

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

#### **Executive Committee**

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

#### **Remuneration Committee**

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

#### **Finance and General Purposes Committee**

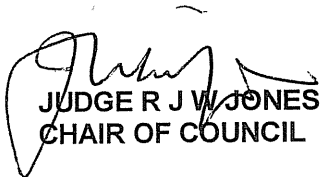
In terms of its mandate, the Finance and General Purposes Committee advises Council on all matters involving the finances and property of the university, monitors performance in relation to operating and capital budgets and acts on behalf of Council when instructed by Council to do so. It ensures that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

**Audit Committee**

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

**Code of ethics**

The university has written codes of ethics which relate to research protocols and student behaviour.



JUDGE R J W JONES  
CHAIR OF COUNCIL

10 June 2010

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

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

During 2009 the Senate met on five occasions.

### **Composition of the Senate**

The composition of the Senate is as follows:

- (a) The Vice-Chancellor
- (b) The Deputy Vice-Chancellors
- (c) The Professors
- (d) The Registrar
- (e) The Director of Library Services
- (f) Two members of the Council elected by the Council
- (g) Six members of the academic staff elected by the academic staff
- (h) The heads and acting heads of department
- (i) Five students elected by the SRC
- (j) The heads of associated institutes who are not professors of the university
- (k) Two members of the administrative and support staff elected by the administrative and support staff
- (l) The Dean of Students

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

### **Academic structures**

No new academic structures were created during the year under review. However, the creation of a new post of Doctoral Programme Co-ordinator in the Centre for Higher Education Research, Teaching and Learning (CHERTL) will enhance the university's capacity to produce doctorates in the important field of Higher Education.

### **Significant developments**

- The award of a SARCHI Chair for Mathematics Education to Professor Marc Schäfer
- The creation of a branch at Rhodes of the Centre for the Study of Democracy
- Approval of a Community Engagement Policy
- Approval of a Master's Degree in Integrated Development subject to accreditation
- Approval of a policy on Naming and Renaming Buildings, Facilities and Academic Units and Structures
- Approval of a review report on the Library and various proposals for improvement in the Library

## RHODES UNIVERSITY

### REPORT OF SENATE (continued)

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#### Composition and size of the student body

The tables below illustrate the composition of the student body in 2009. They also indicate the very pleasing success rates and the significant progress in addressing student access and equity.

<b>RACE</b>	<b>2008</b>	<b>2009</b>	<b>Increase</b>	<b>%Increase</b>
African	2924	3475	585	20
Indian	304	296	-4	0
Coloured	223	238	20	9
White	2876	2958	125	4
<b>Total</b>	<b>6327</b>	<b>6967</b>	<b>726</b>	<b>11</b>

	<b>Registered</b>	<b>Completed</b>	<b>Success Rate</b>
<b>UG Dip &amp; Cert</b>	126	113	90%
<b>Bachelors</b>	4554	3742	82%
<b>PG Diploma</b>	145	132	91%
<b>Honours</b>	424	371	88%
<b>Total</b>	<b>5897</b>	<b>4837</b>	<b>82%</b>

#### Research

Rhodes University maintained and improved its track record of research performance in the 2009 audited outputs – as based upon 2008 HEMIS returns, and in the 2009 submissions to the DHET, in terms of both quality and quantity of outputs. It is particularly satisfying to note that this was achieved against the backdrop of substantial financial constraints and changes in the funding programmes of the National Research Foundation, a primary source of funding for researchers at Rhodes, which produced significant discontinuities in funding for several established researchers. Overall individual academic research output productivity rates kept Rhodes amongst the top research performers in the country using this measure (1.76 weighted accredited research outputs per individual at Rhodes as against the national average of 0.98). In addition, Rhodes continues to have one of the highest proportions of academic staff with doctoral degrees among South African universities (52%).

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

## RHODES UNIVERSITY

### REPORT OF SENATE (continued)

It is satisfying to be able to report a substantial year-on-year growth in accredited outputs in the DHET audited return<sup>1</sup> from 2007 to 2008 of 20.3% at Rhodes University which is significantly above the 7.8% growth for the sector as a whole in the same period, and which increases slightly the Rhodes University share of the DHET research output subsidy. Growth in research output is seldom linear, so a three year average might be regarded as a more steady state indicator – which for Rhodes shows a 30.6% growth (over the period 2005 to 2008, as reported in the 2009 DHET return) in relation to the national total growth of 15.5%.

Our journal output, (which accounts for 87% of our total accredited publishing output for higher education subsidy purposes) grew by 11.3% from 2007 to 2008 in the 2009 DHET audited return, and our submissions in 2009 indicate an expected further increase of approximately 4%. Big contributing factors here were a peak in contributions by Prof Nyokong's highly productive group, and heightened productivity from several other prolific researchers.

Our output from accredited conference proceedings, (which amounted to 10% of our total accredited publishing output) grew by 202% from 2007 to 2008 in the 2009 DHET audited return – but from a small base where more year-on-year variance can be expected. A small contributing factor here was a slight increase in submissions, and a large contributing factor was a vastly improved rejection rate. The staff responsible for this process in the Research Office, and the researchers who made the submissions, are to be warmly congratulated for this improvement. Our submissions in 2009 indicate a leveling off in the number of conference proceeding submissions.

The book outputs (which amounted to 3% of our total accredited publishing output in the DHET 2009 audited output) increased by 91% – again from a very small base which had seen a negative growth in the preceding year. However there is a clearly discernable recent upward productivity trend to 2009.

2007: 17 books containing 18 individual submissions;

2008: 20 books containing 42 individual submissions;

2009: 57 books containing 81 individual submissions.

In the area of research student output, the number of graduating PhD students increased by 18% from 2008 to 2009 (to 32 graduates, or 96 weighted PhD subsidy units), whereas the number of masters graduations declined marginally for the same period to 112 graduates, yielding an overall research output subsidy increase in this category.

External Research Income (*new grants in the financial report*) from sources other than the DHET for the period January to December 2009 (as compared to the same periods in 2007 and 2008), was as follows:

	2007 R'000	2008 R'000	2009 R'000	% Increase 2008-9	% increase 2007-9
National Research Foundation	12 440	20 761	18 465	-11%	48%
THRIP	3 068	2 687	1 604	-40%	-48%
Water Research Commission	2 176	2 819	2 519	-11%	16%
Medical Research Council	643	867	883	2%	37%
Private Industry and Grants	7 871	14 684	17 512	19%	122%
External Research Consulting	828	1 131	1 812	60%	119%
Research Institutes and Affiliates	32 507	39 307	44 023	12%	35%
Research Contracts	4 099	19 132	16 673	-13%	307%
<b>TOTAL</b>	<b>63 632</b>	<b>101 388</b>	<b>103 491</b>	<b>2%</b>	<b>63%</b>

<sup>1</sup> 2009 audited outputs – as based upon 2008 HEMIS returns.



**RHODES UNIVERSITY**

**REPORT OF SENATE (continued)**

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These figures show a tailing off in the overall value of new external research grants in 2009 after a steep growth in 2008. An area of particular concern is the distinct decline in the grant level from the National Research Foundation (NRF), a principal research funder. This decline was felt by all research universities in South Africa, during a period in which the NRF encountered substantial financial constraints and changes in the funding programmes over the period, which produced significant discontinuities in funding for many established researchers. Early indications for 2010 are that this tough funding period has passed, and Rhodes's research income from NRF grants looks set to double in value by the end of 2010.

The decline in THRIP funding is due to new NRF and DTI (Department of Trade and Industry) policies for this fund, explicitly aimed at managing down the proportion of THRIP matching contributions to Industry funded projects in this category.

**Tuition fees**

Tuition fees in 2009 were originally planned to increase by 10%. However, notification of additional funding allowed the University to limit the fees increase to 8.5% higher than the previous year. The residence fee increased by 12%. The fees are set by way of an inclusive budget process which is characterised by active student participation.

**Access to financial aid**

Funding for undergraduate financial aid in 2009:

	<b>2009</b> <b>R'000</b>	<b>2008</b> <b>R'000</b>
NSFAS	11 445	9 569
RU Council	20 423	13 350
Total	<u>31 868</u>	<u>22 919</u>
Number of students supported	790	646

Rhodes awards NSFAS funds and RU Council funds on exactly the same basis. In other words, the students who qualified for RU Council funding also qualified for NSFAS funding but did not receive it because the NSFAS allocation to Rhodes is inadequate. Consequently the RU Council funding increased significantly. Such increases are not sustainable.



**DR MS BADAT**  
**VICE-CHANCELLOR**

10 June 2010

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

#### **Governance sector**

Judge RJW Jones Council  
Professor R Bernard Council .  
Professor R Adendorff Senate  
Professor L Louw Senate  
Professor G Euvrard: Alternate Senate  
Dr S Badat  
Dr S Fourie  
Dr S Mabizela alternate

#### **Student sector**

Mr K Langley  
Ms P Mdangayi  
Mr A Seedat  
Mr J Phamodi  
Mr G Elzerman  
Mr G Colarossi  
Ms K Loni  
Ms T Thabana Alternate

#### **Staff sector**

Mr S Mzangwa  
Mr T Tommy  
Mr G Nombewu  
Dr A Kirkaldy  
t.b.a. Non-professorial staff rep.  
t.b.a. Non-professorial staff rep.

#### **Community sector**

Dr P Naidoo  
Clr M Fulani

### **Scheduled meeting for 2009**

7 March  
9 May  
1 August  
21 September  
23 October

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

In terms of the above, the only scheduled meeting that took place during 2009 was that of 1 August. One interpretation of this could be that the Institutional Forum at Rhodes is ineffectual. A more reasoned account would be that the various stakeholder groups have sufficient representation on the standing committees and principal committees (e.g. Senate and Council) to be able to raise their issues without having to resort to the Institutional Forum. In spite of its infrequent meetings the Institutional Forum has played a very valuable role in the institution in breaking deadlocks in the past. Examples would be that of agreeing to the composition of the Council or the appointment procedure for a new Vice-Chancellor.

**RHODES UNIVERSITY**

**REPORT OF THE INSTITUTIONAL FORUM OF THE COUNCIL (continued)**

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

**Meeting of 1 August 2009.**

The meeting considered the following issues:

- Nomenclature referring to 'non-academic' staff to be changed to 'administrative support staff'.
- Consideration of the REPORT OF THE MINISTERIAL COMMITTEE ON TRANSFORMATION AND SOCIAL COHESION AND THE ELIMINATION OF DISCRIMINATION IN PUBLIC HIGHER EDUCATION INSTITUTIONS.
- Consideration of and support for an Institutional Culture Colloquium.
- Discussion about the need for a post of Equity/Transformation Officer at Rhodes.
- Discussion about a planned NEHAWU strike action.
- Noted the intention of DOHET to convene an IF Chairpersons meeting and the election of a Rhodes representative.

**Chairperson of the Institutional Forum**

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



**G Kahn**  
**SRC Vice-President : External**  
**CHAIRPERSON (ROTATIONAL)**

10 June 2010

## RHODES UNIVERSITY

### REPORT ON INTERNAL ADMINISTRATIVE/OPERATIONAL STRUCTURES AND CONTROLS

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Rhodes University maintains systems of internal control over financial reporting and the safeguarding of assets against the unauthorised acquisition, use or disposal of such assets. Such systems are designed to provide reasonable assurance to the University and the Council regarding an operational environment that promotes the safeguarding of the University's assets and the preparation and communication of reliable financial and other information.

The systems of internal control include documented organisational structures setting out the division of responsibilities and procedures and the careful selection, training and development of the financial staff of the University.

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

Information systems utilising modern information technology are in use throughout the organisation. All 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 ensure control over all data, including disaster recovery and "back-up" procedures. Systems are under the control of competently trained staff.

In utilising electronic technology to conduct transactions with staff, students and third parties, control aspects receive close scrutiny and are audited regularly. There are procedures in place that are designed and implemented to minimise the risk of fraud or error.

The University embarked on a process of formal risk management. This process involves the identification of strategic and operational risks, the rating of these risks and the developing of mitigating strategies for these risks. The University embarked on this process to assist in the management of the institution, which includes the maintenance of effective systems of internal control.

External Internal Auditors who are independent of the External auditors monitor the operation of internal control systems on a continuous basis and report findings and recommendations to management and the Audit Committee of Council. Corrective actions are taken to address control deficiencies and systems are continuously assessed to identify opportunities for improvement.

As at 31 December 2009 Rhodes University believes that its systems of internal control over its operational environment, information reporting and safeguarding of assets against the authorised acquisition, use or disposal of assets are adequate to ensure proper financial governance.



**DR B S RAYNER**  
**CHAIR: AUDIT COMMITTEE**

10 June 2010

**RHODES UNIVERSITY**

**REPORT ON ENTERPRISE RISK MANAGEMENT**

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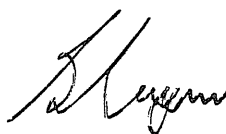
The Risk Management Committee met three times during 2009 to review risks (financial and non-financial) raised via an identification process commensurate with Rhodes's level of maturity. All risks are assessed as to likelihood of occurrence and anticipated impact, and categorised into High, Medium and Low. Mitigating actions are instituted accordingly.

Enterprise Risk Management has matured from a reactive stage to being viewed in a wider context of identifying and managing risks more actively, and seeking best practice. All basic structures are in place and operative to cope with the current maturity level which is unit based. The risk register is constantly being updated, however has not as yet established enterprise wide risk and compliance profiles. A strategic plan is in place to achieve this level of proficiency and maturity.

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



**DR M S BADAT**  
**CHAIR: RISK MANAGEMENT COMMITTEE**



**DR B S RAYNER**  
**CHAIR: AUDIT COMMITTEE**

10 June 2010

The 1 600 first years who joined Rhodes this year were selected from over 5 900 students who applied to attend Rhodes University. Of these 4 600 were local students and 1 300 international students. In total some 7 000 students will make up the 2010 student body. Of these, one in four are outstanding postgraduates who are excellent undergraduate tutors and inspirational role-models for our undergraduates.

One in five of our students are international students from some 50 countries around the world, including Zimbabwe, Namibia, Zambia, Uganda, Kenya, Mauritius, Ghana, Cameroon, Canada, America, Britain, Ireland, France, The Netherlands, Germany, Turkey, China, India and many others. The concomitant national, linguistic and cultural diversity makes Rhodes an exciting and cosmopolitan place and enriches our institutional culture.

In my view Rhodes exists to serve three fundamental purposes.

The first is to produce knowledge, so that we can advance understanding of our natural and social worlds and enrich our accumulated scientific and cultural heritage. This means that we “test the inherited knowledge of earlier generations”, we “reinvigorate” knowledge and we share our findings with others.

We undertake research into arcane and abstract issues and strive to apply our discoveries for the benefit of humankind. We grapple with urgent and “contemporary problems” and seek solutions to these. We also “forage” into issues and undertake enquiries “that may not appear immediately relevant to others, but have the proven potential to yield great future benefit”.

Above all, we ask questions. We don’t immediately worry about the right answer or solution. It is the right questions, the proper questions, that lead to the great leaps in knowledge and science, to the great discoveries and innovations.

Our second purpose is to disseminate knowledge and to cultivate minds. Our goal is to ensure that our students can think imaginatively, “effectively and critically”; that they “achieve depth in some field of knowledge”; that they can critique and construct alternatives; that they can communicate cogently, orally and in writing; and that they have a “critical appreciation of the ways in which we gain knowledge and understanding of the universe, of society, and of ourselves”.

We also seek that our students should have “a broad knowledge of other cultures and other times”; should be “able to make decisions based on reference to the wider world and to the historical forces that have shaped it”; and that they should have “some understanding of and experience in thinking systematically about moral and ethical problems”.

Our final purpose is to undertake community engagement. This involves our students’ voluntary participation in community projects undertaken through our Community Engagement office. It also involves service-learning, in which our students and academics take part, through their academic courses, in activities where both the community and we benefit, “and where the goals are to provide a service to the community and, equally, to enhance our learning through rendering this service”.

In short, students come to Rhodes to embark on a voyage centred on the pursuit, making and sharing of knowledge. This is why we refer to Rhodes as *indawo yolwazi* – a place of knowledge. A few years ago, walking along one of those wide Manhattan, New York, avenues, my eyes fell upon some words on a board. The words read: “Education is not the filling of a pail, but the lighting of a fire”. The words are those of Irish poet William Butler Yeats, winner in 1923 of the Nobel Prize for literature.

The idea of education as the igniting of the intellect and of the desire to question, to learn, and to discover is one that we at Rhodes strongly embrace. However, the fire that higher education must light cannot be satisfied with imparting only technical and vocational skills. Higher education is also intimately connected to the idea of democratic and critical citizenship, the assertion and pursuit of social and human rights and the cultivation of humanity. We seek our graduates to be not just capable professionals, but also thoughtful, sensitive and critical intellectuals and citizens – people who think about ethical issues, and questions of justice, equity, human rights, and the common good.

Our teaching, research, and community engagement therefore seek to be alive to the social, economic and moral challenges of our local, national, African and international contexts. As students begin their higher education at Rhodes they are reminded that South Africa continues to be one of the most unequal societies on earth in terms of disparities in wealth, income, opportunities, and living conditions.

The Rhodes University slogan, 'Where Leaders Learn', expresses our commitment to produce outstanding people and leaders, who are not only knowledgeable, wise and visionary, but also ethical and compassionate. As the Indian Nobel laureate Rabindranath Tagore put it: "We may become powerful by knowledge, but we attain fullness by sympathy".

#### **Academic qualities**

With almost 7 000 students, Rhodes continues to be the smallest university in South Africa. We have no envy of our large sister universities because it is our smallness, we believe, that makes us a very special place. Rhodes has a favourable academic staff to student ratio, which means that students are guaranteed easy access to academics and close supervision.

We have the best undergraduate pass rates and graduation rates in South Africa, and outstanding postgraduate success rates. This is testimony to the quality of our academic provision, and to the commitment of staff to student learning, development and success. 50% of our academics have doctoral degrees, the highest proportion among South African universities. We also enjoy among the best research outputs per academic staff member of any university in South Africa, which means that our students learn among academics who are leaders in their fields and disciplines.

We are one of the very few universities that permit our students a wide choice of combinations of courses and majors. It is not unheard of that students major in English and Physics, Music and Computer Science, and Chemistry and Accounting, or face the dilemma of deciding whether to do Honours in English or Physics.

While some may think these are 'weird' combinations, increasingly, great discoveries and innovations are at the boundaries of disciplines and fields.

#### **Academic achievements**

Three years in succession and in seven out of the past nine years, the prestigious Flanagan scholarship that is awarded to a South African woman has gone to a Rhodes student. Two of our students have won Rhodes scholarships to study at Oxford University in 2010 and we have one of the best track records for the winning of Rhodes scholarships.

Last year, four out of the 28 Mandela Rhodes scholarships were awarded to Rhodes University students, the largest number awarded to a single university. All four chose to continue their postgraduate studies at Rhodes. This year again we have three of our own Mandela Rhodes scholars with us.

In late 2009, Rhodes received a prestigious Chair in Astronomy to complement its existing three South African Research Chairs in Medicinal Chemistry, Marine Science and Mathematics Education. The University will continue to pursue the establishment of further chairs and niche research groups in areas of academic excellence. We continue to energetically pursue academic and scientific relationships with select universities in various parts of the world and especially in India and China in areas of mutual interest and benefit.

### Developments

We are constantly thinking and acting to ensure that we remain an outstanding university of South Africa and Africa, respected for its commitment to knowledge, to academic freedom, the pursuit of truth and the flowering of the intellect, and to the production of graduates equipped to exercise leadership in our society. As we seek to become more postgraduate and research-intensive, a tremendous challenge is to mobilise the necessary funding to support outstanding postgraduate Honours, Masters and Doctoral students. Having committed support to 100 postgraduates through donor-funded prestigious scholarships and to 50 postgraduates through the University's own funds, we desperately seek financial support for a further 250 deserving postgraduates.

A new building for environmental education, an area in which we are an international centre of excellence, is being constructed with a grant of R12-million from the Department of Environmental Affairs. During 2007 to 2009, Rhodes won special state infrastructure funding of R80-million. As a measure of confidence in our academic qualities, a further R62-million for new academic infrastructure, scientific equipment and student residences has been committed by the state for 2010 to 2011. To access this new support, R8-million will have to be raised by Rhodes.

Negotiations are in process with a donor to fund the construction of a new School of Languages building that will also accommodate Rhodes' new Chinese Hanban-supported Confucius Institute. In 2008 two self-funded new residences were opened to house an additional 146 students. With the support of R30-million in state funding a further two new residences housing 208 students opened in 2009.

Today, 3 266 students – almost 61% of our undergraduate students and the vast majority of new students – live in the University's 48 residences and are associated with its 11 halls, in which almost 10 000 meals are served daily. Currently, excavations are in progress for the construction of three new residences, which will open next year. With the creative leveraging of committed state funding, we hope to build a further four residences in 2011 and 2012.

We continue to give attention to the academic and related infrastructure needs of Rhodes, to establishing priorities and to mobilising the necessary funds to support new buildings and facilities. In due course, our infrastructure and overall campus development plans will be consolidated in a Rhodes 20:20 Vision statement.

Finally, we are all too aware that there is a significant looming environmental challenge. The University must serve as an exemplar and catalyst for innovations to reduce carbon emissions and institute environmentally-friendly practices. Under discussion is the creation of a Green Fund and Green Challenge, through which all the constituencies and stakeholders of Rhodes can be mobilised.



**DR M S BADAT**  
**VICE-CHANCELLOR**

10 June 2010



**RHODES UNIVERSITY**

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

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The Council is responsible for the preparation and fair presentation of the financial statements of Rhodes University. The financial statements, presented on pages 25 to 58 have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act, 1997 (Act No. 101 of 1997), as amended, and include amounts based on judgements and estimates made by management. The Council also prepared the other information included in the annual report and is responsible for both its accuracy and consistency with the financial statements.

The 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.

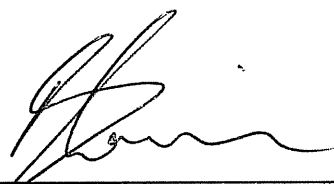
**APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS**

The consolidated financial statements on pages 25 to 58 were approved by the Council on 10 June 2010, and signed on its behalf by:

  
\_\_\_\_\_  
JUDGE R J W JONES  
Chair: Council

  
\_\_\_\_\_  
DR M S BADAT  
Vice-Chancellor

  
\_\_\_\_\_  
MR N E WOOLLGAR  
Chair: Finance & General Purposes Committee

  
\_\_\_\_\_  
MR R W MARRINER  
Registrar (Finance and Operations)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THE COUNCIL OF RHODES UNIVERSITY**

We have audited the consolidated annual financial statements of Rhodes University which comprise the consolidated statement of financial position as at 31 December 2009, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 25 to 58.

*Council's Responsibility for the Financial Statements*

The University's Council is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice, as prescribed by the Minister of Education in the regulations in terms of the Higher Education Act 1997 (Act No. 101 of 1997). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

*Auditor's Responsibility*

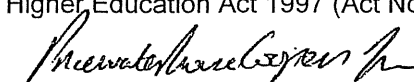
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the Council, as well as evaluating the overall financial statement presentation.

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

*Opinion*

In our opinion, the consolidated annual financial statements present fairly, in all material respects, the financial position of the University as at 31 December 2009, and of its financial performance and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Minister of Education in terms of section 41 of the Higher Education Act 1997 (Act No. 101 of 1997), as amended.



**PricewaterhouseCoopers Inc**

Director : A F Puggia

Registered Auditor

Port Elizabeth

10 June 2010

Executive: S P Kana (Chief Executive Officer) T P Blandin de Chalaïn D J Fölscher G M Khumalo I S Sehoole S Subramoney F Tonelli

Resident Director in Charge: H C Staple

The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of directors' names is available for inspection.  
PricewaterhouseCoopers Inc is an authorised financial services provider.  
VAT reg.no. 4950174682

RHODES UNIVERSITY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
at 31 December 2009

	Notes	2009 R'000	2008 R'000 Restated	2007 R'000 Restated
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	1	267 062	269 748	268 217
Investments	2	303 480	255 371	263 654
Loans and receivables	3	22 136	14 424	10 091
<b>Current assets</b>				
Inventories	4	5 184	4 086	4 196
Receivables and prepayments	5	25 978	41 192	21 131
Cash and cash equivalents	6	44 505	16 889	16 219
<b>Total assets</b>		<u>668 345</u>	<u>601 710</u>	<u>583 508</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity funds</b>				
Property plant and equipment funds		249 524	252 016	250 364
Council managed earmarked funds		79 327	52 386	8 510
Council directed funds		141 702	95 771	187 847
<b>Non-current liabilities</b>				
Interest-bearing borrowings	8	1 281	1 797	1 192
Retirement benefit obligations	9	125 320	136 879	64 397
<b>Current liabilities</b>				
Trade and other payables	10	63 106	56 564	60 223
Leave pay accrual	11	7 558	5 528	6 886
Current portion of borrowings	8	527	769	4 089
<b>Total equity and liabilities</b>		<u>668 345</u>	<u>601 710</u>	<u>583 508</u>

**Prior period adjustment**

*In 2009 the University aligned its treatment of Government Grants received for capital and infrastructure with IAS 20 (AC 134) : Government Grants. Refer to note 23 for further details relating to this restatement. Restated comparative information has been provided for the two preceding years in compliance with IAS 1 (AC 101) Revised.*

**RHODES UNIVERSITY  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
for the year ended 31 December 2009**

	2009				2008	
	Council Directed Fund Activities			Council Managed Earmarked Fund Activities		
	Central operations R'000	Accommo- dation R'000	Endowed funds R'000			
<b>TOTAL INCOME</b>	345 860	105 696	17 032	468 588	169 595	583 047
<b>RECURRENT ITEMS</b>	344 351	105 676	14 687	464 714	157 637	556 924
State appropriations – subsidies and grants	199 764	103	-	199 867	33 464	208 580
Tuition and other fee income	139 656	95 941	-	235 597	25 685	211 628
Income from contracts	-	-	-	-	25 456	23 392
Sales of goods and services	688	9 632	-	10 320	16 998	34 019
Private gifts and grants	26	-	146	172	50 998	50 058
Interest and dividends	340 134	105 676	146	445 956	152 601	527 677
<b>NON-RECURRENT ITEMS</b>	4 217	-	14 541	18 758	5 036	29 247
(Loss)/profit on disposal of assets	1 509	20	2 345	3 874	11 958	26 123
Realised capital profits on investments	(176)	20	-	(156)	611	(92)
Impairment of investments	-	-	2 217	2 217	-	11 412
Other non-recurrent income	-	-	(105)	(105)	-	(6 366)
	1 685	-	233	1 918	11 347	21 169
<b>TOTAL EXPENDITURE</b>	349 106	102 935	18 847	470 888	141 731	524 252
<b>RECURRENT ITEMS</b>	345 766	102 034	18 847	466 647	140 440	520 517
Personnel costs	126 688	-	-	126 688	28 363	130 823
Academic professional	119 566	31 858	-	151 424	28 470	153 354
Other personnel	2 030	-	-	2 030	-	(1 358)
Leave liability increase/(decrease)	248 284	31 858	-	280 142	56 833	282 819
Other current operating expenses	77 409	68 091	18 847	164 347	75 259	208 966
Depreciation	19 862	2 053	-	21 915	8 348	28 463
Finance costs	345 555	102 002	18 847	466 404	140 440	520 248
<b>NON-RECURRENT ITEMS</b>	211	32	-	243	-	269
Capital expenditure expensed	3 340	901	-	4 241	1 291	3 735
	3 340	901	-	4 241	1 291	3 735
<b>NET SURPLUS/(DEFICIT) BEFORE TRANSFERS</b>	(3 246)	2 761	(1 815)	(2 300)	27 864	58 795
<b>TRANSFERS</b>						
Amounts received not expended	-	-	-	-	(81 839)	(52 386)
Amounts spent from prior year	-	-	-	-	52 386	8 510
<b>NET (DEFICIT)/SURPLUS after transfers</b>	(3 246)	2 761	(1 815)	(2 300)	(1 589)	14 919
<b>OTHER COMPREHENSIVE INCOME</b>						
Retirement funding valuation adjustments	11 559	-	-	11 559	-	(72 482)
Investments fair value adjustment	-	-	33 326	33 326	-	(33 019)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	8 313	2 761	31 511	42 585	(1 589)	(90 582)

**RHODES UNIVERSITY  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 December 2009**

Description	Accumulated Fund R'000	Endowment Fund R'000	Sub-total Council Directed Funds R'000	Contract Fund R'000	Sub-total Council Managed Earmarked Funds R'000	Property, plant and equipment Fund R'000	Total R'000
<b>Balance at 1.1.2008</b>	(75 275)	263 122	187 847	8 510	8 510	250 364	446 721
Retirement funding valuation adjustments	(72 482)	-	(72 482)	-	-	-	(72 482)
Investment fair value adjustment	-	(33 019)	(33 019)	-	-	-	(33 019)
Net surplus before transfers	806	18 072	18 878	39 917	39 917	-	58 795
Funds utilised/written off	158	-	158	-	-	-	158
Transfers	-	-	-	-	-	-	-
- RU Foundation – cash withdrawals	1 521	(1 521)	-	-	-	-	-
- Depreciation charge	21 718	-	22 577	6 745	6 745	(28 463)	-
- Property, plant and equipment additions	(27 329)	-	(64 406)	(2 786)	(2 786)	30 115	-
<b>Balance at 31.12.2008</b>	(150 883)	246 654	95 771	52 386	52 386	252 016	400 173
<b>Balance at 1.1.2009</b>	(150 883)	246 654	95 771	52 386	52 386	252 016	400 173
Retirement funding valuation adjustments	11 559	-	11 559	-	-	-	11 559
Investment fair value adjustment	-	33 326	33 326	-	-	-	33 326
Net surplus/(deficit) before transfers	(485)	(1 815)	(2 300)	27 864	27 864	-	25 564
Funds utilised/written off	(69)	-	(69)	-	-	-	(69)
Transfers	-	-	-	-	-	-	-
- RU Foundation – cash withdrawals	8	(8)	-	-	-	-	-
- Depreciation charge	21 915	-	21 915	8 348	8 348	(30 263)	-
- Property, plant and equipment additions	(18 500)	-	(18 500)	(9 271)	(9 271)	27 771	-
<b>Balance at 31.12.2009</b>	(136 455)	278 157	141 702	79 327	79 327	249 524	470 553

The Endowment Funds include the revaluation reserve of R75 595 950 (2008: R42 269 841).

RHODES UNIVERSITY

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
for the year ended 31 December 2009

	Notes	2009 R'000	2008 R'000
<b>Cash flow from operating activities</b>			
Cash generated from operations	18	40 557	48 979
Interest received		9 253	8 922
<i>Net cash generated from operating activities</i>		<u>49 810</u>	<u>57 901</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment			
Funded through own cash resources		(27 771)	(30 115)
Funded through infrastructure grant		(34 563)	(37 078)
Proceeds on disposal of property, plant and equipment		649	29
Interest and dividends received		14 541	20 325
Net increase in non-current investments		(12 671)	(19 690)
Net advances of student, staff and other loans		(11 378)	(4 223)
<i>Net cash utilised in investing activities</i>		<u>(71 193)</u>	<u>(70 752)</u>
<b>Cash flow from financing activities</b>			
Infrastructure grant received		50 000	20 000
Interest paid		(243)	(269)
Payments on interest-bearing borrowings		(758)	(2 715)
<i>Net cash utilised in financing activities</i>		<u>48 999</u>	<u>17 016</u>
<b>Increase in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of year		27 616	4 165
Cash and cash equivalents at end of year	6	<u>16 889</u>	<u>12 724</u>
		<u>44 505</u>	<u>16 889</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2009

1. Property, plant and equipment

	Land and buildings R'000	Furniture and equipment R'000	Computer equipment R'000	Vehicles R'000	Library, museum and art collections R'000	Total R'000
<b>Year ended</b>						
<b>31 December 2009</b>						
Opening carrying amount	240 447	23 172	1 271	4 858	-	269 748
Additions	4 958	8 460	4 649	1 240	8 464	27 771
Disposals/transfers	108	(16)	-	(286)	-	(194)
Depreciation charge	(5 903)	(8 848)	(4 891)	(2 157)	(8 464)	(30 263)
Closing carrying amount	239 610	22 768	1 029	3 655	-	267 062
<b>At 31 December 2009</b>						
Cost or valuation	278 373	108 682	45 108	13 780	94 791	540 734
Accumulated depreciation	(38 763)	(85 914)	(44 079)	(10 125)	(94 791)	(273 672)
Carrying amount	239 610	22 768	1 029	3 655	-	267 062
<b>Year ended</b>						
<b>31 December 2008</b>						
Opening carrying amount	239 101	24 979	1 398	2 739	-	268 217
Additions	7 101	6 614	5 220	3 449	7 731	30 115
Disposals	-	(177)	(26)	82	-	(121)
Depreciation charge	(5 755)	(8 244)	(5 321)	(1 412)	(7 731)	(28 463)
Closing carrying amount	240 447	23 172	1 271	4 858	-	269 748
<b>At 31 December 2008</b>						
Cost or valuation	273 307	100 633	41 519	13 191	86 327	514 977
Accumulated depreciation	(32 860)	(77 461)	(40 248)	(8 333)	(86 327)	(245 229)
Carrying amount	240 447	23 172	1 271	4 858	-	269 748

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

The finance lease liability (included in interest-bearing borrowings in note 8) is secured by vehicles with a net book value of R1 020 516 (2008 : R1 489 198).

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

	2009 R'000	2008 R'000	2007 R'000	Total R'000
Land and buildings	33 414	36 320	288	70 022
Furniture and equipment	749	758	-	1 507
Computer equipment	400	-	-	400
	<u>34 563</u>	<u>37 078</u>	<u>288</u>	<u>71 929</u>

RHODES UNIVERSITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS – 31 December 2009 (continued)

<b>2. Investments</b>	<b>2009</b>	<b>2008</b>
	<b>R'000</b>	<b>R'000</b>
At market value:		
Listed shares	175 837	145 525
International market unit trust	57 275	58 608
Money market deposits	70 368	46 630
Fixed deposits	-	4 608
	<u>303 480</u>	<u>255 371</u>
At cost:		
Listed shares	100 220	104 918
International market unit trusts	56 808	56 946
Money market deposits	70 777	46 630
Fixed deposits	-	4 608
	<u>227 805</u>	<u>213 102</u>

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

The market values of certain investments within the portfolio were less than original cost at year end. This reduction below cost is considered to be of a significant or prolonged nature and therefore an impairment loss of R105 019 (2008 : R6 366 469) has been charged through the income statement.

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

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



**2. Investments (continued)**

The following table presents the University's assets that are measured at fair value at 31 December 2009.

	Level 1	Level 2	Level 3	Total balance
	R'000	R'000	R'000	R'000
<b>Assets</b>				
Available-for-sale financial assets				
- Investments	246 205	57 275	-	303 480
<b>Total assets</b>	<u>246 205</u>	<u>57 275</u>	<u>-</u>	<u>303 480</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.