NSFAF
Namibia Students Financial Assistance Fund

ANNUAL REPORT 2019/2020





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Operational, marketing, governance and financial information about the activities of the Namibia Students Financial Assistance Fund for the year 2019/2020

www.nsfaf.na

NSFAF
Namibia Students Financial Assistance Fund



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PART A: GENERAL INFORMATION

Country of incorporation and domicile:	Namibia
Nature of business and principal activities:	NSFAF's principal activities include providing financial assistance in the form of loans and scholarships to eligible students at public and private accredited higher education institutions in Namibia and abroad.
Directors:	K/Awarab (Chairperson) T Munyika S Tjiuoro A Angula I Neema N Hamutumwa
Business Address:	746 Eros Road Eros Windhoek Namibia
Postal address:	P O Box 23053 Windhoek Namibia
Bankers:	Bank Windhoek Limited First National Bank of Namibia (FNB)
Auditors:	Office of the Auditor-General 123 Robert Mugabe Avenue Windhoek Namibia Private Bag 13299 Windhoek Namibia
Lawyers	Ellis Shilengudwa Inc. Frans Kwala & Co Kangueehi & Kavendjii Legal Practitioners Dr Weder, Kauta & Hoveka Inc.



FOREWORD & REPORTS

FOREWORD BY MINISTER OF HIGHER EDUCATION, TECHNOLOGY AND INNOVATION



Hon. Dr. Itah Kandjii-Murangi

Minister of Higher Education, Technology and Innovation

My ministry leads the national strategy on higher education, technology, and innovation. The development of national human resources will be possible and ultimately realised through this strategy. Various agencies and institutions falling under the ministry serve as enablers for this strategy via the execution of their respective mandates. They play different roles and perform various functions of strategic importance. Such roles range from training, innovation, research, advisory and funding. The Namibia Students Financial Assistance Fund (NSFAF) is bestowed with the mandate of funding students to study or undertake research at approved institutions of higher learning. Similarly, the Fund recovers money advanced to students in the form of loans. Notwithstanding operational and strategic challenges, the Fund has been performing this developmental role without fail.

It is my honour to present the foreword to this seventh Annual (7th) Report of the Namibia Students Financial Assistance Fund since delinking from the line ministry into the fully independent entity that it is today. The commitment of the Fund's Board and management to the continuous production of the institutional annual report, is not only a compliance matter but underscores the transparency and accountability of the Fund equally. This report represents the achievements, challenges and opportunities, award statistics, and financial information of the Fund for the period under review. Tremendous achievements and improvements have been made in the management and control of the Fund's affairs and operations, as evidenced in this report.

The NSFAF Board's efforts were focused on finalising the Financial Assistance and Recovery Policy and overall streamlining of business processes at its Secretariat during the year under review. Securing sufficient budget and ensuring effective execution thereof, attaining effective debt management, mobilising alternative sources of funding, delivering excellent customer experience and improving organisational culture and performance constituted the strategic objectives of the institution. The line ministry utilised its best endeavours to approve the Financial Assistance and Recovery Policy by securing sufficient budget in support of these strategic objectives.

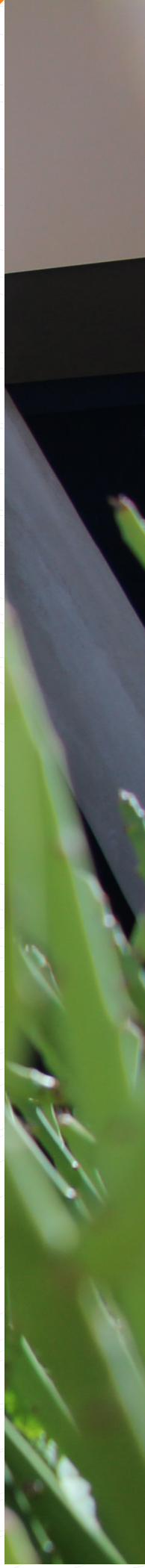
The Board working through its Secretariat has strived to improve budgetary planning and control, implementation of the data integrity project (which led to the establishment of the loan book), strengthening stakeholder relations, and observance of compliance in the overall Fund's operations. There has been an increase of 3,151 awards for undergraduates and a decrease of 116 and 1,007 awards with respect to postgraduates and Vocational Training Centres (VTCs) respectively. I trust that the Board will investigate the causes of the reduction in the number of awards in respect of the postgraduate students and VTCs during the following financial year. There has been an increase, however, in the overall awards for the 2019/2020 financial year from 11,215 to 13,139. This is commendable, especially in the light of the ever-growing budgetary limitations and funding insufficiency.

I am pleased to restate my ministry's confidence in the NSFAF Board and its Secretariat. I would specifically like to highlight financial prudence, general governance and management at the institution. The granting of financial assistance was done within the approved budgetary appropriation and moderation constraints. These reforms and strategic drives by the Board are commendable. In addition, by engaging with stakeholders in a mutually inclusive manner, the reigning Board continues to manage their interests and legitimate expectations. This has led to the restoration of public confidence in the institution. Moreover, there is now a prevailing industrial harmony at the institution due to the engagement of the Board and acting CEO.

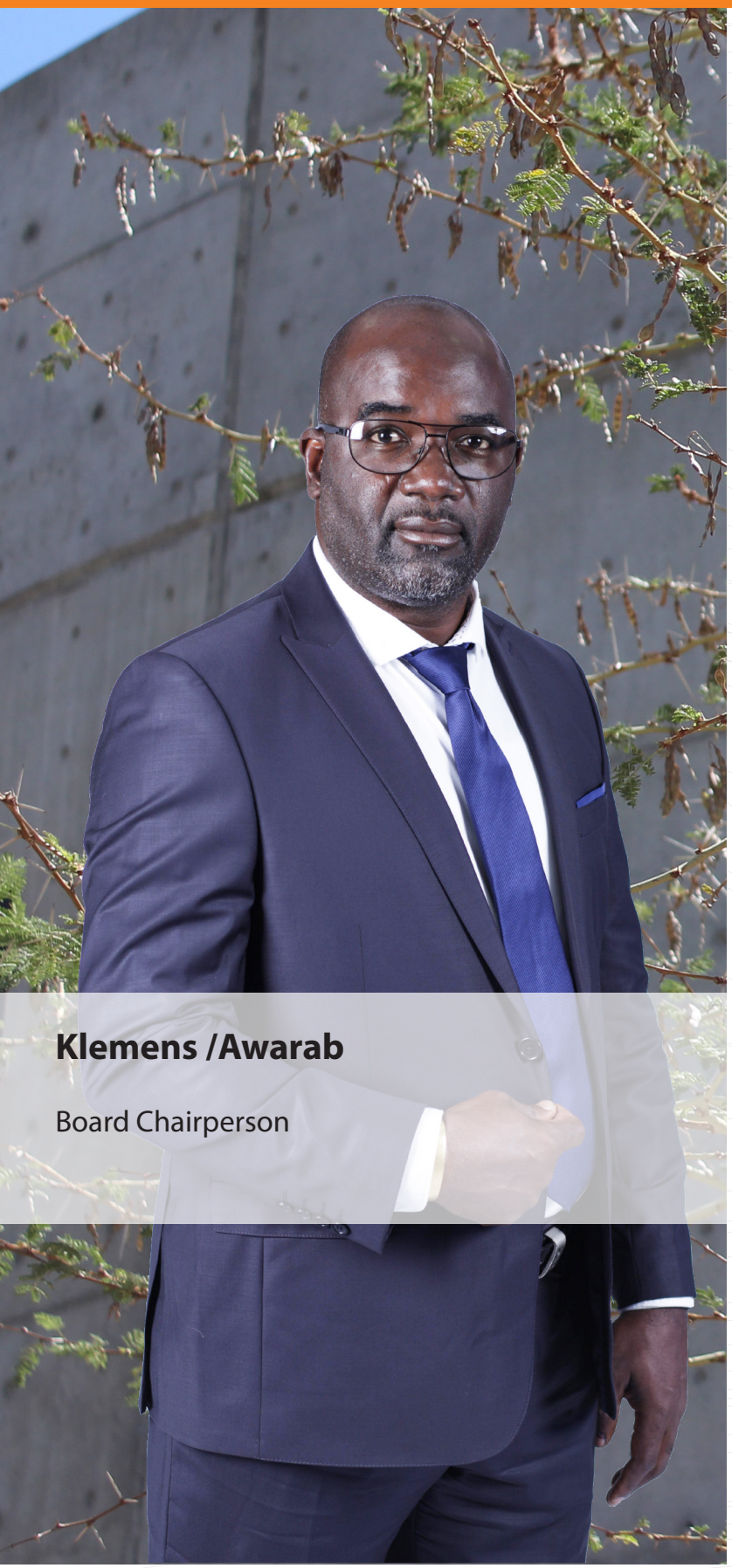
Finally, I am indebted to both the NSFAF Board and management for their continued commitment to the Fund. I express confidence and trust that this shall continue for many years to come.



Honourable Dr Itah Kandjii-Murangi
Minister of Higher Education, Technology and Innovation



CHAIRPERSON'S REPORT



Klemens /Awarab

Board Chairperson

The period under review saw NSFAF relocating from Gutenberg Plaza in town to its newly acquired offices at 746 Eros Road, Eros. The strategic initiative of building new offices is part of the Fund's long-term strategy. The offices do not only provide a positive work environment for the staff but also offer a relaxing atmosphere for students and other stakeholders. It remains the Fund's principal aspiration to provide an excellent and memorable service experience for our students and stakeholders. It is expected that with a fit-for-purpose building, quality service at the Fund's Secretariat will become the de-facto status quo.

The Board is entrusted with the governance role of the Fund. This entails ensuring the development of the governance and regulatory framework, legislative and process compliance, stakeholder management, and effective and efficient utilisation of financial resources. Governance documentation includes the Board and Committee Charters, Delegation of Authority Framework, Compliance Schedule/Matrix and various policies necessary to guide, support and ensure operational efficiency and effectiveness within the Fund. Relevant controls and oversight measures conducted within the ambit of segregated and delegated powers, duties and functions support the implementation of these documents.

I am pleased to report that the Board has prudently discharged its governance functions in the best interest of NSFAF and its stakeholders during the period under review. The Board's continued financial assistance to students, dutifulness, transparency, integrity, inclusivity, and accountability formed the cornerstones of prudent corporate governance. The Board has developed, reviewed and/or approved the following operational policies during the review period:

- Obtained the Ministerial approval of the Financial Assistance and Recovery Policy
- Stakeholder Engagement Policy
- Change Management Policy
- Delegation of Authority Framework
- Talent and Succession Policy
- Learning and Development Policy
- Human Resources and Finance Committee Charter
- Strategy and Transformation Committee Charter
- Audit and Risk Committee Charter

The Board has sanctioned the implementation of the following projects in pursuit of the strategic positioning of the Fund and in response to contemporary challenges:

- Data Integrity Project
- Review of the Organisational Structure
- Records Management project (conversion of documents onto electronic form through scanning and indexing)
- Rebuilding the Fund's image

I am pleased to announce that for the first time in the history of the Fund, the Board has completed its performance assessment. This report has been presented to the line Minister and the Minister of Public Enterprises as well as other key stakeholders. An independent consultant conducted the said assessment.

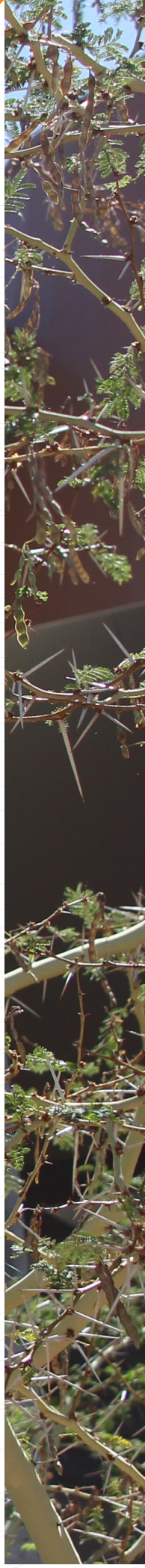
Support from the shareholder through the line Ministry has been overwhelming. Various stakeholders continued to demonstrate support and confidence in the governance architecture and management processes of the Fund. Where there have been criticisms towards the institution, the Board and management have viewed them in a constructive context and used them as stepping-stones toward improvement at NSFAF. We remain heavily indebted to the enabling and mentoring leadership of the line Minister, Honourable Dr Itah Kandjii-Murangi. We are equally grateful for a public vote of confidence in the Board and management of the Fund.

Notwithstanding the considerable strides made by the institution, a number of other strategic challenges remain and these will receive governance attention in the next financial year.

Finally, all the above was only possible due to the fiduciary commitment of the individual Board members and the enduring support from NSFAF management and staff.



Klemens /Awarab
Board Chairperson



ACTING CHIEF EXECUTIVE OFFICER'S OVERVIEW



Kennedy Kandume

Acting Chief Executive Officer

We are pleased to report that we have ended yet another year with satisfactory results, despite the increasingly challenging operating environment.

NSFAF provided financial assistance to15,087 students; 9,985 undergraduates, 2,823 Vocational Training Centre students (VTCs), 311 postgraduates, and 20 scholarship and special initiatives during the period under review.

The year has seen exponential growth for the Fund. NSFAF finalised its three-year strategic plan for 2019/2020 - 2021/2022. The strategic plan was inspired by the Business Model Canvas, which focuses on the institution's foundation. The plan rests on five pillars, namely debt management, excellent customer experience, quality of funding, operational efficiency, and organisational culture and performance.

The following notable achievements were made towards attaining the Fund's strategic objectives:

- Driving a loan repayment culture: The Fund commissioned a data integrity project. This project was 98% complete at the close of the period under review. Through this project, historical data will now be digitalised, which in turn will result in readily accessible debtor information such as statements, debt classification and, ultimately, the establishment of the NSFAF loan book. The improved records will aid in the Fund's drive towards achieving a sustainable recovery rate.

- Leveraging on technology: Our focus is to deliver an excellent customer experience. The Fund therefore continues to seek innovative ways to increase value for our customers who mainly comprised of the technologically savvy youth. Through the online application channel, the Fund received 24,739 applications for financial assistance. The online applications allow remote access, instant eligibility checking and an improved validation process turnaround time. Moreover, we have cemented our social media presence.

- Corporate governance: NSFAF identified key risks, which present the highest risk exposures to the institution. The implementation and effectiveness of the risk responses, i.e., mitigating actions, are subject to a monitoring process which includes regular reporting to various forums and governance structures.

In terms of compliance, the Fund has compiled a comprehensive Compliance Risk Universe, which outlines the regulatory requirements that the institution has to comply with as well as the control measures to ensure compliance thereof.

NSFAF aspires to practice good IT governance. We subscribe to a framework that supports effective and efficient management of the Fund's IT resources to facilitate the achievement of the Fund's strategic objectives.

- Improved customer experience: Our customer satisfaction survey results were 70%. Although we have not attained a 100% score, our customers appreciate our efforts and, for that, we are grateful.

On the topic of personnel growth, the appointment of the Chief Financial Officer enhanced the capacity of the executive management team during the period under review. While operating on limited funds, the Fund strives towards investing in the development of its most valuable resource, its people, through an improved learning and development policy.

Notwithstanding our achievements, the year also had its challenges. There were audit findings that highlighted control weaknesses in some business processes. We continue to consider corrective actions to address the root causes and close the audit findings. The debt collection rate was lower than anticipated, with only N$3.6 million collected. With the completion of the data integrity project, we will be able to streamline the recovery function to drive a debt repayment culture.

The disparity between the Treasury financial year, i.e. budget allocation, and higher education institutions' academic cycles, continues to cause delays in the disbursements of funds, which negatively affect our students. We continue to proactively engage our stakeholders to ensure that we honour our obligations. In conclusion, I extend gratitude to the Fund's employees for remaining committed to the NSFAF core values and for continuing to uphold corporate governance principles.

Appreciation also goes to the Board for their stewardship and continuously inspiring leadership in steering the Fund.

Finally, I thank the Ministry of Higher Education, Technology and Innovation for its instrumental support.



Kennedy Kandume
Acting Chief Executive Officer



NSFAF MANDATE, VISION, MISSION AND CORE VALUES

MANDATE

To provide financial assistance to eligible students to access approved tertiary educational institutions.

VISION

To be a sustainable institution, equitably providing financial assistance to contribute to the development of Namibia's human capital.

MISSION

We provide financial assistance to eligible Namibians to access vocational and higher education and training.

CORE VALUES

EXCELLENCE

We strive for outstanding quality in the execution of our duties and responsibilities.

→ LET'S DO IT RIGHT

ACCOUNTABILITY

We are accountable and responsible for our actions

→ WE OWN UP TO OUR ACTIONS

TRUST

We are reliable and truthful in dealing with our customers.

→ WE KEEP OUR PROMISES

EMPATHY

We understand and share feelings of our teammates and most importantly our customers.

→ WE CARE

TEAMWORK

We are committed to a common goal: believing and backing each other up.

→ LET'S DO IT TOGETHER

INTEGRITY

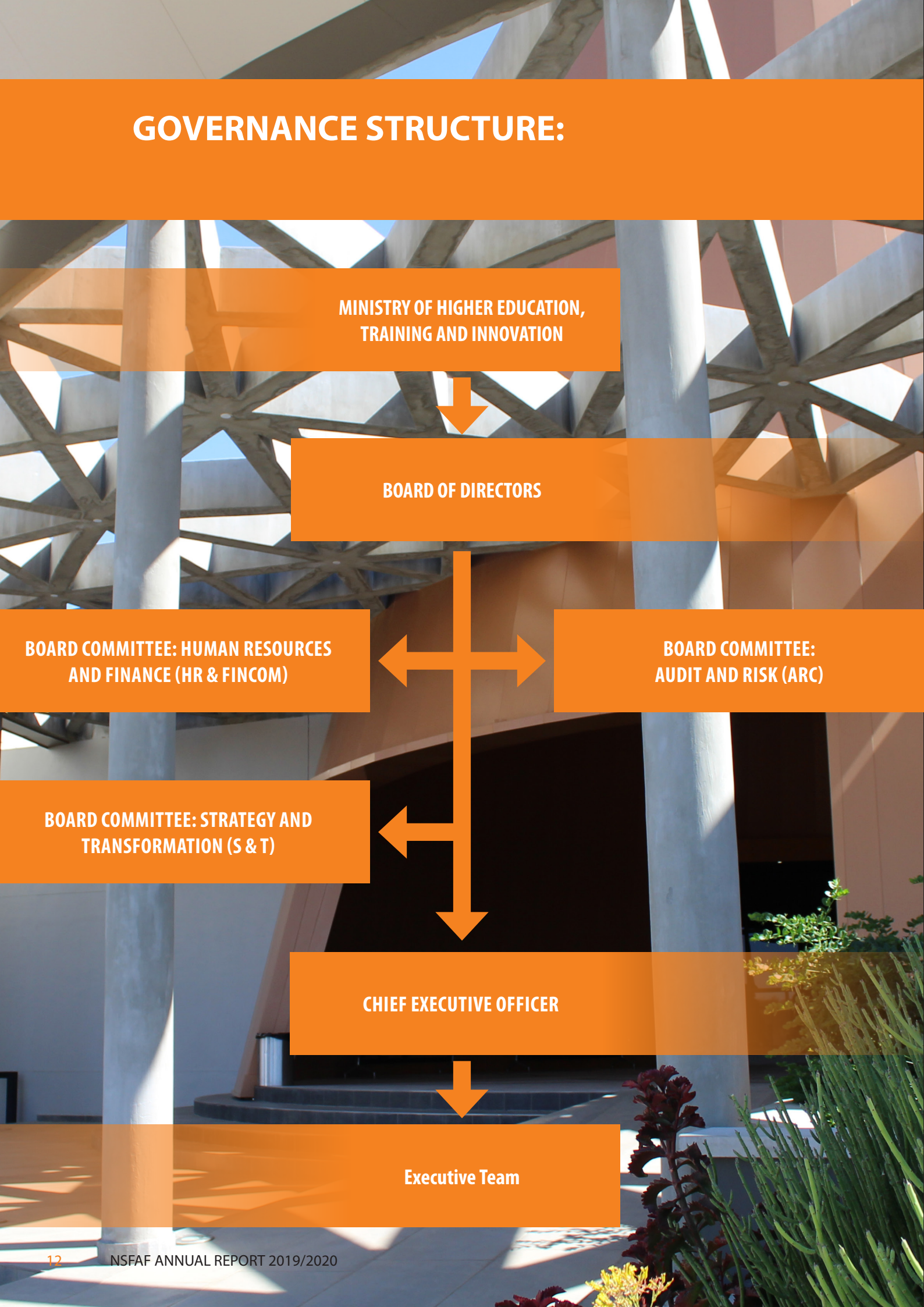
We uphold strong moral principles in interacting with our customers.

→ WE ARE PRINCIPLE IN OUR DEALINGS

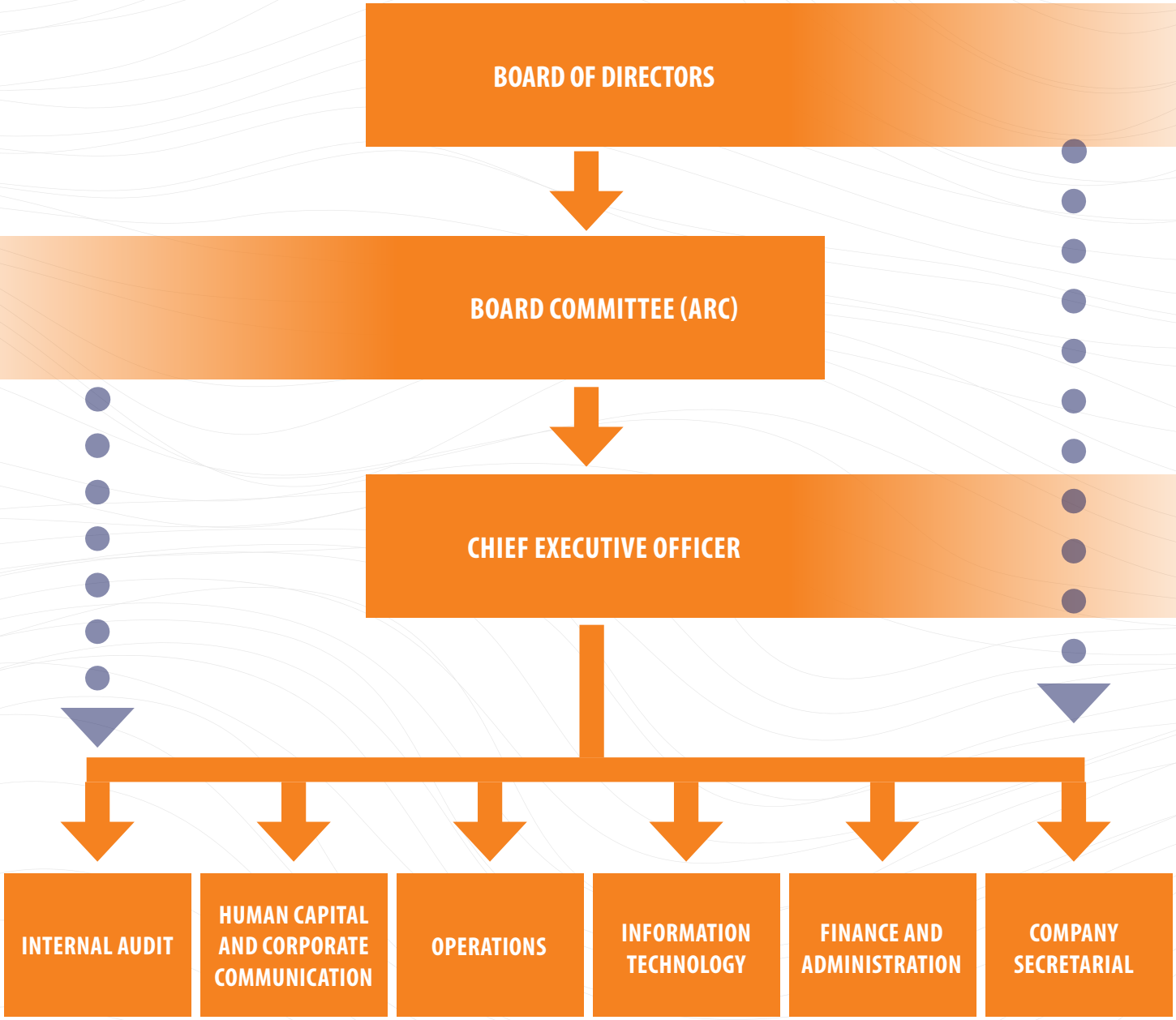
NSFAF STRATEGIC OBJECTIVES AND SUMMARY OF ACHIEVEMENTS

STRATEGIC OBJECTIVES	HIGH-LEVEL ACHIEVEMENTS
EFFECTIVE DEBT MANAGEMENT	An amount of N$3,627,619.00 was recovered from a targeted amount of N$10 million, representing an increase of 13.9% from the previous year.
DELIVER EXCELLENT CUSTOMER EXPERIENCE	The satisfaction index improved to 70.6%, representing an improvement of 4% from the previous survey results.
IMPROVE QUALITY OF FUNDING	100% tuition fees for all local students was covered.
IMPROVE OPERATIONAL EFFICIENCY	Improved award and payment turnaround time.
IMPROVE ORGANISATIONAL CULTURE AND PERFORMANCE	An employee satisfaction index of 54% was achieved.

GOVERNANCE STRUCTURE:



ORGANISATIONAL STRUCTURE: GOVERNANCE AND EXECUTIVE STRUCTURE



NSFAF BOARD MEMBERS



Mr. Klemens /Awarab
Chairperson



Ms. Adda K Angula
Member



Dr. Isak Neema
Member



Ms. Tulimeke Munyika
Member



Mr. Stephen U Tjiuoro
Member



Mr. Ndeulipula Hamutumwa
Member

EXECUTIVE MANAGEMENT



Kennedy Kandume
Acting Chief Executive Officer



Brumilda Gawachab
Chief Financial Officer



Harris Ntema
Internal Auditor



Olavi Hamwele
Chief Human Capital and Corporate Affairs



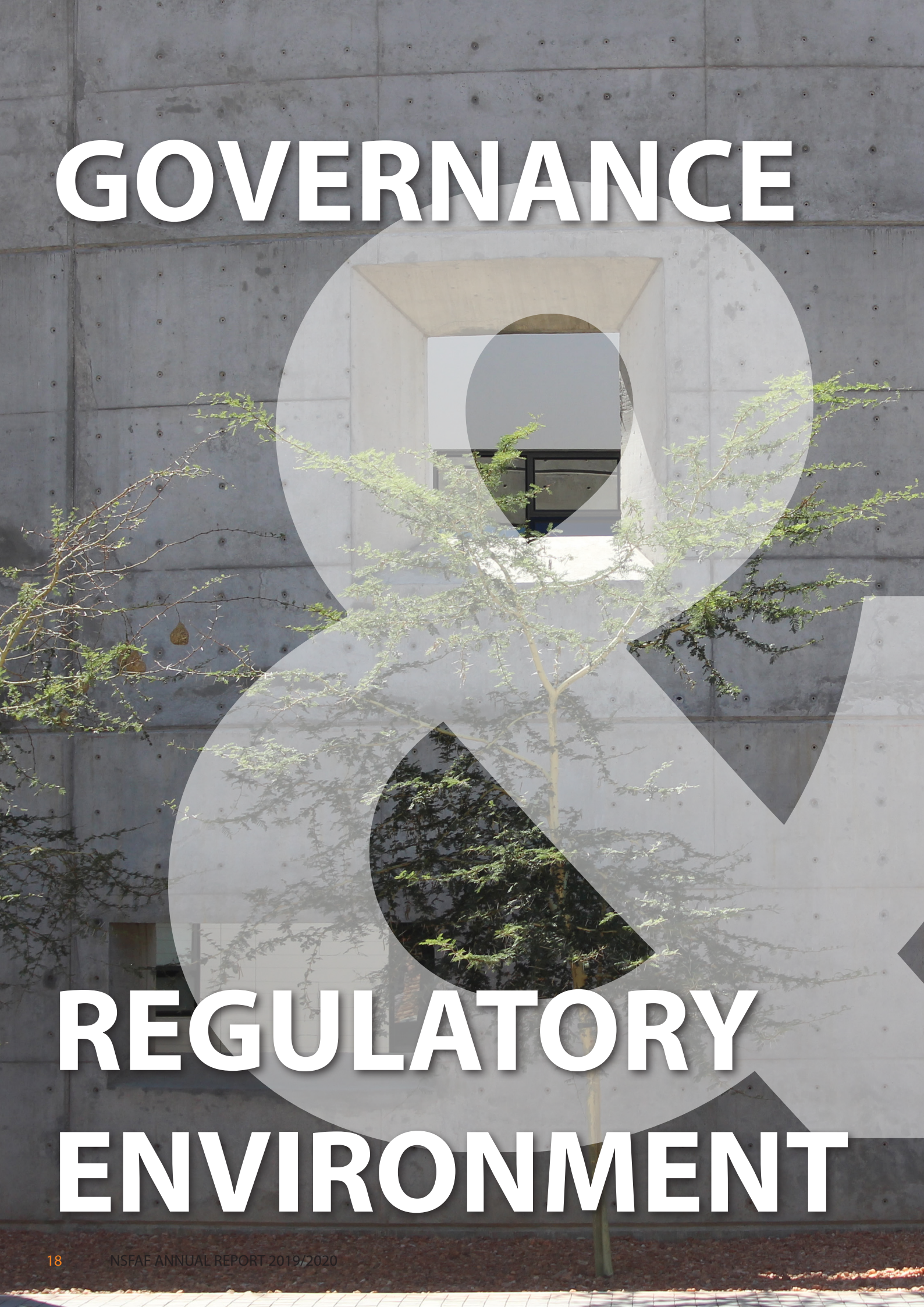
Nabot Uushona
Chief Information Officer



David Nathinge
Acting Senior Manager: Operations



Fillemon Wise Immanuel
Company Secretary



GOVERNANCE

REGULATORY ENVIRONMENT

PART B: GOVERNANCE AND REGULATORY ENVIRONMENT

2.1. INRODUCTION

In any organisation, the Board is the custodian of governance. Its responsibilities include, but are not limited to, setting the strategic direction, monitoring the organisational performance, approving policies, setting the ethical tone, succession planning, business continuity, risk management, compliance management, IT governance, sustainability, shareholder and stakeholder management, and ensuring that all conducts are done in the interest of NSFAF.

2.2. CODE OF ETHICS

We have firmly held that ethics are the hallmarks for NSFAF's existence throughout our past Annual Reports. When NSFAF's decision-making process is conducted within an ethical framework, this leads to efficient and effective decisions and in turn enhances productivity and employee morals while preventing possible wastage of resources. Further, when the actions of employees are based on honesty, integrity and transparency, the whole organisation benefits. The Board, through the approval of relevant policies and codes, is expected to set the organisation's ethical tone and expectations. Management is subsequently obligated to ensure compliance with such guiding documents. The Fund has a sound Code of Ethics in place, consisting of well-defined core values. The institution's commitment to the ethical values and principles has been evident in its operations throughout the review period.

As Tozer (2012) opined, "A business perceived to lack integrity or to operate in an unethical, immoral, or irresponsible manner soon loses the support of customers, suppliers and the community at large". Awareness of the above establishes a moral compass to guide the NSFAF Board and management members. As a result, the shareholder's confidence remains inspired to the extent that there is no fear of losing any of the Fund's stakeholders.

The Board supports and encourages management and all members of the Secretariat in their continuous commitment to the ethical values and responses. Employees are motivated to speak out against any unethical deed without sanction.

2.3. CONFLICT OF INTEREST

The impact of conflict of interest on an organisation can be unbearable or have far-reaching consequences. It undermines the organisational culture, miscarries the company's interest, damages the reputation and brand image and causes divided loyalties and ethical overlaps amongst the employees. All actors on behalf of the Fund have a duty to act in the best interests of the institution. Management of conflict of interest is therefore an integral component of laying an ethical foundation in the organisation.

NSFAF has created a regulatory environment with the ability to deter and mitigate the emergence of conflict of interest, both actual, potential and perceived. The institution has adopted a Conflict of Interest Management Policy through which conflict of interest or similar is managed. The policy ensures that there is always full disclosure (before or during meetings), keeping and annually updating of the register of interest, and development and encouragement of a culture where honesty, integrity, consistency, transparency, impartiality and fairness are central to the decision- making processes.

NSFAF remained true to its determination of effectively managing the conflict of interest throughout the period under review. All complaints indicative of a conflict of interest were investigated and punitive measures were implemented where necessary.

2.4. BOARD MEETING ATTENDANCE SCHEDULE

BOARD		ATTENDANCE						
Type of Meeting	Meeting Date	Klemens Awarab(Board Chairperson, appointed 18 March 2019)	"Dr. Christina Swart-Opperman (Board Deputy Chairperson)Resigned in 01 June 2019"	Ms. Adda Angula	Dr. Isak Neema	Mr. Stephen Tjiuoro	Ms. Tulimeke Munyika (Additional member)	Ndeulipula Hamutumwa appointed 10 July 2019
Extra Ordinary Board Meeting	15-May-19	x	-	x	x	x	-	-
Ordinary Board Meeting	27-Jun-19	x	-	-	x	x	x	-
Ordinary Board Meeting	26-Sep-19	x	-	x	x	x	x	-
Continuation of Ordinary Board Meeting	16-Oct-19	x	-	x	-	x	x	x
Ordinary Board Meeting	26-Nov-19	x	-	x	x	x	x	x
Extra Ordinary Board Meeting	6-Feb-20	x	-	x	x	x	x	x
Ordinary Board Meeting	16-Apr-20	x	-	x	x	x	x	x

HUMAN RESOURCES & FINANCE COMMITTEE		ATTENDANCE						
Type of Meeting	Meeting Date	Ms. Tulimeke Munyika (Committee Chairperson)	Mr. Stephen Tjiuoro	Dr Christina Swart-Opperman(resigned on 01 June 2019)	Ndeulipula Hamutumwa appointed 10 July 2019			
Extra Ordinary Committee Meeting	9-May-19	-	x	-	-			
Ordinary Meeting	7-Jun-19	x	x	-	-			
Ordinary Meeting	2-Sep-19	x	x	-	x			
Extra Ordinary Committee Meeting	17-Sep-19	x	x	-	x			
Ordinary Meeting	4-Nov-19	x	x	-	x			
Extra Ordinary Meeting	2-Mar-20	x	x	-	x			

AUDIT & RISK COMMITTEE		ATTENDANCE						
Type of Meeting	Meeting Date	Mr. Stephen Tjiuoro(Committee Chairperson)	Dr. Isak Neema	Ms. Tulimeke Munyika				
Ordinary Meeting	5-Jun-19	x	x	-				
Ordinary Meeting	4-Sep-19	x	x	x				
Ordinary Meeting	6-Nov-19	x	-	x				
Ordinary Meeting	4-Mar-20	x	x	x				

STRATEGY & TRANSFORMATION COMMITTEE		ATTENDANCE						
Ordinary Meeting	8-May-19	x	x	x				
Ordinary Meeting	11-Jun-19	x	x	x				
Ordinary Meeting	9-Sep-19	x	x	x				
Ordinary Meeting	12-Nov-19	x	x	x				
Ordinary Meeting	12-Mar-20	x	x	x				

2.5 RISK MANAGEMENT

The Board is responsible for the governance and oversight of risk. The Board appointed the Audit and Risk Committee to identify all significant risks to which NSFAF is exposed and to ensure that the requisite risk management culture, processes and systems are in place and functioning effectively.
Management is accountable to the Board for implementing and monitoring the processes of risk management and integrating these into the day-to-day operations.

2.5.1 Strategic Risks

The significant risks to which the Fund is exposed are classified into ten (10) key risks. For monitoring and reporting purposes, a standardised risk scorecard for each key risk is developed. This contains the assigned risk owners, specific ongoing and planned risk response efforts (current controls and mitigation actions), action due dates and any progress made in respect of each action plan.

The established management committees such as the Risk Champions Committee and the Executive Management Committee (EXCO) meet on a monthly basis in order to discuss and debate (review and challenge) the appropriateness and effectiveness of the risk responses (mitigation actions).

A risk profile report, which highlights the adequacy and status of departmental mitigation actions, is prepared and submitted to the Audit and Risk Committee and the Board for review on a quarterly basis.

The Committee and the Board provide the necessary guidance and advice (risk oversight) in order to effectively improve the risk management initiatives of the Fund.

Table 1: Top 10 Key Risks

No.	Key Risks	Assigned Risk Owner	Residual Risk Level (At year-end)
1	Financial Sustainability	Chief Financial Officer (CFO)	Extreme
2	Operations	Acting Senior Manager: Operations (ASMO)	High
3	Recovery and Default	Chief Financial Officer (CFO)	Extreme
4	Information Technology	Chief Information Officer (CIO)	High
5	Reputational	Chief Human Capital & Corporate Affairs (CHCCA)	Moderate
6	Financial Reporting	Chief Financial Officer (CFO)	Extreme
7	Strategic	Chief Human Capital & Corporate Affairs (CHCCA)	High
8	Compliance	Company Secretary (CS)	High
9	Business Continuity	CHCCA and CIO	Moderate
10	People	Chief Human Capital & Corporate Affairs (CHCCA)	Moderate

Residual Risk Rating: Extreme High Moderate Low Insignificant

2.6 INTERNAL AUDIT

The Internal Audit function is established to assist the Fund to accomplish its objectives by evaluating and reviewing business processes, using a risk-based approach, to assess the adequacy and effectiveness of control, risk management and governance processes.
The Head of Internal Audit reports functionally to the Audit and Risk Committee and has unrestricted access to the Committee Chairperson.

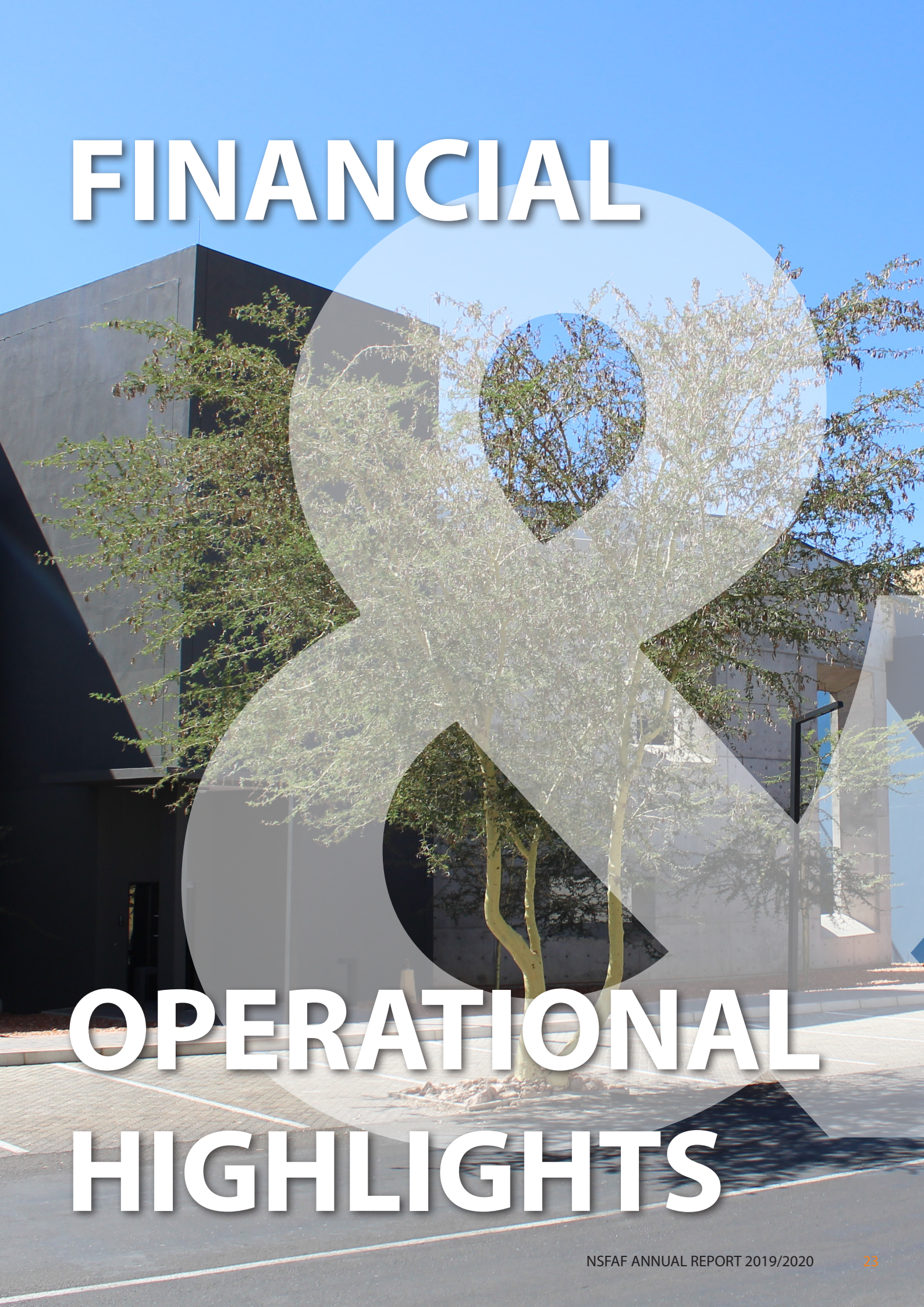
Given the high number of open audit findings at the beginning of the financial year, the Board did not approve an Annual Internal Audit Plan for the reporting period. This position presented management with an opportunity to attend to the large number of outstanding, open audit findings and effectively action and close off more audit findings (57) than the previous reporting period (23).

The table below illustrates management's efforts towards remediating and resolving the open audit findings during the

Audit Findings Register

	Number of Audit Findings (Beginning of reporting period)	**Audit Findings actioned and closed off**	**Number of Audit Findings** (At year-end)
Total number of audit findings	**91**	**57**	**34**

Management effectively actioned and closed off a good number of audit findings during the reporting period due to a formal audit issue remediation and closure process that was designed and implemented to act as a monitoring tool.



FINANCIAL

OPERATIONAL HIGHLIGHTS

PART C: FINANCIAL & OPERATIONAL HIGHLIGHTS

3.1 FINANCIAL HIGHLIGHTS

The financial statements for the year ended 31 March 2020 were submitted to the Auditor-General in terms of Section 15(3) of the NSFAF Act, (Act 26 of 2000), read with sections 25, 26 and 27 of the State Finance Act, (Act 31 of 1991).

The Statement of Comprehensive Income reveals a surplus of N$887.8 million. This relates to:

(i) the annual appropriation (grant) received from Treasury through the line Ministry accounted for as income according to paragraph 24.4 of IFRS for SME's. This means "a grant that does not impose specified future performance conditions on the recipient is recognised in income when the grant proceeds are receivable".
The Fund is not required to undergo any specific performance obligation in order to receive the funds and has the discretion to decide how the funds are allocated to students.

(ii) the Fund disbursed N$969.8 million worth of loans during this financial year and used equity to finance these loans. The accounting surplus increases in relation to the loan disbursements year-on-year. Management would like to draw the attention of the reader to read this accounting surplus in conjunction with the Statement of Cash Flows as it reflects the cash movements, which include investing activities for the period under review, as well as the cash on hand at the end of the financial year.

During the financial year, subventions received totalled N$1.238 billion, which is significantly lower (23%) than N$1.609 billion received the previous year. Recoveries of previously impaired loans increased with 13.9%, from N$3.2 million reported in the previous year to N$3.6 million. The impairment of student loans, which is a provision of 10% of the loan balance for loans that may be irrecoverable, raised with 4.4%, amounting to N$96.9 million for the year under review. Investment income also increased by more than double, to N$10.5 million compared to N$5 million in the preceding year. This was due to the timeous release of funds from Treasury and delays in the execution of the student disbursement calendar of the Fund.

Total assets for the Fund increased from N$3.743 billion to N$4.640 billion mainly due to loans accounted for as receivables with a N$872.9 million net movement for the year under review, considering the provision for impairment. Among other assets that also contributed to the increase was Property Plant and Equipment, with N$5.3 million, relating to the building and prepayments of N$33.6 million for prepaid student deposits, together with a reduction of N$14.8 million in cash and cash equivalents (which include the closing bank balances).

Equity (Accumulated funds) increased from N$3.7 billion to N$4.6 billion due to the accounting surplus recorded in the financial year under review.

Current liabilities increased from N$39 million to N$48.3 million due to a provision for deferred income of N$2 million which relates to an amount received from the Office of the Vice President, (Department Disability Affairs) for disabled students for the 2020 academic year under the Disability Grant Programme. Another N$2 million derived from trade payables relating to accruals for goods or services delivered but not yet paid, payroll provisions, (i.e. severance & leave pay and bonuses), and student accruals for payments due to Universities. There was also an increase in the provision for legal fees of N$5 million for ongoing legal disputes.

3.1.1 Budget Planning

The Fund closed with N$164.9 million cash-on-hand for the financial year under review, as depicted in the graph below, together with cash movements consisting of both cash inflows and outflows. The cash inflows include the following grants and other income:

(i) Approved appropriation of N$1.138 billion and an additional N$100 million from NUST funding relocated through Treasury.

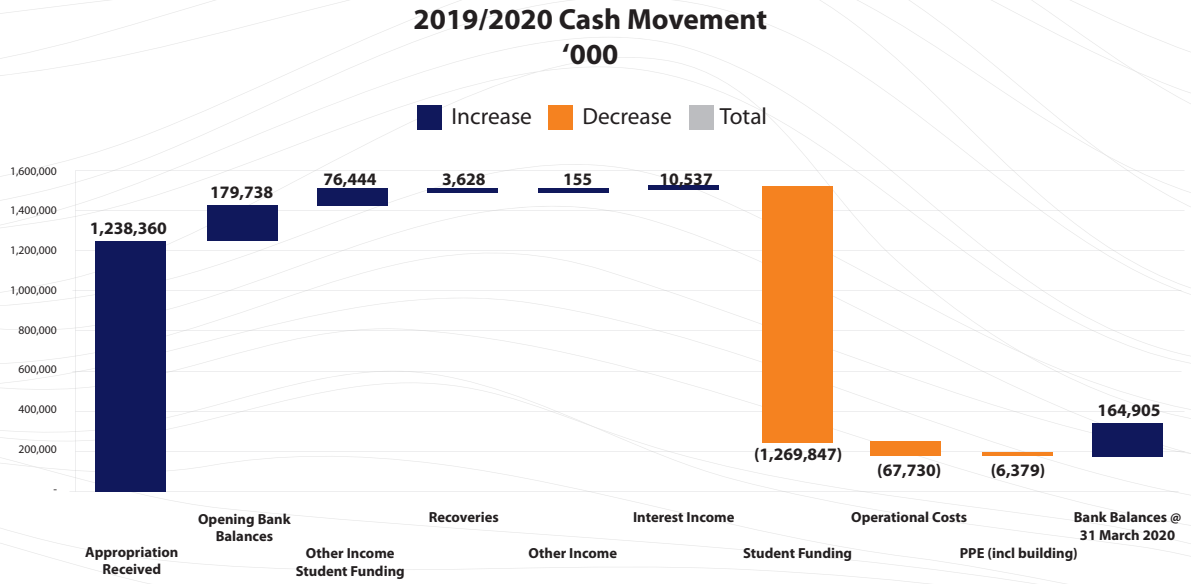
(ii) Bank balances at the beginning of the 2019/2020 financial year of N$179.7 million.

(iii) Other student funding comprising of a N$56 million grant from NTA for vocational trainees and N$20 million derived from the closure of the Endowment Fund account at Bank of Namibia.

(iv) The N$3.6 million for recoveries arose from repayments of legacy loans impaired.

(v) Other income of N$155 thousand originated from sale of tender documents and ad-hoc rentals from building facilities.

The cash outflows cover student disbursements of N$1.270 billion, operational costs of N$67.7 million for the day-to-day operations, and N$6.3 million which mainly relates to the development of NSFAF headquarters.



3.1.2 Budget Execution

The overall 2019/2020 budget totals N$1.669 billion, of which 94.7% was allocated to student funding and 5.3% to operational activities, including the building undertakings. The table below discloses the overall budget performance of the Fund with a 20.9% positive budget variance that amounts to N$349.4 million for the financial year under review. Student funding which is the major budget component reveals an execution rate of 78.4%, with the actual disbursements totalling N$1.238 billion against the budget of N$1.580 billion. The operational expenses of N$80.8 million denoted a 91.5% execution against the budget of N$88.4 million, which was within the 15% budget variance threshold.

2018/2020 Budget Execution						
Description	**Notes**	**Budget**	**Allocation %**	**YTD Actuals**	**Budget execution %**	**Budget Variance %**
Student Funding	A	1,580,442,559	94.7%	1,238,584,351	78.4%	21.6%
Operational	B	88,415,000	5.3%	80,862,321	91.46%	8.5%
Total Budget		**1,668,857**		**1,319,446,672**	**79.1%**	**20.9%**

3.1.3 Student Funding

Student funding closed on a favourable variance of 21.6%, where all three components indicated positive variances, the reasons for which are as follows:

3.1.3.1 New Awards

The new awards reflected a positive variance due to:

(i) the awards process was delayed and caused students to drop-out from Higher Learning Institutions as they could not financially afford to continue.

(ii) some students that met the NSFAF criteria for award opt to do an English Access course, as they were not accepted in their preferred field of study at UNAM, while other successful awardees did not register at all.

3.1.3.2 Continuing Disbursements

Continuing disbursements reflected a positive variance against the budget due to:

(i) the budget being based on a presumed population that would fulfil the conditions (pass or progress based on previous year academic results and registered for the next academic year) to be eligible for payment.

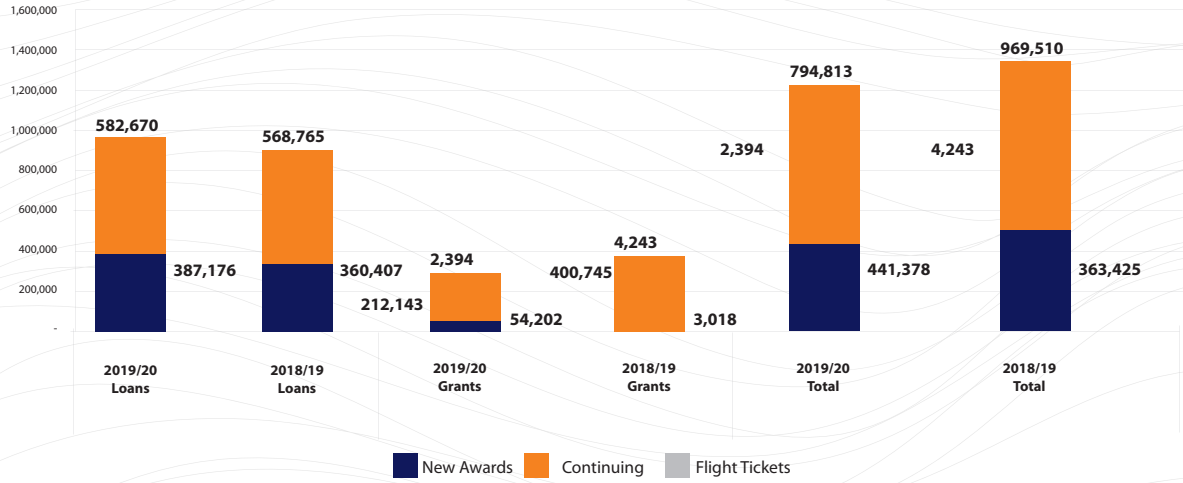
(ii) a high failure rate and drop-outs, whereby the actual disbursements were much lower than anticipated.

3.1.3.3 Flight Tickets

The actual costs accounted for almost half of the budget. The reason for the high positive variance includes the number of scholarship holders and other beneficiaries who applied to return home as they graduated, which was lower than what was anticipated.

The graph below portrays a comparison of two years' actuals for loans and grants in the three major student funding components, together with the total annual disbursements for the respective periods.

Comparision of actual loan grant disbursements



1. The total loan disbursements increased with 4.38% to N$969.8 million compared to the previous year's actuals of N$929.2 million. The average rise was observed in:

   (i) the new award loan disbursements which increased with 7.43% from the previous year of N$360.4 million.

   (ii) the continuing loan disbursements revealing an insignificant growth of 2.44%, with the 2019/2020 actual of N$582.7 million in relation to the N$568.8 million of the preceding year.

2. The total grant expenses decreased with 34.13% to N$268.7 million compared to prior year total of N$408 million. The average decline was noticed in:

   (i) a steep increase in the new award grant expenses mainly in VTCs due to the additional N$56 million received from NTA with a pre-arranged condition that the grant received should not be converted to a loan when contracting vocational trainees.

   (ii) the continuing grant expenses which dropped with 47.06% from the N$400.7 million recorded in the previous year to N$212.1 million because tuition fees were no longer contracted as grants.

   (iii) flight tickets which revealed a reduction of 43.59% as not many requests were received from qualifying beneficiaries studying outside Namibia.

3. The total 2019/2020 loan and grant disbursements of N$1.239 billion reduced with 7.37% in comparison with the 2018/2019 costs of N$1.337 billion. In the major student funding components, the following were noticed:

   (i) new awards increased with 21.45% from N$363.4 million in the previous year to N$441.38 million.

   (ii) continuing student funding decreased with 18.02% from N$969.5 million in the preceding year to N$794.8 million in the year under review.

   (iii) Flight tickets also indicated a reduction of 43.6% from N$4.2 million in 2018/2019 to N$2.4 million in 2019/2020.

3.1.4 Operational Expenses

From the Operational Budget, N$88.4 million (58.9%) was allocated to employee costs, 34.3% to goods and services and 6.8% to the building. Employee costs and building of the new offices closed with budget variances of 1.8% and -2.5% respectively, which was within the budgetary threshold. Goods and services indicated a positive budget variance of 22.3%. This is primarily related to the implementation deliverables of the two loan and grant administration systems that were not on schedule as anticipated in the budget and need re-budgeting in the upcoming financial year.

3.2 OPERATIONAL HIGHLIGHTS

3.2.1 Financial Assistance Policy

The Fund continued to implement the Student Financial Assistance and Debt Recovery Policy approved in 2018. In the quest for NSFAF to be a sustainable institution, the Fund developed a Sustainability Model and the policy has been reviewed to address challenges related to implementation and interpretation of the policy. The review continued to focus on aligning national development goals in order to ensure that the provision of financial assistance is inclusive and responsive to the needs of the country while remaining sustainable.

3.2.2 Awards Statistics

The Fund analyses its funding activities in relation to the number of students funded on an annual basis. The statistics below show cumulative awards over the last five years.

3.2.2.1 Cumulative Overall Awards

NSFAF awarded financial assistance to 15,087 students despite the budgetary constraints experienced during the year under review. Only 13,139 students eventually signed a contract. This has brought the total number of students awarded financial assistance by NSFAF to 65,346 over a period of five years as shown in the table below. NSFAF continues to commit itself to increasing the number of beneficiaries thereby enabling Namibian students to contribute to national development and minimise skill gaps.

Total Awards (five-year statistics)

Academic Year	Vocational Education	Under-graduate	Postgraduate	Scholarships and Special Initiative	Grand Total
2019	2,823	9,985	311	20	13,139
2018	3,830	6,834	427	124	11,215
2017	3,248	10,888	1,181	-	15,317
2016	5,030	8,222	712	136	14,100
2015	4,952	6,339	218	86	11,595
Grand Total	**24,836**	**46,780**	**2,919**	**346**	**65,346**

3.2.2.2 Award per regional undergraduate awards at local institutions

The table below presents the number of undergraduate awards per region for the last five years, i.e. from 2015 - 2019. Although there is an increase in the total number awarded, a decrease is experienced in the number awarded in 2018 in comparison to the previous two years, 2016 and 2017. This has been attributed to the tightening of qualifying criteria and budgetary constraints.

Number of students awarded per region

Region	2015	2016	2017	2018	2019
Oshikoto	671	872	970	731	1,064
Oshana	794	1,015	1,322	1,081	1,406
Erongo	281	418	594	331	513
Otjozondjupa	179	241	306	169	312
Hardap	86	126	153	72	114
Zambezi	335	372	488	353	569
Kavango West	103	122	168	108	223
Kavango East	408	461	838	459	984
Omaheke	51	86	87	62	103
Ohangwena	554	768	824	820	1,214
Omusati	929	1,003	1,035	886	1,388
//Kharas	162	117	228	135	210
Khomas	997	1,448	3,067	1,215	1,683
Kunene	42	74	90	58	71
Completed Grade 12 outside	77	68	67	5	2
Junior Diploma	635	1,031	543	349	-
Special Cases	35	-	-	-	
Total	**6,339**	**8,222**	**10,780**	**6,834**	**9,856**

3.2.2.3 Awards per field of studies

The table below indicates awards per field of study for undergraduate students over the five years. The field of education continues to attract many students, followed by medicine and accountancy fields, respectively. The higher number of students in the field of education can be attributed to the introduction of the education programs at various institutions in the country.

Number of undergraduates awarded per field of study at Local IHLs

Field of Study	2015	2016	2017	2018	2019
Agriculture and Nature Conservation	109	311	213	338	221
Business, Commence and Management Studies	1,980	1,897	2,197	662	1,861
Communication Studies and Language	200	245	378	64	183
Culture and the Arts	286	98	242	80	7
Education, Training and Development	1,569	2,950	3,775	2,599	4,411
Health Sciences and Social Services	1,345	818	805	1,125	654
Human and Social Studies	233	572	671	809	389
Law, Military Science and Security	192	135	433	194	298
Manufacturing, Engineering and Technology	146	803	1195	409	526
Physical Planning and Construction *	*	*	*	55	41
Physical, Mathematical and Computer Sciences	279	393	871	412	1,134
Services and Life Sciences *	*	*	*	87	131
TOTAL	**6,339**	**8,222**	**10,780**	**6,834**	**9,856**

*for 2015 to 2017 data for Physical Planning and Construction was included in the Manufacturing, Engineering and Technology field. For Services and Life Sciences, data was included in Health and Social services field.

3.2.2.4 Awards Distribution

The table below indicates the number of students awarded loans at institutions locally and outside Namibia during the period under review. In total, 97.38% of awarded students are studying at local institutions of higher learning, leaving 2.62% awarded at foreign institutions.

Number of students awarded loans at local and international institutions

Country	Number of awards	Total % of awards
Local	12,795	97.38%
SADC	273	2.08%
International	51	0.39%
Scholarships	20	0.15%
Total	**13,139**	**100%**

3.2.2.5 Bilateral or multilateral scholarship awards per country

NSFAF continued to receive scholarships from other governments, institutions or organisations through bilateral/multilateral agreements during the year under review. Scholarships are advertised and, in the event where the offering country, institution or organisation does not cover the full cost, NSFAF may supplement such scholarship with a once-off return ticket, stipends, and medical insurance. The table below shows the bilateral and multilateral scholarship awards per country in the past five years.

Bilateral and multilateral scholarship awards per country (2015 to 2019)

Year	Algeria	Australia	China	Cuba	Malaysia	Hungary	Russia	Total
2019	0	0	8	2	0	2	8	20
2018	0	0	8	2	0		0	10
2017	4	3	12	2	0		24	45
2016	0	0	10	1	8		21	40
2015	0	0	5	2	0		7	14
TOTAL	**4**	**3**	**43**	**9**	**8**	**2**	**60**	**1,29**

3.2.2.6 Award per level of study (vocational, undergraduate and postgraduate)

The table below indicates that the majority of students funded are pursuing studies at undergraduate level followed by funding for vocational education training. A slight decrease in funding in 2018 is notable and attributed to budgetary constraints. However, during the year under review, funding increased with 17.2%.

Awards per level of study (vocational, undergraduate and postgraduate)

Education Level	2015	2016	2017	2018	2019
Undergraduate	6,339	8,222	10,888	6,834	9,985
Postgraduate	218	712	1,181	427	311
VTCs	4,952	5,030	3,248	3,830	2,823
Special Initiatives and Scholarships	86	136	-	124	20
Total Overall	**11,595**	**14,100**	**15,317**	**11,215**	**13,139**
% Increase/decrease	**10.6**	**21.6**	**9**	**-27**	**17.2**

3.2.3 Student Population

NSFAF beneficiaries stood at 35,258 in 2017, while in 2018 and 2019 the total student beneficiaries were steady at 34,105 and 34,510, respectively. This population is made up of new intakes and continuing students as indicated in the table below.

NSFAF student population over the past five years.

Year	2015	2016	2017	2018	2019
New Intakes	10,035	12,395	15,317	11,215	13,139
Continuing Students	17,573	18,110	19,941	22,890	21,371
Total Student Population	**27,608**	**30,505**	**35,258**	**34,105**	**34,510**

The total population has increased in the year under review, which is attributed to an increase in new intakes. The trend continues to illustrate the increase in the number of beneficiaries dependent on NSFAF funding.

3.2.4 Disbursements

The Fund was faced with increased demand for financial assistance during the year under review, but resources were limited. Measures were nonetheless put in place to secure sufficient funding for all beneficiaries. Despite the monthly cash flow challenges experienced, the budgetary execution was over 78.4% of payments made by the end of the financial year.

The Fund continued to seek alternative solutions to the financial constraints, with the aim of creating an avenue to improve access to higher education. This would be especially applicable to students from low socio-economic backgrounds who would have been denied access to higher education and vocational training because of their inability to pay. Agreements were made with local institutions to enable students to register with affordable registration fees.

Disbursements to local institutions were made via the NSFAF Payment Card introduced as a payment solution implemented with its partner, Bank Windhoek. The solution brought the benefit of real-time transactions for their non-tuition fees to students. Tuition fees were paid directly to their respective Institutions of Higher Learnings.

Disbursements made during 2019/2020

INSTITUTIONS	N$	%
University of Namibia	632,189,817	51.04
Namibia University of Science and Technology	193,490,334	15.62
Private Institutions	208,299,805	16.82
Vocational Training Centres	129,021,319	10.42
SADC and International	48,204,443	3.89
Scholarship	417,960	0.03
Postgraduates	26,960,673	2.18
TOTAL	**1,238,584,351**	**100**

3.3 SUSTAINABILITY

3.3.1 Loan Recovery

The Fund recovered N$3.6 million during the period under review, an increase of 13.90% from the previous financial year. The Fund experienced a decrease of 17.80% in active debtors during this reporting period.
The low recovery rate experienced during the last five financial years is mainly attributed to the following challenges:

- The high unemployment rate in the country.
- The high cost of living. Most debtors are unable to pay back their loans due to low disposable income.
- The slowdown in economic growth due to recession and drought
- Lack of patriotism amongst employed loan beneficiaries/debtors.
- Lack of NSFAF Integrated Systems and adequate Human Resources.
- High debts/loan amounts awarded to students.
- High rate of defaulting on loan repayments (debtors do not honour their commitments to repay their loans and are unreachable when contacted).

The Fund is implementing the following mitigation measures in order to improve the recovery rate and enhance collection efficiency:

- A proposed amendment of the NSFAF Act, to classify Student's loan repayment as a Statutory Deduction.
- Introducing an Income Contingent Loan Repayment (ICL) which focusses on the capacity to pay, and not the duration of the repayment. It defines the repayment obligation whereas the "mortgage type loans" are repayable over a fixed time period.
- Developing recovery incentives as a Strategy of maximising loan repayment.
- Fostering a relationship with key stakeholders and employers.
- The Fund acquired the services of Compuscan to trace debtors through the bureau as well as implementing a process for blacklisting defaulters.
- The Fund has implemented a debit order facility and has established a deduction salary code for civil servants.
- The Fund is in the progress of establishing a recovery call centre and assigning recovery tracing agents.
- The Fund is in the progress of heading an Educational Campaign on students' loan repayment and obligations of loans beneficiaries.
- The Fund automated the data of all its beneficiaries and is currently in the process of a data clean-up to determine the total loans recoverable.

Amounts recovered in the years 2015 to 2019

Year	Amount recovered (N$)	% increase / decrease	Active debtors	% increase/ decrease in active debtors
2019/2020	3,627,619	13.90	530	-17.80
2018/2019	3,184,950	-23.40	646	-16.75
2017/2018	4,157,655	-8.08	776	-25.46
2016/2017	4,523,241	-0.87	1,041	-5.3
2015/2016	4,563,154	9.86	1,099	44.6

3.4 OPERATIONAL EXCELLENCE

NSFAF calls for application for funding with an aim to provide financial assistance to eligible students on an annual basis. In the process of funding, the Fund equally provides support service to its beneficiaries as indicated below.

3.4.1 Online Applications

The Fund's online application platform attracted a total of 24,739 applications for financial assistance for the 2019 academic year. This is 35% higher compared to 16,002 applications received in 2018. This automated application and collaboration platform provides the best possible service to students and stakeholders while reducing the workload of the NSFAF team. The online application provides an opportunity for applicants to apply and trace their applications in the comfort of their own space.

3.4.2 Student Support

During the year under review, the Fund strengthened its efforts with regard to quality, timeliness, and efficiency of service delivery to students regarding the manner that enquiries and student appeals are processed and responded to. Many of the enquiries related to the status of awards, payments, and/or appealing for approval to change courses or institutions. The Fund furthermore assisted graduates studying in Russia, China, Ukraine and other remote countries, with flight tickets upon completion of their courses.

An increase in the number of students changing courses and or institutions has been observed during the period under review. The assumption is that students leaving high schools are ill-prepared career-wise. This results in academic failure and dropouts, where such students fail to complete their studies within the expected duration. This is an indication that career guidance should be enhanced at secondary school level. As a result, a total of 422 applications for special consideration were received, representing an 8.7% increase compared to 2018/2019.

Student appeal cases

Cases	2018	2019
Change of Course / Loan Transfer	286	313
Loan Extension	77	84
Loan on Hold	4	4
Other Requests	19	21
Total Number of Cases	**386**	**422**

3.5 KEY STRATEGIC CHALLENGES

Improving turnaround times at both awarding of financial assistance and disbursement of funds remain a strategic challenge. When such issues are not addressed there are potential effects on students who may drop out or lengthen their period of studies. It is for this reason that the Fund is working diligently to improve its online management system.

HUMAN CAPITAL



PART D: HUMAN CAPTAL

4.1 INTRODUCTION

We strive to offer a conducive corporate culture and workplace environment that attracts and retains high performing employees. We appreciate and value the important role our staff play in implementing the NSFAF mandate of funding the Namibian child. During the period under review the Fund had 61 permanent staff members. In addition, 29 temporary staff were recruited. The staff turnover rate as at 31 March 2020 was 7%.

4.2 LEARNING AND DEVELOPMENT

We place a high priority on staff development and training. During the year under review, NSFAF invested N$486,826 in training, development and study grants.

4.2.1 Targeted Interventions

NSFAF strategically determined three (3) learning and development interventions for employees across all levels during the period under review.

4.2.2 Staff Development Programme

Permanently appointed employees participated in distance-education, modular and part-time studies, which are directly related to their current sphere of work and/or job responsibilities, or for reasonable career progression within NSFAF. For this purpose, NSFAF granted interest-free study loans for tuition fees in different but relevant fields of study.

4.3 STAKEHOLDER ENGAGEMENT RELATIONS

During the year under review, the Educational Outreach Programme focused on increasing awareness, exposure and public knowledge about the product and services of the Fund and more importantly, allowing opportunities for potential beneficiaries to apply for financial assistance.

These educational campaigns were conducted through career fairs, exhibitions/trade fairs, and consultations with students and their representatives from various Institutions of Higher Learning. While not all schools were visited, most learners and students were engaged through the said forums.

Intervention	Male	Female
Customer Care Training	19	38
VMWARE	1	0
Internal Audit Conference	1	1
Total Investment	**21**	**39**

The Fund attended orientation sessions to create awareness with students about funding opportunities. The process was undertaken to award loans and discuss the contractual obligations with the Funds' beneficiaries. In addition, the Fund continued to share information with beneficiaries through e-mails, short message services, and social media platforms. The NSFAF website's interaction with students, through the student portal, cannot be overemphasised. Coupled with social media platforms such as Facebook and Twitter it provides access to information to a wide range of stakeholders.

The Fund furthermore engaged its corporate partners, as per the corporate engagement calendar plan, with a broad range of functions and services in order to enhance opportunities and benefits NSFAF. In addition, significant effort has been directed at maintaining sector stability, rebuilding relationships across the sector and rebuilding trust in NSFAF.

In future, the Fund tends to enhance its focus on a customer orientation model and strategies to improve the satisfaction index scores. The stakeholder perspective will focus on improving the satisfaction of our stakeholders. The key to this will be the establishment of a call centre supported by the required systems and processes to guide customer service standards going forward. This is done to maintain and raise our current achievement of a 75% satisfaction index obtained through a stakeholder satisfaction survey conducted in 2019.

NSFAF team engaged in various stakeholder engagements during the year-end under review. At glance, hereto are some of the engagements.



NSFAF Executive staff members with the PAAB staff members.



Acting CEO of NSFAF and the Executive Retail Operation of Bank Windhoek during the signing agreement.



NSFAF Staff member addressing students, sharing information about NSFAF at UNAM during the General Student Meeting.



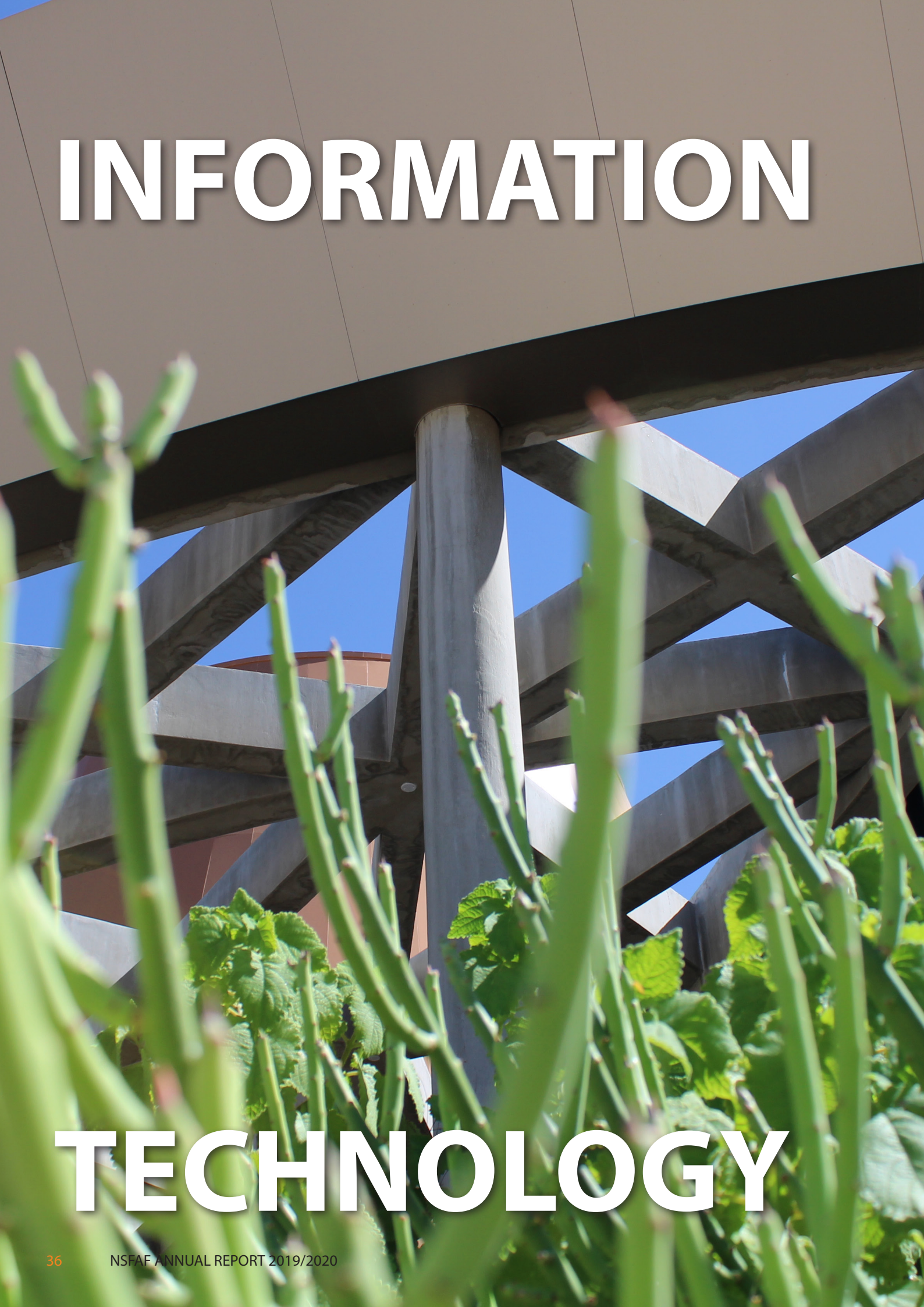
NSFAF staff member sharing Information with students during NUST Career Fair.



NSFAF staff members assist the student at Student Care Centre.



NSFAF Staff members with students awarded bilateral scholarship to study in Russia after de-briefing.


INFORMATION
TECHNOLOGY

PART E: INFORMATION TECHNOLOGY

5.1 INTRODUCTION

Information Technology (IT) continues to enable NSFAF to deliver on its mandate.

Digital transformation initiatives are paying off, showing a year-on-year increase in applications using the online funding application. During the period under review we received more than 25,000 undergraduates', vocational, and postgraduate students' funding applications, and all applicants were given feedback online without visiting the NSFAF premises. Online applications for funding, validation of applications, and contracting, which was started three years ago, will undoubtedly prove to be valuable in the COVID-19 era. Moving forward, the Fund will be investing in ICT initiatives that create organisational efficiency and generate stakeholder value.

5.2 IT GOVERNANCE

The Board approved four (4) IT policies during the period under review. These policies are:

- IT Governance Policy
- IT Acceptable Use Policy
- IT Information Security Policy
- IT Change Control Policy

5.3 SYSTEMS ACQUISITION AND IMPLEMENTATION

5.3.1 Loan Management System

The Fund initiated a project to acquire and implement a Loan Management System. The Loan Management System will manage the NSFAF loan book, disbursement of funds to students, and loan repayments. This system will be launched by late 2020.

5.3.2 Students Management Information System

The Fund initiated a project to acquire and implement a Students Management Information System. The system will strengthen online applications for funding, awarding, and contracting. The system is expected to Go Live in 2020.

5.3.3 Bank Windhoek Payment Solution

The Fund partnered with Bank Windhoek for the issuance of bank cards to the NSFAF funded students. The solution brings many benefits such as lower bank charges and an increased dormancy period. It also provides for an exchange of students banking details with the NSFAF systems, which eliminates human errors.

5.3.4 Interim Payment System

In the past, the Fund used Microsoft Excel and physical papers to process students' payments. With the rolling out the students' payment solution with Bank Windhoek, it became a challenge to continue operating in the same manner. The Fund had planned to use a Loan Management System to automate the payment process in the long term, but given the time that the project will take, NSFAF opted to develop an interim system. This system has improved the students' payments record keeping and will help ease the migration of records to the Loan Management System.

5.3.5 Business Continuity

NSFAF tested a failover to the disaster recovery (DR) data centre successfully during the review period. The Fund also acquired and implemented a new backup solution that automates backups and restorations of data.

5.3.6 Information Security

NSFAF continues to strengthen its cybersecurity capabilities, which include the enforcement of the Information Security Policy. A Password Policy is enforced as per agreed best practices. Moreover, guests' connection to the Internet, which include traffic from employees' own devices, does not have access to the corporate local area network.

FINANCIAL INFORMATION



PART F: FINANCIAL INFORMATION

6.1 DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report, as mandated by the State-Owned Enterprises Governance Act of 2006. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal controls aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures, and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that, in all reasonable circumstances, is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Auditor-General is responsible for independently auditing and reporting on the Fund's annual financial statements.
The annual financial statements set out on pages 8 to 24, which have been prepared on the going concern basis, were approved by the board of directors on……. and were signed on its behalf by:

Approval of financial statements



Director



Director

6.2 REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

SECTION A: FINANCIAL AUDIT

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Namibia Students Financial Assistance Fund for the financial year ended 31 March 2020. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph the accompanying financial statements do not give a true and fair view of the financial position of the Namibia Students Financial Assistance Fund as at 31 March 2020 and its financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities.

2. BASIS FOR ADVERSE OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. An adverse audit opinion is being expressed due to the following:

2.1 FINANCIAL REPORTING FRAMEWORK 2020

Without an acceptable financial reporting framework, management does not have an appropriate basis for the preparation of the financial statements and the auditor does not have suitable criteria for auditing the financial statements (ISA 210).

The Fund's financial statement were prepared in accordance with the Small and Medium-sized Entities (IFRS), while the Fund is a public interest entity.

2.2 CASH FLOW STATEMENT

It was observed that an amount ofN$ 164 905 459 from note 13 of the annual financial statement for cash generated from operations differ from the amount in the cash flow statement of (N$ 18 990 324). The amount ofN$ 164 905 459 is the total amount for cash and cash equivalent at year end. This resulted in an unexplained difference ofN$ 183 895 784.

2.3 RECOVERIES

The auditors observed that recoveries on loans amounting to N$ 3 627 619 are recorded as revenue straight from the bank statements (cash basis accounting). The recording of recoveries straight from the bank statements as revenue is not complying with IFRS 15 and accrual basis of accounting.

2.4 MATURED STUDENT LOANS

It was observed that loans in the Fund's financial statements were no treated according to paragraph 8.2 of the Fund's finance policy which states that:

"Loans due for repayment are maintained in the books as "Matured Study Loans". Funds disbursed as student loans without a suspension period (study duration) are recorded as loans in the accounting records of the Fund as "Mature Student Loan' when they become due for repayment."

The improper recording of student loans resulted in the absence of interest being charged on student loans due.

2.5 EMPLOYEE STUDY LOANS DETAILED AGE ANALYSIS

It was observed that the Fund granted study loans to employees amounting to N$ 867 131 for the year under review, however no detailed age analysis of study loans could be provided for audit purposes.

2.6 PROVISION FOR LEGAL FEES

The reasonableness for the estimation of legal fees amounting to N$ 10 269 757 could not be recalculated for accuracy. The evidence provided was not sufficient to determine how the Fund calculated the following amounts as indicated in the notes to the financial statement:

- Amount utilized ofN$ 3 494 901; and
- Estimation of addition amounting to N$ 8 764 657.

2.7 PROPERTY, PLANT AND EQUIPMENT

The building under construction with the value of N$ 235 822 941 was classified as work in progress while the Fund continue to get economic benefit and utilizes the building contrary to IAS 16 which states that:

"Items of property, plant, and equipment should be recognised as assets when it is probable that: [IAS 16.7]

- the future economic benefits associated with the asset will flow to the Entity; and
- the cost of the asset can be measured reliably.

This recognition principle is applied to all property, plant, and equipment costs at the time they are incurred. These costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it."

Depreciation on the building was thus not charged for the year under review.

2.8 STUDENT LOAN BOOK 2020

It was observed that student loans amounting to N$ 4 203 633 000 (N$ 3 330 771 558: 2019 were disclosed in the Fund's annual financial statement, however the amounts for student loans and impairment could not be verified since the Fund could not provide a loan book for audit purposes.

2.9 STUDENT FUND PAYMENTS

2.9.1 PAYMENTS MADE WITHOUT INVOICES

It was observed that a total number of 23 875 payments were made for tuition and non-tuition of students studying at IUM, NIMT, NUST and UNAM amounting to N$ 358 548.980, however no corresponding invoices for these payments could be found from the invoices provided. These 23 875 payment could include valid payments which could not be accurately matched due to inadequate data quality. (Refer to Section B 2.2.1).

2.9.2 PAYMENTS MORE THAN THE AW ARD ED AMOUNTS

During the comparison of student fund payments made for tuition fees versus amounts awarded it was observed that the Fund made payments to a total number of 9 898 students which were all paid more than the amounts stipulated in the fees schedule. These overpayments amounted to a total ofN$ 123 135 791.

2.9.3 PAYMENTS MADE MORE THAN THE INVOICED AMOUNT

During the comparison of student fund payments made for tuition fees versus amounts invoiced by NUST, !UM and UNAM, it was observed that the Fund made payments to a total number of I 237 students, where amounts paid were more than the invoices, amounting to N$ 12 388 341.

2.9.4 TUITION PAYMENTS FOR STUDENTS NOT FOUND IN AWARDS DATABASE

During the comparison of student fund payments made for tuition fees versus awards, it was observed that the Fund made payments to 25 095 students studying at various institutions amounting to N$ 517 144 544, however due to deficiencies in the current awards database, no matching records could be found.

2.10 FOREIGN MISSIONS BANK STATEMENTS

It was observed that the Fund processed payments to 7 (seven) bank accounts of different Missions/ Embassies for purposes of student fund payments. Upon enquiry, the Fund gave assurance that no payments were made through any ofthe 7 (seven) Missions/Embassy accounts for the year under review. However, when scrutinising the journals file it was observed that a payment instruction amounting to EUR8 369.67 was sent to the bank in favour of the Embassy in Cuba for stipends on 21 May 2019.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of

assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

5. OTHER MATTERS

Attention is drawn to the management on the following matters that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Namibia Student Financial Assistance Fund in the financial statements. My opinion is not modified in respect of this matter.

6. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

7. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAis), 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 financial statements. As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, · iis fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- 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 Entity's internal control.

- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty, exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. TfT conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity 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.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit

and significant audit findings, including any significant deficiencies in internal control that I identify during my audit. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards. From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS (COMPLIANCE)

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 26 of the State-Owned Enterprises Governance Act, 2006.

WINDHOEK, May 2021



JUNIAS ETUNA KANDJEKE AUDITOR-GENERAL

6.3 DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of Namibia Students Financial Assistance Fund for the year ended 31 March 2020.

1. Nature of business

Namibia Students Financial Assistance Fund was established in January 1997 to provide financial assistance to students at approved institutions of higher education. A decision was taken to establish an independent Secretariat with effect from 1 May 2013. As a result, and by implication, the Secretariat assumed the responsibility for all the loans advanced and commitments that were approved and awarded in prior by the Ministry. These loans and commitments could not be measured reliably as there were no accurate and complete records received from the Ministry.

Although the Fund was promulgated by Act 26 of 2000 of Parliament, it was still part of the Ministry of Education.

There have been no material changes to the nature of the Fund's business from the prior year.

2. Review of financial results and activities

The annual financial statements have been prepared in accordance with International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the State-Owned Enterprises Governance Act of 2006. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the Fund are set out in these annual financial statements.

3. Directors

The directors in office at the date of this report are as follows:

Directors	Nationality	Changes
K/Awarab (Chairman)	Namibian	
C Swart-Opperman (Vice-chairperson)	Namibian	Resigned 01-Jun-19
S Tjiuoro	Namibian	
A Angula	Namibian	
N Hamutumwa	Namibian	Appointed 10-Jul-19
I Neema	Namibian	
T Munyika	Namibian	

4. Events after the reporting period

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report.

5. Going concern

The directors believe that the Fund has adequate financial resources to continue in operation for the foreseeable future and the annual financial statements have accordingly been prepared on a going concern basis. The directors have satisfied themselves that the Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

6. Auditor

Office of the Auditor-General will remain the auditors for 2021.

7. Secretary

The Company Secretary is F. Immanuel.

6.4 STATEMENT OF FINANCIAL POSITION

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Statement of Financial Position as at 31 March 2020

	Note(s)	2020 N$	2019 N$
Assets Non-Current Assets			
Property, plant and equipment	2	237,075,621	231,784,296
Student loans	3	4,203,633,000	3,330,771,558
		4,440,708,621	3,562,555,854
Current Assets			
Trade and other receivables	4	867,131	674,622
Prepayments	5	33,997,021	347,021
Cash and cash equivalents	6	164,905,459	179,738,104
		199,769,610	180,759,747
Total Assets		4,640,478,231	3,743,315,601
Equity and Liabilities			
Equity			
Accumulated funds		4,592,171,564	3,704,341,911
Liabilities			
Current Liabilities			
Trade and other payables	7	38,036,910	33,973,690
Provisions	17	10,269,757	5,000,000
		48,306,667	38,973,690
Total Equity and Liabilities		4,640,478,231	3,743,315,601

6.5 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Statement of profit or loss and other comprehensive income for the year ended 31 March 2020

	Note(s)	2020 N$	2019 N$
Grants for student funding	8	1,238,360,000	1,609,000,000
Grants for student funding other	8	76,443,554.97	56,000,000.00
Recoveries of previously impaired loans	8	3,627,619	3,184,950
Other income	9	155,392	27,300
Student funding expenses		(268,738,303)	(408,005,917)
Impairment of student loans		(96,984,605)	(92,917,222)
Administrative expenses		(75,570,996)	(76,961,732)
Surplus before Investment income		**877,292,662**	**1,090,327,379**
Investment income	10	10,536,991	5,092,570
Surplus for the year		**887,829,653**	**1,095,419,949**

6.6 STATEMENT OF CHANGES IN EQUITY

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Statement of change in equity for the year ended 31 March 2020

	Accumulated Funds	Total Funds
	N$	N$
Balance at 01 April 2015	**870,142,555**	**870,142,555**
Surplus for the year	787,927,888	787,927,888
Balance at 01 April 2016	**1,658,070,443**	**1,658,070,443**
Surplus for the year	277,267,555	277,267,555
Balance at 31 March 2017	**1,935,337,998**	**1,935,337,998**
Surplus for the year	673,583,963	673,583,963
Balance at 31 March 2018	**2,608,921,962**	**2,608,921,962**
Surplus for the year	1,095,419,949	1,095,419,949
Balance at 31 March 2019	**3,704,341,911**	**3,704,341,911**
Surplus for the year	887,829,653	887,829,653
Balance at 31 March 2020	**4,592,171,564**	**4,592,171,564**

6.7 STATEMENT OF CASH FLOWS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Statement of cash flows for the year ended 31 March 2020

	Note(s)	2020 N$	2019 N$
Cash flows from operating activities			
Receipts	8	1,238,360,000	1,609,000,000
Grants for student funding	8	76,443,555	-
Grants for student funding other	8	3,627,619	3,184,950
Recoveries	9	155,392	27,300
Other income	8	**1,318,586,566**	**1,612,212,250**
Payments			
For student awards		(1,269,846,907)	(1,405,857,505
To employees and suppliers		(67,729,983)	(38,175,287)
		(1,337,576,889)	**(1,444,032,792)**
Net cash from operating activities	13	**(18,990,323)**	**168,179,457**
Cash flows from investing activities			
Acquisition of property, plant and equipment	2	(6,379,313)	(38,068,672)
Interest income	10	10,536,991	5,092,570
Net cash to investing activities		**4,157,678**	**(32,976,102)**
Total cash movement for the year		**(14,832,645)**	**135,203,355**
Cash at the beginning of the year		179,738,104	44,534,749
Total cash at end of the year	6	**164,905,459**	**179,738,104**

6.8 ACCOUNTING POLICIES

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies for the year ended 31 March 2020

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1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities, and the State-Owned Enterprises Governance Act of 2006. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollar.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

Critical judgements in applying accounting policies
Management is required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Key sources of estimation uncertainty

Useful lives and residual values of property, plant and equipment
The Fund reviews the estimated useful lives of property, plant and equipment when changing circumstances indicate that they may have changed since the most recent reporting date.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimates.

Impairment testing
The Fund reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determines the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash-generating unit to which the asset belongs.

1.2 Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Accounting Policies

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies for the year ended 31 March 2020

Item	Depreciation Method	Average useful life
Buildings	Straight line	20-30 years
Furniture and fixtures	Straight line	7-15 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
IT equipment	Straight line	3-5 years

If the major components of an item of property, plant and equipment have significantly different patterns of consumption of economic benefits, the cost of the asset is allocated to its major components and each such component is depreciated separately over its useful life.

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Building under construction comprises of the cost incurred on the construction of the head office of the Fund. No depreciation has been provided for during the year under review since the building is not yet available for use.

1.3 Financial instruments

Initial measurement
Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost
These include staff loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid unless the arrangement effectively constitutes a financing transaction.

Accounting Policies

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies for the year ended 31 March 2020

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost
Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably are measured at cost less impairment.

Financial instruments at fair value
All other financial instruments, including equity instruments that are publicly traded or whose fair value can otherwise be measured reliably, are measured at fair value through profit and loss.

Student loans
The student loans are recognised at cost at inception. Up until the point of repayment, the loans are measured at cost and only start to accrue interest when the first instalment falls due. The subsequent value is calculated based on amortised cost using 50% of the prevailing prime rate.

At each reporting date, student loans are impaired based on 10% N$ 96,984,605 (2019: 92,917,222;10%) of the total book value of the loans. Impairment losses are recognised in profit or loss.

Cash and cash equivalents
Cash and cash equivalents include cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee
Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

* another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or

* the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Legacy rewards

Recoveries relating to legacy awards from students whose loans and commitments were approved prior May 2013 were ceded as revenue to the fund by the ministry and is accounted for on receipt.

1.6 Impairment of assets

The Fund assesses at each reporting date whether there is any indication that property, plant and equipment or intangible assets may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

Accounting Policies

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies for the year ended 31 March 2020

1.7 Employee benefits

Short-term employee benefits
The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans
Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.
Defined benefit plans
For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately as an expense.

Actuarial gains or losses are recognised in other comprehensive income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognised in profit or loss when the company is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In the statement of income and retained earnings, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

Termination benefits

Termination benefits are recognised as an expense with its resulting liability when the entity is demonstrably committed either:

- to terminate the employment of an employee or group of employees before the normal retirement date; or
- to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The termination benefits are measured at the best estimate of the expenditure that would be required to settle the obligation at the reporting date.

1.8 Provisions and contingencies

Provisions are recognised when the Fund has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in a settlement, and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

1.9 Government Grants

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

1.10 Revenue

Revenue comprises of grants received for student funding and administration costs, recoveries of loans awarded prior to funding becoming an independent

Accounting Policies

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Accounting Policies for the year ended 31 March 2020

Secretariat, interest on student loans and donation received or receivable from the Ministry of Higher Education, Technology and Innovation in the ordinary course of the fund's activities.

The fund recognises revenue when:

*Ÿ The amount of revenue can be reliably measured;

*Ÿ It is probable that future economic benefits will flow to the entity;

*Ÿ and specific criteria have been met for each fund's activities, as described below

(a) Government grants
The Fund recognises government grants when received or receivable from the Ministry of Education per Cabinet Directive of ME012. The Fund is required to split the government grant for student funding into loans and grants on a 70:30 basis, respectively. Grants for administration costs are reflected separately.

(b) Interest income
Interest is recognised in profit or loss, using the effective interest rate method.

(c) Recoveries
Recoveries on legacy loans are recognised as and when received from the debtors

1.11 Foreign exchange

Foreign currency transactions
The Fund is exposed to foreign currency transactions through the payment of student awards, for students studying abroad. The Fund carries foreign currency risk.

Foreign currency transactions are translated into Namibian Dollars using the exchange rates prevailing at the dates of the transactions.

At the end of each reporting period:

*Ÿ foreign currency monetary items are translated using the closing rate;

* non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

* non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income or directly in equity, any exchange component of that gain or loss is recognised in other comprehensive income or directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Notes to the annual financial statements for the year ended 31 March 2020

2. Property, plant and equipment

	2020			2019		
	Cost	Accumulated depreciation	Carrying Value	Cost	Accumulated depreciation	Carrying Value
Furniture and fixtures	2,365,858	(1,922,414)	443,445	2,341,262	(1,610,820)	730,442
Motor vehicles	1,255,155	(1,182,130)	73,025	1,255,155	(1,062,886)	192,269
Office equipment	2,299,656	(2,102,963)	196,692	2,293,600	(1,853,414)	440,185
IT equipment	3,908,668	(3,369,150)	539,518	3,711,623	(2,961,549)	750,074
Building under construction	235,822,941	-	235,822,941	229,671,326	-	229,671,326
	245,652,278	**(8,576,657)**	**237,075,621**	**239,272,965**	**(7,488,669)**	**231,784,296**

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	730,442	24,597	(311,594)	443,445
Motor vehicles	192,269	-	(119,244)	73,025
Office equipment	440,184	6,056	(249,549)	196,691
IT equipment	750,074	197,046	(407,601)	539,519
Building under construction	229,671,326	6,151,614		235,822,941
	231,784,296	**6,379,313**	**(1,087,988)**	**237,075,621**

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Total
Furniture and fixtures	1,044,639	17,719	(331,915)	730,442
Motor vehicles	373,449	-	(181,180)	192,269
Office equipment	822,883	-	(382,699)	440,184
IT equipment	1,243,185	90,268	(583,379)	750,074
Building under construction	191,710,641	37,960,685	-	229,671,326
	195,194,797	**38,068,672**	**(1,479,173)**	**231,784,296**

Details of properties

A register containing the information required by Regulation 25(3) of the Companies Regulations and is available for inspection at the registered office of the company.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Notes to the annual financial statements for the year ended 31 March 2020

3. Student loans

Student loans comprise of loans awarded subsequent to the date the Fund became an independent Secretariat.

2020	New Awards Loans	Continuing loans	Total
Opening balance	1,249,733,689	2,451,123,597	3,700,857,286
Loans awarded	383,015,601	568,079,503	951,095,104
Student accruals	4,160,260	14,590,683	18,750,943
Impairment of student loans	(163,690,955)	(303,379,378)	(467,070,333)
	1,473,218,595	**2,730,414,405**	**4,203,633,000**

2019	New Awards Loans	Continuing loans	Total
Opening balance	889,326,734	1,882,358,328	2,771,685,062
Loans awarded	352,388,280	559,187,385	911,575,665
Student accruals	8,018,676	9,577,883	17,596,559
Impairment of student loans	(124,973,369)	(245,112,360)	(370,085,729)
	1,124,760,321	**2,206,011,237**	**3,330,771,558**

4. Trade and other receivables

Staff loans	867,131	674,622

5. Prepayments

Prepaid rental deposits	347,021	347,021
Prepaid student deposits	33,650,000	-
	33,997,021	**347,021**

6. Cash and cash equivalents

Cash and cash equivalents consist of:		
Cash on hand	1,686	-
Bank balances	164,890,598	179,726,014
Short-term deposits	13,175	12,090
	164,905,459	**179,738,104**

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Notes to the annual financial statements for the year ended 31 March 2020

7. Trade and other payables

Deferred revenue	2,000,000	-
Trade payables	7,677,697	5,793,565
Student loans accruals	20,605,483	18,218,039
Payroll related accruals	7,753,731	9,962,087
	38,036,910	**33,973,690**

8. Revenue

Grants for student funding	1,238,360,000	1,609,000,000
Grants for student funding other	76,443,555	56,000,000.00
Recoveries	3,627,619	3,184,950
Grants for capital fund and administration costs	-	-
	1,318,431,174	**1,668,184,950**

9. Other income

Refunds - tertiary institutions	-	-
Tender documentation fees	155,392	27,300
	155,392	**27,300**

10. Investment revenue

Interest revenue		
Bank	**10,536,991**	**5,092,570**

11. Taxation

The Fund has obtained income tax exemption from the Receiver of Revenue. This exemption is applicable from the date on which the Fund was established.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Notes to the annual financial statements for the year ended 31 March 2020

12. Auditor's remuneration

Fees	**239,241**	**573,236**

13. Cash (used in) generated from operations

Surplus for the year	887,829,653	1,095,419,949
Adjustments for:		
Depreciation and amortisation	1,087,988	1,479,172
Interest received - investment	(10,536,991)	(5,092,570)
Movements in provisions	5,269,757	-
Impairments of student loans	96,984,605	92,917,222
Changes in working capital:		
Trade and other receivables	(192,509)	(59,560)
Prepayments	33,650,000	41,168,800
Trade and other payables	120,518,193	(116,922,685)
Student loans	(969,705,236)	(929,172,223)
	164,905,459	**179,738,104**

14. Commitments

Authorised capital expenditure

Already contracted for but not provided for

* Property, plant and equipment	-	8,509,510

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	-	-

Operating lease payments represent rentals payable by the company for certain of its office properties.

Legacy commitments

The Fund inherited loan balances and financial commitments to continuing students whose loans were approved previously from the Ministry of Education upon becoming an independent Secretariat. These loans and commitments could not be measured reliably as there were no accurate and complete records received from the Ministry.

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Notes to the annual financial statements for the year ended 31 March 2020

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15. Related parties

Relationships

Line Ministry	Ministry of Higher Education, Technology and Innovation
Directors	K/Awarab (Chairperson) N Hamutumwa S Tjiuoro A Angula I Neema T Munyika
Members of key management	K Kandume (Acting Chief Executive Officer) O Hamwele (Chief Human Capital & Corporate Affairs) B Gawachab (Chief Financial Officer) N Uushona (Chief Information Officer) C Koopman (Senior Manager: Finance) P Tjahere (Senior Manager: Marketing) D Nathinge (Acting Senior Manager: Operations) F Immanuel (Company Secretary) H Ntema (Internal Auditor)

Related party balances and transactions with entities with other related parties

Related party transactions

Key management

Salaries	13,505,855	14,795,872

Key management comprises of the CEO and members of the executive committee

Grants received from related parties

Grants for capital fund and administration fees	-	-
Grants for students funding: Ministry of Higher Education, Technology and Innovation	1,238,360,000	1,609,000,000

6.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Notes to the annual financial statements for the year ended 31 March 2020

16. Directors' remuneration

Directors' remuneration of N$ 1,467,759 (2019: N$ 1,298,105) was paid to directors during the year.

17. Provisions

Reconciliation of provisions - 2020

	Opening balance	Utilised	Addition	Total
Legal settlement	5,000,000	(3,494,901)	8,764,657	**10,269,757**

Detailed Statement of Comprehensive Income

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Detailed Statement of Comprehensive Income for the year ended 31 March 2020

	Note(s)	2020 N$	2019 N$
Revenue			
Recoveries		3,627,619	3,184,950
Grants for capital fund and administration costs		-	-
Grants for student funding		1,238,360,000	1,609,000,000
Grants for student funding other		76,443,555	56,000,000
	8	**1,318,431,174**	**1,668,184,950**
Other income			
Refund - tertiary institutions		-	-
Tender documentation fees		155,392	27,300
Interest received	10	10,536,991	5,092,570
		10,692,383	**5,119,870**
Other expenses		(96,984,605)	(92,917,222)
Impairment of student loans		**(96,984,605)**	**(92,917,222)**

Detailed Statement of Comprehensive Income

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Detailed Statement of Comprehensive Income for the year ended 31 March 2020

	Note(s)	2020 N$	2019 N$
Administrative expenses			
Advertising		(659,374)	(668,362)
Auditor's remuneration		(239,241)	(573,236)
Bank charges		(732,534)	(588,145)
Board and subcommittee fees		(1,467,759)	(1,298,105)
Cleaning		(499,810)	(283,571)
Computer expenses		(336,959)	(13,708)
Consulting and professional fees		(9,522,612)	(1,322,420)
Depreciation		(1,087,988)	(1,479,172)
Employee costs		(51,155,309)	(49,818,521)
Entertainment		(241,712)	(215,647)
General expenses		(69,862)	(1,068,181)
Insurance		-	(279,067)
Lease rentals on operating lease		-	(3,180,236)
Motor vehicle expenses		(72,380)	(390,476)
Office refreshments		(25,685)	(58,378)
Car hire		-	(53,158)
Postage		(16,863)	(23,829)
Printing and stationery		(1,597,019)	(1,164,993)
Projects		(4,484,200)	(10,862,578)

The supplementary information presented does not form part of the annual financial statements and is unaudited

Detailed Statement of Comprehensive Income

Namibia Students Financial Assistance Fund
Annual Financial Statements for the year ended 31 March 2020

Detailed Statement of Comprehensive Income for the year ended 31 March 2020

	Note(s)	2020 N$	2019 N$
Repairs and maintenance		(35,305)	(5,785)
Security		(395,460)	(257,896)
Staff welfare		(114,041)	(79,180)
Subscriptions		(632,678)	(584,421)
Training		-	(271,349)
Travel and accommodation		(665,726)	(238,375)
Telephone and fax		(925,629)	(1,395,235)
Water and electricity		(512,282)	(630,245)
Workshop and conferences		(80,570)	(157,464)
		(75,570,996)	**(76,961,732)**
Student funding expenses			
Postgraduate awards		(387,095)	(3,639,326)
Student flight and travel expenses		(2,393,730)	(4,243,210)
Undergraduate student awards (grants)		(265,957,478)	(400,123,381)
		(268,738,303)	**(408,005,917)**
Total Income for the year		**1,329,123,557**	**1,673,304,820**
Less total expenses		**(441,293,904)**	**(577,884,871)**
Surplus for the year		**887,829,653**	**1,095,419,949**

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NSFAF

Namibia Students Financial Assistance Fund

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