



ANNUAL REPORT

2021 - 2022



Engaging together towards
an educated Namibia

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PART A

GENERAL INFORMATION



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 Weg, Eros Windhoek, Namibia
Postal address:	PO 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 P/Bag 13299, Windhoek
Lawyers	Ellis Shilengudwa Inc. Frans Kwala & Co. Inc Kavendjii Legal
Practitioners	Dr. Weder, Kauta & Hoveka Inc

BOARD MEMBERS



Klemens/Awarab
CHAIRPERSON



Stephen Tjiuoro



Ndeulipula
Hamutumwa



Adda Angola



Isak Neema



Tulimeke Munyika





HON. DR. ITAH KANDJII-MURANGI

**Minister of Higher Education,
Technology and Innovation**

The project of nation-building requires a multifaceted and multi-sectoral approach. Higher education is one of the critical sectors that play a critical role in the socio-economic and human capital development of the nation. It is a common cause that education is the greatest equalizer and tertiary education is even more equalizing. The mandate to provide tertiary education is vested in the Ministry of Higher Education, Technology and Innovation. The government has established several agencies that are helping the ministry in the execution of its mandate. The Namibia Students Financial Assistance Fund (NSFAF) is one of the agencies falling under the ministry and serving as a catalyst in the fulfillment of the ministerial mandate. Specifically, the Fund provides funding to students to access tertiary education at institutions of higher learning. Through NSFAF, the majority of Namibian students were able

to access tertiary training and their qualifications after graduation help to secure jobs and or become entrepreneurs, thus creating jobs for others. This is how the nation breaks the chain of poverty that has characterized our society for a notable period. The Fund also has a responsibility of recovering money advanced to the former students. The purpose of recovery is to make the institution a revolving Fund competent to survive on its own generated revenue in the future and by extension be able to assist more beneficiaries.

The Fund conducts its business under the direction and control of the Board appointed by the line Minister, in this case, myself. It is my conviction that the current Board is well balanced in terms of diversity regarding gender, qualifications, competency and experiences. This makes it a fit-for-purpose Board to detach the Fund from its troubled past and navigate it towards the genuine realization of its mandate. There is absolutely no reason why the Fund under the reigning Board should not record success. Since taking office the Board has been robust in advocating for a culture of good corporate governance at the Fund. This commitment has been demonstrated through the Board's continuous pursuance of the terms of the Governance and Performance Agreements between itself, its members and the shareholding minister. It is further reflected through the development and submission of the Integrated Strategic Business Plan, Annual Business and Financial Plan, Annual Budget and Annual Report. This practice reflects an ongoing culture of compliance, responsibility, accountability, transparency and consideration of fairness to clients and stakeholders. This Annual Report, therefore, records and accounts for the strategic achievements made and challenges encountered by the Fund, from

both the governance and operational perspectives. It further highlights the budget execution while providing award statistics. Evidently, the report assures some confidence regarding the strategic delivery consistent with the institutional mandate.

Notably, and regard had to the eminent re-integration of NSFAF into the line ministry, the Board is commended for ringfencing the executive appointment to the projected re-integration deadline, being 31 December 2023. For the succeeding financial year, the Board is called upon to ensure that all activities and undertakings of the Fund are synergically aligned to the re-integration goal. This would entail a robust stakeholder engagement to ensure that the process is smoother as much as possible.

I thus, want to conclude by expressing the ministry's profound gratitude to the NSFAF Board for its commitment and dedication to the cause of the Fund. The diligence and prudence that you have demonstrated resonates well with the principles of corporate governance, hence commendable. I want to wish you the same zeal and tenacity as the nation expects a successful re-integration of the Fund back into the line ministry, a task that is squarely on your shoulder.



As it is elsewhere, the Board is entrusted with the stewardship of the company. This entails directing and controlling the business affairs of the company. It further pertains to the power distribution, usage and limitations thereto. The Board of the Namibia Students Financial Assistance Fund has intrinsically internalized this well-established principle of corporate governance and aligned itself accordingly. The financial year 2021/2022 was therefore no exception, as far as the Board's role in guarding the corporate governance culture is concerned. The Board has diligently executed its oversight function over the Secretariat, in so far as the exercise of powers delegated to the management is concerned. This is evident having regard to the strategic outcomes that the Fund was able to record at the end of the reporting period.

All achievements, both strategic and operational, covered in this Annual Report, were possible due to the culture of corporate governance that the Board embedded in the institution. This commitment enabled a high-performance culture within the Fund, inspired the shareholder confidence and encouraged proactive and appropriate responses to the uncertainties and externalities. The

KLEMENS /AWARAB
BOARD CHAIRPERSON

practice further helped in sustaining healthy relationships with various stakeholders through deliberate engagements aimed at meeting their diverse expectations and strengthening future collaborations. The Board achieved this through its continuous commitment to refine and improve the Fund's strategy, budget outlook, and regulatory and compliance framework.

An effective oversight was realized through the holding of quarterly governance meetings, compelling the pursuit of the Integrated Strategic Business Plan as well as the development and approval of several operational policies. There are dedicated sections on the governance meetings and the strategic delivery realized during the period under review in this annual report.

Although for the reporting period, there has been applaudable support from several stakeholders, their expectations regarding accountability, fairness and transparency particularly in the award and recovery spaces have equally been insurmountable. In turn, this has placed enormous pressure on the Board to ensure that an effective governance firewall was built.

In its journey, the Board enjoyed unparalleled support from the shareholder, represented by the line Minister. For this reason, we are strongly indebted to our line Minister, Hon. Dr. Itah Kandjii-Murangi for the confidence demonstrated, guidance rendered and stewardship provided during the period under review. Equally, the professional and technical support received from the ministry's administrative team has been admirable, hence hereby highly appreciated.

The Board also unreservedly expresses its gratitude to the members of the Fund's Secretariat for their commitments to the realization of the NSFAF's mandate.



I am delighted to present the Annual Report for the Namibia Students Financial Assistance Fund (NSFAF) for the financial year 2021/2022.

The end of the financial year 2021/2022 is the end of yet another period marked by the COVID-19 outbreak, which wreaked havoc on the higher education and training environment. The management had to devise COVID-19 initiatives for implementing new methods of learning and teaching in the higher education and training sector. NSFAF spent millions of dollars on COVID-19 e-learning initiatives, channelling funds to UNAM and NUST to upgrade their server infrastructure, as well as providing internet devices and laptops for students in support of e-learning.

The period, 2021/2022 truly proved to be a year that tested our resilience and determination in striving for excellence, amidst the unprecedented global pandemic that created very challenging conditions across the world. Our business continuity strategies, as well as the resilience of our employees in the face of adversity, were put to the test. It is pleasing to report that we have weathered the storm and come out stronger, pursuing operational excellence and implementing our long-term growth initiatives as we work toward our vision. The Fund's leadership is appreciative of our employees' unwavering commitment and perseverance in carrying out our mission of providing financial assistance to students in an efficient manner. I would like to use this opportunity to recognise our employees who have endured in the face of adversity and demonstrated great determination. The 85% score on the stakeholder satisfaction survey is indicative of the dedication of our employees to continue serving our customers as best we can.

Some of our operational highlights are that the revised Students Financial Assistance and Debt Recovery Policy and its accompanying procedures came into effect during the reporting period. The review was necessary to ensure that the NSFAF Act, Act 26 of 2000, is being followed and that financial assistance is being provided in accordance with national development goals.

The result of the policy review is that it strengthened these important areas, i.e. financial assistance eligibility criteria, general conditions for financial assistance, borrower's obligations, and projected repayment periods. Furthermore, the fields of study for the period 2021 to 2025 which will be given priority for financial aid have been approved and implemented.

NSFAF awarded financial assistance to 14,604 students during the 2021/2022 financial year in various fields of studies at different high learning/vocational education institutions, both local and international.

For transparency and to demonstrate how we strive to achieve equity, we have provided statistics per region, fields of study, and country distribution. The student population was at 38,255 beneficiaries, which includes both continuing and newly awarded students. For further appreciation, we have also included five-year

statistics in this report.

We continuously strive to achieve our mission of providing financial assistance to eligible Namibians to access vocational and higher education and training. During the reporting period, the Fund recorded two fundamental achievements; our performance rating of three out of five, as well as an outcome of 83% satisfaction rating from our stakeholder satisfaction survey, are indicative of the Fund's dedication to providing continuous excellent service.

Other noteworthy deliverables during the reporting period include:

- Implementation of the higher education Covid-19 initiatives.
- Customer Service Omnichannel Solution
- Improved recovery rate.
- Risk management and internal audit.

Implementation of the higher education Covid-19 initiatives:

The emergence of COVID-19 affected higher education institutions and interrupted face-to-face learning. As students are our primary stakeholders, NSFAF was naturally expected to step-in and provide aid to our students. Therefore, through the COVID-19 initiatives, the Fund availed funds to support the country's two largest public universities to upgrade their IT server infrastructure and also provided internet connectivity devices and laptops to students at a discounted rate.

Improved recovery rate:

During the reporting period, the Fund recovered N\$10.3 million, which is a significant increase when compared to N\$4.3 million recovered during the previous financial year.

Each year, the number of students seeking financial aid from the Fund increases. The increased demand for higher education funding emphasises the need for the Fund to strengthen its recovery strategy and gear towards becoming a revolving fund, thereby supplementing government subvention from Treasury. It cannot be emphasised enough that education is a shared responsibility and that past beneficiaries have a duty to repay the Fund for the loans advanced to them. We have therefore developed a recovery strategy through which we aim to continue increasing our recovery rate.

Customer Service Omnichannel Solution:

Technological advancement plays a significant role in society, more so with our primary stakeholders, the students. The Fund has therefore implemented a new customer service solution that provides an omnichannel experience by combining all of a customer's inquiries from several channels into a single inbox. This approach is appealing because it

allows students to submit their questions via different media channels that they are familiar with, such as SMS, Email, WhatsApp, Facebook, Twitter, etc. We have also acquired and implemented other systems such as the loan management system, and student information management system in order to provide protected and dependable, and efficient business solutions.

Risk Management and Internal Audit:

Management revised the Fund's Risk Management Framework and Policy during the period under review. The policy is based on the ISO 31000 Risk Management Methodology concepts, framework, and procedure. Changes in the business environment prompted the evaluation, as well as the need to align the policy with the new ISO31000: 2018 Risk Management Framework. In September 2021, the Board of Directors approved the new Risk Management Framework and Policy. With regard to the internal audit, the period under review saw the Fund closing off 90% of the internal audit findings.

The above commendable milestones do not mean that there have not been challenges in implementing our strategic aspirations. For example, Covid-19 had a significant impact on educational outreach initiatives during the year under review, as the gathering of people was restricted for most of the year. As a result, there have been no career fairs, exhibitions/trade shows, or consultations with students and their representatives from various institutions of higher learning. We did however try to make do by hosting face-to-face and virtual sessions with smaller groups.

Further, due to the pandemic, the corporate engagement calendar was not fully implemented. However, considerable effort has gone into maintaining sector stability, repairing sector connections, and restoring trust in NSFAF.

Furthermore, the increased demand for financial assistance remains our core challenge as the demand induced by increasing number of secondary school leavers outweigh the supply. For the past five years, NSFAF has provided funding to 68,454 students as new awards, a figure which is not exhaustive because the Fund had to strictly apply the means-testing criteria and declined some applications.

Our employee satisfaction rate is also indicative that there is room for improvement in this area.

Overall, it may be said that our strategic focus coupled with a strong sense of purpose is critical in the current atmosphere of uncertainty. We will continue with our approach of creating value for our stakeholders and maintaining ethical leadership as well as focus on operational excellence.

It will be a serious omission if I did not extend my appreciation to the Line Ministry, the Board and entire NSFAF Staff Complement for their unwavering support.

KENNEDY KANDUME
Acting Chief Executive
Officer



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.

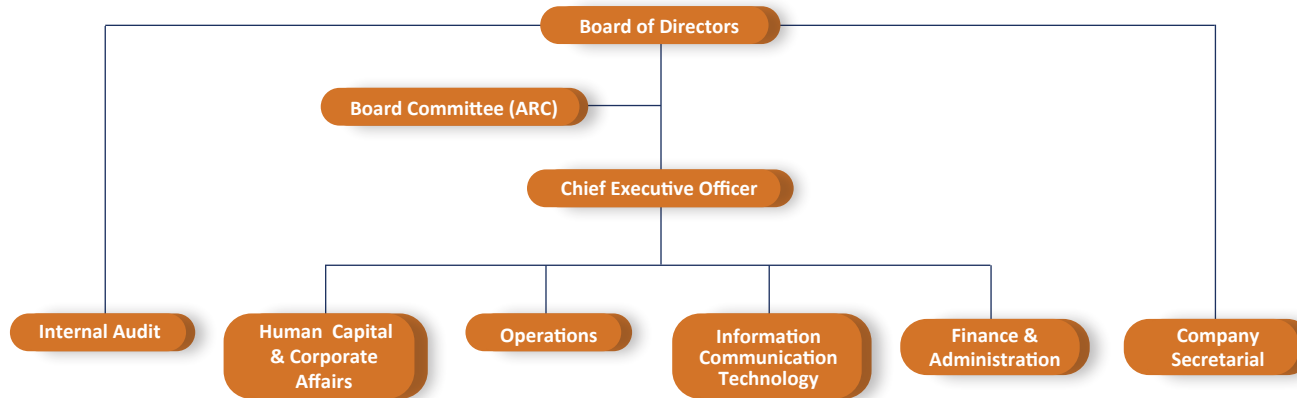


MISSION

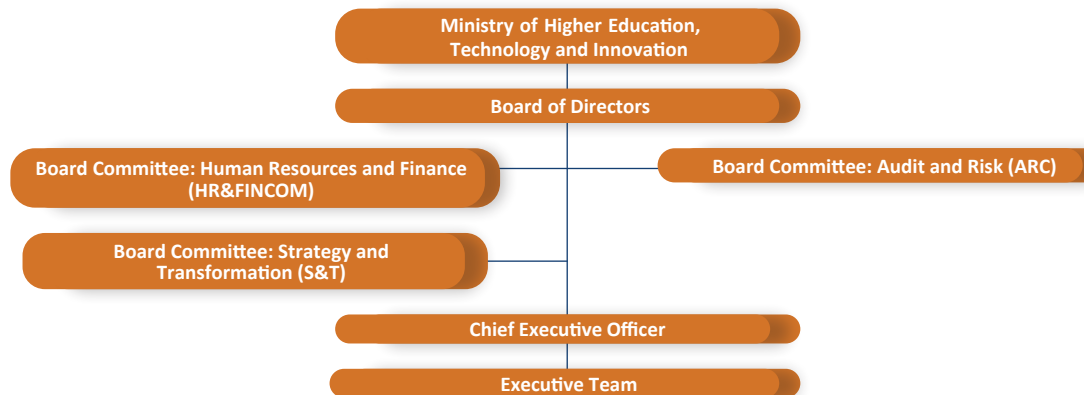
We provide financial assistance to eligible Namibians to access vocational and higher education and training.

Core Values	Definitions	Slogans
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 principled in our dealings

Organizational Structure



Governance & Executive Structure



Highlights of Corporate Performance

Measuring organisational performance through the use of standardised key performance indicators is the ongoing practice that NSFAF utilises to ensure progress is realised and the gaps are identified for corrective action.

During the period under review, NSFAF was expected to ensure a sufficient pool of finance as per the set budget to cover the Fund's core function of student funding and support services which are operational expenses. The budgetary target aimed at raising 100% of the funds budgeted for and out of this target the Fund's achievement was rated at 100%.

Efficient management of the student funding budget underpinned by continuous improvement and a robust planning model guarantees the Fund of the student funding operations as per the budgetary structure. During the reporting period, the Fund operated and closed its student funding budget with a 2% variance. The performance rating of the student funding budget was 98%. Moreover, the Fund requires efficient management of organisational funds as per the budget set and good principles of governance. This is done through proactive planning, as well as stringent budgetary control systems. The Fund targeted a 95% execution rate of the operational budget which was achieved by 102%.

As part of the Fund's core business, NSFAF is mandated to ensure it establishes a loan book which is a useful credit control system for the Fund. The aim was to ensure a 100% success rate by the end of the period, however, the Fund managed to attain 20% success rate due to several constraints. The Fund managed to raise a total of N\$10 million during the year under review which is a lot less 50% recovery rate.

Delivery of student-centred service constitutes one of the Fund's unbreakable pillars of success. The student service delivery model ensures that the needs of all our students are catered for

beginning from the unleashing of study financing, customer service experience, student support and query resolutions. We aim to keep happy clients throughout their experience with NSFAF. To measure our performance rates, a continuous client or student satisfaction survey is conducted and it is pleasing to note the improvements to 85 % satisfaction rate were achieved by the Fund amid the volatile climate.

NSFAF does not operate in isolation. Our co-existence is shaped by the fulfilment of different stakeholder interests which include the Government (the main shareholder). Ensuring that our stakeholders are happy and satisfied is an important organisational practice. We also measure our rating from the stakeholder point of view by conducting stakeholder surveys. The Fund achieved an 85% positive rating from the portfolio of stakeholders interviewed. Continuing to foster strong relationships with our stakeholders both internal and external is part of our long-term objectives.

Operational efficiency is achieved by adopting and implementing modernised and seamless business processes including but not limited to our award management systems, payment systems, and query management systems. NSFAF continues to innovate and improve the service delivery processes hence reducing the strain on our people, infrastructure and clients. The aim is to ensure that the service cycle turnaround time is reduced and minimised as much as possible, the annual targeted success rate was 10%, and we managed to drive progress forward by 5% which implies that more still has to be done in business processes review and re-engineering to ensure the Fund maintains and demonstrates good governance, sound governance principles are adopted and implemented. These include continuous auditing both internal and external, risk management, and compliance as well as quality assurance services. During the year of reporting the Fund had 90% of the audit findings actioned, 40 % of the risk mitigation actions implemented, as

well as 50% validation of mitigation responses to non-compliance.

NSFAF workers are dedicated and determined to get results. The Fund is focusing on improving the results by hiring high-achieving employees with the potential to lead to greater business success. The positive success rate of 100% in compliance with the annual performance management plan attests to the Fund's positive performance-driven culture. To complete our performance-driven culture, the Fund is determined to become the best employer and attractive organisation to work for. However, an employee engagement rate of 48% achieved in the reporting period means that more still needs to be done.

NSFAF puts its values front and centre. It is these values and beliefs that are continually helping build a strong foundation of our organisational culture. These values are translating into behaviours that corroborate what the Fund stands for and how we make our work productive. A positive rating of 70% was achieved by the Fund.

Lastly, in order to build a sustainable legacy for the Fund, influential leadership that unifies and leads with a clear vision is of paramount importance. The Fund leadership competence assessment was ranked at 70% aggregate.







PART B

GOVERNANCE
AND REGULATION
ENVIRONMENT

INTRODUCTION

The principles of corporate governance as contained in NAMCode and other relevant codes on governance are a cornerstone of NSFAF's existence. The procedures, processes, systems, people and their judgments at the institution are directed and controlled based on the said principles. The primary guardianship of corporate governance is vested in the Board of Directors. The executive management administratively enables the Board to achieve the governance goal, including setting the strategic direction, monitoring the organizational performance, fulfilling the oversight function as well as stakeholder management amongst others.

Consistent with the above, the Board has designed an appropriate governance model for the institution, it is this model that serves as a framework for the governance of the Fund within the ambit of the NSFAF

Act (Act. No. 26 of 2000). This framework entails an approved Organisational Structure, Strategic Plan, Board Charter and Board Committees, Delegation Framework and various operational policies to guide management in its daily execution of the institutional mandate.

Through adherence to corporate governance, the Fund is not only able to attain its objectives, but also enforce accountability and guarantee the long-term value creation to its client and the shareholder(s). Similarly, a well-governed institution becomes a center of attraction for talents and capital inflow while boasting a positive brand capital. Further, because of its well-mapped and streamlined processes and procedures, efficiency will be a dominant feature.

CODE OF ETHICS

NSFAF has core values that guide and bind the employees amongst themselves and also to the institution. These values are codified into what is called the Code of Conduct, which in turn sets the baseline standard for the expected behavior amongst the employees. It also becomes the yardstick for measuring the behavior of everyone within and outside the team. Any employee whose conduct falls short of the expected standard may be subjected to a disciplinary process and/or sanctions, with dismissal being the most severe there is. Such conduct would then qualify as unethical conduct. The Fund has been

consistent in its commitment to punish such conduct or behavior.

Through an Ethical Code, an institution can compel trust between itself and its employee, who are its agents. As a result, employees are under the obligation to act in the best interest of the institution by resisting personal interests, and biased and irrational judgments in the process of decision-making.

CONFLICT OF INTEREST

Often, and to people challenged with self-discipline, the line between business and personal interests becomes blurred. This leads to a competition between the private interests of employees and business interests. However, because the employees are in charge of the business and taking decisions on behalf of the business or institution, the interest of the business becomes injured and continues suffering except if actions are taken against those that against

the harm caused.

To address the above ethical dilemma, NSFAF has adopted a Conflict of Interest Management Policy, which does not only seek to insulate the Fund's business processes against private interests but also guarantees process consistency, transparency, impartiality and fairness. The policy is therefore one of the many institutional policies setting the ethical tone.



MATILDA MALETSKY
TRAINING AND HUMAN RESOURCE PRACTITIONER
OFFICE OF THE AUDITOR GENERAL

“ The foundation set by NSFAF really pushed me forward Today I am somebody else. But my conscience is clean but I did not cheat the system. I paid back.

#YOTURN

BOARD MEETING ATTENDANCE SCHEDULE

BOARD		ATTENDANCE					
Type of Meeting	Meeting Date	Klemens Awarab (Board Chairperson)	Mr. Stephen Tjiuoro (Board Deputy Chairperson)	Ms. Adda Angula	Dr. Isak Neema	Dr. Ndeulipula Hamutumwa	Ms. Tulimeke Munyika (Additional member)
Extra Ordinary Board Meeting	10-Jun-21	x	x	x	x	x	x
Ordinary Board Meeting	29-Jun-21	x	x	x	x	x	x
Extra Ordinary Board Meeting	19-Jul-21	x	x	x	x	x	x
Extra Ordinary Board Meeting	06-Aug-21	x		x	x	x	x
Ordinary Board Meeting	28-Sep-21	x	x	x	x	x	x
Ordinary Board Meeting	06-Dec-21	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. Ndeulipula Hamutumwa			
Ordinary Committee Meeting	02-Jun-21	x	x	x			
Ordinary Meeting	10-Sep-21	x	x	x			
Ordinary Committee Meeting	04-Nov-21	x	x	x			
Ordinary Meeting	08-Mar-22	x	x	x			
AUDIT & RISK COMMITTEE BOARD		ATTENDANCE					
Type of Meeting	Meeting Date	Mr. Stephen Tjiuoro (Committee Chairperson)	Dr. Isak Neema	Ms. Tulimeke Munyika			
Ordinary Meeting	08-Jun-21	x	x	x			
Ordinary Meeting	14-Sep-21	x	x	x			
Ordinary Meeting	11-Nov-21	x	x				
Ordinary Meeting	04-Mar-22	x	x	x			
STRATEGY & TRANSFORMATION COMMITTEE		ATTENDANCE					
Type of Meeting	Meeting Date	Ms. Adda Angula (Committee Chairperson)	Dr. Isak Neema	Mr. Klemens / Awarab			
Ordinary Meeting	10-Jun-21	x	x				
Ordinary Meeting	09-Sep-21	x	x	x			
Ordinary Meeting	10-Nov-21	x	x	x			
Ordinary Meeting	08-Mar-22	x	x				

RISK MANAGEMENT

RISK OVERVIEW

Uncertainties arise from complete or partial lack of information, insight or knowledge about an event, its consequences, or the probability that such an event occurs. Risks are the consequences of uncertainties on the achievement of NSFAP's business objectives.

The Board has overall responsibility for establishing procedures to manage risk, oversight of the internal control processes and determining the nature and extent of the material risks that NSFAP is willing to take or accept in order to achieve its long-term objectives. The Board has delegated the monitoring of the Fund's risk management and internal control systems to the Audit and Risk Committee.

RISK MANAGEMENT FRAMEWORK AND POLICY REVIEW

For the period under review, management reviewed and revised the Fund's Risk Management Framework and Policy. The policy is based on the principles, framework and process outlined in ISO 31000 Risk Management Framework. The review was necessitated by the changes in the business environment and also to align the policy with the updated ISO31000: 2018 Risk Management Framework. The Board approved the revised Risk Management Framework and Policy in September 2021.

The purpose of the Risk Management Framework and Policy is to set the principles and guidelines that the Fund needs to adhere to and guide its risk mitigation efforts in order to address the uncertainty associated with the planning, performance management and operations. This

includes integrating risk management principles into decision making, core activities and business processes.

SUMMARY OF SIGNIFICANT RISKS

During the course of the reporting period, a strategic risk assessment exercise was performed by management with the assistance of an external consulting firm (PwC) in order to identify opportunities, risks and threats affecting the Fund's strategic objectives. The following approach was followed in order to deliver the revised Risk Register:

- I. Revisit and validate the relevancy of the existing ten (10) key risks to the approved organizational strategy;
- II. Identify, assess and rate new risks that have the potential to impact (positively or negatively) on the achievement of NSFAP's strategic objectives;
- III. Evaluate and update the current mitigating controls as well as mitigating action plans to further address the residual risk exposures that are deemed to be above acceptable levels, and
- IV. Review and update the implementation target dates, action owners and action statuses.

Results of the Strategic Risk Assessment

Three (3) additional key risks were identified during the course of the risk assessment exercise held during the reporting period. This brings the total number of significant risks to which the Fund is exposed to thirteen (13) risks. The three risks identified are namely: (a) Cybersecurity, (b) Political, and (c) Environmental risks.

The Board approved the revised Strategic Risk Register in September 2021 and management continued to implement the mitigating action plans in order to effectively manage business risks.

As at end of the reporting period, a steady trend (i.e. the residual risk level remained relatively the same) was observed in nine (9) of the top 13 key risks, namely: Financial Sustainability, Operations, Recovery and Default, Information Technology, Cybersecurity, Reputational, Financial Reporting, Strategic, and People Risks.

Negative trends (i.e. the residual risk level increased) were recorded in four (4) of the key risks such as the Legal (Compliance), Business Continuity, Political, and Environmental Risks. The key risk owners are committed to execute the risk mitigation actions effectively to cause some positive movements in the risk profiles of these four (4) key risks.

RISK MATURITY ASSESSMENT – EXTERNAL REVIEW

The Board relies on representations from management that effective risk management is in place, with independent reviews on the risk management process performed by external assurance providers.

For the year under review, the Board requested management to facilitate a Risk Maturity Assessment exercise to be carried out by an external service provider which would measure to what extent the institution has implemented Risk Management, in accordance with prevailing best practices (i.e. Risk Maturity Models). Deloitte Namibia was successfully appointed to perform the

Risk Maturity Assessment review on the Fund's Risk Management.

a). Risk Maturity Assessment Results

Risk maturity models typically consist of attributes, which are intended to describe essential characteristics for Risk Management. A typical risk maturity model takes the form of a matrix showing the levels of maturity cross-referenced with the attributes reflecting the primary risk management practices.

Deloitte assessed the Enterprise Risk Management (ERM) practices and processes of the Fund and concluded that: "the ERM maturity within the NSFAP is situated at the upper end of the fragmented maturity level with some areas already in the top-down maturity level. There is also evidence that work is being done to ensure a move towards the systematic level of ERM maturity. This will be achieved if some of the risk elements as recommended are put in place."

Table 1: Risk Maturity Models (Five Maturity Levels)

Risk Maturity Model	Level 1	Level 2	Level 3	Level 4	Level 5
Deloitte	Un-aware	Frag-ment-ed	Top Down	Sys-tem-atic	Risk Intelli-gent
ISO 31000	Initial	Re-pea-table	Defined	Man-aged	Opti-mized



*Current Risk Maturity level for NSFAF Risk Management

By comparison, in 2018 management carried out a Risk Maturity Self-Assessment exercise and it was concluded that NSFAF’s Risk Management Maturity was pitched at Level 1 of the ISO31000 Risk Maturity Level (i.e. “Initial” Stage).

b). Risk Management Improvements – Outlook

A total of eleven (11) findings and five (5) improvement areas were identified and raised by Deloitte. In addition, Deloitte outlined three (3) priority levels to assist NSFAF in implementing the recommendations towards becoming a “risk intelligent” institution as follows:

Table 2: Roadmap for implementing recommendations

Priority 1	Appoint a Risk Officer. Ensure that the risk function is separated from the internal audit function; Revision of the code of ethics policy; Develop a fraud and corruption prevention and detection strategy, plan and policy; Formulate a risk appetite statement and risk tolerance framework; Formulate Key Risk Indicators (KRI’s); Leverage off technology to identify emerging risks; Develop a succession plan for risk management and internal audit functions; Build a risk culture; Conduct regular risk awareness and training across NSFAF, this will ensure that employees are aware of their roles and responsibilities toward risk; Conduct regular emergency response testing for risk response plans that needs testing https://youtu.be/yUpabLQ9iBk
Priority 2	Initiate fraud risk assessments to be carried out from time to time; Conduct an ethics risk assessment; Implementation of risk appetite and tolerance framework; Implementation of key risk indicators; Implement a full risk management and internal audit succession plan and any deviation should be substantiated; Build risk management into the performance management contracts of staff at NSFAF
Priority 3	Ongoing risk management training and communication with all employees; Implement an integrated risk management platform

The above priorities are the recommended improvement areas which the Fund needs to implement in order to improve the maturity of the risk management practices and processes (i.e. bring the institution to a higher risk maturity

level). The above priorities are the recommended improvement areas which the Fund needs to implement in order to improve the maturity of the risk management practices and processes (i.e. bring the institution to a higher risk maturity level).



INTERNAL AUDIT

ASSURANCE ACTIVITIES / EFFECTIVENESS OF INTERNAL CONTROL PROCESSES

During the reporting period, an overall control environment rating of “Needs Improvement” was assigned on the effectiveness of the Fund’s systems of internal controls based on the aggregate results of the audit engagements performed during the financial year.

This rating was allocated due to the fact that majority of the audit findings raised were medium risk, which require specific management focus and efforts to rectify and improve the effectiveness of the fund’s internal control processes. The table below shows the four (4) levels of the Fund’s internal control environment ratings.

Table 3: Overall Internal Control Environment Rating

	Inadequate	Needs Improvement	Satisfactory	Good
Description	Majority of our findings are high risk which require immediate management intervention to achieve business objectives.	Majority of our findings are medium risk which will require specific management focus to rectify.	Majority of our findings are low risk which can easily be rectified by management.	Majority of internal controls tested are operating effectively (subject to the limitations of sample testing).

REVIEW/VALIDATION OF REMEDIATED CONTROL DEFICIENCIES

A formal audit issue remediation and closure process is in place and implemented to act as a monitoring tool to effectively mitigate the risk and control issues as identified and reported by the internal and external assurance service providers.

There were twenty-seven (27) open audit findings at the beginning of the reporting period. A total

number of twenty-four (24) legacy audit findings were successfully actioned, validated and closed off by management during the course of the financial year. Three (3) audit findings remained open as at year-end, resulting in an overall execution rate of 89% (i.e. 24/27 x 100). The 3 remaining audit findings will be actioned effectively and closed off in the coming financial year (FY2022/2023).

CONSULTING SERVICES

The Internal Audit division facilitated and provided an in-house training session on Risk Management to the Risk Champions team during the course of the reporting period. The training session was

aimed at raising awareness and improving the understanding of the Risk Management principles and practices within the Fund.



PART C

FINANCIAL AND OPERATIONAL
HIGHLIGHTS



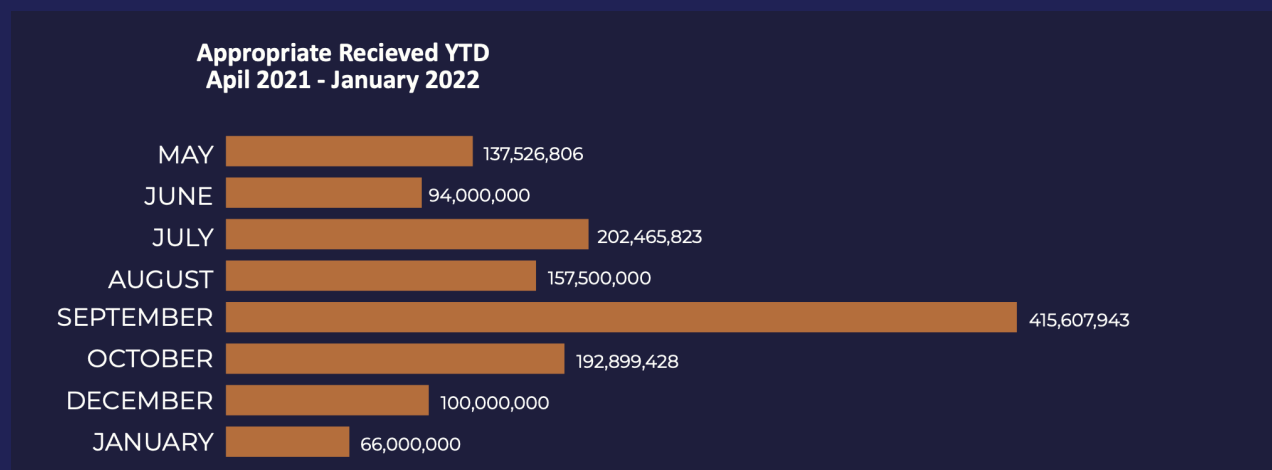
BUDGET PLANNING

The NSFAF approved budget for the financial year ended 31 March 2022 amounted to N\$ 1,565,098,546 The student funding budget which accounts for 95% of our total budget amounts to N\$1,481,033,246 , whilst the operational budget amounts to N\$ 84,065,300.

The Approved appropriation from treasury amounted to N\$1,200,000,000 , plus the MTEF

review allocation of N\$166,000,000. This brings the total government subvention to N\$1,366,000,000 during the year under review.

The graph below depicts how appropriation was received from treasury during the financial year under review;



Due to the increasing number of beneficiaries, the budget was approved with a funding gap of N\$ 200,000,000. The fund circumvented the funding gap with an approved overdraft facility, funds from loan recoveries and a budget transfer from the operation budget.

For the financial year under review, the Fund closed with N\$ 44,077,658 on hand.

The Cash Flow Management graph depicts the total cash inflows, during the year which includes total subvention from government, disability grant, other income and total movement in the overdraft facility viz;

- Approved appropriation of N\$ 1,366,000,000 from treasury.
- Disability grant of N\$ 4,000,000 from Ministry of Gender Equality, Poverty Eradication and Social Welfare, Disability Affairs .
- N\$ 10,115,297 from recoveries of legacy loans.

- Interest income of N\$ 2,932,323 from various banking institutions.
- Other income of N\$160,891, which includes cash proceeds from laptops to students, and sms competition.

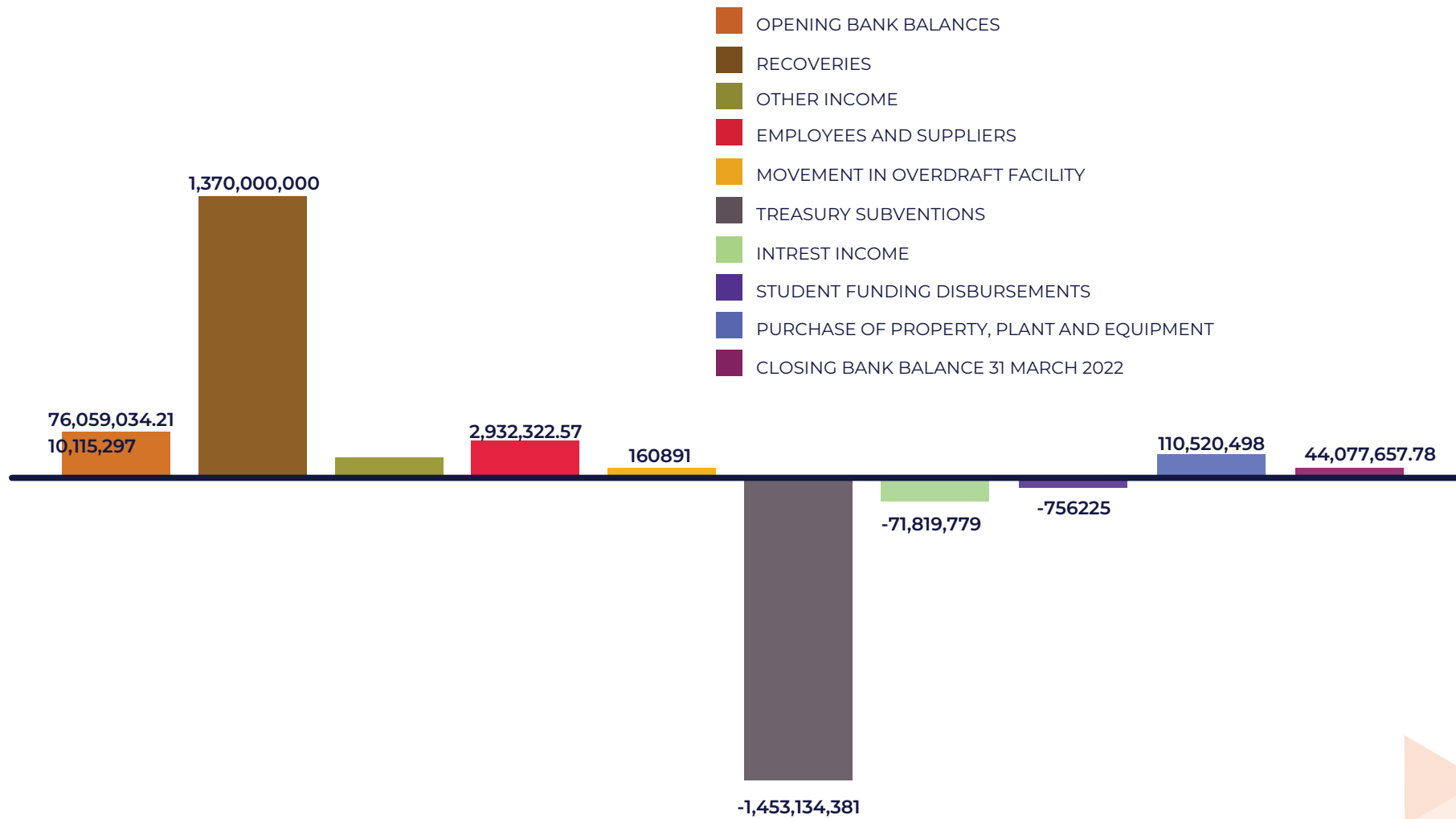
The cash flow management illustrates how cash was generated or received and how it was utilized. The operating activities that affected the cash in and out flows are reflected in the graph below;

- The cash outflows covers the student funding disbursements amounting to N\$1,453,134,381.
- Operational costs cash outflows of N\$71,819,779 for the day to day operations.

Student funding gap has been funded by the opening cash bank balances and the utilization of the overdraft facility.

CASH FLOW MANAGEMENT

1 APRIL 2021 - 31 MARCH 2022



Budget Execution

The table below shows the total expenditures incurred against the revised budget for both student funding and operational budget. The operational budget closed with a budget execution rate of 102%, whilst the student funding budget closed with a budget execution rate of 98%. The total NSFAF overall budget execution rate is 99%.

The total student funding expenditures includes the disbursements of loans and grants, laptops commitments, flight tickets for students abroad and the repatriation of students from Ukraine.

STUDENT FUNDING

Student funding disbursements closed off with a favorable variance of 2%, this is caused by a 15% positive variance for new intakes during the year. The fund planned to award about 16,000 students, however only 14,606 students signed their contracts. Continuing students closed off with a negative variance of 5%, this is due to a number of students who have dropped their studies, and a high failure rate.

1. Loans disbursed

There has been an 11% increase in total loans disbursed from the previous year of N\$1,235,123 billion as depicted in the graph below. This increase is noted in UNAM, NUST and IUM that increased with 13%, 13% and 16% respectively. A significant increase of 37% in total loans disbursed to other small local institutions is experienced as compared to the prior year. Whilst VTC, SADC, Foreign students, Postgraduates reduced with 7%, 46%, 23%, 5% respectively.

The increase in spending for the loans disbursed during the year as compared to the prior year is coupled by various factors

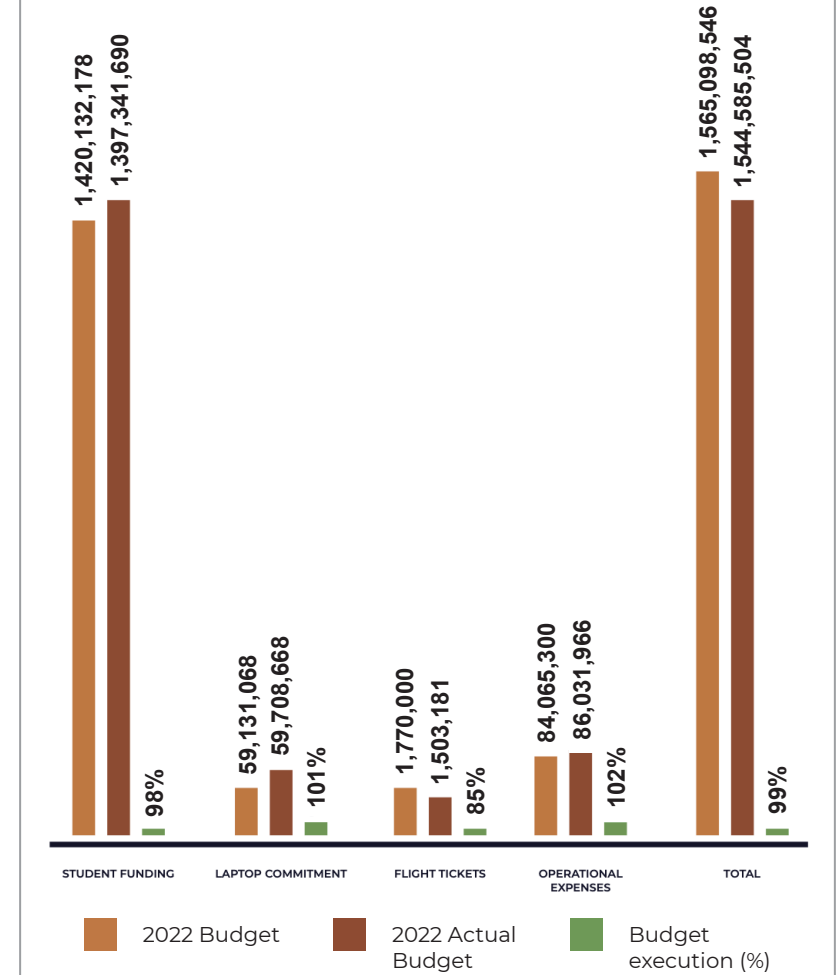
I. a low estimation of average tuition fees has been made against the budget for institutions such as UNAM, NUST, and IUM who have the biggest student funding allocation;

II. a low estimation in the number of students eligible to continue, those who have dropped out and the failure rate, this is observed across board.

Most students that were awarded at institutions during the year ended up not registering due to COVID19 restrictions, this is seen in the significant decrease of both foreign students as well as postgraduate students, both closed off with a negative decrease of 24% as compared to the prior year.

Overall, the fund has seen an improvement in the way student funding were disbursed during the year, though the fund continues to experience cash flow challenges in terms of budget available from treasury, the fund has been committed during the year in disbursing funds to its beneficiaries.

2021/22 BUDGET EXECUTION



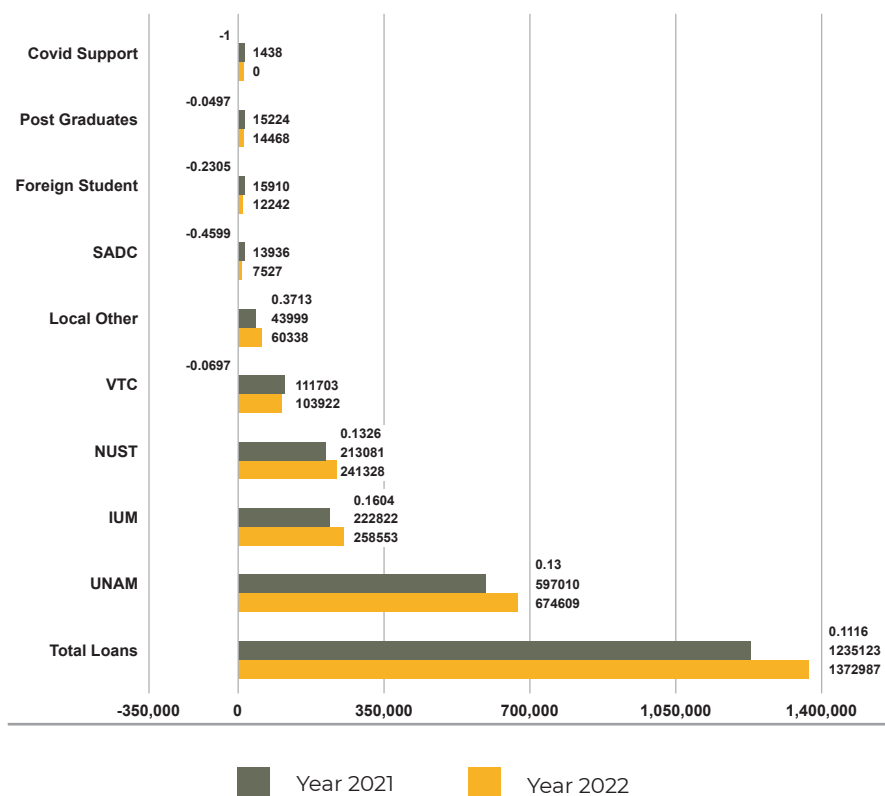
b. Grants disbursed

The total loan grant expenses decreased with 76% to N\$ 24,354 million compared to previous years total loan grant expenses of N\$150 million.

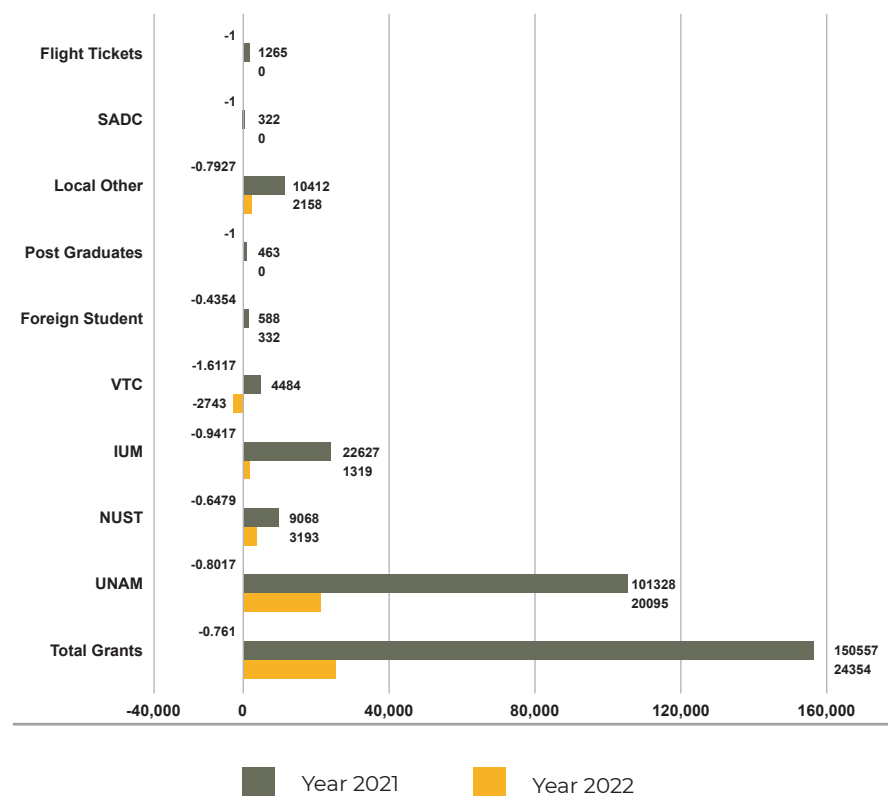
The decline was due to:

- I. A significant decrease in the grants disbursed for UNAM, VTC, IUM in the continuing students due to the last grants awarded was in 2017, most of the students have since completed their studies.

Financial comparison for student grants disbursed N\$'000



Financial comparison for student loans disbursed N\$'000



OPERATIONAL EXPENSES

Operational expenses consist of administrative expenses, goods and services as well as projects. The operational expenses closed off with a negative 2% variance against the budget.

Goods and services closed off with a positive variance of 21%, due to some operational savings on major costs.

Employee costs which accounts for 68% of the budget closed off with 10% positive variance, this

is due to resignations of top management staff, as well as the mortarium placed on the fund due to the possibility of reintegration into the ministry.

Projects closed off with a positive variance of 38%, this is due to most projects that were anticipated in the FY21/22 will be executed in the FY22/23.

Interest paid on the overdraft facility closed off with a negative variance of 100%.

Budget Execution

FINANCIAL ASSISTANCE POLICY

The provision of financial assistance is guided by the reviewed Students Financial Assistance and Debt Recovery Policy and its procedures, which came into effect in the period under review. The review was necessary to ensure continuous compliance with the NSFAF Act, Act 26 of 2000, and that the provision of financial assistance is congruent with the national development goals. The review

strengthens the following strategic areas: eligibility criteria for granting financial assistance; general conditions for granting financial assistance; and borrower's obligations and the expected repayment period. Furthermore, the fields of study covering a period from 2021 to 2025, which shall be given priority for purposes of financial assistance were approved and implemented.

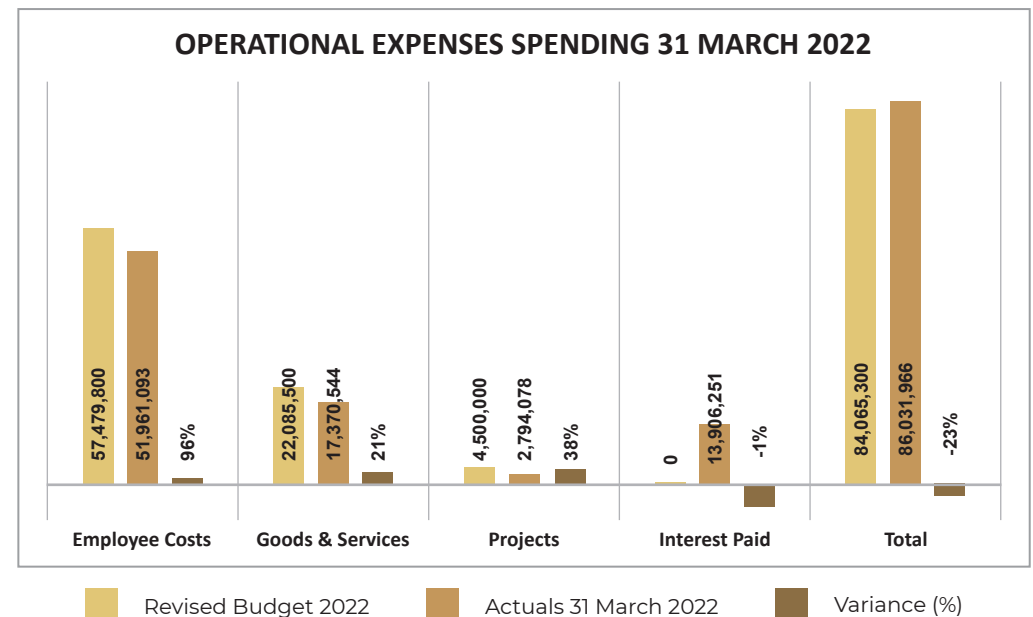
AWARD STATISTICS

The Fund continues to provide financial assistance, thus enabling the majority of Namibian students to access higher education, vocational and training. The data presented below provides information on the awards over five years including the period under review.

OVERALL AWARDS

The number of students seeking financial assistance for their studies continues to grow. During the period under review, 14,604 students signed the new loan contracts for financial assistance. This number is higher with 425 students when compared to the number that signed a contract in a previous

financial, i.e 14,179. For the past five years, NSFAF has provided funding to 68,454 students as per the table below. While the demand for funding continues to grow, the resources to fund those eligible for funding remain a challenge to the Fund. At pratiliu in acii se nost abero vicondi



AWARD PER LEVEL OF STUDIES (VOCATIONAL, UNDERGRADUATE AND POSTGRADUATE)

There has been an increase of 3% in new intakes awarded in 2021 when compared to those awarded in 2020, as per the table below. As expected, more are funded at the undergraduate level. There was also an increase in funding at those at the vocational and postgraduate levels when compared to 2020.

Table: Bilateral and multilateral scholarship awards per country (2017 to 2021)

Academic Year	2017	2018	2019	2020	2021
Undergraduate	10,888	6,834	9985	10733	10,576
Postgraduate	1,181	427	311	192	307
VTCs	3,248	3,830	2823	3252	3,721
Scholarships	0	124	20	2	0
Grand Total	15,317	11,215	13,139	14,179	14,604
% Increase/decrease	9%	-27%	17%	7.9%	3.0%

Student Population

The population of active beneficiaries stood at 38,255 during the period under review. This population is made up of newly awarded students and active continuing students who have registered at the various IHLs for the academic year 2021 and were eligible for disbursements in

the same period. This population continue to grow since 2018. The majority of students continue to depend heavily on financial assistance for their education at tertiary and vocational and training levels.

Table 7: NSFAF student population over the past five years.

Year	2017	2018	2019	2020	2021
New Intakes	15,317	11,215	13,139	14,179	14,604
Continuing Students	19,941	22,890	21,371	21,881	23,651
Total Student Population	35,258	34,105	34,510	36,060	38,255

LOAN RECOVERY

During the period under review, the Fund recovered N\$10.1 million, an increase of 134.32% in the recovery from the previous financial year. Equally, the Fund experienced an increase of 119.63% in active debtors during this reporting period.

The total amount recovered, N\$10,115,297 made positive impact towards students funding and was utilize to cover the Fund's budgetary deficit. The Fund borrowed money through overdraft facility at local commercial bank in order to award the students that meet the Fund's requirements. Hence, the amount recovered from loan beneficiaries is serving the current needy students.

The increase in recovery rate experienced during the period under review is mainly attributable to the rolling out of recovery strategies.

The recovery strategy was adopted and approved by the Board in June 2021 and the implementation thereof began in July 2021 coupled with the launching of the recovery campaign which was live streamed on NBC platform.

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

- Implementing a loan management system, recovery tracing tools and employing tracing agents.
- Mature debtors to be clearly identified and handed over to recovery division once debtor graduated or in breach of contract for prompt tracing and start the recovery process.
- Communication with debtors within six months after completion of study or breach of contract.
- Capacity building at recovery.
- Black listing and litigation of defaulters.
- Making list of names of debtors owing the Fund public (those defaulters that the Fund could not trace).
- Having a clear directive on the prescription period of the Fund's debts. Contract management during life cycle of un-matured loan to have robust internal controls build into business processes.

- Introduce different repayment plans that will make it easier for debtors to honor their debt repayment responsibilities.
- That continuous awareness and education session with all beneficiaries at all time, the Fund intensified its public engagement.
- Fostering a relationship with key stakeholders and employers to improve the recovery rate.

However, there Fund could not reach its target due 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 in the country due to economic recession experienced in the last three years.
- The covid-19 pandemic which impacted negatively many livelihood in the country.

Table below: Amounts recovered in the past 5 financial years from 2017/2018 to 2021/2022.

It is worth noting that we have achieved 50% of recovery target of N\$20 million. However, we remain optimistic and with more vigorous campaigns we might achieve the set recovery target of N\$25 million in the upcoming financial year.



Operational Excellence

The Fund continuously strives to provide solutions aiding in the processes of providing service to our stakeholders. The online application platform is one of the solutions, thus continuing to provide an opportunity for students to apply for financial assistance from anywhere in the country or beyond the borders, as long as one has access to internet services. In the period under review, the applications received represent a 7% increase when compared to applications received in the previous financial year. The collaborative application platform continued to provide the best possible service to applicants, by enabling feedback via the portal and the submission of documents.

Furthermore, the Fund reinforced its quest to provide quality customer support to its beneficiaries. Much emphasis was made to improve the turnarounds on awards, disbursements, and customer care processes. Extended support was given to needy students who have graduated from universities in Russia, China, Ukraine, and other remote countries, with flight tickets upon completion of their academic programs.

In addition, the institution created a conducive environment for its staff to ensure the awards and disbursements processes continued uninterrupted during the Covid-19 lockdowns.



WE HAVE PAID BACK, NOW IT'S
#YOTURN

PART D

HUMAN RESOURCE
MANAGEMENT



Introduction

We strive to offer a conducive corporate culture and workplace environment to attract and retain high performing employees. We appreciate and value the important role our staff play in implementing NSFAP mandate of funding the Namibian child. During the period under review, we had 58 permanent staff members. In addition, 19 temporary staff and nine project-based employees were recruited. The staff turnover rate as at 31 March 2022 was 6.8%.

Learning and Development

We place high priority on staff development and training. During the year under review, NSFAP invested N\$1,095,484.00 in training, learning and development as well as in study loans for more than 50 employees across the spectrum.

Targeted interventions

Technical and functional training, learning and development interventions were offered for employees across the hierarchy during the period under review. Employees were enrolled, and participated in the following programmes:

- Communication and Negotiation
- Emotional Intelligence
- Executive Coaching
- Fortinet NSE4-7.0
- Fundamentals of Public Procurement Management
- Management Development
- Productivity
- Senior Management Development
- SOE's Industrial & Employment Relations
- Veeam Backup and Replication v10

Employee Study Loan Scheme

26 employees (77% females and 23% males) participated in distance-education, modular and part-time studies, related to their current sphere of work and/or job responsibilities, or for reasonable career progression. For this purpose, NSFAP granted revolving interest-free tuition study loans in the following undergraduate and postgraduate fields of study:

- Business Administration
- Industrial Psychology
- Informatics
- Education
- Transport Management
- Law
- Management
- Development Science
- Media Studies
- Oil, Gas and Energy Management
- Archive and Record Management

19 employees enrolled for undergraduate studies while seven (7) candidates enrolled for postgraduate studies.

Stakeholder Engagement Relations

During the year under review, the educational outreach program was greatly affected by Covid-19 since gathering of persons was restricted for the greater part of the year. As such no career fairs, exhibitions/ trade fairs and consultations with students and their representatives from various Institutions of Higher Learning has taken place. Smaller delegation face-to-face meetings and virtual meetings were held.

The Fund continued to share information with the beneficiaries, through emails, short message services, social media platforms, website, television and radio. The NSFAP website interaction with students, through student portal cannot be over emphasized, coupled with social media platforms such as Facebook, and Twitter that provides access to information to a wide range of stakeholders.

Furthermore, the corporate engagement calendar plan was not fully executed due to the pandemic. In pursuing its efforts, the Fund managed to engage and pledged to Institutions of Higher Learning, through signed Memorandum of Understanding (MOUs) to make available all the required facilities in order for the student to

successfully complete tertiary Education, such as allowing students to attend all lectures, additional programmes, tutoring and other related educational programmes in relation to the students' tertiary education programme. Further, allow the students to write examinations as and when same is scheduled in accordance with the Institution's timetable while awaiting payments from the Fund to Institutions.

Further, the engagements were aimed at fostering deeper working relationships with Institutions of Higher Learning, Corporate entities, student leaders. At schools level, the intervention focused on creating awareness about NSFAP's role, Online application, Mandatory Documents to be attached during the application period, High Priorities Field of studies and through career fairs.

PART E

INFORMATION AND
TECHNOLOGY



INTRODUCTION

The Information Technology (IT) initiatives at NSFAF make every effort to provide protected, dependable and efficient service to improve business value for the organization. The IT initiatives, during the period under review, were aligned to mitigate the negative impacts caused by the Covid-19 pandemic, particularly on the feasible interaction with stakeholders during lockdowns, and the provision of laptops and 4G internet devices to the students.

GOVERNANCE

The purpose of IT governance at the Fund is to ensure that any investment towards improvements in information technology, enhances organisation value and mitigates IT risks. During the year under review, the Board approved the IT Service Continuity Management Policy. This policy guides disaster recovery planning; preparedness; management; and mitigations of IT systems and services at NSFAF to ensure IT service continuity at all times.

SYSTEMS ACQUISITION AND IMPLEMENTATION

LOAN MANAGEMENT SYSTEM

The Fund implemented the payment module of the Loan Management System during the period under review. As a result, all student payments from 2021 were paid through the new system. The recovery module of the Loan Management system is expected to be completed in the first quarter of the financial year 2021/2023, to complete the implementation. Moreover, the full implementation enables the efficiency in payments and loan repayments; bank reconciliation; and interest calculations.

STUDENTS MANAGEMENT INFORMATION SYSTEM

The Fund, during the period under review, enhanced the Students Management Information System to improve the processes of application and validation. These improvements enabled students to apply for financial assistance before the release of Grade 11 and 12 results. Moreover, the validation processes were streamlined to enable and shorten the awarding and contracting process.

MIGRATION OF FINANCIAL FUNCTIONS TO THE LOAN MANAGEMENT SYSTEM

As part of continuous improvement, during the period under review, the Fund migrated the finance functions relating to students funding and financial management for operational activities such as payment of suppliers and students' flight tickets to the Loan Management System, to ensure that all NSFAF financial functions are conducted in one single system. Other financial functions migrated are Inventory Management, Fixed assets, Financial reporting, Purchasing Management and Customer Relationship Management.

CUSTOMER SERVICE OMNICHANNEL SOLUTION

The Fund implemented a new customer service solution. The Customer Service Omnichannel solution provides the omnichannel experience that consolidates all the customers' queries from different channels into one unified inbox. In the past, students' queries were disjointed before the solution and came through various group emails and telephone. Due to volumes of e-mails and telephone calls, it has always been a challenge to generate quick reports to see how many emails and calls were received and attended to. The solution presents an attractive alternative because it allows students to use various channels they are accustomed to, such as SMS, Email, Whatsapp, Facebook, Twitter, etc., to submit their queries. The solution consolidates all the students' queries into one unified inbox, regardless of the originating channel. Management can report on the activities of each agent and monitor performance. The students are also able to rate the service of the agents who attended to them.

PART F

FINANCIALS



Annual Financial Statements for the year ended 31 March 2022

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the State-Owned Enterprises Governance Act of 2006, 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. It is the responsibility of the directors to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IPSAS) including any interpretations, guidelines and directives issued by the International Public Sector Accounting Standards Board.

The annual financial statements 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 entity and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the directors sets standards for internal control aimed at reducing the risk of error or deficit 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 entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity 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 have reviewed the entity's cash flow forecast for the year to 31 March 2023 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 10 to 28, which have been prepared on the going concern basis, were approved by the directors on 30 September 2022 and were signed on its behalf by:

Approval of financial statements



Director
Designation



Director
Designation

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 2022.

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 over 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.

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

The operating results and state of affairs of the entity are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

Net surplus of the entity was N\$ 607,183,343 (2021: surplus N\$ 776,632,577). Government Subsidy/current transfer (as per MHETI, with no conditions) for student grants and loans as well as for administrative expenses is accounted for in the income statement whereas the loans are accounted for in the balance sheet.

2. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Subsequent events

The directors are not aware of any matter or circumstance arising since the end of the financial year.

4. Directors

The directors of the entity during the year and to the date of this report are as follows:

Name	Nationality	Changes
K !Awarab (Chairperson)		Namibian
<i>Resigned - 5 March 2022</i>		
S Tjiuro (Deputy Chairperson)	Namibian	
A Angula	Namibian	
N Hamutumwa	Namibian	
I Neema	Namibian	
T Munyika	Namibian	

5. Secretary

The company secretary of the entity is F W Immanuel.

Business address	ERF 706 Erosweg Windhoek, Namibia
Postal address	PO Box 23053 Windhoek, Namibia

6. Auditors

Auditor General will continue in office for the next financial period.

The annual financial statements set out on pages 10 to 28, which have been prepared on the going concern basis, were approved by the directors on 30 June 2023 and were signed on its behalf by:

Approval of financial statement

S Tjiuro (Deputy Chairperson)

Designation

A Angula

Designation

Statement of Financial Performance for the year ended 31 March 2022

Revenue	Note(s)	2022/N\$	2021/N\$
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from government - treasury	2	1,366,000,000	1,223,679,000
Other transfer revenue - Disability Grant		4,060,782	2,893,085
Recoveries of Legacy Loans		10,115,297	4,326,380
Total revenue from non-exchange transactions		1,380,176,079	1,230,898,465
Revenue from exchange transactions			
Sale of goods		9,614,339	210,000
Sundry Income		41,552	3,962,410
Interest received – investment	3	2,932,323	4,172,410
Total revenue from exchange transactions		12,588,214	
Total revenue	2	1,392,764,293	1,235,070,875
Expenses			
Employee costs	7	(51,489,925)	(46,614,427)
Depreciation expense	5	(5,742,919)	(6,014,334)
Impairment on Non-Current Assets	6		(93,816,410)
Impairment on Financial Asset	6	(138,247,269)	(123,512,145)
Repairs and maintenance	9	(279,485)	(354,910)
Administrative expenses	8	(19,885,137)	(25,973,388)
Interest paid	4	(13,906,251)	(1,197,146)
Student Grants		(43,039,456)	(160,955,538)
Total expenses		(272,590,442)	(458,438,298)
Surplus for the year		1,120,173,851	776,632,577

Statement of Financial Position as at 31 March 2022

Assets	Note(s)	2022/N\$	2021/N\$
Current Assets			
Cash and cash equivalents	11	44,077,658	76,059,034
Prepayments	12	1,919,154	347,021
Inventories	13	41,488,483	2,037,915
Loans to directors, managers and employees		1,282,220	1,329,509
Non – Current Assets		88,767,515	79,773,479
Non – Current Assets			
Property, plant and equipment	14	131,589,118	136,575,812
Financial Asset - Student Loans	15	6,567,007,611	5,322,782,193
		6,698,596,729	5,459,358,005
Total Assets		6,787,364,244	5,539,131,484
Liabilities			
Current Liabilities			
Payables under exchange transactions	16	5,368,473	5,437,312
Provisions for Legal Fees	17	6,083,168	9,775,360
Payables under non-exchange transactions	18	48,995,416	41,541,444
Unspent conditional grants and receipts	19	3,576,554	3,637,336
Bank Loan Facility	20	235,695,461	111,268,712
Total Liabilities		299,719,072	171,660,164
Net Assets		6,487,645,1	5,367,471,320
Accumulated surplus		6,787,364,244	5,367,471,320

Statement of Changes in Net Assets/Equity for the year ended 31 March 2022

	Accumulated surplus/N\$	Total net assets/equity/N\$
Balance at 1 April 2020	4,590,838,743	4,590,838,743
Changes in net assets/equity		
Surplus for the year	776,632,577	776,632,577
Total changes	776,632,577	776,632,577
Balance at 1 April 2021	5,367,471,321	5,367,471,321
Changes in net assets/equity		
Surplus for the year	1,121,934,570	1,121,934,570
Total changes	1,120,173,851	1,121,934,570
Balance at 31 March 2022	6,487,645,172	6,489,405,891

Statement of Cashflow for the year ended 31 March 2022

Cash flows from operating activities	Note(s)	2022/N\$	2021/N\$
Receipts			
Government grants and subsidies	11	1,370,000,000	1,226,572,085
Recoveries from previously impaired loans	12	10,115,297	4,326,380
Other Income	1	160,891	210,000
Payments		1,380,276,188	1,231,108,465
Suppliers and employees		(71,409,990)	(87,840,405)
For Student Awards		(1,453,530,250)	(1,346,982,084)
Net cash flows from operating activities		(1,524,940,239)	(1,434,822,489)
Cash flows from investing activities	21	(144,664,052)	(203,714,024)
Cash flows from investing activities			
Purchase of property, plant and equipment	17	(756,225)	(363,524)
Interest Income		2,932,323	3,962,410
Cash flows from financing activities			
Movement in bank loan facility	20	110,506,578	111,268,712
Net cash flows from financing activities		110,506,578	111,268,712
Net increase/(decrease) in cash and cash equivalents		(31,981,376)	(88,846,425)
Cash and cash equivalents at the beginning of the year		76,059,034	164,905,459
Cash and cash equivalents at the end of the year	12	44,077,658	76,059,034

Statement of Comparison of Budget and Actual Amounts for the year ended 31 March 2022

Budget on Cash Basis	Approved budget/N\$	Adjustments/N\$	Final Budget/ N\$	Actual amounts on comparable basis/N\$	Performance difference/ N\$	Variance	Notes
Statement of Financial Performance	1,200,000,000	166,000,000	1,366,000,000	1,366,000,000	-	-	27
Revenue from non-exchange transactions Transfers from treasury							
Total revenue	1,200,000,000	166,000,000	1,366,000,000	1,366,000,000			
Student Funding Expenses	1,486,213,246	5,180,000	1,481,033,246	1,458,553,538	22,479,708	2%	27
Employee costs	61,646,300	300,000	61,346,300	54,129,889	7,216,411	12%	27
Subscriptions	3,388,000	200,000	3,188,000	3,259,620	(71,620)	-2%	
S & T Secretariat	365,000	30000	335,000	171,089	163,911	49%	
Utilities	1,650,000	-	1,650,000	1,701,563	(51,563)	-3%	
Advertising and Promotions	1,300,000	-	1,300,000	765,954	534,046	41%	272727
Internal Audit	450,000	100,000	350,000	328,602	21,398	6%	
Telephone Expenses	1,700,000	100,000	1,700,000	1,153,597	546,403	32%	
Other Goods and Services	11,348,000	2,200,000	9,148,000	8,070,894	1,077,106	12%	
Projects and Services	4,500,000	1,170,000	3,330,000	2,767,683	562,317	17%	
Office Equipment	30,000		30,000	117,545	(87,545)	-292%	
Computer Equipment	2,393,000	1,000,000	1,393,000	638,680	754,320	54%	
Consulting fees	450,000	180,000	270,000	274,828	(4,828)	-2%	
General Expenses	25,000	-	25,000	25,226	(226)	-1%	
Interest paid	-	-	-	13,906,251	(13,906,251)	-100%	
Total expenditure	1,575,458,546		1,565,098,546	1,545,864,959	19,233,587		
Deficit				(179,864,959)	19,233,587		

Notes to the Annual Financial Statements

Figures in Namibia Dollar	Note(s)	2022/N\$	2021/N\$
The annual financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards IPSAS's, issued by the International Public Sector Accounting Standards Board. The entity adopted the accrual basis International Public Sector Accounting Standards IPSAS's on 01/04/2021, having previously prepared its annual financial statements on the IFRS for SME's. IPSAS 33, 'First-time adoption of Accrual Basis International Public Sector Accounting Standards IPSAS's, allows a first-time adopter a period of up to three years to recognize and/or measure certain assets and/or liabilities. In its transition to accrual basis IPSAS's, the entity took advantage of these transitional exemptions. As a result, it is unable to make and explicit an unreserved statement of compliance with accrual basis IPSAS's in preparing its transitional IPSAS financial statements for this reporting period. Certain disclosures and reconciliations are required to provide sufficient and relevant information. The entity intends to fully comply with IPSAS's on 31/03/2024. During this transition period, the annual financial statements will be known as 'First Transitional IPSAS Annual Financial Statements'.	These annual financial statements are presented in Namibian Dollar, which is the functional currency of the entity. 1.2 Revenue from non-exchange transactions Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Recognition Government Grants Revenue from non-exchange transactions with other government entities is measured at fair value and recognised on obtaining control of the asset (cash) if the transfer is free from conditions and it is probable that the economic benefits or service potential	associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, a grant liability is recognised instead of revenue. 1.3 Revenue from exchange transactions Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. 1.3 Revenue from exchange transactions (continued) Sale of goods Revenue from the sale of goods is recognised when all the following conditions have been satisfied: • The entity has transferred to the purchaser the significant risks and rewards of ownership of the goods; • The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; • The amount of revenue can be measured reliably; • It is probable that the economic benefits or service potential associated	with the transaction will flow to the entity; and • The costs incurred or to be incurred in respect of the transaction can be measured reliably. Rendering of services When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: • the amount of revenue can be measured reliably; • it is probable that the economic benefits or service potential associated with the transaction will flow to the entity; • the stage of completion of the transaction at the reporting date can be measured reliably; and • the costs incurred for the transaction and the costs to complete the transaction can be measured reliably. Interest Income Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

1.1 Presentation currency

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.4 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost or fair value of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-

exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or assets, or a combination of assets and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Buildings	20 - 30 Years
Furniture and fixtures	7- 15 Years
Motor vehicles	5 Years
Office equipment	5 Years
IT equipment	3- 5 Years

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a

change in accounting estimate.

1.5 Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Transitional provision

The amendments to IPSAS 21 (2016) shall be applied prospectively from the date of their application.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to

discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The

effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of IPSAS on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

1.6 Financial instruments (continued)

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and another price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at amortised cost.

All financial assets measured at amortised

cost, or cost, are subject to an impairment review. Impairment of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in

surplus or deficit.

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

1.7 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1.8 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

A provision is used only for expenditures

for which the provision was originally recognised.

1.9 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment.

Short-Term Employee Benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

1.10 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

1.11 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/ recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

1.12 Budget information

The annual budget is prepared on the accrual basis; that is, all planned costs and income are presented in a single statement to determine the needs of the fund. As a result of the adoption of the accrual

basis for budgeting purposed, there are no basis or timing differences that would require a reconciliation between the actual comparable amounts, and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line material items.

Entity are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 01/04/2021 to 31/03/2022.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

1.13 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 19 - Provisions.

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

1.14 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.15 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.16 Transitional exemptions and provisions

As the entity adopted the accrual basis IPSAS's for the first time on Thursday, 1 April 2021 and is making use of the transitional exemptions, details regarding the progress in fully adopting the accrual basis IPSAS's,

are stated below.

Affecting fair presentation transitional exemptions utilised;

Transitional exemptions and provisions utilised that affect fair presentation and compliance with accrual basis

IPSAS's in relation to assets, liabilities, revenue and/or expenses:

IPSAS 28: Financial Instrument: Presentation

IPSAS 29: Financial Instruments: Recognition and Measurement

IPSAS 30: Financial Instruments: Disclosure

IPSAS 41: Financial Instruments

The Fund has had an audit finding for the past seven (7) 2013 - 2021 years to which the Auditors were unable to establish the valuation of the loan book, which the financial asset (student debtors), resulted in the amortized cost of the financial asset

is not fully compliant with the requirements of IPSAS.

The following highlights the work to be made towards recognizing, measuring, presenting and/or disclosing assets, liabilities revenue and/or expenses in accordance with the requirements of the applicable IPSAS, are as follows;

The entity intends to comply in full with the requirements of the applicable IPSAS on 31 March 2024. This will be achieved as follow:

Loan book valuation	Progress to be made	Year End
Loan Management System	The fund is implementing a loan management system. The (LMS) will assist to automate every stage of the student loan cycle, from application, closing and repayment of recoveries.	31 March 2023
Impairment – expected credit losses (ECL)	The fund will develop a comprehensive student debt management guidelines and procedures, which clearly indicates all the possible default events over the expected life of the financial asset.	31 March 2023
Matured and unmatured loan split	The fund will develop a comprehensive student debt management guidelines and procedures, which clearly indicates all the possible default events over the expected life of the financial asset.	31 March 2023
Matured and unmatured loan split	The fund to split the financial asset between matured loans and unmatured loans.	31 March 2023
Amortized cost	Upon full implementation of the activities listed below the fund will be able to value the loan at amortised cost = Initial amount less principal repayments plus or minus interest income (effective interest rate method) plus or minus loss allowances.	31 March 2024

All other assets, besides the financial asset mentioned above, have been measured, recognised and disclosed in accordance with the requirements of the applicable IPSAS.

Revenue	2022/N\$	2021/N\$
Sale of goods	9,614,340	
Sundry Income	41,552	210,000
Interest received – investment	2,932,323	3,962,410
Transfers from treasury	1,366,000,000	1,223,679,000
Transfers from MOGE- Disability Grant	4,060,782	2,893,085
Revenue from previously impaired loans	10,115,297	4,326,380
	1,392,764,294	1,235,070,875
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	9,614,340	
Sundry Income	41,552	210,000
Interest received - investment	2,932,323	3,962,410
	12,588,215	4,172,410
3. Interest received		
Bank earned interest	2,932,323	3,962,410
4. Interest paid		
Overdraft Facility	13,906,251	1,197,146
5. Depreciation expense		
Property, Plant and Equipment	5,742,919	6,014,334
6. Impairment on non – current assets		
Property, Plant and Equipment		93,816,410
Financial Assets – Student loans		
Student loans are impaired at 10% on the nominal loan balance.	138,247,269	123,512,145
7. Employee costs		
Employee related costs - Salaries	42,717,479	39,071,343
Employee related costs – Contributions to pensions and medical aids	7,213,048	6,770,719
Overtime payments	788,329	312,853
Staff training	736,075	425,324
Trade Unions	34,992	34,188
Employee costs	51,489,923	46,614,427

Revenue	2022/N\$	2021/N\$
Sale of goods	9,614,340	
Sundry Income	41,552	210,000
Interest received – investment	2,932,323	3,962,410
Transfers from treasury	1,366,000,000	1,223,679,000
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Staff training	736,075	425,324
Trade Unions	34,992	34,188
Employee costs	51,489,923	46,614,427

	2022/N\$	2021/N\$
8. Administrative Expenses	756,954	1,441,459
Advertising	328,602	40,250
Auditors remuneration	480,438	926,246
Bank charges	583,370	460,755
Cleaning	1,998,294	40,002
Computer expenses	3,391,097	3,336,174
Consulting and professional fees	4,168	1,489
Consumables	34,062	269,639
Entertainment	1,095,631	304,005
Insurance	3,784	
IT expenses	201,132	
Lease rentals on operating lease	100,365	65,415
Motor vehicle expenses	51,060	19,506
Postage and courier	740,912	1,230,414
Printing and stationery	2,894,974	2,816,082
Project maintenance costs	981,955	1,128,753
Secretarial fees	327,728	315,106
Security (Guarding of municipal property)	297,024	103,088
Staff welfare	3,256,548	2,247,517
Subscriptions and membership fees	1,155,084	1,026,205
Telephone and fax	171,089	48,836
Travel - local	78,198	19,539
Office Refreshments		9,660,000
Inventory Write-down	31,425	7,684
General Expenses	589,333	451,895
Billing charges	200,360	13,330
Other expenses		
	19,753,587	25,973,389
9.Repairs and maintenance		
Repairs and maintenance	279,485	354,910
10.Auditors' remuneration		
Fees - Internal Audit	328,602	40,250
11.Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	1	1
Bank balances	44,077,657	76,059,033

12. Prepayments		
Prepayments consist of rental deposits from old leases		
Prepayments rental deposits	347,021	347,021
Prepayments student payments	1,572,132	-
	1,919,153	347,021
13. Inventories		
Finished goods	43,249,203	2,037,915
14. Property, plant and equipment		

	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	230,904,553	(102,942,538)	127,962,015.00	230,904,553 7,461,503	(98,304,553)	132,600,000
Furniture and fixtures	7,504,183	(4,969,684)	2,534,499.00	1,255,155	(4,099,186)	3,362,317
Motor vehicles	1,255,155	(1,255,155)	- 73,942.00	2,441,345	(1,255,155)	29,077
Office equipment	2,516,210	(2,442,268)	1,018,662.00	4,253,479	(2,412,268)	584,418
IT equipment	4,892,159	(3,873,497)			(3,669,061)	
Total	247,072,260	(115,483,142)	131,589,118	246,316,035	(109,740,223)	136,575,812

Details of property

A register containing the information required by regulation 25(3) is available for inspection at the registered office of the fund.

Details of Property Valuation

The building was valued by the Valuator General Rudolf! Nanuseb, on the basis of the income approach value, based on an active market of comparable office rental space within the Central Business District and Klein Windhoek areas. The most recent valuation was performed in September 2020.

An impairment loss amounting to N\$ 93 816 410 was recognised on 31 March 2021 in respect of the building. The recoverable amount is based on Value in use, using the capitalization rate in perpetuity of 9%.

14. Property, plant and equipment (continued)

		Opening balance	Additions	Depreciation	Total
Reconciliation of property, plant and equipment - 2022					
Buildings		132,600,000		(4,637,985)	127,962,015
Furniture and fixtures		3,362,317	42,680	(870,498)	2,534,499
Office equipment		29,077	74,865	(30,000)	73,942
IT equipment		584,418	622,286	(188,042)	1,018,662
		136,575,812	739,831	(5,726,525)	131,589,118
	Opening balance	Additions	Depreciation	Impairment loss	Total
Reconciliation of property, plant and equipment - 2021					
Buildings	230,604,321	300,232	(4,488,143)	(93,816,410)	132,600,000
Furniture and fixtures	4,329,081		(966,764)		3,362,317
Motor vehicles	73,025		(73,025)		
Office equipment	196,854	18,714	(186,491)		29,077
IT equipment	539,519	344,810	(299,911)	-	584,418
	235,742,800	663,756	(6,014,334)	(93,816,410)	136,575,812

15. Financial Asset - Student loans Student loans 2022

	Opening Balance	Loans awarded	Student accruals	Impairment of student loans	Loans not impaired	Total
At amortised cost	5,322,782,193	1,335,690,626	39,242,171	(138,247,269)	7,539,890	6,567,007,611
Student loans 2021	Opening Balance	Loans awarded	Student accruals	Impairment of student loans	Loans not impaired	Total
At amortised cost	4,670,703,333	1,214,591,786	20,529,662	(590,582,478)	7,539,890	5,322,782,193

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.

The total loan book as reported in the statements of financial statement is not an amortised balance as yet. The total loan book consists of both students who have completed their studies and students who are still studying. The current loan recoveries from legacy loans is treated as revenue since the fund is still in the process of implementing a loan management system that will allow the capital loan amount be reduced by the interest income and the repayments.

16. Trade and Other Payables

	2022/N\$	2021/N\$
Trade and Other payables	5,368,473	5,473,312

17. Provisions for Legal Fees

Reconciliation of provisions for legal fees - 2022			
	Opening Balance	Utilised during the year	Total
Legal proceedings	9,775,360	(3,692,192)	6,083,168
Reconciliation of provisions for legal fees - 2021			
Legal proceedings	10,269,757	(494,397)	9,775,360

Other provision - Court Cases

A provision for the estimated costs of court cases of Hilya Nghiwete v Minister of Higher Education and NSFAP and Fig tree Hotel v High commission of Namibia to Botswana on behalf of NSFAP. The provision has been determined on the basis of a court case settlement and legal costs. Management further relies on the input from the Company Secretary for the cost estimations.

18. Payables from non-exchange transactions

Student Funding Accruals	40,538,301	33,480,646
Payroll Accruals	8,457,115	8,060,798
	48,995,416	41,541,444

19. Unspent conditional grants and receipts

The unspent conditional grant relates to a disability grant received from the Ministry of Gender Equality, Poverty Eradication, Social Welfare and Disability Affairs. The grant is spent on 198 students both NSFAP beneficiaries.

Balance at the beginning of the year	3,637,336	2,000,000
Additions during the year	4,000,000	4,000,000
Income recognition during the year	(4,060,782)	(2,362,664)
Total unspent conditional grants and receipts	3,576,554	3,637,336

20. Bank Borrowings

Bank Loan Facility - Current portion	235,695,461	111,268,712
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21. Cash used in operations

Surplus	1,121,934,570	776,632,577
Adjustments for:	5,742,919	99,830,744
Depreciation and Impairment	(2,932,323)	(3,962,410)
Interest received	138,247,269	123,512,145
Impairment on Student loans	13,920,171	-
Interest paid		
Changes in working capital:		
Inventories	(41,211,288) 47,288	(2,037,915)
Other receivables from non-exchange transactions	(1,572,132)	(462,378)
Prepayments	7,385,135	33,650,000
Payables under exchange transactions	(1,382,472,687)	10,641,613
Student payments - loans awarded current year	(60,782)	(1,242,661,338)
Unspent conditional grants and receipts	(3,692,192)	1,637,336
Movements in provisions		(494,397)
Cash used in operations	(144,664,052)	(203,714,023)

22. Related parties

Ministry of High Education, Training and Innovation (MHETI)

Directors

K./Awarab (Chairperson) - Resigned
S. Tjiuoro (Deputy Chairperson)
N. Hamutumwa
A. Angula
I. Neema
T.Munyika

Members of key management - Executive Committee

K. Kandume (Acting Chief Executive Officer)
O. Hamwele (Chief Human Capital & Corporate Affairs)
M. Dikuua (Chief Financial Officer) - Resigned 9 March 2022
N. Uushona (Chief Information Officer) - Resigned 28 February 2022
D. Nathing (Acting Senior Manager: Operations)
F. W. Immanuel (Company Secretary)
H. Ntema (internal Auditor)

Related party transactions

Key Management

Salaries	18,460,570 14,795,872
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Key management salaries comprise of the members of EXCO and MANCO members. The prior year disclosure did not include MANCO members salaries.

Grants from related parties

Ministry of Higher Education Training and Innovation (MHETI)	1,366,000,000 1,223,679,000
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Loans to key management	Opening balance	Loans advanced	Closing Balance
Key management - Study Loans	16,903	32,097	49,000

Directors' emoluments (related parties continued)

Directors remuneration of N\$901,558 (2021 N\$941,584) was paid to the directors during the year.

2022	Directors' fees	Total
K !Awarab (Chairperson)	148,362	148,362
S Tjiuoro (Deputy Chairperson)	166,325	166,325
A Angula	138,886	138,886
N Hamutumwa	121,989	121,989
I Neema	154,550	154,550
T Munyika	171,446	171,446
	901,558	901,558
2021		
K !Awarab (Chairperson)	149,487	149,487
S Tjiuoro (Deputy Chairperson)	185,724	185,724
A Angula	133,766	133,766
N Hamutumwa	131,870	131,870
I Neema	152,429	152,429
T Munyika	188,308	188,308
	941,584	941,584

23. Risk management Financial risk management

The entity's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk.

Liquidity risk

Liquidity risk is the risk of the fund not being able to meet its obligations as they fall due. The fund's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the fund's reputation.

The fund ensures that it has sufficient cash on demand to meet expected operating and student funding expenses through the use of cash flow monthly management, variance analysis and financial ratios reporting to the board on a quarterly basis. On average, 98% of student expenses have been paid towards the end of the financial year, and payables are settled within 30 days on invoice.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

[Discuss any changes from previous year in respect of objectives, policies and processes for managing risks and in methods to measure the risks]

Financial instrument	2022	2021
Trade Debtors	6,567,007,611	5,322,782,193

Market risk

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The fund has students who are pursuing studies abroad and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from currency translation.

The fund limits its exposure to credit risk by investing and banking cash and cash equivalents with only reputable financial institutions that have a sound credit rating, and within specific guidelines set in accordance with the approved investment policy. Consequently, the fund does not consider there to be any significant exposure to credit risk.

Receivables are amounts owed by the fund's beneficiaries, and are presented net of impairment losses. The fund's student debt management policy is under review, so that the exposure to credit risk is monitored on an ongoing basis. The fund is compelled, by its mandate, to provide financial assistance to vulnerable students who need assistance to access tertiary institutions, without recourse of their credit worthiness.

The fund strategy for managing risk is to review the recovery strategy on a yearly basis and it also forms part of the corporate scorecard as its main objectives, to monitor recovery of the student loans as well as encourage former beneficiaries to repay back their loans after they have successfully completed their studies and have gained full employment or self - employment. All postgraduate students who have successfully obtained a study loan from the fund are required to start paying back immediately.

The matured loans between the period of 2013 - 2017 are non-performing, and they represent 45% (2022) of the total debtors owing the fund. Interest charged on previously impaired loans that are not part of the total loan book is charged at half prime rate on outstanding debtors as per the approved fund's policy.

Financial assets exposed to credit risk at year end were as follows:

The entity does not hedge foreign exchange fluctuations.

27. Budget differences

Material differences between budget and actual amounts

The excess of actual expenditure over the final approved budget for Operations, was due to expenditures arose mainly as a result of interest paid on the serviced overdraft that was not budgeted for in the year under assessment. There were no other material differences between the final budget and the actual amounts.

27. Budget differences (continued)

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only actual cash.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

Reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements for the 2022 financial year;

Budget line item		Variance amount (N\$000)	Variance Percentage	Explanation
27	Transfers from treasury	166,000		The additional 166 million allocation from treasury is from the Mid-term budget review of 2021/2022.
27	Student funding expenses	22,479	2%	Most students that were awarded at institutions during the year ended up not registering due to Covid-19 restrictions. Another observation was on the number of students awarded was less compared to the number of students who registered for the academic year of 21/22 at Institutions of higher learning.
	Employee costs	7,216	12%	During the period, the fund has experienced a high staff turnover, resulting in employee cost savings.
	Advertising and Promotions	534	41%	During the year, the fund has opted to reaching out to its stakeholders through social media and the use of its websites, the actual advertising costs actually spent was less compared to the budgeted amount. The COVID-19 pandemic has also played a critical role in terms of cancelled trade fairs and other forums.
	Office Equipment	87	-292%	The COVID-19 pandemic resulted in the fund spending on additional office shields for the student care centre which receives regular walk in clients. These additional costs were not included in the budget due to the unforeseen circumstances.
	Interest Paid	13	-100%	The cost of servicing the overdraft facility was not budgeted for, as the fund had anticipated to settle the capital portion in a specified period.

The background image shows a modern building with a curved roof and a sign for NSFAF. The sign is white with orange and blue text and graphics. The text on the sign reads "NSFAF" in large blue letters, and "Namibia Students Financial Assistance Fund" in orange letters below it. To the right of the text are several orange circles of different sizes. The building has a curved roof with a series of vertical supports. The ground in front of the building is paved with light-colored bricks.

2021/2022 ANNUAL REPORT
DISCLAIMER ON THE FINANCIAL STATEMENTS INCLUDED IN THIS ANNUAL REPORT

PLEASE NOTE THAT THE ANNUAL FINANCIAL STATEMENTS ARE FOR THE FINANCIAL YEARS ENDING 31 MARCH 2022 AND 31 MARCH 2023 IN A COMBINED FORMAT. THE RELEVANT FINANCIAL INFORMATION FOR THIS ANNUAL REPORT IS FOR THE YEAR ENDED 31 MARCH 2022.

Audited Annual Financial Statement for FY2022–2023



REPUBLIC OF NAMIBIA

TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Namibia Students Financial Assistance Fund for the financial years ended 31 March 2022 and 2023 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, April 2024

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjekf'.

JUNIAS ETUNA KANDJEKF
AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND FOR THE FINANCIAL YEARS ENDED 31 MARCH 2022 AND 2023

1. Qualified Audit Opinion

I have audited the financial statements of the Namibia Students Financial Assistance Fund for the financial years ended 31 March 2022 and 2023. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in equity, statement of cash flow for the years then ended, and a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Namibia Students Financial Assistance Fund for the financial years ended 31 March 2022 and 2023 and its financial performance and their cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. Basis for Qualified Audit 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 the

audit 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 the 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. The Qualified Audit Opinion is expressed due to the following:

Loan book not amortized

In terms of IPSAS 41, paragraph 40 states that a financial asset shall be measured at amortised cost if both of the following conditions are met.

- The financial asset held within business model whose objective is to hold financial assets in order to collect contractual cash flow; and
- The contractual terms of the financial asset is to give rise on specific dates to the cash flows that are solely payments of principal and interest on the principal amounting outstanding.

The auditors noted that the funds loan book is not amortized during the financial period 2022 and 2023 under review. Recoveries earned were not allocated to the individual

student loan balances in the loan boom. The recommendation was only being implemented from 1st July 2023, after amnesty was lifted

It is recommended that the Fund ensures that matured student loans are amortized properly to ensure that the loan boom is properly presented and disclosed on the financial statements.

Loan book - excel invoices from tertiary institutions

The auditors noted that NSFAP made a total payment amounting to N\$ 241 327 788 (2022) and N\$ 226 221 332 (2023) awarded to Namibia University of Science and Technology (NUST) using Excel invoices to settle student accounts. Auditors could not ascertain the completeness of the payments made to the local Tertiary institutions, as the student funding's are not supported by valid source documentation.

The auditors' recommendation from prior financial audit period was only implemented during the August 2022.

There is a high risk of management override of controls, as the data captured on the Excel invoice received can easily be manipulated. The lack of an audit trail may lead to potential risk for payment to fictitious students. It is recommended that the Fund should ensure that the respective

tertiary institutions provide valid invoices for student payments.

Upon receipt of invoices from the various institutions, the listing of students should be verified against the award listing.

- An independent reconciliation should be performed at the Payments department
- The first senior official should do the first review.
- The Payment manager should do the second review.
- The Head of the payment department should do the final approval.

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 the audit of the financial statements as a whole, and in forming an audit opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respect of the financial statement for Namibia Students Financial Assistance Fund.

4. Other Matter

Attention is drawn on the following matter(s) that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the (NSFAF) in the financial statements. My opinion is not modified in respect of this matter. I am required to report that fact.

Low repaument of loans

The auditors noted that borrowers have not come forth to declare that they had ended their studies, had no job or income, and did not receive any form of government assistance. In the auditors view, the fund have done a little to enforce thdt recoveries department take appropriate measures to safeguard the integrity of the repayment plan

Despite the efforts made by the Fund to enforce repayment, they still experience low recovery from beneficiaries.

To maximize repayment of student loans or prompt borrowers to be more diligent about repaying their student debt.

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 22

of the Public Enterprise Governance Act, 2019.

6. Responsibilities Of Management And Those Charged With Goyernance 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 deems it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or etror.

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 for 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 an auditor's 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, 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 rislts, 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, as 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 appropriatcness of accounting policies hses 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 Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to it in the audit repott to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or

conditions may cause the Funds 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 the 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; and

- 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 the auditor's 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.

SECTION B: AUDIT OF KEY PERFORMANCE INFORMATION

I conducted an audit on the performance information of the Namibia Students Financial Assistance Fund for the strategic periods 2023, consecutively with the audit of financial statements for the years ended 31 March 2023

Description of the Subject Matter Information and Scope

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable

the Fund to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed by looking at the high-level statements, which are indicated in the mandate of the Fund as provided for in its Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

Audit Objective

The objective of the Key Performance Indicator (KPI) audit is to provide assurance

whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the Fund to inform the Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

Audit Criteria

The audit was mainly concentrated on two (2) criteria, namely:

Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and Reliability

of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

Summary Of Methods Applied

I reviewed the strategic plans for the strategic periods 2023 and comprised documentation review and interviews with senior and top management.

Conclusion On Subject Matter

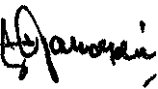
Due to limitation of scope on work done and results obtained I have not been able to obtain sufficient appropriate evidence to form a conclusion on the Key Performance Information of the Fund. Accordingly, I do

not express a conclusion

Acknowledgements

The assistance and co-operation by the staff of the Namibia Students Financial Assistance Fund during the audit is appreciated.

WINDEOEK, April 2024



JUNIAS ETUNA KANDJEIK
AUDITOR-GENERAL

ANNEXURE A

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
STATEMENT OF FINANCIAL POSITION AS AT 31
MARCH

	Notes	2023 N\$	2022 N\$	2021
ASSETS				
Non-current assets		4 360 583 282	3 278 682 392	5 447 491 735
Property, plant and equipment	6	126 790 747	131 717 739	136 575 812
Financial Asset - Student Loans	8	4 233 792 535	3 146 964 653	5 310 915 923
Current assets		78 928 265	90 926 072	91639 748
Cash and cash equivalents	13	49 865 635	44077 659	76 059 034
Prepayinents	7	1588829	1919153	347 021
Inventories	14		20975 699	2037915
Loans to directors, managers and employees	15	1 415 881	1 282 221	1 329 508
Other receivables	8	26 057 920	22 671 340	11 866 270
Total		4 439 511 547	3 369 608 464	5 539 131 483

EQUITY AND LIABILITIES				
Equity		4 188 825 510	3 075 972 559	5 367 471 319
Accumulated surplus		4 188 825 510	3 075 972 559	5 367 471 319
Current Liabilities		250 686 038	293 635 905	171 660 164
Payables under exchange transactions		3 866 049	5 368 473	5 437 312
Provisions for Legal Fees	10	8 501 995		9 775 360
Payables under non-exchange transactions			48 995 416	41 541 444
Unspent conditional grants and receipts	11	887 078	3 576 554	3 637 336
Bank Loan Facility		237 430 916	235 695 462	111 268 712
Total Equity and Liabilities		4 439 511 547	3 369 608 464	5 539 131 483

ANNEXURE B

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND STATEMENT OF FINANCIAL PERFORMANCE FOR TDE YEARS ENDED 31 MARCH

	Notes	2023 N\$	2022 N\$	2021 N\$
Revenue				
Revenue from non-exchange transactions				
Transfer revenue		159 219 1476	137 006 0782	123 089 465
Transfers from government – treasury	2	158 560 000	1 366 000 000	122 367 9000
Other transfer revenue - Disability Grant		6 589 476	4 000 782	2 893 085
Recoveries of Legacy Loans				432 6380
Revenue from exchange transactions		26 544 391	12 633 215	4 172 410
Sale of goods	2	218 416 55	96 593 40	
Sundry Income		153 366	41 552	210 000
Interest received – investment	2	400 3826	2 932 323	3 962 410
Operating lease income		545 544		
Total revenue		1 618 735 867	1 382 693 997	1 235 070 875

Expenses				
Interest paid		(18 816 075)	(13 906 250)	(1 197 146)
Depreciation expense		(5 722 018)	(5 614 298)	(6 014 334)
Impairment on Financial Asset	3	(397 677 410)	(651237 774)	(123 512145)
Impairment on Not-Current Assets	3			(93816410)
Employee costs	4	(52656 707)	(50 753 849)	(46 614427)
Fund Sitting Fees		(739 440)	(901558)	(941584)
Administrative expenses	5	(20 384 550)	(19 259 503)	(15 756 879)
Repairs and maintenance		(357 164)	(279 486)	(354 910)
Auditors remuneration		(561301)	(328 602)	(40 250)
Student Grants		(40 799 551)	(34 162 906)	(160 955 538)
Student laptops subsidised			(29 520 886)	(9 660 000)
Total expenses		537 714 2 6	(805 2)	458 86 62)
Surplus for the year		1 081 021 651	576 728 885	776 207 252



ANNEXURE C

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH

N\$	Accumulated Surplus N\$	Total Equity N\$
Balance at 1 April 2021	5 367 471 319	5 367 471 319
Changes in net assets/equity		
Correction of error (note 1)	(2 868 227 645)	(2 868 227 645)
Surplus for the year	576 728 885	576 728 885
Total changes	(2 291 498 760)	(2 291 498 760)
Balance at 1 April 2022	3 075 972 559	3 075 972 559
Changes in net assets/equity		
Correction of error (note 1)	31 831 300	31 831 300
Surplus for the year	1 081 021 651	1 081 021 651
Total changes	1 112 852 951	1 112 852 951
Balance at 31 March 2023	4 188 825 511	4 188 825 510

ANNEXURE D

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND CASH FLOWS STATEMENT FOR THE YEARS ENDED 31 MARCH

	Notes	2023	2022	2021
Cash flows from operating activities		N\$	N\$	N\$
Receipts		1 605 332 310	1 380 156 849	1 231 108 466
Government grants and subsidies	2	1 585 602 000	1 366 000 000	1 223 679 000
Grants – Disability		3 900 000	4 000 000	2 893 086
Recoveries from previously impaired loans		15 131 450	10 115 297	4 326 380
Other Income		698 910	41 552	210 000
Payments		(1 583 929 708)	(1 524 820 900)	(1 434 822 489)
For Student Awards		(1 506 850 273)	(1 447 423 433)	(1 346 982 084)
Suppliers and employees		(77 079 435)	(77 397 467)	(87 840 405)
Net cash flows from operating activities	12	21 402 652	(144 664 051)	(203 714 023)
Cash flows from investing activities				
Purchases of property, plant and equipment	6	(802 425)	(756 225)	(363 524)
Interest Income		400 3826	2 932 323	3 962 410
Net cash flow from investing activities		3 201 401	2 176 098	3 598 886
Cash flow from financing activities				
Movement in bank loan facilities		(18 816 077)	110 506 578	111 268 712
Net cash flow from financing activities		(18 816 077)	110 506 578	111 268 712
Net increase/(decrease) in cash and cash equivalents		5 787 976	(31 981 375)	(88 846 425)
Cash and cash equivalents at the beginning of the year		44 077 659	76 059 034	164 905 459
Cash and cash equivalents at the end of the year	13	49 865 635	44 077 659	76 059 034



ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023

Budget on Cash Basis

Revenue from non-exchange transactions Transfers from treasury	Approved budget N\$	Adjustments N\$	Final Budget N\$	Actual amounts on comparable N\$	Performance difference N\$	Variance %	Notes
MHETI	1 554 602 000	31 000 000	1 585 602 000	1 585 602 000			
Other Transfers - MOGE		7 476 554	7 476 554	6 589 476	887 078	13%	
Recoveries from previously impaired loans	27 600 000		27 600 000	14 720 000	12 880 000	88%	17
Total revenue	1 582 202 000	38 476 554	1 620 678 554	1 606 911 476	13 767 078	1%	
Expenditure							
Student Funding Expenses	1 478 316 491	48 784 320	1 527 100 811	1 528 537 701	(1436 890)	0%	
Employee costs	59 280 000	(4 553 000)	54 727 000	54 627 286	99714	0%	
Staff related costs	3 216 612	(121 200)	3 095 412	1 773 614	1321798	75%	
Subscriptions	6 748 300	(1 133 907)	5 614 393	5 578 742	35 651	1%	
Bank Charges	1 100 000		1 100 000	688 856	411144	60%	
S & T Secretariat	625 000		625 000	574 084	50916	9%	
Utilities	1 346 000	310 000	1 656 000	1 514 193	141807	9%	
Advertising and Promotions	1 650 160	(311 093)	1 339 067	794 002	545065	69%	17
Internal Audit	300 000		300 000		300000	0%	

Budget on Cash Basis (continued)

Expenditure (continued)							
Telephone Expenses	700000		700 000	706 842	(6 842)	(0)	
Other Goods and Services	2 039 000	(867 000)	952 000	973 570	(21 570)	(0)	
Projects and Services	5 667 000	(164 100)	5 502 900	5 225 610	277 290	5%	
Office Equipment	150000		150 000	47 239	102 761	218%	
Computer Equipment	750000		750 000	755 186	(5 186)	(0)	
Legal Fees	3 600 000		3 600 000	1 618 950	1 981 050	122%	17
Fund Sitting and Related Fees	1 580 000		1 580 000	961 215	618 785	64%	
Consulting fees	635 000		635 000	161 497	473 503	293%	
Printing and Stationery	2 050 000	(1 375 000)	675 000	664 126	10 874	2%	
Repairs and Maintenance	1 184 000	(200 000)	984 000	561 301	422 699	75%	
Security Costs	560 000		560 000	348 274	211 726	61%	
General Expenses	25 000		25 000	19 193	5 807	30%	
Insurance	1 250 000	(650 000)	600 000	420 927	179 073	43%	
Office refreshments	116 000	25 000	141 000	144 360	(3 360)	(0)	
Trade fairs		164 100	164 100	87 296	76 804	88%	
Interest paid	21 600 000	2 590 363	19 009 637	18 816 075	193 562	1%	
Total expenditure	1 594 488 563	42 498 483	1 631 586 320	1 625 600 139	5 986 181		
Deficit	(12 286 563)	(4 021 929)	(10 907 761)	(18 688 663)	7 780 897		

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH 2022 AND 2023

1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards IPSAS's, issued by the International Public Sector Accounting Standards Fund. The entity adopted the accrual basis International Public Sector Accounting Standards IPSAS's on 01/04/2021, having previously prepared its annual financial statements on the IFRS for SME's.

IPSAS 33, 'First-time adoption of Accrual Basis International Public Sector Accounting Standards IPSAS's, allows a first-time adopter a period of up to three years to recognize and/or measure certain assets and/or liabilities.

In its transition to accrual basis IPSAS's, the entity took advantage of these transitional exemptions. As a result, it is unable to make and explicit an undeserved statement of compliance with accrual basis IPSAS's in preparing its transitional IPSAS financial statements for this reporting period. Certain disclosures and reconciliations are required to provide sufficient and relevant information.

The entity intends to fully comply with IPSAS's on 31/03/2024.

During this transition period, the annual financial statements will be known as 'First Transitional IPSAS Annual Financial Statements'.

Presentation currency

These annual financial statements are presented in Namibian Dollar, which is the functional currency of the entity.

Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners.

In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition of Government Grants

Revenue from non-exchange transactions with other government entities is measured at fair value and recognised on obtaining control of the asset (cash) if the transfer is free from conditions and it is probable that the economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably. To the extent that there is a related condition attached that would

give rise to a liability to repay the amount, a grant liability is recognised instead of revenue.

Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners. The amount of revenue can be measured reliably;

It is probable that the economic benefits or service potential associated with the transaction will flow to the entity;

The stage of completion of the transaction at the reporting date can be measured reliably; and the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest Income

Revenue arising from the use by others of entity assets yielding interest or similar distributions is recognised when:

It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and the amount of the revenue can be measured reliably. Interest is recognised, in surplus or deficit, using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one reporting period.

The residual value, the useful life and depreciation method of each asset are reviewed at least at each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

Impairment of non-cash-generating assets

Cash-generating assets are those assets held by the entity with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which

an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon. Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- a. the period of time over which an asset is expected to be used by the entity; or
- b. the number of production' or similar units expected to be obtained from the asset by the entity.

Transitional provision

The amendments to IPSAS 21 (2016) shall be applied prospectively from the date of their application.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus

principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or un-collectability.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have

a similar response to changes in market factors. It is settled at a future date.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses.

The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of IPSAS on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts.

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected

life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

A financial asset is:

Cash;

A residual interest of another entity; or a contractual right to:

Receive cash or another financial asset from another entity; or exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity.

A financial liability is any liability that is a contractual obligation to:

Deliver cash or another financial asset to another entity; or exchange financial assets or financial liabilities under conditions that are potentially unfavorable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash

or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions. Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and another price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities.

A residual interest includes contributions from owners, which may be shown as:

Equity instruments or similar forms of unissued capital;

A formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before

the contribution occurs or at the time of the contribution; or

A formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

The entity designates at fair value at initial recognition; or are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their cost at their fair value as at the date of acquisition. Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Provisions and contingencies

Provisions are recognised when:

The entity has a present obligation as a result of a past event;

It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Translation of foreign currencies, Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Namibia Dollars, by applying to the foreign currency amount the spot exchange rate between the functional

currency and the foreign currency at the date of the transaction.

Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control. Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

A related party is a person or an entity with the ability to control or jointly control the other party or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

The entity is exempt from disclosure

requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favorable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the nonnal operating parameters established by that reporting entity's legal mandate.

Budget information

The annual budget is prepared on the accrual basis; that is, all planned costs and income are presented in a single statement to detennine the needs of the fund.

AS a result of the adoption of the accrual basis for budgeting purposed, there are no basis or timing differences that would require a reconciliation between the actual colnpdtable amounts, and the amounts presented as a separate additional financial statement iix the statement of comparison of budget and actual amounts.

Explanatory comments are provided in the notes to the annual financial statements; first, the reasons for overall growth or decline in the budget are stated, followed by details of overspending or underspending on line material items. The approved budget is prepared on an accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period firm 01/04/2022 to 31/03/2023.

The annual financial statements and the budget are on the sane basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

Comparative information is not required.

Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

Actual results in the future could differ from these estimates which may be material to the annual financial statements. Significant judgements include: In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures.

Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the

annual financial statements.

Significant judgments include:

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosures of these estimates of provisions are included in note 19 - Provisions.

Allowance for doubtful debts

On debtors, an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Transitional exemptions and provisions

As the entity adopted the accrual basis IPSAS's for the first time on Thursday, 1 April 2021 and is making use of the

transitional exemptions, details regarding the progress in fully adopting the accrual basis IPSAS's, are stated below.

Affecting fair presentation transitional exemptions utilised;

Transitional exemptions and provisions utilised that affect fair presentation and compliance with accrual basis IPSAS's in relation to assets, liabilities, revenue and/or expenses:

IPSAS 28: Financial Instrument: Presentation

IPSAS 29: Financial Instruments:

Recognition and Measurement IPSAS 30:

Financial Instruments: Disclosure

IPSAS 41: Financial Instruments

The Fund has had an audit funding for the past seven (7) 2013 - 2021 years to which the Auditors were unable to establish the valuation of the loan book, which The financial asset (student debtors), resulted in the amortized cost of the financial asset is not fully compliant with the requirements of IPSAS.

The following highlights the work to be made towards recognizing, measuring, presenting and/or disclosing assets, liabilities revenue and/or expenses in accordance with the requirements of the applicable IPSAS, are as following;

The entity intends to comply in full with the requirements of the applicable IPSAS on 31 March 2024. This will be achieved as follow.

Loan book valuation	Progress to be made	Year End
Loan Management System	The fund is implementing a loan management system. The (LMS) will assist to automate every stage of the student loan cycle, from application, closing and repayment of recoveries.	31 March 2023
Impairment – expected credit losses (ECL)	The fund will develop a comprehensive student debt management guidelines and procedures, which clearly indicates all the possible default events over the expected life of the financial asset.	31 March 2023
Matured and unmatured loan split	The fund to split the financial asset between matured loans and unmatured loans.	31 March 2024
Amortized cost	Upon full implementation of the activities listed below the fund will be able to value the loan at amortised cost = Initial amount less principal repayments plus or minus interest income (effective interest rate method) plus or minus loss allowances.	31 March 2024

All other assets, besides the financial asset mentioned above, have been measured, recognised and disclosed in accordance with the requirements of the applicable IPSAS.

Prior period error

Since the secretariat became independent, loans disbursed since 1997 - 2013 were not included in the Opening balances, on the financial statements. The process of reinstating the loans disbursed since the said period into the financial statements is ongoing, as data is verified to ensure accurate and complete records. The effect of the prior period error on the financial statements is summarized below:

	2023 N\$	2022 N\$
Increase or (decrease) in gross debtors	31 831 302	3 759 349 645
Increase in ECL allowance		(6 633 660 460)
Increase or (decrease) in equity	31 831 302	(2 874 310 815)

2. Revenue

Sale of goods
Other income - Leasing of property
Interest received – investment
Transfers from treasury
Transfers from MOGE- Disability
Grant Revenue from previously impaired loans

21841 655	9 659 340	
698 910	41 552	210 000
4 003 826	2 932 323	3 962 410
1 585 602 000	1 366 000 000	1 223 679 000
6 589 476	4 060 782	2 893 085
		4 326 380
1 618 735 867	1 382 693 997	1235 070 875

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods
Sundry Income
Interest received - investment

21841 655	9 614 340	
698 910	41 552	210 000
4 003 826	2 932 323	3 962 410

3. Impairment of Financial Assets - Student loans

ECL Allowance on student loans Impairment	397 677 410	651 237 774	123 512 145
on non – current assets			93 8 62 410

4. Employee cost

Employee related costs - Salaries

Employee related costs – Contributions to pensions and medical aids

Overtime payments

44 832 100	42 580 124	39 071 343
6942 817	7 385 396	7 230 231
881790	788 329	312 853
52 656 707	50 753 849	46 614 427

5. Administrative Expenses

	2023 N\$	2022 N\$	2021 N\$
Advertising	474002	756 954	1441459
Bank charges	688 856	480 438	926246
Cleaning	462120	583 370	460 755
Computer expenses	13 644	1998 294	40 002
Consulting and professional fees	161497	274 828	525 433
Consumables	2673	41fi8	1489
Entertainment	213 411	37 846	269 639
Insurance	420 927	1095 632	304005
Lease rentals on operating lease	116438	201132	
Legal Fees	1 618 950	3 116 269	2 810 741
Motor vehicle expenses	138 460	100 365	65 415
Postage and courier	222695	51060	19506
Printing and stationery	664128	740 911	1230414
Project maintenance costs	5 225 610	2 894 974	2 816 082
Penalties and Fines	3444		
Recovery Campaign	320000		

Security (Guarding of property)	348 274	327 728	315106
Subscriptions and membership fees	5 578 742	3 256 548	2 247 517
Telephone and fax	1 181 019	1155 084	1026 205
Office Refreshments	144360	78198	19 535
General Expenses	19193	31425	7 684
Electricity and Water Municipal charges	935 635	589 333	451895
Fund Other expenses	221775	80 397	187169
Trade Fairs	87296	9000	-60
Workshops and Conferences		120 688	13 390
Staff Welfare	112 631	112135	40 312
Team building and year end expenses	149 024	184 889	62 776
S&T Secretariat	574 084	171089	48 836
Staff Training	513111	736 075	425324
Sundry expenses	(614 998)		
HR Recruidnent	40 528	70 673	
Unpaid rental deposits	347 021		
	20 384 550	19 259 503	15 756 879

6. Property, plant and equipment

	2023 N\$			2022 N\$		
	Cost / Valuation	Accumulate depreciation	Carrying Value	Cost / Valuation	Accumulate depreciation	Carrying value
Buildings	230 904 553	(107 319 850)	123 584 703	230 904 553	(102 812 201)	128 092 352
Furniture and fixtures	7 551 422	(5 796 926)	1 754 497	7 504 183	(4 971 400)	2 532 783
Motor vehicles	1 255 155	(1 255 155)		1 255 155	(1 255 155)	
Office equipment	2 516 210	(2 464 125)	52 085	2 516 210	(2 442 268)	73 942
IT equipment	5 639 946	(4 240 484)	1 399 462	4 892 159	(3 873 497)	1 018 662
Details of property	247 867 286	(121 076 540)	126 790 747	247 072 260	(115 354 521)	131 717 739

A register containing the information required by regulation 25(3) is available for inspection at the registered office of the fund

Details of Property Valuation

The building was valued by the Valuator General Rudolf. Nanuseb, based on the income approach value, based on an active market of comparable office rental space within the Central Business District and Klein Windhoek areas. The most recent valuation was performed in September 2020.

An impairment loss amounting to N\$ 93 816 410 was recognised on 31 March 2021 in respect of the building. The recoverable amount is based on Value in use, using the capitalization rate in perpetuity of 9%.

Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment -2023					
	Opening	Additions	Disposals	Depreciation	Total
Buildings	128 092 351			(4 507 648)	123 584 703
Furniture and fixtures	2 532 784	47 239		(825 527)	1 754 496
Office equipment	73 942			(21 856)	52 086
IT equipment	1 018 662	755 186	(7 399)	(366 987)	1 399 462
	131 717 739	802 425	(7 399)	(5 722 018)	126 790 747
Reconciliation of Property, plant and equipment -2022					
	Opening	Additions	Disposals	Depreciation	Total
Buildings	132 600 000			(4 507 649)	128 092 351
Furniture and fixtures	3 362 317	42 680		(872 213)	2 532 784
Office equipment	29 077	74 865		(30 000)	73 942

IT equipment	584 418	638 680		(204 436)	1 018 662
	136 575 812	756 225		(5 614 298)	131 717 739
Reconciliation of Property, plant and equipment -2021					
			Impairment loss	Depreciation	Total
Buildings	230 604 321	300 232	(93 816 410)	(4 488 143)	132 600 000
Furniture and fixtures	432 908 1			(966 764)	3 362 317
Motor vehicles	73 025			(73 025)	
Office equipment	196 854	18 714		(186 491)	29 077
IT equipment	539 519	344 810		(299 911)	584 418
	235 742 800	663 756	(93 816 410)	(6 014 334)	136 575 812

7. Prepayments

	2023 N\$	2022 N\$	2021 N\$
Prepayments consist of rental deposits from old leases			
Prepayments rental deposits	3	347 021	347 021
Prepayments student payments	1 588 829	1 572 132	
	1 588 829	1 919 153	347 021

8. Financial Asset - Student loans

Opening Balance	11 037 576 815	5 905 824 781	4 670 703 333
Prior year balance reinstatement into the financial statements	11 793 041	3 759 349 645	
Loans awarded	1 463 089 597	1 333 735 516	1 214 591 786
Student accruals		39 242 170	20 529 662
Other loans – laptops	31 222 655	9 540 000	
Recoveries	(15 131 450)	(10 115 297)	
Gross debtors	12 528 550 658	11 037 576 815	5 905 824 781
Credit loss allowance	(8 273 158 123)	(7 875 480 712)	(590 582 478)
Net debtors	4 255 392 535	3 162 096 103	5 315 242 303
Current	26 057 920	22 671 340	11 866 270
Non-current	4 233 792 535	3 146 964 653	5 310 915 923
	4 259 850 455	31 69 635 993	5 322 782 193
Financial Asset - Other receivables			
Mobile devices	4 457 920	7 539 890	7 539 890
Financial Asset - Other receivables	21 600 000	15 131 450	4 326 380
	26 057 920	22 671 340	11 866 270

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. The disbursements loans during the period have then been reinstated into the financial periods.

The total loan book as reported in the statements of financial statement is not an amortised balance yet. The total loan book consists of both students who have completed their studies and students who are still studying. The current loan recoveries from legacy loans is treated as revenue since the fund is still in the process

of implementing a loan management system that will allow the capital loan amount be reduced by the interest income and the repayments.

Credit impaired financial assets

In recognising the credit risk on the financial assets, the Fund considered both quantitative and qualitative information that is supportable and reasonable. Out of more than 120,000 debtors awarded, only 1,400 are paying back their loans.

In particular the following information has been taken into account when assessing the credit default risk loss allowance;

- i. The debtors are not economically

active.

- ii. Significant financial difficulty of the debtors due to loss of employment.
- iii. Debtors who are unwilling to pay back their student loans despite recovery efforts by the Fund.
- iv. High unemployment rates and difficult socio economic conditions in the country i.e. increasing inflation rate, interest rates.

The loans on the debtors book that have been outstanding for more than five (5) years, have been provided for at 90% of default risk, historically the Fund has experienced a low repayment from previously awarded debtors, which during the previous 5 years the Fund could recover just 0.1% of the total funds disbursed of the

loan book.

Debtors who are currently studying and are left with less than two years before maturity of the debt have been provided for at 17.5% , taking into account the probability of default of 35% and loss given default of 50%, the assumptions taken into arriving at the loss allowance include the following;

- i. The debtors are not economically active
- ii. The debtors can be traced during their studying period
- iii. The debtors are likely to be absorbed by the market after graduation due to possible future investment in the country such as the Green Hydrogen and the recent discovery in the Oil and Gas industries.

9. Provisions for Legal Fees

Reconciliation of provisions for legal fees – 2022

	Opening	Utilised during the year	Provision reversed during the year	Total Balance
Legal proceedings	9 775 360	(3 692 192)	6 083 168	

Reconciliation of provisions for legal fees - 2021

	Opening	Utilised during the year	Provision reversed during the year	Total Balance
Legal proceedings	10 269 757	(494 397)	9 775 360	

Other provision - Court Cases

A provision for the estimated costs of court cases of Hilya Nghiwete v Minister of Higher Education and NSFAP and Fig tree Hotel v High commission of Namibia to Botswana on behalf of NSFAP. The provision has been determined on the basis of a court case settlement and legal costs. Management further relies on the input from the Company Secretary for the cost estimations. The provision for legal fees has been reversed back to retained earnings as a prior year period error as it does not meet the definition of a liability.

10. Payables from non-exchange transactions

	2023 N\$	2022 N\$	2021 N\$
Student Funding Accruals		40 538301	33 480 646
Payroll Accruals	0 501995	8 457115	8 060 798
	8 501995	48 995 416	41 541 444

11. Unspent conditional grants and receipts

The unspent conditional grant relates to a disability grant received from the Ministry of Gender Equality, Poverty Eradication, Social Welfare and Social Development. The grant is spent on 198 students both

Balance at the beginning of the year	3 576 554	3 637 336	2 000 000
Additions during the year	3 900 000	4 000 000	4 000 000
Income recognition during the year	(6 589 476)	(4 060 782)	(2 362 664)
	887 078	3 576 554	3 637 336

12. Cash used in operations

Surplus for the year	1 081 021 651	576 728 885	776 632 577
Adjustments for:	5 722 018	5 614 298	99 830 744
Depreciation and Impairment			
Interest received	(4 003 825)	(2 932 323)	(3 962 410)
Impairment on Student loans	397 677 410	651 237 774	123 512 145
Interest paid	188 160 75	13 920 171	
Changes in working capital:			
Inventories	41 455 771	(40 576 573)	(2 037 915)
Other receivables from non-exchange transactions	2 948 308	47 288	(462 378)
Prepayments	330 324	(1 605 131)	33 650 000

Payables under non - exchange transactions	(41 674 652)	7 263 569	10 641 613
Student payments - loans awarded current year	(1 471 694 130)	(1 350 730 599)	(1 242 661 338)
Unspent conditional grants and receipts	(311 130)	60 782	1 637 336
Movements in provisions	(6 083 168)	(3 692 192)	(494 397)
Cash used in operations	21 402 652	(144 664 051)	(203 714 023)

13. Cash and cash equivalents

Cash and cash equivalents consist of: Cash on hand	1		
Bank balances	49 865 634	44 077 658	76 059 033
	49 865 635	44 077 659	76 059 034

14. Inventories

Finished goods - Mobile devices		462 915	2 037 915
Finished goods - Laptops		20 512 784	
		20 975 699	2 037 915

15. Related parties

Line Ministry

Ministry of High Education, Training and Innovation (MHETI) Directors
 S. Tjiuoro (Chairperson)
 A. Angula (Deputy Chairperson)
 I. Neema T.Munyika
 N. Hamutumwa

Members of key management - Executive Committee

K. Kandume (Acting Chief Executive Officer)
 V. Urinavi (Chief Financial Officer)
 O. Hamwele (Chief Human Capital & Corporate Affairs)
 D. Nathing (Acting Senior Manager: Operations)
 F. W Immanuel (Company Secretary)
 H. Ntema (internal Auditor)

Related party transactions

	2023 N\$	2022 N\$	2021 N\$
Key Management Salaries	22 044 068	18 460 570	14 795 872

Key management salaries comprise of the members of EXCO and MANCO members.
 The prior year disclosure did not include MANCO members' salaries.

	Opening balance	Loans advanced	Closing balance
Ministry of Higher Education Training and Innovation (MLIETI)	1 585 602 000	1 366 000 000	1 223 679 000
Key management — Study loans -2023	49 000	24 912	73 912

S Tjiuoro (Chairperson)	140 432	166 325	185 724
A Angula(Deputy Chairperson) N Hainutuinwa	156 809	138 886	133 766
I Neema	158 205	121989	131 870
T Munyika	153 808	154 550	152 429
ii !Awarab (Chairperson) - Resigned March 2022	130 186	171 446	188 308
		148 362	149 487
	739 440	901 558	941 584

16. Financial risk management

	2023 N\$	2022 N\$	2021 N\$
Financial instrument	4 259 850 455	3 169 635 993	5 322 782 193
Trade Debtors	259 850 455	3 169 635 993	5 322 782 193

Interest rate risk

As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates.

Foreign exchange risk

The Fund has students who are pursuing studies abroad and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from currency translation.

The entity does not hedge foreign exchange fluctuations.

17. Budget differences

The budget and the accounting bases differ. The annual financial statements for the whole-of-government are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis and which deals only actual cash.

Changes from the approved budget to the final budget.

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

Reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements for the 2023 financial year:

Budget line item		Variance Amount N\$	Variance Percentage	Explanation
17	Recoveries front previously impaired loans	12 880 000	88%	The Fund initiated a recovery campaign to collect at least N\$ 25 million in the FY2023, however due to economic conditions; the Fund is still unable to increase its recovery efforts.
17	Advertising and Promotions	545 065	69%	Due to the Fund ensuring that it has an online presence to serve its clients and reduce carbon print, the Fund has managed to save on the operational budget.
17	Legal Fees	1 981 050	122%	The saving emanated from court cases being postponed due to administrative issues and a few legal assessments that were budgeted for in the current year, procurement was only finalised at the end of the financial year, and thus expenditure will be incurred in the next financial year.
17	Consulting Fees	473 503	293 0/»	The Fund had budgeted for the predictive model on student funding budget, however due to the integration date set at 31 December 2023, the model was put on hold.

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Engaging together towards
an educated Namibia