



# ANNUAL REPORT 2017/2018



Copyright © 2018 Namibia Students Financial Assistance Fund

All rights reserved. No part of this publication may be reproduced, distributed or transmitted in any form or by means, or stored in a database or retrieval system, without the prior written permission of the NSFAF.

Operational, marketing, governance and financial information about the activities of the Namibia Students Financial Assistance Fund for the year 2017/2018

[www.nsfaf.fund](http://www.nsfaf.fund)



# Table of Contents

1

## GENERAL INFORMATION

|                                   |   |
|-----------------------------------|---|
| 1.1. General Information .....    | 4 |
| 1.2. Document Abbreviations ..... | 4 |

## FOREWORD AND REPORTS

|                                                                              |   |
|------------------------------------------------------------------------------|---|
| 2.1. Foreword by Minister of Higher Education, Training and Innovation. .... | 6 |
| 2.2. Chairman's Report .....                                                 | 7 |
| 2.3. Chief Executive Officer's Report .....                                  | 9 |

2

3

## MANDATE OF NSFAP

|                                                     |    |
|-----------------------------------------------------|----|
| 3.1. Mission, Vision and Core Values of NSFAP ..... | 13 |
| 3.2. Organisational Structure .....                 | 14 |
| 3.3. NSFAP Board .....                              | 15 |
| 3.4. NSFAP EXCO .....                               | 16 |

## GOVERNANCE & REGULATORY ENVIRONMENT

|                                  |    |
|----------------------------------|----|
| 4.1. Governance Meetings .....   | 18 |
| 4.2. Declaration of Ethics ..... | 20 |
| 4.3. Conflict of Interest .....  | 20 |
| 4.4. Risk Management .....       | 20 |
| 4.5. Internal Audit .....        | 21 |

4

5

## 2017/2018 STRATEGIC FOCUS AREAS

|                                     |    |
|-------------------------------------|----|
| 5.1. Financial Assistance .....     | 23 |
| 5.2. Sustainability .....           | 1  |
| 5.3. Operational Excellence .....   | 1  |
| 5.4. Key Strategic Challenges ..... | 1  |

## HUMAN RESOURCE MANAGEMENT

|                                                             |   |
|-------------------------------------------------------------|---|
| 6.1. Staff Complement .....                                 | 1 |
| 6.2. Learning and Development .....                         | 1 |
| 6.3. Employee Relations .....                               | 1 |
| 6.4. Employee Wellness .....                                | 1 |
| 6.5. Stakeholder Relations, Career Fairs, Exhibitions ..... | 1 |

6

7

## INFORMATION TECHNOLOGY

|                                                          |   |
|----------------------------------------------------------|---|
| 7.1. Improvement of the Online Application Process ..... | 1 |
| 7.2. Student Portal Rollout .....                        | 1 |
| 7.3. Social Media .....                                  | 1 |
| 7.4. IT Governance .....                                 | 1 |
| 7.5. Distribution of Student Payments .....              | 1 |

## FINANCIAL INFORMATION

|                                                                       |   |
|-----------------------------------------------------------------------|---|
| 8.1. Responsibilities and Approval .....                              | 1 |
| 8.2. Independent Auditor's Report .....                               | 1 |
| 8.3. Directors' Report .....                                          | 1 |
| 8.4. Statement of Financial Position .....                            | 1 |
| 8.5. Statement of Profit or Loss and Other Comprehensive Income ..... | 1 |
| 8.6. Statement of Change in Fund .....                                | 1 |
| 8.7. Statement of Cash Flow .....                                     | 1 |
| 8.8. Accounting Policies .....                                        | 1 |
| 8.9. Notes to the Annual Financial Statement .....                    | 1 |

8

# General Information

|                                                     |                                                                                                                                                                                                                             |
|-----------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Country of incorporation and domicile:</b>       | Namibia                                                                                                                                                                                                                     |
| <b>Nature of business and principal activities:</b> | 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.        |
| <b>Directors</b>                                    | J. Mutumba (Chairperson)<br>C. Swart-Opperman (Deputy Chairperson)<br>T. Munyika<br>S. Tjiuoro<br>A. Angula<br>I. Neema<br>N. Cheikhoussef                                                                                  |
| <b>Business Address</b>                             | 51-52 Werner List street<br>United Africa Building, 3rd Floor<br>Windhoek<br>Namibia                                                                                                                                        |
| <b>Postal address</b>                               | PO Box 23053<br>Windhoek<br>Namibia                                                                                                                                                                                         |
| <b>Bankers</b>                                      | Bank Windhoek Limited<br>First National Bank of Namibia (FNB)<br>Standard Bank Namibia Limited                                                                                                                              |
| <b>Auditors</b>                                     | PricewaterhouseCoopers<br>Registered Accountants and Auditors<br>Chartered Accountants (Namibia)<br>PwC, a partnership duly registered according to the laws of the Republic of Namibia<br>(hereafter referred to as "PwC") |
| <b>Lawyers</b>                                      | Ellis Shilengudwa Inc.                                                                                                                                                                                                      |

# Abbreviations

|               |                                                             |
|---------------|-------------------------------------------------------------|
| <b>ARC</b>    | Audit & Risk Committee                                      |
| <b>CEO</b>    | Chief Executive Officer                                     |
| <b>ICT</b>    | Information Communication Technology                        |
| <b>FINCOM</b> | Finance Committee                                           |
| <b>HRRC</b>   | Human Resources & Remunerations Committee                   |
| <b>LGAMIS</b> | Loan and Grant Administration Management Information System |
| <b>MCA-N</b>  | Millennium Challenge Account Namibia                        |
| <b>MOE</b>    | Ministry of Education                                       |
| <b>MTP</b>    | Medium Term Plan                                            |
| <b>NAMCOL</b> | Namibia College of Open Learning                            |
| <b>NANSO</b>  | Namibia National Students Organisation                      |
| <b>NSFAF</b>  | Namibia Students Financial Assistance Fund                  |
| <b>O/M/As</b> | Offices, Ministries, Agencies                               |
| <b>RSA</b>    | Republic of South Africa                                    |
| <b>SAAC</b>   | Selection & Award Advisory Committee                        |
| <b>SCC</b>    | Strategic & Communications Committee                        |
| <b>SADC</b>   | Southern Africa Development Community                       |
| <b>SOEGC</b>  | State-owned Enterprises Government Council                  |
| <b>SRC</b>    | Student Representative Council                              |
| <b>VET</b>    | Vocational Education and Training                           |
| <b>MHETI</b>  | Ministry of Higher Education Training and Innovation        |
| <b>NQA</b>    | Namibia Qualifications Authority                            |
| <b>IHL</b>    | Institution of Higher Learning                              |

# Foreword and Reports







**Hon. Dr. Itah Kandjii-Murangi**  
Minister of Higher Education, Training and Innovation

# Foreword of Minister of Higher Education, Training and Innovation

**I**t was during 2017/18 financial year, when the Namibian nation witnessed the launch of the Fifth National Development Plan (NDP5), by the President of the Republic of Namibia, His Excellency Dr Hage Geingob. The Fifth National Development Plan (NDP5), like all the preceding plans, is a vehicle towards the implementation and achievement of Namibia's long-term vision, Vision 2030. The Ministry of Higher Education, Training and Innovation (MHETI) like all other ministries has a crucial role to play toward the realisation of Vision 2030. Amongst the higher education strategies and desired outcomes of NDP5, the government of the Republic of Namibia through MHETI is expected to widen access to higher education through equity and inclusivity as well as to strengthen research capacity at higher education institutions.

Firstly, MHETI is mandated to ensure that access to higher education is widened by increasing the number of students enrolled at Institutions of Higher Education. Access should be inclusive and cater for those who are from rural areas and

marginalised groups, through public awareness and availability of student financing. This would lead to the attainment of a projected outcome of Namibia having in place an education system that is responsive to the industrial needs. Secondly, MHETI is also tasked with ensuring that capacity at Higher Education Institutions is strengthened through an implementation of a national research development programme which encourages locally relevant research, building of laboratories, research libraries and networks to support research activities. Similarly, MHETI is responsible for promoting entrepreneurship education. The fulfilment of this second strategy and initiative would lead to the anticipated outcome of having increased funding for postgraduate students up to 85%.

The Namibia Students Financial Assistance Fund (NSFAF) is the implementing agency that helps MHETI to fulfil the National Human Resource Development Agenda. This is aimed at grooming the workforce for the different sectors of the economy and making Namibia competitive.





The fulfilment of this second strategy and initiative would lead to the anticipated outcome of having increased funding for postgraduate students up to 85%

A portion of the national budget is made available to NSFAF in order to ensure that the mandate of student financing is carried to a successful fulfilment. While NSFAF has a Secretariat that manages the day-to-day operations of the Fund, the governance role over the institution is entrusted in the hands of an independent Board. It is the Board that is expected to ensure that there is sound governance at the institution in order to guarantee financial prudence, accountability and budget execution that is within the approved ceiling.

Other than the general governance and strategy setting, the Board is also specifically expected to ensure compliance with the various legislation and codes of governance and best practices. In terms of Section 19 of the Public Enterprises Governance Act, Act No. 2 of 2006 as amended, NSFAF like any other Public Enterprise is obliged to submit its Business and Financial Plan to its Portfolio Minister, subsequent to which expenditure is expected to be in accordance with the submitted Business and Financial Plan.

Furthermore, Section 20 of the same Act requires the Annual Budget of any Public Enterprise to be submitted to the Portfolio Minister for approval and expenditure can only be incurred in relation thereto following due approval.

It is unfortunate to report that for the period under review, NSFAF did not comply with the requirements of the Public Enterprises Act, in as far as the submission of the Business and Financial Plan as well as obtaining the approval of the Annual Budget are concerned as provided for in terms of the aforementioned sections. Despite the failure to submit and/or obtain the necessary approval, the institution proceeded to spend an unapproved budget. In addition, not only did the Fund spend an unapproved budget, but it also overspent on it. This state of affairs, which characterised the period under review, represents a sign of governance failure at the institution and as a result, the government is dismally exposed.

It was also during the period under review, specifically in the 4th quarter, when NSFAF experienced a change in the chain of command, following the expiry of the term of office of the old Board. This transition ushered in new blood in the form of the new Board, which took office around 17 January 2018.

It is, therefore, the government's expectation that the new board will discharge its fiduciary duties and restore public confidence in the institution by introducing governance discipline, values and/or a system.

It is indisputable that an important institution such as NSFAF can only achieve its contributions towards the stimulation of economic growth, reduction of poverty and income inequalities and improving the living standards of the citizenry through the financing of studentship if it is prudently managed and ethically governed. So it is imperative that transparency, fairness and accountability remain cornerstones in the business transactions of the Fund.

My foreword in terms of the previous report (2016/17) expressed hope that NSFAF would become innovative in order to enable the enrolment of VET trainees to increase up to 35 000 during the 2018/19 financial year. This remains my conviction and expectation for NSFAF Board and management.

Finally, I extend words of appreciation to the old Board for the contribution it has made to NSFAF. Equally, I welcome the new Board and express a vote of confidence that it has what it takes to transform NSFAF into a desired national Fund.

As usual, MHETI will at all times be ready and available to assist and provide the necessary guidance wherever it is required.

**Hon. Dr. Itah Kandjii-Murangi**  
**Minister of Higher Education, Training and Innovation**



**Jerome Mutumba**  
Board Chairperson

# Chairperson's Report

**T**he period under review 2017/18 symbolically represents the fifth financial year in a row with NSFAF operating as a Public Enterprise, independent of the mother ministry, the Ministry of Higher Education, Training and Innovation, since 2013. The period has also witnessed the transition between the outgoing Board and the incoming one as the term of office of the former ended on 31 December 2017 and the latter took charge effective 17 January 2018.

The old Board reigned over the Fund for three quarters of the reference period while the new Board concluded the financial year by reigning over the fourth quarter. The new Board is the third Board of Directors to be in charge of NSFAF following the detachment from MHETI. As for the period under review, there were numerous challenges as there were some notable achievements at the institutional level. Specifically, the Fund managed to successfully implement the online application system. This did not only remove the manual process, but also brought an improvement in award turnaround time.

**Furthermore, there were numerous policies approved by the Board during the period under review. They include:**

- Revised Five Year Strategic Plan;
- Revised Risk Management Policy;
- Leave Policy; and

- Successful revision of the Board and Board Committees' Charters.

**Apart from the aforementioned achievements, the institution faced serious challenges during the period under review. Such challenges included:**

- Leakage of confidential information;
- Negative media coverage;
- Lowered shareholders and public confidence;
- Allegations of maladministration;
- Budget over-commitment;
- Financial Statements from 2016/17 Financial Year with disclaimer status;
- Low debt recovery rate;
- Troubled relationships at the institution;
- Non-implementation of governance resolution or directives; and
- Delayed student payments.

Notwithstanding the stated past challenges, the new NSFAF Board is determined to restore both shareholder's and public confidence in the governance and management of the Fund's affairs. The Board will achieve this by institutionalising a governance approach that is responsible, fair, transparent and accountable.

Such approach shall embody the curbing of information leakage, discourage mediocrity in service delivery, stop and investigate allegations of maladministration at all levels,



The Board is grateful for the continuous fiscal support from treasury as well as the enabling guidance, wisdom and leadership from the Line Minister, Honourable Dr. Itah Kandjii-Murangi.

instill financial discipline and prudence (confine expenditure to the approved budget and curb wasteful spending), explore options to optimise debt recovery, strive for timely student payments, create a conducive work environment and ultimately improve the prevailing organisational climate in terms of interpersonal relationships. In addition, the Board will also expect in no uncertain terms that management would provide leadership that is befitting its purpose.

**For the succeeding Financial Year, the development of the following policies is expected:**

- Succession Management;
- Change Management;
- Conflict of Interest Management;
- Whistle Blower;
- Streamlining of Board Committees; and
- Explore transformation

It will also remain a priority to have the Award and Recovery Policy approved, having Institutions of Higher Education gazetted as well as conducting of Board Performance Appraisals. These were amongst the priorities for the period under review.

Moreover, the Board is grateful for the continuous fiscal support from treasury as well as the enabling guidance, wisdom and leadership from the Line Minister, Honourable Dr. Itah Kandjii-Murangi. The Line Minister and all other ministers that have working relationships with NSFAF have been supportive beyond doubt, towards the attainment of the institutional goals, hence we are indebted.

Finally, the Board expresses its appreciation to individual staff and management members who showed commitment to NSFAF's vision during the period under review and continued to do the same beyond the duration concerned.

**Jerome Mutumba**  
Board Chairperson

**For the succeeding Financial Year, the development of the following policies is expected**



**Succession Management**



**Change Management**



**Conflict of Interest Management**



**Whistle Blower**



**Streamlining of Board Committees**



**Explore Transformation**





**Mr. Kennedy Kandume**  
Acting Chief Executive Officer

# Acting Chief Executive Officer's Overview

**N** SFAF welcomes the new Board and looks forward to a cordial working relationship that will take NSFAF to new heights. The 2017/18 financial year marks five years since the NSFAF delinked from the Ministry of Education and became a Public Enterprise.

Since then, the Fund grew, both in terms of budget allocation as well as number of students funded. During the period under review, NSFAF provided financial assistance to 15 317 students, of which 10 888 are undergraduate, 1 181 postgraduate and 3 248 at vocational training level. Overall, the number of students funded during 2017/18 financial year increased by 15.5 percent, from 30 305 to 35 258 students.

Apart from an increase in the number of students funded, the Fund also accomplished some operational achievements during the year under review. These are:

- **Full implementation of online application** - online application, which was first piloted in two regions in 2016, was successfully implemented during the period under review. In the true spirit of "accessibility" by everyone, the Fund deployed mobile assistance teams in all 119 constituencies in 14 regions of the country in order to ensure that all potential applicants are afforded an opportunity to apply.
- **Introduction of eligibility checker** - online application was accompanied by the introduction of an eligibility checker,

which enables students to verify whether they meet funding requirements before proceeding with their application. This has not only ensured that the Fund deals with serious applicants, but also saved time and resources usually allocated for validation and assessment of the application process.

- **Administration of student contracts** - the year under review has also seen an improvement in administration of contracts through online uploading and downloading of contracts. The system enables students to receive contracts online, sign and upload them back onto the system. That has been of great benefit to both students and the Fund as this reduced the time and resources in administration of contracts.
- **Review of Contracts** - apart from improvements in administration, students' contracts were also reviewed to ensure that they are legally enforceable and make a clear distinction between a loan and grant.
- **Improved query management** - during the year under review, we have leveraged on social media, mainly Facebook, to reduce the student queries. This enabled students to check their application status as well as payments through Facebook. In addition, the Fund introduced a student portal, which allows students to interact with NSFAF without having to visit our offices.



The year under review has also seen an improvement in administration of contracts through online uploading and downloading of contracts.

In addition to the above operational achievements, the year under review also saw some strides made on the recruitment of key personnel at executive level. The Fund recruited a substantive Chief Operating Officer, Chief Information Officer as well as Internal Auditor. Another notable achievement was the approval and implementation of the strategic plan, as well as the approval of some key policies such as the Risk Management Policy.

In spite of the above accomplishment, the 2017/18 financial year was the most challenging year for NSFAF, as the Fund faced many difficulties.

The 2017/18 financial year has seen the Fund awarding more students than the funds made available. This resulted in a deficit of N\$275 million and subsequently the Fund defaulting on its commitment to students at three big local Institutions of Higher Learning.

Equally, the Fund performed worst since its inception on the collection side, as only N\$4.1 million was recovered. This is despite the fact that the collection function is fully outsourced to a Debt Collector. The low recovery rate calls for a further streamlining of the recovery function as this is the main tool in ensuring the sustainability of the Fund.

The Fund also faced challenges related to disbursement of funds. During the period under review, there were unusual delays in the disbursement of funds from Treasury. Although this situation affected most Offices, Ministries, Agencies (O/M/As), the effect on NSFAF was devastating as some students were barred

from writing examinations and/or accessing their academic results. The delay in the releasing of funds from Treasury is likely to continue in the next financial year given the prevailing economic conditions, however the Fund will be proactive in assuring Institutions that amounts due to them will be honoured.

Challenges related to timely disbursement, budget over-commitment, leakage of confidential information and allegations of maladministration, coupled with uncertainty on the future of NSFAF, resulted in negative media publicity as well as in low staff morale. It is however, pleasing to note that the new Board has started to restore shareholder and public confidence in the governance and management affairs of the Fund.

Lastly, I would like to extend my appreciation to all employees of NSFAF who resiliently show commitment and dedication, albeit through difficult times.

I would also like to thank the Board, both old and new, for its continuous support and ensuring that NSFAF is steered in the right direction during this difficult period. Sincere appreciation also goes to the Ministry of Higher Education, Training and Innovation for its continuous support.

**Mr. Kennedy Kandume**  
Acting Chief Executive officer





# Mandate of NSFAF



“

**Mbatjandangi Katjinaani**  
Medicine

I have always wanted to study medicine and become a qualified doctor. Today, I am working towards achieving that goal and completing my qualification, all thanks to the financial assistance provided by NSFAF.



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

## Mandate

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

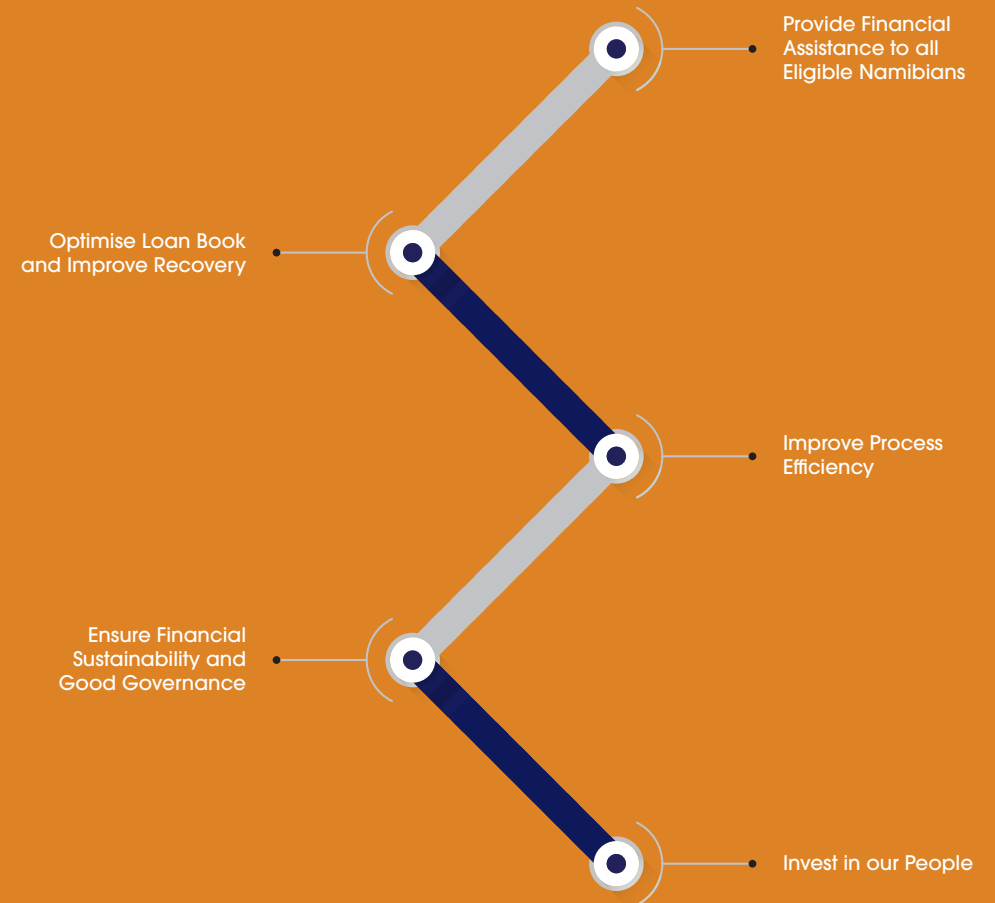
## Vision

We provide financial assistance to eligible Namibians to access Vocational and Higher Education and Training.

## Mission

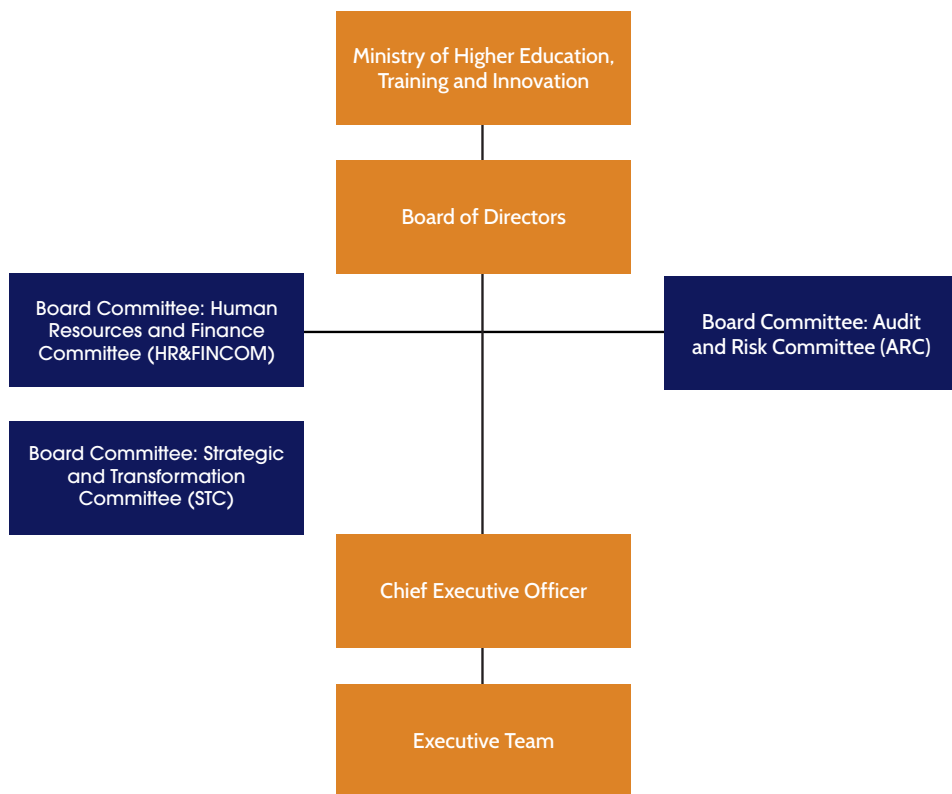


# Strategic Objectives



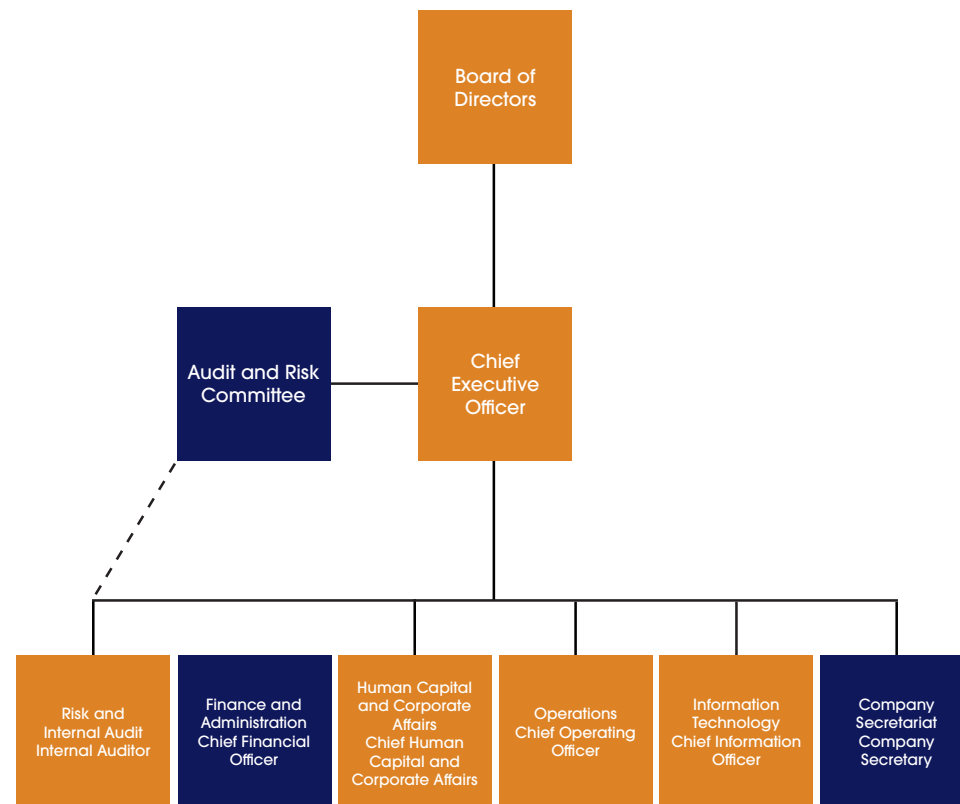
# Organisational Structure

## Governance Structure



# NSFAF

## Executive Structure





# NSFAF Board



**Mr. Jerome Mutumba**  
Chairperson



**Dr. Christina Swart-Opperman**  
Vice-Chairperson



**Mr. Stephen U Tjiuoro**  
Member



**Ms. Adda K Angula**  
Member



**Dr. Isak Neema**  
Member



**Ms. Tulimeke Munyika**  
Additional Member



**Mr. Kennedy Kandume**  
Acting Chief Executive Officer

# NSFAF EXCO



**Mr. Kennedy Kandume**  
Acting Chief Executive Officer



**Mr. Olavi Hamwele**  
Chief Human Capital and  
Corporate Affairs



**Mr. James Nyandoro**  
Chief Financial Officer



**Mr. Nabot Uushona**  
Chief Information Office



**Dr. Eino Mvula**  
Chief Operating Officer



**Mr. Fillemon Wise Immanuel**  
Company Secretary



**Mr. Harris Ntema**  
Internal Auditor



# Governance and Regulatory Environment





# Governance Meetings

| Board                                                 |              | Attendance                                       |                                                          |                          |                                   |                                |                                             |
|-------------------------------------------------------|--------------|--------------------------------------------------|----------------------------------------------------------|--------------------------|-----------------------------------|--------------------------------|---------------------------------------------|
| 01 January 2015 - 31 December 2018                    |              | Ms. Patty Karuaihe-Martin<br>(Board Chairperson) | Mr. Mbushandje Ntinda<br>(Board Vice-Chairperson)        | Franz Gertze<br>(Member) | Mr. Albertina Nankela<br>(Member) | Ms. Leezhe van Wyk<br>(Member) | Mr. Timotheus Angala<br>(Additional Member) |
| Type of Meeting                                       | Meeting Date |                                                  |                                                          |                          |                                   |                                |                                             |
| Extra-Ordinary Meeting                                | 5-Apr-17     | x                                                | -                                                        | x                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 6-Apr-17     | x                                                | -                                                        | x                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 16-May-17    | x                                                | x                                                        | -                        | -                                 | x                              | x                                           |
| Ordinary Meeting                                      | 28-Jun-17    | x                                                | x                                                        | -                        | x                                 | x                              | x                                           |
| 28 June 2017 Board Meeting Continuation               |              | x                                                | x                                                        | x                        | -                                 | x                              | x                                           |
| Meeting with Shareholder MHETI (not remunerated)      | 18-Jul-17    | x                                                | -                                                        | x                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 7-Aug-17     | x                                                | -                                                        | x                        | x                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 9-Aug-17     | x                                                | x                                                        | x                        | x                                 | x                              | x                                           |
| Continuation Board Meeting & Workshop on Award Policy | 17-Aug-17    | x                                                | x                                                        | x                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 28-Sep-17    | x                                                | x                                                        | -                        | -                                 | x                              | x                                           |
| Ordinary Meeting                                      | 6-Oct-17     | x                                                | x                                                        | -                        | -                                 | x                              | x                                           |
| 06 October 2017 Board Meeting Continuation            | 12-Oct-17    | x                                                | x                                                        | -                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 8-Nov-17     | -                                                | x                                                        | x                        | -                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 28-Nov-17    | x                                                | x                                                        | x                        | -                                 | x                              | x                                           |
| Ordinary Meeting                                      | 6-Dec-17     | x                                                | -                                                        | x                        | x                                 | x                              | x                                           |
| 06 December 2017 Board Meeting Continuation           | 12-Dec-17    | x                                                | x                                                        | x                        | x                                 | x                              | x                                           |
| Extra-Ordinary Meeting                                | 15-Dec-17    | x                                                | -                                                        | x                        | x                                 | -                              | x                                           |
| Board                                                 |              | Attendance                                       |                                                          |                          |                                   |                                |                                             |
| Appointed on 17 January 2018                          |              | Mr. Jerome Mutumba<br>(Board Chairperson)        | Dr. Christina Swart-Opperman<br>(Board Vice-Chairperson) | Ms. Adda Angula          | Dr. Natascha Cheikhoussef         | Dr. Isak Neema                 | Mr. Stephen Tjiuoro                         |
| Type of Meeting                                       | Meeting Date |                                                  |                                                          |                          |                                   |                                |                                             |
| Extra-Ordinary Meeting                                | 2-Feb-18     | x                                                | x                                                        | x                        | x                                 | x                              | x                                           |
| Ordinary Meeting                                      | 23-Mar-18    |                                                  |                                                          |                          |                                   |                                |                                             |

| Finance Committee                        |              | Attendance                |                              |                           |                      |  |  |
|------------------------------------------|--------------|---------------------------|------------------------------|---------------------------|----------------------|--|--|
| Type of Meeting                          | Meeting Date | Ms. Patty Karuaihe-Martin | Ms. Albertina Nankela        | Ms. Leezhel van Wyk       | Mr. Timotheus Angala |  |  |
| Ordinary Meeting                         | 1-Jun-17     | -                         | -                            | x                         | x                    |  |  |
| Ordinary Meeting                         | 22-Sep-17    | x                         | -                            | x                         | x                    |  |  |
| Selection & Award Advisory Committee     |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Ms. Franz Gertze          | Mr. Mbushandje Ntinda        | Mr. Timotheus Angala      |                      |  |  |
| Ordinary Meeting                         | 1-Jun-17     | x                         | -                            | x                         |                      |  |  |
| Ordinary Meeting                         | 22-Sep-17    | x                         | -                            | x                         |                      |  |  |
| Extra-Ordinary Meeting                   | 11-Sep-17    | x                         | -                            | x                         |                      |  |  |
| Ordinary Meeting                         | 11-Oct-17    | -                         | x                            | x                         |                      |  |  |
| Audit Committee                          |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Mr. Mbushandje Ntinda     | Ms. Albertina Nankela        | Mr. Timotheus Angala      |                      |  |  |
| Ordinary Meeting                         | 14-Aug-17    | x                         | -                            | x                         |                      |  |  |
| Extra-Ordinary Meeting                   | 26-Sep-17    | x                         | -                            | x                         |                      |  |  |
| Ordinary Meeting                         | 7-Nov-17     | x                         | -                            | x                         |                      |  |  |
| Human Resources & Remuneration Committee |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Ms. Leezhel van Wyk       | Ms. Franz Gertze             | Mr. Mbushandje Ntinda     |                      |  |  |
| Ordinary Meeting                         | 25-Apr-17    | x                         | x                            | -                         |                      |  |  |
| Extra-Ordinary Meeting                   | 19-Jun-17    | x                         | x                            | -                         |                      |  |  |
| Grievance Hearing Meeting                | 21-Jun-17    | x                         | -                            | -                         |                      |  |  |
| Extra-Ordinary Meeting                   | 26-Jul-17    | x                         | x                            | -                         |                      |  |  |
| Ordinary Meeting                         | 30-Oct-17    | -                         | x                            | x                         |                      |  |  |
| Risk Committee                           |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Mr. Mbushandje Ntinda     | Ms. Albertina Nankela        | Ms. Patty Karuaihe-Martin |                      |  |  |
| Ordinary Meeting                         | 19-Sep-17    | x                         | x                            | -                         |                      |  |  |
| Ordinary Meeting                         | 28-Nov-17    | x                         | x                            | x                         |                      |  |  |
| Human Resources & Finance Committee      |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Ms. Tulimeke Munyika      | Dr. Christina Swart-Opperman | Mr. Stephen Tjiuoro       |                      |  |  |
| Ordinary Meeting                         | 19-Mar-17    | x                         | x                            | -                         |                      |  |  |
| Audit & Risk Committee                   |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Mr. Stephen Tjiuoro       | Dr. Natascha Cheikhyyoussef  | Dr. Isak Neema            |                      |  |  |
| Ordinary Meeting                         | 5-Mar-17     | x                         | x                            | x                         |                      |  |  |
| Strategy & Transformation Committee      |              | Attendance                |                              |                           |                      |  |  |
| Type of Meeting                          | Meeting Date | Ms. Adda Angula           | Dr. Isak Neema               | Mr. Jerome Mutumba        |                      |  |  |
| Ordinary Meeting                         | 12-Mar-17    | x                         | x                            | x                         |                      |  |  |



## 4.2 Code of Ethics

Ethics is one of the cornerstones of NSFAF's existence. In recognition of this essence, the Fund has adopted ethics as one of its core values. The ethical values at the institution are the compass that navigate and guide day-to-day operations and execution. The setting of a clear ethical tone is a way of inspiring the shareholder's confidence that NSFAF's Board and Management Team are all committed to a responsible and accountable governance environment. Any corporate institution that does not appreciate ethical values, is like a country that disregards its own constitution. Such an institution or country can be characterised by either of the following:

- Anarchy and/or disorder;
- Corruption and/or maladministration;
- Irregularities and/or misconduct;
- Nepotism and favouritism;
- Irresponsibility;
- Lack of accountability; and
- Lack of general, national, or corporate discipline, amongst others.

If any institution is associated with any of the aforementioned characteristics, it will regrettably suffer reputational damage, which may take long to repair. When an institution has lost reputational weight, it would struggle to attract investors as well as quality personnel. Having well-defined core values, implemented through thorough coordination, is the effective way of uniting the workforce behind the chosen organisational vision and mission. When the workforce has committed to the shared vision and mission, productivity flourishes while trust and teamwork become intensively embedded. Such employees turn out to be more inspired towards the attainment of organisational goals, while at the same time taking care of the pursuit of personal advancement. When ethical values are embedded, a sound behavioural environment is always observed, while at the same time the decision-making process is fast and fair. In addition, employees' integrity, transparency and open communication, along with their willingness and preparedness to condemn ethical breaches, is heightened.

NSFAF employees are expected to live by the Code of Ethics and become the mirror of good and acceptable corporate behaviour throughout the organisation. It is a collectively shared position at the Fund that all employees to whom the code applies, would be able to live this code to its fullest, ensuring that NSFAF becomes an ethical source in corporate Namibia.

There is no doubt that any violation of the code, or failure to comply, would be met with the appropriate disciplinary liability, up to and including dismissal, where and when such is deemed necessary.

## 4.3 Conflict of Interest

As part of its governance framework, NSFAF has prioritised the management and mitigation of conflict of interest within the Fund's operational space and/or beyond. There is no doubt that only if the regulatory environment is able to deter and mitigate the emergence of conflict of interest, both actual, potential and perceived, will the institution be able to boost the shareholder's confidence.

By having a robust and self-regulating conflict of interest management governance model, the fund will be able to distinguish between its own interest vis-à-vis the possible pursuance of personal interests by individual employees. This in turn enables the employees to discharge their official duties in accordance with the institutional strategic vision, mission and goals.

In addition, it is a foregone conclusion that NSFAF will only be able to enjoy public trust for as long as the interests of the shareholder and legitimate expectations of all its stakeholders continue to take centre stage in the execution of the Fund's mandate. Such trust can only be earned and maintained through consistency, transparency, impartiality and fairness associated with the decision-making process of NSFAF. The moment decisions at the Fund are decorated and/or covered in the cloud of personal interests trust would immediately collapse.

During the referenced quarter, all allegations bordering on possibility of conflict of interest were looked into and should any wrongdoing be detected, appropriate sanctions will be proposed. It is also expected that the formulation of the stand-alone Conflict of Interest Management Policy, which started in the last financial year, will come to fruition in terms of finalisation and approval.

## 4.4 Risk Management

NSFAF recognises that Risk Management is a systematic and formalised process to identify, assess, manage and monitor risks, and therefore adopts a comprehensive holistic approach to the management of risk.

The Board of Directors of NSFAF has committed to a process of Risk Management that is aligned with the Namibia Students Financial Assistance Fund Act 26 of 2000, (as amended by Act No. 7 of 2014), ISO 31000:2009 and the principles of NamCode (the Corporate Governance Code for Namibia), in order to ensure effective management of risks.

The NSFAF Board appointed an Audit and Risk Committee to assist in identifying and recognising all significant risks to which the Fund is exposed and to ensure that the requisite risk management culture, policies and systems are in place and functioning effectively. Risks are assessed on an enterprise-wide level and their individual and joint impact considered.

Management is accountable to the board for implementing and monitoring the processes of risk management and integrating these into the day-to-day activities.

During the reporting period, the key risks identified below have emerged as a result of analysing and understanding the fund's mandate and strategy.

The effectiveness of the risk mitigation measures highlighted above is assessed through a review and challenge process which includes reporting to various governance structures, such as executive management, the Audit and Risk Committee, and the Board on a regular basis.

|    | Key Risks                   | Mitigation Strategy                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|----|-----------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1  | Financial Sustainability    | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Investigate the possibility of other funding sources.</li> <li>Develop a reliable funding model and present it to the line ministry for appreciation/understanding.</li> </ul>                                                                                                                                                                                                           |
| 2  | Recovery and Default        | Transfer (Share) – Outsourced to a Debt Collection Consultant (Tribesmen/NICS JV). <ul style="list-style-type: none"> <li>However, management is still accountable for the effective mitigation of the risk.</li> <li>Recovery policy to be reviewed and presented for approval.</li> <li>Development and implementation of the debtors management module.</li> </ul>                                                                                   |
| 3  | Financial Reporting         | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Integration between LGAMIS payment module and the Pastel evolution debtors module.</li> <li>Streamline business processes in the organisation to seamlessly integrate between the online applications, awards, payments, and finance and recovery division.</li> </ul>                                                                                                                   |
| 4  | Reputational                | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Communicate the awards policy to the stakeholders (branding, social media/media tracking and product brochures).</li> <li>Improve the NSFAF website/online application.</li> <li>Conduct a stakeholder satisfaction survey.</li> </ul>                                                                                                                                                   |
| 5  | Strategic                   | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Consultation with ministries of public enterprises, finance and higher education to obtain clarity and inform possible changes to the NSFAF legislation regarding reporting lines.</li> </ul>                                                                                                                                                                                            |
| 6  | Operations                  | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Establish agreements with the big three IHLAS to enable the integration of systems.</li> <li>Implement the new financial assistance policy (mean testing criteria).</li> <li>Review of current contracts and provide distinction between loan/grant or partial grant agreement.</li> <li>Investigate the misalignment of the award and recovery policies and harmonise these.</li> </ul> |
| 7  | Information Technology (IT) | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Develop and review the LGAMIS/Pastel integration with finance for implementation during FY2018/2019.</li> <li>Develop a plan to bring back the recovery data to be hosted at NSFAF.</li> <li>Develop Lexiir/Pastel integration with finance for implementation during FY2018/2019.</li> </ul>                                                                                            |
| 8  | Compliance                  | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Conduct workshop to share regulatory exposures faced by NSFAF.</li> <li>Annual reporting to the Board on the implementation of the compliance plan and the status thereof.</li> </ul>                                                                                                                                                                                                    |
| 9  | Business Continuity         | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Design and budget for a disaster recovery solution and submit for approval by the relevant authorities.</li> <li>Develop and implement the Disaster Recovery Plan (DRP).</li> <li>Migrate to an IT driven process, to improve record management.</li> <li>Draft talent and succession management policy.</li> <li>Identify critical positions in the company.</li> </ul>                 |
| 10 | People                      | Treat (Reduce/Mitigate) <ul style="list-style-type: none"> <li>Incorporate the NSFAF values in our performance agreements.</li> <li>Identify the value champions within the organisation.</li> <li>Roll out of the Living the Values campaign.</li> </ul>                                                                                                                                                                                               |



## 4.5 Internal Audit

The internal audit (IA) function is an independent and objective assurance and consulting function established to add value and improve systems of internal control across the Fund. The IA function assists the Fund to accomplish its objectives by systematically evaluating and reviewing business processes, using a risk-based approach, to assess the adequacy and effectiveness of control, risk management and governance processes.

A risk-based internal audit plan is recommended by the Audit and Risk Committee and approved by the Board on an annual basis. The internal audit function currently has one in-house resource. The IA function reports functionally to the Audit and Risk Committee and has unrestricted access to the committee chairperson.

KPMG Advisory Services (Namibia) (Pty) Ltd acts as co-source partner to the internal audit function, providing technical guidance, practical support and appropriate resources to, jointly or separately, perform individual audits and other engagements.

During the reporting period, the internal audit function issued final audit reports in which the effectiveness of the Fund's systems of internal control were assessed and rated as "inadequate". This means that immediate management intervention to achieve business objectives is required in order to improve the overall internal control environment.

A formal audit issue remediation and closure process has been introduced and implemented as a monitoring tool to effectively mitigate the risk and control issues as identified and reported by the assurance providers.



# 2017/2018 Strategic Focus Areas

## Performance Information



**lipinge Arona**  
Plumbing and Pipe Fitting

The financial assistance provided by the Fund enables one to complete their studies, eventually find employment, and contribute towards the development of the Namibian nation.



## 5.1 Financial Assistance

NSFAF measures its success in fulfilling its mandate through key indicators related to accessibility, contribution to human capital development, regional equity, process efficiency and loan recovery. In this regard, we report on progress made in achieving the objectives and set targets, under each of the five strategic themes namely:

1. Provide financial assistance to all eligible Namibians;
2. Optimise loan book and improve recovery;
3. Improve process efficiency;
4. Ensure financial sustainability and good governance; and
5. Invest in our people.

### Financial Report

The Statement of Comprehensive Income indicates an operating surplus of N\$673,668,833. Management would like to draw the attention of the reader to the fact that the surplus relates to the loan disbursements that were accounted for as accounts receivable in the Statement of Financial Position. This arose because in accordance with IFRS for SME, the full amount received from the Ministry of Education was accounted for as revenue in the Statement of Comprehensive Income, whereas the disbursements relating to loans were not expensed but rather accounted for as loans (accounts receivable). Therefore, the reader should read this surplus in conjunction with the Statement of Cash Flows as it reflects the cash movements which includes investing activities for the period under review, as well as the cash on hand at the end of the financial year.

Total grants for students funding increased from N\$743 million to N\$1.172 billion as NSFAF continues to finance more students into tertiary institutions. Student funding for grants which is accounted for as an expense increased from N\$344.6 million in 2017 to N\$529.9 million. An impairment of student loans which is a provision for loans that may be irrecoverable has been set at N\$64.7 million down from N\$184.2 million. Last year the provision was set for the first time at 10%.

As there was no cash to invest during the year, investment income decreased from N\$6.5 million in 2017 to N\$3.1 million in 2018. Due to loans being accounted for as a receivable, the total surplus

recorded by NSFAF in the current financial year amount to N\$673.7 million, an increase of 144%.

Total assets for the Fund increased by 36% from N\$2 billion to N\$2.8 billion. This increase is mostly as a result of a net increase in student loans of N\$582 million. Accumulated funds increased from N\$1.9 billion to N\$2.6 billion due to the surplus recorded during the financial year. Current liabilities increased from N\$98 million to N\$162 million due to a provision for deferred income of N\$56 million which relates to an amount received from Namibia Training Authority (NTA) for funding VTC new intake which at year-end was not yet expended.

During the financial year, NSFAF total receipts amounted to N\$1.3 billion which is significantly higher than N\$888 million from last year. Total disbursements for operating activities for the year were N\$1.2 billion (students N\$1.16 billion and employees and other suppliers N\$82 million) leaving N\$110 million. Out of this N\$109 million, N\$92.6 million was utilised to pay for the NSFAF head office under construction. The Fund closed the year with N\$44 million which cash was subsequently utilised in the new financial year.

Table 1: Executive Summary

| Available Funds                               |               | 1,425,451,673 | Allocation % |
|-----------------------------------------------|---------------|---------------|--------------|
| Approved Appropriation                        | 962,482,183   |               |              |
| Additional Funding - MHETI                    | 308,693,785   |               |              |
| Funding for 2018 New Intakes - MOF            | 50,000,000    |               |              |
| NTA Funding                                   | 80,205,380    |               |              |
| Available funds - Bank Balances @1 April 2017 | 24,070,326    |               |              |
| 2017/18 NSFAF Budget                          |               | 1,461,605,087 | 100.0%       |
| Student Funding                               | 1,275,670,163 |               | 87.3%        |
| Support Function                              | 89,856,319    |               | 6.1%         |
| Development - NSFAF Head Office               | 96,078,605    |               | 6.6%         |
| Deficit as at 31 March 2018                   |               | (36,153,414)  |              |

## 5.1.1. Budget Planning and Execution

For the year under review, the available funds total **N\$1,319,451,490** whilst the overall budget was **N\$1,461,605,087**, thus a budget deficit of **N\$142,153,597** was recorded. The available funds include the following grants:

- i. **Approved 2017/2018 budget appropriation allocated to NSFAF which amounts to N\$962,482,183;**
- ii. **Additional funding that was tabled at the Mid-Year Budget Review of N\$308,693,785;**
- iii. **A grant from NTA of N\$24,205,380 for vocational trainees; and**
- iv. **Bank balances at the beginning of the 2017/2018 financial year of N\$24,070,326.**

The overall 2017/2018 budget totals **N\$1,461,605,087** of which **N\$1,275,670,163** was for student funding, **N\$89,856,319** for the **day-to-day operations of the Fund** and **N\$96,078,605** for the **development** of NSFAF headquarters. The table below sets out the above deliberations.

## Budget Execution:

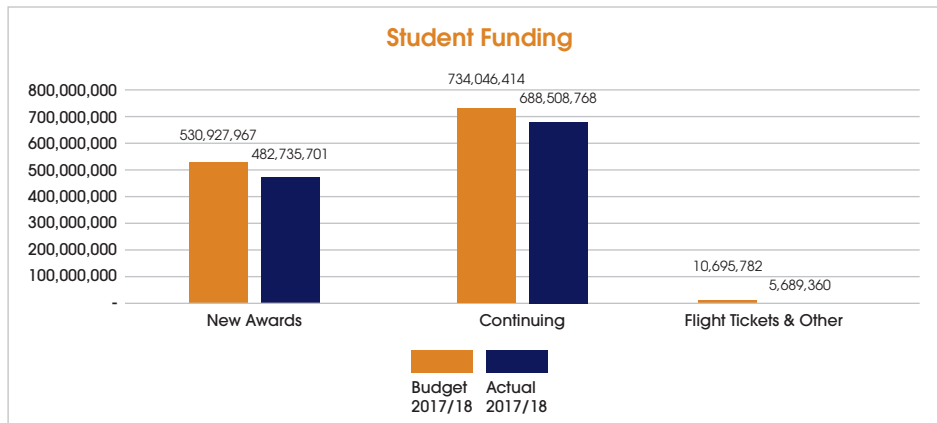
The overall budget execution rate for the year under review was 92.2% and totals N\$1,347,064,620. The Fund's budget performance for the 2017/2018 financial year is depicted in the table below:

Table 2: Budget Execution Analysis

| 2017/18 Budget Execution Analysis | 2017/18 Budget | Actual Apr - Mar | Execution Rate | Budget Variance | Variance % |
|-----------------------------------|----------------|------------------|----------------|-----------------|------------|
| Student Funding                   | 1,275,670,163  | 1,176,933,830    | 92.3%          | 98,736,333      | 7.7%       |
| Support Function                  | 89,856,319     | 81,215,029       | 90.4%          | 8,641,290       | 9.6%       |
| Total Budget excl. Development    | 1,365,526,482  | 1,258,148,859    | 92.1%          | 107,377,623     | 7.9%       |
| Development (Building)            | 96,078,605     | 92,464,858       | 96.2%          | 3,613,747       | 3.8%       |
| NSFAF Budget                      | 1,461,605,087  | 1,350,613,717    | 92.4%          | 110,991,370     | 7.6%       |

## Student Funding:

The student funding budget execution rate is 92.3% and the performance is reflected in the graph below:

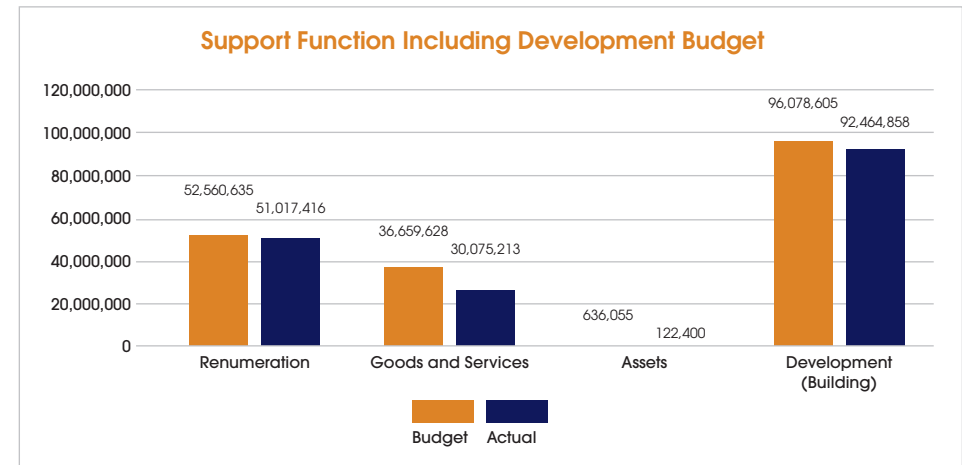


The award and selection process was completed and payments processed for those students whose contracts were signed.

A payment calendar was put in place for all student payments including stipends, however, the execution thereof was delayed due to cash flow constraints during the first and second half of the financial year.

## Operational, including Building:

The budget execution rate is 86.4% and 96.2% for the operational and the development budget respectively.



The operational budget performance reflects in the graph above: The operational budget spent is within the performance threshold of an 80-90% execution rate. Because no formal approval was received on the budget, the Fund mainly spent on fixed costs and other contractual obligations.



## Challenges experienced with Government Funding:

### i. The steep annual growth of student funding as a result of the following commitments:

#### a. The continuous liability for legacy awards

The Fund provides financial assistance for the full duration of study for students awarded. The range for the duration of study is between four to seven years and this places an enormous annual financial liability on the Fund for the current and future commitments towards those students.

#### b. The new intakes for the current financial year.

Every year NSFAP has to demonstrate its capabilities in delivering the funding needed by students who register as first entries at Higher Learning Institutions and Vocational Training Centres if they apply and qualify for a loan.

### ii. The monthly release of funds has a huge impact on the Fund's cash flow management:

- The Fund's student payment cycle is not uniformly distributed or on a linear trend through the year but is concentrated between May and September each year.
- However, the Line Ministry can only release monthly funds in proportion to their allocation (TAW) for a specific month; hence, the trend is much lower than what the Fund is required to disburse to students and institutions as per the payment calendar.

### iii. The steadily expanding annual budget of NSFAP in comparison to the growth rate of the national budget is a further barrier towards sustainability.

## 5.1.2. Financial Assistance Policy

In order to fulfil its mandate, the Fund developed the Award of Loans, Grants and Scholarship Policy, to guide the provisioning of financial assistance in 2015. It, however, transpired that the policy is not wide-ranging as was desired and the Fund noted challenges related to implementation and interpretation of the policy. In this connection and in order to ensure that the provision of financial assistance is inclusive, responsive, and is aligned to national development goals, the Fund resolved to review the Award of Loans, Grants and Scholarship Policy during the reporting period.

The policy has been approved by the Board and is awaiting approval by the Minister of Higher Education, Training and Innovation in consultation with the Minister of Finance.

## 5.1.3. Awards Statistics

In line with its mandate, NSFAP continues to provide financial assistance through loans, grants and related products and services in an effective and efficient manner.

### 5.1.3.1. Overall Awards

During the year under review NSFAP provided financial assistance to 15 317 students. This has brought the total number of students awarded financial assistance by NSFAP to 63 666 over a period of six years, from 12 168 in 2013 to 15 317 in 2017 as shown in Table 1.

This demonstrates NSFAP's commitment to provide funding to students to pursue studies at Institutions of Higher Learning.

Table 1: Total awards (six-year statistics)

| Year (academic) | Vocational Education | Under-graduate | Postgraduate | Special Initiative | Grand Total |
|-----------------|----------------------|----------------|--------------|--------------------|-------------|
| 2017            | 3,248                | 10,888         | 1,181        | *                  | 15,317      |
| 2016            | 5,030                | 8,222          | 712          | 136                | 14,100      |
| 2015            | 4,952                | 6,339          | 218          | 86                 | 11,595      |
| 2014            | 4,783                | 5,544          | 159          | *                  | 10,486      |
| 2013            | 2,993                | 8,953          | 222          | *                  | 12,168      |
| Grand Total     | 21,006               | 39,946         | 2,492        | 222                | 63,666      |



### 5.1.3.2. Regional Undergraduate Awards at Local Institutions

Table 2 presents the number of undergraduate awards per region from 2013 to 2017. Overall, there has been an increase in the number of student awards, with exception of a decrease in 2014, which can be attributed to the tightening of qualifying criteria in the same year.

Table 2: Number of students awarded per region

| Region                     | 2013         | 2014         | 2015         | 2016         | 2017          |
|----------------------------|--------------|--------------|--------------|--------------|---------------|
| Oshikoto                   | 1,282        | 650          | 671          | 872          | 970           |
| Oshana                     | 1,583        | 792          | 794          | 1,015        | 1,322         |
| Erongo                     | 468          | 301          | 281          | 418          | 594           |
| Otjozondjupa               | 262          | 216          | 179          | 241          | 306           |
| Hardap                     | 127          | 100          | 86           | 126          | 153           |
| Zambezi                    | 351          | 344          | 335          | 372          | 488           |
| Kavango West               | 468          | 363          | 103          | 122          | 168           |
| Kavango East               | *            | *            | 408          | 461          | 838           |
| Omaheke                    | 109          | 47           | 51           | 86           | 87            |
| Ohangwena                  | 869          | 615          | 554          | 768          | 824           |
| Omusati                    | 1,703        | 819          | 929          | 1,003        | 1,035         |
| //Kharas                   | 155          | 122          | 162          | 117          | 228           |
| Khomas                     | 1,374        | 1,091        | 997          | 1,448        | 3,067         |
| Kunene                     | 51           | 27           | 42           | 74           | 90            |
| Completed Grade 12 outside | 151          | 57           | 77           | 68           | 67            |
| Junior Diploma             | *            | *            | 635          | 1,031        | 543           |
| Special Case               | *            | *            | 35           | *            |               |
| <b>Total</b>               | <b>8,953</b> | <b>5,544</b> | <b>6,339</b> | <b>8,222</b> | <b>10,780</b> |

### Awards per region

Table 3 below indicates the number of students funded to study abroad and it reveals that the majority are from the Khomas Region.

### 5.1.3.3. Awards per Field of Studies

Table 4 indicates awards per field of study for undergraduate students in 2015, 2016 and 2017. A large number of students are in the field of education, followed by economics and commerce. The higher number of students in the field of education can be attributed to the introduction of the Diploma in Junior Primary Education since 2015.

Table 3: 2015 & 2016 undergraduate international award per region

| Region                     | 2013         | 2014       | 2015       | 2016       | 2017       |
|----------------------------|--------------|------------|------------|------------|------------|
| Oshikoto                   | 173          | 21         | 21         | 31         | 20         |
| Oshana                     | 185          | 21         | 3          | 9          | 21         |
| Erongo                     | 62           | 10         | 17         | 23         | 26         |
| Otjozondjupa               | 38           | 19         | 12         | 16         | 10         |
| Hardap                     | 18           | 5          | 5          | 10         | 5          |
| Zambezi                    | 47           | 1          | 0          | 2          | 19         |
| Kavango East               | 28           | 4          | 2          | 0          | 22         |
| Kavango West               |              |            | 6          | 8          | 15         |
| Omaheke                    | 11           | 4          | 0          | 7          | 4          |
| Ohangwena                  | 78           | 12         | 7          | 3          | 20         |
| Omusati                    | 181          | 19         | 20         | 3          | 25         |
| //Kharas                   | 15           | 5          | 3          | 11         | 26         |
| Khomas                     | 250          | 93         | 106        | 136        | 32         |
| Kunene                     | 10           | 0          | 0          | 0          | 6          |
| Completed grade 12 outside | 65           | 16         | 44         | 29         |            |
| <b>Total</b>               | <b>1,181</b> | <b>230</b> | <b>246</b> | <b>288</b> | <b>248</b> |

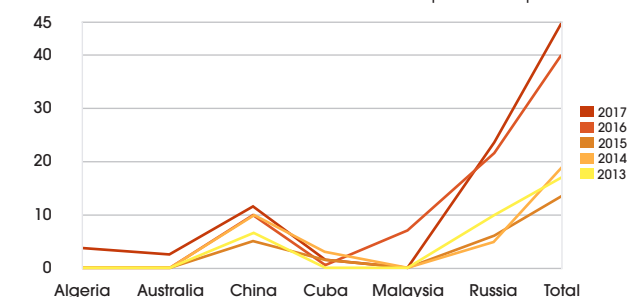
Table 4: Number of undergraduates awarded per field of study

| Field of Study                         | 2015         | 2016         | 2017          |
|----------------------------------------|--------------|--------------|---------------|
| Accountancy                            | 377          | 368          | *             |
| Agriculture and Veterinary Science     | 109          | 311          | 213           |
| Communication, Conservation & Tourism, | 200          | 245          | 378           |
| Culture, Sport and Art                 | 286          | 98           | 242           |
| Economics & Commerce                   | 607          | 1,387        | 1,874         |
| Engineering and related fields         | 146          | 803          | 1,874         |
| Humanities & Social Work               | 233          | 519          | 671           |
| Law                                    | 192          | 135          | 433           |
| Medicine, Nursing and related sciences | 1,345        | 818          | 805           |
| Natural Science & IT                   | 279          | 393          | 871           |
| Police and Strategic Studies           | 0            | 53           | *             |
| Public Administration                  | 996          | 142          | 323           |
| Education & related fields             | 1,569        | 2,950        | 3,775         |
| <b>TOTAL</b>                           | <b>6,339</b> | <b>8,222</b> | <b>10,780</b> |

### 5.1.3.4. Bilateral or Multilateral Scholarships per Country

These are scholarships received from other governments, institutions or organisations through bilateral/multilateral agreements. In the event where the offering country, institution or organisation does not cover the full cost, NSFAP may supplement such scholarship for example; once-off return ticket, stipends and medical insurance. Table 5 shows the bilateral and multilateral scholarship awards per country (2013 to 2017).

Table 5: Bilateral and multilateral scholarship awards per country



### 5.1.3.5. Award per Level of Study (vocational, undergraduate and postgraduate)

Table 6 below indicates that the majority of students funded are pursuing study at undergraduate level followed by funding for Vocational Education Training.

There was however an exponential increase in the number of students funded at postgraduate level in 2016, which can be attributed to the increase in the number of priority fields of study as postgraduates are funded strictly based on the field of study.

Table 6: Award per level of study

|                     |                | 2013   | 2014   | 2015   | 2016   | 2017   |
|---------------------|----------------|--------|--------|--------|--------|--------|
| Undergraduate       | Undergraduate  | 8,953  | 5,544  | 5,669  | 7,191  | 10,888 |
|                     | Junior Diploma | *      | *      | 635    | 1,031  |        |
|                     | Special Case   | *      | *      | 35     | *      |        |
| Postgraduate        |                | 222    | 159    | 218    | 712    | 1,181  |
| VTCs                |                | 2,993  | 4,783  | 4,952  | 5,030  | 3,248  |
| Special Initiatives |                | *      | *      | 86     | 136    |        |
| Total Overall       |                | 12,168 | 10,486 | 11,595 | 14,100 | 15,371 |
| % Increase/decrease |                | 38.4   | -1.7   | 10.6   | 21.6   | 9      |

- Special Case: where students approved under special arrangement

### 5.1.4. Student Population

In 2015, NSFAF beneficiaries stood at 27 608, while in 2016 and 2017, the total student beneficiaries were 30,505 and 35,258, respectively. This population is made up of new intakes and continuing students as indicated in Table 7.

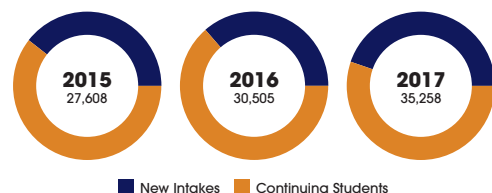


Table 7: NSFAF student population over the past three years.

The trend shows an increase in the number of beneficiaries dependent on NSFAF funding. In addition, this trend increases NSFAF financial commitments against limited resources.

### 5.1.5. Payment Disbursement

Despite the cash flow challenges being experienced by all SOEs who depend on budgetary allocation from government, the Fund has made all necessary efforts to ensure that over 99% of the students are paid by the end of the financial year.

The Fund also continuously seeks alternative solutions to the financial constraints facing students, with the aim of creating an avenue to improve access to students mainly from low socio-economic backgrounds who would have been denied access to higher education because of their inability to pay.

With the introduction of NSFAF Payment Card in 2016, NSFAF continues to ensure that payments for beneficiaries at all local Institutions of Higher Learning were made through the card during the period under review. This has brought the benefit of students knowing how much was paid towards non-tuition fees and amounts paid as tuition fees to their respective Higher Education Institutions on their behalf.

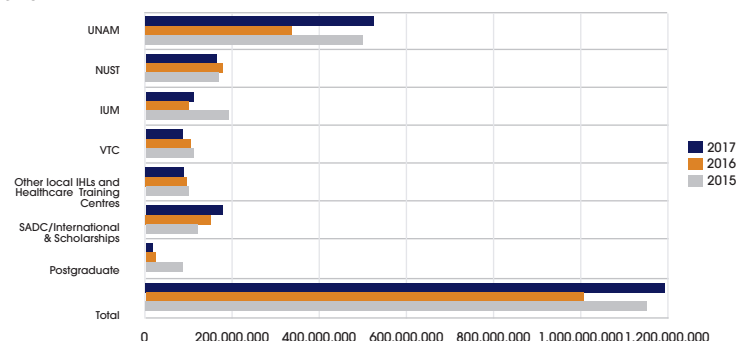


Table 8: Payments made to students at various Institutions of Higher Learning towards tuition and non-tuition.

An amount paid on behalf of a student is recorded on their card/account and students are notified via sms or email. Moreover, payments through the payment card promote transparency, auditability and efficiency in service delivery to students.

## 5.2. Sustainability

Sustainability of the Fund requires the optimal utilisation of all available resources to ensure that NSFAF is able to execute its mandate over the committed period of time as per government's human capital development objectives.

### 5.2.1. Loan Recovery

Total recoveries for the year under review amounted to N\$4.2 million. Against these collections, NSFAF paid a total of N\$3.9 million which included a fixed monthly debt recovery cost of N\$3.5 million and N\$498,000 commission payable to an outsourced recovery company. The net amount collected amounts to N\$208,000 which is lower than N\$530,000 net amount collected last year.

The overall performance of the outsourced recovery function which is one of the core activities of the fund was below expectations. NSFAF is relooking this function with the intention of establishing an in-house division to be tasked with debt collection. Management believes that having control over this core function will result in more collections than has been the case in the past four years. Table 9 below indicates the net collection over the past five years.

Table 9: Recovery from 2010 to 2018.

| Year    | Amount Recovered (N\$) | Management Fees Paid | Commission Paid/ (payable) | Total Amount Paid/ (payable) | Net Amount Collected |
|---------|------------------------|----------------------|----------------------------|------------------------------|----------------------|
| 2017/18 | 4,157,655              | 3,450,000            | 498,919                    | 3,948,919                    | 208,736              |
| 2016/17 | 4,523,241              | 3,450,000            | 542,789                    | 3,992,789                    | 530,452              |
| 2015/16 | 4,563,154              | 3,450,000            | 547,578                    | 3,997,578                    | 565,576              |
| 2014/15 | 4,153,506              | 1,148,000            | 498,421                    | 1,646,421                    | 2,507,085            |
| 2013/14 | 6,237,475              |                      |                            |                              | 6,237,475            |

### 5.2.2. Status of Recovery during 2017/2018 Financial Year

At 31 March 2018, the total value of debtors' under recovery amounted to N\$742.7 million which is made up of 25 669 debtors. Of this number only 587 debtors are currently paying their loans with a total value of N\$17.9 million which is being paid over a period of time. This period ranges from five to 20 years which results in annual payments being low. A total of 189 debtors with a book value of N\$3.7 million paid up their loans. The remainder were not honouring their loans and were at various stages of being pursued by the recovery team.

The success of the recovery function lies in enforcement of maximum periods within which loans can be repaid, as well as ability to blacklist debtors who can afford to pay but are reluctant to pay what they owe.





### 5.3. Operational Excellence

Under operational excellence, NSFAF is committed to ongoing improvement of its internal process in order to deliver superior service thereby meeting the expectations of its stakeholder.

#### 5.3.1. Online Application

In order to improve operational excellence, the Namibia Students Financial Assistance Fund has introduced a seamlessly integrated, fully automated application and collaboration platform to provide the best possible service to students and stakeholders and reduce the workload of the NSFAF team. The online application was first piloted in two regions in 2016, namely Khomas and Erongo. This was partly to ensure that applicants are provided with adequate support i.e. computers and internet connectivity. The application process for 2017 was also conducted through an online application using the LGAMIS (Loan and Grant Administration and Management Information System) platform, and was facilitated by mobile assistance teams that were located in all 14 regions.

#### 5.3.2 Student Support

##### 5.3.2.1. Query Management

The Fund continues to intensify its efforts with regard to quality, timely and efficient service delivery to students in the manner that enquiries and student appeals are processed and responded to. Statistics show that the majority of students visiting the Student Care Centre are either making an enquiry on the status of awards/payments and/or appealing for an approval to change courses or institutions; and this trend is mostly observed in first- and second-year students at local institutions.

Over the past few years, a sharp increase in the number of students changing courses has been observed. This is assumingly due to the lack of career guidance offered at secondary school level. Also, the number of students appealing for extension of funding duration has increased. This is fuelled by academic failure which results in the inability to complete studies within the expected duration.

In order to be proactive in responding to student appeals and enquiries on time, the Fund has implemented a new process to effectively manage appeals and to ensure timely feedback. During the year under review, the Fund has recorded 575 appeal cases as shown in Table 8.

| Period                | 2015  | 2016 | 2017   |
|-----------------------|-------|------|--------|
| Total Number of Cases | 1,903 | 249  | 575    |
| Change of Course      | 25%   | 43%  | 64.1%  |
| Loan Transfer         | 25 %  | 5%   | 13.8 % |
| Loan Extension        | 49%   | 47%  | 15.3%  |
| Loan on Hold          | 1%    | 2%   | 0.1 %  |
| Other Requests        | -     | 3%   | 6.7 %  |

Table 8: Student appeal cases

##### 5.3.2.2. Other Support to Students

The Fund continues to assist loan beneficiaries studying medicine and engineering at international institutions to have access to and be exposed to practical skills in order to fulfil the conditions required for the completion of their studies. In addition, the Fund assisted the scholarship graduates with flight/bus tickets at the beginning of their studies, and upon completion of their courses, in order to return home. This assistance was also been extended to loan holders as from last year.



# Human Resource Management



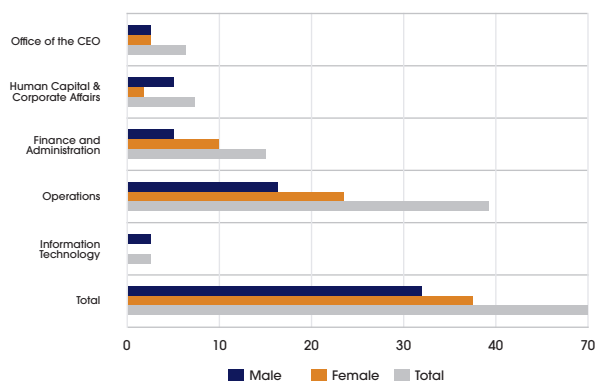
**Dionne Louw**  
Human Resources

The provision of the NSFAF loan enables me to complete my Human Resource programme. It also means taking the burden off my parents' shoulders by financing my modules and providing non-tuition fees.



## 6.1. Staff Complement

The staff complement is 104 permanent positions. However due to the economic challenges experienced, measures were taken to freeze 34 positions for the financial year. Thus, the Fund operated with 70 permanent staff members for the period under review on a workload sharing basis. About 16 temporary workers were brought in to assist especially during the peak season of online application process. The table below depicts the staff complement for 2017/2018 per department:



### 6.1.1. Appointments and Staff Movement

Five staff members were appointed during the period under review. Four of the new appointed are management and one non-management. NSFAF appointed 36 temporary workers who worked on various projects, mainly online applications. Some temporary workers assisted in awards, payments, Student Care Centre, finance, and marketing.

### 6.1.2. Promotions

NSFAF believes in assisting its staff members with the potential and willpower to grow with the company. Three staff members were promoted during the period under review.

| No    | Position                                                        | Quantity |        | Total |
|-------|-----------------------------------------------------------------|----------|--------|-------|
|       |                                                                 | Male     | Female |       |
| 1     | Receptionist – Logistics Officer                                | 0        | 1      | 1     |
| 2     | Student Liaison Officer – Supervisor<br>Student Liaison Officer | 0        | 1      | 1     |
| 3     | Awards Officer – Supervisor<br>Procurement                      | 0        | 1      | 1     |
| TOTAL |                                                                 | 0        | 3      | 3     |

### 6.1.3. Separations

The labour turnover for the period under review was three people who occupied the position of Chief Financial Officer, Manager Student Care Centre and Logistics Officer. All three resigned voluntarily.

## 6.2. Learning and Development

### 6.2.1. Targeted Interventions

NSFAF strategically availed five learning and development interventions for employees at all levels during the period under review.

| Intervention                                    | Male | Female | Investment        |
|-------------------------------------------------|------|--------|-------------------|
| Group Coaching                                  | 11   | 7      | 584,677.24        |
| Life Planning Workshop for Executive Assistants | 0    | 3      | 12,000.00         |
| ALI Training                                    | 0    | 3      | 17,000.00         |
| Emotional Intelligence                          | 5    | 21     | 89,962.00         |
| Transformational Leadership                     | 11   | 7      | 247,500.00        |
| <b>Total Investment</b>                         |      |        | <b>951,139.24</b> |

Targeted interventions facilitated during the period under review are listed below:

In total, during the period under review, 16 male employees out of 32 underwent various formal learning and development interventions, while 33 female employees out of 37 took part in several formal learning and development programmes. An amount of N\$951,139.24 was invested into staff training and learning development during the period under review.

### 6.2.2. Private study aid fund

Permanently appointed employees participated in distance-education, modular and part-time studies, which are directly related to their current sphere of work and/or job responsibilities, or for reasonable career progression within NSFAF. NSFAF granted interest-free study loans for registration, tuition, and accommodation and travel expenses.

Below is the allocation of the private study aid fund during the period under review:

| Intervention                              | Male | Female | Investment        |
|-------------------------------------------|------|--------|-------------------|
| Doctorate in Business Administration      | 1    | 0      | 71,824.95         |
| Master's in Business Administration       | 2    | 6      | 363,687.20        |
| Bachelor Hons in Public Management        | 0    | 1      | 34,700.00         |
| Bachelor of Business Administration       | 0    | 1      | 6,520.00          |
| Advanced Diploma in Logistics & Transport | 0    | 1      | 9,815.00          |
| Diploma in Media Studies                  | 0    | 1      | 21,900.00         |
| <b>Total Investment</b>                   |      |        | <b>508,447.15</b> |

NSFAF financially assisted 13 employees to study/upgrade their qualifications in the following disciplines: Business Administration, Public Management, Logistics & Transport and Media Studies. An amount of N\$508,447.15 was invested in the participating employees during the period under review.

### 6.2.3. Investing in our People

The most valuable asset at NSFAF is our people hence around N\$1.4 million was invested into training, learning and development during the period under review.

## 6.3. Employee Relations

### 6.3.1. Union Demands for 2017/2018

In September 2017 NSFAF and NAFINU (being the exclusive bargaining agent of the Fund) agreed and entered into a Collective Agreement to increase the total cost to company (TCTC) of employees within the bargaining unit by 7.5%, with effect from 1 April 2017.



Besides wage negotiations, NSFAF and NAFINU jointly discussed policy imperatives.

In a similar spirit, the Board granted management an increase of 6.1% to the TCTC, with effect from 1 April 2017.

### 6.3.2. Capacitating Workplace Union Representatives

The duly elected workplace union representatives underwent labour relations training in order to keep abreast of industrial trends.

Likewise, first-level supervisors were also trained in various industrial relation aspects such as collective bargaining as well as grievance and disciplinary inquiry management.

### 6.3.3. Employee Engagement

Over 90 percent of employees were involved in various engagements such as strategy review, policy formulation, general staff meetings and employee initiated 'Let's Talk' sessions.

An employee satisfaction survey will be conducted during 2018/2019 financial year on all NSFAF employees, to determine their level of satisfaction and identify strategies to address identified major dissatisfaction(s) as the Fund strives to create a conducive work environment and develop a high performance culture which will translate into excellent customer service.

## 6.4. Employee Wellness

NSFAF promotes health and wellness in the workplace. Therefore, massage therapy sessions were provided quarterly to all employees for de-stressing. In order to promote healthy eating, employees received fruits quarterly. Awareness on social issues such as financial freedom, Mental Health Day were conducted. World Aids day was commemorated.

## 6.5. Stakeholder Relations, Career Fairs, Exhibitions, Student Profiling

### Public Awareness: Online Application

During the period under review, the marketing and communications division focused on increasing public awareness about the Fund's products and services. NSFAF collaborated with numerous stakeholders in achieving the Fund's objectives. As a culture, the Fund intensified its campaigns with visits to secondary schools in the country with the aim of sharing information on funding requirements, accredited institutions (both local and international) as well as application timelines. The 2017 online application was improved to resolve challenges experienced during the 2016 online application. During the application period that commenced in December 2017, NSFAF dispatched teams in all 14 regions to assist applicants as potential beneficiaries to apply for loans. Application facilities such as laptops, printers and internet services were also provided during the application period. This was meant to resolve challenges experienced by students living in rural areas who have little or no access to the above-mentioned devices and internet services.



**Paulina Amutenya**  
Fitter Machinery

The NSFAF loan has not only made provision for my stay at the hostel but also provided funding towards my programme. Thank you NSFAF!

# Stakeholder Engagements



Meeting with O&L



Meeting with NBC



OTF participation



Meeting with VTC students



Meeting with NANSO

Regular updates on student welfare and information were shared with students and the public on award status, payments, loan extensions, transfers and changing of study programmes and Institutions. NSFAP also participated in trade/exhibitions and career fairs countrywide to communicate information and attend to enquiries. A total number of 40 exhibitions/career fairs were attended.

In addition, the Fund has actively communicated and updated the public on payments, awards, scholarships and online application process via social media platforms, website, print media, television and radio.

To enhance and maintain relationships with its external stakeholders, the Fund initiated engagements with the following stakeholders:

- **Mining sector** - Internship and employment opportunities for NSFAP-funded mining students.
- **Namibia National Students Organisation** - Update on student awards, payment status, and the establishment of committees.
- **Namibia Port Authority** - Provision of internship and employment opportunities for NSFAP-funded students and co-sponsorship.
- **Ohlthaver and List** - Collaboration opportunities for NSFAP in hospitality and related fields.
- **Windhoek Vocational Centre** - Payment process of VTC students.
- **Namibia Training Authority** - Collaboration on the profiling of VTC students via NSFAP/NTA agreement.
- **Namibia Broadcasting Corporation** - Collaboration on the profiling of NSFAP post and current beneficiaries.
- **Institutions of Higher Learning** - Update on student award and payment processes.
- **School visits** - Over 167 schools were visited in all regions. The objective of the visits was to provide information to potential beneficiaries on qualification criteria.



# Information Technology



**Heleana Goncalves**  
Pharmacy

I am very grateful to NSFAF for providing me with a study loan and giving me the opportunity to study at the school of pharmacy. Thank you NSFAF!





At NSFAF, information technology (IT) continues to play a critical role in transforming the operations and improving customer experience.

During the year under review, the following IT initiatives were completed:

#### **Improvement in the online application process**

NSFAF launched an online application for funding in 2016 which allowed the fund to move away from the cumbersome and inefficient manual process. Although the online application process proved successful, all students were allowed to apply online including those that were not eligible which created more work for the team that validated the applications.

In order to address this shortcoming, the online application process was enhanced by integrating the Grade 12 students' examination results into the management information system which was then used to prevent the applicants who are not eligible for funding to apply. This enhancement reduced the number of applications that needed to be validated to eligible students, which improved our service delivery.

#### **Students' portal rollout**

An online student portal was successfully rolled out during the financial year under review. The portal allowed students to track their applications, download documents such as award letters and contracts, and upload requested documents and send queries to NSFAF Student Care Centre. The rollout has reduced student visits to NSFAF office.

#### **The prevalence of social media used by students**

The Fund, being cognisant of students' desirability to social media, undertook a project to integrate the online application platform with Facebook. As a result, students are able to check the status of their applications and payments from Facebook.

#### **IT governance**

During the period under review, terms of reference were developed for the implementation of the IT governance of the Fund. The IT governance framework ensures that IT investments are in line with the strategic objectives of the organisation.

#### **Distribution of student payments**

During the period under review, terms of reference were developed to acquire banking services to cost effectively distribute the payments to students in Namibia, SADC and the rest of the world.



# Financial Information



**Vaino Heita**  
Boilermaker

I am grateful to NSFAF for the tuition and non-tuition fees provide. The refunds cover my transport and study tools for all my practicals at the Windhoek Vocational Education Centre.



# Annual Financial Statements for the year ended 31 March 2018

## Directors' Responsibility 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 their responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the Annual Financial Statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach.

The focus of risk management in the Fund is on identifying, assessing, managing and monitoring, all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

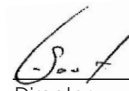
The directors have reviewed the Fund's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Fund's annual financial statements. The annual financial statements have been examined by the Fund's external auditors and their report is presented on page 37.

The annual financial statements set out on pages 39 to 47, which have been prepared on the going concern basis, were approved by the board of directors on 27 September 2018 and were signed on its behalf by:

Approval of financial statements

  
Director

 3/10/2018.  
Director

Windhoek

Date: 4/10/18



# Annual Financial Statements for the year ended 31 March 2018

## Independent Auditor's Report

### To the Minister of Higher Education, Training and Innovation

#### Our disclaimer of opinion

We do not express an opinion on the financial statements of Namibia Students Financial Assistance Fund (the Fund). Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### What we have audited

Namibia Students Financial Assistance Fund's financial statements set out on pages 38 to 47 comprise:

- the directors' report for the year ended 31 March 2018;
- the statement of financial position as at 31 March 2018;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

#### Basis for disclaimer of opinion

The Fund's records did not provide sufficient audit evidence for the recording of the student loans balances of N\$2,494,516,556 (2017: N\$1,912,168,624) and student grants N\$515,604,273 (2017: N\$307,266,877) due to a break down in internal controls. As a result we could not perform sufficient and appropriate audit procedures. As a result, we were unable to determine whether any adjustments would be required in respect of recorded or unrecorded student loans or grants, provision for doubtful student loans and the related elements making up the statements of financial position, statement of profit or loss and other comprehensive income and changes in equity and cash flows. In addition to the above matter management could not provide us with support for the total value of commitments relating to the student loans of N\$2,494,516,556 (2017: N\$1,912,168,624) and student funding expenses amounting to N\$529,880,572 (2017: N\$344,602,804).

Consequently we could not satisfy ourselves as to the completeness of disclosures related to commitments and the classification (long term vs short term) of student loans balances. Also before May 2013, the Fund was part of the Ministry of Education. A decision was taken to establish an independent Secretariat. The Secretariat took over all loans advanced and commitments from the Ministry. Management could not provide us with a complete list of all student loans, student grants and related commitments taken over from the Ministry. As a result, we were unable to satisfy ourselves over the completeness of these loans, grants, recoveries and related commitments. This item was raised in prior year as well.

Our audit opinion was also modified similarly in the prior years.

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Namibia Students Financial Assistance Fund Annual Financial Statements for the year ended 31 March 2018. Other information does not include the financial statements and our auditor's report thereon. We have read the other information and, in doing so, considered whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. However, due to the disclaimer of opinion in terms of the International Standard on Auditing (ISA) 705 (Revised), Modifications to the Opinion in the Independent Auditor's Report, we are unable to report further on this other information.

#### Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard for Small and Medium-sized Entities, and the State Owned Enterprises Governance Act of 2006, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Fund'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 the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Fund's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Namibia. We have fulfilled our other ethical responsibilities in accordance with this and in accordance with other ethical requirements applicable to performing audits in Namibia.



PricewaterhouseCoopers  
Registered Accountants and Auditors  
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo  
Partner

Windhoek

Date: 19/10/2018



# Annual Financial Statements for the year ended 31 March 2018

## 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 2018.

### 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.

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

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

### 2. Review of financial results and activities

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

Full details of the financial position, results of operations and cash flows of the company are set out in these Annual Financial Statements.

### 3. Directors

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

| Directors                            | Nationality | Changes                             |
|--------------------------------------|-------------|-------------------------------------|
| A. Nankela                           | Namibian    | Service term ended 31 December 2017 |
| F. Gertze                            | Namibian    | Service term ended 31 December 2017 |
| L. van Wyk                           | Namibian    | Service term ended 31 December 2017 |
| M. Ntinda                            | Namibian    | Service term ended 31 December 2017 |
| P. Karuaihe-Martin (Chairperson)     | Namibian    | Service term ended 31 December 2017 |
| T. Angala                            | Namibian    | Service term ended 31 December 2017 |
| J. Mutumba (Chairperson)             | Namibian    | Appointed 17 January 2018           |
| C. Swart-Opperman (Vice-chairperson) | Namibian    | Appointed 17 January 2018           |
| S. Tjiuoro                           | Namibian    | Appointed 17 January 2018           |
| A. Abner                             | Namibian    | Appointed 17 January 2018           |
| A. Angula                            | Namibian    | Appointed 17 January 2018           |
| N. Cheikhoussef                      | Namibian    | Appointed 17 January 2018           |
| I. Neema                             | Namibian    | Appointed 17 January 2018           |
| T. Munyika                           | Namibian    | Appointed 17 January 2018           |

### 4. Events after the reporting period

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

### 5. Going concern

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

### 6. Auditor

PricewaterhouseCoopers will continue in office as the auditor for the company for 2018.

### 7. Secretary

The company secretary is F. Immanuel

### Postal address

P.O. Box 23053  
Windhoek  
Namibia

### Business address

51 - 52 Werner List Street  
United Africa Building, 3rd Floor

# Annual Financial Statements for the year ended 31 March 2018

## Statement of Financial Position as at 31 March 2018

|                                     | Note(s) | 2018<br>N\$          | 2017<br>N\$          |
|-------------------------------------|---------|----------------------|----------------------|
| <b>Assets</b>                       |         |                      |                      |
| <b>Non-Current Assets</b>           |         |                      |                      |
| Property, plant and equipment       | 2       | 195,194,797          | 104,389,642          |
| Student loans                       | 3       | 2,494 516,556        | 1,912,168,624        |
|                                     |         | <b>2,689,711,353</b> | <b>2,016,558,266</b> |
| <b>Current Assets</b>               |         |                      |                      |
| Trade and other receivables         | 4       | 615,061              | 434,123              |
| Prepayments                         | 5       | 41,515,821           | 347,021              |
| Cash and cash equivalents           | 6       | 44,534,749           | 24,070,325           |
|                                     |         | <b>86,665,631</b>    | <b>24,851,469</b>    |
| <b>Total Assets</b>                 |         | <b>2,776,376,984</b> | <b>2,041,409,735</b> |
| <b>Equity and Liabilities</b>       |         |                      |                      |
| <b>Equity</b>                       |         |                      |                      |
| Accumulated funds                   |         | 2,608,921,962        | 1,935,337,998        |
| <b>Liabilities</b>                  |         |                      |                      |
| <b>Current Liabilities</b>          |         |                      |                      |
| Trade and other payables            | 7       | 162,455,021          | 98,071,737           |
| Provisions                          | 17      | 5,000,000            | 8,000,000            |
|                                     |         | <b>167,455,021</b>   | <b>106,071,737</b>   |
| <b>Total Equity and Liabilities</b> |         | <b>2,776,376,984</b> | <b>2,041,409,735</b> |

## Statement of Comprehensive Income

|                                         | Note(s) | 2018<br>N\$        | 2017<br>N\$        |
|-----------------------------------------|---------|--------------------|--------------------|
| Grants for administrative costs         | 8       | 173,336,639        | 141,466,638        |
| Grants for student funding              | 8       | 1,172,044,525      | 742,699,851        |
| Recoveries of previously impaired loans | 8       | 4,057,691          | 4,523,241          |
| Other income                            | 9       | 20,950             | 32,200             |
| Student funding expenses                |         | (529,880,572)      | (344,602,804)      |
| Impairment of student loans             |         | (64,705,326)       | (184,177,067)      |
| Administrative expenses                 |         | (84,420,878)       | (89,147,881)       |
| <b>Surplus before Investment Income</b> |         | <b>670,453,029</b> | <b>270,794,178</b> |
| Investment income                       | 10      | 3,130,934          | 6,473,380          |
| <b>Surplus for the Year</b>             |         | <b>673,583,963</b> | <b>277,267,558</b> |

## Statement of Change in Equity

|                                 | Accumulated Funds<br>N\$ | Total Funds<br>N\$   |
|---------------------------------|--------------------------|----------------------|
| <b>Balance at 01 April 2015</b> | <b>870,142,555</b>       | <b>870,142,555</b>   |
| Surplus for the year            | 787,927,888              | 787,927,888          |
| <b>Balance at 01 April 2016</b> | <b>1,658,070,443</b>     | <b>1,658,070,443</b> |
| Surplus for the year            | 277,267,555              | 277,267,555          |
| <b>Balance at 31 March 2017</b> | <b>1,935,337,998</b>     | <b>1,935,337,998</b> |
| Surplus for the year            | 673,583,963              | 673,583,963          |
| <b>Balance at 31 March 2018</b> | <b>2,608,921,962</b>     | <b>2,608,921,962</b> |



# Annual Financial Statements for the year ended 31 March 2018

## Statement of Cash Flows

|                                                  | Note(s) | 2018<br>N\$            | 2017<br>N\$            |
|--------------------------------------------------|---------|------------------------|------------------------|
| <b>Cash flows from Operating Activities</b>      |         |                        |                        |
| <b>Receipts</b>                                  |         |                        |                        |
| Grants for capital fund and administration costs | 8       | 173,336,639            | 141,466,638            |
| Grants for student funding                       | 8       | 1,172,044,525          | 742,699,851            |
| Recoveries                                       | 8       | 4,057,691              | 4,523,241              |
| Other income                                     | 9       | 20,950                 | 32,200                 |
|                                                  | 8       | <b>1,349,459,805</b>   | <b>888,721,930</b>     |
| <b>Payments</b>                                  |         |                        |                        |
| For student awards                               |         | (1,157,616,833)        | (984,449,172)          |
| To employees and suppliers                       |         | (81,922,227)           | (71,830,265)           |
|                                                  |         | <b>(1,239,539,060)</b> | <b>(1,056,279,437)</b> |
| <b>Net Cash from Operating Activities</b>        | 13      | <b>109,920,746</b>     | <b>(167,557,507)</b>   |
| <b>Cash Flows from Investing Activities</b>      |         |                        |                        |
| Acquisition of property, plant and equipment     | 2       | (92,587,256)           | (73,689,352)           |
| Interest income                                  | 10      | 3,130,934              | 6,473,379              |
| <b>Net Cash to Investing Activities</b>          |         | <b>(89,456,322)</b>    | <b>(67,215,973)</b>    |
| <b>Total Cash Movement for the Year</b>          |         | <b>20,464,424</b>      | <b>(234,733,480)</b>   |
| Cash at the beginning of the year                |         | 24,070,325             | 258,843,805            |
| <b>Total Cash at end of the Year</b>             | 6       | <b>44,534,749</b>      | <b>24,070,325</b>      |

## Accounting Policies

### 1. Presentation of annual financial statements

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

These accounting policies are consistent with the previous period.

#### 1.1. Significant judgements and sources of estimation uncertainty

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

#### Key sources of estimation uncertainty

Useful lives and residual values of property, plant and equipment

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

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

#### Impairment testing

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

# Annual Financial Statements for the year ended 31 March 2018

## 1.2. Property, plant and equipment

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

| Item                   | Depreciation method | Average useful life |
|------------------------|---------------------|---------------------|
| Buildings              | Straight line       | Not depreciated     |
| Furniture and fixtures | Straight line       | 7-15 years          |
| Motor vehicles         | Straight line       | 5 years             |
| Office equipment       | Straight line       | 5 years             |
| IT equipment           | Straight line       | 3-5 years           |

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

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

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

## 1.3. Financial instruments

### Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes,

in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

### Financial instruments at amortised cost

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

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

### Financial instruments at cost

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

### Financial instruments at fair value

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

## Student Loans

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

At each reporting date, student loans are impaired based on 10% N\$64,705,326 (2017: N\$184, 177,067; 10%) of the total book value of the loans. Impairment losses are recognised in profit or loss.

## Cash and cash equivalents

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

## 1.4. Leases

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

### Operating leases - lessee

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

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis; or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.



# Annual Financial Statements for the year ended 31 March 2018

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

## 1.5. Legacy rewards

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

## 1.6. Impairment of assets

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

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

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

## 1.7. Employee benefits

### Short-term employee benefits

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

## Accounting Policies

### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected unit credit method.

Past service costs are recognised immediately as an expense.

Actuarial gains or losses are recognised in other comprehensive income.

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

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

### Termination benefits

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

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

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

## 1.8. Provisions and contingencies

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

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

Provisions are not recognised for future operating losses.

## Accounting Policies

### 1.9. Government grants

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

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

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

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

# Annual Financial Statements for the year ended 31 March 2018

## 1.10. Revenue

Revenue comprises of grants received for student funding and administration costs, recoveries of loans awarded prior to fund becoming an independent Secretariat, interest on student loans and donations received or receivable from the Ministry of Higher Education, Training and Innovation in the ordinary course of the Fund's activities.

The Fund recognises revenue when:

- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity;
- and specific criteria have been met for each of the Fund's activities, as described below.

### (a) Government grants

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

### (b) Interest income

Interest is recognised in profit or loss, using the effective interest rate method.

### (c) Recoveries

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

## 1.11. Foreign exchange

### Foreign currency transactions

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

The Fund carries the foreign currency risk.

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

At the end of each reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

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

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



**Rheinely Gadisha Doeses**  
Science

Being a NSFAP beneficiary is one of the greatest opportunities of my life. Education is one of the many keys to success. I intend on using this financial assistance wisely and making a success of my studies.

# Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

### 2. Property, plant and equipment

|                             | 2018               |                          |                    | 2017               |                          |                    |
|-----------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------------|--------------------|
|                             | Cost               | Accumulated Depreciation | Carrying Value     | Cost               | Accumulated Depreciation | Carrying Value     |
| Furniture and fixtures      | 2,323,543          | (1,278,904)              | 1,044,639          | 2,323,300          | (922,029)                | 1,401,271          |
| Motor vehicles              | 1,255,155          | (881,706)                | 373,449            | 1,255,155          | (630,675)                | 624,480            |
| Office equipment            | 2,293,600          | (1,470,716)              | 822,884            | 2,288,002          | (1,012,462)              | 1,275,540          |
| IT equipment                | 3,621,355          | (2,378,170)              | 1,243,185          | 3,504,797          | (1,662,229)              | 1,842,568          |
| Building under construction | 191,710,641        | -                        | 191,710,641        | 99,245,783         | -                        | 99,245,783         |
|                             | <b>201,204,294</b> | <b>(6,009,496)</b>       | <b>195,194,797</b> | <b>108,617,037</b> | <b>(4,227,395)</b>       | <b>104,389,642</b> |

#### Reconciliation of property, plant and equipment - 2018

|                             | Opening Balance    | Additions         | Depreciation       | Total              |
|-----------------------------|--------------------|-------------------|--------------------|--------------------|
| Furniture and fixtures      | 1,401,271          | 243               | (356,876)          | 1,044,639          |
| Motor vehicles              | 624,480            | -                 | (251,031)          | 373,449            |
| Office equipment            | 1,275,540          | 5,597             | (458,254)          | 822,883            |
| IT equipment                | 1,842,568          | 116,558           | (715,941)          | 1,243,185          |
| Building under construction | 99,245,783         | 92,464,858        | -                  | 191,710,641        |
|                             | <b>104,389,642</b> | <b>92,587,256</b> | <b>(1,782,101)</b> | <b>195,194,797</b> |

#### Reconciliation of property, plant and equipment - 2017

|                             | Opening Balance   | Additions         | Depreciation       | Total              |
|-----------------------------|-------------------|-------------------|--------------------|--------------------|
| Furniture and fixtures      | 1,626,520         | 117,241           | (342,490)          | 1,401,271          |
| Motor vehicles              | 875,511           | -                 | (251,031)          | 624,480            |
| Office equipment            | 1,675,064         | 51,232            | (450,756)          | 1,275,540          |
| IT equipment                | 2,080,510         | 429,402           | (667,344)          | 1,842,568          |
| Building under construction | 26,154,306        | 73,091,477        | -                  | 99,245,783         |
|                             | <b>32,411,911</b> | <b>73,689,352</b> | <b>(1,711,621)</b> | <b>104,389,642</b> |

### Details of properties

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

### 3. Student loans

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

| 2018                        | New Awards Loans   | Continuing Loans     | Total                |
|-----------------------------|--------------------|----------------------|----------------------|
| Opening balance             | 613,777,276        | 1,510,854,528        | 2,124,631,804        |
| Loans awarded               | 223,147,819        | 356,404,865          | 579,552,684          |
| Student accruals            | 52,401,639         | 15,098,935           | 67,500,574           |
| Impairment of student loans | (88,932,673)       | (188,235,833)        | (277,168,506)        |
|                             | <b>800,394,061</b> | <b>1,694,122,495</b> | <b>2,494,516,556</b> |

| 2017                        | New Awards Loans   | Continuing Loans     | Total                |
|-----------------------------|--------------------|----------------------|----------------------|
| Opening balance             | 305,146,447        | 1,109,159,208        | 1,414,305,655        |
| Loans awarded               | 276,852,681        | 369,538,820          | 646,391,501          |
| Student accruals            | 31,778,148         | 32,156,500           | 63,934,648           |
| Impairment of student loans | (61,377,728)       | (151,085,453)        | (212,463,181)        |
|                             | <b>552,399,548</b> | <b>1,359,769,075</b> | <b>1,912,168,624</b> |

### 4. Trade and other receivables

|             | 2018 N\$ | 2017 N\$ |
|-------------|----------|----------|
| Staff Loans | 615,061  | 434,123  |

### 5. Prepayments

|                          | 2018 N\$          | 2017 N\$       |
|--------------------------|-------------------|----------------|
| Prepaid rental deposits  | 347,021           | 347,021        |
| Prepaid student deposits | 41,168,800        | -              |
|                          | <b>41,515,821</b> | <b>347,021</b> |



# Annual Financial Statements for the year ended 31 March 2018

|                                                  | 2018 N\$             | 2017 N\$           |
|--------------------------------------------------|----------------------|--------------------|
| <b>6. Cash and cash equivalents</b>              |                      |                    |
| Cash and cash equivalents consist of:            |                      |                    |
| Cash on hand                                     | 2,542                | (447)              |
| Bank balances                                    | 44,520,762           | 24,060,002         |
| Short-term deposits                              | 11,445               | 10,770             |
|                                                  | <b>44,534,749</b>    | <b>24,070,325</b>  |
| <b>7. Trade and other payables</b>               |                      |                    |
| Deferred revenue                                 | 56,000,000           | -                  |
| Trade payables                                   | 15,366,441           | 8,461,850          |
| Student loans accruals                           | 86,904,404           | 82,237,667         |
| Payroll related accruals                         | 9,099,306            | 7,372,220          |
|                                                  | <b>167,370,151</b>   | <b>98,071,737</b>  |
| <b>8. Revenue</b>                                |                      |                    |
| Grants for student funding                       | 1,172,044,525        | 742,699,851        |
| Recoveries                                       | 4,057,691            | 4,523,241          |
| Grants for capital fund and administration costs | 173,336,639          | 141,466,638        |
|                                                  | <b>1,349,438,855</b> | <b>888,689,730</b> |
| <b>9. Other income</b>                           |                      |                    |
| Refunds - tertiary institutions                  | -                    | -                  |
| Tender documentation fees                        | 20,950               | 32,200             |
|                                                  | <b>20,950</b>        | <b>32,200</b>      |
| <b>10. Investment revenue</b>                    |                      |                    |
| Interest revenue                                 |                      |                    |
| Bank                                             | <b>3,130,934</b>     | <b>6,473,380</b>   |

## 11. Taxation

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

## 12. Auditor's remuneration

|      |                |                |
|------|----------------|----------------|
| Fees | <b>439,972</b> | <b>574,002</b> |
|------|----------------|----------------|

## 13. Cash (used in) generated from operations

|                                    |                    |                     |
|------------------------------------|--------------------|---------------------|
| Surplus for the year               | 673,583,963        | 277,267,555         |
| <b>Adjustments for:</b>            |                    |                     |
| Depreciation and amortisation      | 1,782,101          | 1,711,621           |
| Interest received - investment     | 3,130,934          | -6,473,380          |
| Movements in provisions            | -3,000,000         | 8,000,000           |
| Impairments of student loans       | 64,705,326         | 184,177,067         |
| <b>Changes in working capital:</b> |                    |                     |
| Trade and other receivables        | -180,938           | -434,123            |
| Prepayments                        | -41,168,800        | 23,440              |
| Trade and other receivables        | 58,121,418         | 78,496,462          |
| Student loans                      | -647,053,258       | -710,326,149        |
|                                    | <b>109,920,746</b> | <b>-167,557,507</b> |

## 14. Commitments

|                                                     |                                |                    |
|-----------------------------------------------------|--------------------------------|--------------------|
| <b>Authorised capital expenditure</b>               |                                |                    |
| <b>Already contracted for but not provided for</b>  | *Property, plant and equipment |                    |
|                                                     | <b>38,013,963</b>              | <b>110,552,832</b> |
| <b>Operating leases - as lessee (expense)</b>       |                                |                    |
| <b>Minimum lease payments due - within one year</b> | <b>1,765,739</b>               | <b>4,382,501</b>   |

# Annual Financial Statements for the year ended 31 March 2018

## Notes to the Annual Financial Statements

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

### Legacy commitments

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

## 15. Related Parties

### Relationships

|                           |                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Line Ministry             | Ministry of High Education, Training and Innovation                                                                                                                                                                                                                                                                                                                                                                |
| Directors                 | J. Mutumba (Chairperson)<br>C. Swart-Opperman (Vice-chairperson)<br>S. Tjiuoro<br>A. Abner<br>A. Angula<br>N. Cheikhoussef<br>I. Neema<br>T. Munyika                                                                                                                                                                                                                                                               |
| Members of key management | H. Nghiwete (Chief Executive Officer)<br>O. Hamwele (Chief Capital & Corporate Affairs)<br>J. Nyandoro (Chief Financial Officer)<br>N. Uushona (Chief Information Officer)<br>E. Mvula (Chief Operating Officer)<br>C. Koopman (Senior Manager: Finance)<br>P. Tjahere (Senior Manager: Marketing and<br>K. Kandume (Senior Manager: Operations)<br>F. Immanuel (Company Secretary)<br>H. Ntema (Internal Auditor) |

### Related party balances and transactions with entities with other related parties

#### Related party transactions

|                       | 2018 N\$     | 2017 N\$  |
|-----------------------|--------------|-----------|
| <b>Key management</b> |              |           |
| Salaries              | 9,081,641.57 | 9,071,000 |

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

### Grants received from related parties

| Note(s)                                                                           | 2018 N\$      | 2017 N\$    |
|-----------------------------------------------------------------------------------|---------------|-------------|
| Grants for capital fund and administration fees                                   | 173,336,639   | 141,466,638 |
| Grants for student funding: Ministry of Higher Education, Training and Innovation | 1,172,044,525 | 742,699,851 |

## 16. Directors' remuneration

Directors' remuneration of N\$933,467 (2017: N\$1,445,631) was paid to directors during the year.

## 17. Provisions

### Reconciliation of provisions - 2018

|                  | Opening balance | Movement    | Total     |
|------------------|-----------------|-------------|-----------|
| Legal settlement | 8,000,000       | (3,000,000) | 5,000,000 |

### Revenue

|                                                  |               |             |
|--------------------------------------------------|---------------|-------------|
| Recoveries                                       | 4,057,691     | 4,523,241   |
| Grants for capital fund and administration costs | 173,336,639   | 141,466,638 |
| Grants for student funding                       | 1,172,044,525 | 742,699,851 |
| 8                                                | 1,349,438,855 | 888,689,730 |

### Other income

|                                |           |               |
|--------------------------------|-----------|---------------|
| Refund - tertiary institutions | 20,950    | 32,200        |
| Tender documentation fees      | 3,130,934 | 6,473,380     |
| Interest received              | 10        | 1,349,438,855 |
|                                |           | 888,689,730   |

### Other expenses

|                             |              |               |
|-----------------------------|--------------|---------------|
| Impairment of student loans | (64,705,326) | (184,177,067) |
|                             | (64,705,326) | (184,177,067) |

# Annual Financial Statements for the year ended 31 March 2018

|                                  | Note(s) | 2018 N\$     | 2017 N\$     |                                       | Note(s) | 2018 N\$             | 2017 N\$             |
|----------------------------------|---------|--------------|--------------|---------------------------------------|---------|----------------------|----------------------|
| <b>Administrative expenses</b>   |         |              |              | Subscriptions                         |         | (457,536)            | (166,029)            |
| Advertising                      |         | (890,302)    | (3,915,392)  | Training                              |         | (692,692)            | (940,761)            |
| Auditor's remuneration           | 12      | (439,972)    | (574,002)    | Travel and accommodation              |         | (2,299,190)          | (2,616,012)          |
| Bank charges                     |         | (616,577)    | (573,958)    | Telephone and fax                     |         | (1,576,207)          | (2,353,274)          |
| Board and subcommittee fees      |         | (933,467)    | (1,445,631)  | Water and electricity                 |         | (1,201,050)          | (549,285)            |
| Cleaning                         |         | (81,991)     | (85,329)     | Workshops and conferences             |         | (286,278)            | (721,252)            |
| Computer expenses                |         | (7,595)      | (227,635)    |                                       |         | <b>(84,420,878)</b>  | <b>(89,147,884)</b>  |
| Consulting and professional fees |         | (2,056,948)  | (5,483,741)  | Student funding expenses              |         |                      |                      |
| Depreciation                     |         | (1,782,101)  | (1,711,621)  | Postgraduate awards                   |         | (8,586,939)          | (2,695,183)          |
| Employee costs                   |         | (52,744,502) | (44,759,459) | Solidarity scholarships               |         | -                    | -                    |
| Entertainment                    |         | (192,987)    | (224,090)    | Student accommodation and medical     |         | -                    | (4,285)              |
| General expenses                 |         | (1,468,826)  | (2,029,107)  | Student flight and travel expenses    |         | (5,689,360)          | (12,695,782)         |
| Insurance                        |         | (103,287)    | (112,788)    | Student stipends                      |         | -                    | (21,940,677)         |
| Lease rentals on operating lease |         | (4,138,623)  | (4,266,958)  | Undergraduate student awards (grants) |         | (515,604,273)        | (307,266,877)        |
| Motor vehicle expenses           |         | (643,592)    | (643,984)    |                                       |         | <b>(529,880,572)</b> | <b>(344,602,804)</b> |
| Office refreshments              |         | (225,896)    | (273,740)    | Total Income for the year             |         | <b>1,352,590,739</b> | <b>895,195,310</b>   |
| Car hire                         |         | (31,596)     | (11,277)     | Less total expenses                   |         | <b>(679,006,776)</b> | <b>(617,927,755)</b> |
| Postage                          |         | (30,038)     | (62,267)     |                                       |         |                      |                      |
| Printing and stationery          |         | (1,620,829)  | (1,380,104)  | Surplus for the year                  |         | <b>673,583,963</b>   | <b>277,267,555</b>   |
| Projects                         |         | (6,703,824)  | (5,373,594)  |                                       |         |                      |                      |
| Provision for legal settlement   |         | (3,000,000)  | (8,000,000)  |                                       |         |                      |                      |
| Recruitment and selection        |         | (42,375)     | (24,100)     |                                       |         |                      |                      |
| Repairs and maintenance          |         | (10,705)     | (18,067)     |                                       |         |                      |                      |
| Security                         |         | (88,157)     | (79,664)     |                                       |         |                      |                      |
| Staff welfare                    |         | (53,735)     | (524,763)    |                                       |         |                      |                      |

**The supplementary information presented does not form part of the Annual Financial Statements and is unaudited**





NSFAF

Senegal Students Financial Assistance Fund

## Notes

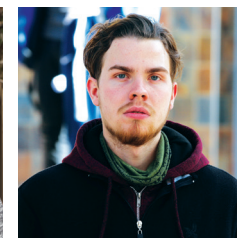
[illegible]

## Notes

[illegible]







Phone: +264 61 434 6000

Fax: +264 61 233 940

Email: [studentsrelations@nsfaf.com.na](mailto:studentsrelations@nsfaf.com.na)

Webstie: [www.nsfaf.fund](http://www.nsfaf.fund)

Eros Weg 746, Eros, Windhoek

