

# ANNUAL REPORT

2018/2019

**NSFAF**  
Namibia Students Financial Assistance Fund



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1st Print Edition

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## **NSFAF ANNUAL REPORT 2018/2019**

Operational, personnel, marketing, governance and financial information about the activities of the Namibia Students Financial Assistance Fund for the year 2018/2019.

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

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The infographic is a circular diagram with a central circle labeled "TABLE OF CONTENTS". Surrounding this central circle are eight segments, each containing an icon, a title, and a page number. The segments are arranged in a circular pattern, alternating between dark blue and orange backgrounds. The page numbers are enclosed in white circles with orange borders.

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## EXECUTIVE SUMMARY



The Namibia Students Financial Assistance Fund is a statutory body established and mandated to provide financial assistance to students, as well as to recover monies disbursed in the form of grants and loans.

Despite structural, financial and regulatory challenges plaguing higher education, NSFAF has managed to honorably execute its duties within that mandate and contribute to the national ideals of equity, inclusivity and the strengthening of research capacity.

The challenges facing the Fund over the period under review were manifold. These included a less than efficient recovery arrangement; negative publicity and allegations of maladministration; an underperforming Loans and Grants Administration Management System (LGAMIS); and budget overcommitments due to increasing beneficiary numbers and frequent board meetings.

The current Board was appointed in January 2018 and has worked diligently to address these issues. With guidance from the 8-member Board of Directors, Management executed activities of the Fund.

Some of the interventions instituted included the reevaluation of existing contracts; an overhaul of LGAMIS; the development of a funding sustainability model; and the revamping and introduction of old and new Fund policies, respectively.

In addition, more than N\$1.7 billion was accounted for, a public education campaign was launched to improve the Fund's reputation, and significant investments in enterprise technology were planned for the subsequent financial year.

During the period under review, NSFAF provided financial assistance through loans, grants and related products to 11 215 students. This has brought the total number of students awarded financial assistance by NSFAF to 74 881 over a period of six years.

The Ministry of Finance made available N\$1,609,000,000 for the 2018 academic year towards student funding. Although there was an increase in the total number of beneficiaries awarded locally, this figure experienced a decrease in 2018 due to the tightening of qualifying criteria and budgetary constraints. While there was a reduction in the overall number of undergraduate and postgraduate beneficiaries, there was a positive increase of 15% in the number of VET beneficiaries from 3248 (during 2017/18) to 3830 during the period under review.

During the year under review, the Fund disbursed N\$1,337,178,141 in student financial assistance, with new students getting N\$363,425,153 and continuing students netting N\$973,752,987. In order of decreasing magnitude, the largest number of students funded per field of study belongs to those in education and related fields, followed by students in medicine, nursing and related sciences; and thirdly by students from the humanities and social work fields.



## GENERAL INFORMATION



|                                              |                                                                                                                                                                                                                                                                           |
|----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country of incorporation and domicile:       | Namibia                                                                                                                                                                                                                                                                   |
| Nature of business and principal activities: | NSFAF's principal activities include providing financial assistance in the form of loans and scholarships to eligible students at public and private accredited higher education institutions (HEIs) in Namibia and abroad.                                               |
| Directors:                                   | J. Mutumba (Chairperson) – stepped down on 14 March 2019<br>K. /Awarab (Chairperson) – appointed on 18 March 2019<br><br>C. Swart-Opperman (Deputy Chairperson)<br>T. Munyika<br>S. Tjiuoro<br>A. Angula<br>I. Neema<br>N. Cheikhoussef – stepped down on 18 October 2018 |
| Business address:                            | 746 Eros Road<br>Eros<br>Windhoek<br>Namibia                                                                                                                                                                                                                              |
| Postal address:                              | P. O. Box 23053<br>Windhoek<br>Namibia                                                                                                                                                                                                                                    |
| Bankers:                                     | Bank Windhoek Limited<br>First National Bank of Namibia (FNB)                                                                                                                                                                                                             |
| Auditors:                                    | Office of the Auditor-General<br>123 Robert Mugabe Avenue<br>Private Bag 13299<br>Windhoek<br>Namibia                                                                                                                                                                     |
| Lawyers:                                     | Ellis Shilengudwa Inc.                                                                                                                                                                                                                                                    |

## ABBREVIATIONS



|              |                                                             |
|--------------|-------------------------------------------------------------|
| ARC          | Audit & Risk Committee                                      |
| ACEO         | Acting Chief Executive Officer                              |
| ICT          | Information & Communication Technology                      |
| HR & FinComm | Human Resources & Finance Committee                         |
| IHLs         | Institution(s) of Higher Learning                           |
| LGAMIS       | Loan and Grant Administration Management Information System |
| MHETI        | Ministry of Higher Education, Training and Innovation       |
| NAMCOL       | Namibia College of Open Learning                            |
| NANSO        | Namibia National Students Organisation                      |
| NSFAF        | Namibia Students Financial Assistance Fund                  |
| SADC         | Southern Africa Development Community                       |
| SRC          | Students Representative Council                             |
| VET          | Vocational Education and Training                           |



## **SECTION 1: FOREWORDS & REPORTS**



## FOREWORD BY THE MINISTER

**HON. DR. ITAH KANDJII-MURANGI**

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

Prior to independence, access to higher education was a problem for the majority of Namibians. At independence and thereafter, this concern became central to the national strategy on higher education, which falls under the Ministry of Higher Education, Training and Innovation (MHETI).

Although access to higher education remains a challenge 29 years after independence, there have been tremendous improvements following the establishment of the Namibia Students Financial Assistance Fund.

The Fund is a statutory body established and mandated to provide financial assistance to students, as well as to recover monies disbursed in the form of grants and loans. Since inception, NSFAF has executed this strategic role very well amidst operational challenges.

Notwithstanding the improvements recorded nationally in terms of access to further education, there are still some aspects that require attention in order to achieve our desired outcomes. These include equity, inclusivity and the strengthening of research capacity.

Equity refers to instances of awarding financial assistance in a fair, impartial and even-handed

manner based on the needs of each beneficiary. Inclusivity means bringing on board those who would not have had access to the funding opportunities provided by NSFAF due to social circumstances, marginalization and rural bases.

On the other hand, growing and expanding research capacity and facilities at institutions of higher learning (IHLs) helps create the knowledge reserves necessary to implementing the Harambee Prosperity Plan, as well as the ultimate realisation of Vision 2030. In order to meaningfully address the above, the Board has revised the Fund's Financial Assistance and Recovery Policy.

It is worth mentioning that despite the concerted efforts to make tertiary education accessible through the provision of financial assistance, the Fund is almost every year unable to fully meet the demands of financial assistance from applicants due to budgetary constraints.

This situation, coupled with the lack of due diligence on the side of the Fund's management, led to budgetary over-commitment during the 2017/18 financial year, leading to a shortfall in meeting its financial obligations in that particular year. The Fund thus started the 2018/19 financial year, which is the period under review, with an

unacceptably substantial deficit in terms of the student budget.

At this juncture however, I am delighted to record that following the appointment of the current Board (effective 17 January 2018), the Fund enjoyed some milestones with regards to financial prudence, general governance and institutional management.

During the period under review, the NSFAF Board took executed the provision of financial assistance within the approved budgetary appropriation for that period, thus preventing possible over-commitment.

It is beyond dispute that the current Board continues to discharge its fiduciary duties to all its stakeholders. It has to date effectively managed to restore public confidence that had been eroded due to poor institutional management and negative media reports. The governing Board should be equally commended for restoring harmony at the institution amongst the employees, a key element needed for a productive and effective workforce. In addition, the Board has also intensified its engagements with stakeholders as a way of cementing mutual collaborations.



Although there was a reduction in the overall number of undergraduate and postgraduate beneficiaries, there was an increase in the number of VET beneficiaries from 3 248 (during 2017/18) to 3 830 during the period under review; a positive increase of 15% and a step closer to the realisation of the tenets of NDP 5.

To this end, I extend my sincere gratitude to the NSFAF Board and management for observable improvements made. I further urge them not to get complacent during the next financial year and beyond, for we are desirous of an accountable and performance-driven NSFAF.



**Hon. Dr. Itah Kandji-Murangi**

MINISTER OF HIGHER EDUCATION,  
TRAINING & INNOVATION







## CHAIRPERSON'S REPORT

**MR. KLEMENS /AWARAB**

**Chairman of the Board, NSFAF**

The current NSFAF Board took office on or around 18 January 2018. The period under review was the first full financial year presided over by this Board. This report therefore accounts not only for what NSFAF could or could not achieve during the year under review, but also reflects on what occupied the time and energy of the Board during its first 407 days in office. The year under review was characterized by transitional challenges, considering the host of unresolved strategic issues that the Board found dating back to the era of the previous Board. Amongst transitional challenges that the present Board dealt with, the following are pertinent:

### **A) OUTSOURCED RECOVERY CONTRACT**

The institution had in past been criticized for having entered into an outsourced recovery contract, where the Fund was paying more to the consultant than what was actually being recovered. Upon assuming office, the Board interrogated this issue and resolved to cancel the contract, eventually bringing the recovery function back in-house.

### **B) NEGATIVE PUBLICITY**

NSFAF's past has also been characterized by negative publicity resulting from maladministration

and relational challenges within management, between management and Board, as well as with the stakeholder.

It has been the pre-occupation of the Board to rebuild NSFAF's image and restore trust among different stakeholders by addressing these root causes and re-engaging everyone on a mutually progressive basis. To date, NSFAF's outlook has changed to a positive image.

### **C) ALLEGATIONS OF MALADMINISTRATION AND/OR CORRUPTION**

Part of what contributed to the negative image was a perceived maladministration in the way that the affairs of the institution were being managed. The Board addressed this by commissioning a forensic investigation into a host of allegations that faced the institution as a way of getting to the core of the public outcry and the negativity associated with the institution.

### **D) STUDENT PAYMENT SOLUTION**

The relationship between NSFAF and NAMMIC did not escape public criticism, with a call for a more effective and efficient payment solution.

As a result, when the contractual arrangements between NSFAF and NAMMIC came to an end, we entered into a new strategic partnership with Bank Windhoek following a public tender in order to provide a more dynamic student payment solution.

### **E) LOANS AND GRANTS ADMINISTRATION MANAGEMENT SYSTEM (LGAMIS)**

The perceived lack of effectiveness of NSFAF's Loans and Grants Administration Management System (LGAMIS) has been a part of NSFAF's general challenges. There have been challenges regarding the functionality of this system. The Board thus resolved to replace the current LGAMIS with an effective and more responsive one. The successful vendor has been appointed accordingly.

### **F) BUDGET OVER-COMMITMENT**

The Board inherited a student budget with huge deficits because of over-commitment during the 2017/18 financial year. It however resolved that the provision of financial assistance be done within the budgetary allocation and/or available resources.

For the period under review, the awarding of financial assistance was made within this

appropriation. The Board also insisted on general financial prudence across the functional units of the Fund.

### **G) TRANSFORMATION OR INTEGRATION OF NSFAF BACK INTO THE MINISTRY OF HIGHER EDUCATION**

The question of whether NSFAF is best suited to operate as an independent agency or as a department under MHETI has been hovering since the beginning of this Board's reign.

In order to help the stakeholder objectively resolve this pertinent question, the Board commissioned a study which has since been completed and its report duly submitted to the line Minister for appropriate action.

### **H) FREQUENCY OF BOARD MEETINGS AND STREAMLINING OF BOARD COMMITTEES**

The Board has drastically reduced the frequency of its meetings and reduced the number of committees from four to three. This has saved the institution expenditure in the form of sitting and retainer fees.

In addition, the Board has effectively discharged its fiduciary duties with regard to the improvement, development and approval of the governance framework. During the period under review, the following policies were developed:

- Conflict Management Policy
- IT Governance Policy
- Information and Communication Technology (ICT) Acceptable Use Policy
- IT Change Management Policy

- Information Security Policy; and
- Stakeholder Engagement Policy

The following existing policies were further revised:

- Student Financial Assistance & Debt Recovery Policy & Guidelines
- Employee Relations Policy
- Learning & Development Policy
- Recruitment & Selection Policy
- Leave Policy
- Mobile Device Policy; and
- Finance Policy

For the next financial year, the Board's eyes remain on target in accordance with the Fund's enabling Act and Strategic Plan. Therefore, all students and stakeholders can be confident in continuing to vest their trust in the Board as far as service delivery, accountability and good corporate governance are concerned.

With all that has been achieved, gratitude is due to the supportive stewardship of the line Minister, Hon. Dr. Itah Kandjii-Murangi and the entire government. On the other hand, Team NSFAF under the able leadership of the ACEO, Mr. Kennedy Kandume, has been the main strategic asset behind all the business processes that led to the above achievements.



**Klemens /Awarab**

**CHAIRPERSON**



## CEO'S REVIEW

### MR. KENNEDY KANDUME

Acting Chief Executive Officer, NSFAF

I am delighted to present the NSFAF 2018/19 annual report which presents the operational performance, achievements and challenges encountered during the financial year under review, and at the same time highlight plans for the financial year 2019/20.

#### ACHIEVEMENTS

Since its inception, NSFAF has undertaken an important role in providing financial assistance to eligible Namibians to enable further study and research. It is important to emphasize here that the Fund provides financial assistance as opposed to full funding, based on the premise of education being a "shared responsibility".

The following key achievements were recorded during the period under review:

- **Development of a Sustainability Model** - NSFAF recognized that 100% reliance on Treasury allocations is unsustainable, and thus a comprehensive model to reduce this reliance was developed. The model, which highlighted a number of initiatives, was presented to the Cabinet Committee on Treasury and is expected to be approved during the following financial year.
- Allocation within available budget – one of the

challenges experienced previously was the fact that the Fund over-committed by providing financial assistance way above the allocated amount. However, during the financial year under review, allocation was within the provision of the budget or amount availed by Treasury.

- **Accounting for N\$1.7 billion** – During the period under review, the Fund accounted for N\$1.4 billion out of N\$1.7 billion disbursed during the period from 1997 to 2013. It was also established that the remaining N\$300 million was disbursed in the form of cheques to various beneficiaries.
- **Good working relationships with Institutions of Higher Learning** - The Fund maintained a good working relationship with IHLs, which is crucial for service delivery. These relationships enabled students to sit for examinations while waiting for the settlement of tuition fees.
- **Information and public awareness** - In the financial year 2018/19, the Fund continued with its role of communicating with its stakeholders. Various interventions were made to reach all stakeholders, including but not limited to attending trade fairs and flighting radio and television adverts for public awareness.

#### MAJOR POLICY CHALLENGES

The following major policy challenges were faced by the Fund during the year under review:-

- **Higher demand for Loans vis-a-vis a limited budget** - The number of students seeking financial assistance increases every year, and this trend will continue to upwardly influence the increasing budgetary requirements for financial assistance (loans to eligible students). This situation therefore calls for a fresh look for alternative sources of funding for student loans. To address this challenge, the Fund will continue to request more funds from the Government to meet the increasing demand for loans. In addition, the Fund endeavors to mobilize additional resources as indicated in the Sustainability Model in order to reduce the existing reliance on Treasury allocations.
- **Long repayment periods and decreasing value of loans** - As the Fund moves to become a revolving fund, it faced a challenge of maintaining the value of money loaned as debtors are required to start repayment after completion of study. Moreover, the Act stipulates that the repayment period should be 3 times the number of years of study, which



effectively means money loaned can only be fully recovered after about 16 years, on average. While ideally this should be compensated by charging a commensurate interest rate, the current interest rate is charged at half prime. This calls for a review of the interest rate to be raised to a level that can maintain the value of loans and compensate for the longer repayment period.

- *Misconception that NSFAF loans are grants* – NSFAF inherited the loans issued when the Fund was operating within the Ministry of Education (legacy loans issued from 1997–2013). Although statistics indicate that some beneficiaries were repaying their loans, most beneficiaries started claiming that money advanced to them were grants and not loans. This misconception has also adversely affected the speed of loan repayments. As a way forward, the Fund will continue to carry out public education so as to create awareness that the funds disbursed were loans and not grants.

During the upcoming financial year (2019/20), the Fund mainly dedicated its efforts to achieving the following:

- *Driving a loan repayment culture* - It has been observed that the Fund

is currently reliant on Government funding for up to 99.7% of its annual budgetary requirements, and only about 0.03 percent is generated through recovery. For the Fund to ensure future success and sustainability, it will employ mechanisms to ensure that previous beneficiaries repay their loans so that prospective applicants also benefit from the same fund. To this end, the Fund shall capture all records electronically, send debtor's statements and list non-responsive debtors on the Credit Bureau.

- *Introducing alternative resource mobilization* - It is known that the increased demand for higher education is not being adequately matched by the availability of resources from Treasury. Thus, in addition to the recovery drive, the Fund also endeavors to introduce alternative funding sources to supplement existing ones.
- *Investing in technology* – The Fund aims to implement a loan management system as commissioned by the Board during the 2018/19 financial year. This will improve flexibility and ease ways of doing business.
- Improving customer experience - The Fund aims to tap technology to bring forth a first-class customer experience for our students. In this regard, we

will introduce a student portal and develop an app to ensure live interaction with NSFAF.

- *Continuing investment in our people* – NSFAF recognized that it can only achieve its objective if staff members are well equipped and motivated. Thus, the Fund shall continue to implement initiatives aimed at capacitating staff members through its Learning and Development Policy.

In conclusion, I wish to express my sincere appreciation to the Government of the Republic of Namibia through MHETI for guidance and financial facilitation. Through this support, NSFAF achieved an average corporate performance rating of 2.73 during the period under review.

I also wish to extend my thanks and appreciation to the Board of Directors, who have provided the necessary guidance and support to our operations and management teams.

Finally, I wish to express my appreciation and congratulate the management and entire NSFAF staff complement for the efforts they put into carrying out their duties during the 2018/19 financial year.



**Kennedy Kandume**

ACTING CHIEF EXECUTIVE OFFICER

# NSFAF STRATEGIC OBJECTIVES



Our objectives are, broadly, to provide financial assistance to all eligible Namibians; optimize our loan book and improve recovery; improve process efficiency; ensure financial sustainability and good governance; and invest in our people.



## VISION

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

## MISSION

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



## VALUES

As an EXCITED organisation, we value Excellence, Integrity, Teamwork, Ethics, Trust and Accountability.

## MANDATE

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



## STRATEGIC OBJECTIVES

## ACHIEVEMENT

### 1. PROVIDE FINANCIAL ASSISTANCE TO ALL ELIGIBLE NAMBIANS

99% loans issued  
Sustainability model developed

### 2. OPTIMISE LOAN BOOK AND IMPROVE RECOVERY

Recovery division re-established  
25% increase in recovery realized  
(N\$4 million baseline)

### 3. IMPROVE PROCESS EFFICIENCY

82.4% student budget execution attained  
70.8% operational budget attained

### 4. ENSURE FINANCIAL SUSTAINABILITY AND GOOD GOVERNANCE

76% average leadership score  
70.8% corporate aggregate performance attained  
22.5% audit finding actioned  
Risk Champion Committee established

### 5. INVEST IN OUR PEOPLE

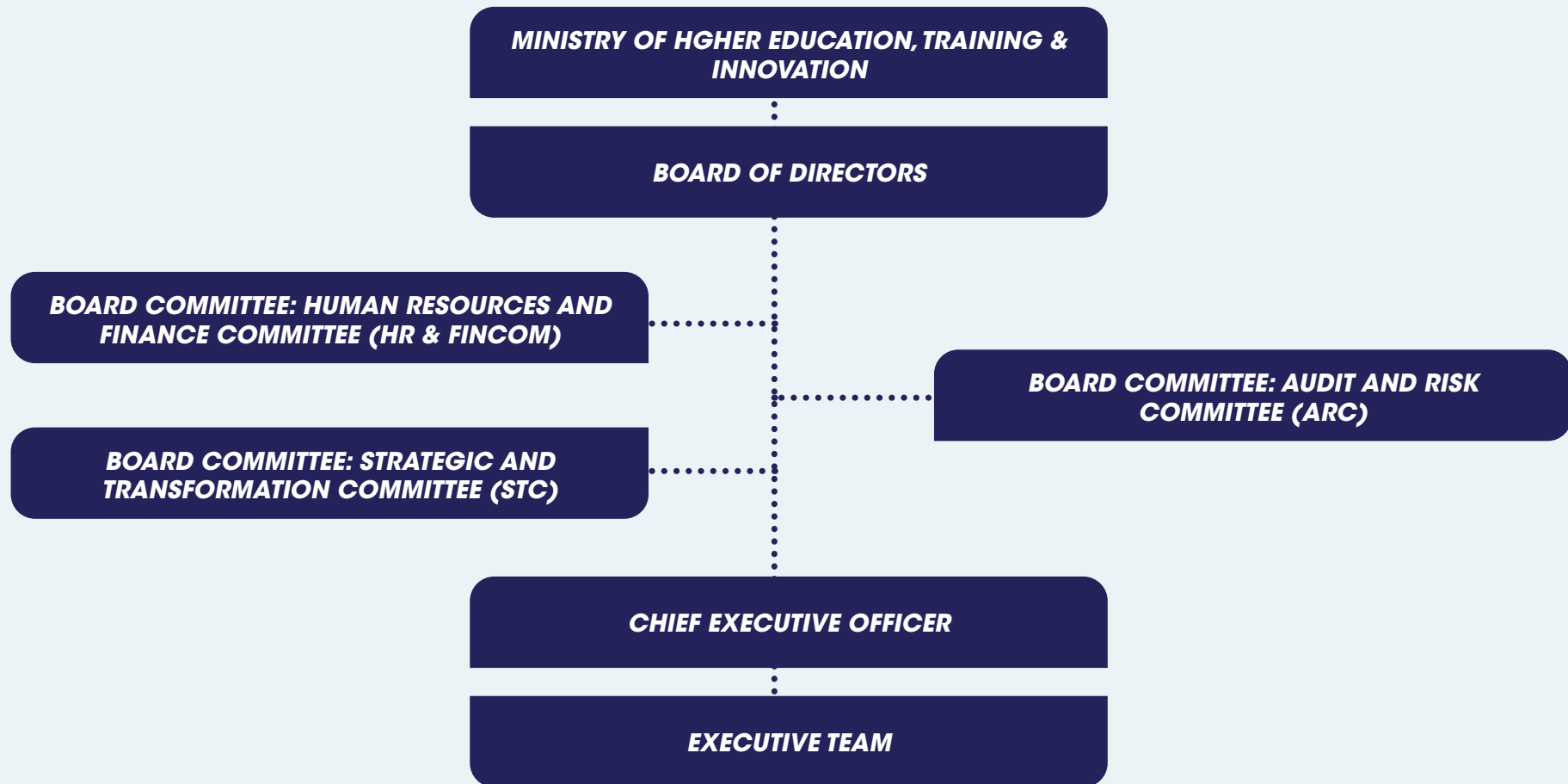
55% satisfaction level  
20% living the value involvement  
PMS institutionalized



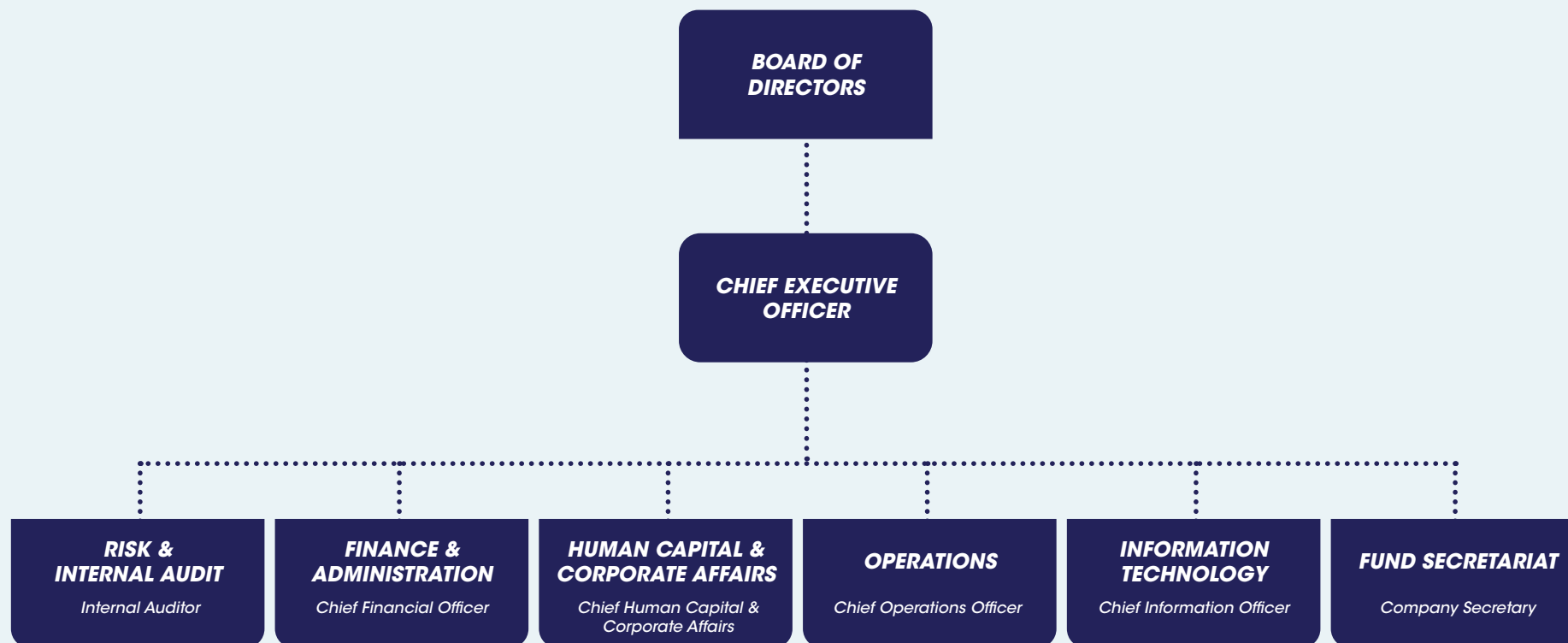
## ***SECTION 2: MANDATE & STRUCTURE***



# GOVERNANCE STRUCTURE



# ORGANIZATIONAL STRUCTURE



# BOARD OF DIRECTORS



**KLEMENS /AWARAB**  
Chairperson



**DR. CHRISTINA SWART-OPPERMAN**  
Deputy Chairperson (Resigned)

Our Board of Directors provides high-level oversight into the long-term mandate, mission and vision of the Fund.



**ADDA K. ANGULA**  
Member



**DR. NATASCHA CHEIKHYOUSSEF**  
Member (Resigned)



**STEPHEN TJIUORO**  
Member



**DR. ISAK NEEMA**  
Member



**TULIMEKE MUNYIKA**  
Member



**KENNEDY KANDUME**  
Member & Acting CEO

# EXECUTIVE COMMITTEE



**KENNEDY KANDUME**  
(Acting) Chief Executive Officer



**JAMES NYANDORO**  
Chief Financial Officer (Resigned)



**DR. EINO MVULA**  
Chief Operations Officer (Resigned)

Our executive committee provides executive and managerial oversight over the various day-to-day activities of the Fund.



**FILLEMMON WISE IMMANUEL**  
Company Secretary



**OLAVI HAMWELE**  
Chief Human Capital & Corporate Affairs



**NABOTH UUSHONA**  
Chief Information Officer



**HARRIS NTEMA**  
Internal Auditor





## ***SECTION 3: GOVERNANCE & REGULATORY ENVIRONMENT***

Table 1: Board Attendance

| BOARD                  |              | ATTENDANCE                                                            |                                                                    |                                                                                        |                                                                |             |                |                 |                                       |
|------------------------|--------------|-----------------------------------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------|-------------|----------------|-----------------|---------------------------------------|
| Type of Meeting        | Meeting Date | Klemens / Awarab (Board Chairperson, <b>appointed 18 March 2019</b> ) | Jerome Mutumba (Board Chairperson, <b>resigned 14 March 2019</b> ) | Dr. Christina Swart-Opperman (Board Deputy Chairperson, <b>resigned 01 June 2019</b> ) | Dr. Natascha Cheikhyoussef ( <b>Resigned 18 October 2018</b> ) | Adda Angula | Dr. Isak Neema | Stephen Tjiuoro | Tulimeke Muniyika (Additional member) |
| Extra-Ordinary Meeting | 09-Apr-18    | -                                                                     | √                                                                  | √                                                                                      | √                                                              | √           | √              | √               | √                                     |
| Extra-Ordinary Meeting | 16-Apr-18    | -                                                                     | √                                                                  | √                                                                                      | √                                                              | -           | √              | √               | -                                     |
| Extra-Ordinary Meeting | 22-Apr-18    | -                                                                     | √                                                                  | -                                                                                      | √                                                              | -           | √              | √               | √                                     |
| Ordinary Meeting       | 28-Jun-18    | -                                                                     | √                                                                  | √                                                                                      | √                                                              | √           | √              | √               | -                                     |
| Extra-Ordinary Meeting | 08-Aug-18    | -                                                                     | √                                                                  | √                                                                                      | √                                                              | √           | √              | √               | √                                     |
| Ordinary Meeting       | 27-Sep-18    | -                                                                     | √                                                                  | √                                                                                      | √                                                              | √           | √              | √               | -                                     |
| Extra-Ordinary Meeting | 15-Oct-18    | -                                                                     | √                                                                  | -                                                                                      | √                                                              | √           | √              | √               | -                                     |
| Ordinary Board Meeting | 30-Nov-18    | -                                                                     | √                                                                  | -                                                                                      | -                                                              | √           | √              | √               | -                                     |
| Extra-Ordinary Meeting | 23-Jan-19    | -                                                                     | √                                                                  | √                                                                                      | -                                                              | √           | √              | -               | √                                     |
| Extra-Ordinary Meeting | 10-Mar-19    | -                                                                     | √                                                                  | -                                                                                      | -                                                              | -           | √              | -               | -                                     |
| Extra-Ordinary Meeting | 13-Mar-19    | -                                                                     | √                                                                  | -                                                                                      | -                                                              | √           | √              | √               | x                                     |
| Ordinary Meeting       | 28-Mar-19    | √                                                                     | -                                                                  | -                                                                                      | -                                                              | √           | √              | √               | √                                     |
|                        |              |                                                                       |                                                                    |                                                                                        |                                                                |             |                |                 |                                       |

Table 1: Board Meeting Attendance (Continued)

| <b>HUMAN RESOURCES &amp; FINANCE COMMITTEE</b> |              |                  |                                                         |                                            |
|------------------------------------------------|--------------|------------------|---------------------------------------------------------|--------------------------------------------|
| Type of Meeting                                | Meeting Date | Tulimeke Munyika | Dr. Christina Swart-Opperman<br>(Resigned 01 June 2019) | Stephen Tjiuoro                            |
| Ordinary Meeting                               | 01-Jun-18    | √                | -                                                       | √                                          |
| Ordinary Meeting                               | 03-Sep-18    | √                | √                                                       | √                                          |
| Ordinary Meeting                               | 21-Nov-18    | -                | √                                                       | √                                          |
| Ordinary Meeting                               | 04-Mar-19    | √                | -                                                       | √                                          |
|                                                |              |                  |                                                         |                                            |
| <b>AUDIT &amp; RISK COMMITTEE</b>              |              |                  |                                                         |                                            |
| Type of Meeting                                | Meeting Date | Stephen Tjiuoro  | Dr. Natascha Cheikhoussef<br>(Resigned 18 October 2019) | Dr. Isak Neema                             |
| Ordinary Meeting                               | 05-Jun-18    | √                | √                                                       | -                                          |
| Ordinary Meeting                               | 05-Sep-18    | √                | √                                                       | √                                          |
| Ordinary Meeting                               | 12-Nov-18    | √                | -                                                       | √                                          |
| Ordinary Meeting                               | 06-Mar-19    | √                | -                                                       | √                                          |
|                                                |              |                  |                                                         |                                            |
| <b>STRATEGY &amp; TRANSFORMATION COMMITTEE</b> |              |                  |                                                         |                                            |
| Type of Meeting                                | Meeting Date | Adda Angola      | Dr. Isak Neema                                          | Jerome Mutumba<br>(Resigned 14 March 2019) |
| Ordinary Meeting                               | 07-Jun-18    | √                | -                                                       | √                                          |
| Ordinary Meeting                               | 06-Sep-18    | √                | -                                                       | √                                          |
| Ordinary Meeting                               | 20-Nov-18    | √                | √                                                       | √                                          |
| Ordinary Meeting                               | 08-Mar-19    | √                | √                                                       | √                                          |
|                                                |              |                  |                                                         |                                            |



## 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 can be characterized by either of the following:

- Disharmony;
- 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 struggles to attract investors and 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 example in corporate Namibia. There is no doubt that any violation of the code or failure to comply would be met with appropriate disciplinary liability, up to and including dismissal where and when such is deemed necessary.

## 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 stakeholder'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 employees to discharge their official duties in accordance with the institution's 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 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, that trust would immediately collapse.

## 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

**Table 2: Risk Profile Overview**

| RISK NAME                | MITIGATION STRATEGIES                                                                                                                                                                                                                                                                                                                                                                                                     | RISK OWNER | RISK EXPOSURE |                           |                    |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------|---------------------------|--------------------|
|                          |                                                                                                                                                                                                                                                                                                                                                                                                                           |            | INHERENT      | DESIRED RESIDUAL (TARGET) | RESIDUAL (CURRENT) |
| Financial Sustainability | <ul style="list-style-type: none"> <li>Fund initiatives jointly</li> <li>Improve recovery collections as per strategic plan</li> <li>Award within our budget</li> </ul>                                                                                                                                                                                                                                                   | CFO        | EXTREME       | LOW                       | EXTREME            |
| Operations               | <ul style="list-style-type: none"> <li>Improve timely disbursement of funds to students / IHLs</li> <li>Implement an LGAMIS to cater for a loan/grant book that records all payments received from and made to recipients</li> <li>Implement an on-boarding management information system</li> <li>Improve contract management and acknowledgement of debts</li> <li>Reconcile between NSFAF and IHLs annually</li> </ul> | COO        | HIGH          | LOW                       | HIGH               |
| Recovery & Default       | <ul style="list-style-type: none"> <li>Establish the loan book by implementing the decisions of the Loan Book Committee</li> <li>Improve contract management and acknowledgement of debts</li> <li>Improve recovery collections as per the strategic plan</li> </ul>                                                                                                                                                      | CFO        | EXTREME       | LOW                       | EXTREME            |
| Information Technology   | <ul style="list-style-type: none"> <li>Implement a Loan &amp; Grant Management Information System to cater for a loan/grant book that records all payment made to and received from recipients</li> <li>Implement an on-boarding MIS system</li> <li>Develop IT Governance, IT Application Architecture and IT policies for Board approval</li> </ul>                                                                     | CIO        | EXTREME       | LOW                       | EXTREME            |
| Reputation               | <ul style="list-style-type: none"> <li>Finalize and implement the Customer Service Charter</li> <li>Continuously publish positive messages on website, in print and electronic media, on social media, etc.</li> <li>Disseminate information as per the approved financial assistance &amp; debt recovery policy</li> <li>Develop internal communication plan</li> </ul>                                                  | CHCCA      | EXTREME       | LOW                       | MODERATE           |

management that is aligned with the Namibia Students Financial Assistance Fund Act 26 of 2000, 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 day-to-day activities.

### ENTERPRISE RISK PROFILE

The risk profile overview of the Fund highlights

the high-level summary of enterprise risk portfolio with information on assigned risk owners, risk exposures, mitigation strategies and movements (trends) in residual risk rating through the different quarters (if any). The overall aim is for risk management to become embedded into all the critical systems and processes of the Fund and to form an integral part of good management and governance practices.

Table 3: Overall Risk Profile

| RISK NAME           | MITIGATION STRATEGIES                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | RISK OWNER  | RISK EXPOSURE |                           |                    |
|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|---------------|---------------------------|--------------------|
|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |             | INHERENT      | DESIRED RESIDUAL (TARGET) | RESIDUAL (CURRENT) |
| Financial Reporting | <ul style="list-style-type: none"> <li>Streamline business processes in the organization to seamlessly integrate between the online applications, awards, payments, finance and recovery divisions</li> <li>Improve record management by implementing a Loan &amp; Grant Management System to cater for a loan/grant book that records all payment made to recipients and payments received from recipients</li> <li>Integrate SAGE Evolution to Loan &amp; Grant Management system to improve financial reporting</li> </ul>                                                             | CFO         | EXTREME       | LOW                       | EXTREME            |
| Strategy            | <ul style="list-style-type: none"> <li>Develop a 5-year strategic plan.</li> <li>Develop and implement annual business plans in line with the new 5-year strategic plan.</li> <li>Align departmental scorecards to the strategic and business plans.</li> </ul>                                                                                                                                                                                                                                                                                                                           | CHCCA       | EXTREME       | LOW                       | EXTREME            |
| Compliance          | <ul style="list-style-type: none"> <li>Develop compliance risk universe</li> <li>Annual reporting to the Board on the implementation of the Compliance Plan and the compliance status thereof.</li> <li>Statutory Compliance Matrix – every six (6) months, the CS distributes the checklist to departments for completion and updating of the status of compliance to statutory requirements</li> <li>Draft organizational policies to go through the Company Secretary's office for vetting (e.g. review compliance of policy provisions with regulations, where applicable)</li> </ul> | CS          | EXTREME       | LOW                       | EXTREME            |
| Business Continuity | <ul style="list-style-type: none"> <li>Conduct a Business Impact Analysis (BIA)</li> <li>Develop a Disaster Recovery Plan (DRP)</li> <li>Implement production &amp; disaster recovery data centres</li> <li>Implement a backup &amp; restoration solution</li> <li>Safeguard (and migrate in-house) all outsourced students and debtors data</li> <li>Formulate and implement Talent and Succession Management Policy and Plan.</li> </ul>                                                                                                                                                | CIO / CHCCA | MODERATE      | LOW                       | MODERATE           |
| People              | <ul style="list-style-type: none"> <li>Develop and implement a Change Management plan / process</li> <li>Institutionalize Living the Values</li> <li>Review the organizational structure in line with the streamlined business processes</li> </ul>                                                                                                                                                                                                                                                                                                                                       | CHCCA       | EXTREME       | LOW                       | HIGH               |

**Note:** The Residual Risk Ratings remained unchanged during the reporting period. This was due to the fact that the management team dedicated most of its time to developing the mitigation strategies to ensure effective implementation in the ensuing financial year.

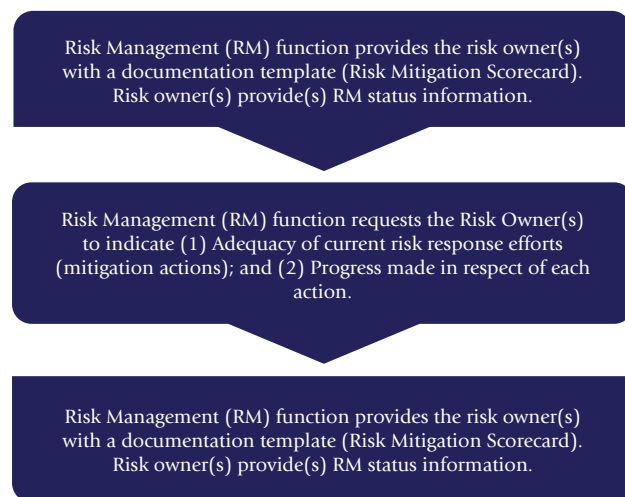
**Residual Risk Rating:** Extreme ■ High ■ Moderate ■ Low ■ Insignificant ■

**CFO** – Chief Financial Officer; **COO** – Chief Operations Officer; **CIO** – Chief Information Officer; **CHCCA** – Chief Human Capital & Corporate Affairs; and **CS** – Company Secretary



## RISK RESPONSE DOCUMENTATION PROCESS

The following process is applied in the collection



and documentation of the risk response information:

A risk response can be in the form of any of the following four options:

- Accept (Tolerate);
- Avoid (Terminate);
- Reduce (Treat/Mitigate); and
- Share (Transfer)

All NSFAF's enterprise-level risks are managed through the "risk treatment" option, i.e. management have developed actions aimed at mitigating or reducing the impact of key risks on the Fund's objectives. The purpose of risk treatment is to take action (control) to keep the risk at an acceptable level.

## RISK RESPONSE REVIEW PROCESS

The adequacy and effectiveness of the risk

Table 4: Roles & Responsibilities

| Role                           | Responsibility                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Key Risk Owners                | <ul style="list-style-type: none"> <li>• Heads of Departments (HoD's) convene departmental meetings to debate and discuss the mitigation actions (risk response efforts) in their respective business units on a regular basis.</li> </ul>                                                                                                                                                                                                                              |
| Risk Champions Committee       | <ul style="list-style-type: none"> <li>• The Risk Management function/division facilitates and convenes monthly Risk Champions Committee meetings to review the appropriateness and adequacy of the departmental risk response plans / mitigation actions.</li> <li>• Executives (HoD's) are regular/standing invitees to the Risk Champions Committee meetings.</li> </ul>                                                                                             |
| Executive Management (Exco)    | <ul style="list-style-type: none"> <li>• The executive management team debate and discuss departmental risk mitigation actions at monthly Exco meetings.</li> <li>• In addition, mitigation actions are subjected to performance management assessments / appraisals at regular intervals.</li> </ul>                                                                                                                                                                   |
| Audit & Risk Committee / Board | <ul style="list-style-type: none"> <li>• The risk profile report (and the supporting appendices) which highlights the adequacy and status of departmental mitigation actions is submitted to the Audit &amp; Risk Committee and the Board for review and challenge on a quarterly basis.</li> <li>• The Committee and the Board provides the necessary guidance and advice (risk oversight) in order to improve the risk management initiatives of the Fund.</li> </ul> |

responses (mitigation actions) is subjected to the review and challenge process which includes reporting to various management forums and governance structures.

During the reporting period, the Fund established a Risk Champions Committee in order to align proactive risk management with operational capabilities and improve the monitoring of mitigation actions at the operational level. This Committee is predominantly comprised of middle management and supervisors across the Fund's various business units. Exco members are standing invitees to the monthly Risk Champions Committee meetings.

## 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.

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 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.

The Audit & Risk Committee advised not to formulate an Annual Internal Audit Plan in order to allow management to attend to the large number of outstanding, open audit findings during the course of the review period. A formal audit issue remediation and closure process has been implemented to act as a monitoring tool to effectively mitigate the risk and control issues as identified and reported by the internal and external assurance service providers.

**Table 5: Audit Issue Log**

|                                   | As at 01 Apr 2018<br>(Opening of. of<br>Audit Findings) | Management<br>actions<br>implemented and<br>closed off | New additions<br>to the Issue Log<br>during review<br>period | As at 31 Mar<br>2019<br>(Closing no. of<br>audit findings) |
|-----------------------------------|---------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------------|------------------------------------------------------------|
| Total number of<br>audit findings | 102*                                                    | 23                                                     | 12                                                           | 91                                                         |

\* It should be noted that the total number of open audit findings comprises of audit issues that were raised by both the internal and external assurance service providers over a period of more than one financial year.







**SECTION 4: FINANCIAL & OPERATIONAL HIGHLIGHTS**



## FINANCIAL HIGHLIGHTS

The demand for funding continues to exceed the resources that are available from the Fund. The Ministry of Finance made available N\$ 1,609,000,000 for the 2018 academic year towards student funding.

During the year, the Fund disbursed N\$1,337,178,141 in student financial assistance which consisted of both loans and grants to students, with new students getting N\$363,425,153 and continuing students netting N\$973,752,987. The Fund underspent N\$285,622,787 in respect of student funding.

As disclosed in Note 3 to the financial statements, the carrying value of outstanding student loans as at 31 March 2019 was N\$3,330,771,558 (2018: N\$ 2,494,516,556). This is after an impairment on the student loans of 10% was applied. A total of N\$ 360,406,956 (2018: N\$275,549,458) new loans was issued during the year. The overall operational budget spent for the year was N\$113,593,073, and this includes remuneration, goods and services and cost relating to the development of the building.

The Statement of Comprehensive Income indicates an operating surplus of N\$1,095,419,949. Management would like to draw attention 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 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.

## LOAN RECOVERY

Students who receive loan funding from the Fund are required to repay their loans when they secure employment. The Fund has noted a stagnation in collections as it became increasingly difficult to collect from debtors through the debt collectors previously employed.

The contract with the outsourced company was cancelled and the recovery function was brought in-house from August 2018 and the Recovery Division was tasked with the debt collection process. Management believes that having control over this core function will result in more collections than has been the case in the past four years.

Total recoveries for the year under review amounted to N\$ 3,184,950 (2018: N\$ 4,057,691). Against these collections, NSFAF paid a total of N\$2,012,500 which included a fixed monthly debt recovery cost and N\$140,462 commission payable to the outsourced recovery company. The overall performance of the outsourced recovery function, which is one of the core activities of the Fund, was below the target of N\$ 5 million.

The Fund is dependent on the Ministry of Finance for continued funding operations. As part of its new strategic plan, however, it plans to implement a number of projects over the next three years to increase recoveries. This will enable the Fund to reinject the money recovered from debtors back into the Fund's account.

## CASH BALANCES

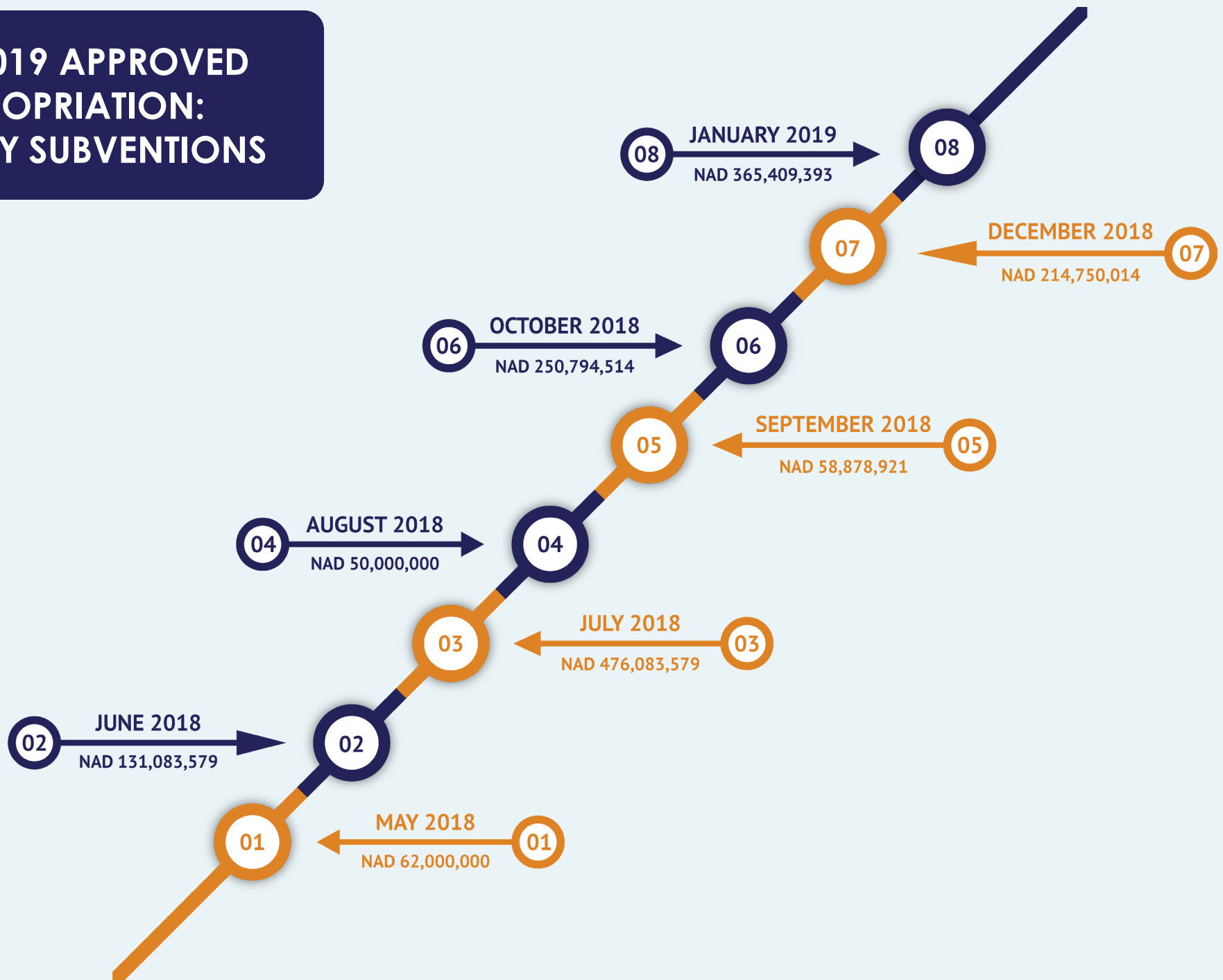
As disclosed in Note 6 to the financial statements, the Fund held cash balances of N\$ 179,738,104

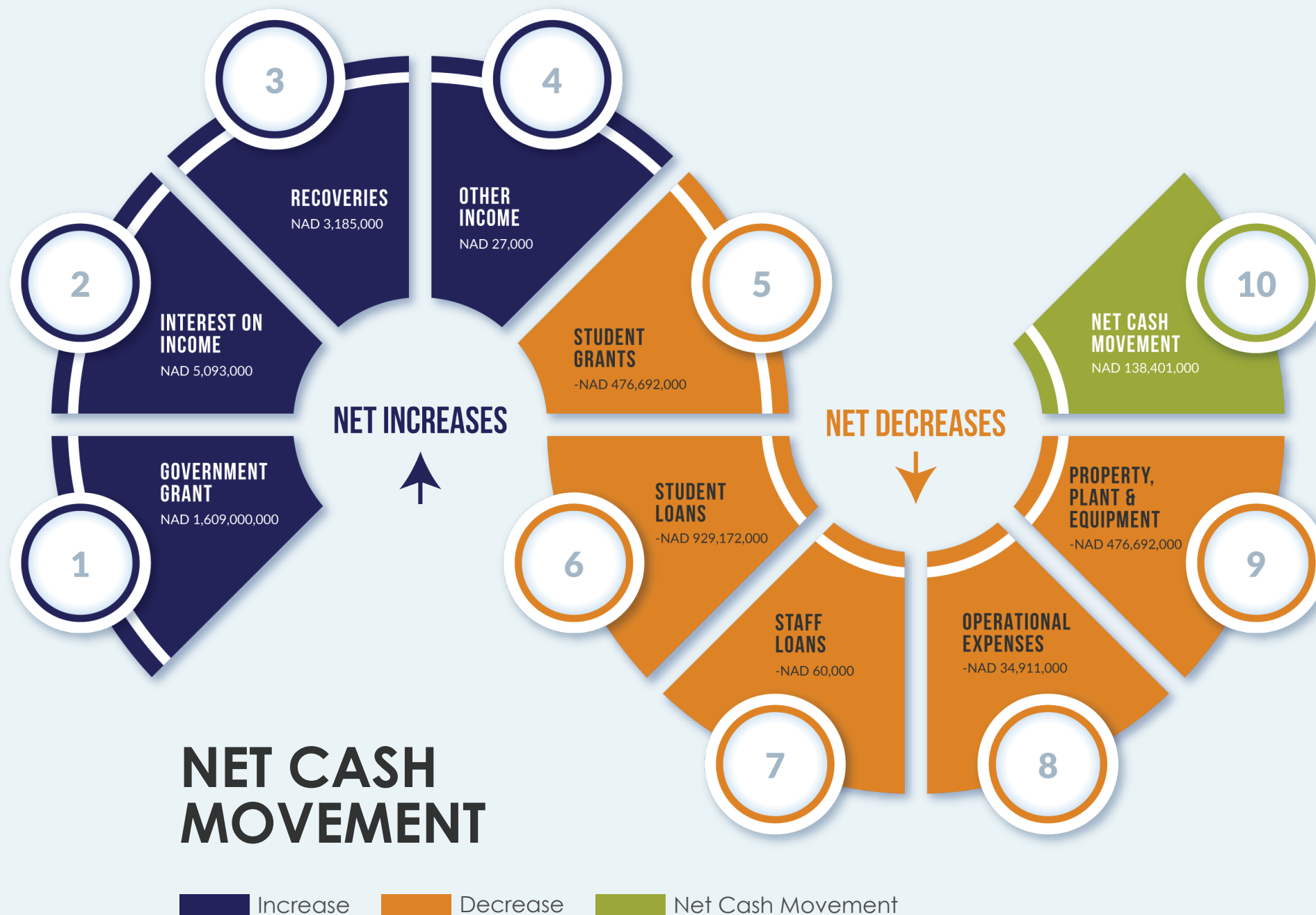
(2018: N\$ 44,534,749) at the end of the year. The reasons for funds received but not disbursed to institutions by the end of the year includes delays in the finalization of funding decisions by the Fund, overestimated student budget numbers and non-execution of procurement plan activities during the year under review.





## 2018/2019 APPROVED APPROPRIATION: MONTHLY SUBVENTIONS





## OPERATIONAL HIGHLIGHTS

### STUDENT POPULATION

In 2016, NSFAF beneficiaries stood at 30 505, while in 2017 and 2018, the total student beneficiaries were 35 258 and 33 803, respectively. This population is made up of new intakes and continuing students. The total population declined in the year under review due to fewer applications received. The trend illustrates the number of beneficiaries dependent on NSFAF funding.

### AWARDS STATISTICS FOR 2018/19

During the period under review, NSFAF provided financial assistance through loans, grants and related products.

### 4-YEAR AWARDS TREND

During the year under review, NSFAF provided financial assistance to 11 215 students. This has brought the total number of students awarded financial assistance by NSFAF to 74 881 over a period of six years. The increase in the number of beneficiaries exhibits NSFAF's commitment to provide funding to students to pursue studies at IHLs, thus fulfilling its mandate.

### REGIONAL UNDERGRADUATE AWARDS AT LOCAL INSTITUTIONS

Although there is an increase in the total number of beneficiaries awarded locally, this figure experienced a decrease in 2018 in comparison to the previous two years, 2016 and 2017. This has been attributed to the tightening of qualifying criteria and budgetary constraints.

### AWARDS PER FIELD OF STUDIES

In order of decreasing magnitude, the largest number of students funded per field of study belongs to those in education and related fields, followed by students in medicine, nursing and related sciences; and thirdly by students from the humanities and social work fields.

### AWARDS PER COUNTRY (LOCAL AND FOREIGN)

About 95.8% of awarded students are studying at local institutions of higher learning, leaving 4.2% award at foreign institutions.

## 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, NSFAF may supplement such a scholarship with, for example, a once-off return ticket, stipends and medical insurance.

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

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.

### PAYMENT DISBURSEMENT 2018/19

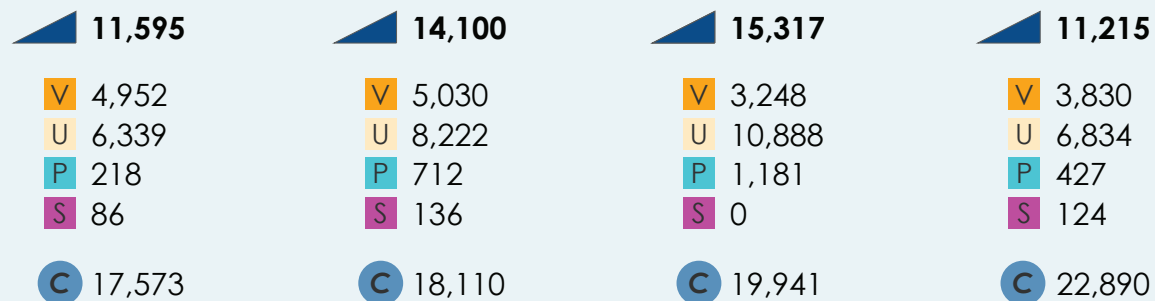
The demand for financial assistance has put tremendous pressure on state funding. As a result, cash flow challenges have been experienced by all SOEs which depend on budgetary allocation from the government. Funds were disbursed as were released from Treasury on a monthly basis. Despite these challenges, 90% of payments were made by the end of the financial year.

The Fund continued to seek alternative solutions to the financial constraints, with the aim of creating an avenue to improve access to higher education especially for students from low socio-economic backgrounds who would have been denied access to higher education and vocational training because of their inability to pay.

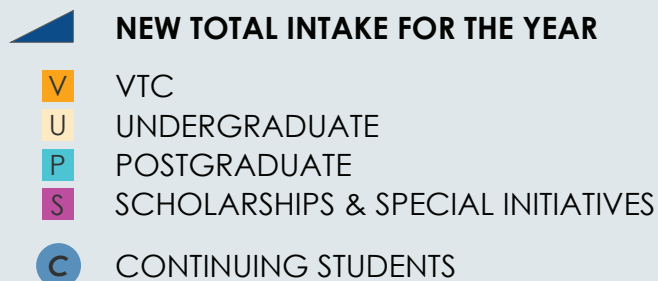
During the year under review, disbursements locally were made via the NSFAF Payment Card and introduced through a payment solution implemented in 2016. The solution brought the benefit of students knowing how much was paid towards non-tuition fees and amounts paid as tuition fees to their respective HEIs on their behalf. In addition, payments through the payment card promote transparency, auditability and efficiency in service delivery to students.



## TOTAL AWARDS: 2015 - 2018



### KEY:



## 2018 AWARDS PER VOCATIONAL TRAINING CENTRE



| VTC           | NO. OF AWARDS | TOTAL % OF AWARDS |
|---------------|---------------|-------------------|
| DAPP          | 70            | 1.80%             |
| EENHANA VTC   | 216           | 5.60%             |
| GOBABIS VTC   | 48            | 1.30%             |
| NAKAYALE VTC  | 63            | 1.60%             |
| NAMCOL VTC    | 165           | 4.30%             |
| NAMFI         | 84            | 2.20%             |
| NAMWATER      | 181           | 4.70%             |
| NIMT VTC      | 1,342         | 35%               |
| OKAKARARA VTC | 207           | 5.40%             |
| RUNDU VTC     | 294           | 7.70%             |
| VALOMBOLA VTC | 415           | 10.80%            |
| WINDHOEK VTC  | 547           | 14.30%            |
| ZAMBEZI VTC   | 198           | 5.20%             |
| <b>TOTAL</b>  | <b>3830</b>   | <b>100%</b>       |

## 2018 UNDERGRADUATE AWARDS PER FIELD OF STUDY



| FIELD OF STUDY                         | NO. OF AWARDS | TOTAL % OF AWARDS |
|----------------------------------------|---------------|-------------------|
| ACCOUNTANCY                            | 183           | 2.7%              |
| AGRICULTURE AND VETERINARY SCIENCE     | 338           | 4.9%              |
| COMMUNICATION, CONSERVATION & TOURISM  | 64            | 0.9%              |
| CULTURE, SPORT AND ART                 | 80            | 1.2%              |
| ECONOMICS & COMMERCE                   | 421           | 6.2%              |
| ENGINEERING AND RELATED FIELDS         | 464           | 6.8%              |
| HUMANITIES & SOCIAL WORK               | 809           | 11.8%             |
| LAW                                    | 173           | 2.5%              |
| MEDICINE, NURSING AND RELATED SCIENCES | 1,212         | 17.7%             |
| NATURAL SCIENCE & IT                   | 412           | 6%                |
| POLICE SCIENCE                         | 21            | 0.3%              |
| PUBLIC ADMINISTRATION                  | 58            | 0.8%              |
| EDUCATION & RELATED FIELDS             | 2599          | 38%               |
| <b>TOTAL</b>                           | <b>6834</b>   | <b>100%</b>       |

\* All fields of study presented above fall within the approved Priority Field of Study for NSFAF. However, the specific program may fall into High, Medium or Low priority field of study.

**Table 6: 2018 Total awards per educational level per country / regional block**

| EDUCATIONAL LEVEL           | LOCAL | SADC | INTL. | TOTALS |
|-----------------------------|-------|------|-------|--------|
| Undergraduate               | 4375  | 66   | 20    | 4461   |
| Undergraduate Prior 2012    | 538   | 11   | 1     | 550    |
| Undergraduate Post Grade 12 | 632   | 8    | 0     | 640    |
| Mature Age                  | 356   | 0    | 0     | 356    |
| Foreign                     | 30    | 15   | 0     | 45     |
| UNAM Diploma (700 Manual)   | 782   | 0    | 0     | 782    |
| Postgraduate                | 274   | 129  | 24    | 427    |
| VTC (817 Manual)            | 3751  | 79   |       | 3830   |
| Scholarships                |       |      | 124   | 124    |
| Totals                      | 10738 | 308  | 169   | 11215  |

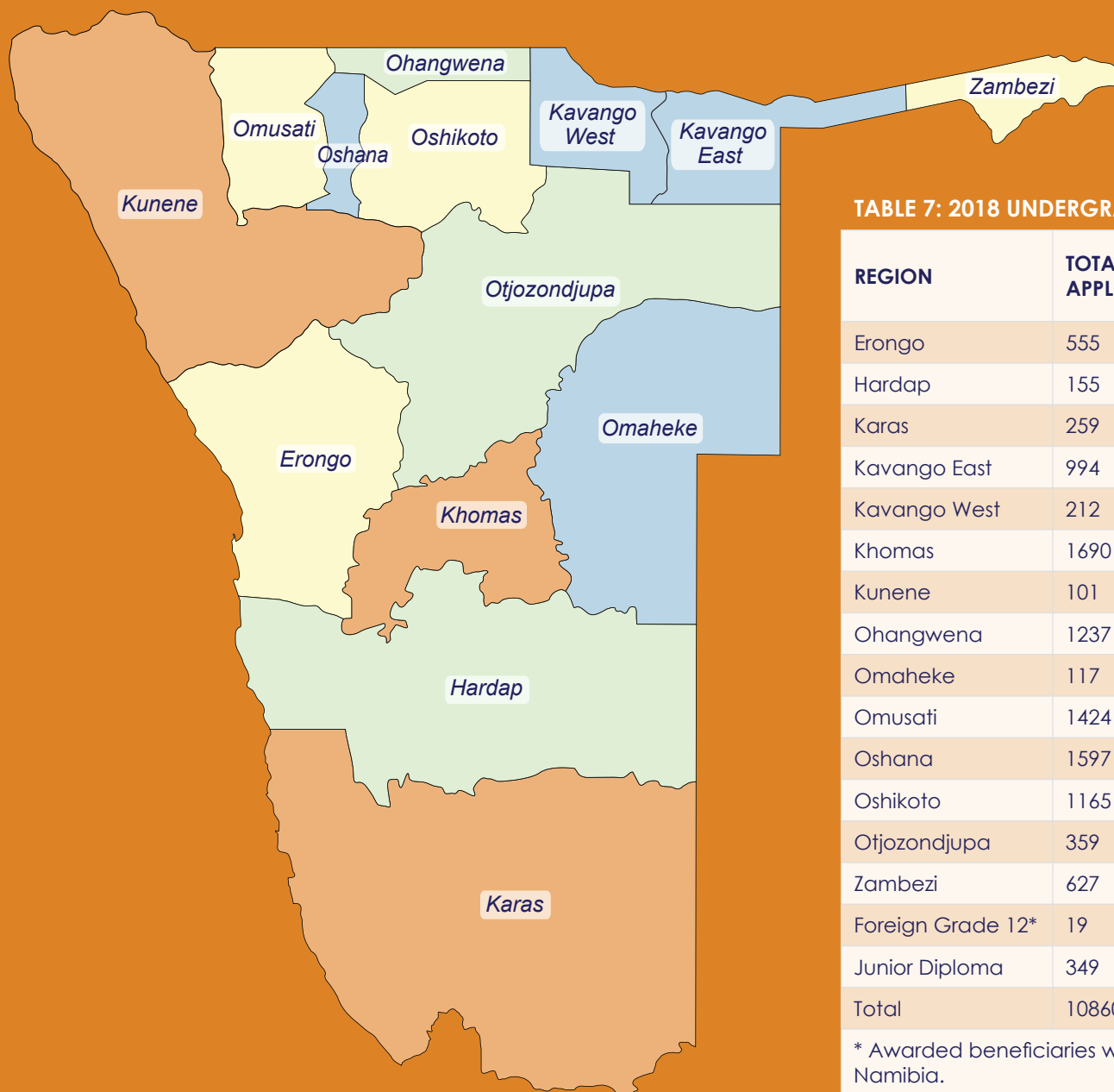
## 2018 AWARDS PER LOCAL INSTITUTION



| INSTITUTION                  | NO. OF AWARDS | TOTAL % OF AWARDS |
|------------------------------|---------------|-------------------|
| <b>PUBLIC INSTITUTIONS:</b>  |               |                   |
| UNAM                         | 3,935         | 57%               |
| NUST                         | 1,576         | 23%               |
| <b>PRIVATE INSTITUTIONS:</b> |               |                   |
| IUM                          | 1,002         | 14%               |
| OTHER                        | 395           | 6%                |
| <b>TOTAL</b>                 | <b>6,908</b>  | <b>100%</b>       |

\* Above exclude VTCs (3830), Scholarships (124), SADC (308) and International (45).





**TABLE 7: 2018 UNDERGRADUATE AWARDS PER REGION (LOCAL)**

| REGION            | TOTAL NO. OF APPLICATIONS | NO. OF AWARDS | % OF APPLICANTS AWARDED | TOTAL % OF AWARDS |
|-------------------|---------------------------|---------------|-------------------------|-------------------|
| Erongo            | 555                       | 331           | 60%                     | 4.8               |
| Hardap            | 155                       | 72            | 46%                     | 1.1               |
| Karas             | 259                       | 135           | 52%                     | 2                 |
| Kavango East      | 994                       | 459           | 46%                     | 6.7               |
| Kavango West      | 212                       | 108           | 51%                     | 1.6               |
| Khomas            | 1690                      | 1215          | 72%                     | 17.8              |
| Kunene            | 101                       | 58            | 57%                     | 0.8               |
| Ohangwena         | 1237                      | 820           | 66%                     | 12                |
| Omaheke           | 117                       | 62            | 53%                     | 0.9               |
| Omusati           | 1424                      | 886           | 62%                     | 13                |
| Oshana            | 1597                      | 1081          | 68%                     | 15.8              |
| Oshikoto          | 1165                      | 731           | 63%                     | 10.7              |
| Otjozondjupa      | 359                       | 169           | 47%                     | 2.5               |
| Zambezi           | 627                       | 353           | 56%                     | 5.2               |
| Foreign Grade 12* | 19                        | 5             | 26%                     | 0.1               |
| Junior Diploma    | 349                       | 349           | 100%                    | 5.1               |
| Total             | 10860                     | 6 834         | 63%                     | 100%              |

\* Awarded beneficiaries with Grade 12 qualification obtained outside Namibia.

## 2018 TOTAL AWARDS PER EDUCATIONAL LEVEL



| EDUCATIONAL LEVEL           | NO. OF AWARDS | TOTAL % OF AWARDS |
|-----------------------------|---------------|-------------------|
| UNDERGRADUATE               | 4,461         |                   |
| UNDERGRADUATE PRIOR 2012    | 550           |                   |
| UNDERGRADUATE POST GRADE 12 | 640           |                   |
| MATURE AGE                  | 356           |                   |
| FOREIGN GRADE 12*DD         | 45            |                   |
| UNAM DIPLOMA                | 782           |                   |
| POSTGRADUATE                | 427           |                   |
| VTC                         | 3,830         |                   |
| SCHOLARSHIPS                | 124           |                   |
| <b>TOTAL</b>                | <b>11,215</b> |                   |

\*Awarded beneficiaries with Grade 12 qualification obtained outside Namibia.

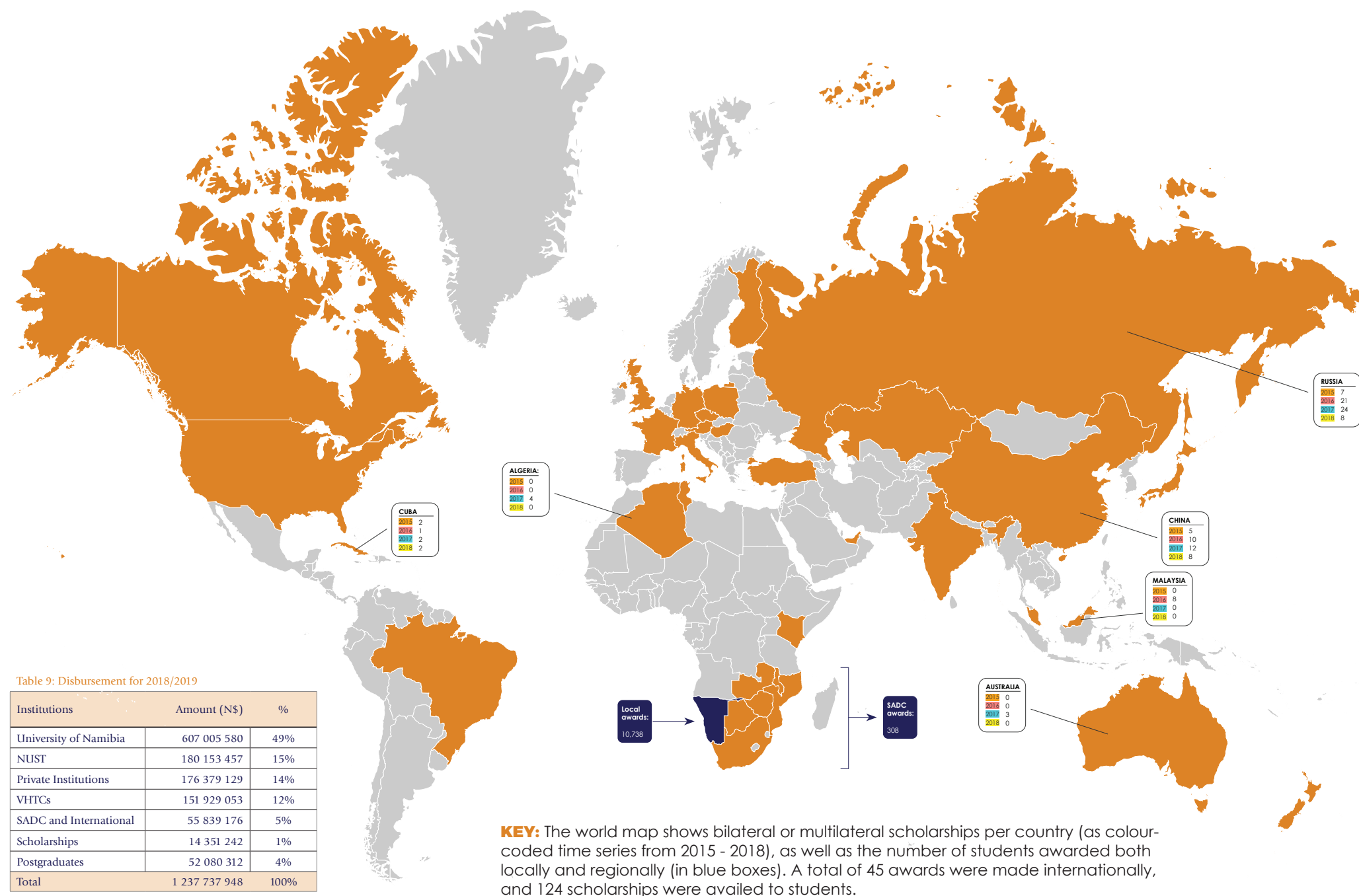
## TOTAL AWARDS BY GENDER



|         |       |
|---------|-------|
| FEMALES | 5,962 |
| MALES   | 5,253 |

**Table 8: Number of students awarded per region**

| REGION                    | 2015        | 2016        | 2017         | 2018        |
|---------------------------|-------------|-------------|--------------|-------------|
| Oshikoto                  | 671         | 872         | 970          | 731         |
| Oshana                    | 794         | 1015        | 1322         | 1081        |
| Erongo                    | 281         | 418         | 594          | 331         |
| Otjozondjupa              | 179         | 241         | 306          | 169         |
| Hardap                    | 86          | 126         | 153          | 72          |
| Zambezi                   | 335         | 372         | 488          | 353         |
| Kavango West              | 103         | 122         | 168          | 108         |
| Kavango East              | 408         | 461         | 838          | 459         |
| Omaheke                   | 51          | 86          | 87           | 62          |
| Ohangwena                 | 554         | 768         | 824          | 820         |
| Omusati                   | 929         | 1003        | 1035         | 886         |
| //Kharas                  | 162         | 117         | 228          | 135         |
| Khomas                    | 997         | 1448        | 3067         | 1215        |
| Kunene                    | 42          | 74          | 90           | 58          |
| Finished Grade 12 outside | 77          | 68          | 67           | 5           |
| Junior Diploma            | 635         | 1031        | 543          | 349         |
| Special Case              | 35          | *           | *            | *           |
| <b>Total</b>              | <b>6339</b> | <b>8222</b> | <b>10780</b> | <b>6834</b> |





## **SECTION 5: STAKEHOLDER ENGAGEMENT**



During the financial year under review, NSFAF continued to engage various stakeholders to create awareness, establish and strengthen relationships and listen to various issues affecting its key stakeholders. The Fund will continue with reputation management and the implementation of its Corporate Stakeholder Engagement plan.

A key development was the launch of the new NSFAF website. This will enhance live interaction that will directly respond to enquiries posted by stakeholders and ensure speedy communications across all digital channels on topics including inquiries on awards, payment repayment information and other awareness information.

*Clockwise from top-left:*

*NSFAF assisting students during the UNAM Career Fair*

*NSFAF & NANSO during a consultative meeting*

*Delegation from University of Eastern Finland with NSFAF ACEO during a consultative meeting at UNAM*

*NSFAF beneficiaries – Graduates from the University of Eastern Finland*

*Hon. Alexia Manombe-Ncube, Deputy Minister: Office of the Vice President and ACEO during the official launch of a NSFAF special initiative with the Department of Disability Affairs*

*NSFAF and media houses during a press release*







## **SECTION 6: INFORMATION TECHNOLOGY**



At the Fund, IT continues to play a critical role in transforming operations and improving the customer experience.

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

### **IMPLEMENTATION OF THE NEW DATA CENTER AND DISASTER RECOVERY**

Management took a decision to refresh and modernize its data centre, implementing disaster recovery and a backup solution. The new data centre infrastructure was implemented using the plug and play hyper converged and server virtualization technologies that lower total cost of ownership.

### **NSFAF BANK WINDHOEK PAYMENT SOLUTION**

NSFAF in partnership with Bank Windhoek launched a Students Payment Solution that will allow Bank Windhoek to issue VISA branded cards to NSFAF beneficiaries and for NSFAF to distribute funds to the students' cards. The NSFAF Bank Windhoek student accounts will have other features such as cellphone banking, mobile app banking, Internet Banking and EasyWallet.

Prior to this partnership, NSFAF distributed funds to students via the students' NAMMIC accounts. This account was limited to Bank Windhoek ATMs only and did not have many features such as Internet banking.





## **SECTION 7: FINANCIAL INFORMATION**



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### *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 Auditor General was 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 2020 and, in light of this review and the current financial position, they are satisfied that the Fund has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Auditor General is responsible for independently auditing and reporting on the Fund's annual financial statements.

The annual financial statements set out on pages 41 to 55, which have been prepared on the going concern basis, were approved by the Board of directors and were signed on its behalf by:

Approval of financial statements:



Director



Director

Date: 03 DECEMBER 2020 (Windhoek)

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### INDEPENDENT AUDITOR'S REPORT

#### ADVERSE AUDIT OPINION

I have audited the financial statements of the Namibia Students Financial Assistance Fund (NSFAF) for the financial year ended 31 March 2019. These financial statements comprise the statement of financial position, statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements for the years then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph, the accompanying financial statements do not give a true and fair view of the financial position of NSFAF as at 31 March 2019 and its financial performance and consolidated cash flows for the years then ended, as per the International Financial Reporting Standard for Small and Medium-Sized Entities.

#### BASIS FOR ADVERSE AUDIT OPINION

I conducted my audit following the International Standards on Auditing (ISA). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Annual Financial Statements section of my report. I am independent of the Fund as per sections 290 and 291 of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Revised July 2016), parts I and 3 of the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (Revised July 2018) and other independence requirements applicable to performing audits of financial statements in Namibia. I have fulfilled my other ethical responsibilities as per these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. An adverse audit opinion is being expressed due to the following:

### FINANCIAL REPORTING FRAMEWORK

As per the International Standards on Auditing (ISA) 315, the auditor shall obtain an understanding of the applicable Financial Reporting Framework. As a public interest entity, the Fund's accounting policies indicate that the financial statements were prepared following the International Financial Reporting Standard for Small and Medium-Sized Entities.

#### CASH FLOW STATEMENT

IAS 7 requires the Fund to prepare the cash flow statement either based on the direct or indirect method. However, the cash flow statement prepared by the Fund mixed the two methods for the years ended 2014-2019. Therefore, the cash flows provided do not meet the requirements of IAS 7.

#### STUDENT LOAN BOOK

It was observed that student loans amounting to N\$ 3 330 771 558 were disclosed and impaired by N\$ 370 085 729 in the Fund's annual financial statement for the year ended 31 March 2019, but the amounts for student loans and impairment could not be verified since the Fund did not have a loan book in place.

#### SUPPORTING DOCUMENTS

Supporting documents amounting to N\$ 2 848 993 for operating expenditure and student funding expenditure were not submitted for audit.

It was further observed that the Fund submitted original documents to the bank and kept scanned copies in the office. Upon inspection at the bank, it was confirmed that all original documents before 2016 were destroyed; thus, the bulk of original documents could not be recovered.

#### FOREIGN CURRENCY

Payments amounting to N\$ 5 882 839 relating to foreign currency transactions could not be verified due to insufficient supporting documents.

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### STUDENT FUNDING ADVANCES

An advance payment of N\$ 20 000 000 was made to the Namibia University of Science and Technology and NS 100 000 000 to the University of Namibia respectively during the 2018/2019 financial year. The Fund could not provide substantive evidence that these amounts were reconciled at year-end. There was a journal entry amounting to NS 82 555 737 posted against these two advances. However, upon inspection of the supporting documents, it was found that the attached payments were additional payments made to the institutions and not the reconciliation of the advanced amounts. Consequently, this student funding account (5395010/SF) could be understated, and the balance of NS 37 306 322 reflected in that account does not show a true reflection of this student funding expenditure.

### STUDENT LOANS

The auditors observed that the Fund did not disclose interest charged on student loans for the year ended 31 March 2019.

It was further observed that student fund payments were made without validation checks and without following the guidelines laid out in the standard operating procedures. Furthermore, student information could not be verified on the awards system (LGAMIS).

### RECOVERIES

Recoveries (student loan repayments) amounting to N\$ 3 184 950 are recognised as revenue in the statement of profit or loss. The IFRS requires that interest should be recognised when it is earned and the student repayments credited to the debtors account, meaning that revenue was misstated. Furthermore, the financial policies which guide the treatment of recoveries as revenue do not comply with the accounting standard.

### KEY AUDIT MATTERS

Critical audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole and in forming my opinion thereon, and

I do not provide a separate opinion on these matters. I have nothing to report in this regard.

### OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or whether it otherwise appears to be materially misstated. I have nothing to report in this regard.

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

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

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

### AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance. However, it is not a guarantee that an audit conducted per the International Standards of Supreme Audit Institutions



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

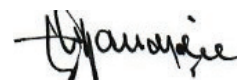
will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken based on these financial statements. As part of an audit following the International Standards of Supreme Audit Institutions, I exercise professional scepticism throughout the audit. My role is to:

- Identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. Should I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or to indicate if such disclosures are insufficient to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial

statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit. I also provide those charged with governance with a statement declaring that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, in rare circumstances, when I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



JUNIAS ETUNA KANDJEKE

Auditor-General

July 2020

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of the Namibia Students Financial Assistance Fund for the year ended 31 March 2019.

#### 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 responsibility over all the prior loans advanced and commitments that were approved by the Ministry.

These loans and commitments could not be measured reliably as there were no accurate and complete records received from the Ministry.

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

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

#### 2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the State-Owned Enterprises Governance

Act of 2006. The accounting policies have been applied consistently compared to the prior year. Full details of the financial position, results of operations and cash flows of the Fund are set out in these annual financial statements.

#### 3. DIRECTORS

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

TABLE 10: BOARD OF DIRECTORS

| DIRECTORS                                  | NATIONALITY | CHANGES                  |
|--------------------------------------------|-------------|--------------------------|
| J Mutumba<br>(Chairperson)                 | Namibian    | Resigned 14 March 2019   |
| K /Awarb<br>(Chairperson)                  | Namibian    | Appointed 18 March 2019  |
| C Swart-<br>Opperman (Vice<br>Chairperson) | Namibian    |                          |
| S Tjiuoro                                  | Namibian    |                          |
| A Angula                                   | Namibian    |                          |
| N Cheikhoussef                             | Namibian    | Resigned 18 October 2018 |
| I Neema                                    | Namibian    |                          |
| T Munyika                                  | Namibian    |                          |

#### 4. EVENTS AFTER THE REPORTING PERIOD

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

#### 5. GOING CONCERN

The directors believe that although the Fund faces challenges, it has devised strategies to continue the fulfilment of its mandate. The annual financial statements have been prepared on a going concern basis. The directors are not aware of any new material changes that may adversely impact the Fund. The directors are also not aware of any material noncompliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Fund.

#### 6. AUDITOR

The Auditor General of Namibia will remain in office for 2020.

#### 7. SECRETARY

The Company Secretary is F. W. Immanuel.

#### POSTAL ADDRESS

P. O. Box 23053  
Windhoek  
Namibia

#### BUSINESS ADDRESS

746 Eros Weg, Eros  
Windhoek

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

|                               |         | 2019          | 2018          |
|-------------------------------|---------|---------------|---------------|
|                               | Note(s) | N\$           | N\$           |
| Assets Non-Current Assets     |         |               |               |
| Property, plant and equipment | 2       | 231 784 296   | 195 194 797   |
| Student loans                 | 3       | 3 330 771 558 | 2 494 516 556 |
|                               |         | 3 562 555 854 | 2 689 711 353 |
| Current Assets                |         |               |               |
| Trade and other receivables   | 4       | 674 622       | 615 061       |
| Prepayments                   | 5       | 347 021       | 41 515 821    |
| Cash and cash equivalents     | 6       | 179 738 104   | 44 534 749    |
|                               |         | 180 759 747   | 86 665 631    |
| Total Assets                  |         | 3 743 315 601 | 2 776 376 984 |
| Equity and Liabilities        |         |               |               |
| Equity                        |         |               |               |
| Accumulated funds             |         | 3 704 341 911 | 2 608 921 962 |
| Liabilities                   |         |               |               |
| Current Liabilities           |         |               |               |
| Trade and other payables      | 7       | 33 973 690    | 162 455 021   |
| Provisions                    | 17      | 5 000 000     | 5 000 000     |
|                               |         | 38 973 690    | 167 455 021   |
| Total Equity and Liabilities  |         | 3 743 315 601 | 2 776 376 984 |

## STATEMENT OF COMPREHENSIVE INCOME

|                                         |         | 2019          | 2018           |
|-----------------------------------------|---------|---------------|----------------|
|                                         | Note(s) | N\$           | N\$            |
| Grants for administrative costs         | 8       | -             | 173 336 639    |
| Grants for student funding              | 8       | 1 609 000 000 | 1 172 0244 525 |
| Grants for student funding other        |         | 56 000 000    | -              |
| Recoveries of previously impaired loans | 8       | 3 184 950     | 4 057 691      |
| Other income                            | 9       | 27 300        | 20 950         |
| Student funding expenses                |         | (408 005 917) | (529 880 572)  |
| Impairment of student loans             |         | (92 917 222)  | (64 705 326)   |
| Administrative expenses                 |         | (76 961 732)  | (84 420 878)   |
| Surplus before Investment income        |         | 1 090 327 379 | 670 453 029    |
| Investment income                       | 10      | 5 092 570     | 3 130 934      |
| Surplus for the year                    |         | 1 095 419 949 | 673 583 963    |



## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

|                               |         | 2019          | 2018          |
|-------------------------------|---------|---------------|---------------|
|                               | Note(s) | N\$           | N\$           |
| Assets Non-Current Assets     |         |               |               |
| Property, plant and equipment | 2       | 231 784 296   | 195 194 797   |
| Student loans                 | 3       | 3 330 771 558 | 2 494 516 556 |
|                               |         | 3 562 555 854 | 2 689 711 353 |
| Current Assets                |         |               |               |
| Trade and other receivables   | 4       | 674 622       | 615 061       |
| Prepayments                   | 5       | 347 021       | 41 515 821    |
| Cash and cash equivalents     | 6       | 179 738 104   | 44 534 749    |
|                               |         | 180 759 747   | 86 665 631    |
| Total Assets                  |         | 3 743 315 601 | 2 776 376 984 |
| Equity and Liabilities        |         |               |               |
| Equity                        |         |               |               |
| Accumulated funds             |         | 3 704 341 911 | 2 608 921 962 |
| Liabilities                   |         |               |               |
| Current Liabilities           |         |               |               |
| Trade and other payables      | 7       | 33 973 690    | 162 455 021   |
| Provisions                    | 17      | 5 000 000     | 5 000 000     |
|                               |         | 38 973 690    | 167 455 021   |
| Total Equity and Liabilities  |         | 3 743 315 601 | 2 776 376 984 |

## STATEMENT OF COMPREHENSIVE INCOME

|                                         |         | 2019                 | 2018               |
|-----------------------------------------|---------|----------------------|--------------------|
|                                         | Note(s) | N\$                  | N\$                |
| Grants for administrative costs         | 8       | -                    | 173 336 639        |
| Grants for student funding              | 8       | 1 609 000 000        | 1 172 0244 525     |
| Grants for student funding other        |         | 56 000 000           | -                  |
| Recoveries of previously impaired loans | 8       | 3 184 950            | 4 057 691          |
| Other income                            | 9       | 27 300               | 20 950             |
| Student funding expenses                |         | (408 005 917)        | (529 880 572)      |
| Impairment of student loans             |         | (92 917 222)         | (64 705 326)       |
| Administrative expenses                 |         | (76 961 732 )        | (84 420 878)       |
| <b>Surplus before Investment income</b> |         | <b>1 090 327 379</b> | <b>670 453 029</b> |
| Investment income                       | 10      | 5 092 570            | 3 130 934          |
| <b>Surplus for the year</b>             |         | <b>1 095 419 949</b> | <b>673 583 963</b> |

## STATEMENT OF CHANGES IN EQUITY

|                          | Accumulated Funds | Total Funds   |
|--------------------------|-------------------|---------------|
|                          | N\$               | N\$           |
| Balance at 01 April 2015 | 870 142 555       | 870 142 555   |
| Surplus for the year     | 787 927 888       | 787 927 888   |
| Balance at 01 April 2016 | 1 658 070 443     | 1 658 070 443 |
| Surplus for the year     | 277 267 555       | 277 267 555   |
| Balance at 31 March 2017 | 1 935 337 998     | 1 935 337 998 |
| Surplus for the year     | 673 583 963       | 673 583 963   |
| Balance at 31 March 2018 | 2 608 921 962     | 2 608 921 962 |
| Surplus for the year     | 1 095 419 949     | 1 095 419 949 |
| Balance at 31 March 2019 | 3 704 341 911     | 3 704 341 911 |

## STATEMENT OF CASH FLOWS

|                                                |         | 2019            | 2018            |
|------------------------------------------------|---------|-----------------|-----------------|
|                                                | Note(s) | N\$             | N\$             |
| Cash flows from operating activities           |         |                 |                 |
| Receipts                                       |         |                 |                 |
| Grants for capital fund & administration costs | 8       | -               | 173 336 639     |
| Grants for student funding                     | 8       | 1 609 000 000   | 1 172 044 525   |
| Grants for student other                       |         | 56 000 000      | -               |
| Recoveries                                     | 8       | 3 184 950       | 4 057 691       |
| Other income                                   | 9       | 27 300          | 20 950          |
|                                                | 8       | 1 349 459 805   | 888 721 930     |
| Payments                                       |         |                 |                 |
| For student awards                             |         | (1 405 857 505) | (1 157 616 833) |
| To employees and suppliers                     |         | (38 175 287)    | (81 922 227)    |
|                                                |         | (1 444 039 792) | (1 239 539 060) |
| Net cash from operating activities             | 13      | 168 172 457     | 109 920 745     |
| Cash flows from investing activities           |         |                 |                 |
| Acquisition of property, plant and equipment   | 2       | (38 068 672)    | (92 587 256)    |
| Interest income                                | 10      | 5 092 570       | 3 130 934       |
| Net cash to investing activities               |         | (32 976 102)    | (89 456 322)    |
| Total cash movement for the year               |         | 135,203,356     | 20,464,424      |
| Cash at the beginning of the year              |         | 44,534,749      | 24,070,325      |
| Total cash at end of the year                  | 6       | 179,738,104     | 44,534,749      |

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

**ACCOUNTING POLICIES**

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.

**Significant judgements and sources of estimation uncertainty****Critical judgements in applying accounting policies**

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

**Key sources of estimation uncertainty****Useful lives and residual values of property, plant and equipment**

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

useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimates.

**IMPAIRMENT TESTING**

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

**1.2 PROPERTY, PLANT AND EQUIPMENT**

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

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.

| Item                 | Depreciation method | Average useful life |
|----------------------|---------------------|---------------------|
| Buildings            | Straight line       | Not depreciated     |
| Furniture & 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           |

**ACCOUNTING POLICIES****Property, plant and equipment (continued)**

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.



## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### FINANCIAL INSTRUMENTS AT AMORTISED COST

These include staff study 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\$ 92,917,222 (2018: N\$ 64, 705, 326; 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.

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.

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1.6 IMPAIRMENT OF ASSETS

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

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

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

### 1.7 EMPLOYEE BENEFITS SHORT-TERM EMPLOYEE BENEFITS

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

### DEFINED 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 Fund 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.

## ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

### 1.8 PROVISIONS AND CONTINGENCIES

Provisions are recognised when the Fund has an obligation at the reporting date as a result of a past event; it is probable that the Fund 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.

### 1.9 GOVERNMENT GRANTS

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

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

Grants received before the revenue recognition criteria are satisfied are recognised as a liability. Grants are measured at the fair value of the asset received or receivable.

### 1.10 REVENUE

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

independent Secretariat, interest on student loans and donation 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 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.



| 2. Property, plant and equipment                                                                                                                                      |             |                          |                 |             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------|-----------------|-------------|
|                                                                                                                                                                       | 2019        |                          |                 | 2018        |
|                                                                                                                                                                       | Cost        | Accumulated depreciation | Carrying value  | Cost        |
| Furniture and fixtures                                                                                                                                                | 2,341,262   | (1,610,820)              | 730,442         | 2,323,543   |
| Motor vehicles                                                                                                                                                        | 1,255,155   | (1,062,886)              | 192,269         | 1,255,155   |
| Office equipment                                                                                                                                                      | 2,293,600   | (1,853,414)              | 440,185         | 2,293,600   |
| IT equipment                                                                                                                                                          | 3,711,623   | (2,961,549)              | 750,074         | 3,621,355   |
| Building under construction                                                                                                                                           | 229,671,326 | -                        | 229,671,326     | 191,710,641 |
|                                                                                                                                                                       | 239,272,965 | (7,488,669)              | 231,784,296     | 201,204,294 |
| Reconciliation of property, plant and equipment - 2019                                                                                                                |             |                          |                 |             |
|                                                                                                                                                                       |             |                          | Opening balance | Additions   |
| Furniture and fixtures                                                                                                                                                |             |                          | 1,044,639       | 17,719      |
| Motor vehicles                                                                                                                                                        |             |                          | 373,449         | -           |
| Office equipment                                                                                                                                                      |             |                          | 822,883         | -           |
| IT equipment                                                                                                                                                          |             |                          | 1,243,185       | 90,268      |
| Building under construction                                                                                                                                           |             |                          | 191,710,641     | 37,960,685  |
|                                                                                                                                                                       |             |                          | 195,194,797     | 38,068,672  |
| Reconciliation of property, plant and equipment - 2018                                                                                                                |             |                          |                 |             |
|                                                                                                                                                                       |             |                          | Opening balance | Additions   |
| Furniture and fixtures                                                                                                                                                |             |                          | 1,401,271       | 243         |
| Motor vehicles                                                                                                                                                        |             |                          | 624,480         | -           |
| Office equipment                                                                                                                                                      |             |                          | 1,275,540       | 5,597       |
| IT equipment                                                                                                                                                          |             |                          | 1,842,568       | 116,558     |
| Building under construction                                                                                                                                           |             |                          | 99,245,783      | 92,464,858  |
|                                                                                                                                                                       |             |                          | 104,389,642     | 92,587,256  |
| Details of properties                                                                                                                                                 |             |                          |                 |             |
| A register containing the information required by Regulation 25(3) of the Companies Regulations and is available for inspection at the registered office of the Fund. |             |                          |                 |             |

|                                                                                                            |                  | 2019 (N\$)       | 2018 (N\$)    |
|------------------------------------------------------------------------------------------------------------|------------------|------------------|---------------|
| 3. Student loans                                                                                           |                  |                  |               |
| Student loans comprise of loans awarded subsequent to the date the Fund became an independent Secretariat. |                  |                  |               |
|                                                                                                            |                  |                  |               |
| 2019                                                                                                       | New Awards Loans | Continuing loans | Total         |
| Opening balance                                                                                            | 889,326,734      | 1,882,358,328    | 2,771,685,062 |
| Loans awarded                                                                                              | 352,388,280      | 559,187,385      | 911,575,665   |
| Student accruals                                                                                           | 8,018,676        | 9,577,883        | 17,596,559    |
| Impairment of student loans                                                                                | (124,973,369)    | (245,112,360)    | (370,085,729) |
|                                                                                                            | 1,124,760,321    | 2,206,011,237    | 3,330,771,558 |
|                                                                                                            |                  |                  |               |
| 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) |
|                                                                                                            | 800,394,061      | 1,694,122,495    | 2,494,516,556 |
|                                                                                                            |                  |                  |               |
| 4. Trade and other receivables                                                                             |                  |                  |               |
| Staff loans                                                                                                |                  | 674,622          | 615,061       |
|                                                                                                            |                  |                  |               |
| 5. Prepayments                                                                                             |                  |                  |               |
| Prepaid rental deposits                                                                                    |                  | 347, 021         | 347, 021      |
| Prepaid student deposits                                                                                   |                  | -                | 41,168,800    |
|                                                                                                            |                  | 347,021          | 41,515,821    |
| 6. Cash and cash equivalents                                                                               |                  |                  |               |
| Cash and cash equivalents consist of:                                                                      |                  |                  |               |
| Cash on hand                                                                                               |                  | -                | 2,542         |
| Bank balances                                                                                              |                  | 179,726,014      | 44,520,762    |
| Short-term deposits                                                                                        |                  | 12,090           | 11,445        |
|                                                                                                            |                  | 179,738,104      | 44,534,749    |
| 7. Trade and other payables                                                                                |                  |                  |               |
| Deferred revenue                                                                                           |                  | -                | 56,000,000    |
| Trade payables                                                                                             |                  | 5,793,565        | 15,366,441    |
| Student loans accruals                                                                                     |                  | 18,218,039       | 86,904,404    |
| Payroll related accruals                                                                                   |                  | 9,962,087        | 9,099,306     |
|                                                                                                            |                  | 33,973,690       | 111,370,151   |

|                                                                                                                                                        | 2019<br>N\$          | 2018<br>N\$          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|
| <b>8. Revenue</b>                                                                                                                                      |                      |                      |
| Grants for student funding                                                                                                                             | 1,609,000,000        | 1,172,044,525        |
| Grants for student funding other                                                                                                                       | 56,000,000           |                      |
| Recoveries                                                                                                                                             | 3,184,950            | 4,057,691            |
| Grants for capital fund and administration costs                                                                                                       | -                    | 173,336,639          |
|                                                                                                                                                        | <u>1,668,184,950</u> | <u>1,349,438,855</u> |
| <b>9. Other income</b>                                                                                                                                 |                      |                      |
| Refunds - tertiary institutions                                                                                                                        | -                    | -                    |
| Tender documentation fees                                                                                                                              | 27,300               | 20,950               |
|                                                                                                                                                        | <u>27,300</u>        | <u>20,950</u>        |
| <b>10. Investment revenue</b>                                                                                                                          |                      |                      |
| Interest revenue                                                                                                                                       |                      |                      |
| Bank                                                                                                                                                   | 5,092,570            | 3,130,934            |
| <b>11. Taxation</b>                                                                                                                                    |                      |                      |
| 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. |                      |                      |
| <b>12. Auditor's remuneration</b>                                                                                                                      |                      |                      |
| Fees                                                                                                                                                   | 573,236              | 439,972              |

|                                                     | 2019<br>(N\$)      | 2018<br>(N\$)      |
|-----------------------------------------------------|--------------------|--------------------|
| <b>13. Cash (used in) generated from operations</b> |                    |                    |
| Surplus for the year                                | 1,095,419,949      | 673,583,963        |
| Adjustments for:                                    |                    |                    |
| Depreciation and amortisation                       | 1,479,172          | 1,782,101          |
| Interest received - investment                      | (5,092,570)        | 3,130,934          |
| Movements in provisions                             | -                  | (3,000,000)        |
| Impairments of student loans                        | 92,917,222         | 64,705,326         |
| Changes in working capital:                         |                    |                    |
| Trade and other receivables                         | (59,560)           | (180,938)          |
| Prepayments                                         | 41 168 800         | (41,168,800)       |
| Trade and other receivables                         | (116,922,685)      | 58,121,418         |
| Student loans                                       | (929,172,223)      | (647,053,258)      |
|                                                     | <u>179,738,104</u> | <u>109,920,746</u> |



|                                                                                                                                                                                                                                                                                                                                       | 2019<br>N\$ | 2018<br>N\$ |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| 14. Commitments                                                                                                                                                                                                                                                                                                                       |             |             |
| Authorised capital expenditure                                                                                                                                                                                                                                                                                                        |             |             |
| Already contracted for but not provided for                                                                                                                                                                                                                                                                                           |             |             |
| * Property, plant and equipment                                                                                                                                                                                                                                                                                                       | 8,509,510   | 38,013,963  |
| Operating leases – as lessee (expense)                                                                                                                                                                                                                                                                                                |             |             |
| Minimum lease payments due                                                                                                                                                                                                                                                                                                            |             |             |
| - within one year                                                                                                                                                                                                                                                                                                                     | -           | 1,765,739   |
| Operating lease payments represent rentals payable by the Fund 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                 | A/Awarb (Chairperson)<br>C Swart-Opperman (Vice chairperson)<br>S Tjiuro<br>A Angula<br>I Neema<br>T Munyika                                                                                                                                                                                                                                                                                                                                                                                 |
| Members of key management | H. Nghiwete (CEO - on suspension)<br>K. Kandume (Acting Chief Executive Officer)<br>O. Hamwele (Chief Human 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 Communications)<br>D. Nathinge (Acting Senior Manager: Operations)<br>F. Immanuel (Company Secretary)<br>H. Ntemba (Internal Auditor) |

|                                                                                                     | 2019<br>(N\$)   | 2018<br>(N\$) |
|-----------------------------------------------------------------------------------------------------|-----------------|---------------|
| 15. Related parties (continued)                                                                     |                 |               |
| Related party balances and transactions with entities with other related parties                    |                 |               |
| Related party transactions                                                                          |                 |               |
| Key management                                                                                      |                 |               |
| Salaries                                                                                            | 14,795,872      | 9,081,642     |
| Key management comprises of the CEO and members of the executive committee                          |                 |               |
| Grants received from related parties                                                                |                 |               |
| Grants for capital fund and administration fees                                                     | -               | 173,336,639   |
| Grants for students funding: Ministry of Higher Education, Training and Innovation                  | 1,609,000,000   | 172,044,525   |
| 16. Directors' remuneration                                                                         |                 |               |
| Directors' remuneration of N\$ 1,298,105 (2018: N\$ 933,467) was paid to directors during the year. |                 |               |
| 17. Provisions                                                                                      |                 |               |
| Reconciliation of provisions - 2019                                                                 |                 |               |
|                                                                                                     | Opening balance | Movement      |
| Legal settlement                                                                                    | 5,000,000       | -             |
|                                                                                                     |                 | Total         |
|                                                                                                     |                 | 5,000,000     |



## **DETAILED STATEMENT OF COMPREHENSIVE INCOME**



|                                                  |          | 2019          | 2018          |
|--------------------------------------------------|----------|---------------|---------------|
|                                                  | Notes(s) | N\$           | N\$           |
| Revenue                                          |          |               |               |
| Recoveries                                       |          | 3,184,950     | 4,057,691     |
| Grants for capital fund and administration costs |          | -             | 173,336,639   |
| Grants for student funding                       |          | 1,609,000,000 | 1,172,044,525 |
| Grants for student funding other                 |          | 56,000,000    | -             |
|                                                  | 8        | 1,668,184,950 | 1,349,438,855 |
| Other income                                     |          |               |               |
| Refund - tertiary institutions                   |          | -             | -             |
| Tender documentation fees                        |          | 27,300        | 20,950        |
| Interest received                                | 10       | 5,092,570     | 3,130,934     |
|                                                  |          | 5,119,870     | 3,151,884     |
| Other expenses                                   |          | (92,917,222)  | (64,705,326)  |
| Impairment of student loans                      |          | (92,917,222)  | (64,705,326)  |

|                          |          | 2019         | 2018         |
|--------------------------|----------|--------------|--------------|
|                          | Notes(s) | N\$          | N\$          |
| Repairs and maintenance  |          | (5,785)      | (10,705)     |
| Security                 |          | (257,896)    | (88,157)     |
| Staff welfare            |          | (79,180)     | (53,735)     |
| Subscriptions            |          | (584,421)    | (457,536)    |
| Training                 |          | (271,349)    | (692,692)    |
| Travel and accommodation |          | (238,375)    | (2,299,190)  |
| Telephone and fax        |          | (1,395,235)  | (1,576,207)  |
| Water and electricity    |          | (630,245)    | (1,201,050)  |
| Workshop and conferences |          | (157,464)    | (286,278)    |
|                          |          | (76,961,732) | (84,420,878) |

|                                                                                                                |               |               |
|----------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Student funding expenses                                                                                       |               |               |
| Postgraduate awards                                                                                            | (3,639,326)   | (8,586,939)   |
| Solidarity scholarships                                                                                        | -             | -             |
| Student accommodation and medical                                                                              | -             | -             |
| Student flight and travel expenses                                                                             | (4,243,210)   | (5,689,360)   |
| Student stipends                                                                                               | -             | -             |
| Undergraduate student awards (grants)                                                                          | (400,123,381) | (515,604,273) |
|                                                                                                                | (408,005,917) | (529,880,572) |
| Total Income for the year                                                                                      | 1,673,304,820 | 1,352,590,739 |
| Less total expenses                                                                                            | (577,884,871) | (679,006,776) |
| Surplus for the year                                                                                           | 1,095,419,949 | 673,583,963   |
| The supplementary information presented does not form part of the annual financial statements and is unaudited |               |               |

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