



REPUBLIC OF NAMIBIA



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

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

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

WINDHOEK, April 2024

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. QUALIFIED AUDIT OPINION

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

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

2. BASIS FOR QUALIFIED AUDIT OPINION

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The Qualified Audit Opinion is expressed due to the following:

2.1 LOAN BOOK NOT AMORTIZED

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

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

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

The recommendation was only being implemented from 1st July 2023, after amnesty was lifted

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

2.2 LOAN BOOK - EXCEL INVOICES FROM TERTIARY INSTITUTIONS

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

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

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

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

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

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming an audit opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters identified in respective of the financial statement for Namibia Students Financial Assistance Fund.

4. OTHER MATTERS

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

4.1 LOW REPAYMENT OF LOANS

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

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

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

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

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 22 of the Public Enterprise Governance Act, 2019.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with legislation, and for such internal control as management deems it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- Evaluate the appropriateness of accounting policies 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, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention to it in the audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the audit opinion. My conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Funds to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during the audit;
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards; and
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

SECTION B: AUDIT OF KEY PERFORMANCE INFORMATION

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

DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND SCOPE

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

The primary function of the PMS is to enable the Fund to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

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

AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide assurance whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the Fund to inform the Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

AUDIT CRITERIA

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

Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and
Reliability of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

SUMMARY OF METHODS APPLIED

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

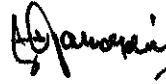
8. CONCLUSION ON SUBJECT MATTER

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

9. ACKNOWLEDGEMENTS

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

WINDHOEK, April 2024



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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

	Notes	2023 N\$	2022 N\$	2021 N\$
ASSETS				
Non-current assets				
Property, plant and equipment	6	126 790 747	131 717 739	136 575 812
Financial Asset - Student Loans	8	4 233 792 535	3 146 964 653	5 310 915 923
Current assets				
Cash and cash equivalents	13	49 865 635	44 077 659	76 059 034
Prepayments	7	1 588 829	1 919 153	347 021
Inventories	14	-	20 975 699	2 037 915
Loans to directors, managers and employees	15	1 415 881	1 282 221	1 329 508
Other receivables	8	26 057 920	22 671 340	11 866 270
Total assets		4 439 511 547	3 369 608 464	5 539 131 483
EQUITY AND LIABILITIES				
Equity				
Accumulated surplus		4 188 825 510	3 075 972 559	5 367 471 319
Current Liabilities				
Payables under exchange transactions		3 866 049	5 368 473	5 437 312
Provisions for Legal Fees	9	-	-	9 775 360
Payables under non-exchange transactions	10	8 501 995	48 995 416	41 541 444
Unspent conditional grants and receipts	11	887 078	3 576 554	3 637 336
Bank Loan Facility		237 430 916	235 695 462	111 268 712
Total Equity and Liabilities		4 439 511 547	3 369 608 464	5 539 131 483

ANNEXURE B

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

	Notes	2023 N\$	2022 N\$	2021 N\$
Revenue				
Revenue from non-exchange transactions				
Transfer revenue				
		1 592 191 476	1 370 060 782	1 230 898 465
Transfers from government – treasury	2	1 585 602 000	1 366 000 000	1 223 679 000
Other transfer revenue - Disability Grant		6 589 476	4 060 782	2 893 085
Recoveries of Legacy Loans		-	-	4 326 380
		26 544 391	12 633 215	4 172 410
Revenue from exchange transactions				
Sale of goods	2	21 841 655	9 659 340	-
Sundry Income		153 366	41 552	210 000
Interest received – investment	2	4 003 826	2 932 323	3 962 410
Operating lease income		545 544	-	-
Total revenue		1 618 735 867	1 382 693 997	1 235 070 875
Expenses				
Interest paid		(18 816 075)	(13 906 250)	(1 197 146)
Depreciation expense		(5 722 018)	(5 614 298)	(6 014 334)
Impairment on Financial Asset	3	(397 677 410)	(651 237 774)	(123 512 145)
Impairment on Non-Current Assets	3	-	-	(93 816 410)
Employee costs	4	(52 656 707)	(50 753 849)	(46 614 427)
Fund Sitting Fees		(739 440)	(901 558)	(941 584)
Administrative expenses	5	(20 384 550)	(19 259 503)	(15 756 879)
Repairs and maintenance		(357 164)	(279 486)	(354 910)
Auditors remuneration		(561 301)	(328 602)	(40 250)
Student Grants		(40 799 551)	(34 162 906)	(160 955 538)
Student laptops subsidised		-	(29 520 886)	(9 660 000)
Total expenses		(537 714 216)	(805 965 112)	(458 863 623)
Surplus for the year		1 081 021 651	576 728 885	776 207 252

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

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

ANNEXURE D

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

	Notes	2023 N\$	2022 N\$	2021 N\$
Cash flows from operating activities				
Receipts		1 605 332 360	1 380 156 849	1 231 108 466
Government grants and subsidies	2	1 585 602 000	1 366 000 000	1 223 679 000
Grants – Disability		3 900 000	4 000 000	2 893 086
Recoveries from previously impaired loans		15 131 450	10 115 297	4 326 380
Other Income		698 910	41 552	210 000
		(1 583 929 708)	(1 524 820 900)	(1 434 822 489)
Payments		(1 506 850 273)	(1 447 423 433)	(1 346 982 084)
For Student Awards		(77 079 435)	(77 397 467)	(87 840 405)
Suppliers and employees				
Net cash flows from operating activities	12	21 402 652	(144 664 051)	(203 714 023)
Cash flows from investing activities				
Purchases of property, plant and equipment	6	(802 425)	(756 225)	(363 524)
Interest Income		4 003 826	2 932 323	3 962 410
Net cash flow from investing activities		3 201 401	2 176 098	3 598 886
Cash flow from financing activities				
Movement in bank loan facilities		(18 816 077)	110 506 578	111 268 712
Net cash flow from financing activities		(18 816 077)	110 506 578	111 268 712
Net increase/(decrease) in cash and cash equivalents		5 787 976	(31 981 375)	(88 846 425)
Cash and cash equivalents at the beginning of the year		44 077 659	76 059 034	164 905 459
Cash and cash equivalents at the end of the year	13	49 865 635	44 077 659	76 059 034

**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

ANNEXURE E

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Performance difference	Variance	Notes
	N\$	N\$	N\$	N\$	N\$	%	
Revenue from non-exchange transactions							
Transfers from treasury – MHETI	1 554 602 000	31 000 000	1 585 602 000	1 585 602 000	-	-	
Other Transfers - MOGE	-	7 476 554	7 476 554	6 589 476	887 078	13%	
Recoveries from previously impaired loans	27 600 000	-	27 600 000	14 720 000	12 880 000	88%	17
Total revenue	1 582 202 000	38 476 554	1 620 678 554	1 606 911 476	13 767 078	1%	
Expenditure							
Student Funding Expenses	1 478 316 491	48 784 320	1 527 100 811	1 528 537 701	(1 436 890)	0%	
Employee costs	59 280 000	(4 553 000)	54 727 000	54 627 286	99 714	0%	
Staff related costs	3 216 612	(121 200)	3 095 412	1 773 614	1 321 798	75%	
Subscriptions	6 748 300	(1 133 907)	5 614 393	5 578 742	35 651	1%	
Bank Charges	1 100 000	-	1 100 000	688 856	411 144	60%	
S & T Secretariat	625 000	-	625 000	574 084	50 916	9%	
Utilities	1 346 000	310 000	1 656 000	1 514 193	141 807	9%	
Advertising and Promotions	1 650 160	(311 093)	1 339 067	794 002	545 065	69%	17
Internal Audit	300 000	-	300 000	-	300 000	0%	

ANNEXURE E

**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

Budget on Cash Basis (continued)

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Performance difference	Variance	Notes
	N\$	N\$	N\$	N\$	N\$	%	
Expenditure (continued)							
Telephone Expenses	700 000	-	700 000	706 842	(6 842)	(0)	
Other Goods and Services	2 039 000	(867 000)	952 000	973 570	(21 570)	(0)	
Projects and Services	5 667 000	(164 100)	5 502 900	5 225 610	277 290	5%	
Office Equipment	150 000	-	150 000	47 239	102 761	218%	
Computer Equipment	750 000	-	750 000	755 186	(5 186)	(0)	
Legal Fees	3 600 000	-	3 600 000	1 618 950	1 981 050	122%	17
Fund Sitting and Related Fees	1 580 000	-	1 580 000	961 215	618 785	64%	
Consulting fees	635 000	-	635 000	161 497	473 503	293%	
Printing and Stationery	2 050 000	(1 375 000)	675 000	664 126	10 874	2%	
Repairs and Maintenance	1 184 000	(200 000)	984 000	561 301	422 699	75%	
Security Costs	560 000	-	560 000	348 274	211 726	61%	
General Expenses	25 000	-	25 000	19 193	5 807	30%	
Insurance	1 250 000	(650 000)	600 000	420 927	179 073	43%	
Office refreshments	116 000	25 000	141 000	144 360	(3 360)	(0)	
Trade fairs	-	164 100	164 100	87 296	76 804	88%	
Interest paid	21 600 000	2 590 363	19 009 637	18 816 075	193 562	1%	
Total expenditure	1 594 488 563	42 498 483	1 631 586 320	1 625 600 139	5 986 181		
Deficit	(12 286 563)	(4 021 929)	(10 907 766)	(18 688 663)	7 780 897		

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

1. Presentation of Annual Financial Statements

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

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

In its transition to accrual basis IPSAS's, the entity took advantage of these transitional exemptions. As a result, it is unable to make and explicit an unreserved statement of compliance with accrual basis IPSAS's in preparing its transitional IPSAS financial statements for this reporting period. Certain disclosures and reconciliations are required to provide sufficient and relevant information. The entity intends to fully comply with IPSAS's on 31/03/2024.

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

1.1 Presentation currency

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

1.2 Revenue from non-exchange transactions

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

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

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

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

1.2 Revenue from non-exchange transactions (continued)

Recognition of Government Grants

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

1.3 Revenue from exchange transactions

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

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

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

Interest Income

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

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

1.4 Property, plant and equipment

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

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

1.4 Property, plant and equipment (continued)

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

1.5 Impairment of non-cash-generating assets

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

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

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

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

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

Useful life is either:

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

Transitional provision

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

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

1.6 Financial instruments

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

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

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

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

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

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

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

It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors. It is settled at a future date.

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

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

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

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

1.6 Financial instruments (continued)

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

There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

Cash;

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

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

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

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

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

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

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

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

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

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

1.6 Financial instruments (continued)

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

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

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

Equity instruments or similar forms of unitised capital;

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

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

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:"
The entity designates at fair value at initial recognition; or are held for trading.

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

Initial recognition

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

The entity recognises financial assets using trade date accounting.

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

1.7 Inventories

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

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

1.8 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

1.9 Translation of foreign currencies, Foreign currency transactions

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

1.10 Related parties

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

ANNEXURE E

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

1.10 Related parties (continued)

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

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

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

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

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

1.11 Budget information

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

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

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

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

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

1.11 Budget information (continued)

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

Comparative information is not required.

1.12 Significant judgements and sources of estimation uncertainty

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

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

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

Significant judgments include:

Provisions

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

Allowance for doubtful debts

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

1.13 Investment income

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

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

1.14 Comparative figures

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

1.15 Transitional exemptions and provisions

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

Affecting fair presentation transitional exemptions utilised;

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

IPSAS 28: Financial Instrument: Presentation
IPSAS 29: Financial Instruments: Recognition and Measurement
IPSAS 30: Financial Instruments: Disclosure
IPSAS 41: Financial Instruments

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

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

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

1.15 Transitional exemptions and provisions (continued)

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

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

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

1.16 Prior period error

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

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

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

	2023	2022	2021
	N\$	N\$	N\$
2. Revenue			
Sale of goods	21 841 655	9 659 340	-
Other income - Leasing of property	698 910	41 552	210 000
Interest received – investment	4 003 826	2 932 323	3 962 410
Transfers from treasury	1 585 602 000	1 366 000 000	1 223 679 000
Transfers from MOGE- Disability Grant	6 589 476	4 060 782	2 893 085
Revenue from previously impaired loans	-	-	4 326 380
	1 618 735 867	1 382 693 997	1 235 070 875

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

Sale of goods	21 841 655	9 614 340	-
Sundry Income	698 910	41 552	210 000
Interest received - investment	4 003 826	2 932 323	3 962 410

3. Impairment of Financial Assets – Student loans

ECL Allowance on student loans	397 677 410	651 237 774	123 512 145
Impairment on non – current assets	-	-	93 816 410
	397 677 410	651 237 774	217 328 555

4. Employee cost

Employee related costs - Salaries	44 832 100	42 580 124	39 071 343
Employee related costs – Contributions to pensions and medical aids	6 942 817	7 385 396	7 230 231
Overtime payments	881 790	788 329	312 853
	52 656 707	50 753 849	46 614 427

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

	2023	2022	2021
	N\$	N\$	N\$
5. Administrative Expenses			
Advertising	474 002	756 954	1 441 459
Bank charges	688 856	480 438	926 246
Cleaning	462 120	583 370	460 755
Computer expenses	13 644	1 998 294	40 002
Consulting and professional fees	161 497	274 828	525 433
Consumables	2 673	4 168	1 489
Entertainment	213 411	37 846	269 639
Insurance	420 927	1 095 632	304 005
Lease rentals on operating lease	116 438	201 132	-
Legal Fees	1 618 950	3 116 269	2 810 741
Motor vehicle expenses	138 460	100 365	65 415
Postage and courier	222 695	51 060	19 506
Printing and stationery	664 128	740 911	1 230 414
Project maintenance costs	5 225 610	2 894 974	2 816 082
Penalties and Fines	3 444	-	-
Recovery Campaign	320 000	-	-
Security (Guarding of property)	348 274	327 728	315 106
Subscriptions and membership fees	5 578 742	3 256 548	2 247 517
Telephone and fax	1 181 019	1 155 084	1 026 205
Office Refreshments	144 360	78 198	19 539
General Expenses	19 193	31 425	7 684
Electricity and Water Municipal charges	935 635	589 333	451 895
Fund Other expenses	221 775	80 397	187 169
Trade Fairs	87 296	9 000	-60
Workshops and Conferences	-	120 688	13 390
Staff Welfare	112 631	112 135	40 312
Team building and year end expenses	149 024	184 889	62 776
S&T Secretariat	574 084	171 089	48 836
Staff Training	513 111	736 075	425 324
Sundry expenses	(614 998)	-	-
HR Recruitment	40 528	70 673	-
Unpaid rental deposits	347 021	-	-
	20 384 550	19 259 503	15 756 879

**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)**

	2023	2022
	N\$	N\$

6. Property, plant and equipment

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

Details of property

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

Details of Property Valuation

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

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

**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)**

6. Property, plant and equipment (continued)

Reconciliation of Property, plant and equipment -2023

	Opening	Additions	Disposals	Depreciation	Total
Buildings	128 092 351	-	-	(4 507 648)	123 584 703
Furniture and fixtures	2 532 784	47 239	-	(825 527)	1 754 496
Office equipment	73 942	-	-	(21 856)	52 086
IT equipment	1 018 662	755 186	(7 399)	(366 987)	1 399 462
	131 717 739	802 425	(7 399)	(5 722 018)	126 790 747

Reconciliation of Property, plant and equipment -2022

	Opening	Additions	Disposals	Depreciation	Total
Buildings	132 600 000	-	-	(4 507 649)	128 092 351
Furniture and fixtures	3 362 317	42 680	-	(872 213)	2 532 784
Office equipment	29 077	74 865	-	(30 000)	73 942
IT equipment	584 418	638 680	-	(204 436)	1 018 662
	136 575 812	756 225	-	(5 614 298)	131 717 739

Reconciliation of Property, plant and equipment -2021

	Opening	Additions	Impairment loss	Disposals	Depreciation	Total
Buildings	230 604 321	300 232	(93 816 410)	-	(4 488 143)	132 600 000
Furniture and fixtures	4 329 081	-	-	-	(966 764)	3 362 317
Motor vehicles	73 025	-	-	-	(73 025)	-
Office equipment	196 854	18 714	-	-	(186 491)	29 077
IT equipment	539 519	344 810	-	-	(299 911)	584 418
	235 742 800	663 756	(93 816 410)	-	(6 014 334)	136 575 812

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2023 N\$	2022 N\$	2021 N\$
7. Prepayments			
Prepayments consist of rental deposits from old leases			
Prepayments rental deposits	-	347 021	347 021
Prepayments student payments	1 588 829	1 572 132	-
	1 588 829	1 919 153	347 021
8. Financial Asset - Student loans			
Opening Balance	11 037 576 815	5 905 824 781	4 670 703 333
Prior year balance reinstatement into the financial statements	11 793 041	3 759 349 645	-
Loans awarded	1 463 089 597	1 333 735 516	1 214 591 786
Student accruals	-	39 242 170	20 529 662
Other loans – laptops	31 222 655	9 540 000	-
Recoveries	(15 131 450)	(10 115 297)	-
Gross debtors	12 528 550 658	11 037 576 815	5 905 824 781
Credit loss allowance	(8 273 158 123)	(7 875 480 712)	(590 582 478)
Net debtors	4 255 392 535	3 162 096 103	5 315 242 303
Current	26 057 920	22 671 340	11 866 270
Non-current	4 233 792 535	3 146 964 653	5 310 915 923
	4 259 850 455	3 169 635 993	5 322 782 193
Financial Asset – Other receivables			
Mobile devices	4 457 920	7 539 890	7 539 890
Financial Asset - Other receivables	21 600 000	15 131 450	4 326 380
	26 057 920	22 671 340	11 866 270

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

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

8. Financial Asset - Student loans (continued)

Credit impaired financial assets

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

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

- i) The debtors are not economically active.
- ii) Significant financial difficulty of the debtors due to loss of employment.
- iii) Debtors who are unwilling to pay back their student loans despite recovery efforts by the Fund.
- iii) High unemployment rates and difficult socio economic conditions in the country i.e. increasing inflation rate, interest rates.

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

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

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

9. Provisions for Legal Fees

Reconciliation of provisions for legal fees – 2022

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

Reconciliation of provisions for legal fees – 2021

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

Other provision - Court Cases

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

	2023	2022	2021
	N\$	N\$	N\$

10. Payables from non-exchange transactions

Student Funding Accruals	-	40 538 301	33 480 646
Payroll Accruals	8 501 995	8 457 115	8 060 798
	8 501 995	48 995 416	41 541 444

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2023	2022	2021
	N\$	N\$	N\$
11. Unspent conditional grants and receipts			
The unspent conditional grant relates to a disability grant received from the Ministry of Gender Equality, Poverty Eradication, Social Welfare and Disability Affairs. The grant is spent on 198 students both NSFAF beneficiaries.			
Balance at the beginning of the year	3 576 554	3 637 336	2 000 000
Additions during the year	3 900 000	4 000 000	4 000 000
Income recognition during the year	(6 589 476)	(4 060 782)	(2 362 664)
	887 078	3 576 554	3 637 336
12. Cash used in operations			
Surplus for the year	1 081 021 651	576 728 885	776 632 577
Adjustments for:			
Depreciation and Impairment	5 722 018	5 614 298	99 830 744
Interest received	(4 003 825)	(2 932 323)	(3 962 410)
Impairment on Student loans	397 677 410	651 237 774	123 512 145
Interest paid	18 816 075	13 920 171	-
Changes in working capital:			
Inventories	41 455 771	(40 576 573)	(2 037 915)
Other receivables from non-exchange transactions	2 948 308	47 288	(462 378)
Prepayments	330 324	(1 605 131)	33 650 000
Payables under non - exchange transactions	(41 674 652)	7 263 569	10 641 613
Student payments - loans awarded current year	(1 471 694 130)		
		(1 350 730 599)	(1 242 661 338)
Unspent conditional grants and receipts	(3 113 130)	60 782	1 637 336
Movements in provisions	(6 083 168)	(3 692 192)	(494 397)
Cash used in operations	21 402 652	(144 664 051)	(203 714 023)

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2023	2022	2021
	N\$	N\$	N\$
13. Cash and cash equivalents			
Cash and cash equivalents consist of:			
Cash on hand	1	1	1
Bank balances	49 865 634	44 077 658	76 059 033
	49 865 635	44 077 659	76 059 034
		α	
14. Inventories			
Finished goods - Mobile devices	-	462 915	2 037 915
Finished goods - Laptops	-	20 512 784	-
	-	20 975 699	2 037 915

15. Related parties**Line Ministry**

Ministry of High Education, Training and Innovation (MHETI)

Directors

S. Tjiuro (Chairperson)

A. Angula (Deputy Chairperson)

I. Neema

T. Munyika

N. Hamutumwa

Members of key management - Executive Committee

K. Kandume (Acting Chief Executive Officer)

V. Urinavi (Chief Financial Officer)

O. Hamwele (Chief Human Capital & Corporate Affairs)

D. Nathinge (Acting Senior Manager: Operations)

F. W Immanuel (Company Secretary)

H. Ntema (internal Auditor)

ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
	N\$	N\$	N\$
15. Related parties			
Related party transactions			
Key Management			
Salaries	22 044 068	18 460 570	14 795 872
Key management salaries comprise of the members of EXCO and MANCO members. The prior year disclosure did not include MANCO members' salaries.			
Grants from related parties			
Ministry of Higher Education Training and Innovation (MHETI)	1 585 602 000	1 366 000 000	1 223 679 000
	Opening balance	Loans advanced	Closing balance
Key management – Study loans -2023	49 000	24 912	73 912
	Opening balance	Loans advanced	Closing balance
Key management – Study loans - 2022	16 903	32 097	49 000
Directors' emoluments (related parties continued)			
S Tjiuro (Chairperson)	140 432	166 325	185 724
A Angula(Deputy Chairperson)	156 809	138 886	133 766
N Hamutumwa	158 205	121 989	131 870
I Neema	153 808	154 550	152 429
T Munyika	130 186	171 446	188 308
K !Awarab (Chairperson) - Resigned March 2022	-	148 362	149 487
	739 440	901 558	941 584

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

	2023	2022	2021
	N\$	N\$	N\$
16. Financial risk management (continued)			
Financial instrument			
Trade Debtors	4 259 850 455	3 169 635 993	5 322 782 193
	4 259 850 455	3 169 635 993	5 322 782 193

Interest rate risk

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

Foreign exchange risk

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

The entity does not hedge foreign exchange fluctuations.

17. Budget differences

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

Changes from the approved budget to the final budget.

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH (Continued)

17. Budget differences (continued)

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

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

