



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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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 year ended 31 March 2024 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, March 2025

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke', with a stylized flourish at the end.

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Namibia Students Financial Assistance Fund for the financial year ended 31 March 2024. 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 year ended 31 March 2024 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 AMORTIZATION

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 are 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 Fund hold a financial asset in student loans amounting to N\$ 10 319 644 555 and based on the sample of recoveries tested the auditors noted that the repayments were not properly reconciled against the student loan balances on the loan management system.

2.2 LOAN BOOK - INVOICES FROM TERTIARY INSTITUTIONS

The auditors noted a difference of N\$ 16 501 (5.5%) from a total sample tested amounting to N\$ 298 758 between amounts invoiced by Namibia University of Science and Technology (NUST) and the statements provided by the institution during a third party verification test. Based on these differences the auditors anticipate a projected misstatement of N\$ 17 550 520 (total population N\$ 317 750 937 x 5.5%), from the tested samples that were misstated.

The above is as a result of a lack of adequate reviewing and verification of invoices received from tertiary institutions against student statements for payment.

3. KEY AUDIT MATTERS

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

3.1 LOAN BOOK - CREDIT LOSS ALLOWANCE

In terms of IPSAS 29 paragraph 67 states that: *the entity shall assess at the end of the each reporting period whether there is any objective evidence that the financial asset is impaired. "According to IPSAS 29 paragraph 68: "A financial asset or group of financial assets impaired or impairment losses are incurred if and only if there is an objective evidence of impairment as result of one or more events that occurred after the initial recognition of asset (a "loss event") and loss event (or events) has impact on estimated future cash flows of the financial assets or group of assets that can be reliably estimated."*

The data used for calculation of ECL allowance was not substantiated to the third-party records for the deceased listing from the Ministry of Home Affairs Immigration Safety and Security. The auditors could therefore not reliably assess the valuation of the expected credit loss (ECL) allowance for the year under review pertaining to the deceased listing component amounting to N\$ 1 334 563 of the total ECL allowance amounting to N\$ 4 359 281 344 as at 31 March 2024.

4. EMPHASIS OF MATTER

4.1 GOING CONCERN

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

Cabinet through a resolution in 2021 effectively directed that the NSFAP be re-integrated into the Ministry of Higher Education Technology and Innovation (MHETI). Due to this a re-integration framework and timeline was developed and approved by the Board.

When re-integrated, NSFAF as a statutory entity will cease to exist and its activities will be conducted through a department in the MHETI. Per the timeline, the reintegration is to be completed by 31 March 2025. The various activities required to be completed for the reintegration to take place are ongoing. This process does not affect the going concern status of the Fund as at 31 March 2024.

5. 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.

5.1 LOW REPAYMENT OF LOANS

The auditors noted that total recoveries were only N\$ 18 271 916 which is less than 1% of total student debtors owing the Fund. The Fund has been ineffective in collecting student debts resulting in a risk of the Fund not achieving its strategic objective. The majority student debtors are many years in arrears and the records did not affirm that the students have been contacted as required in an effort to remedy the defaulting or to determine the reason for the delayed payments.

5.2 ACCOUNTING POLICIES

The Fund does not have approved Standard Operating Procedures (SOPs)/Procedure manuals place, despite having adopted the IPSAS (International Public Sector Accounting Standards) Framework for the financial period 31 March 2022 to 2024.

Additionally, there are Standard Operating Procedures (SOPs)/Procedure manuals, which are still in draft phase and that have not yet been approved and adopted by the Fund.

The SOPs are outdated (last revised in 2017) – we are currently in 2024, some of reference employees may have resigned example previous CEO, CFO and Accountant referenced thereon. SOPs (Standard Operating Procedures) issued does not clearly describe the process flow from initiation until the recording phase

6. 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.

7. 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.

8. 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.

8. ACKNOWLEDGEMENTS

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

WINDHOEK, March 2025



JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

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

	Note	2024 N\$	2023 N\$
ASSETS			
Non-current assets		10 409 400 255	4 360 538 282
Property, plant and equipment	9	122 637 562	126 790 748
Financial Asset - Student Loans	10	10 286 762 693	4 233 747 534
Current assets		122 260 361	78 928 265
Cash and cash equivalents	8	95 733 985	49 865 635
Prepayments		-	1 588 829
Loans to key management & staff	18.1	1 526 376	1 415 881
Financial Asset student loans	10	25 000 000	21 600 000
Other receivables	11	-	4 457 920
Total assets		10 531 660 616	4 439 466 547
EQUITY AND LIABILITIES			
Equity		10 516 913 117	4 189 204 090
Accumulated surplus		10 516 913 117	4 189 204 090
Current Liabilities		14 747 499	250 262 457
Payables under exchange transactions	13	12 554 164	12 368 044
Unspent conditional grants and receipts	14	2 193 335	463 497
Bank Loan Facility	16	-	237 430 916
Total Equity and Liabilities		10 531 660 616	4 439 466 547

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

	Note	2024 N\$	2023 N\$
Revenue			
Revenue from non-exchange transactions			
Transfer revenue			
Transfers from government – treasury	2	2 057 800 000	1 585 602 000
Other transfer revenue - Disability Grant	2	5 741 891	6 589 476
Revenue from non-exchange transactions		2 063 541 891	1 592 191 476
Revenue from exchange transactions			
Sale of goods		-	21 841 655
Sundry Income	2	2 666 947	153 366
Interest income –cash & cash equivalents	3	15 437 755	4 003 826
Interest income –debtors	10.1	55 783 728	-
Operating lease income	2	1 705 608	545 544
Total revenue from exchange transactions		75 594 038	26 544 391
Total revenue		2 139 135 929	1 618 735 867
Other Income			
Impairment Loss Reversal on financial assets	10.2	3 913 876 779	-
		6 053 012 708	1 618 735 867
Expenses			
Interest paid	4	(18 073 412)	(18 816 075)
Depreciation expense	9	(5 821 419)	(5 722 018)
Impairment on Financial Asset	10.2	-	(397 677 410)
Employee costs	5	(50 762 359)	(52 656 707)
Board Sitting Fees	18.2	(795 922)	(739 440)
Administrative expenses	6	(21 586 250)	(20 741 741)
Auditors remuneration	7	(1 027 533)	(561 272)
Student Grants	12	(9 006 038)	(40 799 551)
Total expenses		(107 072 933)	(537 714 214)
Surplus for the year		5 945 939 775	1 081 021 653

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 2022	3 075 972 558	3 075 972 558
Changes in net assets/equity		
Correction of error (note 1.16)	32 209 879	32 209 879
Surplus for the year	1 081 021 653	1 081 021 653
Total changes	1 113 231 532	1 113 231 532
Balance at 31 March 2023	4 189 204 090	4 189 204 090
Changes in net assets/equity		
Correction of error (note 1.16)	382 192 862	382 192 862
Surplus for the year	5 945 939 775	5 945 939 775
Total changes	6 328 132 637	6 328 132 637
Balance at 31 March 2024	10 516 913 117	10 516 913 117

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

	Note	2024 N\$	2023 N\$
Cash flows from operating activities			
Receipts			
Government grants and subsidies		2 057 800 000	1 585 602 000
Grants - Disability		7 471 729	3 900 000
Recoveries from previously impaired loans		18 271 916	15 131 450
Other income - Rental of facilities		1 702 608	698 910
Other Income - AAHEFA conference		960 647	-
Funds recovered from UNAM on mobile devices		6 167 220	-
		2 092 374 120	1 605 332 360
Payments			
For Student Awards		(1 727 887 304)	(1 506 850 273)
Suppliers and employees		(75 735 085)	(77 079 435)
Net Employee Study Loan Disbursements		(110 495)	-
AAHEFA conference and event		(1 038 080)	-
		(1 804 770 964)	(1 583 929 708)
Net cash flows from operating activities	15	287 603 156	21 402 652
Cash flows from investing activities			
Purchase of property plant and equipment	9	(1 668 233)	(802 425)
Interest Income	3	15 437 755	4 003 826
Net cash flow from investing activities		13 769 522	3 201 401
Cash flow from financing activities			
Movement in bank loan facilities	16	(237 430 916)	-
Interest Paid on Overdraft	4	(18 073 412)	(18 816 077)
Net cash flow from financing activities		(255 504 328)	(18 816 077)
Net increase/(decrease) in cash and cash equivalents		45 868 350	5 787 976
Cash and cash equivalents at the beginning of the year		49 865 635	44 077 659
Cash and cash equivalents at the end of the year	8	95 733 985	49 865 635

**NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2024**

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Performance difference	Variance	Note
	N\$	N\$	N\$	N\$	N\$	%	
Statement of Financial Performance							
Revenue from non-exchange transactions							
Transfers from treasury – MHETI	2 057 800 000	-	2 057 800 000	2 057 800 000	-	0%	
Other Transfers - MOGE	7 421 729	-	7 421 729	7 421 729	-		
Recoveries from previously impaired loans	25 000 000	-	25 000 000	18 271 916	6 728 084	37%	20
Total revenue	2 090 221 729	-	2 090 221 729	2 083 493 645	6 728 084	37%	

Expenditure							
Student Funding Expenses	1 865 567 790	-	1 865 567 790	1 730 960 124	134 607 666	8%	
Employee costs	119 970 550	(200 000)	119 770 550	50 762 359	69 008 191	143%	20
Staff related costs	1 370 000	304 000)	1 674 000	734 601	939 399	39%	
Subscriptions	10 497 138	(487 077)	10 010 061	8 193 490	1 816 571	22%	
Bank Charges	1 230 000	1 815 000	3 045 000	2 135 718	909 282	16%	
S & T Secretariat	1 051 720	105 000	1 156 720	574 004	582 716	102%	20
Utilities	1 465 600	690 000	2 155 600	1 880 434	275 166	15%	
AAHEFA	152 000	-	152 000	152 000	-	0%	
Advertising and Promotions	1 205 000	-	1 205 000	1 013 343	191 657	19%	

**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	Note
	N\$	N\$	N\$	N\$	N\$	%	
Expenditure (continued)							
Internal Audit	500 000	50 000	550 000	547 463	2 537	0%	
Telephone Expenses	1 500 000	(58 221)	1 441 779	934 928	506 851	54%	
Other Goods and Services	2 395 000	(250 000)	2 145 000	1 299 191	845 810	65%	
Contingencies	1 100 000	(20 000)	1 080 000	351 101	728 899	208%	
Projects and Services	3 999 000	(555 000)	3 444 000	1 703 454	1 740 546	102%	20
Office Equipment	60 000	-	60 000	24 275	35 725	147%	20
Computer Equipment	1 282 000	(279 702)	1 002 298	560 028	442 270	79%	
Legal Fees	3 200 000	(200 000)	3 000 000	2 123 069	876 931	41%	20
Board Sitting and Related Fees	1 300 000	(75 000)	1 225 000	795 992	429 008	54%	
Consulting fees	2 030 000	(189 000)	1 841 000	1 419 228	421 772	30%	
Printing and Stationery	1 350 000	(400 000)	950 000	904 328	45 672	5%	
Repairs and Maintenance	930 592	(350 000)	580 592	409 449	171 142	0%	
Security Costs	355 760	-	355 760	347 760	8 000	2%	
Insurance	430 000	100 000	530 000	510 167	19 833	4%	
Office refreshments	198 000	-	198 000	126 148	71 852	100%	
Trade fairs	140 000	-	140 000	55 576	84 424	152%	20
Interest paid	21 600 000	-	21 600 000	18 073 412	3 526 588	20%	
Total expenditure	2 044 880 150	-	2 044 880 150	1 826 591 642	218 288 508		
Surplus/(Deficit)	45 341 579	-	45 341 579	256 902 003	(211 560 424)		

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 Board. The entity adopted the accrual basis International Public Sector Accounting Standards IPSAS's on 01/04/2021 having previously prepared its annual financial statements on the IFRS for SME's. The entity adopted fully the application of IPSAS effective on 01/04/2023.

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.

Recognition

Government Grants

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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.

The cost of an item of property plant and equipment is recognised as an asset when: it is probable that future economic benefits or service potential associated with the item will flow to the entity; and the cost or fair value of the item can be measured reliably.

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

Where an asset is acquired through a non-exchange transaction its cost is its fair value as at date of acquisition.

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1.4 Property plant and equipment (continued)

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

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

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

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

<u>Item</u>	<u>Average useful life</u>
Buildings	20 – 30 Years
Furniture and fixtures	7 – 30 Years
Motor vehicles	5 Years
Office equipment	5 Years
IT equipment	3 Years

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).

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

Non-cash-generating assets are assets other than cash-generating assets (continued)

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.

Transitional provision

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

1.6 Financial instruments

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

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1.6 Financial instruments (continued)

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.

Annual

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

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

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

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

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1.6 Financial instruments (continued)

A financial asset is:

Cash;

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

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

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

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

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

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

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

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

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1.6 Financial instruments (continued)

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 unutilised 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.

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.

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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.

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.

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

1.10 Related parties (continued)

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 01/04/2023 to 31/03/2024. 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.

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 judgements include:

Provisions

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

Estimated Credit Loss Allowance

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.

1.14 Comparative figures

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

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 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 in order to achieve fair presentation and ensure compliance with the accrual basis of accounting.

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

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 has implemented 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 2024
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 2024
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 fewer 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 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 summarised below:

	2024	2023
	N\$	N\$
Increase or (decrease) in gross debtors	382 192 862	32 209 879

Increase or (decrease) in equity	(382 192 862)	(32 209 879)
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ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2024	2023
	N\$	N\$
2. Revenue		
Revenue from Exchange Contracts		
Sale of goods *	-	21 841 655
Other income - leasing of property #	1 705 608	545 544
Interest received - investments	15 437 755	4 003 826
Interest received - debtors	55 783 728	-
Sundry income *	2 666 947	153 366
Revenue from Non-Exchange Transactions		
Transfers from Ministry of Higher Education Training and Innovation (MHETI)	2 057 800 000	1 585 602 000
Transfers from Ministry of Gender Equality Poverty Eradication and Social Welfare (MGEPESW) - Disability Grant	5 741 891	6 589 476
	2 139 135 929	1 618 735 867

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

* Sale of goods resulted from sale of laptops to students at a subsidised price.

Income earned from rental of part of the NSFAF office building to GIPF amount to N\$ 1 603 705.

** Sundry income consists of funds received from AAHEFA for hosting AAHEFA annual conference amount of N\$ 960 647 and money recovered from mobile devices sold to UNAM amount of N\$ 1 709 300.

3. Interest income – cash & cash equivalents

Interest earned from different Financial Institutions during the year:

FNB Namibia	1 229 547	2 037 434
Bank Windhoek	14 206 888	1 965 527
Short term Investments: Old Mutual & Capricorn Asset Management	1 320	865
	15 437 755	4 003 826

ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2024	2023
	N\$	N\$
4. Interest paid		
Standard Bank	13 830 583	18 816 075
Bank Windhoek	4 242 829	-
	18 073 412	18 816 075
5. Employee costs		
Employee related costs – Salaries	42 170 550	44 832 100
Employee related costs – Contributions pensions & medical aids	6 719 970	6 942 817
Overtime payments	1 871 839	881 790
	50 762 359	52 656 707
6. Administrative Expenses		
Advertising	1 013 343	474 002
Bank charges	2 135 718	688 856
Cleaning	572 382	462 120
Computer expenses	99 075	13 644
Consulting and professional fees	691 256	161 497
Consumables	5 111	2 673
Entertainment	286 987	213 411
Insurance	510 167	420 927
Lease rentals on operating lease	140 563	116 438
Legal Fees	2 123 069	1 618 949
Motor vehicle expenses	121 564	138 460
Postage and courier	4 979	222 695
Printing and stationery	904 328	664 126
Project maintenance costs	160 423	5 225 610
Penalties and Fines	-	3 444
Recovery Campaign	92 520	320 000
Security (Guarding of property)	347 760	348 274
Subscriptions and membership fees	8 193 490	5 578 742
Telephone and fax	934 928	1 181 019
Office Refreshments	116 295	144 360
General Expenses	12 127	19 193

ANNEXURE E

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

	2024	2023
	N\$	N\$
6. Administrative Expenses (continued)		
Electricity and Water Municipal charges	1 308 051	935 635
Board Other expenses	403 070	221 775
Trade Fairs	55 577	87 326
Staff Welfare	78 101	112 631
Team building and year end expenses	276 794	149 024
S&T Secretariat	574 005	574 084
Staff Training	656 500	513 111
HR Recruitment	-	40 528
Sundry expenses***	(2 089 207)	(614 998)
Repairs and maintenance	409 449	357 164
Contingencies	348 376	-
AAHEFA conference expenses	1 099 449	347 021
	21 586 250	20 741 741

Sundry expenses

*** Project Expenses reversal of initially accrued after projects were cancelled.

7. Auditors' remuneration

Fees – External Audit	547 533	561 272
Fees – Internal Audit	480 000	-
	1 027 533	561 272

8. Cash and cash equivalents**Cash and cash equivalents consist of:**

Cash on hand	1	1
Bank balance comprises of Balances at:		
Bank Windhoek Namibia	87 876 315	5 179 915
First National Bank of Namibia	7 841 288	44 670 465
Standard Bank Namibia	-	195
	95 717 604	49 850 575

Short-term Investments comprises of:

Capricorn Asset Management	8 274	7 599
Old Mutual	8 107	7 461
	95 733 985	49 865 635

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

	2024			2023		
	N\$	N\$	N\$	N\$	N\$	N\$
9. Property plant and equipment						
	Cost / Valuation	Accumulate depreciation	Carrying value	Cost / Valuation	Accumulate depreciation	Carrying value
Buildings	230 904 553	(111 827 498)	119 077 055	230 904 553	(107 319 850)	123 584 703
Furniture and fixtures	7 575 697	(6 570 913)	1 004 784	7 551 422	(5 796 925)	1 754 497
Motor vehicles	1 255 155	(1 255 155)	-	1 255 155	(1 255 155)	-
Office equipment	2 561 655	(2 352 483)	209 172	2 516 210	(2 464 124)	52 086
IT equipment	7 101 015	(4 754 464)	2 346 551	5 639 946	(4 240 484)	1 399 462
Other Assets	137 445	(137 445)	-	137 445	(137 445)	-
	249 535 520	(126 897 958)	122 637 562	248 004 731	(121 213 983)	126 790 748

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 based on the capitalisation rate in perpetuity of 9%.

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

9. Property plant and equipment (continued)

Reconciliation of Property plant and equipment -2024

	Opening	Additions	Disposals	Depreciation	Total
Buildings	123 584 703	-	-	(4 507 648)	119 077 055
Furniture and fixtures	1 754 496	24 275	-	(773 987)	1 004 784
Office equipment	52 087	182 889	-	(25 804)	209 172
IT equipment	1 399 462	1 461 069	-	(513 980)	2 346 551
	126 790 748	1 668 233	-	(5 821 419)	122 637 562

Reconciliation of Property plant and equipment -2023

	Opening	Additions	Disposals	Depreciation	Total
Buildings	128 092 352	-	-	(4 507 649)	123 584 703
Furniture and fixtures	2 532 783	47 239	-	(825 526)	1 754 496
Office equipment	73 943	-	-	(21 856)	52 087
IT equipment	1 018 662	755 186	(7 399)	(366 987)	1 399 462
	131 717 740	802 425	(7 399)	(5 722 018)	126 790 748

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2024 N\$	2023 N\$
10. Financial Asset - Student loans		
10.1 Student Loan Reconciliations		
Opening Balance	12 528 550 658	11 037 576 815
Prior year balance reinstatement	374 311 001	11 793 041
Loans awarded	1 730 670 566	1 463 089 597
Other loans - laptops	-	31 222 655
Recoveries	(18 271 916)	(15 131 450)
Interest income	55 783 728	-
Gross debtors	14 671 044 037	12 528 550 658
Credit loss allowance	(4 359 281 344)	(8 273 158 123)
Net debtors	10 311 762 693	4 255 392 535
Classification Between Current & Non-Current balance		
Current	25 000 000	21 600 000
Non-current	10 286 762 693	4 233 792 535
	10 311 762 693	4 255 392 535

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

The total loan book as reported in the statements of financial statement is not an amortised balance. The total loan book consists of both students who have completed their studies and students who are still studying.

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 actively repaying their loans. In particular the following information has been considered when assessing the credit default risk loss allowance;

- (a) Debtor's economic activity
- (b) Credit risk ratings;
- (c) Date of initial recognition;

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

10. Financial Asset - Student loans (continued)

Credit impaired financial assets (continued)

- (d) Remaining term to maturity;
- (e) Industry loss rates; and
- (f) The value of any collateral relative to the financial asset if it has an impact on the probability of a default occurring.
- (g) Debtors employment income earning capability
- (h) Debtors who are unwilling to pay back their student loans despite recovery efforts by the fund
- (j) Macro-economic factors (i.e. interest rates unemployment inflation etc.)

The student loan book stands at N\$ 14.7 billion as at 31 March 2024 and 67% of debtors has been outstanding for more than 5 years. The overall estimated credit loss allowance 29% of the total gross debtor's balance. Historically the fund has experienced a low repayment of debts from previously awarded debtors. During the previous 6 years the fund recovered 0.1% of the total funds disbursed.

Debtors have been classified in the following with respective effective credit loss rate:

Validated Records

Category	≤30 years	31 to 43 years	44 to 49 years	≥50 years
Studying (including laptops)	27.6%	26.76%	12.69%	9%
Unmatured				
Active debtor	27.1%	12.58%	5.79%	4%
Pay-as-you-study	28.0%	13.00%	5.99%	4%
Matured employed	28.9%	26.76%	12.30%	8%
Matured unemployed	31.6%	29.27%		
Deceased	100%	100%		
Validated & transferred to Green Book)	11.98%	12%		11.58%

Historically Unvalidated Records

Category	≤30 years	31 to 43 years	44 to 49 years	≥50 years
Untraceable economically inactive	36.93%	36.93%	17%	42%
Matured debtors				37%
Deceased				100%

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

10. Financial Asset - Student loans (continued)**Credit impaired financial assets (continued)**

All debtors who meet definition of default have been provided for at year-end. The fund tolerates a higher credit risk due to its mandate to provide financial assistance to students from a poor background. IPSAS 41 standard requires the Fund to assess the impairment of the financial assets above as per paragraph AG165 when there is a significant increase in credit risk since initial recognition of the financial assets to recognise a lifetime expected credit loss.

Since 67% of the debtors have defaulted on their loan repayment there has been a significant increase in credit risks hence leading to the fund providing a life-time expected credit loss on all debtors.

The effective expected credit loss allowance is a product of; exposure at default probability of default and loss-given default.

The following factors have been considered in determining the loss-given default rate:

- (a) Change in repo rate;
- (b) Prescription period of Namibian government debt;
- (c) Economic Downturn of Namibia & High unemployment;
- (d) A portion of unvalidated records;
- (e) The power of recovery in NSFAF Act and Debt Recovery Policy; and
- (f) Lack of collateral and credit insurance on student loans.

The debtors who are deceased have been provided for at 100% as they are deemed fully irrecoverable at year end.

Debtors who refused to settle their debt are listed on ITC once they sought financial assistance somewhere then they approach the fund for fully settlement. The fund does not use external debt collections (EDCs).

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2024	2023
	N\$	N\$
10.2 Impairment on non – current assets		
Financial Asset - Student loans (continued)		
Opening balance	(8 273 158 123)	(8 670 835 533)
Movement	3 913 876 779	397 677 410
Closing balance	(4 359 281 344)	(8 273 158 123)
11. Other receivables		
Mobile devices	-	4 457 920
	-	4 457 920
12. Student Grants Expenses		
Student Grant Expenses consists of:		-
NSFAF Top Performer grants	3 264 147	12 598 421
MOGEPESW disability grants	5 741 891	28 201 130
	9 006 038	40 799 551
13. Trade and Other Payables		
Student Funding Accruals	9 550 793	3 866 049
Payroll Accruals	3 003 371	8 501 995
	12 554 164	12 368 044

ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

	2024	2023
	N\$	N\$
□		
14. 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	463 497	-
Additions during the year	7 420 931	7 476 554
Income recognition during the year	(5 741 891)	(7 063 246)
Bank Windhoek earned Interest Income	53 913	(1 145)
Bank Windhoek Charges	(3 115)	51 334
	2 193 335	463 497
15. Cash used in operations		
Surplus	5 945 939 775	1 081 021 651
Adjustments for:		
Depreciation and Impairment	5 821 419	5 722 018
Interest received	(71 221 483)	(4 003 825)
Impairment on Student loans	(3 913 876 779)	397 677 410
Interest paid	18 073 412	18 816 075
Changes in working capital:		
Inventories	-	41 455 771
Other receivables from non-exchange transactions	35 191 622	2 948 308
Prepayments	-	330 324
Payables under exchange transactions	(973 204)	(41 674 652)
Student payments - loans awarded current year	(1 730 670 566)	(1 471 694 130)
Unspent conditional grants and receipts	(1 729 838)	(3 113 130)
Movements in provisions	1 048 798	(6 083 168)
Cash used in operations	287 603 156	21 402 652

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND
NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

	2024	2023
	N\$	N\$
16. Bank Loan Facility		
Bank Loan Facility – Standard bank	-	237 430 916
	-	237 430 916

17. Related parties

Relationships

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) - Resigned May 2023
D. Nathing (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 YEAR ENDED 31 MARCH (Continued)

	2024	2023
	N\$	N\$

17. Related parties (continued)**Related party transactions****Key Management**

Salaries	7 647 148	6 671 603
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Key management salaries comprise of the members of EXCO and MANCO members.
The prior year disclosure did not include MANCO members' salaries.

Grants from related parties

Ministry of Higher Education Training and Innovation (MHETI)

18. Loans to Management & Staff

Staff	1 315 350	1 341 969
Management	211 026	73 912
	1 526 376	1 415 881

18.1 Loans to Management & Staff

Opening balance	24 912	87 583
Loans advance	164 229	24 912
Loans repaid	(27 115)	(87 583)
	162 027	24 912

18.2 Directors' emoluments

Directors remuneration of N\$ 795 993 (2023: N\$ 739 440) was paid to the directors during the year.

Directors' emoluments (related parties continued)

S Tjiuro (Chairperson)	156 248	140 432
A Angula (Deputy Chairperson)	161 031	156 809
N Hamutumwa	168 209	158 205
I Neema	166 152	153 808
T Munyika	144 282	130 186
	795 922	739 440

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

19. Risk management Financial risk management

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

Liquidity risk

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

The fund ensures that it has sufficient cash on demand to meet expected operating and student funding expenses through the use of cash flow monthly management variance analysis and financial ratios reporting to the board on a quarterly basis.

On average 99% of student expenses have been paid towards the end of the financial year and payables are settled within 30 days on invoice. Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

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

The Fund has a significant exposure to credit risk through lending money to students who are unemployed with no collateral. Receivables are amounts owed by the fund's beneficiaries and are presented net of impairment losses. The fund's student debt management policy is under review so that the exposure to credit risk is monitored on an ongoing basis.

The fund is compelled by its mandate to provide financial assistance to vulnerable students who need assistance to access tertiary institutions without recourse of their credit worthiness.

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

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

□

2024**2023**

N\$

N\$

19. Risk management Financial risk management (continued)

Credit risk (continued)

The matured loans between the periods of 2013 - 2017 are non-performing and they represent 67% of the total debtors owing the fund. Interest charged on loans disbursed between 2013 – 2017 is at half prime rate and for loans disbursed thereafter the rate is prime less 2% on outstanding debtors as per the approved fund's policy. Interest is only charged on matured loans.

The fund is exposed to the credit risk of N\$ 10 319 644 555 in 2024.

Financial instrument

Trade Debtors

10 319 644 555 4 255 392 535

10 319 644 555 4 255 392 535

□

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.

□

20. 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.

ANNEXURE E

NAMIBIA STUDENTS FINANCIAL ASSISTANCE FUND

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

20. Budget differences (continued)

Reconciliation of actual amounts on a comparable basis and actual amounts in the financial statements for the 2024 financial year:

Budget line item		Variance Amount (N\$ 000)	Variance Percentage	Explanation
20	Employee costs	69 008 191	143%	As re-integration has been shifted to a target date of 31 March 2024 the related costs are only expected to be utilised in the next financial year the amounts will therefore be accrued on the budget for carry over to the next financial year.
20	S&T Secretarial	582 716	102%	Due to less outreach programs and visitation to regions as planned by the awards and recovery department an underspending is noted.
20	Projects & Services	1 740 546	102%	The overall project commenced only in January 2024 as opposed to earlier timing thus resulting in costs saving that will be spend in the next financial year.
20	Office Equipment	35 725	147%	Due to the fact that the HR & Finance wing is now occupied by other offices the furniture previously used should be repaired to cater for any new furniture required.
20	Legal Fees	876 931	41%	The savings is due to the following reasons (Hilya Nghiwete vs NSFAP awaiting judgement in the supreme court appeal hence less legal fees were spent in the current year. The other legal cases are ongoing.
20	Trade fairs	84 424	152%	Less trade fairs were visited to during the year.