



ANNUAL REPORT | 2017/18

ANNUAL REPORT AND AUDITED FINANCIAL
STATEMENTS FOR THE YEAR ENDED 30TH JUNE 2018

The Controller and Auditor General

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ABBREVIATIONS

AAHEFA	Association of African Higher Education Financing Agencies
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Management Committee
ED	Executive Director
EIR	Effective Interest Rate
EUL	Estimated useful life
FPA	Finance, Planning and Administration
GAVP	Generally Acceptable Valuation Principles
GEPF	Government Employees Pension Fund
ICT	Information and Communication Technology
IPSAS	International Public Sectors Accounting Standards
HESLB	Higher Education Students' Loans Board
HIV	Human immunodeficiency virus
LAPF	Local Authority Pension Fund
LARC	Loan Allocation and Repayment Committee
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OLAS	Online Loan Application System
p.a	Per Annum
PAA	Public Audit Act
PAYE	Pay as You Earn
PE	Personal emoluments
PLC	Public Listed Company
PSPF	Public Service Pensions Fund
SACOS	Savings and Credit Co-operative Society
TZS	Tanzania Shillings
URT	United Republic of Tanzania
VAT	Value Added Tax
WCF	Workers Compensation Fund
W.I.P	Work-In-Progress



1.1 INTRODUCTION

The Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 (as amended) CAP 178 and commenced operations in July 2005 in the United Republic of Tanzania. HESLB is a Parastatal Organization currently under the Ministry of Education, Science and Technology. The objective of the Board is to assist, on a loan basis, needy students who secure admission in accredited higher learning institutions, but who have no economic power to pay for the costs of their education within and outside the country.

The Board is also entrusted with the task of collecting due loans from previous loan beneficiaries to have a revolving fund in place to make the Board sustainable.

HESLB Board of Directors submit their report and financial statements for the financial year ended 30th June, 2018, which discloses the state of affairs of HESLB. The Financial Statements have been prepared in accordance with the International Public Sectors Accounting Standards (IPSAS) and other guidelines prescribed by the Board.

“ HESLB is a Parastatal Organization currently under the Ministry of Education, Science and Technology. The objective of the Board is to assist, on a loan basis, needy students who secure admission in accredited higher learning institutions, but who have no economic power to pay for the costs of their education within and outside the country. **”**

1.2 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

1.2.1 Vision:

To be a center of excellence for the provision of loans to needy and eligible Tanzanian students of higher learning institutions.

1.2.2 Mission:

To put in place a well-managed and sustained revolving students' loan fund to enhance access to higher education by needy and eligible Tanzanian students through:

- i) Enabling needy and eligible students access to higher education; and
- ii) Ensuring due loans are repaid and recovered to ensure sustainability in provision of loans.

1.2.3 Core Values

To achieve the vision and mission, HESLB and other stakeholders have observed the following guiding core values:-

- i) Accountability
- ii) Commitment
- iii) Team work
- iv) Equity
- v) Delivery

1.2.4

Principal Activities of HESLB

As prescribed under the Act No. 9 of 2004 (as amended) CAP 178, the principal activities of HESLB include:

- i) Assuming responsibility for the control and management of all loanable funds as vested in the Board;
- ii) Formulating the mechanism for determining eligible students for payment of loans together with administering and supervising the whole process of payment and repayment of loan;
- iii) Keeping register and other records of students' loan beneficiaries under the Board; and
- iv) Advising the Minister on matters of policy and of the law concerning provisions and recovery of loans granted.

1.3.1 Composition of the Board

The Board of Directors' members who were appointed in August 2017 and served during the period comprised of the following:-

SN	Name	Position	Age	Qualification/ Discipline	Nationality	Appointed
1.	Prof. William A.L. Anangisye	Chairman	57	PhD (Education)	Tanzanian	August 2017
2.	Mrs. Madina M. Mwinyi	Member	59	MA- Education (Curriculum Evaluation and Planning)	Tanzanian	August 2017
3.	Eng. Dr. Richard J. Masika	Member	60	PhD (Structural Engineering)	Tanzanian	August 2017
4.	Prof. Carolyne Nombo	Member	50	PhD(Sociology)	Tanzanian	August 2017
5.	Dr. Dalmas A.L. Nyaoro	Member	65	PhD Geotechnical Engineering)	Tanzanian	August 2017
6.	Mr. Frank Nyabundenge Mugeta	Member	44	MBA (Corporate Management)	Tanzanian	August 2017
7.	Ms. Suzan E. Uriو	Member	26	University Student, Mzumbe	Tanzanian	August 2017
8.	Mr. Gerson Mdemu	Member	49	LL.M (Constitution and Human Rights)	Tanzanian	August 2017 and resigned February 2018

1.3.2 Functions of the Board

- i) To assume responsibility for the control and management of all loanable funds as vested in the Board;
- ii) To formulate the mechanism for determining eligible students for payment of loans;
- iii) To administer and supervise the whole process of payment and repayment of loan;
- iv) To keep the register and other records of students loan beneficiaries under the Board;
- v) To advise the Minister on matters of policy and of the law concerning provisions and recovery of loans to students;

- vi) To establish operational links between the Board and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds;
 - vii) To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted;
 - viii) To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international;
 - ix) To conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training;
 - x) To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans; and
 - xi) To perform such other functions as are conferred upon the Board by or under the Act or any other written laws.
- such fund as may be vested in it and which may not be immediately required for current expenditure;
 - iv) To signify the acts of the Board by use of official seal in the manner provided for under the Schedule;
 - v) To demand and receive such fees for services rendered by officers and other employees of the Board;
 - vi) To receive and consider all students loan applications from eligible students wishing to be considered for the award of loans;
 - vii) To grant loan moneys to students who have been granted such loans in accordance with the provisions of the Act or regulations made hereunder or in furtherance thereof;
 - viii) To determine other criteria and conditions governing the granting of student loans including the rates of interest and recovery of loans;
 - ix) To determine the maximum number of eligible students to be granted loans in any one particular year;
 - x) To recover all loan moneys owed by former student loan beneficiaries since July, 1994 under the Student Loans from or with the assistance of their respective employers or otherwise in accordance with the provisions of this Act and regulations made there under;
 - xi) To appoint, settle the terms and conditions of service or terminate the appointment of such employee of the Board as it is empowered to appoint under this Act as it may deem necessary;
 - xii) To decide and or recommend conditions of service and employment packages for the employees and or the officers of the Board and to approve or, as the case may be, recommend staff establishment and staff development plans prepared by management within the financial resources of the Board;

1.3.3 Powers of the Board

Without prejudice to section 6 of the HESLB Act No. 9 of 2004, the Board shall have Powers:

- i) To administer both movable and immovable properties of the Board;
- ii) To administer the funds, investments and assets of the Board and in particular the funds allocated under the Government Budget or otherwise available for loans to students;
- iii) To borrow money for any purpose deemed fit by the Board and, subject to any law in relation to investment of funds by a trustee, to invest in land and or Government Securities or other interest-bearing assets

- xiii) To establish divisions or sub-divisions or disestablish any one of them and give them any such designation or designations as it may deem fit;
- xiv) To make arrangements or provisions for health, pension, superannuation and or other terminal benefits for its officers or other employees in accordance with any written law applicable to public servants;
- xv) To consider and approve the annual budget submitted by the management for the purposes of monitoring and reviewing financial statements and authorize major expenditure for the Board;
- xvi) To formulate and implement Board's financial policies;
- xvii) To enter into contracts or memoranda of understanding with the Ministry, individuals and other organizations or institutions, establish such trusts and appoint such trustees, agents and independent contractors as the case may be.

1.4 COMMITTEES OF THE HESLB BOARD OF DIRECTORS

The Board comprised three Committees which report to the Full Board as indicated below:

1.4.1 Loans Allocation and Repayment Committee (LARC)

The primary function for which the Board was established is to issue loans to qualifying students of higher education institutions and to ensure repayment of the issued loans. The primary objective of establishing the Loans Allocation and Repayment Committee is to discharge this core function of the Board. To adequately perform, the committee is clothed with full-fledged decision-making powers on all issues related to allocation and recovery of students' loans and such decisions are only tabled at the Full Board for noting

The composition of the LARC during the year was as follows:

No.	Name	Designation	Nationality
1.	Mrs. Madina M. Mwinyi	Chairperson	Tanzanian
2.	Eng. Dr. Richard Masika	Member	Tanzanian
3.	Ms. Suzan E. Uriro	Member	Tanzanian

1.4.2 Finance, Planning and Administration Committee (FPA)

The FPA Committee of the Board has been charged with the responsibility to deal with finance, research and planning, administration, legal, procurement functions and IEC (Information, Education and Communication) making final decision of the Board except when it comes to approval of the annual budgets and audited accounts.

The composition of the FPA committee during the year was as follows:

No.	Name	Designation	Nationality
1	Prof. Carolyne Nombo	Chairperson	Tanzanian
2	Dr. Dalmas A.L. Nyaoro	Member	Tanzanian
3	Mr. Gerson Mdemu	Member	Tanzanian

1.4.3 Audit and Risk Management Committee (ARC)

The Audit and Risk Management Committee of the Board performs oversight function on behalf of the Full Board. The internal audit unit of the Board reports functionally to this committee and submits quarterly internal audit reports to it. The committee also co-ordinates external auditing of the annual accounts of the Board and reviews annual audited accounts before submission to the Full Board for approval.

The composition of the ARC during the year was as follows:

No.	Name	Designation	Nationality
1	Mr. Frank Nyabundege Mugeta	Chairperson	Tanzanian
2	Eng. Dr. Richard J. Masika	Member	Tanzanian

1.5 BOARD MEETINGS

During the year, the Board of Directors held meetings as follows:

No.	Name	Designation	Nationality	No. of meetings
1.	Prof. William A.L. Anangisye	Chairman	Tanzanian	9
2.	Mrs. Madina M. Mwinyi	Member	Tanzanian	5
3.	Eng. Dr. Richard J. Masika	Member	Tanzanian	9
4.	Prof. Carolyne Nombo	Member	Tanzanian	5
5.	Dr. Dalmas A.L. Nyaoro	Member	Tanzanian	8
6.	Mr. Frank Nyabundege Mugeta	Member	Tanzanian	5
7.	Ms. Suzan E. Uriro	Member	Tanzanian	9
8.	Mr. Gerson Mdemu	Member	Tanzanian	3

1.6 CORPORATE GOVERNANCE

The Board of Directors is responsible for the governance of the Higher Education Students' Loans Board to comply with the law, standards of the corporate governance and business ethics. The Board takes overall responsibility for the running of the board, including effective and efficient implementation of various activities, monitoring operations and investment decisions, considering significant financial matters, and reviewing the performance of management plans and budgets.

The Board is also responsible for identifying key risk areas and ensuring that a system of internal control policies and procedures is operative, and for compliance with sound corporate governance principles. The Board believes in the principles of Corporate Governance that include transparency, accountability, probity and respect for the rights of all its stakeholders. Therefore, the Board continued to enforce good corporate governance practices by mainly focusing on regulations, compliance and professionalism as an integral part of the operations towards better governance.

1.7 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been

prepared on a going concern basis. Also, HESLB has been seen with reasonable expectation from Board of Directors to have adequate resources to continue its operations for the foreseeable future.

1.8 OBJECTIVES OF THE FINANCIAL YEAR 2017/2018

The Higher Education Students' Loans Board objectives for the financial year 2017/2018 budget envisage realization of five strategic objectives as indicated below:-

- i) To improve services and reduce HIV/AIDS infection;
- ii) Efficient and effective delivery of services to customers and stakeholders;
- iii) Equitable facilitation of access to Technical and Higher Education Institutions;
- iv) Efficient and effective financial resources management and accountability; and
- v) Increased application of Information and Communication Technologies and timely information exchange with stakeholders.

1.9 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS (NETWORKING)

Nationally

HESLB enjoyed good collaboration from Higher Learning Institutions, sister organizations under the parent Ministry of Education, Science and

Technology and Students' organizations. The support and Networking with other institutions resulted in improved services to the HESLB clients.

Internationally

The network and support accorded by other countries' Higher Education Loans Boards/Financing Agencies was vital in exchange of experience, enhancement of information flow, service to clients and validation of vital data.

Membership

HESLB has continued its relations with the public in general, local and international organizations and remained as a founder member of the Association of African Higher Education Financing Agencies (AAHEFA) which was co-founded by three countries namely Tanzania, Kenya and Rwanda in 2008, and includes other members such as Ghana, Zambia, Botswana, South Africa, Namibia, Lesotho and Uganda. The purpose of the relationship is to collaborate on Exchange programs, expertise, training and information.

1.10 CAPITAL MAINTENANCE

The capital of the HESLB includes capital loanable funds, recovered from students' loans, staff loans revolving fund and accumulated surplus. HESLB complies with all requirements relating to maintenance of capital. Capital is maintained through national budget allocation to HESLB through the Ministry of Education, Science and Technology.

Descriptions	2017/2018	2016/2017
	TZS	TZS
Loanable Funds	3,704,603,634,121	2,979,936,357,408
Staff Loans Revolving Funds	1,580,691,837	1,580,691,837
Recovered Students' Loans (Pre-HESLB)	45,821,876,200	41,385,748,964
Recovery amounts transferred to BoT	(230,523,708,805)	(78,190,908,805)
Accumulated surplus	496,601,902,096	478,489,720,813
Total	4,018,084,395,449	3,423,201,610,217

1.11 FINANCIAL PERFORMANCE FOR THE YEAR

Revenue, Expenses and Surplus

During the year under review, HESLB recorded revenue amounting to TZS 56,847,840,231(2017: TZS 43,024,590,891) and made expenses amounting to TZS 38,818,175,792 (2017: TZS 37,409,550,176). During the year ended 30th June 2018, HESLB recorded a surplus of TZS 18,029,664,439 (2017: 5,615,040,715).

1.12 FINANCIAL POSITION

Current assets

Total current assets increased to TZS 449,022,460,148 from TZS 114,208,573,824 of 2017 mainly due to increase in students' loan receivable-current portion.

Property, plant and equipment

The item of property, plant and equipment increased due to addition of two new motor vehicles. The slight addition of furniture and fittings, office equipment and computers, printers and fax didn't outweigh the accumulated depreciation.

Students loan receivables

The long-term portion of the students' loan receivable increased to TZS 3,763,144,278,726 from TZS 3,515,073,164,080 in 2017.

Current liabilities

During the year under review, total current liabilities decreased to TZS 5,302,675,906 from TZS 18,219,364,401 in 2017 due to decrease in outstanding students' loans and bank deposits.

Net assets

Net assets increased from TZS 3,423,201,610,215 of 2017 to TZS 4,018,084,395,448 of 2018 due to increase in loanable fund, recovered students' loans and accumulated surplus.

1.13 BUDGET

The budget is approved on a cash basis by function classification. The approved budget covers the fiscal period from 1st July, 2017 to 30th June, 2018 and includes all activities within the Higher Education Students' Loans Board (HESLB) the original and final budget was approved by Parliament in June, 2017.

1.14**MANAGEMENT STRUCTURE**

Management of the HESLB under the leadership of the Executive Director is organized in five line divisions as follows:

Directorates

- Loans Allocation and Disbursement
- Loans Repayment and Recovery
- Finance and Administration
- Planning, Research and ICT
- Internal Audit and Investigation

Staff Function

- There are four staff sections under the Executive Director's Office including:
- Legal
- Information, Education, and Communication
- Procurement Management
- Zonal Offices i.e. Dodoma, Zanzibar, Mwanza and Arusha.

Management Team	
Mr. Abdul-Razaq Badru	Executive Director
Dr. Judika King'ori	Acting Director of Finance and Administration
Mr. Godfrey Sigalla	Director of Audit and Investigation
Mr. Benedicto C. Cosmas	Director for Planning, Research and ICT
Dr. Veronica Nyahende	Director Loans Allocation and Disbursement
Ms. Sarah Fihavango	Assistant Director Loan Disbursement from September 2017
Mr. Felix John	Acting Assistant Director Loan Disbursement up to September 2017
Mr. Ignatus Oscar	Acting Director Loan Repayment
Mr. Fidelis Joseph	Assistant Director Loan Repayment
Mr. Brown Shimwela	Chief Accountant from September 2017
Ms. Juliana Mero	Acting Chief Accountant up to August 2017
Mr. Erick B. Mapunda	Assistant Director Human Resource & Administration
Ms. Aikande Shoo	Acting Chief Internal Auditor
Mr. Abdallah Mtibora	Assistant Director Legal Affairs from February 2018
Mr. Luhano Lupogo	Acting Assistant Director Legal Affairs up to February 2018
Mr. Deus Changala	Acting Assistant Director Loan Allocation
Dr. Abdul Mussa Ally	Assistant Director Loan Recovery up to September 2017
Mr. Cosmas Mwaisobwa	Assistant Director Communication, Information and Education up to October 2017
Mr. Omega Ngole	Assistant Director Communication, Information and Education from November 2017
Mr. George Mokaka	Assistant Director Procurement and Supplies
Mr. Ninkambazi Muze	Acting Assistant Director ICT up to May 2018
Mr. Toshia H. Toshia	Assistant Director ICT

1.15**KEY PERFORMANCE INDICATORS****DURING THE YEAR**

HESLB has developed its mission to carry it through and has a strategic plan 2014/2015 to 2018/2019. This is a rolling plan which at every year-end is reviewed and updated to ensure that it is still appropriate for HESLB to achieve its mission. HESLB strategic plan for 2014/2015 to 2018/2019 which came into operation with effect from 1st July 2014 focusing on achieving five objectives as follows:-

- To improve operations by using enhanced Alternative Loan Management System (OLAMS)
- To strengthen operationalization of OLAMS for all loan applications
- To operationalize Loan Repayment module in the System
- To enhance staffing levels for the division to enhance collection of loans
- To enforce loan recovery to loan defaulters

The following are HESLB achievements for the year under review (2017/2018):

S\N	Performance Indicator	Target	Actual
1	Number of loans	117,957	122,152
2	Number of Grant Students Disbursed	1222	1222
3	Amount of Loanable Funds Government Subvention	418,009,413,995	422,335,845,457
4	Amount of Grant Funds Government Subvention	9,544,586,000	5,218,154,538
5	Amount of Loanable Funds Disbursed	418,009,413,995	418,682,236,080
6	Total Amount of Grants Disbursed	9,544,586,000	5,218,154,538
7	Number of Traced Beneficiaries	48,000	51,525
8	Loan Amount Collected	116,719,004,826	182,865,609,240
9	Cumulative Loan Amount Collected	346,992,990,153	399,960,340,505
10	Percentage of Repayment Rate	40%	51%
11	TZS Revolving Funds Utilized as Loanable Funds	130,000,000,000	130,000,000,000
12	Number of Staff Trained	26	26
13	Number of Staff	166	121
14	Number of Staff Dropout	1	10
15	Government Contribution to Annual Budget	69.6%	69.6%
16	Percentage of Self-Reliant on Loanable Funds	30.4%	30.4%
17	Percentage of Self-Reliant on Operational Expenses	100%	100%
18	Revolving funds for OC/Development Budget	7,700,000,000	7,700,000,000
19	Percentage of Internally Generated Funds Contribution on HESLB Annual Budget	32%	32%

1.16 LEGAL AND REGULATORY REQUIREMENTS

HESLB is a provider and collector of loans issued to eligible and needy students who secure admission in accredited higher learning institutions. The HESLB report to the Ministry of Education, Science and Technology and is supposed to comply with Government of the United Republic of Tanzania procedures and laws of the land. The functions of HESLB are guided by the established Act (The Higher Education Students' Loans Board Act of 2004, No. 9 (as amended) CAP 178 and its bylaws. During the year under review, HESLB complied with applicable laws. In conducting its activities, HESLB do ensure application of other legal requirements such as Value Added Tax (VAT), Pay as You Earn (PAYE), withholding tax, etc.

1.17 ENVIRONMENTAL CONTROL PROGRAM

HESLB monitors the impact of its operations on the environment, which is mainly through the use of power, water and the generation of waste. HESLB minimise its impacts through better use of its premises and inbuilt facilities to ensure that there is proper waste management.

1.18 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors resumes final responsibility for the internal control system and risk management of HESLB. The task is vested to the management to ensure that proper internal control systems are developed and maintained on an ongoing basis in order to bring reasonable assurance regarding:

- Effectiveness and efficiency of HESLB operations,
- Safeguarding of HESLB's assets,
- Compliance with applicable laws and regulations,
- Reliability of accounting records,
- Business sustainability on normal as well as abnormal conditions, and
- Responsible behavior towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, HESLB's internal control is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board of Directors assessed the internal control systems throughout the financial year ended 30th June, 2018 to be satisfied whether

they meet accepted criteria. The Board of Directors handles risk and internal control assessment through the Audit and Risk Management Committee. The key elements of the system of internal control are as follows:

- **Competence**

Staff skills are maintained both by a formal recruitment process and a performance appraisal system, which identifies training and development needs. Also necessary training, both in house and externally, helps to consolidate existing staff skills and competences.

- **Delegation**

The overall objectives of HESLB are agreed by Board of Directors, which delegates the day to day operations to Management for execution. There is a clear organization structure, detailing lines of authority.

- **Budgets**

Detailed budgets are prepared by the Management for review by the Finance Planning and Administration Committee and are approved by the Board of Directors. The annual budgets are derived from HESLB's corporate plan.

- **Internal Audit**

Internal Audit function is in place to provide independent objective assurance to senior management and the Board of Directors as regards effectiveness of risk management, control and governance processes. The investigation unit under Internal Audit directorate is responsible for investigation of disputed loans and occupational frauds among others. The Director of Internal Audit and Investigation reports functionally to the Board of Directors and administratively to Executive Director.

1.19 FUTURE DEVELOPMENT PLANS

HESLB is planning to construct its head office in Dodoma in line with the directive for public offices to move to the capital city. It has already been allocated a land to be used among others, to construct an office building. Payment procedures are underway.

1.20 GENDER PARITY

HESLB is equal opportunity employer. It gives equal consideration to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like marital status, gender, tribes, religion and disability. As at 30th June 2018 and 2017, HESLB had the following distribution of

Gender	2017	2018
Male	83	68
Female	56	53
Total	139	121

1.21

EMPLOYEES WELFARE

Management and Employees' Relationship

The relationship between the Management and employees was good. There were no unresolved complaints received by the Management within the year.

Medical Assistance

All Members of Staff and their spouses together with a maximum number of four beneficiaries for each employee were availed with medical insurance whereby the employer contributes three percent of employee's basic salary. Currently, the service is provided through employee's membership to the National Health Insurance Fund (NHIF).

Financial Assistance to Staff

HESLB Staff Loans are available to all confirmed employees through Board Revolving Fund depending on the assessment by Management of the need, circumstance and ability to make payment in accordance with the existing Board's Staff Regulations. HESLB's staff have established a Savings and Credit Co-operative Society (SACCOS) to assist in promoting the welfare of its members.

Training

HESLB offers trainings to its employees depending on the corporate needs and financial resources available.

1.22

RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed under Note 3.19 to these financial statements.

1.23

PERSONS WITH DISABILITIES

It is the policy of HESLB not to discriminate persons with disability in recruitment.

1.24

POLITICAL DONATIONS

HESLB did not make any political donations during the year.

1.25

SERIOUSLY PREJUDICIAL MATTERS

During the year ended 30th June 2018 there was no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No1.

1.26

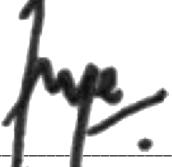
STATEMENT OF COMPLIANCE

The Directors' report has been prepared in full compliance with the Tanzania Financial Reporting Standards No 1

1.27 AUDITORS

The Controller and Auditor General is the statutory auditor of the Board by virtue of Article 143 of the Constitution of the United Republic of Tanzania, and amplified in section 10 of the Public Audit Act No 11 of 2008. However, in accordance with section 33 of the same Act M/S Ernst and Young was authorized to carry out the audit of financial statements of HESLB for the year ended 30th June 2018 jointly with the Controller and Auditor General.

BY THE ORDER OF THE BOARD



Prof. William A. L. Anangisye
Chairman of the Board

21-12-2018

Date



Mr. Frank Nyabundege Mugeta
Director

21-12-2018

Date

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30th JUNE 2018

Members of the Board are required under section 27 (1) of the HESLB Act (No.9) of 2004 to prepare Financial statements of each reporting period which gives a true and fair view of statement of financial performance, statement of financial position, statement of cash flow, statement of changes in equity, statement of comparison of budget against actual and notes to the financial statements of the reporting entity as at the end of the financial year that give a true and fair view of the state of affairs of the Board. Further, the Board accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The Board is responsible for safeguarding the assets of the reporting entity and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the accrual basis, International Public-Sector Accounting Standard (IPSAS), in the manner required by the Section 25(24) of the public Finance Act No.6 of 2001 (Revised, 2004) and HESLB Act No. 9 of 2004. Board members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June 2018.

To the best of our knowledge, the system of internal control has operated adequately throughout the reporting period and that the records and underlying accounts provide a reasonable basis for the preparation of the financial statement for the 2017/2018 financial year. We accept responsibility for the integrity of the Financial Statement the information it contains, and its compliance with the Public Finance Act No 6 of 2001 (Revised, 2004) and other instructions from the Treasury.

Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act No. of 2013. The Board believes the financial statements give a true and fair view of the state of financial affairs of the HESLB. Nothing has come to the attention of the Board to indicate that HESLB will not remain a going concern for at least the next twelve months from the date of this statement.

BY ORDER OF THE BOARD



Prof. William A. L. Anangisye
Chairman of the Board

21/12/2018
Date



Mr. Frank Nyabundenge Mugeta
Director

21/12/2018
Date

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and

Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under directors' responsibility statement on an earlier page.

I, Brown Shimwela being the Chief Accountant of the Higher Education Students' Loans Board (HESLB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2018 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of the Higher Education Students' Loans Board (HESLB) as on that date and that they have been prepared based on properly maintained financial records.



CPA Brown Shimwela
Chief Accountant

21/12/2018

Date

NBAA Membership No:- GA 6909

To: Prof. William A. L. Anangisye,
Chairman of the Board of Directors
Higher Education Students' Loans Board,
Plot No 8, Block No. 46, Sam Nujoma Road, Mwenge
P. O. Box 76068,
Dar es Salaam.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB) FOR THE YEAR ENDED 30th JUNE 2018

Introduction

I have audited the accompanying financial statements of the Higher Education Students' Loans Board (HESLB), set out on pages 22 to 51 which comprise the statement of financial position as at 30th June, 2018 and the statement of financial performance, the statement of changes in equity, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

Opinion

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Higher Education Students' Loans Board (HESLB) as at 30th June 2018, and its financial performance and its cash flows for the year then ended in accordance with International Public-Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Higher Education Students' Loans Board (HESLB) in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the National Board of Accountants and Auditors (NBAA) Code of Ethics, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other information

Management is responsible for the other information. The other information comprises of the Director's Report, Statement of Directors' Responsibilities and the Declaration by the Head of Finance but does not include the financial statements and our auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed on the other information that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Key audit matters

Based on the audit performed and having regard to the audit evidence obtained, I have determined that there are no key audit matters to communicate in my report.

Responsibilities of management and those charged with governance for the financial statements

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

In preparing the financial statements, 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.

Auditor's responsibilities 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 misstatements, 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 ISAs 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.

In addition, Sect. 10 (2) of the PAA No.11 of 2008 requires me to satisfy myself that, the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report if the audited entity has complied with the provisions of the Law and its Regulations.

Report on other legal and regulatory requirements

Compliance with the Public Procurement Act, 2011

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Higher Education Students' Loans Board (HESLB) procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 and its underlying Regulations of 2013.

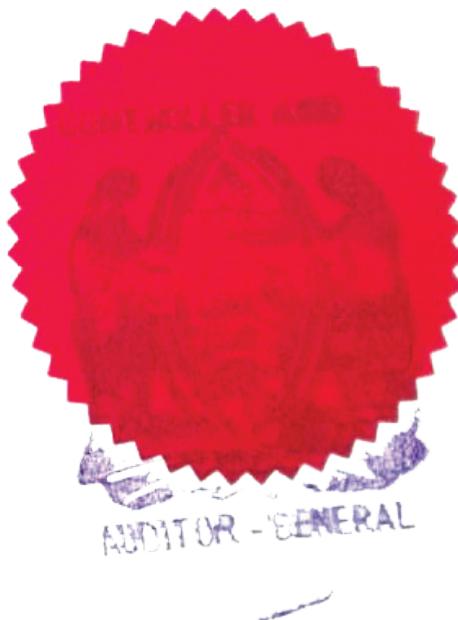
The engagement partner on the audit resulting in this independent auditor's report is the Controller and Auditor General.



Prof. Mussa Juma Assad,
Controller and Auditor General of the United Republic of Tanzania

8th February 2019

National Audit Office of Tanzania,
P.O. Box 9080,
Dar es Salaam, Tanzania.
Tel: 255 (022) 2115157/8
Fax: 255 (022) 2117527
Email: ocag@nao.go.tz



	Notes	2018 TZS	2017 TZS
Revenue from non-exchange transactions			
Government subvention	18	4,217,109,189	4,645,808,798
Revenue Grants - Medical Doctor	19(b)	5,218,154,538	6,406,001,402
		9,435,263,727	11,051,810,200
Revenue from exchange transactions			
Penalty on repayment	8	36,835,803,739	27,599,124,821
Loan administration fees	8	5,938,424,226	2,432,891,838
Application fees	20	3,642,660,000	-
Interest income	21	58,462,669	69,104,062
Other income	22	937,225,870	1,871,659,970
		47,412,576,504	31,972,780,691
Total revenue		56,847,840,231	43,024,590,891
Expenses			
Advertisements and publicity	23	226,051,845	179,152,519
Grants expenses- Medical Doctors	19(b)	5,218,154,538	6,406,001,402
Administrative expenses	24	13,017,395,779	11,595,662,351
Finance expenses	25	20,356,573,630	19,228,733,904
Total expenses		38,818,175,792	37,409,550,176
Surplus for the year		18,029,664,439	5,615,040,715
Attributable to:			
Owners of the Controlling Entity		18,029,664,439	5,615,040,715

These financial statements were approved by the Board of Directors on 21.12.2018 and signed on its behalf by:



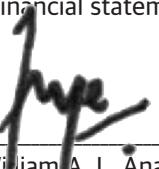
Prof. William A. L. Anangisye
Chairman of the Board

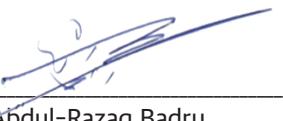


Mr. Abdul-Razaq Badru
Executive Director

	Notes	2018 TZS	2017 TZS
ASSETS			
Current assets			
Cash and cash equivalents	6	58,153,372,260	14,929,065,898
Receivables from non-exchange transactions (Students loans receivable)	8	384,567,910,369	81,330,796,272
Prepayments and other receivables	9	6,213,287,239	17,864,960,368
Inventories (Consumable stores)	10	87,890,280	83,751,286
Total Current Assets		449,022,460,148	114,208,573,824
Non-current assets			
Property, plant and equipment	12	3,863,556,214	3,913,035,112
Intangible assets	11	156,362,160	238,553
Institutions loan receivable - PDG Students	7	25,425,268,056	6,094,244,422
Students loan receivable	8	3,763,144,278,726	3,515,073,164,080
Total Non-Current Assets		3,792,589,465,156	3,525,080,682,167
Total assets		4,241,611,925,304	3,639,289,255,991
LIABILITIES			
Current liabilities			
Payables and accruals	13	5,302,675,906	18,219,364,401
		5,302,675,906	18,219,364,401
Non-current liabilities			
Borrowings - PSPF Loan	14	218,224,853,951	197,868,281,376
		218,224,853,951	197,868,281,376
Total liabilities		223,527,529,857	216,087,645,776
Net assets		4,018,084,395,448	3,423,201,610,215
NET ASSETS/EQUITY			
Capital contributed by			
Loanable funds	15	3,704,603,634,121	2,979,936,357,408
Recovered students' loans	16	45,821,876,200	41,385,748,964
Staff loans revolving funds	17	1,580,691,837	1,580,691,837
HESLB funds at Bot		(230,523,708,805)	(78,190,908,805)
Accumulated surplus		496,601,902,096	478,489,720,812
Total net assets/equity		4,018,084,395,448	3,423,201,610,215

These financial statements were approved by the Board of Directors on 21.12.2018 and signed on its behalf by:


Prof. William A. L. Anangisye
Chairman of the Board


Mr. Abdul-Razaq Badru
Executive Director

	LOANABLE FUND TZS	RECOVERED STUDENTS' LOANS TZS	HESLB FUNDS IN BOT TZS	STAFF LOANS REVOLVING FUND TZS	ACCUMULATED SURPLUS/ (DEFICIT) TZS	TOTAL TZS
01 July, 2017	2,979,936,357,408	41,385,748,964	(78,190,908,805)	1,580,691,837	478,572,237,657	3,423,284,127,062
Value retention fee	286,764,131,269	-	-	-	-	-
Recovered students' loans	-	4,436,127,236	-	-	-	-
Government Contribution	437,903,145,444	-	-	-	-	-
Transfer	-	-	(152,332,800,000)	-	-	-
Surplus for the year	-	-	-	-	18,029,664,439	18,029,664,439
Balance as at 30 June, 2018	<u>3,704,603,634,121</u>	<u>45,821,876,200</u>	<u>(230,523,708,805)</u>	<u>1,580,691,837</u>	<u>496,601,902,097</u>	<u>4,018,084,395,449</u>
01 July, 2016	2,450,818,374,411	22,508,453,369	-	1,580,691,837	472,874,680,098	2,947,782,199,715
Value retention fee	331,643,071,586	-	-	-	-	331,643,071,586
Recovered students' loans	-	18,877,295,595	-	-	-	18,877,295,595
Government Contribution	197,474,911,411	-	-	-	-	197,474,911,411
Transfer	-	-	(78,190,908,805)	-	-	(78,190,908,805)
Surplus for the year	-	-	-	-	5,615,040,715	5,615,040,715
Balance as at 30 June, 2017	<u>2,979,936,357,408</u>	<u>41,385,748,964</u>	<u>(78,190,908,805)</u>	<u>1,580,691,837</u>	<u>478,489,720,813</u>	<u>3,423,201,610,215</u>

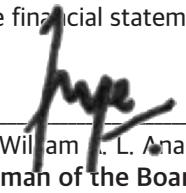
These financial statements were approved by the Board of Directors on 21.12.2018 and signed on its behalf by:


Prof. William A. L. Arangisye
Chairman of the Board


Mr. Abdul-Razaq Badru
Executive Director

CASH FLOWS FROM OPERATING ACTIVITIES	2018 TZS	2017 TZS
Receipts:		
Government subvention	4,217,109,189	4,645,808,798
Revenue Grants - Medical Doctor	5,218,154,538	6,406,001,402
Application Fees	3,642,660,000	
Interest Income	58,462,669	69,104,062
Penalty on loan repayment	33,420,558,317	27,599,124,821
Loan administration fee	5,938,424,226	2,432,891,838
Other Income	937,225,870	2,879,427
	53,432,594,809	41,155,810,348
Payments:		
Advertisements and publicity	226,051,845	179,152,519
Grants Expenses- Medical Doctors	5,218,154,538	6,406,001,402
Administrative expenses	12,530,174,253	11,048,277,611
Students' loan receivable (current portion)	303,237,114,097	9,872,620,570
	321,211,494,734	27,506,052,102
Cash (Used in)/from Operating Activities	(267,778,899,925)	13,649,758,246
CASH FLOWS FROM INVESTING ACTIVITIES		
Loan issued to Students	(248,071,114,646)	(459,108,185,774)
Grant paid	-	(6,406,001,402)
Loans to Institutions - PGD Students	(19,331,023,635)	(3,917,683,886)
Acquisition of Plant and Equipment	(425,209,724)	(305,639,689)
Cash used in Investing Activities	(267,827,348,005)	(469,737,510,751)
CASH FLOWS FROM FINANCING ACTIVITIES		
Government subvention	726,727,227,057	529,117,982,997
Recovered Students' Loans	4,436,127,236	18,877,295,595
HESLB funds transferred to BOT	(152,332,800,000)	(78,190,908,805)
Cash from Financing Activities	578,830,554,292	567,741,700,655
Net increase in Cash and Cash Equivalents	43,224,306,362	15,585,397,825
Cash and Cash Equivalents at the Beginning of the Year	14,929,065,898	(656,331,927)
Cash and Cash Equivalents at the End of the Year	58,153,372,260	14,929,065,898

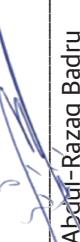
These financial statements were approved by the Board of Directors on 21.12.2018 and signed on its behalf by:


 Prof. William J. L. Anangisye
 Chairman of the Board


 Mr. Abdul-Razaq Badru
 Executive Director

	Original Budget 2018		Adjustments 2018		Final Budget 2018		Actual on Comparable basis 2018		Performance Difference 2018	
		TZS		TZS		TZS		TZS		TZS
Revenue										
Loan Application & Appeals Fees	3,369,475,300	-	-	3,369,475,300	-	3,642,660,000	-	(273,184,700)		
Penalty	-	-	-	-	4,239,024,700	4,239,024,700	36,835,803,739	(36,835,803,739)		
Loan administration fee	4,239,024,700	-	-	-	-	5,938,424,226	(1,609,399,526)			
Interest on call/FDR	-	-	-	-	-	58,462,669	(58,462,669)			
Tender document fee & Misc. income	1,500,000	-	-	1,500,000	-	937,225,870	(935,725,870)			
Grant funds	9,544,584,657	-	-	9,544,584,657	-	5,218,154,538	4,326,430,119			
Grant fund - TVS	12,776,500,000	-	-	12,776,500,000	-	-	12,776,500,000			
Loanable funds	418,009,415,343	-	-	418,009,415,343	-	418,009,415,343	-			
Personnel emoluments	5,180,489,100	-	-	5,180,489,100	-	4,217,109,189	963,379,911			
Development fund	3,100,000,000	-	-	3,100,000,000	-	-	3,100,000,000			
Total Revenue	456,310,989,100	-	-	456,310,989,100	-	474,857,255,574	(18,546,266,474)			
Expenses										
Loanable funds	418,009,415,343	-	-	418,009,415,343	-	418,009,415,343	-			
Grants Expenses	9,544,584,657	-	-	9,544,584,657	-	5,218,154,538	4,326,430,119			
Grant expense - TVS	12,776,500,000	-	-	12,776,500,000	-	-	12,776,500,000			
Development fund	3,100,000,000	-	-	3,100,000,000	-	-	3,100,000,000			
Administrative Expenses	7,700,000,000	-	-	7,700,000,000	-	7,389,058,825	310,941,175			
Administrative Exp - non-cash	-	-	-	-	-	21,993,853,240	(21,993,853,240)			
Personnel emoluments	5,180,489,100	-	-	5,180,489,100	-	4,217,109,189	963,379,911			
Total Expenses	456,310,989,100	-	-	456,310,989,100	-	456,827,591,135	(516,602,035)			
Surplus for the period	-	-	-	-	-	18,029,664,439	(18,029,664,439)			

These financial statements were approved by the Board of Directors on 21.12.2018 and signed on its behalf by:



Mr. Abdil-Razaq Badru
Executive Director



Prof. William J. Anangisye
Chairman of the Board

1. GENERAL INFORMATION

The Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 (as amended) CAP 178 for the purpose of providing for Students' Loans Scheme which would not only extend loans to students who require such assistance but also collect repayment for all loans issued to students since 1994 for re-lending to other eligible and needy students. HESLB is Parastatal Organization currently under the Ministry of Education, Science and Technology.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of Preparation

The financial statements have been prepared based on historic cost unless stated otherwise. The financial statements have been prepared in Tanzanian shillings.

Statement of Compliance

The financial statements of the Higher Education Students' Loans Board (HESLB) have been prepared in accordance with Public Finance Act of 2001 (revised 2004), and comply with some of the requirements of International Public-Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied to all the years presented.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with IPSAS requires the use of estimates and assumptions that affect reported amounts of assets, liabilities and disclosure of contingent asset and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of current events and actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future period if the revisions affect both current and future periods.

3.1. Reporting Period

The reporting period for these financial statements is the financial year of the Government which runs from 1st July 2017 to 30th June 2018.

3.2. Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the HESLB are measured using the currency of the primary economic environment in which the Government operates ("the functional currency").

3.17. Retirement Benefits

Higher Education Students' Loans Board has statutory obligations to contribute to various pension schemes in favor of all the employees employed under permanent and pensionable terms. Contributions to these funds are recognized as an expense in the period the employees render the related services. Different plans and contribution rates for employer and employees are detailed below:

The financial statements are presented in Tanzanian Shillings (Tzs), which is the Government's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are in the statement of financial performance.

3.3. Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less, and is measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

3.4. Provisions

Provisions are recognized when the Board has a present legal or constructive obligation because of past events, when it is probable that an outflow of resources embodying economic benefits and/or service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

3.5. Employment benefits

Employees' benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis. The Government operates a defined benefit plans.

Additionally, the Government operate insured (NHIF) plan where contributions are made by the employer and employee, each contributing 3% of gross salary of the respective employee.

3.6. Revenue

Revenue from exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to

the Government and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue of HESLB includes Interest Income, Application Fees, Penalty on Repayment, Loan Administration fees and other Income:

Interest Income

Interest income arises from different HESLB's bank accounts, i.e. interest on call and fixed deposit accounts. For all financial instruments measured at amortized cost and interest bearing financial assets classified as available-for-sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Loan application fee:

Revenue from loan application fee is collected and received when the Online Loan Application System (OLAS) is opened in the respective year for the needy prospective students to apply. The amount collected is accounted for on cash basis.

Penalty on repayment:

A penalty of 10% once is imposed on the amount of loans due for repayment which has remained unpaid for more than a year after a loan beneficiary has graduated.

Loan administration fee

Is imposed at 1% once of the loan amount.

Interest from Staff issued loans

This involves loans for motor vehicles and housing issued to staff at a rate of 6% interest p.a. It is recognized on accrual basis.

Other income:

Other income is recognized in the period in which it is earned. This includes gain on exchange and tender documents.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is governed by IPSAS 23 and mainly comprises taxes and transfers. Revenue from Non- Exchange Transaction of the HESLB includes Interest Government Subvention through the Ministry of Education, Science and Technology and grants from donors

Government Subvention:

Subvention comprises of funds received from Treasury to cater for Personal emoluments (PE)/employees' salaries and other operational costs. These are unconditional and therefore are

recognized and credited to the statement of financial performance in the period in which they are received.

Grants:

Grants comprises of grants from Treasury and World Bank.

- (i) Grants from Treasury: These are issued to eligible students pursuing medical doctor courses. The funds are release as per approved budget; the amounts are paid to students under the grants programme only. Income is recognized as per amount paid to students as grant.
- (ii) Grants from World Bank: These are attached with restrictions on their spending where they are to be spent for training of staff and financing ICT development. Grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income in the statement of financial performance over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. Where the HESLB receives non-monetary grants, the asset and the grant are recorded at nominal amounts and released to the income statement over the expected useful life of the relevant asset by equal annual installments.

3.7. Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in the statement of financial performance for the period in which they arise.

3.8. Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

Recognition

The cost of an item of Property, Plant and

Equipment is recognized as an asset if, and only if the asset is being controlled by the HESLB; it is probable that future economic benefits or service potential associated with the item will flow to the Board; and the cost of the item can be measured reliably.

Measurement

Property, Plant and Equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

De-recognition

The carrying amount of an item of property, plant and equipment is derecognized when asset is disposed; or when no future economic benefits or service potentials are expected from its use or disposal. Gains and losses on de-recognition of Property, Plant and Equipment is determined by reference to their carrying amount and is taken into account in determining operating profit.

Subsequent Expenditure

Expenditure incurred to replace a component of item of Property, Plant and Equipment is accounted for separately and capitalized only when the amount is material, it is probable that future economic benefits or service potentials associated with the item will flow to the Board and the cost of the item can be measured reliably. All other expenditure items are recognized in the income statement as expenses during the financial period in which they are incurred.

Depreciation

The HESLB has adopted straight line method for depreciation of Public Assets which is allocated systematically over the useful life of the respective assets as per the accounting policies applicable. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life. The prevailing International Standard for depreciation shall be applied over the useful life of the assets. In accordance with the Generally Acceptable Valuation Principles (GAVP), depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence. Property, Plant and Equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. The following Estimated useful life (EUL) were applies for accounting for property, plant and equipment for the year ended 30th June, 2017

Asset Category	Estimated useful life
Office Equipment	8 Years
Office Furniture and Fittings	5 Years
Motor Vehicle (Light)	5 years
Generator	8 Years
Computers and Printers	3 Years

3.9. Intangible Assets - Computer Software Costs

Costs incurred on computer software are initially accounted for at costs as intangible assets and subsequently at cost less any accumulated amortization. The Board's intangible assets have finite useful life of 2.5 years. The residual value and expected useful lives are reassessed annually. Amortization is calculated on a straight-line basis over the estimated useful life as follows: -

- Students Loan Management Software 40% p.a
- Accounting Software 40% p.a

3.10. Impairment of assets

At each Balance Sheet date, the Board reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. Impairment loss occurs where the asset is carried at more than its recoverable amount. An asset is carried at more than its recoverable amounts if its carrying amount exceeds the amounts to be recovered through use or sale of the asset. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the directors estimate the recoverable amount of the cash-generated unit to which the asset belongs.

The amortization period and the amortization method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the Statement of Financial Performance. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

The recoverable amount represents the greater of

the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. For the financial year under review there was no indication as to impairment of the Board's assets.

3.11. Financial Instruments

Classification

Financial instruments as reflected in the statement of financial position include all financial assets and financial liabilities, but exclude property, plant and equipment. The Board determines the appropriate classification at initial recognition of the financial instrument. Financial instruments of the Board are classified as follows:-

Financial assets and Liabilities

Financial assets and financial liabilities are recognized in the Board's statement of financial position when the Board becomes a party to the contractual provision of the instrument.

3.12. Receivables

Receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Allowance for irrecoverable amount is established when there is objective evidence that the Board will not be able to collect all amounts due according to the original terms of receivable. Receivables are recognized initially at quoted/unadjusted prices and subsequently measured at value less provision for bad and doubtful debts. Specific provision is made in the financial statements against receivables considered to be doubtful of recovery.

3.13. Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at their proceeds received, net of direct issue costs.

3.14. Other Borrowings

Other borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

3.15. Payables

Payables are stated at their nominal value.

3.16. Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred, except to the extent that they are capitalized.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalized as part of the cost of that asset when it is probable that they will result in future economic benefits to the organization and the costs can be measured reliably.

Recognition

Loans, receivables and financial liabilities are recognized on the day they are transferred to the Board or the day the funds are advanced.

Measurement

(a) Initial measurement

Financial instruments are measured initially at cost, including transaction costs.

(b) Subsequent measurement (Impairment and un-collectability of financial assets)

Receivables are subsequently measured at cost less provision for impairment of debts. Specific debts which are doubtful of recovery are provided in full.

(c) Creditors are stated at cost due to the short-term nature thereof.

3.17. Retirement Benefits

Higher Education Students' Loans Board has statutory obligations to contribute to various pension schemes in favor of all the employees employed under permanent and pensionable terms. Contributions to these funds are recognized as an expense in the period the employees render the related services. Different plans and contribution rates for employer and employees are detailed below:

No.	Name of the Fund	Employer Contribution	Employee Contribution
1	National Social Security Fund	15%	5%
2	Parastatal Pension Fund	15%	5%
3	GEPF	15%	5%
4	PSPF	15%	5%
5	LAPF	15%	5%
6	WCF	0.5%	0% (Government)
		1%	0% (private)

Short Term Benefits

The cost of all short-term employee benefits such as salaries, employees' entitlements to leave pay, medical assistance and insurance cover, long service award, other contributions, etc. are recognized during the period in which the employees render the related services.

Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date. The Board recognizes termination benefits when it is constructively obliged to either terminate the employment of the current employees according to detailed formal procedures.

3.18. Offsetting Financial Asset and Financial Liability

A financial asset and a financial liability shall be offset and the net amount presented in the balance sheet when and only when, the Board:

- Currently has a legally enforceable right to set off the recognized amounts; and
- Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.19. Related Party Transactions

HESLB is wholly owned by the Government under the ministry of Education, Science and Technology. The Board does not own shares of any class in any business. All business transactions are conducted at arm's length in line with the provisions of the Higher Education Students' Loans Board Act No. 9 of 2004 (as amended), the International Financial Reporting Standards and any other complimenting Accounting Standards deemed suitable in the circumstances to reflect a true and fair view of the accounts during that time. The only related party transactions during the financial year ended 30th June 2018 was the remuneration availed to the Board of Directors and key Management staff. During the year under review, the Board of Directors and key Management Staff remuneration are summarized below:

	2018 TZS	2017 TZS
i)! Board of Directors		
Board of Directors Allowances and Annual Directors Fees		
	13,750,000	61,288,000
	<hr/> 13,750,000	<hr/> 61,288,000
ii)! Emoluments to key Management Staff		
Salaries	1,249,325,000	965,570,000
Allowances	418,582,000	185,630,000
	<hr/> 1,667,907,000	<hr/> 1,151,200,000

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

HESLB operations are exposed to certain financial risks. Financial risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on HESLB's financial performance. The main risks arising from the HESLB's operations are currency risk, credit risk, liquidity risk and interest rate risk. HESLB reviews and agrees policies for managing each of these risks which are summarized below:

- **Interest rate risk**

The HESLB's operating cash flows are affected by changes in market interest rates. The HESLB mitigates the risks by charging value retention fee on the loans. However, such a rate i.e. 6% is still low as compare to the rates fetched/charged in the financial markets so that as it is not aimed at profit making rather to service the needy and eligible Tanzanian students who have of higher learning institutions.

- **Currency risk**

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. HESLB's operations mostly utilize local currencies and therefore not materially exposed to exchange rate fluctuations that have an impact on cash flows and financing activities. Currency exposure arising from foreign transactions denominated in foreign currencies (for instance the office building lease agreement) is managed primarily by holding bank balances in the relevant foreign currencies as well as facing out foreign currency transactions by accepting the local currency invoices only. The loss/gain on foreign currency fluctuation during the year arose from the translation of bank balances. The foreign currencies bank accounts have been disclosed.

- **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. HESLB is exposed to credit-related losses in the event of non-performance by counterparties to financial instruments specifically the loan beneficiaries who are currently working in informal sector. However, efforts and legal actions/strategies are currently in formulation for enforcement against the loan defaulters. This includes banning them from acquiring cooperation/services from all the government related service providers like Tax Revenue Authorities, the Home Affairs ministry specifically the passport control section to mention the few. There has been strict follow-up with the employers both in private and public sector to ensure necessary deductions are made in their payroll for all their employees who were previously loan beneficiaries from the HESLB.

5. CHANGES IN ACCOUNTING POLICIES

The HESLB has adopted the International Public-Sector Accounting Standards as of 1st July 2015. Previously; HESLB was using International Financial Reporting Standards (IFRS), therefore revenue and expenditure items as well as items for the statement of financial position have been grouped as per IPSAS requirement.

6. CASH AND CASH EQUIVALENTS

	2018 TZS	2017 TZS
CRDB Bank Plc	19,393,926,738	6,189,232,618
Exim Bank	-	6,345,900
Standard Chartered Bank	-	169,601,672
National Microfinance Bank Plc	25,212,631,058	8,374,355,860
Tanzania Postal Bank	286,574,896	102,150,223
Bank of Tanzania	13,260,239,569	87,379,625
	<hr/> 58,153,372,260 <hr/>	<hr/> 14,929,065,898 <hr/>

7. INSTITUTIONS LOAN RECEIVABLE (Loans issued to PGD)

Balance as at 1 st July	10,633,246,397	6,715,562,510
Additional loans	14,863,745,086	3,917,683,887
Total	25,496,991,482	10,633,246,397
Amount recovered	(71,723,426)	(4,539,001,975)
Balance as at 30 th June	25,425,268,056	6,094,244,422

8. STUDENTS' LOAN RECEIVABLE

	2018 TZS	2017 TZS
Balance as at 1 st July	2,946,358,200,895	2,452,064,590,780
Additions		
Loan issued	418,682,236,080	494,293,610,115
Loan Administration fee	34,093,585,555	28,155,161,329
Value retention fee	949,498,968,479	662,734,837,210
Penalties on late loan repayment	189,101,847,125	152,350,095,676
Gross Loans	<u>4,537,734,838,133</u>	<u>3,789,598,295,110</u>
Less:		
Provision	(10,458,916,676)	(11,391,108,038)
Balance as at 30 th June	<u>4,527,275,921,457</u>	<u>3,778,207,187,072</u>

Made up of:

Current portion	384,567,910,369	81,330,796,272
Long term portion	3,763,144,278,726	3,515,073,164,080
Institutions loan receivable (Note7)	25,425,268,056	6,094,244,422
Recovered students' loans	354,138,464,305	175,708,982,298
	<u>4,527,275,921,457</u>	<u>3,778,207,187,072</u>

Movement in provision:

Balance as at 1 st July	(11,391,108,038)	(13,259,888,580)
Reversal	932,191,362	1,868,780,542
Balance as at 30 th June	<u>(10,458,916,676)</u>	<u>(11,391,108,038)</u>

9. PREPAYMENTS AND OTHER RECEIVABLES

	2018 TZS	2017 TZS
Staff advance	31,654,815	33,654,815
Staff imprest	131,560,764	380,367,877
Staff loans (Motor Vehicles) - (i)	985,597,359	1,233,876,729
Staff loans (Housing) - (ii)	318,449,377	323,315,210
Rent prepaid	20,423,593	48,058,343
Prepaid insurance	19,359,631	27,380,026
Prepaid subscription	-	2,849,075
Outstanding students' loans - (iii)	4,224,270,149	15,687,537,522
Salary arrears receivable from		
MOEVT	35,462,934	35,462,934
Prepaid Fuel	11,447,735	11,447,735
Provision for prepaid fuel	(11,447,735)	-
Sundry debtor - MOEVT	46,590,000	81,010,000
TVS receivable - MOEST	77,287,000	-
GPSA - Motor vehicles receivable	322,631,616	-
	6,213,287,239	17,864,960,266

(i) Motor vehicle loans

Motor vehicle loans are loans issued to HESLB staff to enable them acquire motor vehicles mainly for office and home movements.

The loans are issued at a simple interest rate of 6% recovered from employees' salaries at a maximum of 72 months.

(ii) Housing loans

Housing loans are loans issued to HESLB staff to enable them build houses.

The loans are issued at a simple interest rate of 6% recovered from employees' salaries at a maximum of 120 months.

(iii) Outstanding students' loans

This is the amount which as at 30th June was yet to be received from the Government to make payment for students' loans.

The same amount is also appearing as amount due to students as is the amount which HESLB had as liability to students.

10. INVENTORY

	2018 TZS	2017 TZS
Stationery supplies	58,570,565	70,610,051
Computer accessories	29,319,715	13,141,235
	87,890,280	83,751,286

Analysis of inventory expensed during the year:

Stationery supplies	220,287,318	86,844,204
Computer accessories	54,391,915	67,977,318
	274,679,233	154,821,522

11. INTANGIBLE ASSETS

Cost		
As at 1 st July	702,632,260	702,632,260
Additions	157,208,775	-
As at 30 th June	859,841,035	702,632,260
Accumulated amortization		
As at 1 st July	702,393,707	671,149,436
Charge for the year	1,085,168	31,244,271
As at 30 th June	703,478,875	702,393,707
Net carrying amount		
As at 30 th June	156,362,160	238,553

12. PROPERTY AND EQUIPMENT

	Building W.I.P. TZS	Land TZS	Office Furniture & Fittings - TZS	Office Equipment TZS	Computers, Printers & Fax - TZS	Motor Vehicle TZS	Total TZS
Cost							
As at 01.07.2017	2,270,793.769	760,230,769	1,466,649,738	360,036,953	1,135,368,278	1,116,921,416	7,110,000,923
Additions	-	-	45,382,210	7,259,840	125,206,301	247,361,373	425,209,724
As at 30.06.2018	<u>2,270,793.769</u>	<u>760,230,769</u>	<u>1,512,031,947</u>	<u>367,256,793</u>	<u>1,260,574,579</u>	<u>1,364,282,789</u>	<u>7,555,210,647</u>
Depreciation							
As at 01.07.2017	-	-	980,646,675	298,599,473	951,416,071	966,303,592	3,196,965,811
Charge for the year	-	-	230,686,976	18,026,486	142,645,201	83,329,960	474,688,623
As at 30.06.2018	-	-	1,211,333,651	316,625,959	1,094,061,271	1,049,633,551	3,671,654,433
Net Book Value							
As at 30.06.2018	<u>2,270,793.769</u>	<u>760,230,769</u>	<u>300,698,296</u>	<u>50,670,834</u>	<u>166,513,308</u>	<u>314,649,238</u>	<u>3,863,556,214</u>
As at 30.06.2017	<u>2,270,793.769</u>	<u>760,230,769</u>	<u>486,003,063</u>	<u>61,437,480</u>	<u>183,952,207</u>	<u>150,617,826</u>	<u>3,913,035,112</u>

13. PAYABLES AND ACCRUALS

	2018 TZS	2017 TZS
Outstanding students' loans	4,224,270,149	15,687,537,622
Directors' fees payable	35,000,000	35,000,000
Bank charges payable	7,872,465	1,730,951
Audit fee payable	254,639,452	-
Electricity payable	8,724,031	8,789,187
Internet payable	14,142,383	6,423,937
Bank deposits	682,290,160	2,408,479,178
Other deductions payable	24,474,266	51,272,566
Grants received in advance - WB	-	20,130,960
Acting allowance payable	32,943,000	-
Housing allowance payable	3,000,000	-
Utility allowance payable	3,520,000	-
Land masters combine	11,800,000	-
	<hr/> <hr/> 5,302,675,906	<hr/> <hr/> 18,219,364,401

14. PSPF LOAN

PSPF Loan	54,644,657,534	54,644,657,534
Long Term Unpaid Interest on PSPF Loan	72,285,287,670	64,253,589,040
Long Term Unpaid Penalty on PSPF Loan	91,294,908,746	78,970,034,802
	<hr/> <hr/> 218,224,853,951	<hr/> <hr/> 197,868,281,376

15. LOANABLE FUNDS

Balance as at 1st July	2,979,936,357,408	2,450,818,374,411
Additions:		
Value Retention Fee	286,764,131,269	197,474,911,411
Government Subvention	437,903,145,444	331,643,071,586
Balance as at 30 th June	<hr/> <hr/> 3,704,603,634,121	<hr/> <hr/> 2,979,936,357,408

16. RECOVERED STUDENTS LOANS

Balance as at 1 st July	22,508,453,369	
Collected during the year	116,814,626,463	
	<hr/> <hr/> 224,251,358,204	<hr/> <hr/> 139,323,079,832
Less: Amount recovered for loans		
issued by HESLB	(178,429,482,004)	(97,937,330,868)
Balance as at 30 th June	<hr/> <hr/> 45,821,876,200	<hr/> <hr/> 41,385,748,964

Recovered Students' Loans is the amount collected from the inherited loans by the Board for TZS. 51,103,685,914 which were issued by the Government from July 1994 to June, 2005 to Public Higher Learning Institutions students.

17. STAFF LOAN REVOLVING FUND

	2018 TZS	2017 TZS
Balance as at 1st July	1,580,691,837	1,580,691,837
Additions:	-	-
Balance as at 30th June	<u>1,580,691,837</u>	<u>1,580,691,837</u>

18. GOVERNMENT SUBVENTION

Government Subvention - PE	4,217,109,189	4,045,808,798
	<u>4,217,109,189</u>	<u>4,045,808,798</u>

19. REVENUE GRANTS

(a) World Bank - Grant:

Balance as at 1 st July	20,130,960	19,946,591
Amount during the year	(20,130,960)	-
Bank charges	-	184,369
Balance as at 30 th June	<u>-</u>	<u>20,130,960</u>

(b) Government Grant:

Balance as at 1 st July	-	-
Amount received and used during the year	5,218,154,538	6,406,001,402
Total Available	5,218,154,538	6,406,001,402
Less: Balance as at 30 th June	-	-
Income for the year	<u>5,218,154,538</u>	<u>6,406,001,402</u>

20. APPLICATION FEES

	2018 TZS	2017 TZS
Application fees for the year	3,642,660,000	-
	<u>3,642,660,000</u>	<u>-</u>

21. INTEREST INCOME

Interest income on call accounts	58,462,669	69,104,062
	<u>58,462,669</u>	<u>69,104,062</u>

22. OTHER INCOME

Tender documents	800,000	-
Reversal of provision	932,191,362	1,868,780,543
Miscellaneous Income	4,234,508	2,879,427
	<u>937,225,870</u>	<u>1,871,659,970</u>

23. ADVERTISEMENT AND PUBLICITY

Advertisements/Publicity	198,762,455	151,061,519
Exhibition & Trade Fair	27,289,390	28,091,000
	226,051,845	179,152,519

24. ADMINISTRATIVE EXPENSES

	2018 TZS	2017 TZS
Personal Emoluments	3,555,329,936	4,023,211,812
Temporary Staff	-	49,985,835
Contribution to Pension Fund - PPF	331,095,750	434,553,494
Contribution to Pension Fund - PSPF	128,739,625	74,986,447
Leave Travel	47,837,552	21,335,452
Outfit Allowance	10,030,200	900,000
Contribution to NHIF	59,933,138	122,483,065
Contribution to Pension Fund - LAPF	141,220,650	130,920,256
Contribution to Pension Fund - NSSF	15,507,300	310,800
Subsistence Allowance	47,623,300	69,306,448
Medical Expenses	-	16,473,078
House Allowance	94,951,500	120,400,000
Utilities Allowance	42,295,000	33,480,000
Terminal Benefit	17,105,611	101,989,490
Telephone & Telegrams	35,482,000	116,080,939
Fax/Postal Charges	74,344,142	60,343,218
Printing	45,398,550	9,420,000
Staff Tea & Coffee	201,672,590	113,421,039
Relationship & Hospitality Expenses	46,000,000	21,147,100
Cleaning Supplies	48,053,465	71,906,833
Computer Expenses & Accessories	54,391,915	86,844,204
Stationery Supplies	220,287,318	67,977,318
Staff Training	164,346,794	154,317,506
Electricity	132,397,217	150,464,232
Uniforms	-	1,350,000
Burial Expenses	1,720,000	7,700,000
Insurance	36,405,295	14,455,697
Service and Repair - Equipment	26,919,258	19,673,074
Repair & Maintenance - General	10,397,000	27,609,320
Service and Repair - Motor Vehicles	107,037,425	105,193,948

24. ADMINISTRATIVE EXPENSES (Continued)

	2018 TZS	2017 TZS
Diesel - vehicles	84,217,443	51,768,472
Diesel - generator	1,049,613	140,563
Honorarium	145,950,000	98,615,000
Subscription	27,071,070	26,260,157
Legal matters	26,592,000	54,828,000
Kitchen appliances & utensils	3,760,153	6,222,000
Workers council	60,428,000	4,625,000
Staff welfare	-	117,500,000
Transportation of personal effects	21,231,000	61,931,025
Traveling expenses - domestic	1,033,010,548	459,355,128
Extra duty/Overtime	709,465,000	433,869,000
Preparation of regulations	16,500,000	26,149,500
Traveling expenses- Foreign	29,777,434	16,268,622
Internet fees	130,888,526	139,683,390
Security guards	100,452,492	30,900,158
Office rent	1,087,497,687	1,233,438,897
Acting allowance	469,238,312	366,873,229
Special allowance	328,640,000	63,059,171
Seminar/Conference expenses	15,876,800	-
Consultancy Fees	77,853,100	3,582,550
Audit fees & expenses	579,628,504	212,434,081
Transport expenses	124,673,400	43,927,525
Tender expenses	20,731,200	25,150,000
Board expenses	193,297,254	38,008,000
Board sitting allowances	-	7,030,000
Board Members Fees	9,187,500	16,250,000
Management sitting allowance	32,500,000	31,750,000
Repayment agency fees	1,216,022,570	766,436,438
Donations	2,500,000	16,750,000
Depreciation/Amortization expense	475,773,791	547,384,741
Periodicals & Newspapers	19,616,914	35,663,000
Bank charges	105,203,203	199,430,102
DSTV charges	467,000	407,000
Long service award	-	39,000,000
Stocktaking expense	17,065,000	26,424,000
Gift/Bequest	-	-
Best employees award	4,500,000	8,254,000
Furniture to entitled staff	68,000,000	18,000,000
Sports expenses	21,954,999	640,000
Students verification	12,897,500	139,413,000
Medical Expenses	100,000	-
Provision for other receivables	11,447,735	-
Taxes and licenses	365,500	-
Maintenance and support of software	1,260,000	-
Gratuity	33,750,000	-
Fuel and Maintenance Allowance	432,000	-
Total expenses	13,017,395,779	11,595,662,351

25. FINANCE EXPENSES

Penalty on PSPF Loan	12,324,875,000	11,197,035,274
Interest on PSPF Loan	8,031,698,630	8,031,698,630
	20,356,573,630	19,228,733,904

26. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

None of the Board's assets have been pledged as security for liabilities.

27. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting date which required disclosures or adjustments in the financial statements for the year ended 30th June 2018.

28. LITIGATIONS

As at 30th June 2018, the Board had pending litigations in which it was a plaintiff in several lawsuits. Considering legal advice from various lawyers representing the Board, the Board of directors does not believe that these lawsuits will result immaterial cash outflow from HESLB.

Msolopa Investment Co. Ltd

Is claiming Tzs 1,532,319,360.82 from HESLB being commission tracing and collection of loans because of HESLB terminating the debt collectors' contracts. HESLB is of the opinion of winning the case by filing counter claim case.

George T. Peter & another

Challenging HESLB for unfair termination from employment. The matter is at hearing stage.

Gabriel Gaye Robi

CMA ruled in his favor that he be re-instated to work and be paid his salaries from March 2014. HESLB filed a revision.

Yusufu M. Kisare

CMA ruled that he be paid Tzs 63,424,000.00. HESLB has filed a revision.

Travel Link Tanzania Ltd

Claiming to have issued some air tickets for HESLB for which settlement have not been effected. The matter is still at initial stage of hearing.

Patience Mutabirwa and 104 Others

Claiming for payment of TZS 3,783,060,929.28 being outstanding allowances to HESLB employees following suspension of their allowances in 2016. Hearing of the matter is still going on.

Robert L. Kibona, Chikira L. Jahari, John Elias, Heri Sago, Hamis Chagonja and Onesimus N. Laizer

They challenge on unfair termination. Case is going on and HESLB do expect to win.

Renovex Business Consults

Is claiming Tzs 3,207,038,321.10 from HESLB as a result of HESLB terminating the debt collectors' contracts. HESLB is of the opinion of winning the case by filing counter claim case.



HESLB
BODI YA MIKOPO

