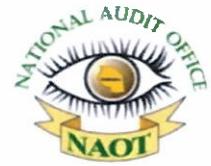


**REPORT OF THE CONTROLLER AND AUDITOR GENERAL**



**THE UNITED REPUBLIC OF TANZANIA  
NATIONAL AUDIT OFFICE**



**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE  
FINANCIAL STATEMENTS AND COMPLIANCE AUDIT OF HIGHER  
EDUCATION STUDENTS' LOANS BOARD FOR THE FINANCIAL  
YEAR ENDED 30 JUNE 2021**

---

**Controller and Auditor General,  
National Audit Office,  
Audit House,  
4 Ukaguzi Road,  
P.O. Box 950,  
41101 Tambukareli,  
Dodoma, Tanzania.  
Tel: 255 (026) 2161200,  
Fax: 255 (026) 2321245,  
E-mail: [ocag@nao.go.tz](mailto:ocag@nao.go.tz)  
Website: [www.nao.go.tz](http://www.nao.go.tz)**

**March 2022**

**AR/PA/HESLB/2020/21**

## **Mandate**

The statutory mandate and responsibilities of the Controller and Auditor-General are provided for under Article 143 of the Constitution of the URT of 1977 and in Section 10 (1) of the Public Audit Act, Cap. 418 [R.E. 2021].

## **Vision**

A credible and modern Supreme Audit Institution with high-quality audit services for enhancing public confidence.

## **Mission**

To provide high-quality audit services through modernization of functions that enhances accountability and transparency in the management of public resources.

**Motto:** “Modernizing External Audit for Stronger Public Confidence”

## **Core values**

In providing quality services, NAO is guided by the following Core Values:

- i. Independence and objectivity
- ii. Professional competence
- iii. Integrity
- iv. Creativity and Innovation
- v. Results-Oriented
- vi. Teamwork Spirit

## **We do this by:**

- ✓ Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- ✓ Helping to improve the quality of public services by supporting innovation on the use of public resources;
- ✓ Providing technical advice to our clients on operational gaps in their operating systems;
- ✓ Systematically involve our clients in the audit process and audit cycles; and
- ✓ Providing audit staff with adequate working tools and facilities that promote independence.

© This audit report is intended to be used by HESLB and may form part of the annual general report, which once tabled to National Assembly, becomes a public document; hence, its distribution may not be limited.

## TABLE OF CONTENTS

ABBREVIATIONS .....	iii
1.0 REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021 .....	1
2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR YEAR ENDED 30 JUNE 2021 ....	23
3.0 DECLARATION OF THE HEAD OF FINANCE FOR YEAR ENDED 30 JUNE 2021.....	24
4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL .....	25
4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS.....	25
4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS.....	28



## ABBREVIATIONS

AAHEFA	Association of African Higher Education Financing Agencies
AIDS	Acquired Immune Deficiency Syndrome
ARC	Audit and Risk Committee
ED	Executive Director
EIR	Effective Interest Rate
EUL	Estimated useful life
FPA	Finance, Planning and Administration
GAVP	Generally Acceptable Valuation Principles
HESLB	Higher Education Students' Loans Board
HIV	Human immunodeficiency virus
HLIs	Higher Learning Institutions
ICT	Information Communication Technology
IPSAS	International Public Sectors Accounting Standards
LARC	Loan and Repayment Committee
MIE	Middle-Income Economy
NBAA	National Board of Accountants and Auditors
NHIF	National Health Insurance Fund
OLAS	Online Loan Application System
PA	Per Annum
PAA	Public Audit Act
PAYE	Pay as You Earn
PE	Personal emoluments
PLC	Public Listed Company
SACCOS	Savings and Credit Co-operative Society
TVS	Trainees Voucher Scheme
TZS	Tanzania Shillings
TR	Treasury Registrar
URT	United Republic of Tanzania
VAT	Value Added Tax
VRF	Value Retention Fee
WCF	Worker's Compensation Fund
W.I.P	Work-In-Progress

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1.0 REPORT OF THE DIRECTORS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2021

#### 1.1 INTRODUCTION

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. The HESLB is 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.

The HESLB Board of Directors submits Annual Report for the financial year ended 30 June 2021, which disclose the state of affairs of the HESLB. The Directors' Report has been prepared in compliance with the requirement of the Tanzania Financial Reporting Standard No. 1 (TFRS1) on Directors' Reports, issued by the national Board of Accountants and Auditors Tanzania.

#### 1.2 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

##### 1.2.1 Vision:

To become a reliable and sustainable higher education revolving fund.

##### 1.2.2 Mission:

To manage loans and grants for needy and eligible Tanzanian students for higher tertiary education.

##### 1.2.3 Core Values

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

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

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 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.

## 1.2 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

### 1.2.1 Composition of the Board

**Table 1: Board of Directors who served during the period**

Sn	Full Name	Status	Age (Years)	Academic Discipline	Nationality	Appointed
1	Prof. William A.L. Anangisye	Chairperson	60	Ph.D (Professionalism and Ethics in Education)	Tanzanian	Aug-17
2	Ms. Salama R. Makame	Vice Chairperson	46	MA (Demography)	Tanzanian	Aug-20
3	Prof. Charles D. Kihampa	Member	50	Ph.D in Chemistry	Tanzanian	Aug-20
4	Dr. Adolf B. Rutayuga	Member	58	Ph.D (Education)	Tanzanian	Aug-20
5	Dr. Ernest S. Mwasalwiba	Member	51	Ph.D (Entrepreneurship Education & Impact Assessment)	Tanzanian	Aug-20
6	Ms. Theresia E. Henjewele	Member	49	MSc (Economics) & MA (Economic Policy Management)	Tanzanian	Aug-20
7	Ms. Tenelife E. Mwatebela	Member	23	Student of Bachelor of Science in Statistics	Tanzanian	Aug-20
8	Mr. Haruni B. Matagane	Member	41	LL.M (Oil and Gas)	Tanzanian	Aug-20
9	Mr. Iddi K. Haji	Member	59	PGD (Financial Management)	Tanzanian	Jan-21

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

The Chairman is appointed by the President, whereas other members are appointed by the Minister of Education, Science and Technology. According to the establishment Act of HESLB, Board members are required to meet at least on quarterly basis.

### **1.2.2 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.

### **1.3.3 Power of the Board**

Without prejudice to section 6 of the HESLB Act No. 9, 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 such fund as may be vested in it and which may not be immediately required for current expenditure;

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

- 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 loan 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 students' loan 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 Students Loan 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;
- 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 financial policies; 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 may be.

### 1.4 COMMITTEES OF THE HESLB GOVERNING BOARD

In ensuring the application of sound corporate governance principles and best practices the Board of Directors is assisted by three committees in discharging their functions. These comprises, Loans Allocation and Repayment Committee, Finance, Planning and Administration committee, and Audit and Risk management Committee.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 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 endure repayment of the loans issued. The primary objective of establishing the Loan Allocation and Repayment Committee is to discharge this core function of the Board. To adequately perform its roles, the committee is entrusted 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.

**Table 2:** The composition of the LARC committee during the year

S/N	Name	Designation	Academic Discipline	No. of meetings planned
1	Prof. Charles D. Kihampa	Chairperson	Ph.D in Chemistry	8/9
2	Dr. Adolf B. Rutayuga	Member	Ph.D (Education)	8/9
3	Ms. Tenelife H. Mwatebelwa	Member	Student of Bachelor of Science in Statistics	8/9
4	Mr. Iddi K. Haji	Member	PGD (Financial Management)	3/9

*Source: HESLB Committees' Reports*

The activities performed by this committee were to ensure close monitoring of loans allocation, disbursement and repayment.

### 1.4.2 Finance, Planning and Administration Committee (FPA)

The FPA Committee of the Board is charged with the responsibility to deal with finance, research and planning, administration, legal and all other remaining functions of the Board, making final decision of the Board except when it comes to approval of the annual budgets and audited accounts.

**Table 3:** The composition of the FPA committee during the year

S/N	Name	Designation	Academic Discipline	No. of meetings planned
1	Dr. Adolf B. Rutayuga	Chairperson	Ph.D (Education)	5/5
2	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	5/5
3	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	5/5

*Source: HESLB Committees' Reports*

The meetings held by this committee ensured close monitoring of budget implementation as approved by the government.

### 1.4.3 Audit and Risk Management Committee (ARC)

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

The Audit and Risk Management Committee of the Board performs oversight function on behalf of the full board.

The Terms of Reference for the Audit Committee cover six major areas, namely, Internal Control, Financial Reporting, Internal Audit, External Audit, Compliance and Risk Management.

The Audit Committee's mandate under Internal Control covers evaluation of control environment and culture; the adequacy of the internal control systems and compliance with IPSAS in the preparation of financial statements; the overall effectiveness of the internal control and risk management framework; The Committee also reviews the effectiveness of the system for monitoring compliance with laws and regulations.

The mandate relating to Financial Reporting requires the Audit Committee to review significant accounting and reporting issues and their impact on the financial reports and ensure current financial risk areas are being managed appropriately. The Committee also ensures the adequacy of the financial reporting process and reviews the Board's annual accounts before approval and adoption by the full Board.

With regard to External Audit, the Audit Committee reviews and approves the external auditors' proposed audit scope, approach and audit deliverables, draft financial statements before submission to the External Auditors for audit; and also reviews and approves the proposed audit fee. Compliance task entails ensuring that HESLB complies with laws, rule and regulations governing its operations. Risk management involves identification of risks and ensuring that mitigating measures are in place and are operating efficiently and effectively.

The Committee's mandate on Internal Audit covers review of the activities and resources of the internal audit function; effectiveness, standing and independence of internal audit function within HESLB; review of the internal audit plan; and follow up on implementation of internal audit findings and recommendations. The Audit Committee reports to the Board of Directors.

**Table 4:** The composition of the ARC committee during the year

S/N	Name	Designation	Discipline	No. of meetings planned
1	Dr. Ernest S. Mwasalwiba	Chairperson	Ph.D (Entrepreneurship Education & Impact Assessment)	5/5
2	Ms. Salama R. Makame	Member	MA (Demography)	5/5
3	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	5/5

*Source: HESLB Committees' Reports*

**Table 5:** Appointment of new member - Audit Committee joined after 30 June 2021

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

S/N	Name	Designation	Discipline	Appointed Date
1	Paul Bilabaye	Member	CPA(T), CPSP, MBA Corporate Management	06 August 2021

The meetings held by this committee among other things were closely follow-up on audit issues resulting into reduction of audit queries.

### 1.5 BOARD MEETINGS

**Table 6:** Board of Directors meetings held during the year

Sn	Full Name	Status	Academic Discipline	No. Of Meetings Attended
1	Prof. William A.L. Anangisye	Chairperson	Ph.D (Professionalism and Ethics in Education)	10/10
2	Ms. Salama R. Makame	Vice Chairperson	MA (Demography)	10/10
3	Prof. Charles D. Kihampa	Member	Ph.D in Chemistry	7/10
4	Dr. Adolf B. Rutayuga	Member	Ph.D (Education)	6/10
5	Dr. Ernest S. Mwasalwiba	Member	Ph.D (Entrepreneurship Education & Impact Assessment)	8/10
6	Ms. Theresia E. Henjewele	Member	MSc (Economics) & MA (Economic Policy Management)	9/10
7	Ms. Thenelife E. Mwatebelwa	Member	Student of Bachelor of Science in Statistics	7/10
8	Mr. Haruni B. Matagane	Member	LL.M (Oil and Gas)	10/10
9	Mr. Iddi K. Haji	Member	PGD (Financial Management)	5/10

*Source: HESLB Board of Directors' Reports*

### 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 on 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.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### SUMMARY OF MATTERS DISCUSSED ON BOARD MEETINGS DURING THE YEAR UNDER REVIEW

#### 1.7 MEETING OF THE BOARD OF DIRECTORS

During the year ended 30 June 2021, the Board of Directors held all four statutory meetings. The major issues resolved or approved during the meetings encompass the following

- i) Approved review of HESLB Strategic Plan;
- ii) Approved 2021/2022 MTEF Budget estimates;
- iii) Approved 2021/2022 Annual Procurement Plan (APP);
- iv) Approved corporate social responsibility Policy;
- v) Approved establishment of the Eastern Zone Customer Relationship Center;
- vi) Approved revised HESLB organizational structure;
- vii) Approved interim reporting lines of Zonal Managers and Assistant Director ICT;
- viii) Received implementation and Annual Action Plan report for Financial year 2020/2021; and
- ix) Approved Financial statements for the financial year ended 30 June 2021 to be submitted to Controller and Auditor General (CAG).

#### 1.8 RESOURCES AND STRENGTH

Resources and strengths that facilitate the HESLB's endeavor in achieving its strategic objectives include human, financial and technological resources.

In terms of human capital, the HESLB has well-qualified and committed staff dedicated to a long-term career in the HESLB. The management maintains a continuous training programmes to its staff to keep abreast with social, economic and development issues around the world. Likewise, the management adheres to good governance and promotes labour relations.

From its strategic perspective, HESLB enhances its financial sufficiency by improving management of its resources through prioritization of initiatives, implementing initiatives within the available financial envelope and prudently managing its sources of income.

HESLB maintains good relationship and supports Government policy on loans to students and its sustainability. HESLB receives most of its financial support from Government and support of which has been forth coming. On technological side, HESLB has made significant efforts of adopting modern technology to improve its day-to-day operations.

#### 1.9 CASH FLOW PROJECTION

The continued support from the Government, good relationship with higher learning institutions and the close follow up exerted by Management with the assistance of technological enhancements undertaken will significantly improve the cash flow of HESLB in future.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1.10 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been complied with 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.

### 1.11 OBJECTIVES FOR THE FINANCIAL YEAR 2020/21

The Higher Education Students' Loans Board objectives for the financial year 2020/21 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.

#### Nationally

HESLB enjoyed good collaboration from Higher Learning Institutions, sister organizations under the parent Ministry of Education Science and Technology and Students' governments (*List of HLIs Appendix - i*). The support and Networking with other institutions resulted in improved services to the Boards' clients.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### Internationally

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

### Membership

The HESLB has continued its relations with public in general, local and international organizations and remained as a founder and a member of the Association of African Higher Education Financing Agencies (AAHEFA) which were co-founded by three countries Tanzania, Kenya and Rwanda in 2008, and include 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.

## 1.12 CAPITAL STRUCTURE

The capital of the HESLB includes capital loanable funds, recovered students' loans, staff loan revolving fund and accumulated surplus. The 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.

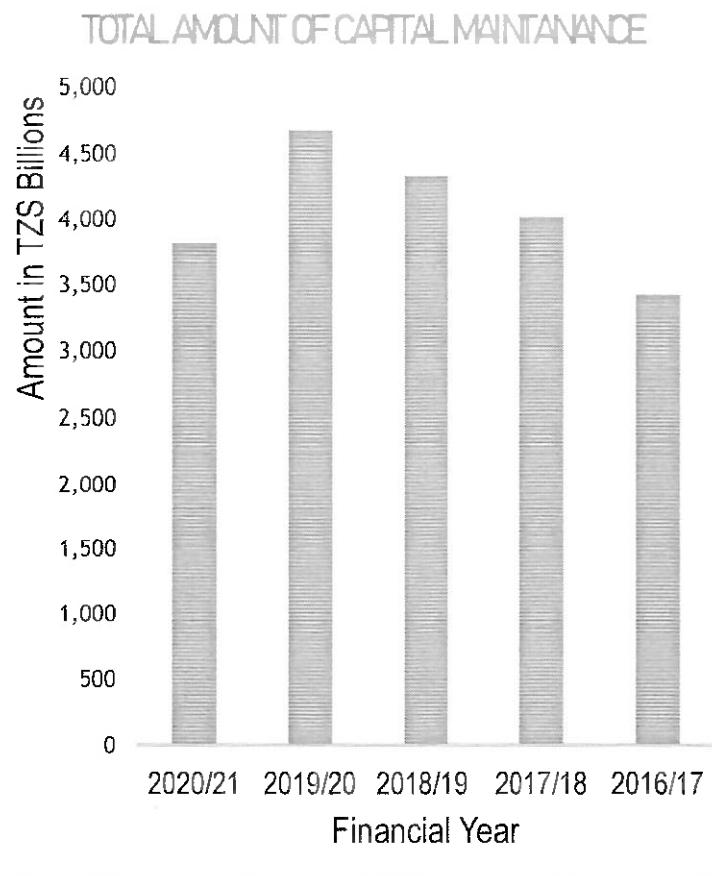
**Table 7:** Capital Structure

Descriptions	2020/21	2019/20	2018/19	2017/18	2016/17
Loanable Funds	4,133,492,098,265	4,729,152,755,603	4,218,927,515,961	3,704,603,634,121	2,979,936,357,408
Recovered Students' Loans	53,779,101,166	53,779,101,166	53,779,101,166	45,821,876,200	41,385,748,964
Transferred to Consolidated Fund	(770,002,637,399)	(573,404,784,950)	(416,826,264,030)	(230,523,708,805)	(78,190,908,805)
Staff Loans Revolving Funds	1,683,696,999	1,580,691,837	1,580,691,837	1,580,691,837	1,580,691,837
Accumulated Surplus/(Deficits)	395,675,110,218	468,636,408,159	472,566,557,325	497,739,256,464	479,414,400,354
Total Amount of Capital	3,814,627,369,249	4,679,744,171,815	4,330,027,602,259	4,019,221,749,817	3,424,126,289,758

*Source: HESLB Audited financial Reports*

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

Capital maintenance is increasing each year mainly due to every year increase in loanable fund (amount received for financing students' loans. Fund received from Government) has increased by Tzs 18.9 Billion from 2019/20 to 2020/21 while accumulated Capital structure has decreased from the base year by 21% due to waiver of Value Retention Fees by 1,211,567,548,335.56, Penalties from Loan beneficiaries of Tzs 194,098,172,450.12 and both penalty and interest on PSSSF loan. Recovery Amounts Transferred to Consolidated Fund increased to TZS. 770.0 billion.



### 1.11 FINANCIAL PERFORMANCE FOR THE YEAR

#### a) Revenue

During the year under review, HESLB recorded revenue amounting to **TZS 64.66 billion** compared to **TZS 37.86 billion** for the year 2019/20. Reasons that attributed to this increase are the VRF which was earlier fully capitalized however, during the year partly used to finance OC in the year 2020/21. Further, penalties and other income has also increased due successfully tracing of loan defaulters with accumulated penalties.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**Table 8: Revenue Collected**

Income	2020/21	2019/20	2018/19	2017/18	2016/
Government Subvention	4,858,095,406	4,342,291,271	4,610,909,243	4,217,109,189	4,645
Grants - Medical Doctor	6,704,000	1,345,006,092	2,984,313,866	5,218,154,538	6,406
Value Retention Fee	6,000,000,000	-	-	-	
Penalty on Repayment	41,895,430,798	25,698,689,066	8,561,275	36,835,803,739	27,595
Loan Administration Fee	5,275,780,818	3,674,103,482	4,225,420,058	5,938,424,226	2,432
Application Fees	2,887,322,300	2,641,644,205	853,230,000	3,642,660,000	
Interest Income	25,814,127	29,239,817	32,196,943	58,462,669	65
Other Income	3,707,960,899	130,778,060	382,453,565	937,225,870	1,871
<b>Total Revenue</b>	<b>64,657,108,349</b>	<b>37,861,751,992</b>	<b>13,097,084,950</b>	<b>56,847,840,231</b>	<b>43,024,</b>

*Source: Audited Financial statement of HESLB from 2016/17 to 2020/21*

**b) Expenditure**

During the year HESLB made expenditure amounting to TZS 17.20 billion compared to TZS 41.13 billion reported for the year 2019/20.

**Table 8: Expenditure**

Expenditures	2020/21	2019/20	2018/19	2017/18	2016/
Salaries, Wages, and Employment Benefits	8,467,890,585	7,534,548,899	5,929,166,597	6,347,153,307	6,460,831
Supplies and Consumables	8,720,755,642	7,990,841,590	7,595,834,430	6,683,619,594	5,313,971
Interest Expenditures	-	22,331,032,878	21,527,863,014	20,356,573,630	6,406,00
Grants - Medical Students	6,704,000	1,345,006,092	2,984,313,866	5,218,154,538	19,228,73
Provision for Impairment of Loans	-	1,924,057,993	-	-	
<b>Total Expenditure</b>	<b>17,195,350,227</b>	<b>41,125,487,451</b>	<b>38,037,177,907</b>	<b>38,605,501,069</b>	<b>37,409,550</b>
<b>Surplus/(Deficit)</b>	<b>47,461,758,122</b>	<b>(3,263,735,460)</b>	<b>(24,940,092,957)</b>	<b>18,242,339,162</b>	<b>5,615,040</b>

*Source: Audited Financial statement of HESLB from 2016/17 to 2020/21*

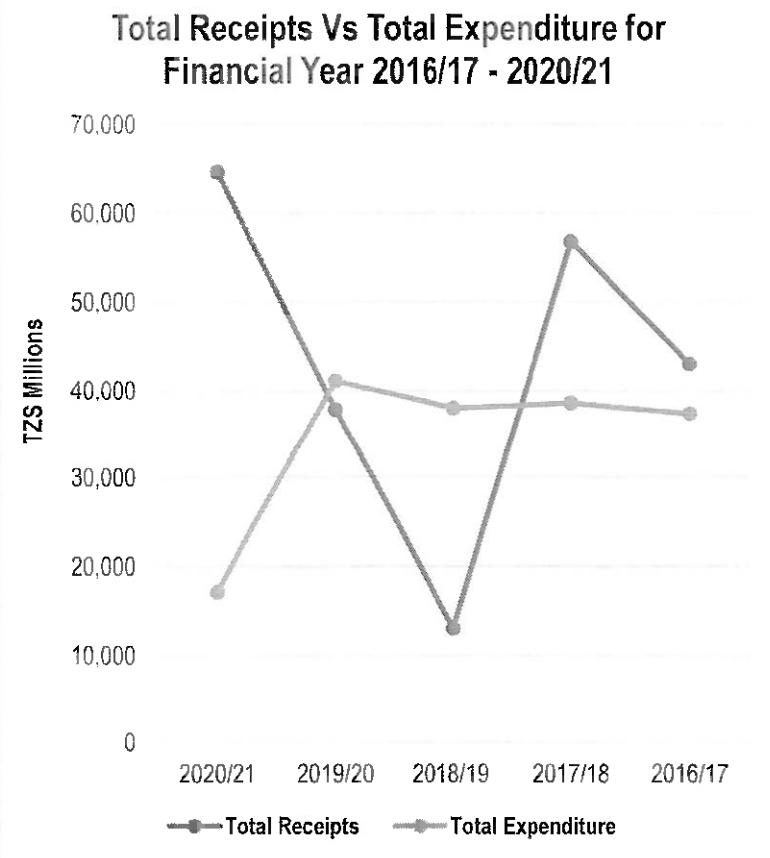
**c) Surplus**

During the year ended 30 June 2021, the HESLB recorded a surplus of TZS 47.46 billion compared to deficit of TZS 3.26 billion for the year 2019/20 (excluding depreciation and amortisation). The recorded surplus was caused by an accrued penalty on loan recovery of TZS 41.9 Billion from previous loan beneficiaries from July 2020 to June 2021, however Government has waived the penalty to loan beneficiaries from July 2021.

In addition to the above there was a decrease in provision for students' loans receivable of TZS 8.44 billion for the financial year 2020/21 compared to TZS 12.06 billion for 2019/20 in loan defaulters.

d) Trend of Revenue and Expenditure for five years

Expenditure has been stable during the last three years. On the other hand, revenue increased in 2020/21 compared with an increase in 2019/20; the sharp increase in 2020/21 is mainly due to increase in tracing of loan beneficiaries and defaulters during the year and hence increase in loan related charges. Further, there is an increase in loan administration fee which is based on the number of new loan and sharply rise in application fee caused by the fact that the application window for academic year 2020/21 was opened in mid July 2020 and remained open for longer period compared to previous years.



### 1.13 FINANCIAL POSITION

#### Current Assets

During the year under review, Total Current Assets decreased by TZS 167,500,911,231 from TZS 381,400,482,292 of 2019/20 mainly due to decrease in Cash and Cash Equivalents and Prepayment and Other Receivables.

#### Students Loan Receivables

The long-term portion of the students' loan receivable decrease to TZS 3.76 trillion from TZS 4.6 trillion in 2019/20. This is mainly due to written off of Value Retention Fees and Penalties to loan beneficiaries.

#### Current Liabilities

During the year under review, total liabilities decreased to TZS 1.41 billion from TZS 68.49 billion in 2019/20 mainly due to significant decrease of Outstanding Students' Loans

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

resulted to unpaid students' loans for the year 2019/20 as a result of COVID 19 Pandemic, which lead to higher learning institution almanac to change and therefore their loans were paid in year 2020/2021.

### **Net Assets**

Net assets decreased to TZS 3.82 trillion of 2020/21 from TZS 4.70 trillion of 2019/20 due to increase in loanable fund and recovered students' loans and accumulated surplus.

### **1.14 BUDGET**

The budget is approved on a cash basis by function classification. The approved budget covers the fiscal period from 01 July 2020 to 30 June 2021 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget was approved by Parliament in June 2020.

### **1.15 MANAGEMENT STRUCTURE**

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

#### **Line Division**

- i. Loans Allocation and Disbursement Division
- ii. Loans Repayment and Recovery Division
- iii. Finance and Administration Division
- iv. Planning, Research and ICT Division
- v. Internal Audit and Investigation Division

#### **Staff Function**

There are four staff functions under the Executive Director's Office including:

- i. Legal Section
- ii. Information, Education, and Communication section
- iii. Procurement Management Section
- iv. Zonal Offices i.e. Dodoma, Zanzibar, Mwanza, Arusha, Mbeya and Mtwara.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**Table 9: Key Management Team**

S/No.	Full Name	Designation
1	Mr. Abdul-Razaq Badru	Executive Director
2	Ms. Neema R. Kuwite	Director of Finance and Administration
3	Ms. Hidaya Karunde	Acting Director of Audit and Investigations
4	Mr. Benedicto C. Cosmas	Director for Planning, Research and ICT
5	Dr. Veronica Nyahende	Director Loan Allocation and Disbursement
6	Mr. Ignatus Oscar	Acting Director Loan Repayment and Recovery up to Sept 2020
7	Mr George Mziray	Director Loan Repayment and Recovery from October 2020
8	Ms Sarah Fihavango	Assistant Director Loan Disbursement
9	Mr. Brown Shimwela	Chief Accountant
10	Mr. Felix John	Assistant Director Loan Allocation up to March 2021
11	Mr. Fidelis Joseph	Assistant Director Loan Repayment
12	Mr. Erick B. Mapunda	Assistant Director Human Resource & Admin up to Dec 2020
13	Mr Gibson Mayani	Assistant Director Human Resource & Administration from May 2021
14	Mr. Abdalla Mtibora	Assistant Director Legal Affairs
15	Mr. Deusdedit Buberwa	Assistant Director Planning and Research
16	Mr. Deus Changala	Assistant Director Loan Recovery
17	Mr. Omega Ngole	Assistant Director Communication, Information and Education
18	Mr. George Mokaka	Assistant Director Procurement and Supplies up to August 2020
19	Mr Salim Mapalala	Acting Assistant Director Procurement and Supplies up to May 2021
20	Mr. Tosha H. Tosha	Assistant Director ICT up to October 2020
21	Mr. Patrick Shoo	Acting Zonal Manager - Arusha
22	Ms. Octavia Seleman	Acting Zonal Manager - Dodoma
23	Mr. Usama Choka	Acting Zonal Manager - Mwanza
24	Mr. Deodatus Mwiliko	Acting Zonal Manager - Mtwara
25	Ms. Lucy Kirigha	Acting Zonal Manager - Zanzibar
26	Mr. Emmanuel Mtavangu	Acting Zonal Manager - Mbeya

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1.16 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has a strategic plan 2017/18 to 2021/22. This is a rolling plan which at every year-end is reviewed and updated to ensure that it is still appropriate for the HESLB to achieve its mission. HESLB strategic plan for 2017/18 to 2021/22 that came into operation with effect from 01 July 2017 focus on achieving five objectives as follows:

- i. Improving operations by using enhanced Alternative Loan Management System (ALMS)
- ii. Strengthening operationalization of OLAMS for all loan applications
- iii. Operationalize Loan Repayment module in the System
- iv. Enhancing staffing levels for the division to enhance collection of loans
- v. Enforce loan recovery to loans defaulters

#### 1.16.1 Governance, Enforcement and Compliance Related Targets and Milestones

During the Period the Following Key Accomplishment were Registered: -

Supporting end-of tenure, and appointments for eight (08) new members for the BoD, coordinating initial orientations and refresher training;

- i. Convening a total of 29 BoD related activities and meetings including LARC (9), FPA (5), ARC (5) and BoD (10), to receive, deliberate and approve various requests;
- ii. Revised, and finalized the performance contract with the OTR, that details reportable performance periodically, the signing date will be confirmed;
- iii. Preparation and submission of statutory and administrative sixteen (16) reports to BoD, MoEST and Office of Treasury Registrar (OTR);
- iv. Implementation of the recommendations from the Loans Repayments Performance Audit conducted in 2017/18 by NAOT;
- v. Securing a clean audit score from the Annual Statutory Audit for FY 2019/2020;
- vi. Customized and domesticating the national framework for Risk Management. Necessary preparations including setting targets, and training for key staff were completed. The annual Risk Plan, and the corresponding Risk Register are now in place; and
- vii. Convening statutory bi-annual staff meetings (2), other staff meetings (8) and EXCOM (14) meetings as per schedule and requirements in which staff welfare, management and operational matters were deliberated upon to enhance efficiency.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1.16.2 Support, Delivery and Systems Milestones

The key accomplished were registered include: -

- i. Aligning performance targets with the relevant priorities in the Ruling Party Election Manifesto (2020-2025) and H.E President's Speech during 12th Parliament Launch including increase number of beneficiaries who access higher education loans;
- ii. Preparing and submitting proposals and inputs for the annual budget preparation and scrutinization authorities;
- iii. Participating in two (02) Parliamentary sessions to present, and clarify on the HE students financing related targets, consequently presented to the Parliament of the United Republic of Tanzania Minister for approval. The following key issues emerged: -
  - a) Waiving the six percent (6%) Value Retention Fee (VRF) and ten percent (10%) penalty on higher education loans as they impose economic burden to repaying beneficiaries;
  - b) Extending loans to needy students pursuing and
  - c) Considering and aligning HE students' loans to the labor-market requirements and gaps as a lower-middle-income economy (MIE) country.
- iv. Submitting customized annual action plan and cash flow requirements to the parent ministry, MoEST and the Treasury Registrar (TR) to enable timely disbursements of funds during financial year 2021/22;
- v. Processing loans, for both, new and continuing students, slightly exceeding projected head counts following effective evaluations of neediness especially for new loans. A total of 149,506 students' loans were processed and approved; 55,442 first year, (more than 22% were from disadvantaged groups such as orphans) and 94,064 continuing students;
- vi. Recording annual collections of TZS 181.05 billion representing 95% of annual targets of (TZS 190.0 billion) amid some challenges including the impact of COVID-19 to various business especially the private and informal sectors;
- vii. Finalizing and signing of contract that zero-rates the agency fee used to be charged by MoFP. All future repayments from civil servants can be reconciled and updated in real times in the Individual Subsidiary Ledgers (ISLs);
- viii. Strengthening of zonal offices and operations in Mbeya, Arusha, Mwanza, Zanzibar, Dodoma, Dar es Salaam and opening of another Zonal Offices at Mtwara by

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

strengthening finance and accounts staffing to manage finances as advised by previous audits;

- ix. A total of 17 trainings and seminars were conducted to 178 HESLB staff during the period; and
- x. Facilitating and managing various court, arbitration, reconciliation and concluding 6 cases.

**Table 10:** The achievements of HESLB for the year under review (2020/21).

S/ N	Performance Indicator	Target	Actual
1	Number of Loanees	145,500	149,472
2	Number of Grant Students Disbursed	-	-
3	Amount of Loanable Funds Government Subvention	288,900,000,000.00	334,043,562,013.47
4	Amount of Grant Funds Government Subvention	-	6,704,000.00
5	Amount of Loanable Funds Disbursed	464,000,000,000.00	527,578,081,849.47
6	Total Amount of Grants Disbursed	-	6,704,000.00
7	Number of Traced Beneficiaries	35,000	26,696
8	Total Amount of Loans Recoveries Collected	190,000,000,000.00	181,047,860,349.92
9	Percentage of Repayment Rate	80	73
10	TZS Revolving Funds Utilized as Loanable Funds	175,100,000,000.00	129,346,958,005.53
11	Number of Staff Trained	178	178
12	Number of Staff	217	181
13	Number of Staff Dropout	-	10
14	Government Contribution to Annual Budget	294,412,597,000.00	338,901,657,420.00
15	Percentage of Self-Reliant on Loanable Funds	37.70	27.90
16	Percentage of Self-Reliant on Operational Expenses	100.00	100.00
17	OC Budget	14,000,000,000.00	13,999,999,108.25
18	Percentage of Internally Generated Funds Contribution on HESLB Annual Budget	39.70	29.70

As evidenced in the above table, the income earned and expenditure incurred /loan issued has been as per target. The loans repayment has been over amount targeted.

### 1.17 LEGAL AND REGULATORY REQUIREMENT

The HESLB is a provider and collector of loans issued to needy and eligible 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 the HESLB are guided by 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, the HESLB complied with applicable laws. In conducting its activities, HESLB do ensure application of other legal requirements including: Value Added Tax (VAT), Pay as You Earn (PAYE) and withholding tax.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### 1.18 ENVIRONMENTAL CONTROL PROGRAM

The HESLB monitors the impact of its operations on the environment, which is mainly through the use of power, water and the generation of waste. The HESLB minimize its impacts through the better use of its premises and inbuilt facilities to ensure that there is proper waste management. In addition HESLB is engaged in activities that supports efforts towards environmental stability, by engaging in conservation activities agreed upon from time to time as well as any other activity deemed to support financing of higher education, also in all Staff, Management and Board Meetings HESLB has decided to be paperless environment.

### 1.19 RISK MANAGEMENT AND INTERNAL CONTROLS

The Board of Directors resumes final responsibility for the internal control system and risk management of the 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:

- i. Effectiveness and efficiency of HESLB operations,
- ii. Safeguarding of the HESLB's assets,
- iii. Compliance with applicable laws and regulations,
- iv. Reliability of accounting records,
- v. Business sustainability on normal as well as abnormal conditions, and
- vi. 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, the 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 30 June 2021 to satisfy whether they meet accepted criteria. The Board of Director handles risk and internal control assessment through the Audit Committee. The key elements of the system of internal control are as follows:

#### a) 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.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

### b) Delegation

The overall objectives of the 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.

### c) Budgets

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

### d) Internal Audit

Internal audit and Investigation directorate its establishment has provided many important services to HESLB Management. These include assess the organizations' risk and efficacy of its risk management efforts, evaluate potential for occurrence of fraud and how the organization manage fraud risk, be alert to the signs and possibilities of fraud within the organization and address them in audit and investigation help management to determine whether the organization has adequate internal controls and monitoring compliance with company policy and government regulation. Also, the Department ensures that recommendations to improve controls are followed up by the Management.

### e) Compliance

Detailed assessment is undertaken continuously to ensure that HESLB operations are undertaken in compliance with laws, rules, regulations in place.

## 1.20 FUTURE DEVELOPMENT PLANS

HESLB remains confident that with the available resources obtained from the Government and the continued effort of students' loan recovery efforts, it will be able fulfil its strategic objectives through ensuring that education sector in general and the area of higher education student financing is effective and efficient.

In addition 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.

## 1.21 GENDER PARITY

The 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.

## HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

It has been constantly gender equality in terms of employment. In the year under review male constitutes 55% compared to 45% for female of the whole employment at HELSB. In this regard therefore, there is a slight increase of male compared to female staff.

Gender	2020/21	2019/20
Male	100	94
Female	81	72
Total	181	166

### 1.22 EMPLOYEES WELFARE

#### **Management and Employees' Relationship**

The relationship between the Management and employees was good. There were no unresolved complaints received by 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 employer contribute three percent of employee basic salary. Currently, the service is provided through employee membership to the National Health Insurance Fund (NHIF), However HESLB covers for medical assistance not covered by NHIF upon recommendations from the said Insurance Fund.

### 1.23 EMPLOYEES WELFARE

#### **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 staffs 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.

### 1.24 RELATED PARTY TRANSACTIONS

All related party transactions and balances are disclosed in the financial statements.

### 1.25 PERSONS WITH DISABILITIES

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

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**1.26 POLITICAL DONATIONS**

HESLB did not make any political donations during the year.

**1.27 SERIOUSLY PREJUDICIAL MATTERS**

During the year ended 30 June 2021 there were no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No1.

**1.28 STATEMENT OF COMPLIANCE**

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

**1.29 AUDITOR**

The Controller and Auditor General (CAG) is the statutory auditor of HESLB by virtue of Article 143 of the Constitution of the United Republic of Tanzania as amplified under section 10 (1) of the Public Audit Act No. 11 of 2008, Cap 418 (R.E. 2021).

**BY THE ORDER OF THE BOARD**



Ms. Salama R. Makame  
Vice Chairperson

Date

18/3/2022

Dr. Ernest S. Mwasalwiba  
Director

Date

18/3/2022

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 2.0 STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR YEAR ENDED 30 JUNE 2021

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, cash flow statement, 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 30 June 2021.

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 2020/21 financial year. We accept responsibility for the integrity of the Financial Statement and the information contained in it, 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 CAP 410. 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 the 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



Ms. Salama R. Makame

Vice Chairperson



Dr. Ernest S. Mwasalwiba

Director

18/3/2022

Date

18/3/2022

Date

## HIGHER EDUCATION STUDENTS' LOANS BOARD

### 3.0 DECLARATION OF THE HEAD OF FINANCE FOR YEAR ENDED 30 JUNE 2021

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 30 June 2021 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.

  
\_\_\_\_\_  
Brown Shimwela  
Chief Accountant

Date

18<sup>th</sup> March 2022

NBAA Membership No:

ACPA 3855

## **4.0 INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL**

Chairperson of the Board of Directors,  
Higher Education Students' Loans Board (HELSB),  
P.O. Box 76068,  
Dar es Salaam.

### **4.1 REPORT ON THE AUDIT OF FINANCIAL STATEMENTS**

#### **Opinion**

I have audited the financial statements of Higher Education Students' Loans Board, which comprise the statement of financial position as at 30 June 2021, and the statement of financial performance, statement of changes in net assets and 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.

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of Higher Education Students' Loans Board as at 30 June 2021, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis of accounting.

#### **Basis for Opinion**

I conducted my audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the section below entitled "Responsibilities of the Controller and Auditor General for the Audit of the Financial Statements". I am independent of Higher Education Students' Loans Board 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.

#### **Emphasis of Matter**

I draw attention to note 14 of the financial statements which indicates that the PSSSF Loan (formerly PSPF) was 100% guaranteed by the Government and used to finance higher education students in the years 2006-2007. Amount of TZS 21.0 billion was repaid in the years 2008-2010 and factored into the pending interests only. The outstanding loan increased from TZS 54.6 billion to TZS 187.77 billion made up of principal, interest and penalties while the Board lacks funds to settle the outstanding amount. My opinion is not modified in respect of this matter.

## **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. I have determined that there are no key audit matters to communicate in my report.

## **Other Information**

Management is responsible for the other information. The other information comprises the Director's Report and the Declaration by the Head of Finance but does not include the financial statements and my audit 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 I obtained prior to the date of this audit report, I conclude 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.

## **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 IPSAS 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.

## **Responsibilities of the Controller and Auditor General 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 audit 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 ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism 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 control.
- 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my audit report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my 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.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. I describe these matters in my audit 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.

In addition, Section 10 (2) of the Public Audit Act, CAP. 418 [R.E. 2021] requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards.

Further, Section 48(3) of the Public Procurement Act, 2011(as amended in 2016) requires me to state in my annual audit report whether or not the audited entity has complied with the procedures prescribed in the Procurement Act and its Regulations.

#### **4.2 REPORT ON COMPLIANCE WITH LEGISLATIONS**

##### **Compliance with the Public Procurement Laws**

##### **Subject matter: Compliance audit on procurement of works, goods and services**

I performed a compliance audit on procurement of works, goods and services in the Higher Education Students' Loans Board for the financial year 2020/21 as per the Public Procurement Laws.

##### **Conclusion**

Based on the audit work performed, I state that, except for the matter described below, procurement of works, goods and services of Higher Education Students' Loans Board is generally in compliance with the requirements of the Public Procurement Laws.

##### **Delay in signing of the contract between ORACLE and HESLB for upgrading Oracle 11g DATABASE to Oracle 19c**

The Annual Procurement Plan for financial year 2020/21 indicates that the duration of the procurement for supply and Installation of Oracle Database Licenses was seven months from 10 May 2020 to 25 November 2020. Contrary to Annual Procurement Plan, the contract between ORACLE and HESLB was not signed up to October 2021.

Charles E. Kichere  
Controller and Auditor General,  
Dodoma, United Republic of Tanzania.  
March 2022



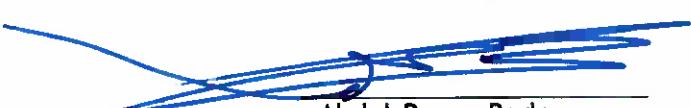
**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**STATEMENT FINANCIAL POSITION**  
**FOR YEAR ENDED 30 JUNE 2021**

Particulars	Notes	2021 TZS	2020 TZS
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	6	24,775,022,530	164,320,388,481
Students' Loans Receivable	8	185,222,895,000	147,616,700,000
Prepayment & Other Receivables	9	3,840,606,648	69,394,086,723
Inventories (Consumable Stores)	10	61,046,884	69,307,088
<b>Total Current Assets</b>		<b>213,899,571,062</b>	<b>381,400,482,293</b>
<b>Non - Current Assets</b>			
Property, Plant and Equipment	11	4,015,467,629	4,154,701,938
Work in Progress (Building)	11	2,270,793,769	2,270,793,769
Intangible Assets	12	238,798,697	159,716,557
Institutions Receivables - PGD	7	25,162,116,048	25,466,539,310
Students Loan Receivable	8	3,758,221,505,400	4,596,862,896,101
<b>Total Non-Current Assets</b>		<b>3,789,908,681,543</b>	<b>4,628,914,647,675</b>
<b>Total Assets</b>		<b>4,003,808,252,605</b>	<b>5,010,315,129,968</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and Accruals	13	1,413,836,607	68,487,208,312
<b>Total Current Liabilities</b>		<b>1,413,836,607</b>	<b>68,487,208,312</b>
<b>Non - Current Liabilities</b>			
Borrowings - PSSSF Loan	14	187,767,046,750	262,083,749,841
<b>Non - Current Liabilities</b>		<b>187,767,046,750</b>	<b>262,083,749,841</b>
<b>Total Liabilities</b>		<b>189,180,883,357</b>	<b>330,570,958,153</b>
<b>Net Assets</b>		<b>3,814,627,369,248</b>	<b>4,679,744,171,815</b>
<b>NET ASSETS/EQUITY</b>			
<i>Capital Contributed by:</i>			
Funds Received for Issuing Loans	15	4,133,492,098,265	4,729,152,755,603
Recovered Students' Loans	16	53,779,101,166	53,779,101,166
Transferred to Consolidated Fund	18	(770,002,637,399)	(573,404,784,950)
Staff Loans Revolving Funds	17	1,683,696,999	1,580,691,837
Accumulated Surplus/(Deficits)		395,675,110,218	468,636,408,159
<b>Total Net Assets/Equity</b>		<b>3,814,627,369,248</b>	<b>4,679,744,171,815</b>

Notes number 1 to 41 form part of the financial statements. These financial statements were approved by the Board of Directors on 18.03.2022 and signed on its behalf by:



Ms. Salama R. Makame  
Vice Chairperson



Abdul-Razaq Badru  
Executive Director

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**STATEMENT FINANCIAL PERFORMANCE  
FOR YEAR ENDED 30 JUNE 2021**

Particulars	Notes	2021 TZS	2020 TZS
<b>Receipts from Non-Exchange Transactions</b>			
Government Subvention	19	4,858,095,406	4,342,291,271
Revenue Grants - Medical Students	20	6,704,000	1,345,006,092
<b>Sub Total Receipts</b>		<b>4,864,799,406</b>	<b>5,687,297,363</b>
<b>Receipts from Exchange Transactions</b>			
Value Retention Fee (VRF)	21	6,000,000,000	-
Penalty on Repayment	22	41,895,430,798	25,698,689,066
Loan Administration Fees	23	5,275,780,818	3,674,103,481
Application Fees	24	2,887,322,300	2,641,644,205
Interest Income	25	25,814,127	29,239,817
Other Income	26	3,707,960,899	130,778,060
<b>Sub Total Receipts</b>		<b>59,792,308,942</b>	<b>32,174,454,628</b>
<b>Total Receipts</b>		<b>64,657,108,349</b>	<b>37,861,751,992</b>
<b>Expenses:</b>			
Salaries, Wages and Employment Benefits	27	8,467,890,585	7,534,548,899
Supplies and Consumables	28	8,720,755,642	7,990,841,590
Depreciation and Amortization	29	902,843,099	666,413,706
Interest Expenditure	30	-	22,331,032,878
Grants Expenditure- Medical Students	31	6,704,000	1,345,006,092
Provision for Impairment of Loans	32	-	1,924,057,993
<b>Total Expenses</b>		<b>18,098,193,326</b>	<b>41,791,901,156</b>
<b>Surplus/(Deficit) During the year</b>		<b>46,558,915,022</b>	<b>(3,930,149,164)</b>

Notes number 1 to 41 form part of the financial statements. These financial statements were approved by the Board of Directors on 18-03-2022 and signed on its behalf by:



Ms. Salama R. Makame  
Vice Chairperson



Abdul-Razaq Badru  
Executive Director

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	Note	Loanable Funds TZS	Recovered Students' Loans TZS	Transferred to Consolidated Fund (BOT) TZS	Staff Loans Revolving Fund TZS	Accumulated Surplus/ (Deficit) TZS	Total TZS
<b>Balance as at 01 July 2020</b>		<b>4,729,152,755,603</b>	<b>53,779,101,166</b>	<b>(573,404,784,950)</b>	<b>1,580,691,837</b>	<b>468,636,408,159</b>	<b>4,679,744,171,815</b>
Value Retention Fee (VRF)	8	200,893,725,138					200,893,725,138
Impairment of VRF	8	(1,211,567,548,336)					(1,211,567,548,336)
Impairment of Accrued Penalty	8					(194,098,172,450)	(194,098,172,450)
Recovered from Assets EUL	11					206,403,266	206,403,266
Adjustment of Accrued Payables	13					54,853,130	54,853,130
Amortization of PSSSF Loan	14					74,316,703,090	74,316,703,090
Government Contribution	15	415,013,165,860					415,013,165,860
Staff Loan Admin & Interest	17			103,005,162			103,005,162
Amount Transferred	18			(196,597,852,449)			(196,597,852,449)
Surplus/ (Deficit) for the year					46,558,915,022		46,558,915,022
<b>Balance as at 30 June 2021</b>		<b>4,133,492,098,265</b>	<b>53,779,101,166</b>	<b>(770,002,637,399)</b>	<b>1,683,696,999</b>	<b>395,675,110,218</b>	<b>3,814,627,369,248</b>
<b>Balance as at 01 July 2019</b>		<b>4,218,927,515,961</b>	<b>53,779,101,166</b>	<b>(416,826,264,030)</b>	<b>1,580,691,837</b>	<b>472,566,557,324</b>	<b>4,330,027,602,257</b>
Government Contribution		445,051,074,275	-	-	-	-	445,051,074,275
Value Retention Fee Re-instanted		65,174,165,367	-	-	-	-	65,174,165,367
Amount Transferred		-	-	(156,578,520,920)	-	-	(156,578,520,920)
Surplus/ (Deficit) for the year		-	-	-	(3,930,149,164)	(3,930,149,164)	(3,930,149,164)
<b>Balance as at 30 June 2020</b>		<b>4,729,152,755,603</b>	<b>53,779,101,166</b>	<b>(573,404,784,950)</b>	<b>1,580,691,837</b>	<b>468,636,408,159</b>	<b>4,679,744,171,815</b>

Notes 1 to Note 41 form part of the financial statements. These financial statements were approved by the Board of Directors on 18.03.2022 and signed on its behalf by:

**Disclosure Note:**

- During the reporting period, HESLB has made an adjustment of TZS 74,316,703,090 on PSSSF Loan to comply with the Lender's confirmation of an outstanding Loan balance of TZS 187,767,046,750.
- An adjustment made of TZS 54,853,130 was being derecognition of payables booked on prior years.
- An adjustment made amounting to TZS 206,403,266 was a difference of depreciation amount recovered for assets that were revised their Estimated Useful Life (increased number of years) that was allocated to expense and charged on surplus since the asset was put into use.

  
**Abdul-Razaq Badru**  
**Executive Director**

  
**Ms. Salama R. Makame**  
**Vice Chairperson**

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	Notes	2021 TZS	2020 TZS
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts:</b>			
Government Subvention	19	4,796,207,914	4,301,802,288
Penalty on Repayment	36	9,163,818,663	8,003,742,908
Value Retention Fee (VRF)	36	6,000,000,000	-
Loan Administration Fees	36	588,992,124	919,828,626
Application Fees	24	2,887,322,300	2,641,644,205
Revenue Grants - Medical Doctor	20	6,704,000	1,345,006,092
Interest Income	25	25,814,127	29,239,817
Other Income	26	73,957,259	7,608,531
<b>Total Receipts</b>		<b>23,542,816,388</b>	<b>17,248,872,467</b>
<b>Payments:</b>			
Salaries, Wages and Employment Benefits	34	8,490,572,597	7,494,059,916
Supplies and Consumables	35	8,526,094,276	7,790,180,224
Grants Expenditure - Medical Students	37	6,704,000	1,345,006,092
<b>Total Payments</b>		<b>17,023,370,873</b>	<b>16,629,246,232</b>
<b>Cash from/ (Used in) Operating Activities (A)</b>		<b>6,519,445,515</b>	<b>619,626,235</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Loans Issued to Students	8	(527,578,081,849)	(367,410,348,090)
Students' Loans (Post-Board)	36	165,177,909,632	190,720,402,720
Acquisition of PPE	11	(399,806,393)	(1,594,893,945)
Sale of PPE	26	(57,799,500)	-
Acquisition of Intangible Assets	12	(236,481,270)	(215,484,737)
<b>Cash from / (Used in) Investing Activities (B)</b>		<b>(363,094,259,380)</b>	<b>(178,500,324,051)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Funds Received for Issuing Loans	37	415,006,461,860	428,702,262,046
Staff Loans Revolving Funds	38	(1,379,161,497)	-
Transferred to Consolidated Fund	18	(196,597,852,449)	(156,578,520,920)
<b>Cash from/ (Used in) Financing Activities (C)</b>		<b>217,029,447,914</b>	<b>272,123,741,126</b>
<b>Net Increase in Cash and Cash Equivalent (A+B+C)</b>		<b>(139,545,365,951)</b>	<b>94,243,043,310</b>
Cash and Cash Equivalent at the Beginning of the Year		164,320,388,481	70,077,345,171
<b>Cash and Cash Equivalent at the End of the Year</b>		<b>24,775,022,530</b>	<b>164,320,388,481</b>

Notes number 1 to 41 form part of the financial statements. These financial statements were approved by the Board of Directors on 18.03.2022 and signed on its behalf by:

Ms. Salama R. Makame  
Vice Chairperson

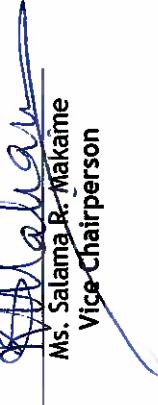
Abdul-Razaq Badru  
Executive Director

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	Original Budget 2021 TZS	Final Budget 2021 TZS	Actual 2021 TZS	Reasons for Variance between Budget and Actual Reason	
				Performance Difference 2021 TZS	Reasons for Variance between Budget and Actual Reason
<b>Receipts:</b>					
Loan Application Fees	2,599,500,000	2,599,500,000	2,887,322,300	287,822,300	More students' applications for loans
Value Retention Fee (VRF)	6,000,000,000	6,000,000,000	6,000,000,000	-	-
Penalty	5,000,000,000	5,000,000,000	9,163,818,663	4,163,818,663	More defaulters than anticipated
Loan Administration Fees	3,900,000,000	3,900,000,000	588,992,124	(3,311,007,876)	Admission increased
Other Income	500,000	500,000	3,733,775,026	3,733,275,026	Increase due to Disposal of PPE & Interest income
Staff Loans	1,500,000,000	1,500,000,000	1,419,791,624	(80,208,376)	Applicants did not meet loan conditions
Loanable Funds	464,000,000,000	464,000,000,000	415,013,165,860	(48,986,834,140)	Amount not received from MOFP
Personal Emoluments	5,512,597,000	5,512,597,000	4,858,095,406	(654,501,594)	Decreased due to actual staff available
<b>Total Receipts</b>	<b>488,512,597,000</b>	<b>488,512,597,000</b>	<b>443,664,961,003</b>	<b>(44,847,635,997)</b>	
<b>Payments:</b>					
Loanable Funds	464,000,000,000	464,000,000,000	527,584,785,849	(63,584,785,849)	The unpaid loans for 2019/20 which was paid 2020/21 due to COVID-19
Administrative Expenses	12,109,107,930	12,109,107,930	12,109,107,930	-	-
PPE (Note 11)	154,410,800	154,410,800	154,410,800	-	-
Intangible Assets	236,481,270	236,481,270	236,481,270	-	-
Staff Loans	1,500,000,000	1,500,000,000	1,419,791,624	80,208,376	Applicants did not meet loan conditions
Development Fund (Note 11)	5,000,000,000	5,000,000,000	245,395,593	4,754,604,407	Construction of office building at Dodoma did not commence
Personal Emoluments	5,512,597,000	5,512,597,000	4,796,207,914	716,389,086	Payments is per actual payroll
<b>Total Payments</b>	<b>488,512,597,000</b>	<b>488,512,597,000</b>	<b>546,546,180,980</b>	<b>(58,033,583,980)</b>	
<b>Net Receipts/(Payment)</b>			<b>- (102,881,219,977)</b>	<b>13,185,947,984</b>	

The original budget is the same as final budget since there were no adjustments during the year.

Notes 1 to Note 41 form part of the financial statements. These financial statements were approved by the Board of Directors on 18.03.2022 and signed on its behalf by:

  
**Ms. Salama R. Makame**  
**Vice-Chairperson**

  
**Abdul-Razaq Badru**  
**Executive Director**

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

**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 needy and eligible 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 which is the functional and reporting currency of HESLB and all values are rounded to the nearest shilling.

**Statement of Compliance**

The financial statements of the Higher Education Students' Loans Board (HESLB) have been prepared in accordance with Public Finance Act, Cap. 348 [R.E. 2020] and explicitly comply with the requirements of the accrual based International Public Sector Accounting Standards (IPSAS). The accounting policies have been consistently applied in 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 expenditures 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 01 July 2020 to 30 June 2021.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

**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 HESLB operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the HESLB'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 is measured at amortized cost. For the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

**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**

Employee benefits include salaries, pensions and other related - employment costs. Employee benefits are recognized on accrual basis. HESLB operates a defined contribution plan, where the employees contribute 5% of the basic salary and the employer contributes 15% of the salary.

Additionally, HESLB operates a health insurance plan for employees through a contribution of 3% both by the employees and employer. The employee benefits plans are operated through statutory established institutions.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

**Revenue**

*Revenue from exchange transactions*

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated beneficiary/non beneficiary refunds and other similar allowances. Revenue of HESLB includes Interest Income, Application Fees, Value Retention Fee (VRF), 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 Fees**

Revenue from loan application fees 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.

**Value Retention Fees (VRF)**

Value Retention Fees is charge of 6% on outstanding loan to every beneficiary, except to beneficiaries who are academician who have been guaranteed and paid by employers. These charges were ceased effective from 1 May 2021 following Presidential decree.

***Penalty on Repayment:***

A penalty of 10% p.a is imposed on the amount of loans need to be collected and late remitted by employer for loan instalment deducted and not remitted after 15<sup>th</sup> day of the following month of deductions, also loan beneficiaries whose loan repayment has remained unpaid for more than two years after a loan beneficiary has graduated. The charge has ceased with effect from 01 July 2021 following Presidential decree.

**Loan administration fees**

The Fee is charged at a rate of 1% p.a. of the loan amount paid in every year.

**Other Income**

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

Other income is recognized in the period in which it is earned. This includes Decrease of Provision on impairment, Receipts from sale of unused Government Assets and miscellaneous income.

**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 Government Subvention through the Ministry of Education, Science and Technology.

**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.**

**Grants from Treasury:** These are issued to eligible students pursuing medical courses. The funds are released as per approved budget; the amounts are paid to students under the grants programme only. Revenue is recognized as per amount paid to students as grant.

**3.6. Property, Plant and Equipment (PPE)**

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**

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

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 the Statement of financial performance.

**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 property, plant and equipment 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.

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 the date that the asset is de-recognized. The following Estimated useful life (EUL) are consistently applied for accounting for Property, Plant and Equipment are as shown in the below table.

**Table 11:** The Estimated Useful Life (EUL) for PPE

S/No.	Asset Category	Estimated Useful Life (Years)
1	Office Equipment	5
2	Office Furniture and Fittings	8
3	Motor Vehicle (Light)	5
4	Data Servers	5
5	Computers and Printers	3
6	Generator	8

Source: HESLB Assets Register

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

Some items in PPE which were depreciated and those whose carrying values were very low compared to reality but are still in use; the management have reviewed its estimated useful life and adjustments taken care of accordingly. There is also increase in value caused by the additions made during the year.

***Capital work in progress***

*Capital work in progress related to the construction of the new Board's PPE and is included in property and equipment at cost on the basis of the percentage completed at the statement of financial position date. The capital work in progress is transferred to the appropriate asset category and depreciated when construction of the asset is completed and is available for its intended use.*

**3.8. Intangible Assets**

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non- exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets relating to computer software are amortized equally over a period of four years.

Intangible assets with a finite useful life are assessed for impairment whenever there is an indication that the asset may be impaired.

The amortization period and the amortization method, for an intangible asset with a finite useful life, are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on an intangible asset with a finite life is recognized in surplus or deficit as the expense category that is consistent with the nature of the intangible asset.

Gains or losses arising from derecognition 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 the surplus or deficit when the asset is derecognized.

**Impairment of Non-Financial Assets**

(i) Impairment of cash-generating assets

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

At each reporting date, the Board assesses whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, HESLB estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or HESLB's of assets. Where the carrying amount of an asset or the cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognized in the statement of financial performance in those expense categories consistent with the nature of the impaired asset.

**(ii) Impairment of non-cash-generating assets**

The Board assesses at each reporting date whether there is an indication that a non-cash-generating asset may be impaired. If any indication exists, the Board estimates the asset's recoverable service amount. An asset's recoverable service amount is the higher of the non-cash-generating asset's fair value less costs to sell and its value in use.

Where the carrying amount of an asset exceeds its recoverable service amount, the asset is considered impaired and is written down to its recoverable service amount.

In assessing value in use, the Board has adopted the depreciation replacement cost approach. Under this approach, the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

In determining fair value less costs to sell, the price of the assets in a binding agreement in an arm's length transaction, adjusted for incremental costs that would be directly attributed to the disposal of the asset is used. If there is no binding agreement, but the asset is traded on an active market, fair value less cost to sell is the asset's market price less cost of disposal. If there is no binding sale agreement or active market for an asset, the Board determines fair value less cost to sell based on the best available information.

**Financial Instruments (Financial Assets/Liabilities)**

**(i) Initial Recognition**

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

HESLB recognizes a financial asset or a financial liability in its statement of financial position when, and only when, HESLB becomes a party to the contractual provisions of the instrument.

**(ii) Initial Measurement of Financial Assets and Financial Liabilities**

A financial asset or financial liability is recognized initially, by measuring its fair value plus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**(iii) Subsequent Measurement of Financial Assets**

Financial assets after initial recognition are classified and measured into the following four categories:

- Financial assets at fair value through surplus or deficit - measured at fair value with gain or loss recognized to surplus and deficit;
- Held-to-maturity investments - measured at amortized cost using the effective interest method;
- Loans and receivables - measured at amortized cost using the effective interest method; and
- Available-for-sale financial assets - measured at fair value with gain or loss recognized directly in net assets/equity through the statement of changes in net assets/equity.

**(iv) Subsequent Measurement of Financial Liabilities**

After initial recognition, all financial liabilities will be measured at amortized cost using the effective interest method, except for those categorized as financial liabilities at fair value through surplus or deficit which shall be measured at fair value with gain or loss recognized in surplus and deficit.

**(v) Impairment and Collectability of Financial Assets.**

At the end of each reporting period an assessment is made on whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such evidence exists an impairment is carried out.

- (a) For Financial Assets Carried at Amortized Cost** that is on loans and receivables or held-to-maturity investments, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

of the asset shall be reduced either directly or through use of an allowance account. The amount of the loss shall be recognized in surplus or deficit.

(b) **For Financial Assets Carried at Cost**, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

(c) **For Available-For-Sale Financial Assets**, the cumulative loss that had been recognized directly in net assets/equity shall be removed from net assets/equity and recognized in surplus or deficit even though the financial asset has not been derecognized. Impairment losses recognized in surplus or deficit for an investment in an equity instrument classified as available for sale shall not be reversed through surplus or deficit.

(vi) **Derecognition of financial instruments**

Financial asset will be derecognized when, and only when: (a) The contractual rights to the cash flows from the financial asset expire or are waived; or (b) a financial asset is transferred in accordance with IPSAS 29. Financial liability (or a part of a financial liability) shall be removed from its statement of financial position when, and only when, it is extinguished - i.e., when the obligation specified in the contract is discharged, waived, cancelled or expires.

**Interest bearing loans and borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in surplus or deficit.

**3.10. Retirement Benefits**

Higher Education Students' Loans Board operates a defined contribution plan. Employees are members of Public Servants Social Security Fund. HESLB contributes 15% of the basic salary and the employees contributes 5%. The Board also operates health insurance plan (health benefit) where HESLB contributions are paid to the National Health Insurance Fund (NHIF), both the employer and employee contribute 3% of basic salary.

The cost of all short-term employee benefits, such as leave pay, is recognized during the period in which the employee renders the related service.

**3.11. Offsetting Financial Asset and Financial Liability**

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position 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.*

### 3.12. Related Party Transactions

Parties are considered to be related if one party can control the other party individually or jointly, or to exercise significant influence over the other party in making financial and operating decisions. They include relationship with subsidiaries, associates, joint ventures and key Management personnel. For HESLB, key management shall include; Members of Board of Directors, Executive Director, Directors; Heads of Zonal offices and their close relatives. Some of the Board's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. During the year, the only related party transactions during the financial year ended 30 June 2021 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:

Particulars	2021 TZS	2020 TZS
i) Board of Directors		
Allowances and Annual Directors' Fee	41,200,000	43,000,000
Total	<u>41,200,000</u>	<u>43,000,000</u>
Particulars	2021 TZS	2020 TZS
ii) Emoluments to other Key Management Staff		
Salaries	1,056,462,408	1,154,628,371
Allowances	265,800,000	218,840,000
Total	<u>1,322,262,408</u>	<u>1,373,468,371</u>
i) Loans to Key Management Staff		
Particulars	2021 TZS	2020 TZS
Housing/ Motor Vehicle Loans	967,716,840	-
Total	<u>967,716,840</u>	<u>-</u>

HESLB Housing/ Motor Vehicle Loans arrangement commenced with effect from April 2021. The same interest rate is chargeable to all other eligible employees.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

**3.13. Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) **HESLB as Lessor**

(a) Amounts due from lessees under finance leases are recorded as receivables at the amount of the Board's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Board's net investment outstanding in respect of the leases.

(b) Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(ii) **HESLB as Lessee**

(a) Assets held under finance leases are recognised as assets of HESLB at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to statement of financial performance, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Board's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

(b) Rentals payable under operating leases are charged as an expense to the statement of financial performance on a straight-line basis over the term of the relevant lease. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

**3.14. Inventories**

Inventories are measured at the lower of cost and net realisable value. Net realizable 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. However, where inventories are acquired through a non-exchange transaction, their cost shall be measured as their fair value as at the date of

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

acquisition. Inventories are required to be measured at the lower of cost and current replacement cost where they are held for:

- Distribution at no charge or for a nominal charge
- Consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Costs include all purchase cost, conversion cost (materials, labour, and overhead), and other costs to bring inventory to its present location and condition, but not foreign exchange differences and selling costs. Trade discounts, rebates, and other similar items are deducted in determining the costs of purchase.

For inventory items that are not interchangeable, specific costs are attributed to the specific individual items of inventory.

HESLB applies the same cost formula for all inventories having similar nature and use; a difference in geographical location of inventories by itself is not sufficient to justify the use of different cost formulas.

For interchangeable items, cost is determined on a first-in, first-out basis. For inventories with a different nature or use, different cost formulas are used.

When inventories are sold, exchanged, or distributed, the carrying amount is recognized as an expense in the period in which the related revenue is recognized. If there is no related revenue, the expense is recognized when the goods are distributed or related services have been rendered.

Write-downs to net realisable value are recognized as an expense in the period the loss or the write-down occurs. Reversals arising from an increase in net realisable value are recognized as a reduction of the inventory expense in the period in which they occur.

### 3.15. Nature and Purpose of Reserves

HESLB creates and maintains reserves to meet specific requirements. Reserves which have been created include:

- Loanable Funds is the accumulated Government Subvention used for issuing loan to higher learning students.
- Recovered Students' Loans; this include cumulative figure of pre-Board and post Board collections.
- Recovery transferred to Consolidated Fund (BOT); this constitute the amount cumulatively collected by HESLB and then transferred back to the Government through Consolidated account.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

- Staff Loans Revolving Fund that constitutes Housing and Motor vehicle loans extended to employees on a revolving basis to motivate HESLB employees with a view of increasing efficiency and productivity. It is also meant to encourage Staff to remain into the organization and perform their tasks for which they were hired for, hence assurance of institutional memory and sustainability of the organization
- Accumulated Surplus/Deficit represents amounts that reflect surplus or Deficit realized on a cumulative basis.

**3.16. Budget Information**

A major part of the budget to finance HESLB is through Parliamentary allocation through the Ministry of Higher Education, Science and Technology. The allocation covers the operations of HESLB as a single entity. The budget is prepared on cash basis based on types of expenditure. Financial statements are prepared on accrual basis therefore for comparative purposes, financial statements are adjusted to cash basis.

The budget covers a period of twelve months from 01 July to 30 June every year. The budget reallocation within a scope of 7% is approved by the Board of Directors whereas if the reallocation exceeds 7% it will require the approval of the Treasury Registrar.

**3.17. Events after reporting period**

Events after the reporting period are those events, favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period (adjusting events after the reporting period); and
- Those are indicative of conditions that arose after the reporting period (non-adjusting events after the reporting period).

**3.18. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES**

The preparation of financial statements in conformity with IPSAS requires the use of estimates and judgment that affect the reported amounts of assets, liabilities and disclosure of contingent assets 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 an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

The most significant use of judgement and estimates are as follows:

(a) Going concern

The HESLB Board has made an assessment of HESLB's ability to continue as a going concern. The Board is satisfied that HESLB will continue to be supported by the Government by providing resources for the provision of loans to students for the foreseeable future. Furthermore, the Board is not aware of any material uncertainties that may cast significant doubt upon HESLB's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

(b) Impairment of other financial assets

HESLB has adopted an incurred loss approach to impairment. Impairment losses are incurred only if there is objective evidence of impairment as a result of occurrence of one or more past events since initial recognition. Impairment exists when the carrying amount exceeds its recoverable amount and the asset is written down to the recoverable amount. The Board makes an assessment of impaired losses on loans extended to beneficiaries based on relative diverse information basis some judgement has to be made on validity of those sources.

(c) Fair value of financial instruments

Where the fair values of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

(d) Useful lives of property and equipment

Pursuant to the requirements of IPSAS 17 (Property, Plant and Equipment) and IPSAS 3 (Accounting Policies, Changes in Accounting Estimates and Errors) Board makes accounting estimation of the useful lives of assets based on the expected pattern of consumption of the future economic benefits and reviews its depreciation rates at each reporting date.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**4. NEW AND AMMENDED STANDARDS AND INTERPRETATIONS**

**New and amended standards and interpretations issued but not yet effective**

**i) IPSAS 41 - Financial Instruments**

IPSAS 41, Financial Instruments, establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and measurement an entity shall apply this Standard for annual periods beginning on or after 1 January 2023. Earlier application is permitted. If an entity elects to apply this Standard early, it must disclose that fact and apply all of the requirements in this Standard at the same time. HESLB has not early adopted the standard. The standard will have significant impact to the financial statements of the Board when it comes to expected credit losses provisioning to students' loans.

**ii) IPSAS 42 - Social Benefit**

Social benefits are cash transfers provided to specific individuals and/or households who meet eligibility criteria; mitigate the effect of social risks, and address the needs of society as a whole. Examples include retirement benefits, unemployment benefits, and child benefits. Social risks are events or circumstances that relate to the characteristics of individuals and/or households (for example, age, health, poverty and employment status) and may adversely affect the welfare of individuals and/or households, either by imposing additional demands on their resources or by reducing their income. IPSAS 42 prescribes two accounting approaches the general approach (obligating event approach), and permits in certain cases the insurance approach. According to the general approach an entity shall recognize a liability for a social benefit scheme when the entity has a present obligation for an outflow of resources that results from a past event, and the present obligation can be measured in a way that achieves the qualitative characteristics and takes account of constraints in the conceptual framework. The standard shall be effective from 01 January 2023. The standard has no effect to the financial statements of HESLB.

**5. 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:

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

- **Interest Rate Risk**

The HESLB's operating cash flows are affected by PSSSF loan which is being charged between 13.5% and 15%. The risk on the loan has been mitigated by Government guarantee. The Government will assume payment of loan on behalf of the HESLB.

- **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. However, HESLB is exposed to foreign exchange risk in respect to loans issued to overseas students. Therefore, HESLB mitigates this risk through issuing loans in Tanzanian shillings.

- **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.

Item	Within 1 Year	1 to 2 Years	3 - 5 Years	Beyond 5 Years
Cash and Cash Equivalent	570,000,000,000	570,000,000,000	620,000,000,000	650,000,000,000
Students' Loan Receivable (Current)	185,222,895,000	190,000,000,000	192,000,000,000	195,000,000,000
Loan Receivable (Long Term)	-	-	-	5,431,043,586,518
Prepayment and Other Receivables	3,677,672,065	5,300,290,300	4,500,650,000	6,400,300,000
<b>Total</b>	<b>758,900,567,065</b>	<b>765,300,290,300</b>	<b>816,500,650,000</b>	<b>6,282,443,886,518</b>
Payables	1,383,755,307	2,120,116,120	1,800,260,000	2,880,135,000
PSSF Loan		343,053,459,429		
<b>Total</b>	<b>1,383,755,307</b>	<b>345,173,575,549</b>	<b>1,800,260,000</b>	<b>2,880,135,000</b>
<b>Net Position</b>	<b>757,516,811,758</b>	<b>420,126,714,751</b>	<b>814,700,390,000</b>	<b>6,279,563,751,518</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

• Liquidity risk

Liquidity risk is the risk that one part to the financial instrument will fail to honor its immediately falling due liabilities. It is measured by comparing current assets excluding inventories with current liabilities. HESLB manages the risk by maintaining a balance the items and regular review the components as shown in the table below:

Item	0-30Days	31-60Days	61-90Days	91-120Days	Over120Days
Cash and Cash Equivalent	24,787,260,222				
Students' Loan Receivable	16,181,433,615	17,839,058,078	15,451,060,214	15,055,766,104	120,695,576,989
Institutional Loan Receivable	122,437,689	122,437,689	122,437,689	734,626,131	367,313,066
Prepayment and Other Receivables	919,418,016	919,418,016	919,418,016	919418016.1	-
<b>Total</b>	<b>42,010,549,542</b>	<b>18,880,913,782</b>	<b>16,492,915,919</b>	<b>16,709,810,251</b>	<b>121,062,890,054</b>
Payables	461,251,769	461,251,769	461,251,769	-	-
Current portion of PSSSF Loan	-	-	-	-	187,767,046,750
<b>Total</b>	<b>461,251,769</b>	<b>461,251,769</b>	<b>461,251,769</b>	<b>-</b>	<b>187,767,046,750</b>
<b>Net Position</b>	<b>41,549,297,773</b>	<b>18,419,662,013</b>	<b>16,031,664,150</b>	<b>16,709,810,251</b>	<b>(66,704,156,695)</b>

6. CASH AND BANK BALANCES

Particulars	2021 TZS	2020 TZS
Bank of Tanzania	17,816,024,339	127,796,184,850
CRDB Bank Plc	6,863,649,674	36,209,200,814
NMB Bank Plc	95,348,267	306,670,384
Tanzania Postal Bank	249	8,332,433
<b>Total Cash and Bank Balances</b>	<b>24,775,022,530</b>	<b>164,320,388,481</b>

7. INSTITUTIONS LOAN RECEIVABLE (Loans issued to PGD)

Particulars	2021 TZS	2020 TZS
Balance as at 1 July	25,466,539,310	27,163,107,521
Additional Loans	1,164,829,000	1,279,421,329
<b>Total</b>	<b>26,631,368,310</b>	<b>28,442,528,850</b>
Less: Amount Recovered	1,469,252,262	2,975,989,540
<b>Balance as at 30 June</b>	<b>25,162,116,048</b>	<b>25,466,539,310</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

**8. STUDENTS' LOANS RECEIVABLE**

Particulars	2021 TZS	2020 TZS
Balance as at 1 July - Loans Issued	4,131,570,743,526	3,766,084,453,429
Balance as at 1 July - LAF	41,993,109,093	38,319,005,612
Balance as at 1 July - VRF	1,104,474,850,153	1,039,300,684,786
Balance as at 1 July - Penalty	214,487,970,720	188,811,819,728
<b>Total Balance as at 01 July</b>	<b>5,492,526,673,492</b>	<b>5,032,515,963,555</b>
<i>Additions:</i>		
Loan Issued	527,578,081,849	367,410,348,090
Loan Administration Fee	5,275,780,818	3,674,103,481
Students Receivables - VRF	206,893,725,138	65,174,165,367
Students Receivables - PENALTY	41,895,430,798	25,676,150,992
<b>Gross Loans</b>	<b>6,274,169,692,095</b>	<b>5,494,450,731,484</b>
<i>Less: Impairment for VRF &amp; Penalty</i>		
Value Retention Fee - VRF	(1,211,567,548,336)	-
Students Receivables - PENALTY	(194,098,172,450)	-
<b>Total Impairment for VRF &amp; Penalty</b>	<b>(1,405,665,720,786)</b>	<b>-</b>
<b>Total Impairment for VRF &amp; Penalty</b>	<b>4,868,503,971,309</b>	<b>5,494,450,731,484</b>
<i>Less:</i>		
Increase/(Decrease) in Provision for Impairment	3,613,803,640	(1,924,057,993)
<b>Balance as at 30 June</b>	<b>4,872,117,774,949</b>	<b>5,492,526,673,492</b>
<i>Made up of:</i>		
Current Portion	185,222,895,000	147,616,700,000
Institutions Loan Receivable (Note7)	25,162,116,048	25,466,539,310
Long Term Portion	3,758,221,505,400	4,596,862,896,101
<b>Receivables to Financial Position</b>	<b>3,968,606,516,448</b>	<b>4,769,946,135,411</b>
Cumulative Recovered Students' Loans	903,511,258,500	722,580,538,081
<b>Total Receivables before recovery</b>	<b>4,872,117,774,949</b>	<b>5,492,526,673,492</b>
<i>Movement in Provision:</i>		
Balance as at 1 July	(12,055,040,447)	(10,130,982,454)
(Additions)/Reversal	3,613,803,640	(1,924,057,993)
<b>Balance as at 30 June</b>	<b>(8,441,236,807)</b>	<b>(12,055,040,447)</b>
<i>Recovered Students' Loans is made up of:</i>		
Recovered Principal Loans	694,504,614,842	655,880,178,214
Recovered Loan Administration	46,920,387,637	6,129,929,165
Recovered VRF	99,801,026,955	36,557,084,340
Recovered Penalty	62,285,229,067	24,013,346,362
<b>Total Recovered Students' Loans</b>	<b>903,511,258,500</b>	<b>722,580,538,081</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

- Following Presidential decree TZS 1,405,665,720,786 were impaired, the amount was outstanding Value Retention Fee (VRF) TZS 1,211,567,548,336 and Penalty on Late Repayment TZS 194,098,172,450 which were charged at a rate of 6% and 10% respectively.

**9. PRE-PAYMENTS AND OTHER RECEIVABLES**

Particulars	2021 TZS	2020 TZS
Motor Vehicle Loan	414,573,728	495,834,817
Housing Loan	280,617,755	293,758,477
Staff Loans	1,419,791,624	-
Safari Imprest	377,451,136	305,681,862
Staff Imprest	-	2,820,000
Staff Advance	15,921,573	18,463,573
Prepaid Insurance	15,167,368	25,175,566
Prepaid Rent	4,129,000	35,859,029
Prepaid Fuel	24,457,984	39,874,705
Sundry Debtors	265,452,203	159,028,558
Provisions for students Loans	1,023,044,277	68,017,590,137
<b>Pre-Payments and Other Receivables</b>	<b><u>3,840,606,648</u></b>	<b><u>69,394,086,723</u></b>

**10. INVENTORY**

Particulars	2021 TZS	2020 TZS
Stationery Supplies	23,401,353	28,452,590
Computer Accessories	37,645,531	40,854,498
<b>Total Consumables</b>	<b><u>61,046,884</u></b>	<b><u>69,307,088</u></b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 STATEMENT FINANCIAL POSITION  
 FOR YEAR ENDED 30 JUNE 2021

**11. PROPERTY, PLANTS AND EQUIPMENT**

Particulars	Building W.I.P.	Land	Motor Vehicles	Furniture & Fittings	Office Equipment	Computers, Printers & Fax	Data Servers	Generators	Total
<b>Cost:</b>									
As at 01.07.2020	2,270,793,769	864,000,769	2,363,803,851	1,575,478,647	562,747,334	1,490,759,287	490,371,678	227,260,760	9,845,216,095
<b>Adjustments:</b>									
Transfers	-	-	(230,614,000)	(50,547,667)	(45,884,800)	(107,774,960)	-	(3,549,440)	(438,370,866)
Disposal	-	-	-	-	-	-	-	-	-
Additions During the year	245,395,593	1,109,396,362	2,133,189,851	1,557,371,780	32,440,800	36,127,000	85,843,000	-	399,806,393
As at 30.06.2021	2,270,793,769	864,000,769	2,363,803,851	1,575,478,647	552,989,534	1,468,827,327	490,371,678	223,711,320	9,806,651,622
<b>Depreciation:</b>									
As at 01.07.2020	-	-	1,128,919,253	914,989,085	284,733,165	859,829,226	179,955,219	51,294,440	3,419,720,388
Adjustments:	-	-	(230,614,000)	(50,547,667)	(45,884,800)	(107,774,960)	-	(3,549,440)	(438,370,866)
Disposal	-	-	-	-	-	-	-	-	-
Recovered on Revisited EUL	(65,469,315)	(58,939,799)	(2,728,222)	(67,964,649)	(11,301,281)	-	-	-	(206,403,266)
Charge for the year	-	-	278,445,702	123,665,552	65,406,178	214,804,906	41,598,869	21,522,762	745,443,969
As at 30.06.2021	-	-	1,111,281,640	929,167,172	301,526,320	898,894,523	210,252,807	69,267,762	3,520,390,225
<b>Net book value:</b>									
As at 30.06.2021	2,270,793,769	1,109,396,362	1,021,908,211	628,204,609	251,463,213	569,932,804	280,118,871	154,443,558	6,286,261,398
A at 30.06.2020	2,270,793,769	864,000,769	1,234,884,598	660,489,562	278,014,169	630,930,061	310,416,459	175,966,320	6,425,495,707

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 STATEMENT FINANCIAL POSITION  
 FOR YEAR ENDED 30 JUNE 2021

**12. INTANGIBLE ASSETS**

Particulars	2021 TZS	2020 TZS
<b>Cost:</b>		
As at 1 July	1,075,325,772	859,841,035
Additions	236,481,270	215,484,737
As at 30 June	<b>1,311,807,042</b>	<b>1,075,325,772</b>
<b>Accumulated Amortization:</b>		
As at 1 July	915,609,214	768,563,888
Charge for the year	157,399,131	147,045,326
As at 30 June	<b>1,073,008,345</b>	<b>915,609,214</b>
<b>Net carrying amount</b>		
As at 30 June	<b>238,798,696</b>	<b>159,716,557</b>

**13. PAYABLES AND ACCRUALS**

Particulars	2021 TZS	2020 TZS
Sundry Creditors	-	13,981,753
Accruals	374,250,375	351,108,153
Accrued Rent	-	1,574,668
Provision for Disbursement of Students Loan	1,023,044,279	68,030,077,837
Miscellaneous deposits (Staff Loan Insurance)	13,543,376	-
Withholding tax 2	2,998,578	851,914
Higher Education Grants	-	87,103,871
Miscellaneous Deposits (Stale Cheques)	-	2,510,117
<b>Total Payables and Accruals</b>	<b>1,413,836,607</b>	<b>68,487,208,312</b>

**14. PSSSF LOAN (Borrowing)**

Particulars	2021 TZS	2020 TZS
PSSSF Loan	54,644,657,534	54,644,657,534
Long Term Unpaid Interest on PSSSF Loan	64,145,344,131	88,348,684,930
Long Term Unpaid Penalty on PSSSF Loan	68,977,045,086	119,090,407,377
<b>Total PSSSF Loan</b>	<b>187,767,046,750</b>	<b>262,083,749,841</b>

The PSSSF Loan (formerly PSPF) was 100% guaranteed by the Government and used to finance higher education students in the years 2006-2007. Amount of TZS 21.0 billion was repaid in the years 2008-2010 and factored into the pending interests only.

HESLB has been working to request the Government to take over this loan. Due the fact that PSSSF is also a Public Institution the charges of interests and penalties were

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

suspended by PSSSF since the merging of the Funds hence HESLB were guided to recognize the outstanding loan to the tune of TZS 187.76 billion.

**15. FUNDS RECEIVED FOR ISSUING LOANS**

Particulars	2021 TZS	2020 TZS
Balance as at 01 July -		
Subvention Received	3,624,677,905,450	3,179,626,831,175
Balance as at 01 July - VRF		
Capitalized	1,104,474,850,153	1,039,300,684,786
<b>Total Balance as at 01 July</b>	<b>4,729,152,755,603</b>	<b>4,218,927,515,961</b>
<b>Additions / (Impairment):</b>		
Students Receivables - VRF	200,893,725,138	65,174,165,367
Value Retention Fee - VRF	(1,211,567,548,336)	-
Government Subvention	415,013,165,860	445,051,074,275
<b>Total Loanable Funds</b>	<b>4,133,492,098,265</b>	<b>4,729,152,755,603</b>

**16. RECOVERED STUDENTS' LOANS**

Particulars	2021 TZS	2020 TZS
Balance as at 01 July	776,359,639,247	585,639,236,527
Collected During the year	181,047,860,350	190,720,402,720
<b>TOTAL</b>	<b>957,407,499,597</b>	<b>776,359,639,247</b>
<b>Less: Amount Recovered for Loans</b>		
Issued by HESLB during the year	181,047,860,350	190,720,402,720
Recovered up to Previous Financial Year	722,580,538,081	531,860,135,361
<b>Total Recovered Students' Loans</b>	<b>903,628,398,431</b>	<b>722,580,538,081</b>
<b>Balance as at 30 June</b>	<b>53,779,101,166</b>	<b>53,779,101,166</b>

Recovered Students' Loans is the amount collected from the inherited loans by the Board for TZS. 53,779,101,166.00 which were issued by the Government from July, 1994 to June, 2005 to Public Higher Learning Institutions students.

**17. STAFF LOAN REVOLVING FUND**

Particulars	2021 TZS	2020 TZS
Balance as at 01 July	1,580,691,837	1,580,691,837
<b>Additions:</b>		
Amount During the year	103,005,162	-
<b>Total Staff Loan Revolving Fund</b>	<b>1,683,696,999</b>	<b>1,580,691,837</b>

**18. RECOVERED AMOUNT TRANSFERRED TO CONSOLIDATED FUND**

Particulars	2021 TZS	2020 TZS
Balance as at 01 July	573,404,784,950	416,826,264,030

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

Amount Transferred During the year	196,597,852,449	156,578,520,920
Total Revolving Fund	<u>770,002,637,399</u>	<u>573,404,784,950</u>
<b>19. GOVERNMENT SUBVENTION</b>		
Particulars	2021 TZS	2020 TZS
Government Subvention - PE (Cash)	4,796,207,914	4,301,802,288
Government Subvention - PE (Accrued)	61,887,492	40,488,983
Total Government Subvention	<u>4,858,095,406</u>	<u>4,342,291,271</u>
<b>20. REVENUE GRANT - MEDICAL STUDENTS</b>		
Particulars	2021 TZS	2020 TZS
Income for the year	6,704,000	1,345,006,092
<b>Total Revenue Grant - Medical Students</b>	<b>6,704,000</b>	<b>1,345,006,092</b>
These are income in respect of amounts paid to Medical students, the amounts are not repayable.		
<b>21. VALUE RETENTION FEE (VRF)</b>		
Particulars	2021 TZS	2020 TZS
Value Retention Fee (VRF)	6,000,000,000	-
<b>Total Value Retention Fee</b>	<b>6,000,000,000</b>	<b>-</b>
<b>22. PENALTY ON REPAYMENT</b>		
Particulars	2021 TZS	2020 TZS
Penalty for Late Loan Repayment- Loaness	41,895,430,798	25,676,150,992
Penalty for Late Loan Repayment- Employers	-	22,538,074
<b>Total Penalty on Repayment</b>	<b>41,895,430,798</b>	<b>25,698,689,066</b>
<b>23. LOAN ADMINISTRATION FEES</b>		
Particulars	2021 TZS	2020 TZS
Loan Administration Fees (Cash)	588,992,124	3,674,103,481
Loan Administration Fees (Accrued)	4,686,788,694	-
<b>Total Administration Fees</b>	<b>5,275,780,818</b>	<b>3,674,103,481</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

**24. LOAN APPLICATION FEES**

Particulars	2021 TZS	2020 TZS
Application Fees for the year	2,887,322,300	2,641,644,205
<b>Total Application Fees</b>	<b>2,887,322,300</b>	<b>2,641,644,205</b>

**25. INTEREST INCOME**

Particulars	2021 TZS	2020 TZS
Interest Income for the year	25,814,127	29,239,817
<b>Total Interest Income</b>	<b>25,814,127</b>	<b>29,239,817</b>

**26. OTHER INCOME**

Particulars	2021 TZS	2020 TZS
Tender Documents	-	60,000
Decrease of Provision on Impairment	3,613,803,640	130,718,060
Miscellaneous income - TVS	20,200,000	-
Miscellaneous income - (Cash)	16,157,759	-
Receipts from sale of Unused Govt Assets (Cash)	57,799,500	-
<b>Total Miscellaneous Income</b>	<b>3,707,960,899</b>	<b>130,778,060</b>

**27. SALARIES, WAGES AND EMPLOYMENT BENEFITS**

Particulars	2021 TZS	2020 TZS
Civil Servants (Basic Salary)	4,845,901,820	4,396,371,018
Casual Labourers	10,562,000	8,505,000
Leave Travel	56,984,200	150,453,631
Internship Allowance	136,350,000	100,498,000
Civil Servants Contracts	53,991,000	-
Management Fee (Directors Fee)	41,200,000	43,000,000
Gratuities	102,250,000	-
Extra-Duty	422,210,000	304,214,000
Acting Allowance	106,115,000	70,757,760
Court Attire Allowance	3,000,000	3,000,000
Responsibility Allowance	64,870,000	73,623,000
Outfit Allowance	-	7,500,000
Sitting Allowance	135,975,000	93,200,000
Subsistence Allowance	76,240,000	87,336,000
Special allowances	1,205,168,900	758,950,533
Housing allowance	97,800,000	102,000,000
Moving expenses	79,595,000	21,642,550
Transport Allowance to entitled staffs	73,500,000	79,600,000

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	2021 TZS	2020 TZS
Honoraria	601,890,000	706,803,517
Electricity bills to entitled staffs	45,330,000	49,265,000
Food and Refreshment	37,005,343	33,436,900
Furnitures to Entitled Staffs	54,000,000	80,000,000
National Health Insurance Schemes (NHIF)	2,925,000	2,700,000
Health Insurance	-	206,262
Per diems Foreign	30,461,955	190,424,712
Food and Refreshments	178,994,045	165,111,016
Mobile charges (For office)	5,571,322	5,950,000
<b>Total Salaries, Wages and Employment Benefits</b>	<b>8,467,890,585</b>	<b>7,534,548,899</b>

**28. SUPPLIES AND CONSUMABLES**

Particulars	2021 TZS	2020 TZS
Medical and Dental Refunds	3,608,000	3,960,500
Telephone (Entitled staffs)	92,163,712	62,390,000
Water and Waste Disposal	4,476,491	11,599,312
Office Consumables (Dispatch Books,	149,251,493	88,084,120
Computer Supplies and Accessories	71,706,679	52,393,461
Photocopy Paper A4 white	15,121,990	15,943,964
Newspapers and Magazines	700,000	3,039,000
Printing costs	37,553,440	41,624,000
Computer Software	72,382,745	3,496,420
Software License Fees	7,212,160	42,639,799
Outsourcing Costs (cleaning and security)	206,738,536	182,336,041
Electricity	102,507,323	114,090,147
Water Charges (Rented Zonal Offices)	-	1,121,002
Diesel	189,662,554	188,051,077
Lubricants	-	170,000
Drugs and Medicines	5,012,500	36,413,400
Uniforms and Ceremonial Dresses	11,536,000	3,194,000
Rent of Vehicles and crafts	-	3,500,000
Rent - Housing	20,409,702	17,843,911
Rent Office Accommodation	371,460,294	962,628,076
Rent of Private vehicles	2,900,000	940,000
Other Supplies and Services (not classified)	28,803,564	-
Conference Facilities	161,076,120	69,309,127
Tuition Fees - Domestic	94,246,000	102,466,179
Remuneration of Instructors	28,220,000	2,700,000
Production and Printing	20,664,800	15,960,500
Air Travel Tickets-Domestic	40,596,639	38,273,170
Ground Transport (Bus, Train, Water)	65,164,400	15,987,800
Air Travel Tickets-Domestic	407,058,251	241,253,188
Ground travel (bus, railway, etc)-Domestic	363,122,835	

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

Particulars	2021 TZS	2020 TZS
Water Transport	587,499,456	3,170,000
Per diems Domestic	1,856,768,235	3,890,000
Air Travel Tickets - Foreign	1,078,076	1,720,447,430
Ground travel (bus, railway taxi, etc)	1,160,000	49,426,667
Water Transport	-	24,848,228
Visa Application Fees	-	300,000
Internet and Email connections	295,523,214	1,519,950
Posts and Telegraphs	4,587,242	278,502,533
Advertising and Publication	86,593,850	9,140,150
Courier Services	32,095,100	123,278,700
Telephone Charges (ground line)	1,425,572	158,535,359
Publicity (IEC website and media)	19,620,000	6,100,321
Subscription Fees	37,078,955	390,000
Technical Service Fees	23,886,746	37,134,680
Technical Materials	1,392,400	606,426
Educational Radio and TV broadcasting	15,935,320	9,200,000
Exhibition, Festivals and Celebrations	54,196,760	35,350,000
Catering Services	119,657,977	5,700,000
Entertainment	90,000,000	95,972,700
Fire Protection Equipment	4,341,350	71,200,000
Gifts and Prizes (Awards)	17,923,500	23,768,088
Social contribution	7,500,000	2,000,000
Painting and Decorations	7,500,000	10,100,000
Electrical and Other Cabling Materials	5,800,000	6,012,000
Outsource Maintenance Contract Services	7,577,281	5,350,914
Outsource Maintenance Contract Services	66,634,426	134,565,831
Motor Vehicles (Service and Repair)	-	90,518,169
Tyres and Batteries	76,996,465	3,788,424
Small Car Mechanics Tools	23,133,400	20,495,150
Outsource Maintenance (Service and Repair)	1,440,000	480,000
Repair and maintenance (Office equipment)	33,522,559	89,541,982
Repair and maintenance (Air conditioners)	14,790,100	41,289,220
Fumigation	5,989,208	2,420,000
Audit fees	253,606	5,237,098
Legal fees	194,661,366	200,661,366
Agency Fees	7,500,000	300,000
Consultancy Fees	1,181,174,421	1,262,905,172
Bank charges & Commission	46,904,895	110,546,841
Insurance	56,803,158	62,428,203
Burial Expenses	66,565,471	48,772,522
Provision for impairment of Students' Loans	39,275,000	12,120,000
Contribution (15%on Gross Revenue)	-	278,445,702
Small tools and equipment	420,000,000	30,284,828
Kitchen Appliances, Utensils and Crockery	1,400,000	61,000
Travelling on Duty - Domestic	-	213,442,997
Bad Debts	35,462,934	19,231,910
		-

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

Particulars	2021 TZS	2020 TZS
Professional Allowances	33,323,000	-
Household Appliances	4,827,800	-
Accommodation	9,638,000	-
Training Allowances	382,656,723	-
Training Materials	1,000,000	-
Satellite access services	282,000	-
Communication Network Services	11,245,480	-
Sporting Supplies	25,950,000	-
Plumbing Supplies and Fixtures	1,541,000	-
Small Tools and Implements	200,000	-
Cement, bricks and construction materials	1,507,850	-
Servers (Maintenance Expenses)	229,800,000	-
Computers, printers, & other related equipment	500,000	-
Telephone Equipment (ground line)	50,000	-
Outsource maintenance (Office equipment)	9,812,352	-
Audit supervision Expenses	248,430,000	-
Sundry Expenses (Parking Expenses)	2,440,000	-
<b>Total Operating Expenses</b>	<b>8,720,755,642</b>	<b>7,990,841,590</b>

**28. DEPRECIATION AND AMORTIZATION**

Particulars	2021 TZS	2020 TZS
Depreciation - Motor Vehicles	278,445,702	190,575,935
Deprec - Plant, Machinery & Eqpt	65,406,178	30,284,828
Depreciation - Furniture & Fittings	123,665,552	112,876,627
Depreciation - Computers and Related Equipment	214,804,906	143,643,487
Depreciation - Data server	41,598,869	41,987,503
Depr. Expenses - Generator	21,522,762	-
Amortization of ILMS	157,399,131	147,045,326
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>902,843,099</b>	<b>666,413,706</b>

**29. INTEREST EXPENSES**

Particulars	2021 TZS	2020 TZS
Penalty on PSSSF Loan		14,299,334,247
Interest on PSSSF Loan		8,031,698,630
<b>Total Interest Expenditure</b>		<b>22,331,032,878</b>

**30. GRANT EXPENSES - MEDICAL STUDENTS**

Particulars	2021 TZS	2020 TZS
Tuition Fee Grant	3,550,000.00	963,723,937
Special Faculty Requirement Grant	1,874,000.00	180,579,900
Books and Stationery Grant	800,000.00	101,200,000

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

Meals and Accommodation	-	46,892,375
Field/Practical Training Grant	480,000.00	21,260,000
Research Grant	-	8,100,000
Stipend Overseas Grant	-	23,249,880
<b>Total Other Income</b>	<b>6,704,000.00</b>	<b>1,345,006,092</b>

**31. PROVISION FOR IMPAIRMENT OF LOANS**

Particulars	2021 TZS	2020 TZS
Decrease of Provision on Impairment	(3,613,803,640)	1,924,057,993
<b>Total Provisional for Impairment</b>	<b>(3,613,803,640)</b>	<b>1,924,057,993</b>

**NOTES TO CASH FLOWS:**

**32. PENALTY ON LATE REPAYMENT**

Particulars	2021 TZS	2020 TZS
Penalty for Late Loan Repayment- (Cash)	9,163,818,663	8,003,742,908
Penalty for Late Loan Repayment- (Accrued)	32,731,612,135	17,694,946,157
<b>Total Penalty on Late Repayment</b>	<b>41,895,430,798</b>	<b>25,698,689,066</b>

**33. SALARIES, WAGES AND EMPLOYMENT BENEFITS**

Particulars	2021 TZS	2020 TZS
Cash paid	8,490,572,597	7,494,059,916
Accrued	61,887,492	40,488,983
<b>Total</b>	<b>8,552,460,089</b>	<b>7,534,548,899</b>

**34. SUPPLIES AND CONSUMABLE**

	TZS	TZS
Cash paid	8,526,094,276	7,790,180,224
Accrued	194,661,366	200,661,366
<b>Total</b>	<b>8,720,755,642</b>	<b>7,990,841,590</b>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
 NOTES TO THE FINANCIAL STATEMENTS (Continued)  
 FOR THE YEAR ENDED 30 JUNE 2021

**35. RECOVERED STUDENTS' LOANS (POST-BOARD)**

Particulars	2021 TZS	2020 TZS
Penalty on Repayment	9,163,818,663	8,003,742,908
Value Retention Fee (VRF)	6,000,000,000	
Loan Administration Fees	588,992,124	919,828,626
Principal Loan	165,177,909,632	181,796,831,186
<b>TOTAL RECOVERED STUDENTS' LOANS</b>	<b>180,930,720,420</b>	<b>190,720,402,720</b>

**36. FUNDS RECEIVED FOR ISSUING LOANS**

Particulars	2021 TZS	2020 TZS
Government Subvention	415,006,461,860	427,357,255,954
Revenue Grant for Medical Students	6,704,000	1,345,006,092
<b>TOTAL FUNDS RECEIVED FOR ISSUING LOANS</b>	<b>415,013,165,860</b>	<b>428,702,262,046</b>

**37. STAFF LOANS REVOLVING FUNDS**

Particulars	2021 TZS	2020 TZS
Staff Loans issued during the year	(1,419,791,624)	-
Loan Administration Fee	40,630,127	-
<b>TOTAL STAFF LOANS REVOLVING FUNDS</b>	<b>(1,379,161,497)</b>	

**38. OPERATING LEASE:**

HESLB has Lease agreement with PSSSF for an office in Arusha, NAO Office in Dodoma, NAO Office in Mbeya, PSSF Office in Mtwara, PSSSF Office Mwanza and ZSTC in Zanzibar. The terms of agreement period are one-year rental payable for the office of Arusha, Dodoma, Mwanza, Mbeya, Mtwara and three years rental payable for Zanzibar Office. Lease agreements are renewal. All lease agreements are operating leases.

**39. EVENTS AFTER THE REPORTING PERIOD**

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others. The directors have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the extent of the possible effects of the pandemic to HESLB. It is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in the financial statements.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

The potential impact of the COVID-19 pandemic on the key statement of financial position line items could include impairment of receivables and amounts due from related parties if the related parties' businesses were to be significantly affected by the pandemic. At the time of issuing the financial statements, the directors had no reason to believe that this is likely to happen. Furthermore, the directors believed that HESLB will be a going concern for the foreseeable future having considered the available assets and the directors' specific responses and actions.

The directors are not aware of any other matter or event arising since the end of the financial period that requires disclosure in or adjustment to the financial statements.

**40. CONTINGENT LIABILITIES - LITIGATIONS**

As at 30 June 2021, 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.

**i) Msolopa Investment Co. Ltd**

Is claiming TZS 1,532,319,360.82 from HESLB being commission for tracing and collection of loans because HESLB terminated the debt collectors' contracts. The Arbitrator dismissed the Claimant claim against HESLB for reason of non-payment of arbitration fee **19 February 2021**. The matter has been stay-pending accreditation of Hon. Ngowi (Arb) as under the new Act, Arbitrators must be accredited by the Relevant.

**ii) Gabriel Gaye Robi**

The applicant (HESLB) is challenging CMA award of re-engagement without loss of salary. The matter is coming on **13 July 2021** for mention.

**iii) Travel Link Tanzania Ltd**

Claiming to have issued some air tickets for HESLB for which settlement have not been affected hence owns HESLB USD 20,844.00 and TZS 2,272,000.00. The matter is coming on **06 July 2021** for continuance of hearing.

**iv) 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. The matter is coming on **13 July 2021** for hearing.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021

v) **Renovex Business Consults**

Is claiming TZS 3,206,538,318.4210 from HESLB as a result of HESLB terminating the debt collectors' contracts. The matter is pending for the payment of Arbitrator fees by the Claimant (Renovex)

After payment by the Claimant, we will be able to collect ruling on the preliminary objection we raise on point of jurisdiction preliminary objection at the Institute of Arbitrator.

vi) **Yusufu M. Kisare**

CMA ruled that he be paid TZS 63,424,000.00. HESLB has filed a revision scheduled on 12/12/2019. On the 16 April 2021 the High Court before Hon. I. D. Aboud, J, delivered a judgment, whereby he dismissed the Revision No. 755 of 2018 and partly sustained the Revision No. 858 of 2018 by upholding the CMA award, save to the payment of twelve (12) months remuneration as compensation for unfair termination and one-month salary in lieu of notice. However, the court declined from ordering reinstatement without loss of benefits. The matter is awaiting legal opinion from SG on possibility of appeal or otherwise.

vii) **HESLB vs Goima Peter Msimbira**

Mr. Goima P. Msimbira is an ex-employee of the Board Mr. Msimbira was terminated from employment after perpetrating forgery of students' loans amounting to Tzs 48,000,000.00 through disbursement of loans to UDOM students.

The applicant (HESLB) prays for revision of an award by the Commission for Mediation and Arbitration in Labour Dispute No. CMA/DSM/KIN/R.695/13/1203, revise and set aside the award of the Commission Mr. Goima P. Msimbira is an ex-employee of the Board Mr. Msimbira was terminated from employment after perpetrating forgery of students' loans amounting to Tzs 48,000,000.00 through disbursement of loans to UDOM students.

The applicant (HESLB) prays for revision of an award by the Commission for Mediation and Arbitration in Labour Dispute No. CMA/DSM/KIN/R.695/13/1203, revise and set aside the award of the Commission for Mediation and Arbitration which order reinstatement of the Respondent to the employment without loss of renumeration to the tune of TZS. 166,640,000.00. The matter is coming on 19 July 2021 for hearing before Aboud J.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

**Goima Peter Msimbira vs HESLB**

The applicant (Goima) prays for execution of an award by the Commission for Mediation and Arbitration in Labour Dispute No. CMA/DSM/KIN/R.695/13/1203. The matter is coming for mention on 27<sup>th</sup> July, 2021.

**HESLB vs. Hematec Investment Ltd**

HESLB (Plaintiff) claim against Hematec (Defendant) for payment of arrears of statutory deductions which were to be remitted to the HESLB within fifteen (15) days after the end of each month in respect of its sixteen (16) employees who are loan beneficiary for loan repayment amounting to TZS 64, 254,792.00 covering the period from February 2017 to January 2019 and TZS 80,318,400.00 being outstanding penalties for the late remittance of the statutory deduction between the period of February 2017 to January 2019 in respect of its employees who are HESLB loan beneficiaries. The matter is coming for 23 July 2021 for hearing.

**viii) HESLB vs TBW, before Hon. E. Wapalila (Arb)**

The Claimant (HESLB) is claiming against the Respondent (TBW) for failure by the Respondent to complete the works by the agreed Intended Completion Date or such other extended date as follows: -

1. Payment of TZS. 1,585,105,034.98 as per prepared final account draft issued by the Consultancy.
2. Payment of interest in (1) above at commercial rate of 30% from the date of filing this Claim to the date of satisfying the award in full.
3. Payment of general damages to the tune of TZS. 500,000,000.00.
4. Payment of interest in (3) above at commercial rate of 30% from the date of filing this Claim to the date of satisfying the award in full

The matter is coming on 17<sup>th</sup> August, 2021 for hearing.

**Alexander J. Barunguza vs. HESLB and AG**

1. The Applicant is challenging provisions of Section 4, 6, 7(f), (g), (h), (i) and (j) of HESLB Act, Cap 178 as amended by the Written Laws (Miscellaneous Amendments) (No.3) Act, 2016 are unconstitutional for offending the provision of Article 12(2), Article 14 and Article 13(6)(a) of the Constitution of URT of 1977 as amended.
2. That, the above-mentioned provisions of Cap 178 be expunged from the statute book immediately without giving the Government time through the Attorney General (the 2<sup>nd</sup> Respondent) to amend them as it will amount to continuous violation of human rights.

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)  
NOTES TO THE FINANCIAL STATEMENTS (Continued)  
FOR THE YEAR ENDED 30 JUNE 2021**

3. The court to declare all previous outstanding Higher Education Loan debts are null and void as fundamental and basic rights cannot be for sale.

The court to declare that, all Tanzanian students pursuing Higher Education be accessible to and be accorded free Higher Education sponsored by the Government of URT though the relevant ministries.

The matter is coming on 14<sup>th</sup> July, 2021 for mention.

**Appendix I: List of Higher Learning Institutions**

SN	Name Higher Learning Institution
1	AbdulRahman Al-Sumait Memorial University (SUMAIT)
2	Aga Khan University (AKA)
3	Archbishop Mihayo University College of Tabora (AMUCTA)
4	Archbishop James University College (AJUCO)
5	Ardhi University (ARU)
6	Arusha Technical College (ATC)
7	Catholic University of Health and Allied Sciences (CUHAS)
8	Center for Foreign Relations Dar es Salaam (CFR)
9	College of African Wildlife Management Mweka (CAWM)
10	College of Business Education Mwanza (CBE-MZ)
11	College of Business Education Dar es Salaam (CBE - DSM)
12	College of Business Education Dodoma (CBE - DOM)
13	University of Dar es salaam (UDSM)
14	UDSM- College of Engineering and Technology (COET)
15	Dar es Salaam Institute of Technology (DIT)
16	Dar Es Salaam Maritime Institute (DMI)
17	Dar es Salaam University College of Education (DUCE)
18	Eastern Africa Statistical Training Centre (EASTC)
19	Eastern and Southern African Management Institute (ESAMI)
20	Hubert Kairuki Memorial University (HKMU)
21	Institute of Accountancy Arusha (IAA)
22	Institute of Adult Education (IAE)
23	Institute of Finance Management (IFM)
24	Institute of Finance Management Mwanza (IFM-MZA)
25	Institute of Public Administration - Zanzibar (IPA)
26	Institute of Rural Development Planning (IRDP-DOM)
27	Institute of Rural Development Planning- Lake Zone Centre (IRDP-MZA)
28	Institute of Social Work (ISW)
29	Institute of Social Work- Mwanza Campus (ISW-MZA)
30	Institute of Tax Administration (ITA)
31	Jordan University College (JUCO)
32	Kampala International University in Tanzania (KIU)
33	Karume Institute of Science and Technology (KIST)
34	Kilimanjaro Christian Medical College (TU-KCMC)
35	Marian University College (MUCO)
36	Mbeya University of Science and Technology (MUST)
37	Mkwawa University College of Education (MUCE)
38	Moshi Cooperative University (MoCU)
39	MS Training Centre for Development Cooperation

**HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**FOR THE YEAR ENDED 30 JUNE 2021**

<b>SN</b>	<b>Name Higher Learning Institution</b>
40	Muhimbili University of Health and Allied Sciences (MUHAS)
41	Muslim University of Morogoro (MUM)
42	Mwenge Catholic University (MWECAU)
43	Mzumbe University Main Campus (MU-MORO)
44	Mzumbe University Mbeya College (MU-MBY),
45	National Institute of Transport (NIT)
46	Open University of Tanzania (OUT)
47	Ruaha Catholic University (RUCU)
48	sebastian Koowa Memorial University (SEKOMU)
49	Sokoine University of Agriculture (SUA)
50	St. Augustine University in Tanzania Mbeya Center (SAUT - MBY)
51	St. Augustine University of Tanzania (SAUT MZA)
52	St. Augustine University of Tanzania (SAUT ARS)
53	St. Francis University College of Health Sciences (SFUCHAS)
54	St. John's University of Tanzania (SJUT)
55	St. Joseph University College of Health and Allied Sciences (SJUCAS)
56	UDSM School of Journalism and Mass Communication UDSM - SJMC)
57	St. Joseph University in Tanzania Engineering and Technology (SJUIT)
58	State University of Zanzibar (SUZA)
59	Stefano Moshi Memorial University College (SMMUCO)
60	Stella Maris Mtwara University College (STEMMUCO)
61	Tanzania Institute of Accountancy - (TIA MZA)
62	Tanzania Institute of Accountancy -(TIA -SGD)
63	Tanzania Institute of Accountancy (TIA-DSM)
64	Tanzania Institute of Accountancy (TIA-MBY)
65	Tanzania Public Service College Dar es Salaam Campus (TPSC-DSM)
66	Tengeru Institute of Community Development (TCDT!)
67	Teofilo Kisanji University (TEKU)
68	Teofilo Kisanji University (TEKU -DSM)
69	The Mwalimu Nyerere Memorial Academy (MNMA-DSM)
70	The Mwalimu Nyerere Memorial Academy Zanzibar (MNMA-ZNZ)
71	Tumaini University Makumira (TUMA)
72	Tumaini University Dar es Salaam College (TUDARCO)
73	Unique Academy Dar es Salaam
74	United African University of Tanzania (UAUT)
75	University of Arusha (UoA)
76	University of Dar es Salaam (UDSM)
77	University of Dodoma (UDOM)
78	University of Iringa (Uol)
79	Water Development Management Institute (WDMI)
80	Zanzibar University (ZU)
81	Mount Meru University (MMU)
82	Mount Meru University Mwanza (MMU-MZA)