



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

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL
STATEMENTS OF HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)
FOR THE YEAR ENDED 30TH JUNE, 2019**

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AR/HESLB/2018/2019

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF
HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)**

FOR YEAR ENDED 30 JUNE 2019

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HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

ENTITY INFORMATION FOR YEAR ENDED 30 JUNE 2019

REGISTERED OFFICE

Plot No. 8, Block No.46, Sam Nujoma Road, Mwenge
P.O. Box 76068
Dar es Salaam, Tanzania

BANKERS:

National Microfinance Bank
P.O Box 160108
Dar es Salaam, Tanzania

Tanzania Postal Bank
P.O Box 9300
Dar es Salaam, Tanzania

CRDB Bank PLC
P. O. Box 2302
Dar es Salaam, Tanzania

Bank of Tanzania
P. O. Box 2939
Dar es Salaam, Tanzania

LAWYERS

Appex attorneys (advocates)
P.O. Box 34674
Dar es Salaam, Tanzania

M/s Kariwa & Company Advocates
P. O. Box 13138
Dar es Salaam; Tanzania

M/s Crest Attorneys'
2nd Floor, Coronation Building,
Dar es Salaam, Tanzania

SECRETARY:

The Executive Director
Higher Education Students' Loan Board (HESLB)
Plot No. 8, Block No.46, Sam Nujoma Road, Mwenge
P.O. Box 76068
Dar es Salaam, Tanzania

PARENT MINISTRY:

Ministry of Education, Science and Technology

AUDITORS:

The Controller and Auditor General
National Audit Office
4 Ukaguzi Road,
P.O. Box 950,
41104 Tambukareli,
Dodoma, Tanzania

Ernst & Young
P.O. Box 2475
Tanhouse Tower (4th Floor)
New Bagamoyo Road
Dar es Salaam, Tanzania.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

LIST OF ABBREVIATIONS FOR YEAR ENDED 30 JUNE 2019

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

GENERAL INFORMATION FOR YEAR ENDED 30 JUNE 2019

1.1. Mandate

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the URT of 1977 (revised 2005) and in Sect. 10 (1) of the Public Audit Act No.11 of 2008.

1.2. Vision, Mission and Core Values

Vision

To be a highly regarded Institution that excels in Public Sector Auditing.

Mission

To provide high quality audit services that improves public sector performance, accountability and transparency in the management of public resources.

Core Values

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

- ✓ **Objectivity:** We are an impartial public institution, offering audit services to our clients in unbiased manner.
- ✓ **Excellence:** We are professionals providing high quality audit services based on standards and best practices.
- ✓ **Integrity:** We observe and maintain high standards of ethical behavior, rule of law and a strong sense of purpose.
- ✓ **People focus:** We value, respect and recognize interest of our stakeholders.
- ✓ **Innovation:** We are a learning and creative public institution that promotes value added ideas within and outside the institution.
- ✓ **Results Oriented:** We are an organization that focuses on achievement based on performance targets.
- ✓ **Team work Spirit:** We work together as a team, interact professionally, share knowledge, ideas and experiences.

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 appropriate training, adequate working tools and facilities that promote their independence.

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HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS FOR YEAR ENDED 30 JUNE 2019

2.1 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 financial Reports for the financial year ended 30th June 2019, which disclose the state of affairs of the HESLB. These Financial Reports have been prepared in accordance with the International Public Sectors Accounting Standards (IPSAS), directives from Accountant General, Treasury Registrar and other guidelines prescribed by the board.

2.2 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

2.2.1 Vision:

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

2.2.2 Mission:

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

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

2.2.3 Core Values

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

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.2 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES (Continued)

2.2.4 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.

2.3 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

2.3.1 Composition of the Board

The Board of Directors who served during the period comprised of the following members:

SN	Name	Position	Age	Qualification/ Discipline	Nationality	Appointed
1	Prof. William A. L. Anangisye	Chairman	58	PhD (Education)	Tanzanian	Aug-17
2	Mrs. Madina M. Mwinyi	Member	60	MA- Education (Curriculum Evaluation and Planning)	Tanzanian	Aug-17
3	Eng. Dr. Richard Masika	Member	61	PhD (in Structural Engineering)	Tanzanian	Aug-17
4	Prof. Carolyne Nombo	Member	51	PhD (Sociology)	Tanzanian	Aug-17
5	Dr. Dalmas A. L. Nyaoro	Member	66	PhD Geotechnical Engineering)	Tanzanian	Aug-17
6	Mr. Frank Nyabundege Mugeta	Member	45	MBA (Corporate Management)	Tanzanian	Aug-17
7	Ms. Suzan E. Urrio	Member	27	University Student, Mzumbe	Tanzanian	Aug-17
8	Mr. Mwita Mgeni Mwita	Member	50	MA Economics	Tanzanian	June -18
9	Mr. Haruni B. Matagane	Member	39	LLB	Tanzanian	Dec -18

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.3 COMPOSITION, FUNCTION AND POWERS OF THE BOARD (Continued)

2.3.2 Functions of the Board

- i) To assume responsibility for the control and management of all loanable funds as vested in the Board;
- ii) To formulate the mechanism for determining eligible students for payment of loans;
- iii) To administer and supervise the whole process of payment and repayment of loan;
- iv) To keep the register and other records of students loan beneficiaries under the Board;
- v) To advise the Minister on matters of policy and of the law concerning provisions and recovery of loans to students;
- vi) To establish operational links between the Board and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds;
- vii) To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted;
- viii) To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international;
- ix) To conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training;
- x) To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans; and
- xi) To perform such other functions as are conferred upon the Board by or under the Act or any other written laws.

2.3.3 Power of the Board

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

- i) To administer both movable and immovable properties of the Board;
- ii) To administer the funds, investments and assets of the Board and in particular the funds allocated under the Government Budget or otherwise available for loans to students;

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.3 COMPOSITION, FUNCTION AND POWERS OF THE BOARD (Continued)

2.3.3 Power of the Board (Continued)

- 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;
- 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;

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.3 COMPOSITION, FUNCTION AND POWERS OF THE BOARD (Continued)

2.3.3 Power of the Board (Continued)

- 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;
- xvii) To enter into contracts or memoranda of understanding with the Ministry, individuals and other organizations or institutions, establish such trusts and appoint such trustees, agents and independent contractors as may be.

2.4 COMMITTEES OF THE HESLB GOVERNING BOARD

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

2.4.1 Loans Allocation and Repayment Committee (LARC)

The primary function for which the Board was established is to issue loans to qualifying Students of Higher Education Institutions and to ensure repayment of the 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, the committee is clothed with full-fledged decision-making powers on all issues related to allocation and recovery of students' loans and such decisions are only tabled at the full Board for noting.

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

No.	Name	Designation	Nationality	No. of meetings
1	Mrs. Madina M. Mwinyi	Chairperson	Tanzanian	6
2	Eng. Dr. Richard Masika	Member	Tanzanian	6
3	Ms. Suzan E. Urjo	Member	Tanzanian	7

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.4 COMMITTEES OF THE HESLB GOVERNING BOARD

2.4.2 Finance, Planning and Administration Committee (FPA)

The FPA Committee of the Board has been charged with the responsibility to deal with finance, research and planning, administration, legal 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.

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

No.	Name	Designation	Nationality	No. of meetings
1	Prof. Carolyne Nombo	Chairperson	Tanzanian	5
2	Dr. Dalmas A. L. Nyaoro	Member	Tanzanian	5
3	Mr. Haruni B. Matagane	Member	Tanzanian	2

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

2.4.3 Audit and Risk Management Committee (AC)

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

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

No.	Name	Designation	Nationality	No. of meetings
1	Mr. Frank Nyabundege Mugeta	Chairperson	Tanzanian	5
2	Eng. Dr. Richard Masika	Member	Tanzanian	5
3	Mr. Mwita Mgeni Mwita	Member	Tanzanian	3
4	Dr. Ernest Mwasalwiba	Co-opted Member	Tanzanian	1

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.5 BOARD MEETINGS

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

No.	Name	Designation	Nationality	No. of meetings attended
1	Prof. William A. L. Anangisye	Chairman	Tanzanian	5
2	Mrs. Madina M. Mwinyi	Member	Tanzanian	5
3	Eng. Dr. Richard Masika	Member	Tanzanian	5
4	Prof. Carolyn Nombo	Member	Tanzanian	5
5	Dr. Dalmas A. L. Nyaoro	Member	Tanzanian	5
6	Mr. Frank Nyabundege Mugeta	Member	Tanzanian	3
7	Ms. Suzan E. Urrio	Member	Tanzanian	5
8	Mr. Mwita Mgeni Mwita	Member	Tanzanian	5
9	Mr. Haruni B. Matagane	Member	Tanzanian	5

2.6 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)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.7 SOLVENCY

The Board of Directors confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. Also, HESLB has been seen with reasonable expectation from Board of Directors to have adequate resources to continue its operations for the foreseeable future.

2.8 OBJECTIVES FOR THE FINANCIAL YEAR 2018/19

The Higher Education Students' Loans Board objectives for the financial year 2018/19 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.

2.9 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS (NETWORKING)

2.9.1 Nationally

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

2.9.2 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.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.9 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS (NETWORKING) (Continued)

2.9.3 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.

2.10 CAPITAL MAINTANANCE

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 the HESLB through the Ministry of Education, Science and Technology.

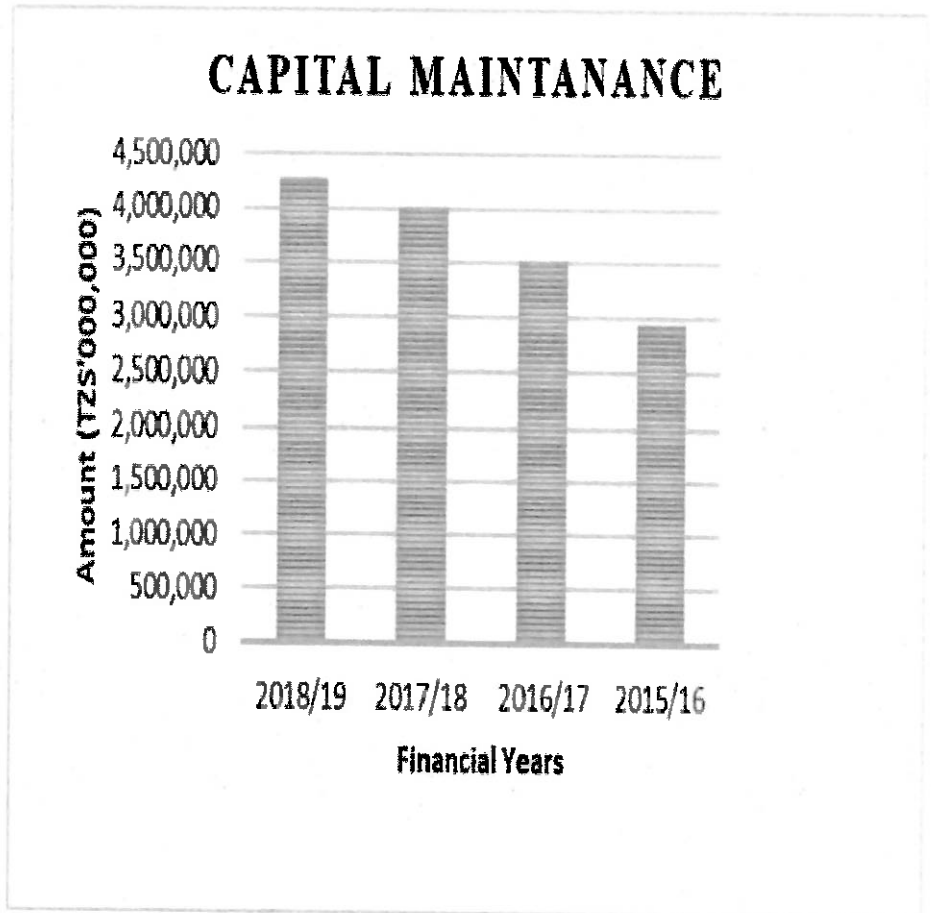
Descriptions	2018/2019 TZS'000'	2017/2018 TZS'000'	2016/2017 TZS'000'	2015/2016 TZS'000'
Loanable Funds	4,218,927,516	3,704,603,634	2,979,936,357	2,450,818,374
Recovered Students' Loans	53,779,101	45,821,876	41,385,749	22,508,453
Recovery Amounts Transferred to BOT	416,826,264	230,523,709	78,190,909	-
Staff Loans Revolving Funds	1,580,692	1,580,692	1,580,692	1,580,692
Accumulated Surplus/(Deficits)	472,566,557	497,739,256	479,414,400	472,874,680
Total Amount of Capital	4,330,027,602	4,019,221,750	3,424,126,290	2,947,782,200

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.10 CAPITAL MAINTANANCE (Continued)

Capital maintenance is increasing each year mainly due to increase in loanable fund (amount received for financing students' loans), recovery of loans issued in previous years to ex-students and recovered loan amounts which are transferred to BOT. In more emphases, Loanable Funds has increased by 69.6% from 2015/16 to 2018/19 while accumulated surplus has decreased by 5% from the base year and Recovery Amounts Transferred to BOT increased to TZS. 416 billion.



2.11 FINANCIAL PERFORMANCE FOR THE YEAR

Revenue, Expenses and Surplus

- a) During the year under review, HESLB recorded revenue amounting to TZS 13,097,084,950 (2018: TZS 56,847,840,231)

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued)
FOR YEAR ENDED 30 JUNE 2019

2.11 FINANCIAL PERFORMANCE FOR THE YEAR (Continued)

Revenue	2018/2019	2017/2018	2016/2017	2015/2016
Government Subvention	4,610,909,243	4,217,109,189	4,645,808,798	10,982,250,326
Revenue Grants - Medical Doctor	2,984,313,866	5,218,154,538	6,406,001,402	4,926,613,521
Penalty on Repayment	8,561,275	36,835,803,739	27,599,124,821	24,610,998,308
Loan Administration Fees	4,225,420,058	5,938,424,226	2,432,891,838	7,979,955,999
Application Fees	853,230,000	3,642,660,000	-	3,090,017,357
Interest Income	32,196,943	58,462,669	69,104,062	475,354,209
Other Income	382,453,565	937,225,870	1,871,659,970	10,356,909
Total Revenue	13,097,084,950	56,847,840,231	43,024,590,891	52,075,546,629

b) During the year HESLB made expenditure amounting to TZS 38,037,177,907 (2018: TZS 38,605,501,068).

Expenditures	2018/2019	2017/2018	2016/2017	2015/2016
Salaries, Wages, and Employment Benefits	5,929,166,597	6,347,153,307	6,460,836,121	9,818,386,776
Supplies and Consumables	7,595,834,430	6,683,619,594	5,313,978,752	22,036,342,498
Interest Expenditures	21,527,863,014	20,356,573,630	6,406,001,402	4,926,613,521
Expenditures grant - medical students	2,984,313,866	5,218,154,538	19,228,733,904	18,475,762,156
Total Expenditure	38,037,177,907	38,605,501,068	37,409,550,179	55,257,104,951
Surplus/(Deficit)	(24,940,092,957)	18,242,339,163	5,615,040,712	(3,181,558,322)

c) During the year ended 30 June 2019, the HESLB recorded a loss of TZS 24,940,092,957 (2018: profit of TZS 18,242,339,163).

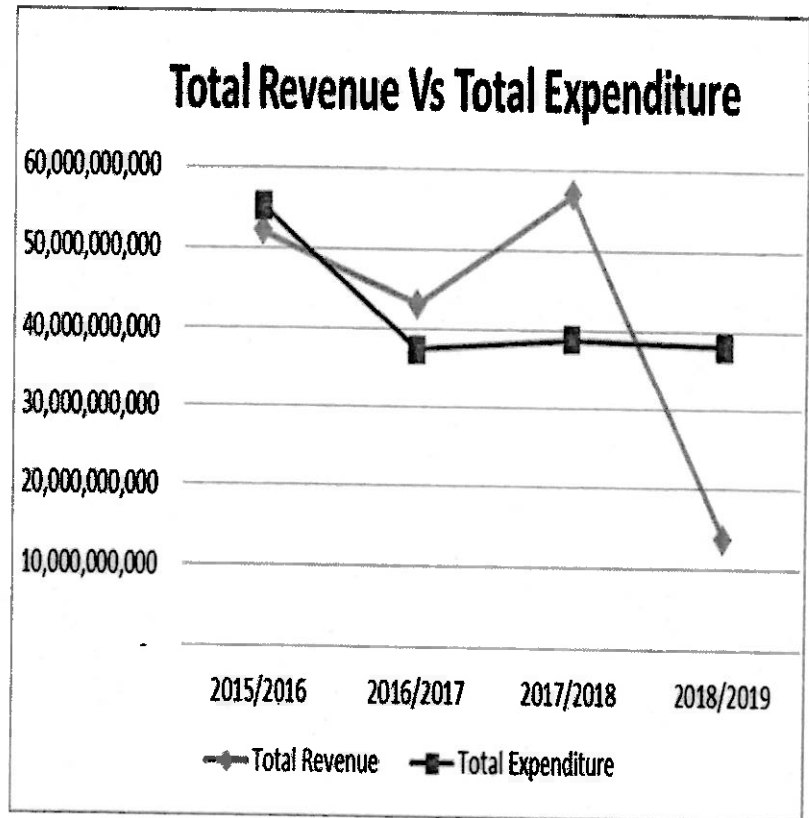
HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.11 FINANCIAL PERFORMANCE FOR THE YEAR (Continued)

d) Trend of Revenue and Expenditure for three years

Expenditure has been stable during the last three years. On the other hand, revenue increased in 2017/2018 and sharply fell in 2018/2019; the sharp fall is mainly due to fall in Penalty on Repayment. This has been an indication that compliance of loanees has increased tremendously, also drop in loan administration fee which is based on the number of new loan and finally drop in application fee caused by the fact that the application window for academic year 2019/2020 was opened in July 2018 instead April - June 2019.



2.12 FINANCIAL POSITION

Current Assets

Total Current Assets decreased to TZS 212,246,851,550 from TZS 449,022,460,148 of 2017/2018 mainly due to decrease in students' loan receivable-current portion.

Property, Plant and Equipment

The management have reviewed useful life of the items of property, plant and equipment which were fully depreciated and those whose carrying values were very low compared to reality but are still in use and adjustments taken care of accordingly. There is also increase in value caused by the additions made during the year.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.12 FINANCIAL POSITION (Continued)

Students Loan Receivables

The long-term portion of the students' loan receivable increased to TZS 4,336,240,620,673 from TZS 3,763,144,278,726 in 2017/2018. This is the amount due for repayment after Twelve (12) months from the date of closing the financial year.

Current Liabilities

During the year under review, total current liabilities increased to TZS 11,311,507,811 from TZS 5,302,675,906 in 2017/2018 mainly due to Grant (TVS) received in advance.

Net Assets

Net assets increased from TZS 4,019,221,749,816 of 2017/2018 to TZS 4,330,027,602,258 of 2018/2019 due to increase in loanable fund, recovered students' loans and accumulated surplus.

2.13 BUDGET

The budget is approved on a cash basis by function classification. The approved budget covers the fiscal period from July 01, 2018 to June 30, 2019 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget was approved by Parliament in June 2018.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued)
FOR YEAR ENDED 30 JUNE 2019

2.13 BUDGET (Continued)

The below table shows the trend of HESLB budget has been steady for the four years.

Budget	2018/2019 Actual	2017/2018 Actual	2016/2017 Actual	2015/2016 Actual	2018/19 Budget	2017/18 Budget
Revenue						
Government Subvention	763,278,733	-	-	11,052,335,670	-	-
Loan Application & Appeals Fees	853,230,000	3,642,660,000	-	307,718,544	3,350,666,210	3,459,475,300
Penalty	8,561,275	36,835,803,739	27,599,124,821	-	-	-
Loan Administration Fees	4,225,420,05	5,938,424,226	2,432,891,838	-	4,347,833,790	4,239,024,700
Interest on Call/FDR	32,196,943	58,462,669	69,104,062	-	-	-
Other Income	382,453,565	937,225,870	2,879,427	4,431,500	1,500,000	1,500,000
Grant Funds - Medical						
Students	2,984,313,866	5,218,154,538	6,406,001,402	4,926,613,521	8,648,480,000	9,544,584,657
Loanable Funds	424,522,165,533	437,903,145,444	331,643,071,586	398,058,509,379	427,553,999,995	418,009,415,343
Personal Emoluments	3,847,630,510	4,217,109,189	4,645,808,798	2,389,791,502	5,716,416,450	5,180,489,100
Grant Funds - TVS	7,250,382,604	-	-	-	12,650,000,000	12,776,500,000
Development Fund	-	-	-	-	-	3,100,000,000
Total Revenue	440,635,651,754	494,750,985,675	372,798,881,934	416,739,400,116	462,268,896,445	456,310,989,100
Expenditure						
Loanable Funds	421,633,915,585	418,682,236,080	494,293,610,115	386,854,604,192	427,553,999,995	418,009,415,343
Grants Expenses - Medical						
Students	2,984,313,866	5,218,154,538	6,406,001,402	4,926,613,521	8,648,480,000	9,544,584,657
Grants Expenses	597,875,899	-	-	-	12,650,000,000	12,776,500,000
Development Fund	-	-	-	-	-	3,100,000,000
Salaries, wages, supplies and consumables	7,700,000,000	7,700,000,000	6,406,001,402	13,426,799,046	7,700,000,000	7,700,000,000
Salaries, wages, supplies and consumables - non cash	-	21,470,237,342	-	-	-	-
Personal Emoluments	3,847,630,510	4,217,109,189	4,645,808,798	-	5,716,416,450	5,180,489,100
Total Expenses	436,763,735,860	457,287,737,149	511,751,421,717	405,208,016,759	462,268,896,445	456,310,989,100
Surplus for the Period	3,871,915,894	37,463,248,526	(138,952,539,783)	11,531,383,357	-	-

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.14 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

- i. There are four staff functions under the Executive Director's Office including:
- ii. Legal Section
- iii. Information, Education, and Communication section
- iv. Procurement Management Section
- v. Zonal Offices i.e. Dodoma, Zanzibar, Mwanza, Arusha and Mbeya.

Key Management Team

Full Name	Designation
Mr. Abdul-Razaq Badru	Executive Director
Dr. Judika King'ori	Acting Director of Finance and Administration
Mr. Godfrey Sigala	Director of Audit and Investigations
Mr. Benedicto C. Cosmas	Director for Planning, Research and ITC
Dr. Veronica Nyahende	Director Loan Allocation and Disbursement
Mr. Ignatus Oscar	Acting Director Loan Repayment
Ms Sarah Fihavafango	Assistant Director Loan Disbursement
Mr. Felix John	Assistant Director Loan Allocation
Mr. Fidelis Joseph	Assistant Director Loan Repayment
Mr. Brown Shimwela	Chief Accountant

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.14 MANAGEMENT STRUCTURE (Continued)

Key Management Team (Continued)

Mr. Erick B. Mapunda	Assistant Director Human Resource & Administration
Hidaya Karunde	Chief Internal Auditor
Mr. Abdalla Mtibora	Assistant Director Legal Affairs
Mr. Deusdedit Bubelwa	Assistant Director Planning and Research
Mr. Deus Changala	Assistant Director Loan Recovery
Mr. Omega Ngole	Assistant Director Communication, Information and Education
Mr. George Mokaka	Assistant Director Procurement and Supplies
Mr. Tosha H. Tosha	Assistant Director ICT

2.15 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has a strategic plan 2014/2015 to 2018/19. 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 2014/15 to 2018/19 that came into operation with effect from 01st July 2014 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

The following are the achievements of the HESLB for the year under review (2018/2019):

S\N	Performance Indicator	Target	Actual
1	Number of loans	123,285	123,329
2	Number of Grants Students Disbursed	922	922
3	Amount of Loanable Funds Government Subvention	418,905,520,000	424,522,165,533
4	Amount of Grant Funds Government Subvention	8,648,480,000	2,984,313,866

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.15 KEY PERFORMANCE INDICATORS DURING THE YEAR (Continued)

S/N	Performance Indicator	Target	Actual
5	Amount of Loanable Funds Disbursed	418,905,520,00 0	421,633,915,58 5
6	Total Amount of Grants Disbursed	8,648,480,000	2,984,313,866
7	Number of Traced Beneficiaries	31,000	23,715
8	Total Amount of Loans Recoveries Collected	157,700,000,00 0	185,678,896,02 2
9	Percentage of Repayment Rate	40%	51%
10	TZS Revolving Funds Utilized as Loanable Funds	130,000,000,00 0	130,000,000,00 0
11	Number of Staff Trained	105	116
12	Number of Staff	166	158
13	Number of Staff Dropout	0	4
14	Government Contribution to Annual Budget	69.6%	69.6%
15	Percentage of Self-Reliant on Loanable Funds	30.4%	30.4%
16	Percentage of Self-Reliant on Operational Expenses	100%	100%
17	Revolving funds for OC/Development Budget	7,7000,000,000	7,7000,000,000
18	Percentage of Internally Generated Funds Contribution on HESLB Annual Budget	32%	32%

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.

2.16 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.

2.17 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.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.18 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 2019 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.

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.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued) FOR YEAR ENDED 30 JUNE 2019

2.18 RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

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 asses 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. The Director of Internal Audit and Investigation reports functionally to the Board of Directors and administratively to the Executive Director.

2.19 FUTURE DEVELOPMENT PLANS

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

2.20 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.

It has been constantly gender equality in terms of employment. In the year under review male constitutes 57% compared to 43% for female of the whole employment at HELSB. In this regard therefore, there is a slight increase of male compared to female staff.

Gender	2018/19	2017/18
Male	90	68
Female	68	53
Total	158	121

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

REPORT OF THE DIRECTORS (Continued)
FOR YEAR ENDED 30 JUNE 2019

2.21 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).

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.

2.22 RELATED PARTY TRANSACTIONS

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

2.23 PERSONS WITH DISABILITIES

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

2.24 POLITICAL DONATIONS

HESLB did not make any political donations during the year.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**REPORT OF THE DIRECTORS (Continued)
FOR YEAR ENDED 30 JUNE 2019**

2.25 SERIOUSLY PREJUDICIAL MATTERS

During the year, ended 30th June 2019 there was no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No1.


2.26 STATEMENT OF COMPLIANCE

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

2.27 AUDITOR


The Controller and Auditor General is the statutory auditor of the Higher Education Students' Loan Board (HESLB) by virtue of Article 143 of the Constitution of the United Republic of Tanzania of 1977 (revised 2005) and as amplified under section 10 of the Public Audit Act No. 11 of 2008. However, in accordance with section 33 of the same Act, the Controller and Auditor General carried out a joint audit of the financial statements of the Higher Education Students' Loan Board (HESLB) for the year ended 30th June, 2019, with Ernst & Young.

BY THE ORDER OF THE BOARD



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

9/3/2020
Date



Mr. Frank Nyabundege Mugeta
Director

09/03/2020
Date

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 30 JUNE 2019


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 position, statement of financial performance, statement of cash flow, statement of changes in equity, statement of comparison of budget against actual and notes to the financial statements of the reporting entity as at the end of the financial year that give a true and fair view of the state of affairs of the Board. Further, the Board accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control. The board is responsible for safeguarding the assets of the reporting entity and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the accrual basis, International Public Sector Accounting Standard (IPSAS), in the manner required by the Section 25(24) of the public Finance Act No.6 of 2001(Revised, 2004) and HESLB Act No. 9 of 2004. Board members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30 June 2019.

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 2018/19 financial year. We accept responsibility for the integrity of the Financial Statement the information it contains, and its compliance with the Public Finance Act No. 6 of 2001 (Revised, 2004) and other instructions from the Treasury.


Procurement of goods, works, consultancy, and non-consultancy services to the extent that they are reflected in these financial statements have been done in accordance with the Public Procurement Act No. of 2013. The board believes the financial statements give a true and fair view of the state of financial affairs of the HESLB. Nothing has come to the attention of the Board to indicate that 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



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

9/8/2020
Date



Mr. Frank Nyabundege Mugeta
Director

09/08/2020
Date

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

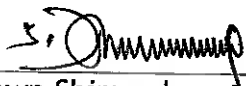
**DECLARATION OF THE HEAD OF FINANCE
FOR THE YEAR ENDED 30 JUNE 2019**

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, 2019 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

09th March 2020

Date

NBAA Membership
No:

ACPA 3855

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL

To: Chairman of the Board of Directors
Higher Education Students' Loan Board,
Plot No 8, Block No. 46, Sam Nujoma Road, Mwenge
P. O. Box 76068
DAR ES SALAAM.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB) FOR THE YEAR ENDED 30TH JUNE, 2019

Unqualified Opinion

I have audited the financial statements of Higher Education Students' Loan Board (HESLB) which comprise the statement of financial position as at 30th June, 2019 and the statement of financial performance, the statement of changes in net equity, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, and 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' Loan Board (HESLB) as at 30th June, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS) Accrual basis.

Basis for Opinion

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

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

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (Continued)

Other information

Management is responsible for the other information. The other information comprises the Director's Report, Statement of Directors' Responsibilities 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 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.

Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I have determined that there are no key audit matters to communicate in my report.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

INDEPENDENT REPORT OF THE CONTROLLER AND AUDITOR GENERAL (Continued)

Auditor's responsibilities for the audit of the financial statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an 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 ISSAI will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 (as amended in 2016) requires me to state in my annual audit report if the audited entity has complied with the provisions of the Law and its Regulations.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011 (as Amended in 2016)

In view of my responsibility on the procurement legislation and taking into consideration the procurement transactions and processes I have reviewed as part of this audit, I state that, Higher Education Students' Loan Board (HESLB) procurement transactions and processes have generally complied with the requirements of the Public Procurement Act No.7 of 2011 (as amended in 2016) and its underlying Regulations of 2013 (as amended in 2016).


Charles E. Kichere
CONTROLLER AND AUDITOR GENERAL

National Audit Office,
Dodoma, Tanzania.


16th March, 2020


HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2019

Particulars	Notes	2019 TZS	Restated 2018 TZS	Restated 2017 TZS
ASSETS				
Current assets				
Cash and Cash Equivalents	6	70,077,345,171	58,153,372,260	14,929,065,898
Students Loans Receivable	8	137,252,100,000	384,567,910,369	81,330,796,272
Prepayment and Other Receivables	9	4,863,502,805	6,213,287,239	17,864,960,266
Inventories (Consumable Stores)	10	53,903,574	87,890,280	83,751,286
Total Current Assets		212,246,851,550	449,022,460,148	114,208,573,722
Non - Current Assets				
Property, Plant and Equipment	12	5,349,970,142	5,000,910,582	4,837,714,758
Intangible Assets	11	91,277,147	156,362,160	238,553
Institutions Loan Receivable - PDG Students	7	27,163,107,521	25,425,268,056	6,094,244,422
Students Loan Receivable	8	4,336,240,620,673	3,763,144,278,726	,515,073,164,080
Total Non-Current Assets		4,368,844,975,484	3,793,726,819,524	3,526,005,361,813
Total Assets		4,581,091,827,033	4,242,749,279,672	3,640,213,935,535
LIABILITIES				
Current Liabilities				
Payables and Accruals	13	11,311,507,810	5,302,675,906	18,219,364,401
Total Current liabilities		11,311,507,810	5,302,675,906	18,219,364,401
Non - Current Liabilities				
Borrowings PSSSF Loan	14	239,752,716,964	218,224,853,951	197,868,281,376
Total Liabilities		251,064,224,775	223,527,529,856	216,087,645,777
Net Assets		4,330,027,602,258	4,019,221,749,816	3,424,126,289,758
NET ASSETS/EQUITY				
Capital Contributed by:				
Funds Received for Issuing Loans	15	4,218,927,515,961	3,704,603,634,121	2,979,936,357,408
Recovered Students' Loans	16	53,779,101,166	45,821,876,200	41,385,748,964
Recovery Amounts				
Transferred to BOT	18	(416,826,264,030)	(230,523,708,805)	(78,190,908,805)
Staff Loans Revolving Funds	17	1,580,691,837	1,580,691,837	1,580,691,837
Accumulated Surplus		472,566,557,325	497,739,256,464	479,414,400,354
Total Net Assets/Equity		4,330,027,602,258	4,019,221,749,816	3,424,126,289,758

These financial statements were approved by the Board of Directors on 09/03/2020 and signed on its behalf by:


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



Abdul-Razaq Badru
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Notes	2019 TZS	2018 Restated TZS
Revenue from non-Exchange Transactions			
Government subvention	19	4,610,909,243	4,217,109,189
Revenue grants - Medical students	20	2,984,313,866	5,218,154,538
		<u>7,595,223,109</u>	<u>9,435,263,727</u>
Revenue from Exchange Transactions			
Penalty on repayment	21	8,561,275	36,835,803,739
Loan administration fees	22	4,225,420,058	5,938,424,226
Application fees	23	853,230,000	3,642,660,000
Interest income	24	32,196,943	58,462,669
Other income	25	382,453,565	937,225,870
		<u>5,501,861,841</u>	<u>47,412,576,504</u>
Total Revenue		<u><u>13,097,084,950</u></u>	<u><u>56,847,840,231</u></u>
Expenses			
Salaries, wages and employment benefits	26	5,951,041,347	6,356,340,807
Supplies and consumables	27	7,573,959,678	6,674,432,094
Finance expenses	28	21,527,863,016	20,356,573,630
Grants expenditure - Medical students	29	2,984,313,866	5,218,154,538
Total Expenses		<u><u>38,037,177,907</u></u>	<u><u>38,605,501,068</u></u>
Surplus/(Deficit) during the year		<u><u>(24,940,092,957)</u></u>	<u><u>18,242,339,163</u></u>

These financial statements were approved by the Board of Directors on 05/02/2020 and signed on its behalf by:



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




Abdul-Razaq Badru
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Loanable Fund	Recovered Students' Loans	Recovery	Staff Loans	Accumulated Surplus	Total
	TZS		Transferred to BOT			
Balance as at 01 July, 2018	3,704,603,634,121	45,821,876,200	(230,523,708,805)	1,580,691,837	497,739,256,464	4,018,989,143,634
Government Contribution	424,522,165,533	-	-	-	-	424,522,165,533
Value Retention Fee Re-Instated	89,801,716,307	-	-	-	-	89,801,716,307
Recovered Students' Loans for the Year	-	7,957,224,966	-	-	-	7,957,224,966
Amount Transferred	-	-	(186,302,555,225)	-	-	(186,302,555,225)
Deficit for the year	-	-	-	-	(24,940,092,957)	(24,940,092,957)
Balance as at 30 June, 2019	4,218,927,515,961	53,779,101,166	(416,826,264,030)	1,580,691,837	472,566,557,325	4,330,027,602,258
Balance as at 01 July, 2017	2,979,936,357,408	41,385,748,964	(78,190,908,805)	1,580,691,837	479,414,400,354	3,424,126,289,758
Government Contribution	286,764,131,269	-	-	-	-	286,764,131,269
Value Retention Fee	437,903,145,444	-	-	-	-	437,903,145,444
Recovered Students' Loans for the Year	-	4,436,127,236	-	-	-	4,436,127,236
Transfer	-	-	(152,332,800,000)	-	-	(152,332,800,000)
Surplus for the year	-	-	-	-	18,242,339,163	18,242,339,163
Balance as at 30 June, 2018	3,704,603,634,121	45,821,876,200	(230,523,708,805)	1,580,691,837	497,739,256,464	4,019,221,749,816

These financial statements were approved by the Board of Directors on 09/03/2020 and signed on its behalf by:


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



Abdul-Razaq Badru
Executive Director

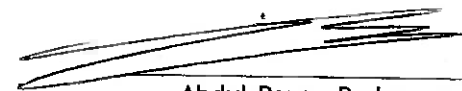
HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Note	2019 TZS.	2018 TZS.
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts:			
Government Subvention	19	4,610,909,243	4,217,109,189
Revenue Grants - Medical Doctor	20	2,984,313,866	5,218,154,538
Application Fees	23	853,230,000	3,642,660,000
Interest Income	24	32,196,943	58,462,669
Penalty on Repayment	21	8,561,275	33,420,558,317
Loan Administration fees	22	4,225,420,058	5,938,424,226
Other Income	25	382,453,565	937,225,870
Total Receipts		13,097,084,950	53,432,594,809
Payments:			
Salaries, Wages and Employment Benefits	26	5,951,041,347	6,532,325,897
Supplies and Consumables	27	6,823,082,135	6,119,253,493
Grants Expenditure - Medical Students	20	2,984,313,866	5,218,154,538
Other payments/receipts		(13,059,627,998)	41,667,063,399
Total Payments		2,698,809,3651	59,536,797,327
Cash from/ (used in) Operating Activities (A)		(2,661,352,399)	(6,104,202,518)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans Issued to Students		(421,633,915,585)	(418,682,236,080)
Recovered students' loans - post board	16	177,721,671,055	178,429,482,004
Acquisition of Property, Plant and Equipment	12	(738,893,433)	(425,209,724)
Cash from used in Investing Activities (B)		(244,651,137,963)	(240,677,963,799)
CASH FLOWS FROM FINANCING ACTIVITIES			
Funds Received for Issuing Loans	15	424,522,165,533	437,903,145,444
Recovered Students' Loans	16	7,957,224,966	4,436,127,236
Recovery amounts transferred to BOT	18	(186,302,555,225)	(152,332,800,000)
Cash from Financing Activities (C)		246,176,835,274	290,006,472,680
Net Increase in Cash and Cash Equivalent (A+B+C)		11,923,972,911	43,224,306,362
Cash and Cash Equivalent at the Beginning of the Year		58,153,372,260	14,929,065,898
Cash and Cash Equivalent at the End of the Year		70,077,345,171	58,153,372,260

These financial statements were approved by the Board of Directors on 20/03/2020 and signed on its behalf by:



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


Abdul-Razaq Badru
Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)
STATEMENT OF COMPARISON BETWEEN BUDGET AND ACTUAL
FOR THE YEAR ENDED 30 JUNE 2019

Particulars	Original Budget 2019 TZS	Adjustments 2019 TZS	Final Budget 2019 TZS	Actual 2019 TZS	Performance Difference 2019 TZS
Receipts					
Loan Application & Appeals Fees	3,350,666,210	-	3,350,666,210	853,230,000	2,497,436,210
Penalty	-	-	-	8,561,275	(8,561,275)
Loan Administration Fees	4,347,833,790	-	4,347,833,790	4,225,420,058	122,413,732
Interest on Call/FDR	-	-	-	32,196,943	(32,196,943)
Other Income	1,500,000	-	1,500,000	382,453,565	(380,953,565)
Grant Funds - Medical Students	8,648,480,000	-	8,648,480,000	2,984,313,866	5,664,166,134
Loanable Funds	418,905,519,995	-	418,905,519,995	421,633,915,585	(2,728,395,590)
Personal Emoluments	5,716,416,450	-	5,716,416,450	4,610,909,243	1,105,507,207
Grant Funds - TVS	12,650,000,000	-	12,650,000,000	7,250,382,604	5,399,617,396
Total Receipts	453,620,416,445	-	453,620,416,445	441,981,383,139	11,639,033,306
Payments					
Loanable Funds	418,905,519,995	-	418,905,519,995	424,522,165,533	(5,616,645,538)
Grants Expenses - Medical Students	8,648,480,000	-	8,648,480,000	2,984,313,866	5,664,166,134
Grants Expenses - TVS	12,650,000,000	-	12,650,000,000	344,632,598	-
Salaries, wages, supplies and consumables	7,700,000,000	-	7,700,000,000	7,700,000,000	12,305,367,402
Personal Emoluments	5,716,416,450	-	5,716,416,450	4,610,909,243	1,105,507,207
Total Payments	453,620,416,445	-	453,620,416,445	4440,162,021,240	13,458,395,205
Net Receipts/(Payment)	-	-	-	1,819,361,899	(1,819,361,899)

These financial statements were approved by the Board of Directors on 02/03/2020 and signed on its behalf by:


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


 Abdul-Razaq Badru
 Executive Director

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

Statement of Compliance

The financial statements of the Higher Education Students' Loans Board (HESLB) have been prepared in accordance with Public Finance Act of 2001 (revised 2004) and comply with the requirements of the 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 2018 to 30 June 2019.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.2. Foreign Currency Translation

Functional and presentation currency

Items included in the financial statements of the HESLB are measured using the currency of the primary economic environment in which the Government operates ("the functional currency"). The financial statements are presented in Tanzanian Shillings (TZS), which is the Government's functional and presentation currency.

Transactions and balances

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

3.3. Cash and Cash Equivalents

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

3.4. Provisions

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

3.5. Employment Benefits

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

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.6. Revenue

Revenue from exchange transactions

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue of HESLB includes Interest Income, Application Fees, Penalty on Repayment, Loan Administration fees and other Income:

Interest Income

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

Loan Application 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.

Penalty on Repayment:

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

Loan administration fees

Is imposed at 1% p.a. of the loan amount.

Interest from Staff Issued Loans

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

Other Income:

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.6. Revenue (Continued)

Revenue from non-exchange transactions

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

Government Subvention

Subvention comprises of funds received from Treasury to cater for Personal emoluments (PE)/employees' salaries and other operational costs. These are unconditional and therefore are recognized and credited to the statement of financial performance in the period in which they are received.

Trainees Voucher Scheme (TVS):

Is a government project financed by the World Bank for funding (issuing grants) to youths from poor households to acquire technical skill in short courses of up to one year in the fields of agriculture, ICT, energy, tourism and hospitality. Income is recognized after verification as to whether the students attended the training.

Grants:

Grants comprises of grants from Treasury and World Bank.

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.7. Investment Property

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

3.8. Property and Equipment

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

Recognition

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

Measurement

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

De-recognition

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

Subsequent Expenditure

Expenditure incurred to replace a component of item of Property, Plant and Equipment is accounted for separately and capitalized only when the amount is material, it is probable that future economic benefits or service potentials associated with the item will flow to the Board and the cost of the item can be measured reliably.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.8. Property, Plant and Equipment (Continued)

Depreciation

The HESLB has adopted straight line method for depreciation of Public Assets which is allocated systematically over the useful life of the respective assets as per the accounting policies applicable. The depreciable amount of an asset shall be allocated on a systematic basis over its estimated useful life. The prevailing International Standard for depreciation shall be applied over the useful life of the assets. In accordance with the Generally Acceptable Valuation Principles (GAVP), depreciation for valuation purposes shall be the adjustment made to the replacement cost to reflect physical deterioration, functional and economic obsolescence.

Property, Plant and Equipment acquired during the year are depreciated from the date when they are available for use and cease to be depreciated at earlier of the date that the asset is classified as held for sale and the date that the asset is de-recognized. The following Estimated useful life (EUL) were applies for accounting for Property, Plant and Equipment for the year ended 30th June, 2019.

S/No.	Asset Category	Estimated Useful Life per Policy	Estimated Useful Life Revised
1	Office Equipment	5 Years	10 Years
2	Office Furniture and Fittings	8 Years	12 Years
3	Motor Vehicle (Light)	5 Years	10 Years
4	Data Servers	3 Years	10 Years
5	Computers and Printers	3Years	10 Years

3.9. Intangible Assets - Computer Software Costs

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

- Students Loan Management Software 40% p.a
- Accounting Software 40% p.a
- Audit Software 40% p.a
- Integrated Loan Management System (ILMS) 40% p.a
- Grand Automation System Integration (GASI) 40% p.a

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019**

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.10. Impairment of Assets

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

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

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

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.11. Financial Instruments

Classification

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

Financial assets and Liabilities

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

3.12. Receivables

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

3.13. Bank Borrowings

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

3.14. Other Borrowings

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

3.15. Payables

Payables are stated at their nominal value.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.16. Borrowing Costs

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

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

Recognition

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

Measurement

(a) Initial measurement

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

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

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

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

3.17. Retirement Benefits

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

No.	Name of the Fund	Employer Contribution	Employee Contribution
1	National Social Security Fund	15%	5%
2	Public Servants Social Security Fund	15%	5%
3	WCF	0.50%	0% (Government)

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.18. Short Term Benefits

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

3.19. Termination Benefits

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

3.20. Offsetting Financial Asset and Financial Liability

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

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

3.21. Related Party Transactions

HESLB is wholly owned by the Government under the Ministry of Education, Science and Technology. The Board does not own shares of any class in any business. All business transactions are conducted at arm's length in line with the provisions of the Higher Education Students' Loans Board Act No. 9 of 2004 (as amended), the International Financial Reporting Standards and any other complimenting Accounting Standards deemed suitable in the circumstances to reflect a true and fair view of the accounts during that time. The only related party transactions during the financial year ended 30th June 2019 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	2019 TZS	2018 TZS
i) Board of Directors		
Board of Directors Allowances and Annual Directors Fees	21,874,750	9,187,500
	<u>21,874,750</u>	<u>9,187,500</u>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES (Continued)

3.21. Related Party Transactions (Continued)

	2019 TZS	2018 TZS
ii) Emoluments to Key Management Staff		
Salaries	1,320,588,371	1,249,325,000
Allowances	214,560,000	418,582,000
	<u>1,535,148,371</u>	<u>1,667,907,000</u>

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

• **Interest Rate Risk**

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

• **Currency Risk**

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2019

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

- **Credit Risk**

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

5. CHANGES IN ACCOUNTING POLICIES

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

6. CASH AND CASH EQUIVALENTS

	2019 TZS	2018 TZS
CRDB Bank Plc	22,344,026,023	19,393,926,738
National Microfinance Bank Plc	39,224,681	25,212,631,058
Tanzania Postal Bank	-	286,574,896
Bank of Tanzania	47,694,094,468	13,260,239,569
	<u>70,077,345,171</u>	<u>58,153,372,260</u>

7. INSTITUTIONS LOAN RECEIVABLE (Loans issued to PGD)

Balance as at 1 st July	25,425,268,056	10,633,246,397
Additional loans	4,704,874,322	14,863,745,086
Total	<u>30,130,142,378</u>	<u>25,496,991,482</u>
Less: Amount recovered	2,967,034,857	71,723,426
Balance as at 30 th June	<u>27,163,107,521</u>	<u>25,425,268,056</u>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

8. STUDENTS' LOAN RECEIVABLE

	2019 TZS	2018 TZS
Balance as at 1 July	4,527,275,921,457	2,946,358,200,895
: Adjust penalty overbooked in prior years	(290,027,397)	-
Adjusted balance	4,526,985,894,060	2,946,358,200,895
Additions:		
Loan issued	421,633,915,585	418,682,236,080
Loan Administration Fee	4,225,420,057	34,093,585,555
Value Retention Fee	89,801,716,307	949,498,968,479
Penalties on late loan repayment	-	189,101,847,125
Gross Loans	<u>5,042,646,946,009</u>	<u>4,537,734,838,133</u>
Less:		
Provision	(10,130,982,454)	(10,458,916,676)
Balance as at 30 th June	<u>5,032,515,963,555</u>	<u>4,527,275,921,457</u>
Made up of:		
Current portion	137,252,100,000	384,567,910,369
Institutions Loan Receivable (Note7)	27,163,107,521	25,425,268,056
Long Term Portion	4,336,240,620,673	3,763,144,278,726
Recovered Students' Loans	<u>531,860,135,360</u>	<u>354,138,464,305</u>
	<u>5,032,515,963,555</u>	<u>4,527,275,921,457</u>
Movement in provision:		
Balance as at 1 st July	(10,458,916,676)	(11,391,108,038)
(Additions)/Reversal	327,934,222	932,191,362
Balance as at 30 th June	<u>(10,130,982,454)</u>	<u>(10,458,916,676)</u>
Recovered Students' Loans is made up of:		
Recovered principal loans	465,159,775,494	309,782,958,365
Recovered loan administration	6,129,929,165	5,764,141,135
Recovered VRF	36,557,084,340	21,322,589,293
Recovered penalty	<u>24,013,346,362</u>	<u>17,268,775,512</u>
Total Recovered Students' Loans	<u>531,860,135,360</u>	<u>354,138,464,305</u>

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

9. PREPAYMENTS AND OTHER RECEIVABLES

	2019 TZS	2018 TZS
Staff Advance	20,134,640	31,654,815
Staff Imprest	242,151,248	131,560,764
Staff Loans Motor Vehicles) - (i)	707,646,174	985,597,359
Staff Loans (Housing) - (ii)	303,278,477	318,449,377
Rent prepaid	26,159,368	20,423,593
Prepaid Insurance	21,117,133	19,359,631
Outstanding students' Loans - (iii)	3,439,731,097	4,224,270,149
Salary arrears receivable from	35,462,934	35,462,934
Prepaid Fuel	21,231,735	11,447,735
Sundry Debtor - MOEST	46,590,000	46,590,000
TVS Receivable - MOEST	-	77,287,000
GPSA - Motor Vehicles Receivable	-	322,631,616
Provision for Doubtful Debt - (iv)	-	(11,447,735)
	4,863,502,805	6,213,287,239

10. INVENTORY

Stationery Supplies	26,881,554	58,570,565
Computer Accessories	27,022,020	29,319,715
Total Consumables	53,903,574	87,890,280
Analysis of Inventory expensed during the year:		
Stationery Supplies	32,449,011	220,287,318
Computer Accessories	1,394,700	54,391,915
	33,843,711	274,679,233

11. INTANGIBLE ASSETS

Cost	2018/2019	2017/2018
As at 1 July	859,841,035	702,632,260
Additions	-	157,208,775
As at 30 June	859,841,035	859,841,035
Accumulated amortization		
As at 1 July	703,478,875	702,393,707
Charge for the year	65,085,013	1,085,168
As at 30 June	768,563,888	703,478,875
Net carrying amount		
As at 30 June	91,277,147	156,362,160

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

12. PROPERTY, PLANT AND EQUIPMENT
(i)PPE for 2018/2019

Particulars	Building W.I.P.	Land	Motor Vehicles	Office Furniture & Fittings	Office Equipment	Computers, Printers & Fax	Data Servers	Generators	Total
As at 01.07.2018	2,270,793,769	760,230,769	1,364,282,789	1,491,930,487	312,321,883	1,109,271,871	151,302,708	51,294,440	7,511,428,716
Additions for the year	-	-	375,360,746	-	21,039,114	33,228,743	309,264,830	-	738,893,433
As at 30.06.2019	2,270,793,769	760,230,769	1,739,643,535	1,491,930,487	333,360,997	1,142,500,614	460,567,538	51,294,440	8,250,322,149
Depreciation:									
As at 01.07.2018	-	-	797,532,922	702,055,794	240,574,497	637,971,903	81,088,578	51,294,440	2,510,518,134
Charge for the year	-	-	140,810,396	100,056,664	13,873,839	78,213,835	56,879,138	-	389,833,873
As at 30.06.2019	-	-	938,343,318	802,112,458	254,448,336	716,185,738	137,967,716	51,294,440	2,900,352,007
Net Book Value:									
As at 30.06.2019	2,270,793,769	760,230,769	801,300,217	689,818,029	78,912,661	426,314,875	322,599,822	-	5,349,970,142
As at 30.06.2018	2,270,793,769	760,230,769	566,749,867	789,874,693	71,747,386	471,299,968	70,214,130	-	5,000,910,582

(ii) PPE for 2017/2018

Particulars	Building W.I.P.	Land	Motor Vehicles	Office Furniture & Fittings	Office Equipment	Computers, Printers & Fax	Data Servers	Generators	Total
As at 01.07.2017	2,270,793,769	760,230,769	1,116,921,416	1,446,548,277	305,062,043	984,065,569	151,302,708	51,294,440	7,086,218,992
Additions for the year	-	-	247,361,373	45,382,210	7,259,840	125,206,301	-	-	425,209,724
As at 30.06.2018	2,270,793,769	760,230,769	1,364,282,789	1,491,930,487	312,321,883	1,109,271,871	151,302,708	51,294,440	7,511,428,716
Depreciation:									
As at 01.07.2017	-	-	735,901,789	593,374,095	229,467,313	574,059,432	66,407,166	51,294,440	2,248,504,235
Charge for the year	-	-	61,631,133	108,681,699	11,107,184	65,912,471	14,681,412	-	262,013,900
As at 30.06.2018	-	-	797,532,922	702,055,794	240,574,497	637,971,903	81,088,578	51,294,440	2,510,518,134
Net Book Value:									
As at 30.06.2018	2,270,793,769	760,230,769	566,749,867	789,874,694	71,747,386	471,299,968	70,214,130	-	5,000,910,582
As at 30.06.2017	2,270,793,769	760,230,769	381,019,527	853,174,183	75,594,730	412,006,138	84,895,542	-	4,837,714,758

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

13. PAYABLES AND ACCRUALS

Particulars	2019 TZS	2018 TZS
Outstanding Students' Loans	3,439,731,097	4,224,270,149
Directors' fees payable	35,000,000	35,000,000
Bank charges payable	-	7,872,465
Audit fee payable	254,639,452	254,639,452
Electricity payable	8,097,063	8,724,031
Internet payable	22,990,123	14,142,383
Tuition fee payable - TVS	384,000,795	-
Iprint ltd	10,218,800	-
Acting allowance payable	-	32,943,000
Housing allowance payable	-	3,000,000
Utility allowance payable	-	3,520,000
Land masters combine	-	11,800,000
Other Deduction Payable	45,000,296	24,474,266
Bank deposits	624,726,315	682,290,160
Grant received in advance - TVS	6,487,103,871	-
Total Payables and Accruals	11,311,507,811	5,302,675,906

14. PSPF LOAN

PSPF Loan	54,644,657,534	54,644,657,534
Long Term Unpaid Interest on PSPF Loan	80,316,986,300	72,285,287,670
Long Term Unpaid Penalty on PSPF Loan	104,791,073,130	91,294,908,746
Total PSPF Loan	239,752,716,964	218,224,853,951

15. FUNDS RECEIVED FOR ISSUING LOANS

Balance as at 1 st July	3,704,603,634,121	2,979,936,357,408
Additions:		
Value Retention fee	89,801,716,307	286,764,131,269
Government Subvention	424,522,165,533	437,903,145,444
Total Loanable Funds	4,218,927,515,961	3,704,603,634,121

16. RECOVERED STUDENTS LOANS

Balance as at 1st July	45,821,876,200	41,385,748,964
Collected during the year	185,678,896,022	182,865,609,240
TOTAL	231,500,772,221	224,251,358,204
Less: Amount recovered for loans Issued by HESLB	177,721,671,055	178,429,482,004
Balance as at 30th June	53,779,101,166	45,821,876,200

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

16. RECOVERED STUDENTS LOANS (Continued)

Recovered Students' Loans is the amount collected from the inherited loans by the Board for TZS. 51,103,685,914 which were issued by the Government from July 1994 to June 2005 to Public Higher Learning Institutions students. During the year TZS 7,957,224,967 were the amount collected from pre-board beneficiaries and TZS177,721,671,055 were collection from post board beneficiaries. The amount collected from pre-board beneficiaries form part of the financing activities.

17. STAFF LOAN REVOLVING FUND

	2019 TZS	2018 TZS
Balance as at 1 st July	1,580,691,837	1,580,691,837
Additions:		
Amount during the year	-	-
Total Staff Loan Revolving Fund	<u>1,580,691,837</u>	<u>1,580,691,837</u>

This relates to fund set aside for staff loans.

18. RECOVERED AMOUNT TRANSFERRED TO BOT

Balance as at 1st July	230,523,708,805	78,190,908,805
Amount transferred during the year	186,302,555,225	152,332,800,000
Total Staff Loan Revolving Fund	<u>416,826,264,030</u>	<u>230,523,708,805</u>

19. GOVERNMENT SUBVENTION

Government Subvention - PE	3,847,630,510	4,217,109,189
Revenue Grants - TVS	763,278,733	-
Total Government Subvention (Other Charges)	<u>4,610,909,243</u>	<u>4,217,109,189</u>

20. REVENUE GRANT - MEDICAL STUDENTS

Income for the year	2,984,313,866	5,218,154,538
Total Revenue Grant - Medical Students	<u>2,984,313,866</u>	<u>5,218,154,538</u>

These are income in respect of amounts paid to Medical students, the amounts are not repayable.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

21. PENALTY ON REPAYMENT

	2019 TZS	2018 TZS
Penalty charged for Late Loan Repayment for the year	8,561,275	36,835,803,739
Total Penalty on Repayment	8,561,275	36,835,803,739

Note: Fall in penalty is due to the changes of the Act '*Written Law Miscellaneous Amendment Act No. 3 of 2016*' which gave grace period from One (1) year to Two (2) years before penalty.

22. LOAN ADMINISTRATION FEES

Loan Administration Fees for the year	4,225,420,058	5,938,424,226
Total Loan Application Fees	4,225,420,058	5,938,424,226

23. APPLICATION FEES

Application Fees for the year	853,230,000	3,642,660,000
Total Application Fees	853,230,000	3,642,660,000

Variation of income for application fee is due to the fact that the application window for 2018/2019 was opened in June 2018 and later on extended to July 2018 while the application window for 2019/2020 was opened in July 2019.

24. INTEREST INCOME

Interest Income for the year	32,196,943	58,462,669
Total Interest Income	32,196,943	58,462,669

This relates to interest received on call accounts.

25. OTHER INCOME

Tender Documents	940,000	800,000
Miscellaneous Income	381,513,565	936,425,870
Total Other Income	382,453,565	937,225,870

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

26. SALARIES, WAGES AND EMPLOYMENT BENEFITS

Personal Emoluments	3,881,715,752	4,238,931,599
Electricity bills to entitled staffs	48,260,000	42,295,000
Leave Travel	31,270,200	47,837,552
Fuel and maintenance allowance	-	432,000
Outfit Allowance	300,000	-
Contribution to NHIF	2,925,000	2,925,000
Subsistence Allowance	76,049,100	47,623,300
Housing Allowance	94,200,000	94,951,500
Staff Food/Tea/Coffee and Refreshments	1,950,000	2,360,000
Internship Allowance	60,652,700	72,280,000
Uniforms	5,900,000	5,200,000
Honorarium	455,433,400	391,350,000
Passages Allowances (Transportation of Personal Effects)	8,769,200	21,231,000
Extra Duty/Overtime	343,170,000	384,225,000
Perdiems - Foreign	33,818,485	29,777,434
Acting Allowance	222,335,720	469,238,312
Special Allowance	439,371,640	328,640,000
Mobile charges (For office)	14,085,000	-
Management Sitting Allowance	83,235,000	32,500,000
Court Attire Allowance	3,000,000	-
Moving expenses	26,725,400	-
Furniture to Entitled Staff	96,000,000	68,000,000
Terminal Benefit	-	17,105,611
Gratuity	-	33,750,000
Directors Fees	21,874,750	9,187,500
Preparation of Regulations	-	16,500,000
TOTAL	<u>5,951,041,347</u>	<u>6,356,340,807</u>

27. SUPPLIES AND CONSUMABLES

Food and refreshment	183,733,268	201,675,590
Telephone (Entitled staffs)	28,675,000	32,500,000
Medical Expenses	270,000	100,000
Water and waste disposal	8,351,502	-
Office consumables	83,655,430	98,451,972
Computer supplies	43,044,701	67,737,328
Photocopy Paper A4 white	9,395,500	11,328,000
Books, refreshment and periodicals,	639,500	-
Newspapers and magazine	6,453,200	19,616,914
Printing Costs	17,967,400	45,398,550
Computer soft ware	21,963,909	-

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

27. SUPPLIES AND CONSUMABLES (Continued)

	2019 TZS	2018 TZS
Outsourcing Costs (includes cleaning and security services)	163,360,976	148,505,957
Electricity	134,346,130	132,397,217
Fuel, Oils, Lubricants	37,884,906	37,497,443
Petrol	400,000	620,000
Diesel lubricant	115,408,067	41,549,613
Uniform and ceremonial dresses	880,000	-
Rent of Vehicles and crafts	1,552,970	-
Rent - Housing	18,053,966	18,053,966
Rent Office Accommodation	1,034,830,938	1,069,443,721
Rent of Private vehicles	600,000	-
Conference facilities	76,544,600	13,800,000
Tuition fee - Domestic	58,703,234	49,705,000
Remuneration of Instructors	6,510,750	-
Production and Printing	22,784,100	-
Air Travel Tickets-Domestic	123,544,677	154,600,000
Ground Transport (Bus, Train, Water)	211,760,345	124,673,400
Perdiems Domestic	1,101,007,692	826,797,254
Air Travel Tickets - Foreign	4,132,981	-
Water transport	2,415,000	-
Internet and Email connections	278,876,825	130,888,526
Postal Charges & Telegrams	9,553,698	41,844,142
Telephone and Fax	415,000	35,482,000
Advertisements/Publicity	94,568,800	198,762,455
Courier Services	81,832,614	-
Telephone Charges (ground line)	6,640,000	-
Public (IEC policies, website)	971,000	-
Subscription Fees	12,654,401	3,906,906
Communication Network Services	21,110,527	-
Technical Materials	178,500	-
Educational Radio and TV broadcasting programming	23,600,000	-
Exhibition, festivals and celebration	14,810,785	27,289,390
Catering Services	37,782,140	-
Entertainment	69,196,000	46,000,000
Gifts and prizes (Awards)	16,000,000	7,000,000
Taxes and license	-	362,500
Sports expenses	-	21,670,000
Social contribution	3,000,000	-

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

27. SUPPLIES AND CONSUMABLES (Continued)

	2019 TZS	2018 TZS
Motor Vehicles (service and maintenance)	56,481,447	-
Outsource maintenance (service s)	19,937,748	10,397,000
Repairs and maintenance (office equipment)	28,098,270	28,179,258
Repair and maintenances (Air conditioners)	1,505,000	-
Telephone Equipment (ground line)	150,000	-
Outsource maintenance contract services (Office equipment)	200,000	-
Other Supplies and Services (not elsewhere classified)	6,061,804	-
Fumigation	36,000	-
Audit Fees & Expenses	256,139,452	579,628,504
Legal Fees	26,470,218	26,592,000
Agency Fees	1,237,843,606	1,216,022,570
Consultancy Fees	297,723,217	77,853,100
Investigation expenses	1,192,000	-
Burial expenses	16,960,000	-
Amortization of computer software	65,085,013	1,085,468
Depreciation - Motor Vehicles	140,810,396	61,631,133
Depreciation - Plant, Machinery & Eqpt	13,873,839	11,107,184
Depreciation - Furniture & Fittings	100,056,664	108,681,699
Depreciation - Computers and Related Equipment	78,213,835	65,912,471
Depreciation - Data server	56,879,138	14,681,412
Subscription Fees	22,952,468	23,164,164
Stationary and Office Supplies	32,449,011	220,287,318
Bad debts	39,613,204	-
Staff training	965,000	114,641,700
Burial Expenses	3,050,000	1,720,000
Fuel and Lubricants Expenses	320,000	84,217,443
Vehicles service and repair	120,000	107,037,425
Travelling on Duty - Domestic	127,673,442	244,910,548
Seminar and Conference Expenses	1,216,500	2,076,800
Workers Council	1,664,000	60,713,000
Computer Expenses & Accessories	1,394,700	54,391,915
Kitchen Appliances & Utensils	1,146,000	3,760,153
Students Verification	450,000	12,897,200
Insurance expense	29,783,453	36,405,295
DSTV Charges	162,000	467,000

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

27. SUPPLIES AND CONSUMABLES (Continued)

	2019 TZS	2018 TZS
Bank Charges	108,744,618	105,203,203
Stocktaking Expense	2,340,000	17,065,000
Tender Expenses	-	20,731,200
Provision for doubtful debt	3,654,815	11,447,735
Tuition fee grant - TVS	597,875,899	-
Total Supplies and Consumables	<u>7,573,959,678</u>	<u>6,674,432,094</u>

Note: The expenditures in the year 2018/2019 have followed the GFS codes which have become applicable for the whole government accounting system as was directed by the Treasury among other things to make the consolidation of government accounts easy, whereas the expenditures for 2017/2018 were analyzed as per function. This has caused some variations of figures between the two accounting years as may be seen in note 26 and 27 above. Furthermore; in 2018/2019 the big tasks of systems development and tracing of loan beneficiaries took place which finally resulted into more loan recoveries, these as well have triggered some expenditures to go up.

28. INTEREST EXPENDITURE

Penalty on PSSSF Loan	13,496,164,383	12,324,875,000
Interest on PSPF Loan	8,031,698,630	8,031,698,630
Financial Expenses	<u>21,527,863,014</u>	<u>20,356,573,630</u>

29. GRANT EXPENDITURE - MEDICAL STUDENTS

	2019 TZS	2018 TZS
Tuition Fee Grant	1,858,034,104	3,713,893,480
Special Faculty Requirement Grant	343,362,400	407,223,600
Books and stationery Grant	169,800,000	244,438,484
Meals and accommodation	-	29,638,125
Field/Practical Training Grant	276,480,000	350,350,000
Research Grant	256,970,000	257,450,000
Stipend Overseas Grant	79,667,362	215,160,849
Total Other Income	<u>2,984,313,866</u>	<u>5,218,154,538</u>

30. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued) FOR THE YEAR ENDED 30 JUNE 2019

31. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting date which required disclosures or adjustments in the financial statements for the year ended 30 June 2019.

32. LITIGATIONS

As at 30 June 2019, 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 in immaterial cash outflow from HESLB.

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. HESLB is of the opinion of winning the case and the matter is coming for cross-examination of respondent witness.

Gabriel Gaye Robi

The applicant (HESLB) is challenging CMA award of re-engagement without loss of salary. We are waiting for High Court-Labour court judgement on our revision.

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 still at initial stage of hearing.

Patience Mutabirwa and 104 Others

Claiming for payment of TZS 3,783,060,929.28 being outstanding allowances to HESLB employees following suspension of their allowances in 2016. We are waiting for notice of hearing after application of condonation was granted.

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 payment of arbitration fee by the claimant (RENOVEX) after such payment we will collect the ruling on the preliminary objection we raised.

Yusufu M. Kisare

CMA ruled that he be paid TZS 63,424,000.00. HESLB has filed a revision scheduled on 12/12/2019..

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019

32. LITIGATIONS (Continued)

George Nyatega

CMA ruled that he be paid as follows:

(a) TZS 105,360,000.00

(b) USD 23,097.00

(c) Rupees 857,177.00

(d) 30% gratuity

HESLB has filed a revision at CMA.

Aloys Thomaro

Has file a case at Bukoba High court against HESLB and other Two (2) for unlawful termination of contract, claiming TZS 66,127,858.00. The matter is at hearing stage.

33. PRIOR YEAR ADJUSTMENTS

	As previous stated TZS'000	Adjustments TZS'000	As restated TZS'000
Statement of financial position			
As at 30 June 2017			
Plant, property and equipment	3,913,035	924,679	4,837,714
Accumulated surplus	478,489,721	924,679	497,414,400

In 2019, the Board re-instated the useful life of its plant, property and equipment and resulted into an increase in value of TZS 924,679,646.00. This was a result of a directive from that Ministry of Finance which required that the items of PPE have to be carried at cost.

Therefore, in order to capture the increase in value, the amount was adjusted to accumulated surplus and it was treated as corrections of errors from prior periods.

HIGHER EDUCATION STUDENTS' LOANS BOARD (HESLB)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 30 JUNE 2019**

33. PRIOR YEAR ADJUSTMENTS (Continued)

The restatement has resulted in to the following impact as at 1 July 2017;

Increasing the carrying value of the plant, property and equipment by TZS 924,679,646 which was an increase in value; and

Increasing accumulated surplus by TZS 924,679,646.

The restatement has resulted in to the following impact in the 2017/2018;

The change in 2016/2017 PPE stated above has caused the restated depreciation for 2017/2018 to fall by TZS 212,674,723.00, this has the effect of increasing the profit and finally the accumulated surplus for the same year by the same amount.