

# HIGHER EDUCATION STUDENTS' LOANS BOARD



Annual Report & Financial Statements  
2008/2009





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# Vision & Mission

## VISION

“To be a centre of excellence for the provision of loans to needy and eligible Tanzanian students of higher learning institutions”

## 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.”



HIGHER EDUCATION STUDENTS' LOANS BOARD

## LETTER OF TRANSMITTAL

Hon. Prof. Jumanne A. Maghembe (MP),  
Minister for Education and Vocational Training,  
P.O Box 9121,  
DAR ES SALAAM.



Honourable Minister,

In accordance with section 16(1) of HESLB Act No.9 of 2004 (CAP 178 ) as amended, I have the honour to submit the 2008/2009 Annual Report and the Audited Accounts of the Higher Education Students' Loans Board (HESLB) for the financial year ending 30th June, 2009. This becomes the fourth annual report of the Board since its establishment.

Basically, the report represents:-

- (i) The HESLB operational review for the financial year ending 30th June,2009
- (ii) Board Members responsibility in respect of the financial statements and
- (iii) The Audited Financial Statements for the year ended 30th June, 2009.

I transmit.

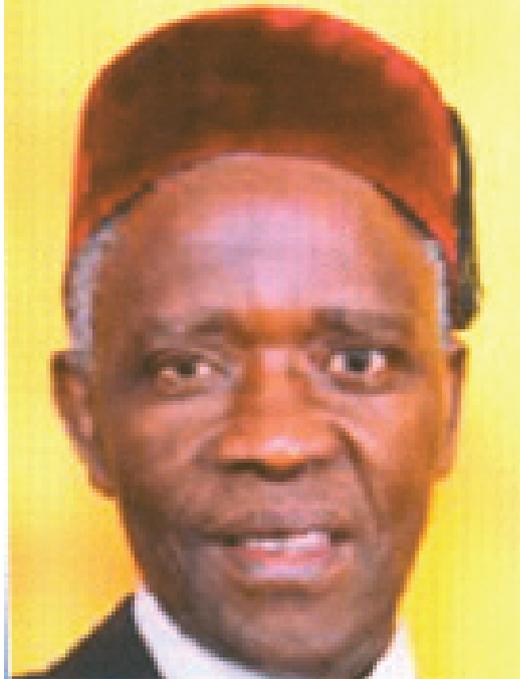
Yours faithfully,

Hon. Nimrod E. Mkono (MP)  
CHAIRMAN OF THE BOARD



## CHAIRMAN'S STATEMENT

### HIGHER EDUCATION STUDENTS' LOANS BOARD



I am pleased to present to you, on behalf of the Higher Education Students' Loans Board (HESLB), the Annual Report of the Board for the financial year ended 30th June, 2009.

During the year under review, the higher education sub sector recorded increases in enrolment of students in Higher Education Institutions (HEIs) as well as loans being issued to them. Loan issuance in the year 2008/2009 increased by 6% to 58,798 students, as compared to the previous year, where a total of 55,687 students in both public and private higher learning institutions in and outside the country were given loans by the Board.

On the other hand, total amount of loans issued out during the year increased from Tzs. 110,751,964,205.00 recorded in 2007/2008 to Tzs. 139,093,681,094.00 in 2008/2009. The impressive record of number of students benefitting from these loans and amounts disbursed to them is a step towards realization of a national goal of having a learned society as enshrined in the National Vision 2025. It is therefore envisaged that increased access to higher education by

During the year under review, the higher education sub sector recorded increases in enrolment of students in Higher Education Institutions (HEIs) as well as loans being issued to them.

Tanzanians will have a multiplier effect in other sectors of the economy with respect to the development of our country.

On loan repayment and recovery, updating of a database of previous loan beneficiaries continued and actual follow up and recovery of those loans was strengthened. Strategies used to strengthen loan repayment, among others, included awareness campaign to sensitize loan beneficiaries, employers and the public in general on higher education loan repayment. The Board also continued to use Debt collecting Agents during the financial year 2008/2009 to supplement the efforts of the Loan Repayment staff.

I wish to extend my thanks and appreciation to the Government of the United Republic of Tanzania as well as the Revolutionary Government of Zanzibar, through the respective Ministries of Education and Vocational Training, for their continued support to the Board. I also wish to extend my appreciation to the Union Ministry of Finance and Economic Affairs, Financial Institutions, Higher Education Institutions, sister Organizations/Agencies and Higher Education Students for the cooperation we received from them during the year. I would also like to thank all Members of the Board, Management and Staff of the Board for their efforts in achieving most of the HESLB objectives and targets during the financial year 2008/2009.

**Hon. Nimrod E. Mkono (MP)**  
**CHAIRMAN OF THE BOARD**



## BOARD OF DIRECTORS

### HIGHER EDUCATION STUDENTS' LOANS BOARD

The Board of Directors of the Higher Education Students' Loans Board (HESLB) was composed of total 14 members drawn from its main stakeholders as follows:-



Hon. M. E. Mbono (MP)  
(Chairman)



Mr. N.H. Mwanji  
(Chairman)



Prof. W. S. Abel



Mrs. W. L. Mwaunyungu



Prof. N.T.A. Bangu



Prof. A. Pireka



Mr. S.H. Nwinyi



Prof. M. Muboko



Mrs. F.M. Haji



Dr. W.A. Mgwira



Mrs. M. H. Kajo



Ms. S. A. Mohamed



Mr. E. Chitape



Mr. D. H. Omary



Mr. G. R. W. Nyabegu  
(Secretary)



#### 3.2 BOARD COMMITTEES AND MEETINGS

The Board held ordinary (statutory) and extra ordinary meetings to deliberate on policy matters of the Board as per the requirement of the HESLB Act. No. 9 of 2004 (as amended). During the period under review, the Board mainly transacted its activities through three committees of the Board, namely the Loans Allocation and Repayment Committee (LARC), the Finance, Planning and Administration (FPA) Committee and the Audit Committee (AC).

#### 3.3 CORPORATE GOVERNANCE

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. The Board managed to do this through its three Committees which reported to the Full Board, on a quarterly basis, on the business transacted by them during the quarter.

##### 3.3.1 Loans Allocation and Repayment Committee

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.

##### 3.3.2 Finance, Planning and Administration Committee

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.

##### 3.3.3 Audit Committee

The Audit 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.

#### 3.4 FUNCTION AND POWERS OF THE BOARD

The Higher Education Students' Loan Board, (HESLB) was established under the Act No. 9 of 2004 (as amended) and commenced operations in July, 2005. HESLB (known as the Board) is a Public Organization, currently under the Ministry of Education and Vocational Training (MoEVT).

Section 6 of the HESLB Act provides functions of the Board as follows:-



### 3.4.1 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 loans
- (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.

### 3.4.2 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;
- (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



## BOARD COMMITTEES

### HIGHER EDUCATION STUDENTS' LOANS BOARD

with the provisions of the Act or regulations made hereunder or in furtherance thereof;

- (viii) To determine other criteria and conditions governing the granting of students loan including the rates of interest and recovery of loans;
- (ix) To determine the maximum number of eligible students to be granted loans in any one particular year;
- (x) To recover all loan moneys owed by former student loan beneficiaries since July, 1994 under the Students Loan from or with the assistance of their respective employers or otherwise in accordance with the provisions of this Act and regulations made there under;
- (xi) To appoint, settle the terms and conditions of service or terminate the appointment of such employee of the Board as it is empowered to appoint under this Act as it may deem necessary;
- (xii) To decide and or recommend conditions of service and employment packages for the employees and or the officers of the Board and to approve or, as the case may be, recommend staff establishment and staff development plans prepared by management within the financial resources of the Board;
- (xiii) To establish divisions or sub-divisions or disestablish any one of them and give them any such designation or designations as it may deem fit;
- (xiv) To make arrangements or provisions for health, pension, superannuation and or other terminal benefits for its officers or other employees in accordance with any written law applicable to public servants;
- (xv) To consider and approve the annual budget submitted by the management for the purposes of monitoring and reviewing financial statements and authorize major expenditure for the Board;
- (xvi) To formulate and implement Board financial policies;
- (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.



**4.0 STATEMENT OF THE EXECUTIVE DIRECTOR**

I have the honor to present to you, the fourth HESLB annual report which presents the operational performance, achievements as well as challenges encountered during the financial year 2008/2009. With this report I am also pleased to present plans for the year 2009/2010 as outlined hereunder:-

**4.1 Overview**

HESLB main mandate is to facilitate enhanced quality training of professionals at higher education levels by way of loans issuance. Since its establishment, HESLB has issued loans to needy students who are not economically able but have excelled academically.

In four years of operations, notable changes have been recorded in both number of students benefitting from students loans and increase in the amount of money set aside for issuance as loans, as shown on Table 1 below.

**Table 1: Number of students given loans and total amount given to them**

Financial Year	Loaned Students	Loaned Amount (TZS)
2005/2006	42,729	56,111,371,483.00
2006/2007	47,554	76,193,757,565.00
2007/2008	55,687	110,751,964,205.00
2008/2009	58,798	139,093,681,094.00
<b>Total</b>	<b>203,751</b>	<b>382,150,774,347.00</b>

The country's heavy investment in the higher education sub sector is no doubt geared to realize the national goals of having a nation that has adequate qualified manpower for national development. One of the resultant benefits of this investment is the increased quantity of educated people who are adequately equipped with relevant knowledge and skills. This report focuses on HESLB fourth year of operations since its establishment.

**4.2 Objectives for the Financial Year 2008/2009**

The Higher Education Students' Loans Board objectives for the financial year 2008/2009 budget envisage realization of five strategic objectives as indicated below:-

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



#### 4.3 Loans items provided by the Board:

According to the requirements of its establishing Act, the Board provides loans to cover the cost of the following items:-

- (i) Meals and Accommodation charges
- (ii) Books and Stationery expenses
- (iii) Special Faculty expenses
- (iv) Field Practical Training expenses
- (v) Research expenses
- (vi) Tuition Fees

#### 4.4 Loan Award Criteria and Conditions

Initially the Board allocated loans to students manually due to lack of computerized system which could carry out means testing for the loan applicants. This forced the Board to issue 100% loans to all applicants in 2005/2006.

However, with the assistance of the Government, HESLB purchased and installed a Loan Management System in 2006/2007; which was subsequently improved in 2007/2008 making it able to carry out means-testing for loan applicants. Therefore, beginning July, 2007 loans were given to students based on their economic abilities.

Means Test is an electronic tool used to determine economic ability of the loan applicants. It is conducted automatically by the Loan Management System based on information provided by the applicants. Variables and weights considered in the means test during the year were as follows:-

Variables	Weight
Educational background	40%
Social economic status	20%
Parent educational level	20%
Parents occupation	10%
Parents assets	5%
Parents lifestyle	5%

However, in an attempt to encourage more students to undertake science based programmes, loan applicants admitted in Higher Education Institutions to undertake science courses were provided with loans at 100%.

#### 4.5 Achievements made since inception

Since its inception, the Board has been playing an important role in facilitating access to higher education by providing loans to eligible and needy Tanzanian students guided by the concept of cost-sharing in the provision of higher education in the country.



Over the period of four years since its establishment, the Board has achieved the following:-

- Provided loans to a total of **58,798** needy Tanzanian students pursuing their undergraduate and postgraduate in both domestic and overseas Higher learning Institutions, which was an increase of about **6%** compared to **55,687** students who were given loans in 2007/2008.
- Increase of number of students issued loans from **16,345** in 2004/2005 to **58,798** in 2008/2009.
- Disbursed loan amounting to TZS. **382,150,774,347.00** over a period of four years, beginning 2005/2006.
- Traced **15,290** or **31.61%** of the **48,378** students whose loans were due for repayment,
- Collected TZS **2,088,678,405.00** or **3%** of the TZS **80,957,774,604.00** which was the amount that were due for repayment as compared to 1% in the previous year (2007/2008),

#### 4.6 Relationship and Membership with other Institutions (Networking)

##### 4.6.1 Nationally

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

##### 4.6.2 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.

##### 4.6.3 Membership

HESLB is one of the founder members and is currently hosting the secretariat of Association of African Higher Education Financing Agencies (AAHEFA) which seeks to promote information exchange and cooperation among member organizations on financing for higher education in the continent.

#### 4.7 Financial Results

The main sources of income of the Board during the period included Government Subvention, Interest on deposits and Application fees. The incomes are expended on issuance of loans to higher education students and HESLB operational activities comprising of other charges and personal emoluments.

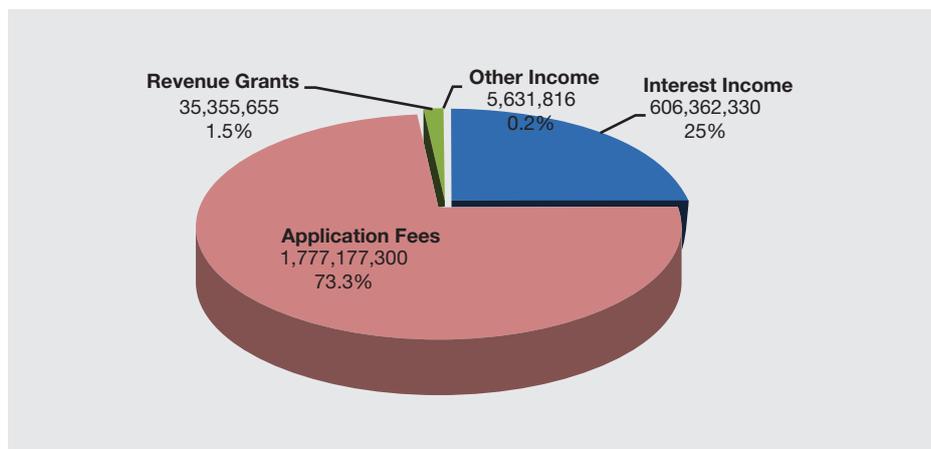
##### 4.7.1 Income for Financial Year 2008/2009

During the period under review, the Board received a Government Subvention of TZS. **139,093,681,094.00** for Loanable funds. The Board also received TZS. **3,084,213,000.00** for operational expenses, from the Government .



The Board generated internally, a total of TZS. 2,424,527,101.00 Which was an increase of 45% as compared to last year's internally generated income, through Loan Application Fees (TZS. 1,777,177,300.00), Interest on Bank Deposits (TZS. 606,362,330.00), Grants (TZS. 35,355,655.00) and Other Income (TZS. 5,631,816.00) as indicated in Figure 1 below:

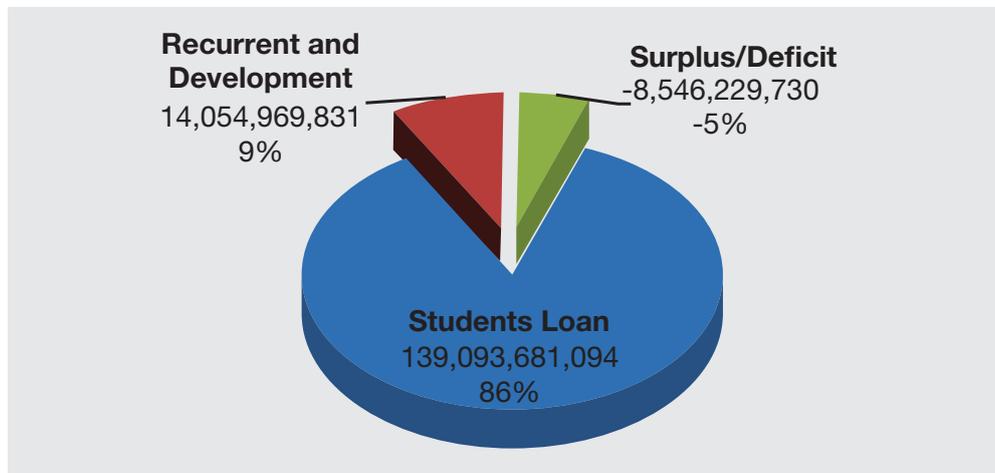
Figure 1: Breakdown of operation income for 2008/2009



#### 4.7.2 Expenditure for Financial Year 2008/2009

During the financial year under review, the Board allocated and disbursed to students' loan beneficiaries TZS. 139,093,681,094.00 Furthermore, the Board spent TZS. 14,054,969,831.00 on recurrent and development expenditure, out of which TZS. 8,022,657,534.00 (Accrued Interest on PSPF Loan) did not involve cash out flow and which was an increase of about 6% as compared to the previous financial year, leaving a deficit of TZS. 8,546,229,730.00 as depicted in Figure 2 below:

Figure 2: Breakdown of Expenditure for 2008/2009





#### 4.8 Trend in Loan issuance since 1994/1995

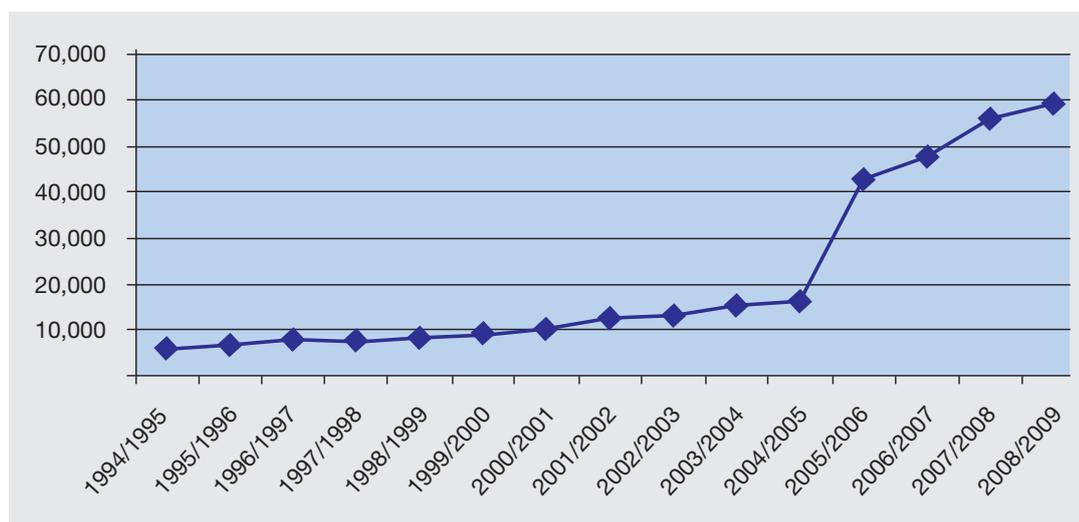
The trend in the number of students given loans continued to increase for the fourth consecutive year of operations by the Board, as compared to the period from July 1994 to June, 2005 when the loans were being issued directly by the Government through the then Ministry of Science, Technology and Higher Education. This can be shown in Table 2 and Figure 3 below:-

Table 2: Number of Students given loans from July, 1994 to June, 2009

Year	Number of students loaned	Increase (%)	Amount loaned	Increase (%)
1994/1995	6,061		1,651,070,000	
1995/1996	6,780	11.80%	1,768,059,900	7.00%
1996/1997	7,951	17.00%	2,030,801,500	14.80%
1997/1998	7,701	-3.00%	2,790,580,629	37.40%
1998/1999	8,227	6.80%	3,609,982,950	29.30%
1999/2000	9,101	10.60%	3,830,471,000	6.10%
2000/2001	10,008	9.90%	4,091,464,441	6.80%
2001/2002	12,376	23.60%	5,362,583,000	31.00%
2002/2003	13,223	6.80%	7,308,809,350	36.20%
2003/2004	15,467	16.90%	8,776,638,644	20.00%
2004/2005	16,345	5.60%	9,883,224,500	12.60%
2005/2006	42,729	162.00%	56,111,371,483	467.00%
2006/2007	47,554	12.00%	76,071,839,629	36.00%
2007/2008	55,687	17.50%	110,751,964,205	30.00%
2008/2009	58,798	5.59%	139,093,681,094	25.45%



**Figure 3: Trend in the Number of Students Given Loans between July, 1994 and June, 2009**



#### 4.9 Loans Repayment & Recovery

Apart from collecting loan repayments itself, the Board has engaged Debt Collecting Agents to assist the Board in collecting loan repayments. During the year ending 30th June, 2009, the Board had traced a total of **4,803** loan beneficiaries with outstanding loan balance of **TZS. 6,321,766,630**. The number of traced loanees for the year increased by 34% when compared to the number of loanees traced during the preceding year that ended on 30th June 2008, whereby only **3,598** loanees were traced. Cumulative loan beneficiaries traced up to 30th June 2009 was **15,290** or **31.6%** of the **48,378** students whose loans were due for repayment.

Similarly, the outstanding total loans due from the loanees who had already been traced was **TZS 23,952,489,506.62** which was **29.6%** of the total Principal Loan amounts that were due for repayment (**TZS 80,957,774,604.00**) as at that date.

Up to 30th June 2009, the Board had cumulatively collected **TZS 2,088,961,453.29**. The amount collected was **12.4%** of the loan installments that were due for repayment (**TZS 16,823,810,208.95**) as at that date.

#### 4.10 Planning and Research

During the financial year 2008/2009, the Board conducted a survey to 14 regions in Zanzibar and Mainland Tanzania in order to pre-test a modified means test tool. The regions included Zanzibar, Moshi, Arusha, Tanga, Coast, Morogoro, Iringa, Mbeya, Dodoma, Tabora, Singida, Shinyanga, Mara and Mwanza. The results of the survey indicated that if all students filled in correct information in the loan application forms, the means test grade will reflect reality



for all loan applicants and thus minimize complaints on means test in 2009/2010 academic year.

#### **4.11 Information and Communication Technology**

During the 2008/2009 financial year, the Board installed Vote Book Financial Management Information System aiming at improving internal financial recording and controls. The Board also embarked on the improvement and enhancement of the Loan Management System acquired from South Africa which was being used to process loans to students enrolled into various higher education institutions, both public and private.

Also, following from completion of survey activities regarding the revised means testing; the tool was reviewed to take on board changes which were incorporated to ensure smooth running of the tool. The reviewed means test tool was incorporated in the loan Management System as well as the alternative LMS which was being developed by HELB Kenya. It is envisaged that, the fine-tuned means testing system will be able to identify and treat needy and eligible applicants fairly and shall start to be used in 2009/2010 academic year for first applicants of loans.

#### **4.12 Information and Public Awareness**

The Board participated in various exhibitions, including the Public Service Week, World Labour Day, Higher Education Exhibitions which were used to disseminate pertinent information to stakeholders and the public in general on HESLB activities.

The Board also produced and distributed information, education and communication materials e.g. flyers, brochures and posters, that aimed at publicizing HESLB activities and communicating key messages to stakeholders. Distributions of these materials were strategically done in meetings, seminars, conferences and exhibitions.

#### **4.13 Major Policy Challenges**

During the year, the Board faced the following Major policy challenges:-

##### **4.13.1 Growth of Demand for Loans vis a vis limited budgets.**

Increased high academic performance in advanced level Secondary Education Examinations coupled with capacity expansion in higher education institutions, have continuously influenced and will continue to influence upward growth in the number of students eligible for loans and hence demand for loans. This development necessitates HESLB to look for alternative sources of funding students' loans, vis a vis limited budgetary allocations to the Board.



As a way forward, the Board will continue to request for more funds from the Government to meet the increasing demand for loans. Also, the Board will propose to the Government, an alternative source of loanable funds, to supplement the annual budgetary allocation of loanable funds from the Government.

#### **4.13.2 Absence of National Identity Card**

The problem of tracing loan beneficiaries and collecting loan repayments results from the absence of National Identity card. If the process of introducing the National Identity card will not be fast tracked, the Board will continue to face the problem of tracing loan beneficiaries and collecting loan repayments. The experience from the respective Loan schemes in other countries such as Kenya and South Africa shows that, these schemes made a significant progress in collecting due loans as a result of having a National Identification system. National IDs will also enable the Board to allocate loans to the most needy applicants through the means testing system.

#### **4.13.3 Decrease in the value of loans issued**

Repayment of HESLB loans takes a long time (up to 10 years) and the loans are interest free, during the year. Constant rise in inflation will further diminish value of the loans to the extent that, even if the whole amount of loans is repaid, the same will not suffice to re-finance the same number of students, in the subsequent years.

As a way forward, the Board will have to charge a rate of interest that can maintain the value of the loans.

#### **4.13.4 Misconception that HESLB loans are grants**

Loans issuance to Higher Education Students started since 1994/1995 but remained unclaimed for over 13 years and hence developing a wrong perception that, the said loans were grants, which has adversely affected loans repayment speed.

As a way forward, the Board will continue to carry out public education to create awareness that the Board is issuing loans and not grants.

#### **4.14 The focus for Financial year 2009/2010**

During the financial year 2009/2010, the Board will mainly focus on the major issues as follows:-

- (i) To develop staff capacity in provision of service,
- (ii) To process, allocate and disburse loans to 85,000 eligible and needy students



for Meals and Accommodation, Books and Stationery, Field Practical Training, Tuition Fees, Research and Special Faculty Requirements,

- (iii) To continue to raise public awareness on cost sharing and loans repayment,
- (iv) To trace loan beneficiaries and collect all due loan amounts,
- (v) To invest heavily in Information and Communication Technology and automate all activities of the Board.

#### 4.15 Appreciation

My sincere appreciation to the Government of the United Republic of Tanzania through the Ministry of Education and Vocational Training for the constant support in terms of guidance and financial facilitation. Through this support, HESLB achieved its goals with flying colours, during the year.

May I also, extend my heartfelt appreciation to the HESLB Board of Directors who have, all along, guided our operations and provided the Management of HESLB with the required support.

Last but not least, I wish to thank and congratulate the Management and all Staff of the Board for the collaboration and efforts they put in carrying out their duties during the 2008/2009 financial year.

**G.R.W. Nyatega**  
Executive Director



# HESLB MANAGEMENT

## HIGHER EDUCATION STUDENTS' LOANS BOARD



Mr. G.R.W. Nyatega  
ED



Mr. M.L. Lubambula  
DLAD



Mr. J.H. Chagonja  
DLRR



Mr. A. Bangu  
DPRCT



Vacant  
DFA



Mr. O. Lazer  
ADLA



Mr. R. Kibona  
ADLR



Mr. S. Masawet  
ADPR



Mr. Y. Kizare  
CA



Mr. J. Elias  
ADLD



Mr. O. Ishumi  
ADICT



Mr. A. Mabala  
ADPS



Mr. G.G. Robi  
ADHRA



Mr. A. Dallo  
QA



Mr. C. Mhaisobwa  
ADIEC



Mr. E. Tarimo  
ADLAF



**5.0 BOARD MEMBERS RESPONSIBILITIES IN RESPECT OF FINANCIAL STATEMENTS**

Members of the Board are required under section 27(1) of the HESLB Act (No.9) of 2004 to prepare financial statements of the Board for each financial year that give a true and fair view of the state of affairs of the Board as at the end of the financial year and of the income and expenditure of the Board for that period.

Board Members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2009.

The Board further confirms that the international Accounting Standards have been applied and that the financial statements have been prepared on the going concern basis and that they contain an explicit and unreserved statement of compliance with the international Financial Reporting Standards (IFRS).

Board Members also hereby confirm that they are responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the Board which enable them to ensure that the financial statements comply with the HESLB Act No. 9 of 2004. They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud, errors and other irregularities.

  
Chairman

  
Secretary

27/09/2010  
Date



## EXTERNAL AUDITORS REPORT

HIGHER EDUCATION STUDENTS' LOANS BOARD

### 5.1 External Auditors Report

The controller and Auditor General (CAG) who is the external auditor of the Board, conducted audit on the financial statements of the Board (HESLB) for the year ended 30th June, 2009 and gave the following opinion;

#### Basis of opinion

The audit was conducted in accordance with International Standards on Auditing (ISA), INTOSAI standards and such other audit procedures I considered necessary in the circumstances. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a sample basis of evidence supporting the amounts and disclosures in the financial statements of the audited entity. It also includes assessing the significant estimates and judgments made in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of the Higher Education Students Loans Board and that they have been consistently applied and adequately disclosed. It also involves evaluating the overall financial statements presentation, and assessing the extent of compliance with the statutory requirements. I believe the audit provides a reasonable basis for my opinion.

#### Unqualified opinion

In my opinion, the financial statements present fairly in all material respects, the financial position of Higher Education Students Loans Board as at 30th June 2009 and the results of its operations and cash-flows for the year then ended in accordance with International Financial Reporting Standards.

#### Emphasis of Matters

Without qualifying my opinion, I draw attention to note 5 and note 14 with regard to the following matters:-

- (i) The Board has not repaid the loan amounting to Shs. 54,644,657,534.00 due to PSPF as per the loan agreement since February 2008.
- (ii) The Board should expedite efforts to recover the overdue principal loans granted to students since year 1994 amounting to Shs. 80,957,774,609.00

#### Report on Compliance with Procurement Legislation

In view of my responsibility on the procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Higher Education Students Loans Board has generally complied with the Public Procurement Act, 2004 and its related Regulations of 2005.

Ludovick S. L. Utouh  
CONTROLLER AND AUDITOR GENERAL  
National Audit Office,  
Dar es Salaam, Tanzania

4th October, 2010





## 6.0 STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2009

ASSETS	NOTE	30.06.2009 TZS.	30.06.2008 TZS.
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	515,468,202	702,406,087
Intangible Assets	4	0	35,858,842
Students Loans Receivable	5	382,150,774,347	243,057,093,253
<b>Total Non-Current Assets</b>		<b>382,666,242,549</b>	<b>243,795,358,182</b>
<b>CURRENT ASSETS</b>			
Stock of Consumables	6	36,133,200	16,179,200
Staff Receivables	7	46,740,495	53,035,611
Staff Loans	8	420,519,125	324,633,138
Other Receivables	9	254,289,847	284,135,474
Cash and Bank Balances	10	4,557,263,634	5,455,361,948
<b>Total Current Assets</b>		<b>5,314,946,301</b>	<b>6,133,345,371</b>
<b>TOTAL ASSETS</b>		<b>387,981,188,850</b>	<b>249,928,703,553</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Loanable Funds	11	330,317,505,694	193,317,505,694
Recovered Students' Loans	12	2,180,372,449	829,969,536
Staff Loans Revolving Fund	13	522,205,355	400,000,000
Accumulated Surplus/(Deficit)		-8,374,349,801	1,816,537,463
<b>Total Funds and Reserve</b>		<b>324,645,733,697</b>	<b>196,364,012,693</b>
<b>NON-CURRENT LIABILITIES</b>			
PSPF Loan	14	54,644,657,534	53,000,000,000
<b>Total Non-Current Liabilities</b>		<b>54,644,657,534</b>	<b>53,000,000,000</b>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals	15	8,690,797,619	564,690,860
<b>Total Current Liabilities</b>		<b>8,690,797,619</b>	<b>564,690,860</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>387,981,188,850</b>	<b>249,928,703,553</b>

NOTES 1 TO 28 FORM PART OF THESE FINANCIAL STATEMENTS



## FINANCIAL STATEMENTS

HIGHER EDUCATION STUDENTS' LOANS BOARD

### 7.0 STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30TH JUNE, 2009

INCOME	NOTE	30.06.2009 TZS.	30.06.2008 TZS.
Government Subvention-OC	16	3,084,213,000	16,854,705,661
Interest Income	17	606,362,330	834,074,104
Application Fees	18	1,777,177,300	831,312,400
Revenue Grants	24	35,355,655	
Other Income	19	5,631,816	2,322,000
<b>Total Income</b>		<b>5,508,740,101</b>	<b>18,522,414,165</b>
<b>LESS: EXPENDITURE</b>			
Advertisements and Publicity	20	140,367,216	97,458,437
Administrative Expenses	21	5,890,292,381	5,492,753,171
Financial Expenses	22	8,022,657,534	7,669,172,661
Other Expenses	23	1,652,700	2,683,300
<b>Total Expenditure</b>		<b>14,054,969,831</b>	<b>13,262,067,569</b>
<b>EXCESS/(DEFICIT) OF INCOME OVER</b>			
<b>EXPENDITURE FOR THE YEAR</b>		<b>-8,546,229,730</b>	<b>5,260,346,596</b>
<b>ACCUMULATED SURPLUS/(DEFICIT) B/F</b>		<b>1,816,537,463</b>	<b>-3,243,809,133</b>
Prior Year Adjustment		-1,644,657,534	-200,000,000
<b>RESTATED ACCUMULATED SURPLUS/(DEFICIT) B/F</b>		<b>171,879,929</b>	<b>-3,443,809,133</b>
<b>ACCUMULATED SUPPLUS/(DEFICIT) C/F</b>		<b>-8,374,349,801</b>	<b>1,816,537,463</b>

NOTES 1 TO 28 FORM PART OF THESE FINANCIAL STATEMENTS



## 8.0 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30TH JUNE, 2009

	30.06.2009	30.06.2008
CASH FLOWS FROM/ (USED IN) OPERATING ACTIVITIES	TZS.	TZS.
Excess/ (Deficit) of Income over Expenditure for the year	-10,190,887,264	5,260,346,596
<b>Adjustment for Non-fund Items</b>		
Depreciation	205,214,870	155,480,451
Amortization of Software	35,858,842	46,740,699
	<b>-9,949,813,553</b>	<b>5,462,567,746</b>
<b>Changes in Working Capital Items</b>		
(Increase)/Decrease in Staff Receivables	6,295,116	64,125,331
(Increase)/Decrease in Other Receivables	29,785,626	1,871,850,088
(Increase)/Decrease in Staff Loans	-95,885,987	-149,215,454
(Increase)/Decrease in Stock of Consumables	-19,954,000	(16,179,200)
(Increase)/Decrease in Returned Cheques Deposited	0	-
Increase/(Decrease) in Payables and Accruals	8,126,106,758	-7,701,081,287
<b>Cash from/ (Used in) Operating Activities (A)</b>	<b>-1,903,406,039</b>	<b>-467,932,776</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Granting of Students Loans	-139,093,681,094	-110,751,964,205
Purchase of Software (Intangible Assets)	0	-
Acquisition of Plant and Equipment	-18,276,985	-320,381,854
<b>Cash from / (Used in) Investing Activities (B)</b>	<b>-139,111,958,078</b>	<b>-111,072,346,059</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Additional PSPF Loan	1,644,657,534	-
Government Subvention	137,000,000,000	101,254,577,339
Recovered Students' Loans	1,350,402,913	774,275,492
Staff Loan Revolving Fund	122,205,355	200,000,000
<b>Cash from/ (Used in) Financing Activities (C)</b>	<b>140,117,265,803</b>	<b>102,228,852,831</b>
<b>Net Increase in Cash and Cash Equivalent (A+B+C)</b>	<b>-898,098,314</b>	<b>-9,311,426,004</b>
Cash and Cash Equivalent at the Beginning of the Year	5,455,361,948	14,766,787,952
<b>Cash and Cash Equivalent at the End of the Year</b>	<b>4,557,263,634</b>	<b>5,455,361,948</b>

NOTES 1 TO 28 FORM PART OF THESE FINANCIAL STATEMENTS



9.0 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30TH JUNE, 2009

	LOANABLE FUNDS TZS.	RECOVERED STUDENTS' LOANS TZS.	STAFF LOAN REVOLVING FUND	ACCUMULATED SURPLUS/ DEFICIT TZS.	TZS.
<b>Balance as at 01/07/2008</b>	193,317,505,694	829,969,536	400,000,000	1,816,537,463	196,364,012,693
Prior Year Adjustment			-	-	-
Restated Balance as at 01/07/2008	193,317,505,694	829,969,536	400,000,000	1,816,537,463	196,364,012,693
Excess of Income over Expenditure for the year Government				(10,190,887,264)	(10,190,887,264)
Subvention Recovered Students'	137,000,000,000				137,000,000,000
Loans for the year		1,350,402,913			1,350,402,913
Additions Revolving Fund for the year			122,205,355		122,205,355
<b>Balance as at 30/06/2009</b>	<b>330,317,505,694</b>	<b>2,180,372,449</b>	<b>522,205,355</b>	<b>(8,374,349,801)</b>	<b>324,645,733,697</b>

NOTES 1 TO 28 FORM PART OF THESE FINANCIAL STATEMENTS

**10.0 NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2009****NOTE 1: STATUTE AND PRINCIPAL ACTIVITIES:**

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

The Board's head office is located at TIRDO complex, along Msasani Road, Dar Es Salaam. Postal address is Box No. 76068 Dar Es Salaam.

**NOTE 2: PRINCIPAL ACCOUNTING POLICIES:****2.1 Basis of Accounting**

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The policies set out below have been consistently applied during all the years presented except for those set out below relating to classification and measurement of financial instruments.

The financial statements are prepared under the historical cost convention, unless otherwise indicated in the summary of significant accounting policies below.

The financial statements of the Board are reported in Tanzania Shillings (TZS), which is both the functional and reporting currency of the Board.

These financial statements have been prepared in conformity with IFRSs that require the use of estimates and assumptions that affect the reported values of assets and liabilities and disclosure of contingent liabilities at the date of financial statements and reported amounts of revenue and expenses during the reporting period

**2.2 Property, Plant and Equipment****Recognition**

The cost of an item of plant and equipment shall be recognized as an asset if, and only if:

- It is probable that future economic benefits associated with the item will flow to the Board; and
- The cost of the item can be measured reliably.



#### Measurement

Property, plant and equipments 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.

#### Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognized:

- On disposal; or
- When no future economic benefits are expected from its use or disposal.

Gains and losses on derecognition of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

#### Subsequent expenditure

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

#### Depreciation

Depreciation is provided on a straight-line method to write off the cost of each non-current asset to its residual value over its estimated useful economic life. Annual depreciation rates applied in 2008/2009 are as follows:

	%
Office Equipment	12.5
Office Furniture & Fittings	20.0
Motor Vehicles	20.0
Generator	12.5
Computers and Printers	33 $\frac{1}{3}$

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.



### 2.3 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 lives as follows:-

- Students Loan Management Software 40% p.a
- Accounting (Pastel) Software 40% p.a

### 2.4 Impairment of assets

The Board at each balance sheet date 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 recoverable amount represents the greater of the net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

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

Where an impairment loss subsequently reverses the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant



asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. For the financial year under review there was no indication as to impairment of the asset.

#### 2.5 Financial Instruments

##### **Classification**

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

##### **Financial assets**

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

##### **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.

##### **Bank borrowings**

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

##### **Payables**

Payables are stated at their nominal value.

#### 2.6 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 uncollectability of financial assets)**

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

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

## **2.7 Revenue and expenditure recognition**

### **Revenue Recognition**

Revenue of the Board comprises mainly of the Government Subvention, Interest Income and Application Fees.

Revenue comprises the fair value for the services. Revenue is recognized to the extent that it is probable that economic benefits will flow to the Board and revenue can be reliably measured. The criteria for accepting revenue are as follows;

#### **Government Subvention – Other Charges**

Government Subvention – Other charges are recognized in the financial statements on cash basis.

#### **Interest income**

Interest income is recognized in the income statement on cash basis taking into account the effective yields on assets. Interest income for financial assets that are not classified as fair value through profit or loss is recognized using the effective interest method.

#### **Application Fees**

Application fee is recognized in the account on cash basis.



### **Expenditure**

Expenses are recognized in the income statement in the year in which they are incurred.

### **2.8 Foreign Currency Translation**

#### **(i) Functional and Presentation Currency**

The financial statements are presented in Tanzania Shillings, which is the Board's functional and presentation currency.

#### **(ii) Transactions and balances**

Transactions in currencies other than the Tanzania Shilling (TZS) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. All exchange gains or losses are dealt with through the income statement.

### **2.9 Cash and Cash Equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents comprise of cash in hand, deposits held at call with banks, other highly liquid investments with original maturities of twelve months or less from the date of acquisition.

### **2.10 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings 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.

### **2.11 Provisions**

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

Receivables are recognized initially at fair value 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.



## 2.12 Employee Benefits

### 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. The pension schemes in force which the Board contributes include the Parastatal Pensions Fund (PPF) and the Public Service Pension Fund (PSPF).

Contributions to these funds are recognized as an expense in the period the employees render the related services.

### 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 renders the related services.

### Termination Benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date.

The Board recognizes termination benefits when it is constructively obliged to either terminate the employment of the current employees according to detailed formal procedures.

## 2.13 Government Subvention

### Recognition

Government subvention, including non-monetary grants at fair value shall not be recognized until there is reasonable assurance that:

- the Board will comply with the conditions attaching to them, and
- The government subvention will be received.

Funds disbursed by the Government to the Board to assist in carrying out its functions are credited to the income statement. Those disbursed in the form of assets or for loanable funds, are credited in the Loanable Fund.



## NOTES TO FINANCIAL STATEMENTS

HIGHER EDUCATION STUDENTS' LOANS BOARD

### NOTE 3: PROPERTY, PLANT & EQUIPMENTS

	Office Furniture & Fittings	Office Equipment	Computers, Printers & Fax	Generators	Motor Vehicles	Total
Cost as at 01.07.2008	135,946,800	143,324,949	238,961,866	47,745,000	471,257,184	1,037,235,799
Additions: During the Year	5,470,416	4,800,000	8,006,569	-	-	-
Cost as at 30.06.2009	141,417,216	148,124,949	246,968,435	47,745,000	471,257,184	1,055,512,784
Depreciation as at 01.07.2008	47,185,085	19,139,199	120,011,409	13,925,625	134,568,394	334,829,712
Charge for the year	27,646,985	18,234,369	80,649,221	5,968,125	72,716,170	205,214,870
Accumulated Depreciation as at 30.06.2009	74,832,070	37,373,568	200,660,630	19,893,750	207,284,564	540,044,582
Net Book Value as at 30.06.2009	66,585,146	110,751,382	46,307,804	27,851,250	263,972,620	515,468,202
Net Book Value as at 30.06.2008	88,761,715	124,185,750	118,950,457	33,819,375	336,688,790	702,406,087

### NOTE 4: INTANGIBLE ASSETS

Description	COST		AMORTIZED		NET BOOK VALUES AS AT 30.06.2009
	As at 01.07.2008	Additions	As at 01.07.2008	For the year	
Loan Management Software	104,817,084	-	71,164,597	33,652,487	104,817,084
Pastel Accounting Software	12,034,663	-	9,828,308	2,206,355	12,034,663
TOTAL	116,851,747	-	80,992,905	35,858,842	116,851,747



## NOTE 5: STUDENTS LOANS RECEIVABLES

S/No	Name of Institution	30.06.2009 TZS.	30.06.2008 TZS.
1	Aga Khan University	872,694,200	592,912,200
2	Bugando University of Health (BUCHS)	1,482,554,250	769,177,000
3	College of Business Education (CBE)	10,046,823,706	8,996,446,100
4	College of Education Zanzibar (CEZ)	3,113,347,100	2,019,925,100
5	Community Dev Training Institute (CDTI)	1,967,440,200	1,706,915,200
6	Dar es Salaam Institute of Techn. (DIT)	4,277,310,600	3,102,906,400
7	Dar es Salaam Maritime Institute (DMI)	384,904,750	264,302,500
8	Dar es Salaam Univ. Coll. of Educ (DUCE)	16,277,319,230	8,832,208,000
9	ESAMI	123,517,842	123,517,842
10	Hubert Kairuki Memorial University (HKMU)	2,498,627,950	1,592,459,000
11	Institute of Adult Education (IAE)	1,548,770,800	879,083,800
12	Institute of Accountancy Arusha (IAA)	6,865,577,200	5,275,071,200
13	Institute of Finance Management (IFM)	19,512,044,308	14,404,640,758
14	Institute of Rural Dev Planning (IRDP)	4,938,885,400	3,421,084,400
15	Institute of Social Work (ISW)	6,265,322,500	4,813,614,800
16	International Medical & Tech Univ (IMTU)	5,594,288,770	3,208,759,650
17	Masoka Institute of Mgt & Admin (MOSHI)	1,433,595,900	815,192,300
18	Mbeya Institute of Technology (MIST)	838,738,200	454,139,200
19	Mkwawa Univ Col. of Education (MUCE)	8,752,770,768	4,504,507,768
20	Morogoro Muslim University (MUM)	4,244,415,700	2,368,280,300
21	Mount Meru University (MMU)	2,830,192,200	1,598,435,200
22	Moshi Univ of Coop & Business St (MUCCOB)	5,043,185,300	3,240,902,300
23	Muhimbili Univ Coll of Health Sc.(MUCHS)	7,829,928,963	5,684,153,670
24	Mweka Wildlife Management Instit (MWEKA)	348,169,270	294,172,470
25	Mwenge University College of Education	2,166,462,000	756,279,000
26	Mzumbe University (MU)	17,993,851,895	14,026,230,900
27	National Institute of Transport (NIT)	1,400,161,200	1,219,499,400
28	Newman Management Institute – Kigoma	48,383,000	39,743,000
29	Open University of Tanzania (OUT)	4,349,513,200	3,821,961,600
30	Public Health College Iringa (PHCI)	70,977,141	58,740,668
31	Ruaha University College (RUAHA)	4,060,872,500	2,009,970,000
32	St. Augustine Univ of Tanzania (SAUT)	20,844,529,516	11,223,645,078
33	Sokoine Univ of Agriculture	20,407,154,625	12,524,349,001
34	St. Joseph Coll. of Engineering (St.Jose)	7,822,186,490	3,885,825,300



## NOTES TO FINANCIAL STATEMENTS

### HIGHER EDUCATION STUDENTS' LOANS BOARD

35	StateUniversity of Zanzibar (SUZA)	3,850,807,300	2,377,877,300
36	Tanzania Institute of Accountancy (TIA)	4,387,727,200	3,772,902,200
37	TumainiUniversity - DSM Colleg (TUDARCO)	9,054,264,950	6,984,856,950
38	TumainiUniversity - IringaCol (TUICO)	14,341,137,300	10,164,827,800
39	TumainiUniversity - KCMCollege	3,802,154,100	2,335,975,900
40	TumainiUniversity - MakumiraColl (MUCO)	5,836,942,500	3,391,885,900
41	UnivCol of Lands &Archit St (UCLAS)	9,319,019,720	6,094,519,120
42	University of Dar es Salaam (UDSM)	70,850,043,297	52,588,249,911
43	University of Arusha (UOA)	5,545,449,650	3,370,072,400
44	Zanzibar Institute of Fin. Admin. (ZIFA)	60,704,000	53,924,000
45	ZanzibarUniversity (ZU)	4,995,796,200	3,597,381,400
46	Overseas	21,283,280,568	12,304,373,079
47	MwalimuNyerereMemorialAcademy (MNMA)	1,567,698,000	712,474,100
48	TeofiloKisanjiUniversity (TEKU)	6,467,089,300	2,455,316,700
49	Other Institutions	3,780,000	3,780,000
50	St. John'sUniversity	5,035,088,100	1,522,144,200
51	University of Dodoma (UDOM)	16,408,355,900	1,875,543,000
52	Institute of Journalism and Mass Comm.	1,161,882,600	536,455,600
53	SebastianKolowaUniversity (SECUKO)	1,685,335,600	387,226,600
54	College of Business Education- CBE-(DDM)	241,445,400	-
	<b>Sub Total</b>	<b>382,152,518,359</b>	<b>243,058,837,265</b>
	Less: Returned Cheques Deposited (Note 5A)	1,744,012	1,744,012
		<u>382,150,774,347</u>	<u>243,057,093,253</u>

#### NOTE 5A: RETURNED CHEQUES DEPOSITED - 1,744,012

These amounts represent cheques returned to the Board by some paying banks on one reason or other.

#### NOTE 6: CONSUMABLES

	30.06.2009	30.06.2008
	TZS.	TZS.
Stationery Supplies	15,547,400	3,986,000
Computer Accessories	20,585,800	12,193,200
	<u>36,133,200</u>	<u>16,179,200</u>



## NOTE 7: STAFF RECEIVABLES

	30.06.2009	30.06.2008
	TZS.	TZS.
Staff Advances	2,624,834	5,799,599
Staff Short Term Loans	38,648,861	30,590,560
Imprest	5,466,800	16,645,452
	<u>46,740,495</u>	<u>53,035,611</u>

## NOTE 8: STAFF LOANS

	30.06.2009	30.06.2008
	TZS.	TZS.
Staff Long Term Loans (Motor Vehicles)	338,845,125	324,633,138
Staff Long Term Loans (Housing)	81,674,000	0
	<u>420,519,125</u>	<u>324,633,138</u>

## NOTE 9: OTHER RECEIVABLES

	30.06.2009	30.06.2008
	TZS.	TZS.
Rent prepaid	66,465,013	153,219,001
Interest Accrued on FDR	182,936,883	130,916,473
Insurance Prepaid	4,887,951	0
	<u>254,289,847</u>	<u>284,135,474</u>

## NOTE 10: CASH AND BANK BALANCES

	30.06.2009	30.06.2008
	TZS.	TZS.
CRDB BANK	1,373,125,479	1,595,824,753
EXIM BANK	137,320,023	2,900,122,375
STANDARD CHARTERED BANK	628,374,048	127,706,206
NATIONAL MICROFINANCE BANK	211,758,312	76,708,614
STANDARD CHARTERED BANK (USD)	4,825,772	0
CASH EQUIVALENTS (FDR)		
CASH IN HAND	0	0
STANDARD CHARTERED BANK	442,200,000	0
TWIGA BANCORP	873,500,000	0



## NOTES TO FINANCIAL STATEMENTS

### HIGHER EDUCATION STUDENTS' LOANS BOARD

CRDB BANK	250,000,000	402,000,000
AZANIA BANK	636,160,000	303,000,000
NATIONAL MICROFINANCE BANK	0	50,000,000
	<u>4,557,263,634</u>	<u>5,455,361,948</u>

#### NOTE 11: LOANABLE FUNDS

	30.06.2009	30.06.2008
	TZS.	TZS.
Balance as at 1st July, 2008	193,317,505,694	92,062,928,355
Additions:		
Government Subvention	137,000,000,000	101,254,577,339
Balance as at 30th June, 2009	<u>330,317,505,694</u>	<u>193,317,505,694</u>

#### NOTE 12: RECOVERED STUDENTS' LOANS

	30.06.2009	30.06.2008
	TZS.	TZS.
Balance as at 1st July, 2008	829,969,536	55,694,044
Collected during the year 2008/2009	1,350,402,913	774,275,492
Balance as at 30th June, 2009	<u>2,180,372,449</u>	<u>829,969,536</u>

Recovered Students Loans is the amount collected from the inherited loans by the Board amounting to TZS. 51,103,685,914.00, which was issued by the Government between July, 1994 and June, 2005 to Public Higher Learning Institutions Students.

#### NOTE 13: STAFF LOAN REVOLVING FUND

	30.06.2009	30.06.2008
	TZS.	TZS.
Balance as at 1st July	400,000,000	200,000,000
Additions:		
Amount Set aside during the year	122,205,355	200,000,000
Balance as at 30th June	<u>522,205,355</u>	<u>400,000,000</u>



## NOTE 14: PSPF LOAN

	30.06.2009	30.06.2008
	TZS.	TZS.
Balance as at 01/07/2008	53,000,000,000	53,000,000,000
Additional loan during the year	1,644,657,535	-
Balance as at 30/06/2009	<u>54,644,657,535</u>	<u>53,000,000,000</u>

The additional PSPF loan of 1,644,657,535 emanates from the interest that was capitalized in 2008/2009 that was payable on the First and Second PSPF Loans to the Board

## NOTE 15: PAYABLES AND ACCRUALS

	30.06.2009	30.06.2008
	TZS.	TZS.
Other Deduction Payable	1,322,735	-
Other Liabilities	-	12,821,309
Interest Payable on PSPF Loan	8,022,657,534	-
Provision for Disbursement for students Loans	661,991,578	551,869,551
Grants Received in Advance	4,825,772	-
	<u>8,690,797,619</u>	<u>564,690,860</u>

## NOTE 16: GOVERNMENT SUBVENTION (OTHER CHARGES)

	30.06.2009	30.06.2008
	TZS.	TZS.
Government Subvention - OC	2,011,200,000	15,791,964,911
Government Subvention - PE	1,073,013,000	1,062,740,750
	<u>3,084,213,000</u>	<u>16,854,705,661</u>

## NOTE 17: INTEREST INCOME

	30.06.2009	30.06.2008
	TZS.	TZS.
Interest Income on call account	427,617,736	703,157,631
Interest income on FDR	178,744,594	130,916,473
	<u>606,362,330</u>	<u>834,074,104</u>



## NOTES TO FINANCIAL STATEMENTS

HIGHER EDUCATION STUDENTS' LOANS BOARD

### NOTE 18: APPLICATION FEES

	30.06.2009	30.06.2008
	TZS.	TZS.
Application Fees for the year	1,777,177,300	831,312,400
	<u>1,777,177,300</u>	<u>831,312,400</u>

### NOTE 19: OTHER INCOME

	30.06.2009	30.06.2008
	TZS.	TZS.
Exchange Gain	49,816	0
Tender Documents	5,582,000	2,322,000
	<u>5,631,816</u>	<u>2,322,000</u>

### NOTE 20: ADVERTISEMENT AND PUBLICITY

	30.06.2009	30.06.2008
	TZS.	TZS.
Billboards & Signboards	1,158,400	875,000
Tapes , Records & Disks	1,428,891	2,330,000
Advertisements/Publicity	121,679,925	70,012,437
Broadcasting Time	-	4,816,000
Exhibition & Trade Fair	16,100,000	19,425,000
	<u>140,367,216</u>	<u>97,458,437</u>

### NOTE 21: ADMINISTRATIVE EXPENSES

	30.06.2009	30.06.2008
	TZS.	TZS.
Personal Emoluments	1,148,054,867	1,070,535,521
Temporary Staff	56,791,000	83,466,602
Contribution to Pension Fund – PPF	146,632,258	129,547,721
Contribution to Pension Fund – PSPF	21,966,750	22,422,324
Leave Travel	130,870,000	135,180,000
Outfit Allowance	3,155,730	1,000,000
Contribution to NHIF	34,139,802	31,953,283
Subsistence Allowance	39,462,500	85,925,000
Medical Expenses	11,070,870	13,190,896
House Allowance	183,935,206	171,091,177



Utilities Allowance	47,897,500	43,345,000
Responsibility Allowance	99,048,500	99,838,000
Inflationary Adjustment	89,759,310	43,293,360
Fuel and Maintenance Allowance	84,759,400	63,660,300
Telephone & Telegrams	96,316,312	108,280,770
Fax/Postal Charges	25,410,350	99,891,250
Printing	49,173,000	64,174,267
Staff Tea & Coffee	44,974,000	39,774,600
Relationship & Hospitality Expenses	10,065,893	31,795,936
Cleaning Supplies	9,642,659	19,630,223
Computer Expenses & Accessories	29,398,165	30,592,800
Stationery Supplies	34,240,400	40,401,768
Staff Training	111,476,751	18,453,404
Water	6,033,109	5,478,358
Electricity	41,300,195	27,314,601
Uniforms	4,900,000	868,800
Burial Expenses	4,000,000	3,838,700
Insurance	29,327,702	36,625,931
Taxes & Licenses	3,819,497	1,650,000
Service and Repair - Equipment	1,845,871	13,768,428
Repair & Maintenance - General	24,808,163	12,069,500
Service and Repair - Motor Vehicles	28,765,981	31,352,488
Diesel - Vehicles	92,418,734	76,683,638
Diesel - Generator	520,400	4,517,225
Honorarium	151,321,132	58,695,313
Subscription	1,531,950	1,214,154
Legal Matters	11,068,750	37,390,000
Kitchen Appliances & Utensils	468,300	692,800
Workers union - RAAWU	33,376,300	15,686,260
Office Fumigation	150,000	1,762,880
Terminal Benefit	7,221,100	27,214,500
Workers Council	50,350,000	28,761,000
Staff Welfare	21,667,500	-
Transportation of Personal Effects	-	52,077,200
Traveling Expenses - Domestic	317,377,847	285,963,590
Extra Duty/Overtime	73,118,850	173,278,476
Traveling Expenses- Foreign	148,116,196	128,965,465
Internet Fees	24,184,385	43,998,480
Security Guards	12,070,000	10,956,000



## NOTES TO FINANCIAL STATEMENTS

HIGHER EDUCATION STUDENTS' LOANS BOARD

Office Rent	109,730,988	122,105,988
Acting Allowance	32,619,012	30,444,694
Special Allowance	88,720,500	55,488,000
Seminar/Conference Expenses	50,163,720	79,127,316
Consultancy Fees	116,954,018	166,542,868
Audit Fees & Expenses	102,293,459	94,612,274
Transport Expenses	6,241,091	212,159,383
Recruitment Expenses	26,120,000	24,735,000
Tender Expenses	44,020,000	29,355,000
Board Expenses	206,626,707	218,737,677
Board Sitting Allowances	774,750,000	424,849,500
Management Sitting Allowance	365,558,500	229,685,400
Repayment Agency Fees	12,587,275	-
Donations	500,000	-
Depreciation/Amortization Expense	241,073,712	216,262,095
Periodicals & Newspapers	18,269,400	34,101,610
Bank charges	100,948,766	26,278,377
	<u>5,895,180,333</u>	<u>5,492,753,171</u>

### NOTE 22: FINANCIAL EXPENSES

	30.06.2009	30.06.2008
	TZS.	TZS.
Interest on PSPF Loan for the year 2008/09	8,022,657,534	7,669,172,661
	<u>8,022,657,534</u>	<u>7,669,172,661</u>

### NOTE 23: OTHER EXPENSES

	30.06.2009	30.06.2008
	TZS.	TZS.
Sundry Expenses	1,652,700	2,683,300
	<u>1,652,700</u>	<u>2,683,300</u>

### NOTE 24: GRANTS REVENUE

The Board received grants from World Bank through the Ministry of Education and Vocational Training (MoEVT) amounting to equivalent TZS 35,355,655.00 for the purposes of Staff Development and acquisition of office equipments.



**NOTE 25: CAPITAL COMMITMENTS:**

The Board had no capital commitments as at 30th June 2009.

**NOTE 26: CONTINGENT LIABILITIES:**

The Board had no contingent liabilities as at 30th June, 2009.

**NOTE 27: GRANTS RECEIVED IN ADVANCE:**

This represents the unused balance of TZS 4,825,771.93 from the fund received as grants from World Bank through the Ministry of Education and Vocational Training (MOeVT). This grant was intended to be used within 5 Years. Therefore this balance is carried forward for next financial year 2009/2010.

**NOTE 28: COMPARATIVE FIGURES:**

Previous year's figures have been regrouped wherever considered necessary to make them comparable with current year's figures.







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