



2016 / 2017
ANNUAL REPORT



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.”

1.0 LETTER OF TRANSMITTAL



Hon. Prof. Joyce Ndalichako (MP),
Minister for Education, Science and Technology,
Block 10,
College of Business Studies and Law,
University of Dodoma,
P.O. Box 10,
Dodoma.

Honourable Minister,

Re: Submission of 2016/2017 Annual Report

I have the honour to submit the 2016/2017 Annual Report and the Audited Accounts of the Higher Education Students' Loans Board (HESLB) for the financial year ending 30th June 2017, which is the eleventh annual report of the Board since its establishment. This submission is in accordance with section 16(1) of HESLB Act (CAP 178) as amended.

In this report, three basic areas are covered, as follows:-

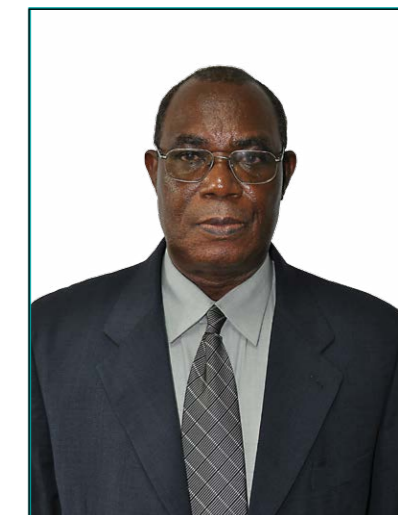
- i. The HESLB operational review for the financial year ending 30th June 2017;
- ii. Board Members' responsibility in respect of the financial statements; and
- iii. The Audited Financial Statements for the year ended 30th June 2017.

I transmit.

Yours faithfully,

Prof. Anselm B. Lwoga
CHAIRMAN OF THE BOARD

2.0 MESSAGE FROM THE CHAIRMAN



On behalf of the Higher Education Students' Loans Board (HESLB), I am pleased to present to you, the Annual Report of the Board for the financial year ended 30th June, 2017.

During the year under review, the Board continued to execute its legal mandates by extending loans to needy students enrolled in various higher learning institutions and collect due loans. Specifically, a total of 116,705 students were given loans worth TZS 483.8 billion. The students included 28,383 first years and 88,322 continuing students.

On loan repayment and recovery, the Board recorded historical increase in annual collections from TZS 28.2 billion in 2015/2016 to TZS 116.45 billion in the year under review. The increase More strategies were also employed to strengthen loan repayment, such as awareness campaign to sensitize loan beneficiaries, employers and public in general on higher education loan repayment. As a result, TZS. 116.45 billion was collected in 2016/2017 as compared to TZS 28.2 billion in 2015/2016. On behalf of the Board, I wish to register our appreciation to the Government of the United Republic of Tanzania and the Revolutionary Government of Zanzibar for their guidance, support and cooperation to the Board, through respective Ministries responsible for higher education. I also wish to extend my appreciation to the Union Ministry of Finance and Planning, Financial Institutions, Higher Education Institutions, sister Organizations and Students for their cooperation. I would also like to extend my special thanks to all Board Members, Management and Staff for their hard work and efforts throughout the financial year 2016/2017.

Prof. Anselm B. Lwoga
CHAIRMAN OF THE BOARD

3.0 BOARD OF DIRECTORS

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:-

- (i) Chairman of the Board (Presidential Appointee)
- (ii) One representative of the Association of Tanzania Employers
- (iii) Director of Higher Education
- (iv) Director of Technical Education
- (v) Representative from the Ministry of Finance - Zanzibar
- (vi) Representative from the Ministry of Finance - Mainland
- (vii) Representative from the Attorney General's Office
- (viii) Representative from the Financial Institutions
- (ix) Representative from the Public Higher Education Institutions
- (x) Representative from the Private Higher Education Institutions
- (xi) Representative of Students from the Public Higher Education Institutions
- (xii) Representative of Students from the Private Higher Education Institutions
- (xiii) Two Eminent Appointees (Appointed by Minister responsible for Higher Education)

MEMBERS OF THE BOARD



Prof. Anselm Lwoga
Board Chairman



Dr Charles Kimei
Vice chairman



Mr. George Nyatega
Secretary



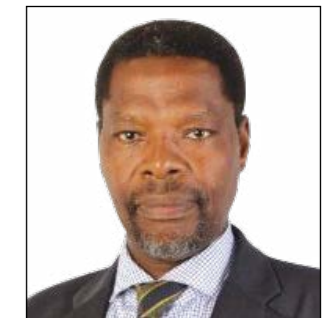
Mr. John Mihayo Cheyo
Member



Dr. Primus Nkwera
Member



Mr. Alli Suleiman
Member



Prof. Yunus Mgaya
Member



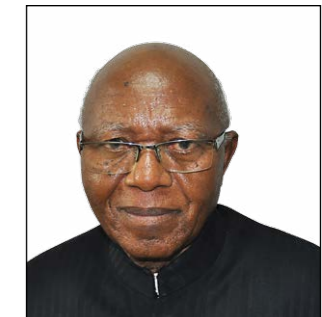
Mr. Mwita Mwita
Member



Ms. Agness Nicholaus
Member



Prof. Sylvia Temu
Member



Prof. Keto Mshigeni
Member



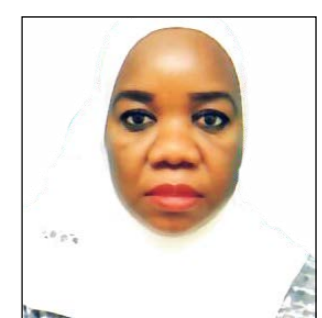
Prof. Eleuther Mwageni
Member



Mr. Joel Laurent
Member



Ms. Bertha Minja
Member



Ms. Chai Ali Mohammed
Member



In providing quality services, National Audit Office (NAO) is guided by the following Core Values:

- **Objectivity:** We are an impartial organization, offering services to our clients in an objective, and unbiased manner;
- **Excellence:** We are professionals providing high quality audit services based on best practices;
- **Integrity:** We observe and maintain high standards of ethical behavior and the rule of law;
- **People focus:** We focus on stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
- **Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
- **Best resource utilization:** We are an organization that values and uses public resources entrusted to it in efficient, economic and effective manner.

We do this by:-

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



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REGISTERED OFFICE

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

BANKERS:

National Microfinance Bank
P.O Box 160108
Dar es Salaam
CRDB Bank PLC
P. O. Box 2302
Dar es Salaam

Tanzania Postal Bank
P.O Box 9300
Dar es Salaam

LAWYERS

APPEX ATTORNEYS (ADVOCATES)
P.O. Box 34674
Dar es Salaam
M/S CREST ATTORNEYS'
2nd Floor, Coronation Building,
Dar es Salaam

M/S KARIWA & COMPANY ADVOCATES
P. O. Box 13138
Dar es Salaam

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

PARENT MINISTRY:

Ministry of Education, Science and Technology

AUDITORS:

The Controller and Auditor General
National Audit Office
Samora Avenue/Ohio Street
P.O. Box 9080
Dar es Salaam.
Ernst & Young
P.O. Box 2475
Tanhouse Tower (4th Floor)
New Bagamoyo Road
Dar es Salaam, Tanzania.

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

1.1 INTRODUCTION

The Higher Education Students' Loans Board (HESLB) was established under Act No. 9 of 2004 (as amended) CAP 178 and commenced operations in July, 2005 in the United Republic of Tanzania. 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 in order to have a revolving fund in place so as to make the Board sustainable.

The HESLB Board of Directors submit their report and financial statements for the financial year ended 30th June 2017, which disclose the state of affairs of the HESLB. These Financial Statements have been prepared in accordance with the International Public Sectors Accounting Standards (IPSAS) and other guidelines prescribed by the board.

1.2 VISION, MISSION, CORE VALUES AND PRINCIPAL ACTIVITIES

1.2.1 Vision:

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

1.2.2 Mission:

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

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

1.2.3 Core Values

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

- i) Team Work
- ii) Transparency
- iii) Accountability
- iv) Commitment
- v) Integrity
- vi) Equity

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

1.2.4 Principal Activities of HESLB

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

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

1.3 COMPOSITION, FUNCTION AND POWERS OF THE BOARD

3.1 Composition of the Board

The tenure of the Board of Directors who served during the period ended in 17th November 2016. The Board comprised of the following members:

SN	Name	Position	Age	Qualification/ Discipline	Nationality	Retired
1.	Prof. Anselem Luoga	Chairman	71	PhD in Agriculture	Tanzanian	17 November 2016
2.	Mr. John Mihayo Cheyo	Member	57	MA Economics	Tanzanian	17 November 2016
3.	Prof. Eleuther Mwageni	Member	60	PhD Population Research	Tanzanian	17 November 2016
4.	Mr. Ali Hamad Suleiman	Member	31	Bachelor of Finance and Banking	Tanzanian	17 November 2016
5.	Prof. Sylvia Temu	Member	60	PhD in Business Management	Tanzanian	17 November 2016
6.	Dr. Charles Kimei	Member	65	PhD in Economics	Tanzanian	17 November 2016

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

1.3.1 Composition of the Board (Continued)

7.	Prof. Keto Mshigeni	Member	74	PhD Science	Tanzanian	17 November 2016
8.	Ms. Bertha Minja	Member	55	MBA	Tanzanian	17 November 2016
9.	Ms. Chai Ali Mohamed	Member	33	LLB	Tanzanian	17 November 2016
10.	Mr. Laurent Joel	Member	45	LLM	Tanzanian	17 November 2016
11.	Ms. Agnes Nicolus	Member	26	BA Education	Tanzanian	17 November 2016
12.	Mr. Pius Maneno	Co-opted Member	52	MBA, CPA	Tanzanian	17 November 2016

Following end of the tenure of the earlier Board in November 2016, the new Board of Directors was appointed in August 2017. The current board members are as follows:

SN	Name	Position	Age	Qualification/ Discipline	Nationality	Appointed
1.	Prof. William Anangisye	Chairman	56	PhD (Education)	Tanzanian	August 2017
2.	Mrs. Madina M. Mwinyi	Member	58	MA- Education (Curriculum Evaluation and Planning)	Tanzanian	August 2017
3.	Eng. Dr. Richard Masika	Member	59	PhD (in Structural Engineering)	Tanzanian	August 2017
4.	Prof. Carolyne Nombo	Member	49	PhD(Sociology)	Tanzanian	August 2017
5.	Dr. Dalmas A.L. Nyaoro	Member	64	PhD Geotechnical Engineering)	Tanzanian	August 2017
6.	Mr. Frank Nyabudege	Member	44	MBA (Corporate Management)	Tanzanian	August 2017
7.	Ms. Suzan E. Urio	Member	25	University Student, Mzumbe	Tanzanian	August 2017

1.3.2 Functions of the Board

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

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

1.3.2 Functions of the Board

- vi) To establish operational links between the Board and higher education institutions with student loan beneficiaries for facilitating a smooth, efficient and effective administration of the loan funds;
- vii) To establish operational links with employers of loan beneficiaries for the purpose of facilitating the recovery of the loans granted;
- viii) To establish networking and cooperation links on a mutually beneficial basis with institutions and organizations, be they governmental or non-governmental, local, foreign or international;
- ix) To conduct research and maintain a data bank on other local and external scholarships, sponsorships and awards that may be accessed by Tanzanian students in need or in search of opportunities and financial sponsorship or assistance for higher education and/or training;
- x) To ensure the overall efficient and effective implementation of the provisions of the Act and of any such other written law concerning Government loans; and
- xi) To perform such other functions as are conferred upon the Board by or under the Act or any other written laws.

1.3.3 Power of the Board

Without prejudice to section 6 of the HESLB Act No. 9 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;

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

1.3.3 Power of the Board (Continued)

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

1.4 COMMITTEES OF THE HESLB GOVERNING BOARD

The Board comprised three Committees which report to the full board. In the year ended 30 June 2017, committees of the Board of Directors held meetings as follows:

1.4.1 Loans Allocation and Repayment Committee (LARC)

The primary function for which the Board was established is to issue loans to qualifying Students of Higher Education Institutions and to ensure repayment of the 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. During the year under review, the LARC conducted two meetings as follows:

No.	Name	Designation	Nationality	No. of meetings
1.	Mr. John Mihayo Cheyo	Chairperson	Tanzanian	2
2.	Prof. Eleuther Mwageni	Member	Tanzanian	2
3.	Mr. Ali Hamad Suleiman	Member	Tanzanian	2
4.	Prof. Sylvia Temu	Member	Tanzanian	2

1.4.2 Finance, Planning and Administration Committee (FPA)

The FPA Committee of the Board has been charged with the responsibility to deal with Finance, Research and Planning, Administration, Legal 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. During the year under review, the FPA conducted one meeting as follows:

No.	Name	Designation	Nationality	No. of meetings
1	Dr. Charles Kimei	Chairperson	Tanzanian	1
2	Dr. Adolf B. Rutayuga	Member	Tanzanian	1
3	Prof. Keto Mshigeni	Member	Tanzanian	1
4	Ms. Bertha Minja	Member	Tanzanian	1
5	Ms. Chai Ali Mohamed	Member	Tanzanian	1

1.4.3 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 coordinates External Auditing of the Annual Accounts of Board and reviews Annual Audited Accounts before submission to the Full Board for approval. During the year under review, the AC conducted one meeting as follows:

No.	Name	Designation	Nationality	No. of meetings
1	Mr. Laurent Joel	Ag. Chairperson	Tanzanian	1
2	Ms. Agnes Nicolus	Member	Tanzanian	1
3	Mr. Pius Maneno	Member	Tanzanian	1

1.5 BOARD MEETINGS

During the year, the Board of Directors whose tenure ended in November 2016, held one meeting as follows:

No.	Name	Designation	Nationality	No. of meetings
1	Prof. Anselem Luoga	Chairman	Tanzanian	1
2	Mr. John Mihayo Cheyo	Member	Tanzanian	1
3	Prof. Eleuther Mwageni	Member	Tanzanian	1
4	Mr. Ali Hamad Suleiman	Member	Tanzanian	1
5	Prof. Sylvia Temu	Member	Tanzanian	1
6	Dr. Charles Kimei	Member	Tanzanian	1
7	Prof. Keto Mshigeni	Member	Tanzanian	1
8	Ms. Bertha Minja	Member	Tanzanian	1
9	Ms. Chai Ali Mohamed	Member	Tanzanian	1
10	Mr. Laurent Joel	Member	Tanzanian	1
11	Ms. Agnes Nicolus	Member	Tanzanian	1
12	Mr. Pius Maneno	Co-opted Member	Tanzanian	1

1.6 CORPORATE GOVERNANCE

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

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

1.7 SOLVENCY

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

1.8 OBJECTIVES FOR THE FINANCIAL YEAR 2016/17

The Higher Education Students' Loans Board objectives for the financial year 2016/17 budget envisage realization of five strategic objectives as indicated below:-

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

1.9 RELATIONSHIP AND MEMBERSHIP WITH OTHER INSTITUTIONS

(NETWORKING)

Nationally

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

Internationally

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

Membership

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

1.10 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	2016/2017	2015/2016
	TZS	TZS
Loanable Funds	2,979,936,357,408	2,450,818,374,411
Staff Loans Revolving Funds	1,580,691,837	1,580,691,837
Recovered Students' Loans	41,385,748,964	22,508,453,369
Recovery amounts transferred to BOT	(78,190,908,805)	-
Accumulated surplus/(deficits)	476,612,621,192	472,874,680,098
Total	3,423,201,610,216	2,947,782,199,716

1.11 FINANCIAL PERFORMANCE FOR THE YEAR

Revenue, Expenses and Surplus

During the year under review, HESLB recorded revenue amounting to TZS 43,024,590,891 (2016: TZS 52,075,546,629) and made expenses amounting to TZS 37,409,550,176 (2016: TZS 55,257,104,951). During the year ended 30th June 2017, the HESLB recorded a surplus of TZS 5,615,040,715. The loss of TZS 3,181,558,322 in 2016 was mainly attributed by provision for impairment of students' loans which amounted to TZS 13,259,888,580.

1.12 FINANCIAL POSITION

Current assets

Total current assets decreased to TZS 114,208,573,722 from TZS 176,467,675,267 of 2016 due to decrease in other receivables.

Property, plant and equipment

The item of property, plant and equipment decreased due accounting for depreciation. The slight addition of furniture and fittings, office equipment and computers, printers and fax didn't outweigh the Accumulated depreciation.

Students loan receivables

The students' loan receivable increased to TZS 3,515,073,164,080 from TZS 3,044,803,491,780.

1.12 FINANCIAL POSITION (Continued)

Current liabilities

During the year under review, total liabilities decreased to TZS 18,219,364,401 due to decrease in outstanding students' loans.

Net assets

Net assets increased from TZS 2,947,782,200,766 of 2016 to TZS 3,521,138,942,136 of 2017 due to increase in loanable fund, recovered students' loans and accumulated surplus.

1.13 BUDGET

The budget is approved on a cash basis by function classification. The approved budget covers the fiscal period from July 01, 2016 to June 30, 2017 and includes all activities within the Higher Education Students' Loans Board (HESLB). The original and final budget was approved by Parliament on June, 2016 after being passed by the Board of Directors.

1.14 MANAGEMENT STRUCTURE

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

Line Division

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

Staff Function

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

1.14 MANAGEMENT STRUCTURE (Continued)

Management Team

Mr. Abdul-Razaq Badru	Executive Director (from 26 th August, 2016)
Mr. Jerry Sabi	Ag. Executive Director (up to 26 th August, 2016)
Dr. Judika King'ori	Ag. Director of Finance and Administration (from 16 th September, 2016)
Mr. Daniel Mafie	Ag. Director of Finance and Administration (up to 05 th October, 2016)
Mr. Godfrey Sigala	Director of Audit and Investigation
Mr. Asangye Bangu	Director for planning, research and ITC (up to 30 th November, 2016)
Mr. Benedicto.C.Cosmas	Ag. Director for planning, research and ITC (from 30 th November, 2016)
Mr. John Elias	Ag. Director Loan Disbursement (up to 24 th August 2016)
Dr. Veronica Nyahende	Ag. Director Loan Disbursement (from 24 th August 2016)
Mr. Felix John	Ag. Assistant Director Loan Disbursement (from 24 th August 2016)
Mr. Robert Kibona	Ag. Director Loan Repayment (up to 24 th August 2016)
Mr. Ignatus Oscar	Ag. Director Loan Repayment (from 24 th August 2016)
Mr. Fidelis Joseph	Ag. Assistant Director Loan Repayment (from 24 th August 2016)
Ms. Juliana Mero	Ag. Chief Accountant
Ms. Nuru Sovellah	Assistant Director Human Resource & Administration (up to 22 nd September 2016)
Mr. Peter Mwakiluma	Ag. Assistant Director Human Resource & Administration (from 22 nd September 2016 to 1 st June 2017)
Mr. Erick B. Mapunda	Assistant Director Human Resource & Administration (from 2 nd May 2017)
Mr. Heri Sago	Chief Internal Auditor (up to 23 rd September 2016)
Ms. Aikande Shoo	Ag. Chief Internal Auditor (from 23 rd September 2016)

1.14 MANAGEMENT STRUCTURE (Continued)

Management Team (Continued)

Mr. Firmat Tarimo	Assistant Director Legal Affairs (up to 11 th October 2016)
Mr. Luhano Lupogo	Ag. Assistant Director Legal Affairs (from 11 th October 2016)
Mr. Chikira Jahari	Assistant Director Loan Allocation (up to 23 rd August 2016)
Ms. Emma Sabaya	Ag. Assistant Director Loan Allocation (from 23 rd August 2016 to 2 nd November 2016)
Mr. Deus Changala	Ag. Assistant Director Loan Allocation (from 1 st December 2016)
Dr Abdul Mussa Ally	Assistant Director Loan Recovery
Mr. Cosmas Mwaisobwa	Assistant Director Communication, Information and Education
Mr. George Mokaka	Assistant Director Procurement and Supplies
Mr. Harold G Chipanha	Assistant Director ICT (up to 6 th October 2016)
Mr. Leonard Swigo	Ag. Assistant Director ICT (from 3 rd November 2016 to 13 th May 2017)
Mr. Nimkambazi Muze	Ag. Assistant Director ICT (from 15 th May 2017)

1.15 KEY PERFORMANCE INDICATORS DURING THE YEAR

HESLB has developed its mission to carry it through and has a strategic plan 2014/2015 to 2018/19. 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 which came into operation with effect from 1st July 2014 focus on achieving five objectives as follows:

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

1.15 KEY PERFORMANCE INDICATORS DURING THE YEAR (Continued)

The following are the achievements of the HESLB for the year under review (2016/2017):

S\N	Performance Indicator	Target	Actual
1	Number of loans	139,322	116,250
2	Number of Grants Students Disbursed	2,565	1,634
3	Amount of Loanable Funds Government Subvention	416,510,393,714	502,338,564,616
4	Amount of Grant Funds Government Subvention	11,044,206,286	6,600,888,386
5	Amount of Loanable Funds Disbursed	472,749,751,400	497,368,155,159
6	Total Amount of Grants Disbursed	11,044,206,286	6,600,888,386
7	Number of Traced Beneficiaries	238,509	45,590
8	Loan Amount Collected	56,239,357,686	116,719,004,826
9	Cumulative Loan Amount Collected	161,268,862,667	216,992,990,153
10	Percentage of Repayment Rate	40%	34%
11	TZS Revolving Funds Utilized as Loanable Funds	56,239,357,686	22,623,000,000
12	Number of Staff Trained	57	38
13	Number of Staff	166	136
14	Number of Staff Dropout	1	10
15	Government Contribution to HESLB Annual Budget	85%	93.8%
16	Percentage of Self-Reliant on Loanable Funds	15%	4.7%
17	Percentage of Self-Reliant on Operational Expenses	100%	100%
18	Revolving funds for OC/Development Budget	7,7000,000,000	7,474783195.18
19	Percentage of Internally Generated Funds Contribution on HESLB Annual Budget	15%	6.2%

1.16 LEGAL AND REGULATORY REQUIREMENT

The HESLB is a provider and collector of loans issued to eligible and needy students who secure admission in accredited higher learning institutions. The HESLB report to the Ministry of Education, Science and Technology and is supposed to comply with Government of the United Republic of Tanzania procedures and laws of the land. The functions of 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 such as Value Added Tax (VAT), Pay as You Earn (PAYE), withholding tax, etc.

1.17 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.

1.18 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:

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

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, 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 2017 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:

- **Competence**

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

- **Delegation**

The overall objectives of 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.

1.18 RISK MANAGEMENT AND INTERNAL CONTROLS (Continued)

- **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.

- **Internal Audit**

An internal audit unit has been established to provide a number of important services to HESLB. These include independent assessment of internal control environment, risk management practices, governance and monitoring compliance to HESLB policies and government regulations. The unit also ensures that recommendations to improve internal controls are followed up and implemented by the Management. The Director Internal Audit reports functionally to the Board of Directors and administratively to the Executive Director.

1.19 FUTURE DEVELOPMENT PLANS

HESLB has started construction of its own office building within the year under review. The building is expected to have six towers, and is located at Kinondoni B, Dar Es Salaam. Currently the building is at foundation stage still work in progress. The Board has decided to do so to eliminate the cost of rental as it is currently paying on its office located at Mwenge-Mpakani area.

1.20 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. As at 30th June 2017 and 2016 the HESLB had the following distribution of employees by gender:

Gender	2017	2016
Male	83	82
Female	56	62
Total	139	144

1.21 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 spouse 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. But currently, the service is provided by the National Health Insurance Fund (NHIF) but if medical expenses are over and above NHIF provision, HESLB makes top ups to cover the remain expenses fully.

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.

1.22 RELATED PARTY TRANSACTIONS

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

1.23 PERSONS WITH DISABILITIES

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

1.24 POLITICAL DONATIONS

HESLB did not make any political donations during the year.

1.25 ENVIRONMENTALCONTROL

The directors recognize that environmental protection is a contemporary agenda. HESLB monitors the impact of its operations on the environment, which is mainly through the use of power, water and generation of waste. HESLB minimizes its impact through better use of its premises and facilities to ensure that there is proper waste management.

1.26 SERIOUSLY PREJUDICIAL MATTERS

During the year ended 30th June 2017 there was no serious prejudicial matters to report as required by Tanzania Financial Reporting Standard No1.

1.27 STATEMENT OF COMPLIANCE

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

1.28 AUDITOR

The Controller and Auditor General is the statutory auditor of the Board by virtue of Article 143 of the Constitution of the United Republic of Tanzania, and amplified in section 10 of the Public Audit Act No 11 of 2008. However, in accordance with section 33 of the same Act M/S Ernst and Young was authorized to carry out the audit of financial statements of HESLB for the year ended 30th June 2017 jointly with the Controller and Auditor General. M/S Quintex audited the financial statements of HESLB for the year ended 30th June 2016 jointly with the Controller and Auditor General.

BY THE ORDER OF THE BOARD

Prof. William Anangisye
Chairman of the Board

Date

Mr. Frank Nyabudege Mugeta
Director

Date

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

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the Accrual Basis, International Public Sector Accounting Standard (IPSAS), in the manner required by the Section 25(24) of the public Finance Act No.6 of 2001(Revised, 2004) and HESLB Act No. 9 OF 2004. . Board Members hereby confirm that suitable accounting policies have been used and applied consistently, and that reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 30th June, 2017.

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 2016/17 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 is of the opinion that 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 Anangisye

Chairman of the Board

Date

Mr. Frank Nyabudege Mugeta

Director

Date

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance responsible for the preparation of financial statements of the entity concerned.

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

I, Dr. Judika King'ori being the Head of Finance of the Higher Education Students' Loans Board (HESLB) hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30th June, 2017 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.

Dr. Judika King'ori

Ag. Director of Finance and
Administration

Date

NBAA Membership No:-

To: Prof. William Anangisye,
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' LOAN BOARD (HESLB) FOR THE YEAR ENDED 30 JUNE 2017

Introduction

I have audited the accompanying financial statements of the Higher Education Students' Loan Board (HESLB), set out on pages 24 to 51 which comprise the statement of financial position as at 30th June, 2017 and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

Opinion

In my opinion, the accompanying financial statements present fairly in all material respects, the financial position of the Higher Education Students' Loan Board (HESLB) as at 30th June, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of my report. I am independent of Higher Education Students' 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.

Other information

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

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

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

Key Audit Matters

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Further, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the Law and its Regulations.

Report on Other Legal and Regulatory Requirements

Compliance with the Public Procurement Act, 2011

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

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

Prof. Mussa Juma Assad,

Controller and Auditor General of the United Republic of Tanzania

..... March, 2018

National Audit Office of Tanzania,

P.O. Box 9080,

Dar es Salaam, Tanzania.

Tel: 255 (022) 2115157/8

Fax: 255 (022) 2117527

Email: ocag@nao.go.tz



Notes	2017	2016
	TZS	TZS
Revenue from non-exchange transactions		
Government subvention	4,645,808,798	10,982,250,326
Revenue Grants - Medical Doctor	6,406,001,402	4,926,613,521
	11,051,810,200	15,908,863,847
Revenue from exchange transactions		
Penalty on repayment	27,599,124,821	24,610,998,308
Loan administration fees	2,432,891,838	7,979,955,999
Application fees	-	3,090,017,357
Interest income	69,104,062	475,354,209
Other income	1,871,659,970	10,356,909
	31,972,780,691	36,166,682,782
Total revenue	43,024,590,891	52,075,546,629
Expenses		
Advertisements and publicity	179,152,519	127,990,759
Grants expenses- Medical Doctors	6,406,001,402	4,926,613,521
Administrative expenses	11,595,662,351	18,466,849,935
Provision for impairment of students' loans	-	13,259,888,580
Finance expenses	19,228,733,904	18,475,762,156
Total expenses	37,409,550,176	55,257,104,951
Profit/(Loss) during the year	5,615,040,715	(3,181,558,322)
Other comprehensive income	-	-
Total comprehensive income for the year	5,615,040,715	(3,181,558,322)

Notes

2017

2016

CASH FLOWS FROM OPERATING ACTIVITIES**Receipts:**

	2017 TZS	2016 TZS
Transfers from the Government	4,645,808,798	5,455,930,439
Revenue Grants - Medical Doctor	6,406,001,402	4,926,613,521
Cash received from the customers	-	245,117,734
Interest Income	69,104,062	45,354,210
Penalty on loan repayment	27,599,124,821	-
Loan administration fee	2,432,891,838	-
Other Income	2,879,427	10,356,910
	41,155,810,348	10,683,372,814

Payments:

Advertisements and publicity	179,152,519	127,990,759
Grants Expenses- Medical Doctors	6,406,001,402	4,926,613,521
Administrative expenses	11,048,277,611	17,818,728,685
Finance expenses	-	75,964,800
Students' loan receivable (current portion)	9,872,620,570	62,030,234,383
	27,506,052,102	84,979,532,148

Cash from/ (Used) in Operating Activities

	13,649,758,246	(74,296,159,334)
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CASH FLOWS FROM INVESTING ACTIVITIES

Loan issued to Students	(459,108,185,774)	(440,775,488,486)
Grant paid	(6,406,001,402)	(4,926,613,521)
Loans to Institutions - PGD Students	(3,917,683,886)	(2,019,567,250)
Acquisition of Plant and Equipment	(305,639,689)	(2,619,658,794)
Cash used in Investing Activities	(469,737,510,751)	(450,341,328,051)

CASH FLOWS FROM FINANCING ACTIVITIES

Government Subvention	529,117,982,997	506,320,301,545
Recovered Students' Loans	18,877,295,595	7,240,812,102
Staff Loan Revolving Fund	-	338,929,165
HESLB funds transferred to BOT	(78,190,908,805)	-
Cash from Financing Activities	469,804,369,788	513,900,042,812
Net Increase/(decrease) in Cash and Cash Equivalents	15,585,397,825	(10,737,444,573)
Cash and Cash Equivalents at the Beginning of the Year	(656,331,927)	10,081,112,647
Cash and Cash Equivalents at the End of the Year	14,929,065,898	(656,331,926)

	Original Budget		Adjustments		Final Budget		Actual on Comparable basis		Performance Difference	
	2017 TZS		2017 TZS		2017 TZS		2016 TZS		2016 TZS	
Revenue										
Loan Application & Appeals Fees	2,250,000,000		-		2,250,000,000		-		2,250,000,000	
Penalty	3,933,832,932		-		3,933,832,932		27,599,124,821		(23,665,291,889)	
Value retention fees	168,160,000		-		168,160,000		-		168,160,000	
Loan administration fees	946,507,068		-		946,507,068		2,432,891,838		(1,486,384,770)	
Interest on call/FDR	400,000,000		-		400,000,000		69,104,062		330,895,938	
Tender document fee & Misc. income	1,500,000		-		1,500,000		2,879,427		(1,379,427)	
Grant funds	11,044,206,286		-		11,044,206,286		6,406,001,402		4,638,204,884	
Loanable funds	472,749,751,400		-		472,749,751,400		331,643,071,586		141,106,679,814	
Personnel emoluments	5,591,507,776		-		5,591,507,776		4,645,808,798		945,698,978	
Development fund	4,042,807,408		(788,207,408)		3,254,600,000		-		3,254,600,000	
Total Revenue	501,128,272,870		(788,207,408)		500,340,065,462		372,798,881,934		127,541,183,528	
Expenses										
Loanable funds	472,749,751,400		-		472,749,751,400		494,293,610,115		(21,543,858,715)	
Grants Expenses	11,044,206,286		-		11,044,206,286		6,406,001,402		4,638,204,884	
Development fund	3,254,600,000		-		3,254,600,000		-		3,254,600,000	
Administrative Expenses	7,700,000,000		-		7,700,000,000		7,222,857,873		477,142,127	
Personnel emoluments	5,591,507,776		-		5,591,507,776		4,645,808,798		945,698,978	
Total Expenses	500,340,065,462		-		500,340,065,462		512,568,278,189		(12,228,212,726)	
Surplus for the period	788,207,408		(788,207,408)		-		(139,769,396,254)		139,769,396,254	

1. GENERAL INFORMATION

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

Basis of Preparation

The financial statements have been prepared on the basis of historic cost, modified by the revaluation of certain assets and liabilities, unless stated otherwise.

Statement of Compliance

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

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

3.1. Reporting Period

The reporting period for these financial statements is the financial year of the Government which runs from 01st July 2016 to 30th June 2017.

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 purpose of 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 as a result 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.

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

Interest Income

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

Loan application 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 a year 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.

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

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

2.6. Revenue (Continued)

Government Subvention:

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

Grants:

Grants comprises of grants from Treasury and World Bank.

- (i) Grants from Treasury: These are issued to eligible students pursuing medical doctor courses. The funds are release as per approved budget; the amounts are paid to students under the grants programme only. Income is recognized as per amount paid to students as grant.
- (ii) Grants from World Bank: These are attached with 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.

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

2.7. 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.

2.8. Property, plant and equipment

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

Recognition

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

Measurement

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

Derecognition

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.

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

2.8. Property, plant and equipment (Continued)

Subsequent Expenditure

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

Depreciation

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

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

2.9. Intangible Assets - Computer Software Costs

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

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

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

2.10. Impairment of assets

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

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

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

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

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

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

2.11. 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.

2.12. 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.

2.13. Bank borrowings

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

2.14. 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.

2.15. Payables

Payables are stated at their nominal value.

2.16. 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.

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

2.16. Borrowing costs (Continued)

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 considered to be doubtful of recovery are provided in full.

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

2.17. Retirement Benefits

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

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

Short Term Benefits

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

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

2.17. Retirement Benefits (Continued)

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.

2.18. Offsetting Financial Asset and Financial Liability

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

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

2.19. Related Party Transactions

HESLB is wholly owned by the Government under the ministry of Education, Science and Technology. The Board does not own shares of any class in any business. All business transactions are conducted at arm's length in line with the provisions of the Higher Education Students' Loans Board Act No. 9 of 2004 (as amended), the International Financial Reporting Standards and any other complimenting Accounting Standards deemed suitable in the circumstances to reflect a true and fair view of the accounts during that particular time. The only related party transactions during the financial year ended 30th June, 2016 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:

	2017	2016
	TZS	TZS
i) Board of Directors		
Board of Directors Allowances and Annual Directors Fees	61,288,000	273,038,000
	61,288,000	273,038,000
ii) Emoluments to key Management Staff		
Salaries	965,570,000	1,032,525,000
Allowances	185,630,000	579,944,200
	1,151,200,000	1,612,469,200

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

- **Interest rate risk**

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

- **Currency risk**

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

- **Credit risk**

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

5. CHANGES IN ACCOUNTING POLICIES

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

6. CASH AND CASH EQUIVALENTS

	2017	2016
	TZS	TZS
CRDB Bank Plc	6,189,232,618	(705,253,372)
BANK M	-	199,630,303
Exim Bank	6,345,900	6,345,900
Standard Chartered Bank	169,601,672	74,747,543
National Microfinance Bank Plc	8,374,355,860	(385,583,124)
Tanzania Postal Bank	102,150,223	153,780,824
Bank of Tanzania	87,379,625	-
	14,929,065,898	(656,331,926)

7. INSTITUTIONS LOAN RECEIVABLE

Balance as at 1 st July	6,715,562,510	4,695,995,260
Additional loans	3,917,683,887	2,019,567,250
Total	10,633,246,397	6,715,562,510
Amount recovered	(4,539,001,975)	(4,539,000,928)
Balance as at 30 th June	6,094,244,422	2,176,561,582

8. STUDENTS' LOAN RECEIVABLE

	2017	2016
	TZS	TZS
Balance as at 1 st July	3,209,464,248,553	2,683,555,282,598
Additions		
Net Loan issued	494,293,610,115	373,568,785,187
Loan Administration fee	2,432,891,838	7,749,002,952
Value retention fee	55,808,419,783	119,980,179,508
Penalties on late loan repayment	27,599,124,821	24,610,998,308
Gross Loans	3,789,598,295,110	3,209,464,248,553
Less:		
Provision	(11,391,108,038)	(13,259,888,580)
Balance as at 30th June	3,778,207,187,072	3,196,204,359,973
Made up of:		
Current portion	81,330,796,272	71,458,175,703
Long term portion	3,515,073,164,080	3,044,803,491,780
Institutions loan receivable (Note7)	6,094,244,422	2,176,561,582
Recovered Students loans	175,708,982,298	77,766,130,909
	3,778,207,187,072	3,196,204,359,974
Movement in provision:		
Balance as at 1 st July	(13,259,888,580)	-
Reversal/(Additions)	1,868,780,543	(13,259,888,580)
Balance as at 30th June	(11,391,108,037)	(13,259,888,580)

9. PREPAYMENTS AND OTHER RECEIVABLES

	2017	2016
	TZS	TZS
Staff advance	33,654,815	3,654,815
Staff imprest	380,367,877	166,911,336
Staff loans (Motor Vehicles) - (i)	1,233,876,729	1,403,528,979
Staff loans (Housing) - (ii)	323,315,210	323,873,752
Rent prepaid	48,058,343	58,233,025
Prepaid insurance	27,380,026	13,808,623
Prepaid subscription	2,849,075	8,158,600
Outstanding students' loans - (iii)	15,687,537,522	100,640,358,808
Loan application fees receivable	-	2,844,899,623
Salary arrears receivable from		
MOEVT	35,462,934	35,462,934
Prepaid Fuel	11,447,735	10,061,075
Sundry debtor - MOEVT	81,010,000	118,810,520
	17,864,960,266	105,627,762,090

(i) Motor vehicle loans

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

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

(ii) Housing loans

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

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

(iii) Outstanding students' loans

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

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

10. INVENTORY

	2017	2016
	TZS	TZS
Stationery supplies	70,610,051	26,160,128
Computer accessories	13,141,235	11,909,272
	83,751,286	38,069,400
Analysis of inventory expensed during the year:		
Stationery supplies	86,844,204	49,189,028
Computer accessories	67,977,318	141,380,251
	154,821,522	190,569,279

11. INTANGIBLE ASSETS

Cost		
As at 1 st July	702,632,260	702,632,260
Additions	-	-
As at 30 th June	702,632,260	702,632,260
Accumulated amortization		
As at 1 st July	671,149,436	603,772,581
Charge for the year	31,244,271	67,376,855
As at 30 th June	702,393,707	671,149,436
Net carrying amount		
As at 30 th June	238,553	31,482,824

12. PROPERTY AND EQUIPMENT

	Building W.I.P.	Land	Office Furniture & Fittings - TZS	Office Equip-ment TZS	Computers, Printers & Fax - TZS	Motor Vehicle TZS	Total TZS
Cost							
As at 01.07.2016	2,270,793,769	760,230,769	1,356,039,894	356,958,483	943,416,903	1,116,921,416	6,804,361,234
Additions	-	-	110,609,844	3,078,470	191,951,375	-	305,639,689
As at 30.06.2017	2,270,793,769	760,230,769	1,466,649,738	360,036,953	1,135,368,278	1,116,921,416	7,110,000,923
Depreciation							
As at 01.07.2016	-	-	745,894,484	275,265,686	810,989,174	848,675,995	2,680,825,339
Charge for the year	-	-	234,752,191	23,333,787	140,426,897	117,627,597	516,140,472
As at 30.06.2017	-	-	980,646,675	298,599,473	951,416,071	966,303,592	3,196,965,811
Net Book Value							
As at 30.06.2017	2,270,793,769	760,230,769	486,003,063	61,437,480	183,952,207	150,617,826	3,913,035,112
As at 30.06.2016	2,270,793,769	760,230,769	610,145,410	81,692,797	132,427,730	268,245,421	4,123,535,894

13. PAYABLES AND ACCRUALS

	2017	2016
	TZS	TZS
Outstanding students' loans	15,687,537,622	100,640,358,808
Rent payable	-	197,010,000
Directors' fees payable	35,000,000	35,000,000
Salary allowance payable	-	17,645,000
Bank charges payable	1,730,951	66,103,239
Audit fee payable	-	127,440,000
Electricity payable	8,789,187	-
Internet payable	6,423,937	-
Bank deposits	2,408,479,178	-
Other deductions payable	51,272,566	77,495,472
Grants received in advance - WB	20,130,960	19,946,591
	18,219,364,401	101,180,999,110

14. PSPF LOAN

PSPF Loan	54,644,657,534	54,644,657,534
Long Term Unpaid Interest on PSPF Loan	64,253,589,040	56,221,890,410
Long Term Unpaid Penalty on PSPF Loan	78,970,033,646	67,772,999,527
	197,868,280,220	178,639,547,471

15. LOANABLE FUNDS

Balance as at 1st July	2,450,818,374,411	1,950,803,202,637
Additions:	197,474,911,411	141,666,491,628
Value Retention Fee	331,643,071,586	358,348,680,146
Government Subvention	2,450,818,374,411	2,450,818,374,410
Balance as at 30 th June	2,979,936,357,408	2,450,818,374,411

16. RECOVERED STUDENTS LOANS

Balance as at 1st July	22,508,453,369	19,801,592,645
Collected during the year	116,814,626,463	28,210,367,282
	139,323,079,832	48,011,959,927
Less: Amount recovered for loans		
Issued by HESLB	97,937,330,868	(25,503,506,558)
Balance as at 30 th June	41,385,748,964	22,508,453,369

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.

17. STAFF LOAN REVOLVING FUND

	2017	2016
	TZS	TZS
Balance as at 1st July	1,580,691,837	1,241,762,672
Additions:	-	338,929,165
Balance as at 30 th June	1,580,691,837	1,580,691,837

18. GOVERNMENT SUBVENTION

Government Subvention - OC	-	6,315,129,771
Government Subvention - PE	4,045,808,798	4,667,120,555
	4,045,808,798	10,982,250,326

19. REVENUE GRANTS

(a) World Bank - Grant:

Balance as at 1 st July	19,946,591	18,762,168
Amount received during the year	-	-
Bank charges	184,369	1,184,409
Balance as at 30 th June	20,130,960	19,946,591

(b) Government Grant:

Balance as at 1 st July	-	2,232,196,370
Amount received and used during the year	6,406,001,402	2,694,417,151
Total Available	6,406,001,402	4,926,613,521
Less: Balance as at 30 th June	-	-
Income for the year	6,406,001,402	4,926,613,521

20. APPLICATION FEES

	2017	2016
	TZS	TZS
Application fees for the year	-	3,090,017,357
	-	3,090,017,357

21. INTEREST INCOME

Interest income on call accounts	69,104,062	475,354,209
	69,104,062	475,354,209

22. OTHER INCOME

Tender documents	-	4,500,000
Reversal of provision	1,868,780,543	-
Miscellaneous Income	2,879,427	5,856,909
	1,871,659,970	10,356,909

23. ADVERTISEMENT AND PUBLICITY

Billboards & Signboards	-	680,000
Advertisements/Publicity	151,061,519	104,509,519
Exhibition & Trade Fair	28,091,000	21,900,940
Broadcasting /promotion	-	900,300
	179,152,519	127,990,759

24. ADMINISTRATIVE EXPENSES

	2017	2016
	TZS	TZS
Personal Emoluments	4,023,211,812	4,374,020,730
Temporary Staff	49,985,835	29,231,200
Contribution to Pension Fund - PPF	434,553,494	513,707,676
Contribution to Pension Fund - PSPF	74,986,447	85,838,044
Leave Travel	21,335,452	311,460,000
Outfit Allowance	900,000	2,170,654
Contribution to NHIF	122,483,065	132,058,529
Contribution to Pension Fund - LAPF	130,920,256	60,746,923
Contribution to Pension Fund - NSSF	310,800	-
Subsistence Allowance	69,306,448	103,075,000
Medical Expenses	16,473,078	36,697,614
House Allowance	120,400,000	1,252,994,491
Utilities Allowance	33,480,000	304,007,501
Responsibility Allowance	-	488,100,576
Fuel and Maintenance Allowance	-	890,620,615
Terminal Benefit	101,989,490	7,230,000
Telephone & Telegrams	116,080,939	387,454,082
Fax/Postal Charges	60,343,218	15,384,812
Printing	9,420,000	23,747,334
Staff Tea & Coffee	113,421,039	93,009,028
Relationship & Hospitality Expenses	21,147,100	218,394,531
Cleaning Supplies	71,906,833	49,189,028
Computer Expenses & Accessories	86,844,204	49,189,028
Stationery Supplies	67,977,318	141,380,251
Staff Training	154,317,506	238,888,736
Water	-	3,176,489
Electricity	150,464,232	137,538,850
Uniforms	1,350,000	294,000
Burial Expenses	7,700,000	36,106,684
Condolence	-	14,500,000
Insurance	14,455,697	30,570,570
Taxes & Licenses	-	-
Service and Repair - Equipment	19,673,074	350,000
Repair & Maintenance - General	27,609,320	16,378,633
Service and Repair - Motor Vehicles	105,193,948	102,554,956

24. ADMINISTRATIVE EXPENSES (Continued)

	2017	2016
	TZS	TZS
Diesel - vehicles	51,768,472	43,961,603
Diesel - generator	140,563	25,524,872
Honorarium	98,615,000	55,100,000
Subscription	26,260,157	35,836,556
Legal matters	54,828,000	21,605,395
Kitchen appliances & utensils	6,222,000	-
Workers union - Raawu	-	103,262,000
Workers council	4,625,000	80,345,058
Staff welfare	117,500,000	152,925,000
Transportation of personal effects	61,931,025	29,415,657
Traveling expenses - domestic	459,355,128	667,735,164
Extra duty/Overtime	433,869,000	197,190,000
Preparation of regulations	26,149,500	98,485,280
Traveling expenses- Foreign	16,268,622	244,815,285
Internet fees	139,683,390	153,954,766
Security guards	30,900,158	39,069,997
Office rent	1,233,438,897	1,405,580,948
Acting allowance	366,873,229	47,378,918
Special allowance	63,059,171	417,206,889
Seminar/Conference expenses	-	113,877,135
Consultancy Fees	3,582,550	74,259,000
Audit fees & expenses	212,434,081	289,453,324
Transport expenses	43,927,525	44,759,397
Recruitment expenses	-	66,925,000
Tender expenses	25,150,000	34,720,000
Board expenses	38,008,000	785,323,810
Board sitting allowances	7,030,000	346,300,000
Board Members Fees	16,250,000	57,420,000
Management sitting allowance	31,750,000	331,650,000
Repayment agency fees	766,436,438	1,020,747,381
Donations	16,750,000	7,516,000
Depreciation/Amortization expense	547,384,741	572,156,449
Periodicals & Newspapers	35,663,000	9,910,100
Bank charges	199,430,102	89,729,065
Commission on application fees	-	75,964,800
DSTV charges	407,000	663,000

24. ADMINISTRATIVE EXPENSES (Continued)

	2017	2016
	TZS	TZS
Student loans write off	-	34,149,000
Long service award	39,000,000	258,720,000
Stocktaking expense	26,424,000	5,559,000
HESLB Anniversary	-	93,425,000
Gift/Bequest	-	2,870,000
Best employees award	8,254,000	-
Furniture to entitled staff	18,000,000	-
Sports expenses	640,000	152,256,000
Bad debts written off	-	27,425,121
Students verification	139,413,000	-
Total expenses	11,595,662,351	18,466,849,935

25. FINANCE EXPENSES

Penalty on PSPF Loan	11,197,035,274	10,444,063,527
Interest on PSPF Loan	8,031,698,630	8,031,698,629
	19,228,733,904	18,475,762,156

26. ASSETS PLEDGED AS SECURITY FOR LIABILITIES

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

27. EVENTS AFTER THE REPORTING PERIOD

There were no material events after the reporting date which required disclosures or adjustments in the financial statements for the year ended 30th June 2017.

