

**National Council for Higher Education**  
**Annual Report**  
**2014 / 2015**



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## High Level Statements

### **Vision Statement**

A leader in coordinating higher education in pursuit of a knowledge-based society

### **Mission Statement**

To ensure a coordinated and excellent higher education system through equitable access and quality service delivery

### **Core Values**

Integrity

Professionalism

Accountability

Justice

Commitment

Teamwork

## List of abbreviations

|               |  |
|---------------|--|
| <b>ETSIP</b>  | Education and Training Sector Improvement Programme              |
| <b>HEMIS</b>  | Higher Education Management Information System                   |
| <b>NCHE</b>   | National Council for Higher Education                            |
| <b>PoN</b>    | Polytechnic of Namibia   |
| <b>UNAM</b>   | University of Namibia  |
| <b>UNESCO</b> | United Nations Educational, Scientific and Cultural Organisation |

## Message from the Chairperson



**Dr Kalumbi Shangula**  
**Chairperson**

I have the privilege to provide an account of the activities of the National Council for Higher Education (NCHE) for the 2014/15 financial year, which spans the period 1 April 2014 to 31 March 2015. This Annual Report provides an insight into the operations, the human resources, the performance and the financial affairs of the Council for the period under review. The Report also provides a balanced and reasonable view of the Council, so that our stakeholders can be informed about our performance.

A highlight of the reporting period was the Council retreat in May 2014, held under the theme “*Striving for Quality and Equitable Higher Education.*” The purpose of the retreat was to share information, forge a common understanding of the NCHE mandate, and discuss the Annual Strategic Plan and Budget. The retreat provided an opportunity for Members to gain a broader and deeper understanding of the Council’s roles and obligations, as provided for in the Higher Education Act, 2003 (No. 26 of 2003).

The reporting year also saw Council making tremendous strides in the implementation of its core functions. In so doing, the Council registered, gazetted the establishment of, and certified the first four private higher education institutions in the country. In addition, it set in motion the Quality Assurance System for Higher Education Institutions in Namibia, and accordingly reviewed six academic programmes. Three of these were from the Polytechnic of Namibia (PoN), while the others were from the University of Namibia (UNAM).

Following Cabinet’s adoption of the NCHE’s Funding Framework for Public Higher Education Institutions in the previous reporting year, the period under review focused on consolidating the structure and procedures necessary to operationalise the Framework. To this end, in accordance with section 14 of the Higher Education Act, the Council established a Funding Framework and Higher Education Management Information System (HEMIS) Committee to advise it on matters pertaining to the funding of public higher education institutions and the management of information relating to higher education. The Committee consists of members from the National Planning Commission, the Namibia Statistics Agency, the Namibia National Teachers’ Union, and the Namibia National Students’ Organisation, and is chaired by a Council Member.

The Council’s accounts were audited, as required, by independent auditors. Once again, the unqualified opinion expressed by the auditors testifies to the professional and prudent fashion in which the Council manages its financial affairs.

I would like to thank all Council Members for their valuable contributions and commitment. The support of the Ministry of Education in particular, as well as that of our various stakeholders, has sustained the NCHE’s work throughout the reporting year, and for that we are immensely grateful.

A handwritten signature in black ink, appearing to read 'Kalumbi Shangula', with a horizontal line underneath.

**Kalumbi Shangula**  
**Chairperson**

## Executive Director's Overview



**Mr Mocks Shivute**  
**Executive Director**

The year under review proved to be very productive. The NCHE's activities centred on implementing and rolling out core policies and systems and consolidating its structure. In addition, the staff complement was strengthened by way of recruitments for the Funding Framework, the HEMIS and Quality Assurance Units.

With this strengthened capacity, the Secretariat was able to oversee the registration of four private higher education institutions and review three academic programmes at UNAM and three at PoN. In respect of capacity-building, which the NCHE administers under the Education and Training Sector Improvement Programme (ETSIP), 11 beneficiaries completed their studies during the reporting year, while 17 academic staff members from UNAM and the PoN joined the fund as new beneficiaries.

Another step forward was to finalise the Tuition Fees Adjustment mechanisms and incorporate them into the Funding Framework. Procedures for implementing the Funding Framework were also developed, and are expected to be rolled out in the new financial year. In addition, the 2012 and 2013 student and staff data provided by higher education institutions helped us to start compiling the first Namibia Higher Education Statistics Yearbook.

Although the staff complement was recorded at approximately 95 per cent by the end of the review period, it should be noted that recruitment in some critical positions took place only in the final quarter of the financial year. This had an adverse effect on expenditure, resulting in a financial execution rate of 76 per cent.

I am grateful to the Council and its Committees for their guidance and support, without which the Secretariat would not have been able to achieve most of the set targets. I would also like to thank the staff members for their commitment, dedication and hard work. To our stakeholders in the higher education system, especially the public and private higher education institutions, your continuous support and collaboration provide meaning to the existence of the NCHE.



.....  
**Mocks Shivute**  
**Executive Director**



# Governance

## Background

NCHE is a statutory body established in terms of section 4 of the Higher Education Act to advise the Minister of Education on matters relating to higher education.

## Objectives

The Council's objectives are to –

- promote the establishment of a coordinated higher education system
- enable students' access to higher education institutions
- ensure quality assurance in higher education, and
- advise on the allocation of moneys to the Minister in respect of public higher education institutions.

## Functions

The Council may, subject to the Higher Education Act, do all things necessary or reasonably required to carry out its objects. More specifically, it –

- accredits, with the concurrence of the Namibia Qualifications Authority, programmes of higher education provided at higher education institutions
- monitors the quality assurance mechanisms of higher education institutions
- takes measures to promote access of students to higher education institutions
- undertakes such research with regard to its objects as it may deem necessary or as the Minister may require, and
- either of its own accord or at the Minister's request, advises the Minister on all issues related to higher education.

## Composition

The NCHE's composition is prescribed in section 7(1) of the Higher Education Act. Its members are representative of the Government, public and private higher education institutions, labour, churches, people with disabilities, students, academic and non-academic communities, teachers' education institutions, the business community, the vocational training sector, and experts appointed by the Minister of Education on account of their special knowledge, skills or expertise in higher education matters. Thus, NCHE functions as a body of experts advising the Minister on all matters related to higher education.

In total, NCHE comprises 19 substantive members and 16 alternate members. The third Council's three-year term of office commenced in November 2013.





*NCHE Members, 2013–2016*

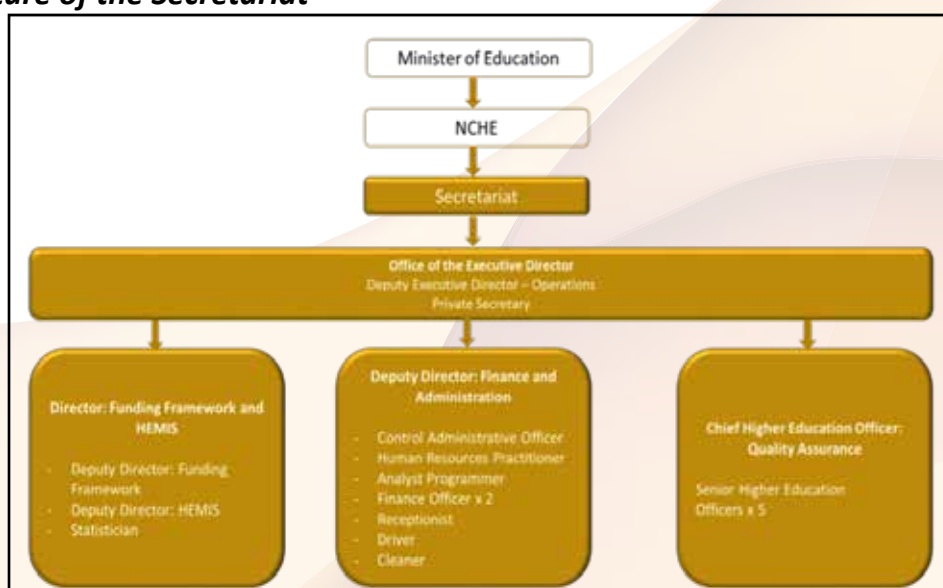
**Figure 1: Governance structure**



*The Executive Committee consists of the Council Chairperson and Deputy Chairperson, together with the Chairpersons of the other three Committees.*

## The Secretariat

**Figure 2: Structure of the Secretariat**



By the end of the reporting year, 95 per cent of all available positions had been filled. Positions filled during the 2014/15 financial year included the Director of the Funding Framework and HEMIS Unit, the two Deputy Directors under that Unit, and three Senior Higher Education Officers.

In December 2014 and February 2015, respectively, an Administrative Officer and a Senior Higher Education Officer resigned from the Secretariat.

## Activities and achievements

### Governance and policies

#### Higher Education Amendment Bill

A Higher Education Amendment Bill, drafted to consolidate the function, strengthen the autonomy and streamline the responsibilities of institutions involved in the coordination of the higher education system, was submitted to Cabinet for approval in principle during the year under review. If approved, the Bill will be tabled in Parliament for review.

#### Public Service reform initiatives

In line with its Performance Management Policy, the NCHE adopted an Annual Strategic Implementation Plan for 2014/15. In addition, a Performance Agreement was signed between the Executive Director and the Council Chairperson, and this process cascaded down to the rest of the staff members. All Performance Agreements are reviewed on a quarterly basis.

#### Reform of the higher education system

Following the approval of the Costed Implementation Plan in respect of recommendations that had emanated from the Comprehensive and Holistic Review and Reform of the entire Higher Education System conducted in 2012, the NCHE undertook to source technical support to assist a national Task Team with the required implementation. However, the Council's call for and assessment of candidates for the position of Technical Adviser had not yielded positive results by January 2015. This prompted the resolution to launch a more streamlined call for an expression of interest by splitting the exercise into smaller projects.

#### Public Higher Education Institutions Tuition Fees Adjustment Policy

The above Policy was developed in order to address the principal issues concerning tuition fees, and was intended as a means to guide Government in sharing the burden of tuition costs with students (and/or their caregivers). The Policy was subjected to a consultation session with various stakeholders in August 2014, after which a suitably amended version was incorporated into the Funding Framework.

#### Staff Development Policy

The Secretariat's Staff Development Policy was developed during the review period, with major inputs from the staff themselves. The document, which is being fine-tuned, is expected to be implemented in the coming financial year.

#### Human Resources Development Policy and Guidelines of Academic Staff at Public Higher Education Institutions

The purpose of this document is to provide guidance and direction to public higher education institutions in terms of moulding their human resources development plans to include both national and institutional needs, e.g. as regards skills priorities.

## Quality assurance activities

### In-depth knowledge of higher education issues

On 12 March 2015, NCHE held its fifth public lecture. Its theme was “Quality Assurance (QA) in Relation to Internal QA processes at Namibian Higher Education Institutions”. Prof. Florence K Lenga from the Jomo Kenyatta University of Agriculture and Technology presented the keynote address, while the heads of Quality Assurance Units at UNAM, the PoN and the International University of Management served as panellists along with the Quality Assurance Technical Adviser at the NCHE Secretariat.



*Panellists at the public lecture in March 2015*

### Inter-institutional research on critical areas

An inter-institutional research report entitled “Postgraduate Studies, Research, Facilities and other Resources of Higher Education Institutions in Namibia was published and shared with stakeholders at a dissemination workshop on 20 November 2014”. The main findings of the research were as follows:

- Namibia needed graduates in critical areas such as the sciences, technology, innovation and applied research
- Higher education institutions needed to undertake a major paradigm shift in order to provide the skilled human resources necessary for exploiting Namibia’s economic potential
- Industry needed to develop a relationship with the higher education sector, and
- Politicians and Government officials should not be so closely involved in or with higher education institutions that they influence the way higher education operates.

### Improving the quality of the higher education system

#### **(a) Programme reviews**

The year under review saw the implementation of the quality assurance system for higher institution institutions being scaled up. At UNAM, for example, the following programmes were reviewed for accreditation purposes:

- Bachelor of Science in Chemistry (Honours)
- Bachelor of Laws (Honours)
- Bachelor of Science in Metallurgical Engineering (Honours)



The following programmes were reviewed at PoN to the same end:

- Bachelor of Environmental Health Science
- Bachelor of Office Management and Technology
- Bachelor of Informatics

The NCHE Secretariat conducted training workshops on programme accreditation as from March 2015 in order to guide staff at higher education institutions on international best practices in respect of conducting internal reviews and compiling self-evaluation reports.

***(b) Registration of private higher education institutions***

Four private higher education institutions – the International University of Management, Triumphant College, the Institute of Open Learning, and Headstart Montessori Teacher Training College – were registered as such by NCHE as per section 25 of the Higher Education Act. The Ministry of Justice published these registrations in Gazette No. 5613 of November 2014, Notice No. 234, while NCHE issued the respective education institutions with their registration certificates.



*Four private higher education institutions – the International University of Management, Triumphant College, the Institute of Open Learning, and Headstart Montessori Teacher Training College – received their registration certificates from the founding Chairperson, Dr. Z Ngavirue (2006-2011) NCHE in December 2014*

***(c) Monitoring and evaluation of higher education***

In 2014, a tracer study of the 2011 graduates from UNAM, PoN and the International University of Management was conducted. To prepare these higher education institutions and the relevant staff members for the project, the NCHE Secretariat conducted two training workshops on professional tracer studies, concentrating on data collection procedures and data analysis. A total of 30 participants attended the workshops. However, since the response rate among the targeted graduates was generally low, the results of the study made it difficult to compile a representative report.

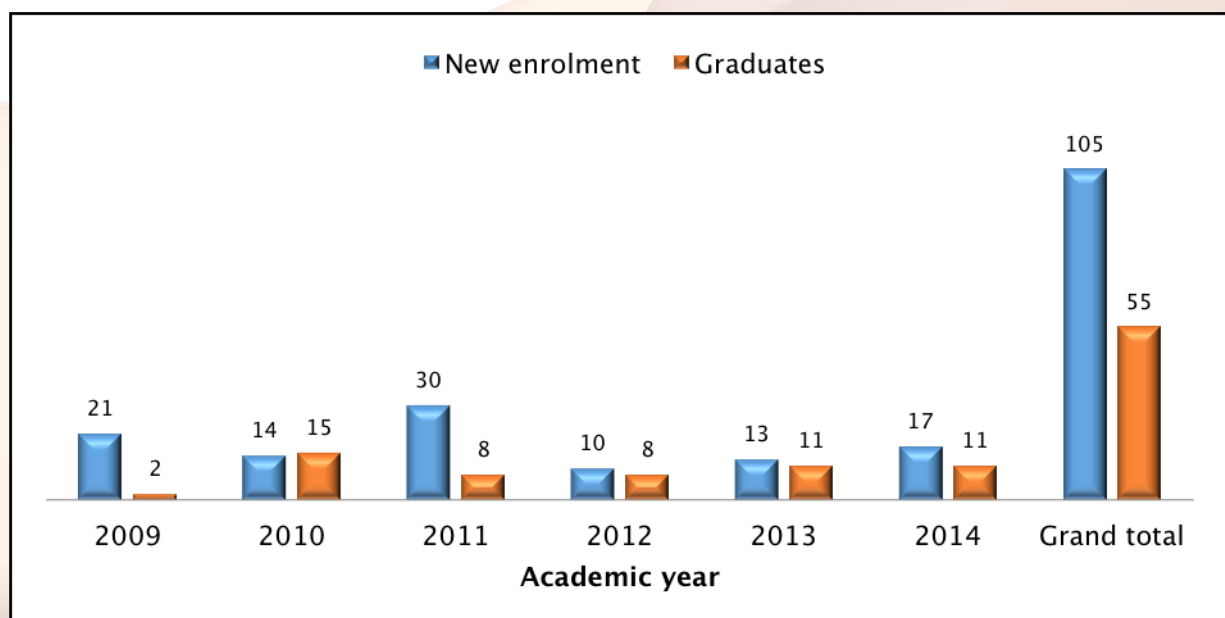


*Technical representatives from the University of Namibia, the Polytechnic of Namibia, the International University of Management and NCHE who attended the Tracer Study Data Analysis Workshop, with their Technical Advisers from the International Network of Graduate Surveys based in Germany*

**(d) Human resources development of academic staff at public higher education institutions**

NCHE administers the ETSIP Staff Development Fund for upgrading/improving the qualifications of academic staff at public higher education institutions. During the period under review, N\$1.4 million was spent on 58 academic staff members. Of these employees, 17 were new beneficiaries, while 11 completed their programmes during the reporting year.

**Figure 3: Academic staff at public higher education institutions who benefited from ETSIP funding, 2009–2014**





# Funding Framework for Public Higher Education Institutions

## Implementation of the Framework

Following Cabinet's approval of the Funding Framework in November 2013, much of the work in the 2014/15 financial year concentrated on strengthening capacity among the Secretariat and public higher education institution staff in respect of the Framework's successful implementation and management.

Final validation of the robustness of the Funding Formula was made possible by way of successful budget simulations. By the end of the reporting period, a planning and budgeting framework for public higher education institutions had been produced as well. These steps led to the Council's establishment, in terms of section 14 of the Higher Education Act, of a Funding Framework and HEMIS Committee to advise it on the Framework's implementation.

## Higher Education Management Information System

HEMIS is a web-based software program developed to manage all the tasks included in the Funding Framework. It facilitates the collection of data from higher education institutions.

June 2014 saw the HEMIS databases and online system finalised and tested. In addition, data on subjects, students and staff were collected from higher education institutions in respect of 2012 and 2013, and captured in the new HEMIS.



*Technical Advisors and members of the NCHE Secretariat, the University of Namibia and the Polytechnic of Namibia who tested the robustness of the Higher Education Management Information System at a working session.*

HEMIS data will be used in two ways: firstly, as input to the Funding Formula in order to determine the level of Government subsidies to public higher education institutions, and secondly, for the production of the Namibia Higher Education Statistical Yearbook. Analysis of the data for the Yearbook's production commenced in December 2014.



## Training, workshops and conferences attended

Staff training and other capacity development needs are captured in individual Personal Development Plans and are addressed accordingly.

### Training

During the review period, staff members received in-service or external training in the following fields:

- Quality assurance and related matters
- Understanding the Funding Framework and the HEMIS
- VIP Payroll software
- Pastel software
- Microsoft Excel software
- Statistical Package for Social Sciences (SPSS) software
- English language skills
- Fleet and transport management
- Management skills
- Effective minute-taking and report-writing
- Governance in Human Resources Audit

### Conferences and workshops

#### ***(a) Southern Africa Sub-regional Conference on Quality Assurance in Higher Education***

From 3 to 4 June 2014, by way of four representatives, the NCHE participated in the first-ever Southern Africa Sub-regional Conference on Quality Assurance in Higher Education held at Victoria Falls, Zimbabwe. Among other things, the Conference recommended setting up a sub-regional network of higher education quality assurance agencies in the southern African region, which should work in close collaboration with the African Quality Assurance Network.

As a member of the Task Team associated with the function of setting up the proposed sub-regional body, the NCHE Secretariat played an active role in establishing the Southern African Quality Assurance Network by facilitating the drafting of its Constitution and hosting the first Task Team meeting in December 2014. This was accomplished with the assistance of the United Nations Educational, Scientific and Cultural Organisation (UNESCO) Country Office.

#### ***(b) Regional Workshop on Education Statistics for Southern and Eastern Africa***

The Regional Workshop on Education Statistics for Southern and Eastern Africa took place in Harare, Zimbabwe, from 26 to 30 May 2014. NCHE was represented there by one staff member. The Workshop was organised by the UNESCO Institute for Statistics with the purpose of revising their education survey questionnaires, which were based on its 2011 International Standard Classification of Education. All UNESCO member countries are required to provide annual data on domestic higher education issues by means of such questionnaires, among other things.

#### ***(c) HEMIS Institute Workshop***

The HEMIS Institute Workshop, which took place in Cape Town, South Africa, from 13 to 14 May 2014, was attended by two NCHE staff members. Its purpose was to discuss issues related to HEMIS reporting and to share valuable experiences gained over time. Since this was the first time the NCHE team had participated, they familiarised themselves with the HEMIS concepts and operations, and recommended Council's continued annual participation in order to keep abreast with new developments on this front.

## Capital projects

Construction of the NCHE office block progressed well during the year under review, and should be completed by April 2015. The reporting year also saw plans and a bill of quantities being drawn up in preparation of the second construction phase of the office block construction.

## Memoranda of Agreement with stakeholders

As NCHE assumes full charge of its quality assurance responsibilities, there is a need to streamline and sequence such responsibilities with its sister agencies. To this end, a Memorandum of Agreement, similar to that between NCHE and the Namibia Qualifications Authority, was proposed for NCHE and the Namibia Training Authority.

## Challenges and constraints

Although the Quality Assurance System was successfully implemented, challenges were encountered in acquiring subject experts in some areas. This points to a need for NCHE to strengthen cooperation with professional bodies and to forge partnerships with more higher education institutions and quality assurance agencies from which subject experts could be identified.

The data from tracer studies are an important means of determining the external efficiency of higher education institutions. These data also form an important input in planning for higher education, both at institutional and at national level. Thus, the challenges encountered in conducting the 2014 tracer studies need to be jointly addressed by NCHE and the higher education institutions.

The introduction of a centralised HEMIS now requires that higher education institutions submit electronic data to NCHE on an annual basis. However, since data management in some higher education institutions is not yet digitised, data collection and analysis are slow. The NCHE Secretariat will therefore work with the relevant institutions to establish suitable electronic data collection systems to streamline input into the HEMIS.

The structural design of the NCHE Secretariat stipulated in the Higher Education Act does not allow it to adequately attract and retain competent staff to carry out its assigned mandate. These challenges will unfortunately remain until the amendments to the Act take effect.

# Annual Financial Statements

## NATIONAL COUNCIL FOR HIGHER EDUCATION

Trading as National Council for Higher Education  
Annual Financial Statements for the year ended 31 March 2015

### Statement of Council Members' responsibilities

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The Council Members are required by the Higher Education Act, 2003, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the Namibian Generally Accepted Accounting Practice NAC 001: Financial Reporting for Small and Medium Sized Entities. The external auditors are engaged to express an independent opinion on the annual financial statements.

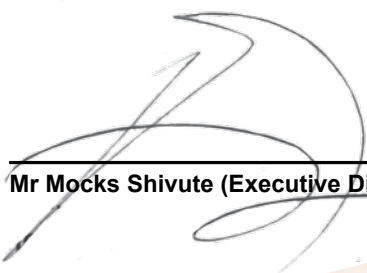
The annual financial statements are prepared in accordance with the Namibian Generally Accepted Accounting Practice NAC 001: Financial Reporting for Small and Medium Sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council Members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council Members to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Council and all employees are required to maintain the highest ethical standards in ensuring the Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Council is on identifying, assessing, managing and monitoring all known forms of risk across the Council. While operating risk cannot be fully eliminated, the Council endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Council Members are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council Members have reviewed the Council's cash flow forecast for the year to 31 March, 2016 and, in the light of this review and the current financial position, they are satisfied that the Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5-14, which have been prepared on the going concern basis, were approved by the Council on 15 September 2015.



Mr Mocks Shivute (Executive Director)



Dr Kalumbi Shangula (Chairperson)

# Independent Auditors' Report

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## To the Members of the National Council for Higher Education

We have audited the annual financial statements of the Council, as set out on pages 6 to 14, which comprise the statement of financial position as at 31 March 2015, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

## Council's Responsibility for the Annual Financial Statements

The Council Members are responsible for the preparation and fair presentation of these annual financial statements in accordance with the Namibian Generally Accepted Accounting Practice NAC 001: Financial Reporting for Small and Medium Sized Entities, and requirements of the Higher Education Act, 2003, and for such internal control as the Council Members determine is necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

## Auditors' Responsibility

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements present fairly, in all material respects, the position of the Council at 31 March 2015 and its financial performance and its cash flows for the year ended in accordance with the Namibian Generally Accepted Accounting Practice NAC 001: Financial Reporting for Small and Medium-sized Entities and in the manner required by the Higher Education Act, 2003.



**Grand Namibia**  
**Registered Accountants and Auditors**  
**Chartered Accountants (Namibia)**

**Per: R N Beukes**  
**Partner**  
**Windhoek**

**15 September 2015**

# NATIONAL COUNCIL FOR HIGHER EDUCATION

Trading as National Council for Higher Education  
Annual Financial Statements for the year ended 31 March 2015

## Directors' Report

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The Council Members have pleasure in submitting their report on the annual financial statements of the National Council for Higher Education for the year ended 31 March 2015.

### 1. Nature of business

#### Main business and operations

The activities of the Council comprises of:

- \* to promote the establishment of a co-ordinated higher education system;
- \* to promote access of students to higher education institutions;
- \* to promote quality assurance in higher education;
- \* to advice on the allocation of moneys to public higher education institutions

The operating results and state of affairs of the Council are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

### 2. Council Members

The Council Members in office at the date of this report are as follows:

#### Council Members

Dr Kalumbi Shangula (Chairperson)

Dr Lischen Haoses-Gorases (Vice-Chairperson)

Mr Alfred Ilukena

Ms Ester Awaake

Prof. Rehabeam Auala

Mr Basilius Kasera

Ms Barbara van der Westhuizen

Dr Miriam Hamunyela

Dr Helen Nkandi-Shiimi

Dr Andreas Niikondo

Mr Andries Hungamo

Mr Richwell Lukonga

Mr Raymond Simanga

Ms Elsie Nghikembua

Ms Mary Nyandoro

Ms Ericah Shafudah

Mr Paul Nanyeni

Mr Timotheus Angala

Prof Agnes van Dyk

### 3. Events after the reporting period

The Council Members are not aware of any other material event which occurred after the reporting date and up to the date of this report.

### 4. Auditors

Grand Namibia.



## Statement of Financial Position as at 31 March 2015

|                                       | Notes | 2015<br>N\$       | 2014<br>N\$       |
|---------------------------------------|-------|-------------------|-------------------|
| <b>Assets</b>                         |       |                   |                   |
| <b>Non-Current Assets</b>             |       |                   |                   |
| Property Plant and Equipment          | 2     | 9,615,178         | 2,988,798         |
| Fixed Investment- First National Bank | 3     | 21,215,123        | -                 |
|                                       |       | <b>30,830,301</b> | <b>2,988,798</b>  |
| <b>Current Assets</b>                 |       |                   |                   |
| Trade and other receivables           | 4     | 90,575            | 41,721            |
| Cash and cash equivalents             | 5     | 49,700,757        | 62,463,647        |
|                                       |       | <b>49,791,332</b> | <b>62,505,368</b> |
| <b>Total Assets</b>                   |       | <b>80,621,633</b> | <b>65,494,166</b> |
| <b>Equity and Liabilities</b>         |       |                   |                   |
| <b>Equity</b>                         |       |                   |                   |
| Retained income                       |       | 21,236,868        | 14,305,896        |
| <b>Liabilities</b>                    |       |                   |                   |
| <b>Non-Current Liabilities</b>        |       |                   |                   |
| Deferred Income                       | 6     | 56,509,321        | 47,014,321        |
| ETSIP Funds                           | 7     | 1,810,390         | 3,778,310         |
|                                       |       | <b>58,319,711</b> | <b>50,792,631</b> |
| <b>Current Liabilities</b>            |       |                   |                   |
| Trade and other payables              | 8     | 1,065,054         | 395,639           |
| <b>Total Liabilities</b>              |       | <b>59,384,765</b> | <b>51,188,270</b> |
| <b>Total Equity and Liabilities</b>   |       | <b>80,621,633</b> | <b>65,494,166</b> |

## Statement of Comprehensive Income

|  | Notes | 2015<br>N\$      | 2014<br>N\$      |
|--|-------|------------------|------------------|
| Revenue  | 9     | 17,876,000       | 7,130,000        |
| Other income                                   |       | 196,645          | 87,190           |
| Operating expenses                             |       | (13,624,904)     | (6,809,490)      |
| <b>Operating profit</b>                        |       | <b>4,447,741</b> | <b>407,700</b>   |
| Investment revenue                             | 10    | 2,483,231        | 1,683,127        |
| <b>Profit for the year</b>                     |       | <b>6,930,972</b> | <b>2,090,827</b> |
| Other comprehensive income                     |       | -                | -                |
| <b>Total comprehensive income for the year</b> |       | <b>6,930,972</b> | <b>2,090,827</b> |

## Statement of Changes in Funds

|  | Retained<br>income<br>N\$ | Total equity<br>N\$ |
|--|---------------------------|---------------------|
| <b>Balance at 1 April 2013</b>                 | <b>12,215,069</b>         | <b>12,215,069</b>   |
| Surplus for the year                           | 2,090,827                 | 2,090,827           |
| Other comprehensive income                     | -                         | -                   |
| <b>Total comprehensive income for the year</b> | <b>2,090,827</b>          | <b>2,090,827</b>    |
| <b>Balance at 1 April 2014</b>                 | <b>14,305,896</b>         | <b>14,305,896</b>   |
| Surplus for the year                           | 6,930,972                 | 6,930,972           |
| Other comprehensive income                     | -                         | -                   |
| <b>Total comprehensive income for the year</b> | <b>6,930,972</b>          | <b>6,930,972</b>    |
| <b>Balance at 31 March 2015</b>                | <b>21,236,868</b>         | <b>21,236,868</b>   |



# Statement of Cash Flows

|   | Notes | 2015<br>N\$         | 2014<br>N\$        |
|---|-------|---------------------|--------------------|
| <b>Cash flows from operating activities</b>       |       |                     |                    |
| Cash receipts from the Government                 |       | 17,876,000          | 7,130,000          |
| Cash paid to suppliers and employees              |       | (12,576,421)        | (1,492,937)        |
| Cash generated from operations                    | 12    | 5,299,579           | 5,637,063          |
| Interest income                                   |       | 2,483,231           | 1,683,127          |
| <b>Net cash from operating activities</b>         |       | <b>7,782,810</b>    | <b>7,320,190</b>   |
| <b>Cash flows from investing activities</b>       |       |                     |                    |
| Purchase of property plant and equipment          | 2     | (6,859,259)         | (1,840,428)        |
| Sale of property plant and equipment              | 2     | 1,600               | 7,035              |
| Purchase of fixed investment- first national bank |       | (21,215,123)        | -                  |
| <b>Net cash from investing activities</b>         |       | <b>(28,072,782)</b> | <b>(1,833,393)</b> |
| <b>Cash flows from financing activities</b>       |       |                     |                    |
| Capital grants received                           |       | 9,495,000           | 10,729,000         |
| Movement in ETSIP funds                           |       | (1,967,918)         | (1,801,917)        |
| <b>Net cash from financing activities</b>         |       | <b>7,527,082</b>    | <b>8,927,083</b>   |
| <b>Total cash movement for the year</b>           |       | <b>(12,762,890)</b> | <b>14,413,880</b>  |
| Cash at the beginning of the year                 |       | 62,463,647          | 48,049,767         |
| <b>Total cash at end of the year</b>              | 5     | <b>49,700,757</b>   | <b>62,463,647</b>  |

## Accounting Policies

### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Namibian Generally Accepted Accounting Practice NAC 001: Financial Reporting for Small and Medium Sized Entities, and the Higher Education Act, 2003. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

#### 1.1 Property, plant and equipment

Property Plant and Equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and
- are expected to be used during more than one period.

Property, plant and equipment is carried at cost less accumulated depreciation and accumulated impairment losses.

Cost includes all costs incurred to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property plant and equipment, the carrying amount of the replaced part is derecognised.

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property plant and equipment, which is as follows:

| Item                   | Average useful life |
|------------------------|---------------------|
| Furniture and fixtures | 10 years            |
| Motor vehicles         | 5 years             |
| Office equipment       | 5 years             |
| Computer equipment     | 5 years             |
| Other fixed assets     | 5 years             |

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss in the period.

## **1.2 Trade and other receivables**

Trade and other receivables are carried at historical cost basis. An estimate is made for the doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off during the year in which they are identified.

## **1.3 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, short-term investments and deposits held at call with banks, net of bank overdrafts. These are initially and subsequently measured at fair value.

## **1.4 Trade and other payables**

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

## **1.5 Financial instruments**

Financial assets and liabilities are recognised in the organization's statement of financial position when the council becomes a party to the contractual provisions of an instrument. All financial instruments are initially measured at fair value. Transaction costs are normally also included in the initial measurements of financial instruments. However, transaction costs incurred on financial assets and liabilities at fair value through profit or loss are not included in the initial measurement, but are expensed. The transaction costs referred to are those incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability. For this purpose, transaction costs excludes financing costs and internal administrative costs.

The council derecognition principles for the financial liabilities hinge on the legal release (extinguishment) of the obligation. Consequently, a financial liability or part thereof would be removed from its statement of financial position only when it is extinguished. The council derecognition principles for the financial assets are normally triggered when it receives consideration in return for the transfer or sale of all or part of a financial asset.

## **1.6 Impairment of assets**

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

## **1.7 Provisions and contingencies**

Provisions are recognised when:

- the company has an obligation at the reporting date as a result of a past event;
- it is probable that the company will be required to transfer economic benefits in settlement; and
- the amount of the obligation can be estimated reliably.

## **1.8 Revenue**

Interest is recognised, in profit or loss, using the effective interest rate method.

## **1.9 Government grants**

Government grants are recognised when there is reasonable assurance that:

- the council will comply with the conditions attaching to them; and
- the grants will be received.

Government grants are recognised as Income over the periods necessary to match them with the related costs that they are intended to compensate.

The government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Grants related to income are presented as a credit in the profit or loss (separately).

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

## Notes to the Annual Financial Statements

|                           | 2015                |   |                  | 2014                |   |                  |
|---------------------------|---------------------|---|------------------|---------------------|---|------------------|
|                           | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>impairments | Carrying value   | Cost /<br>Valuation | Accumulated<br>depreciation<br>and<br>impairments | Carrying value   |
| Land                      | 482,500             | -   | 482,500          | 482,500             | -   | 482,500          |
| Furniture and fixtures    | 467,038             | (163,921)   | 303,117          | 291,921             | (124,921)   | 167,000          |
| Motor vehicles            | 973,402             | (662,868)   | 310,534          | 711,140             | (543,685)   | 167,455          |
| Office equipment          | 113,724             | (61,655)  | 52,069           | 97,327              | (43,039)  | 54,288           |
| Computer equipment        | 495,693             | (203,042)   | 292,651          | 266,958             | (151,813)   | 115,145          |
| Assets under construction | 8,167,808           | -   | 8,167,808        | 1,998,560           | -   | 1,998,560        |
| Other fixed assets        | 22,498              | (15,999)  | 6,499            | 14,999              | (11,149)  | 3,850            |
| <b>Total</b>              | <b>10,722,663</b>   | <b>(1,107,485)</b>                                | <b>9,615,178</b> | <b>3,863,405</b>    | <b>(874,607)</b>                                  | <b>2,988,798</b> |

### Reconciliation of property plant and equipment - 2015

|                           | Opening<br>balance | Additions        | Depreciation     | Total            |
|---------------------------|--------------------|------------------|------------------|------------------|
| Land                      | 482,500            | -                | -                | 482,500          |
| Furniture and fixtures    | 167,000            | 175,117          | (39,000)         | 303,117          |
| Motor vehicles            | 167,455            | 262,262          | (119,183)        | 310,534          |
| Office equipment          | 54,288             | 16,397           | (18,616)         | 52,069           |
| Computer equipment        | 115,145            | 228,735          | (51,229)         | 292,651          |
| Assets under construction | 1,998,560          | 6,169,248        | -                | 8,167,808        |
| Other fixed assets        | 3,850              | 7,500            | (4,851)          | 6,499            |
|                           | <b>2,988,798</b>   | <b>6,859,259</b> | <b>(232,879)</b> | <b>9,615,178</b> |

### Reconciliation of property plant and equipment - 2014

|                            | Opening<br>balance | Additions        | Depreciation     | Total            |
|----------------------------|--------------------|------------------|------------------|------------------|
| Land                       | 482,500            | -                | -                | 482,500          |
| Furniture and fixtures     | 112,729            | 79,697           | (25,426)         | 167,000          |
| Motor vehicles             | 309,683            | -                | (142,228)        | 167,455          |
| Office equipment           | 44,562             | 21,916           | (12,190)         | 54,288           |
| Computer equipment         | 110,526            | 38,751           | (34,132)         | 115,145          |
| Assets Under Connstruction | 298,496            | 1,700,064        | -                | 1,998,560        |
| Other fixed assets         | 5,650              | -                | (1,800)          | 3,850            |
|                            | <b>1,364,146</b>   | <b>1,840,428</b> | <b>(215,776)</b> | <b>2,988,798</b> |

Land comprise of donated properties - ERF no 6446 13 Haddy Street to the value of N\$ 238 500 and ERF 6445 11 Hoogenh to the value of N\$ 244 000. Capital working progress comprises of the costs incurred for the construction of the offices of National Council For Higher Education.

|  | 2015<br>N\$       | 2014<br>N\$ |
|--|-------------------|-------------|
| <b>3. Fixed Investment - First National Bank</b> |                   |             |
| Opening Balance                                  | -                 | -           |
| Investment                                       | 20,000,000        | -           |
| Interest accrued                                 | 1,215,123         | -           |
| <b>Closing Balance</b>                           | <b>21,215,123</b> | <b>-</b>    |

## Notes to the Annual Financial Statements

|                                       | 2015<br>N\$ | 2014<br>N\$ |
|---------------------------------------|-------------|-------------|
| <b>4. Trade and other receivables</b> |             |             |
| Deposits                              | 90,575      | 41,721      |

### 5. Cash and cash equivalents

Cash and cash equivalents consist of:

|  |                   |                   |
|--|-------------------|-------------------|
| Cash on hand                           | 6,890             | 6,890             |
| First National Bank- current account   | 24,274,157        | 20,131,191        |
| First National Bank- call account      | 4,157,059         | 23,885,921        |
| Development fund: (Investment account) | 19,395,774        | 18,439,645        |
| ETSIP Account                          | 1,866,877         | -                 |
|  | <b>49,700,757</b> | <b>62,463,647</b> |

### 6. Deferred Income

|                              |                   |                   |
|------------------------------|-------------------|-------------------|
| Opening balance              | 47,014,321        | 36,285,321        |
| Current year grants received | 9,495,000         | 10,729,000        |
|                              | <b>56,509,321</b> | <b>47,014,321</b> |

The deferred Income balance comprises of the donated properties Erf 6446 and Erf 6445, and capital funds received from the Ministry of Education for the capital development of the National Council for Higher Education's new offices to be constructed.

### 7. ETSIP Funds

|                          | Opening Balance  | Funds Received | Paid Out           | Closing Balance  |
|--------------------------|------------------|----------------|--------------------|------------------|
| Staff Development        | 766,007          | -              | (1,285,287)        | (519,280)        |
| Quality Assurance        | 2,301,303        | -              | (695,720)          | 1,605,583        |
| HEMIS Fund               | 509,000          | -              | -                  | 509,000          |
| Strategic Planning       | 50,000           | -              | -                  | 50,000           |
| Funding Formula          | 152,000          | -              | -                  | 152,000          |
| Staff Development Refund | -                | -              | (13,087)           | 13,087           |
| <b>Total</b>             | <b>3,778,310</b> | <b>-</b>       | <b>(1,994,094)</b> | <b>1,810,390</b> |

ETSIP funds are funds received from the Ministry of Education to be administered for staff development at Public Higher Education Institutions, quality assurance and strategic planning to accomplish the 15 year special programme of the government to improve the quality of education in the country.

### 8. Trade and other payables

|  |                  |                |
|--|------------------|----------------|
| Rent deposit received                    | 3,970            | 3,972          |
| Office of the Prime Minister - ED Salary | -                | 130,157        |
| Accrued leave pay                        | 827,092          | 191,842        |
| Payroll Payables                         | 233,992          | 69,668         |
|  | <b>1,065,054</b> | <b>395,639</b> |

### 9. Revenue

|                   |            |           |
|-------------------|------------|-----------|
| Government grants | 17,876,000 | 7,130,000 |
|-------------------|------------|-----------|

## Notes to the Annual Financial Statements

|  | 2015<br>N\$      | 2014<br>N\$      |
|--|------------------|------------------|
| <b>10. Investment revenue</b>                      |                  |                  |
| Interest Income                                    | 2,483,321        | 1,683,127        |
| <b>11. Auditors' remuneration</b>                  |                  |                  |
| Fees   | 75,900           | 71,620           |
| <b>12. Cash generated from operations</b>          |                  |                  |
| Surplus  | 6,930,972        | 2,090,827        |
| <b>Adjustments for:</b>                            |                  |                  |
| Profit on sale of assets                           | (1,600)          | (7,035)          |
| Interest received - investment                     | (2,483,231)      | (1,683,127)      |
| Depreciation                                       | 232,878          | 215,776          |
| <b>Changes in working capital:</b>                 |                  |                  |
| (Increase)/Decrease in Trade and other receivables | (48,855)         | 5,020,948        |
| Increase (decrease) in Trade and other payables    | 669,415          | (326)            |
|  | <b>5,299,579</b> | <b>5,637,063</b> |

## 13. Related parties

The Council is wholly owned by the Government through the Ministry of Education hence all the government controlled entities are related parties. All the Council's related party transactions were conducted with the Ministry of Education, from which funds are received.

### Related party balances and transactions with other related parties

#### Related party balances

##### Subsidy balances

|                            |            |            |
|----------------------------|------------|------------|
| Capital subsidy & donation | 56,509,321 | 47,014,321 |
| ETSIP funds                | 1,797,303  | 3,778,310  |

#### Related party transactions

##### Government Subsidy

|                            |            |            |
|----------------------------|------------|------------|
| Operational subsidy        | 17,876,000 | 7,130,000  |
| Capital Subsidy & donation | 9,495,000  | 10,729,000 |

## 14. Directors' remuneration

### Non-Executive Directors

#### 2015

|                      | Directors' fees | Total     |
|----------------------|-----------------|-----------|
| For service rendered | 1,032,893       | 1,032,893 |

## 15. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.



## Statement of Comprehensive Income

|                                  | Notes | 2015<br>N\$         | 2014<br>N\$        |
|----------------------------------|-------|---------------------|--------------------|
| <b>Government grant</b>          |       |                     |                    |
| Government grants                |       | 17,876,000          | 7,130,000          |
| <b>Other income</b>              |       |                     |                    |
| Sundry Income                    |       | 195,045             | 80,155             |
| Interest received                |       | 2,483,231           | 1,683,127          |
| Gains on disposal of assets      |       | 1,600               | 7,035              |
|                                  |       | <b>2,679,876</b>    | <b>1,770,317</b>   |
| <b>Operating expenses</b>        |       |                     |                    |
| Advertising                      |       | (345,588)           | (184,609)          |
| Auditors remuneration            | 11    | (75,900)            | (71,620)           |
| Bank charges                     |       | (38,648)            | (28,390)           |
| Catering services                |       | (7,153)             | (10,083)           |
| Cleaning                         |       | (68,449)            | (55,977)           |
| Computer expenses                |       | (15,336)            | (40,197)           |
| Consulting fees                  |       | (437,332)           | (209,182)          |
| Courier and Postage              |       | (13,012)            | (1,497)            |
| Depreciation                     |       | (232,878)           | (215,776)          |
| Donations                        |       | (74,602)            | -                  |
| Electricity and water            |       | (33,757)            | (25,000)           |
| Employee costs                   |       | (7,925,547)         | (3,405,770)        |
| Entertainment                    |       | (9,143)             | (2,725)            |
| General expenses                 |       | (1,025)             | (20,687)           |
| Insurance                        |       | (76,584)            | (46,970)           |
| Interest Paid                    |       | (4,979)             | (8,034)            |
| Lease rentals on operating lease |       | (1,037,275)         | (851,414)          |
| Motor vehicle expenses           |       | (81,645)            | (53,429)           |
| Printing and stationery          |       | (593,101)           | (179,348)          |
| Public lectures                  |       | (5,704)             | (47,571)           |
| Repairs and maintenance          |       | (85,736)            | (98,825)           |
| Security                         |       | (8,949)             | (14,802)           |
| Staff welfare                    |       | -                   | (54,032)           |
| Subscriptions                    |       | (187,348)           | (101,019)          |
| Telephone and fax                |       | (185,735)           | (162,102)          |
| Training                         |       | (311,303)           | (52,976)           |
| Travel                           |       | (1,550,114)         | (594,543)          |
| Workshop expenses                |       | (218,061)           | (272,912)          |
|                                  |       | <b>(13,624,904)</b> | <b>(6,809,490)</b> |
| <b>Surplus for the year</b>      |       | <b>6,930,972</b>    | <b>2,090,827</b>   |







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