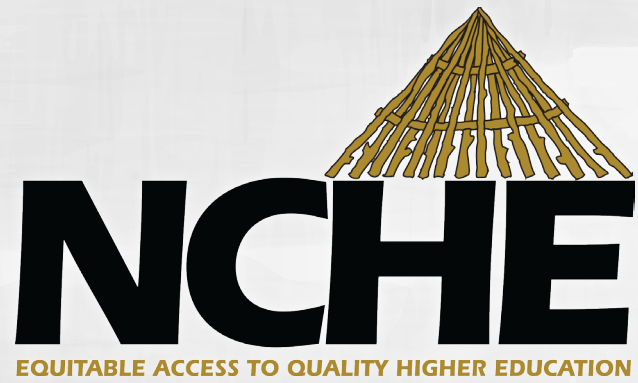


ANNUAL REPORT AND FINANCIAL STATEMENTS

2015/2016



ANNUAL REPORT AND FINANCIAL STATEMENTS

2015/2016



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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/Acronyms

ETSIP	Education and Training Sector Improvement Programme
IUM	International University of Management
HEIs	Higher Education Institutions
HEMIS	Higher Education Management Information System
NANSO	Namibia National Students Organisation
NANTU	Namibia National Teachers Union
NCHE	National Council for Higher Education
NHESY	Namibia Higher Education Statistical Yearbook
NPC	National Planning Commission
NUST	Namibia University of Science and Technology
OPM	Office of the Prime Minister
UNAM	University of Namibia

Message from the Chairperson



It is once again a privilege for me as the Chairperson of the Third National Council for Higher Education (NCHE) to present the activities of the Council for the 2015/16 financial year.

Although the term of office of this Council runs into the next financial year, until October 2016 to be exact, this will be the last Annual Report under the authorship of the Third Council.

Since the appointment of the Third Council in 2013, the NCHE has grown tremendously as a reputable institution executing its mandate to the fullest. The Secretariat has also experienced a growth in the number of technically skilled and competent staff.

During the period under review, the Third Council managed to implement its core activities as per the Strategic Plan. Among many outcomes, four private higher education institutions were registered and six academic programmes were reviewed. Furthermore, the 2015/16 financial year saw the full implementation of the Funding Framework with the estimation of the government subsidy to the two public higher education institutions made based on the Funding Formula for the first time. It was also based on the advice of the NCHE that the MHETI managed to negotiate a 7,5% increase in tuition fees by the public higher education institutions in a move away from their normal trends.

I would like to thank all Council Members and the Secretariat for their valuable contributions and commitment shown not only during this year but for the entire three-year period the Third Council has served.

Finally, I would like to wish the Ministry of Higher Education, Training and Innovation the best of success in appointing the Fourth Council.

A handwritten signature in black ink, appearing to read 'Shangula', written over a dotted line.

Dr Kalumbi Shangula
Chairperson

Executive Director's Brief Overview



During the year under review, the Secretariat continued to make strides within the spheres of its mandate and influence. With the birth of the Ministry of Higher Education, Training and Innovation (MHETI), the Secretariat is set and ready to position itself as a partner in issues pertaining to higher education.

The Secretariat has continued to engage the public to bring about an in-depth knowledge of higher education issues, through its flagship annual public lectures with this year's lecture entitled **"Forging Quality and Equitable Higher Education: The Role of the Private Sector."**

It is worth noting that during the review period, the government funding to the two public higher education institutions was estimated based on the Funding Formula for the first time.

We are encouraged by the continued demand and awareness of the need for access to quality higher education by the public.

The birth of the second public higher education institution, the Namibia University of Science and Technology, and the steady growth of private higher education providers have added a degree of impetus and purpose to the work of the NCHE Secretariat.

Finally, we would like to commend the Third Council for the leadership and guidance provided to the Secretariat for the past three years. As a Secretariat, we stand ready to play our role as a catalyst to the realisation of a dispensation of quality affordable higher education offerings.

A stylized, handwritten signature in black ink, consisting of a large, flowing 'S' shape.

Mr Mocks Shivute
Executive Director

Governance

Background

The NCHE is a statutory body established in terms of Section 4 of the Higher Education Act to advise the Minister responsible for Higher 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 Minister on the allocation of funding to public higher education institutions.

Functions

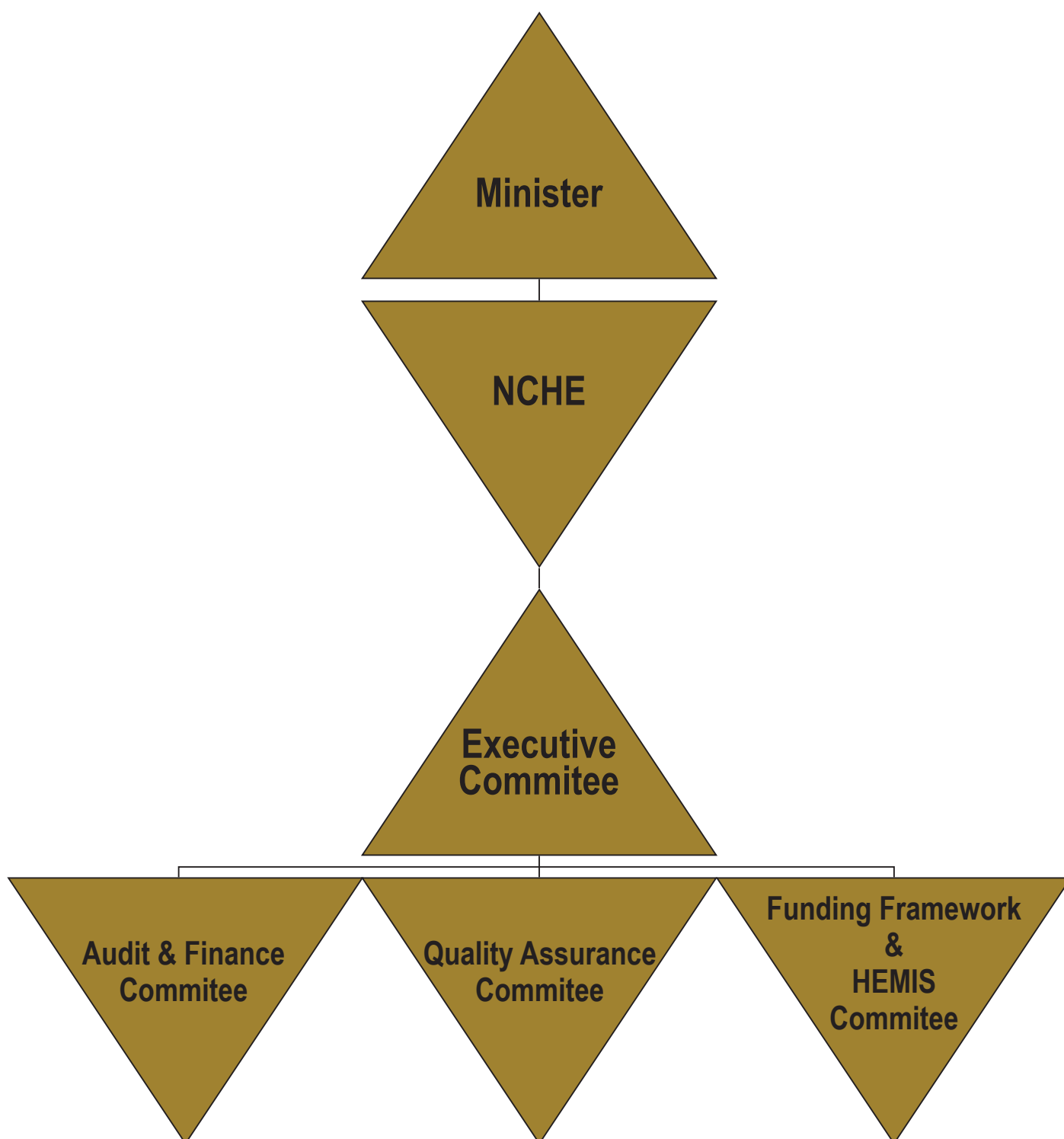
The Council may, subject to the Higher Education Act, do all things necessary or reasonably required to carry out its objects. More specifically, it –

- 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 responsible for higher education on account of their special knowledge, skills or expertise in higher education matters. Thus, the 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 and came to an end in October 2016.

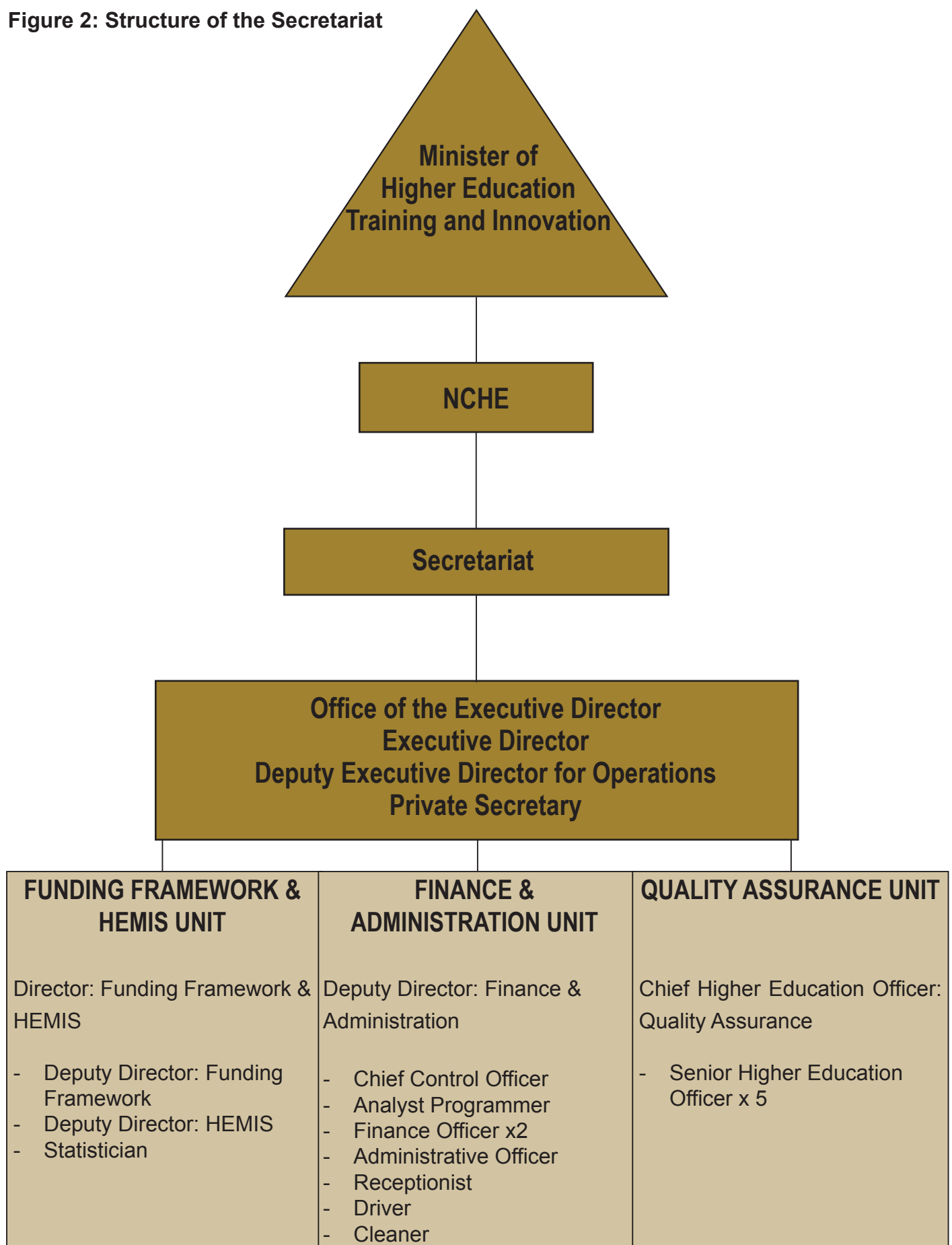
Figure 1: Governance structure

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

During the period under review, the Council, Executive Committee and its other three committees had four ordinary meetings each.

The Secretariat

Figure 2: Structure of the Secretariat





Members of the NCHE Secretariat

Efforts have been taken to ensure that all positions are filled at all times. During the year under review, new recruitment took place for the positions of Finance Clerk, Senior Higher Education Officer, Administrative Officer, Private Secretary and Receptionist. The Statistician was transferred to another Ministry. Motivation for creating new positions was submitted to the Ministry of Higher Education, Training and Innovation.

The Public Service Commission approved the new structure of Ministry of Higher Education, Training and Innovation, incorporating NCHE during the year under review. This structure implies that some officials in the Secretariat would be located in the Ministry. However, by the end of the financial year, realignment of positions had not as yet taken place. This caused a challenge to the Secretariat as the positions of the Statistician and Senior Higher Education Officer could not be filled by then.

Activities and achievements

Governance and Policies

Higher Education Amendment Bill

A Higher Education Amendment Bill, drafted in 2012 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 the Minister of Higher Education, Training and Innovation for familiarisation and review. Further work on the Amendment Bill will be pursued within the framework of the Line Ministry. The Bill is subsequently to be submitted to the Minister of Justice, legislative drafters for further scrutiny and thereafter to the Cabinet Committee on Legislation.

Public Service Reform Initiatives

In line with its Performance Management Policy, the NCHE adopted an Annual Strategic Implementation Plan for 2015/16. 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. Performance Agreements are reviewed on a quarterly basis.

Staff Development Policy

The Secretariat's Staff Training and Development Policy, as well as Internship Policy were approved by Council and are operational. The policies were disseminated to staff members and the Staff Training and Development Committee was constituted. Application forms for different capacity development approaches were formulated as tools for policy implementation and are in use.

Quality Assurance Activities

The Council's Committee on Quality Assurance that was constituted to advise Council on Quality Assurance matters consists of Mr Richwell Lukonga representing the Namibia Training Authority (Chairperson), Ms Mary Nyandoro (Organised Business), Ms Ester Akwaake (Minister Appointee), Ms Pamela Hoebes (OPM) and Mr Timotheus Angala (NANSO).

In-depth knowledge of higher education issues

A public lecture with the theme **“Forging Quality and Equitable Higher Education: The Role of the Private Sector”** was held on 30 March 2016. Representatives from Higher Education Institutions, Chamber of Commerce and Industry and Student Union served as panellists. Professor Narend Baijanath, the Chief Executive Officer of the Council on Higher Education (CHE) South Africa, presented the keynote address. The event was attended by a wide range of stakeholders with interest in the higher education system.



Panellists and some Participants

Improving the quality of the higher education system

a) Programme Accreditation

To further enhance the quality of the higher education system, a total of 298 participants from different higher education institutions were trained on the use of the Quality Assurance System for Higher Education in Namibia.

Subsequently, fifteen (15) programmes were submitted for accreditation. Of these programmes, six were from UNAM and nine from NUST. Review Panel members were drawn from local and international institutions of higher education, external quality assurance bodies, industry and student representatives.

All academic accreditation reports will be finalised within the first quarter of the 2016/17 financial year.



Academic Programme Accreditation 2015 at NUST: Bachelor of Biomedical Sciences

b) Registration of Private Higher Education Institutions

Training on the process of registering private higher education institution was provided to eleven (11) private higher education institutions. In total seven (7) private higher education institutions submitted applications for registration. Six (6) institutions, namely Namibia Evangelical Theological Seminary (NETS), Philippi Trust Namibia, African Leadership Institute, St Charles Lwanga Major Seminary, Monitronic Success College cc and Lingua Consultancy Services satisfied the registration criteria. For those private higher education institutions which meet the registration criteria, the process of gazetting these registrations is ongoing.

c) Monitoring and Evaluation of Higher Education

A workshop was held to analyse the data from the 2011 Graduate Tracer Study and plan for the next survey. The response to the study was low, making any meaningful analysis impossible. It was agreed to conduct another survey for the 2013 graduates after adequate documentation of former graduates and wide publicity of the survey.

The three participating higher education institutions, UNAM, NUST and IUM, were requested to update former student details and submit data collection proposals to NCHE for funding consideration. The project is carried over to the 2016/17 Financial Year.

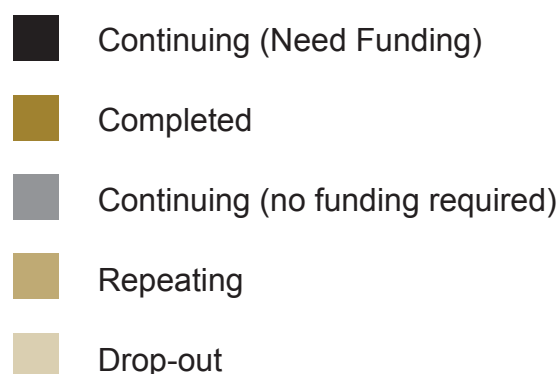
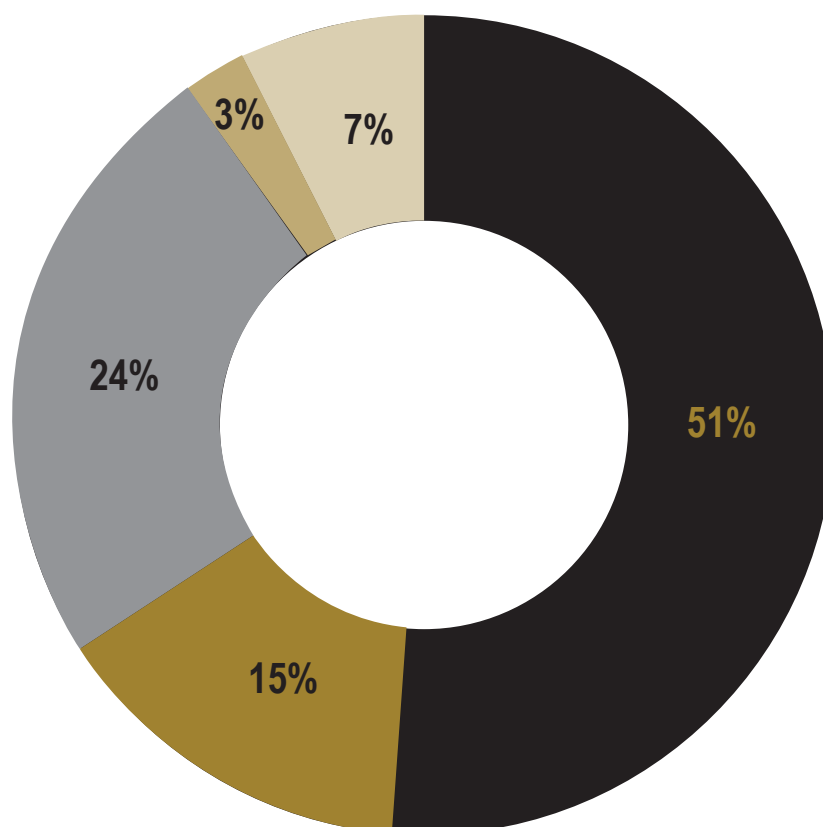
The preparation of the 2012-13 Higher Education Key Indicators Analysis Report commenced during the review period. The purpose of this report is to depict the status of higher education in Namibia highlighting changes over time and identifying policies and practices that hinder progress so as to improve overall attainment in higher education.

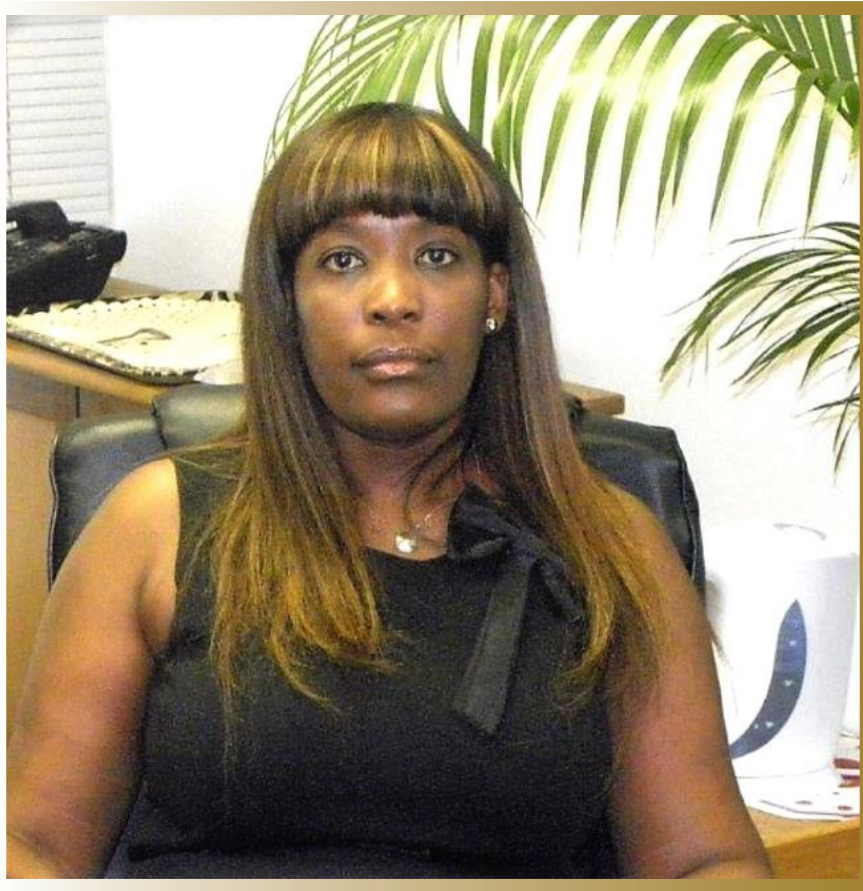
The report further examines the enrolment trends, equality, quality, efficiency, and financial investments. While presenting the trends in the higher education system, the report also takes into account the needs of various stakeholders, locally and internationally. Considering that the document will be released on five-year interval, its finalisation was delayed to include the 2014 and 2015 data so as to widen the coverage.

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

The NCHE administers the Education and Training Sector Improvement Programme (ETSIP) Staff Development Fund for upgrading/improving the qualifications of academic staff at the two public higher education institutions.

According to the progress reports submitted by UNAM and NUST, of the forty-one (41) continuing applicants, six (6) completed their studies, ten (10) needed no funding for the year, one (1) was repeating a course and three (3) have dropped out. Twenty-one (21) recipients signed new agreements and were being funded in 2015.





Dr Christine Damases-Kasi, Doctor of Philosophy Medical Radiation Services
UNAM ETSIP Funds beneficiary

In the meantime, allocated funds were depleted during the year under review and owing to lack of financial resources, no new budget allocation was advanced under ETSIP to facilitate new funding applications during the year under review.

Although there was some consideration given to utilise NCHE budget resources, the Higher Education Act, Act 26 of 2003, which regulates the operations of NCHE, does not make provision for funding individuals within the public higher education institutions. The Line Ministry has since requested NCHE to continue funding academic staff on training so as to ensure logical conclusion of studies while waiting for replenishment of funds through the Ministry of Higher Education, Training and Innovation.

Funding Framework for Public Higher Education Institutions

Public HEIs Tuition Fees Adjustment Policy

The Tuition Fees User Guide was developed. The document includes formats for collecting data from higher education institutions.

The Tuition Database (Model) was designed and Terms of Reference with an associated Technical Note for system development were formulated. Tuition fee information was collected from UNAM and NUST.

Implementation of the Funding Framework

The Funding Framework & HEMIS Committee were constituted to advise the Council on matters pertaining to the Funding Framework and higher education statistics. The Committee is chaired by a member of Council, Ms Elsie Nghikembua from NIPAM with Ms Liina Kafidi, Namibia Statistics Agency, Mr Walter Rutz, NANSO, Mr John Ashipala, NPC and Mr Basilius Haingura, NANTU as members. The Committee held three meetings in the year under review.

The Medium-Term Plan and Budget (MTPB) framework including the Annual Development Plan (ADP) were developed to guide the public higher education institutions when submitting medium term plans for budgeting purposes.

The public higher education institutions prepared Medium Term Plans in line with the MTPB framework. Using the Consumer Price Index, 2014 subject data and projected student enrolment, global parameters for the Funding Formula were developed, approved by the Council and applied in the estimation of the public higher education institutions operational subsidies for the 2016/17-2018/19 Medium Term Expenditure Framework.

Council adopted the resulting budget proposals and recommended them to the Minister of Higher Education, Training and Innovation for consideration and onward consultation with the Ministry of Finance.

Unfortunately, owing to the unanticipated reduction in the indicative ceiling of the Higher Education, Training and Innovation Vote presented in the previous Medium Term Expenditure Framework, the Ministry could not apply budget allocation as per the Funding Formula, a situation that is tantamount to compromising the credibility of the Funding Framework.

Higher Education Management Information System (HEMIS)

a) HEMIS updated with facility and equipment data

An investment model user guide was developed, highlighting the formats required for collecting facility data. The Investment Model is one of the main tools of the Funding Framework and it assists with the assessment of the needs for investment in facilities and equipment by higher education institutions. It is also very useful for the purposes of internal planning of individual institutions. It can be used by the higher education institutions (HEIs) in order to prepare the negotiations of their development plans with the Government.

Public HEIs submitted available information in the format as prescribed in the Investment User Guide, a workshop to examine the data submitted was conducted and it was agreed that public HEIs collect additional data i.e. area in square metres of facilities, to fill the gaps. NCHE will mobilise resources to co-finance the projects.

b) HEMIS updated with 2014 Academic year subjects, students and staff data

All Higher Education Institutions with qualifications on the National Qualifications Framework (NQF) submitted students and staff data sets with the exception of Institute of Bankers (IoB) which faced management challenges. The data sets received were cleaned and coded.

HEMIS database has been posing technical issues and hindered proper data uploading and online access by the general public as per initial design. Meanwhile, the data have been stored in 'ready to upload' files in the Statistical Package for the Social Sciences (SPSS).

Following the approval by the Council, the 2013 Namibia Higher Education Statistical Yearbook (NHESY) was published. The report is being disseminated through hard copies and electronic media.

The 2014 Namibia Higher Education Statistical Yearbook was compiled and the publishing process was underway by the end of the financial year.

An overview of the enrolment in higher education institutions shows a general increase between the 2013 and 2014 academic years (Table 1). However, a decline in enrolment numbers was observed among some higher education institutions, notably at the Polytechnic of Namibia, now NUST, that has started shedding some lower qualifications because of its transition to a University.

Table 1: Number of Enrolment and per cent by HEI for 2014 compared to 2013

HEI		2013		2014		Change	
		Number of Students	%	Number of Students	%	Number	%
UNAM	University of Namibia	17,307	39.50%	19,202	41.0%	1,895	10.9%
PON	Polytechnic of Namibia	12,653	28.90%	12,447	26.6%	-206	-1.6%
NAMCOL	Namibian College of Open Learning	883	2.00%	1,689	3.6%	806	91.3%
Total Public HEIs		30,843	70.5%	33,338	71.0%	2,495	8.1%
IUM	International University of Management	6,800	15.50%	7,511	16.0%	711	10.5%
LINGUA	International Training College LINGUA	516	1.20%	472	1.0%	-44	-8.5%
HEADSTART	Headstart Montessori Teacher Training College	90	0.20%	224	0.5%	134	148.9%
ILSA	ILSA Independent College	108	0.20%				
IOL	Institute of Open Learning	3,928	9.00%	4,254	9.1%	326	8.3%
MONITRONIC	Monitronic Success College	151	0.3%	283	0.6%	132	87.4%
NETS	Namibia Evangelical Theological Seminary	22	0.10%	16	0.0%	-6	-27.3%
IOB	Institute of Bankers	1,032	2.40%				
TRIUMPHANT	Triumphant College	230	0.50%	709	1.5%	479	208.3%
ULTS-Paulinum	United Lutheran Theological Seminary-Paulinum	41	0.10%	54	0.1%	13	31.7%
Total Private HEIs		12,918	29.50%	13523	29.0%	605	4.7%
Grand Total		43,761	100%	46,861	100%	3,100	7.1%

Source: Extracted from the 2014 NHESY

Training, workshops and conferences attended

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

During the review period, staff members attended the following training programmes, workshops or seminars:

Training Programmes

- Report writing and presentation
- Policy brief writing
- Presentation and facilitation
- Procurement and tendering
- Stock control
- Defensive driving
- Minute taking and report writing

Workshops and Seminars

- Funding of higher education institutions
- Seminar on higher education statistics
- Workshops on quality assurance matters

Implementation Challenges

Implementation of the 2015/ 16 Strategic Plan faced challenges, some of which were beyond the capacity of NCHE to attain. They include:

Enrolling new academic staff to benefit from postgraduate training programme: Non-disbursement of funds from the Line Ministry for a period of two consecutive financial years led to a situation where NCHE could not enrol new UNAM and NUST academic staff members on the training programme. Efforts to use own resources were not successful as this is not provided for by the HE Act. While the Line Ministry authorised NCHE to cover the training cost from its own budget in the meantime, such intervention is short term and may not be sustainable until all the continuing academic staff have completed their studies.

Conducting the feasibility of additional higher education institutions to host former Polytechnic of Namibia Certificates and Diplomas: pursuing the implementation of this project forward became impossible in view of the strategic direction in the Line Ministry, which is that of reviewing the entire higher education, training and innovation sector. The project should, therefore, be suspended until such a time when there is clarity on the direction of the sector and division of responsibilities.

Implementation of the Funding Framework: lack of financial resources that led to UNAM and NUST budgetary allocations not being in conformity with recommendations of the Funding Formula estimations led to financial distress of the two institutions. This was aggravated by the fact that the tuition fees were centrally adjusted to a level that was in line with the expected subsidy.

**NATIONAL COUNCIL FOR HIGHER EDUCATION
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Contents

The reports and statements set out below comprise the annual financial statements presented to the members:

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National Council for Higher Education

Annual Financial Statements for the year ended 31 March 2016

Council Members' Responsibilities and Approval

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 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 International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

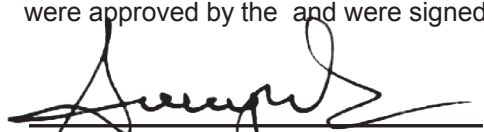
The Council Members acknowledge that they are ultimately responsible for the system of internal financial control established by the Council and place considerable importance on maintaining a strong control environment. To enable the Council Members to meet these responsibilities, the Council Members 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 2017 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 external auditor's are responsible for independently auditing and reporting on the Council's annual financial statements. The annual financial statements have been examined by the Council's external auditor's and their report is presented on pages 3 to 4.

The annual financial statements set out on pages 5 to 19, which have been prepared on the going concern basis, were approved by the and were signed on its behalf by:


Dr Kalumbi Shangula (Chairperson)
Ms Barbara van der Westhuizen (Chairperson:
Audit & Finance Committee)



Independent Auditor's Report

To the members of National Council for Higher Education

We have audited the annual financial statements of National Council for Higher Education, which comprise the statement of financial position as at 31 March 2016, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the council members' report, as set out on pages 5 to 18.

Council's Responsibility for the Financial Statements

The Council Members are responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Higher Education Act, 2003, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the 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 financial statements.

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

*PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
Practice Number 9406, T: + 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

Country Senior Partner: R Nangula Uaandja
Partners: Carl P van der Merwe, Louis van der Riet, Ansie EJ Rossouw, Seretta N Lombaard, Stéfan Hugo, Chantell N Husselmann, Gerrit Esterhuyse, Talita B Horn, Samuel N Ndahangwapo, Hans F Hashagen, Johannes P Nel, Annette van Coller



Independent Auditor's Report (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Council for Higher Education as at 31 March 2016, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and in the manner required by the Higher Education Act, 2003.

A handwritten signature in black ink, appearing to read 'Samuel N Ndahangwapo'.

PricewaterhouseCoopers
Registered Accountants and Auditors
Chartered Accountants (Namibia)

Per: Samuel N Ndahangwapo
Partner

Windhoek, 22/11/2016

*PricewaterhouseCoopers, Registered Auditors, 344 Independence Avenue, Windhoek, P O Box 1571, Windhoek, Namibia
Practice Number 9406, T: + 264 (61) 284 1000, F: +264 (61) 284 1001, www.pwc.com/na*

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National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Council Members' Report

The Council Members have pleasure in submitting their report on the annual financial statements of National Council for Higher Education for the year ended 31 March 2016.

1. Nature of business

Main business and operations

The activities of the Council comprises of:

- Promoting the establishment of a co-ordinated higher education system;
- Promoting access of students to higher education institutions;
- Promoting quality assurance in higher education;
- Advising 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 Akwaake

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

There have been no changes to the Council Members for the period under review.

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Council Members' Report

3. Events after the reporting period

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

4. Auditors

PricewaterhouseCoopers were appointed as auditors for the Council for 2016 and will continue in office for the following year.

National Council for Higher Education

Annual Financial Statements for the year ended 31 March 2016

Statement of Financial Position as at 31 March 2016

	Note(s)	2016 N\$	2015 N\$
Assets			
Non-Current Assets			
Property, plant and equipment	2	15,569,167	9,615,178
Other financial assets	3	22,815,813	21,215,123
		38,384,980	30,830,301
Current Assets			
Trade and other receivables	4	26,354	90,575
Cash and cash equivalents	5	25,652,925	49,700,757
		25,679,279	49,791,332
Total Assets		64,064,259	80,621,633
Equity and Liabilities			
Equity			
Retained income		13,647,670	21,236,867
Liabilities			
Non-Current Liabilities			
Deferred income	6	48,110,249	56,509,321
ETSIP funds	7	65,692	1,810,390
		48,175,941	58,319,711
Current Liabilities			
Payables	8	1,980,773	1,065,055
Provisions	9	259,875	-
		2,240,648	1,065,055
Total Liabilities		50,416,589	59,384,766
Total Equity and Liabilities		64,064,259	80,621,633

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Statement of Surplus/Deficit

	Note(s)	2016 N\$	2015 N\$
Revenue	10	-	17,876,000
Other income	11	8,442,820	196,645
Operating expenses		(19,549,043)	(13,624,905)
Operating (loss) profit		(11,106,223)	4,447,740
Investment revenue	12	3,517,026	2,483,231
Surplus/(Deficit)		(7,589,197)	6,930,971

National Council for Higher Education

Annual Financial Statements for the year ended 31 March 2016

Statement of Changes in Equity

	Retained income N\$	Total equity N\$
Balance at 01 April 2014	14,305,896	14,305,896
Surplus/(Deficit)	6,930,971	6,930,971
Balance at 01 April 2015	21,236,867	21,236,867
Surplus/(Deficit)	(7,589,197)	(7,589,197)
Balance at 31 March 2016	13,647,670	13,647,670

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Statement of Cash Flows

	Note(s)	2016 N\$	2015 N\$
Cash flows from operating activities			
Cash receipts from the government		-	17,876,000
Cash paid to suppliers and employees		(17,886,690)	(12,574,821)
Cash (used in) generated from operations	14	(17,886,690)	5,301,179
Interest income		3,517,026	2,483,231
Net cash from operating activities		(14,369,664)	7,784,410
Cash flows from investing activities			
Purchase of property, plant and equipment	2	(6,332,780)	(6,859,259)
Purchase of fixed investment - First National Bank	3	(1,600,690)	(21,215,123)
Net cash from investing activities		(7,933,470)	(28,074,382)
Cash flows from financing activities			
Capital grants received		-	9,495,000
Movement in ETSIP funds	7	(1,744,698)	(1,967,918)
Net cash from financing activities		(1,744,698)	7,527,082
Total cash movement for the year		(24,047,832)	(12,762,890)
Cash at the beginning of the year		49,700,757	62,463,647
Total cash at end of the year	5	25,652,925	49,700,757

National Council for Higher Education

Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with the International Financial Reporting Standard 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 stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of the asset less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

<i>Item</i>	<i>Average useful life</i>
Furniture and fixtures	10 years
Motor vehicles	5 years
Office equipment	5 years
IT 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 within 'other gains/(losses) – net' in the statement of surplus or deficit.

1.2 Financial instruments

Financial instruments at amortised cost

Financial instruments may be designated to be measured at amortised cost less any impairment using the effective interest method. These include trade and other receivables, loans and trade and other payables. At the end of each reporting period date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If so, an impairment loss is recognised in profit and loss.

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.2 Financial instruments (continued)

Trade and other receivables

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

Trade and other payables

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

1.3 Impairment of assets

At each reporting date, property, plant and equipment, are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount.

If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

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 (selling price less costs to complete and sell, in the case of inventories), but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (group of related assets) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

1.4 Provisions and contingencies

Provisions are recognised when:

- the company has an obligation at the reporting period 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.

1.5 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.

A 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 income statement (separately).

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Accounting Policies

1.5 Government grants (continued)

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions. Grants received where the group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with. Government grants received are included in 'other income' in profit or loss.

1.6 Revenue recognition

(a) Interest income

Interest income is recognised using the effective interest method.

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016			2015		
	N\$			N\$		
2. Property, plant and equipment						
	2016			2015		
	Cost	Accumulated depreciation and impairments	Carrying value	Cost	Accumulated depreciation and impairments	Carrying value
Land	482,500	-	482,500	482,500	-	482,500
Furniture and fixtures	478,144	(208,959)	269,185	467,038	(163,921)	303,117
Motor vehicles	2,865,472	(892,604)	1,972,868	973,402	(662,868)	310,534
Office equipment	127,259	(77,081)	50,178	113,724	(61,655)	52,069
IT equipment	521,932	(285,666)	236,266	495,693	(203,042)	292,651
Assets under construction	12,556,037	-	12,556,037	8,167,808	-	8,167,808
Other fixed assets	22,498	(20,365)	2,133	22,498	(15,999)	6,499
Total	17,053,842	(1,484,675)	15,569,167	10,722,663	(1,107,485)	9,615,178

Reconciliation of property, plant and equipment - 2016

	Opening balance	Additions	Depreciation	Total
Land	482,500	-	-	482,500
Furniture and fixtures	303,117	12,707	(46,639)	269,185
Motor vehicles	310,534	1,892,070	(229,736)	1,972,868
Office equipment	52,069	13,535	(15,426)	50,178
IT equipment	292,651	26,239	(82,624)	236,266
Assets under construction	8,167,808	4,388,229	-	12,556,037
Other fixed assets	6,499	-	(4,366)	2,133
	9,615,178	6,332,780	(378,791)	15,569,167

Reconciliation of property, plant and equipment - 2015

	Opening 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
IT 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
	2,988,798	6,859,259	(232,879)	9,615,178

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

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
3. Other financial assets		
Opening balance	21,215,123	-
Investment	-	20,000,000
Interest accrued	1,600,690	1,215,123
	22,815,813	21,215,123
At amortised cost		
Fixed Investment - First National Bank	22,815,813	21,215,123
Non-current assets		
At amortised cost	22,815,813	21,215,123
4. Trade and other receivables		
Deposits	26,354	90,575
5. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	6,890	6,890
First National Bank - current account	2,815,365	24,274,157
First National Bank - call account	2,055,286	4,157,059
Development fund: (Investment account)	20,709,692	19,395,774
ETSIP account	65,692	1,866,877
	25,652,925	49,700,757
6. Deferred income		
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.		
Opening balance	56,509,321	47,014,321
Current year grants received	-	9,495,000
Movement in deferred income	(8,399,072)	-
	48,110,249	56,509,321

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
7. ETSIP funds		
	<i>Opening Balance</i>	<i>Fund Received</i>
	<i>Paid Out</i>	<i>Closing Balance</i>
Staff Development	519,280	-
Quality Assurance	(1,605,583)	-
HEMIS Fund	(509,000)	-
Strategic Planning	(50,000)	-
Funding Formula	(152,000)	-
Staff Development Refund	(13,087)	(4,349)
	(1,810,390)	(4,349)
	1,749,047	(65,692)

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.

Non- Current Assets	2,334,019	-
Non- Current Liabilities	(2,399,711)	(1,810,390)
	(65,692)	(1,810,390)

8. Payables

Accrued leave pay	1,038,167	827,092
Deposits received	35,703	3,967
Payroll payables	906,903	233,996
	1,980,773	1,065,055

9. Provisions

Reconciliation of provisions - 2016

	Opening balance	Additions	Total
Provision for severance pay	-	259,875	259,875

10. Revenue

Government grants	-	17,876,000
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11. Other income

Cash refunds	35,243	1,600
Donations income	3,500	193,229
Movement in deferred income	8,399,072	-
Sundry income	5,005	1,816
	8,442,820	196,645

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
12. Investment revenue		
Interest revenue		
Interest received	3,517,026	2,483,231
13. Auditor's remuneration		
Fees	80,500	75,900
14. Cash (used in) generated from operations		
(Deficit)/Surplus for the year	(7,589,197)	6,930,971
Adjustments for:		
Depreciation and amortisation	378,791	232,878
Interest received - investment	(3,517,026)	(2,483,231)
Movements in provisions	259,875	-
Changes in working capital:		
Trade and other receivables	64,221	(48,854)
Payables	915,718	669,415
Deferred income	(8,399,072)	-
	(17,886,690)	5,301,179
15. 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 entities and other related parties		
Related party balances		
Subsidy balances		
Capital subsidy & donation	48,110,249	56,509,321
ETSIP funds	65,692	1,797,303
Related party transactions		
Government Subsidy		
Operational subsidy	-	17,876,000
Capital subsidy & donation	-	9,495,000

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Notes to the Annual Financial Statements

	2016 N\$	2015 N\$
16. Council members' remuneration		
<i>Non-executive</i>		
2016		
	Council members' fees	Total
For service rendered	1,345,478	1,345,478
2015		
	Council members' fees	Total
For service rendered	1,032,893	1,032,893

17. 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.

National Council for Higher Education
Annual Financial Statements for the year ended 31 March 2016

Detailed Statement of Surplus/Deficit

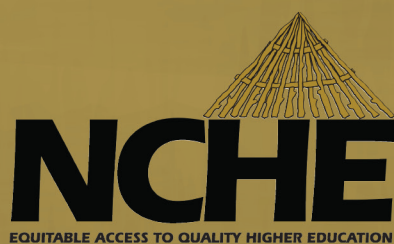
	Note(s)	2016 N\$	2015 N\$
Revenue			
Government grants		-	17,876,000
Other income			
Cash refunds		35,243	1,600
Donations income		3,500	193,229
Movement in deferred income		8,399,072	-
Interest received	12	3,517,026	2,483,231
Sundry income		5,005	1,816
		11,959,846	2,679,876
Operating expenses			
Advertising		(378,949)	(345,588)
Auditors remuneration	13	(80,500)	(75,900)
Bank charges		(35,713)	(38,648)
Catering services		(3,680)	(7,153)
Cleaning		(62,147)	(68,449)
Computer expenses		(38,697)	(15,336)
Consulting fees		(270,998)	(437,332)
Depreciation		(378,791)	(232,878)
Donations		(215,505)	(74,602)
Electricity and water		(86,277)	(33,757)
Employee costs		(11,762,619)	(7,925,548)
Entertainment		(9,581)	(9,143)
ETSIP fund movement		(241,123)	-
Interest paid		(15,787)	(4,979)
General expenses		-	(1,025)
Insurance		(100,201)	(76,584)
Lease rentals on operating lease		(1,388,533)	(1,037,275)
Loss on write off of assets		(269)	-
Motor vehicle expenses		(66,839)	(81,645)
Postage		(5,918)	(13,012)
Printing and stationery		(626,280)	(593,101)
Public lecture		(34,460)	(5,704)
Repairs and maintenance		(189,379)	(85,736)
Security		(8,143)	(8,949)
Subscriptions		(228,369)	(187,348)
Telephone and fax		(271,257)	(185,735)
Training		(1,422,006)	(311,303)
Travel		(1,317,220)	(1,550,114)
Workshop expenses		(309,802)	(218,061)
		(19,549,043)	(13,624,905)
Surplus/(Deficit)		(7,589,197)	6,930,971

The supplementary information presented does not form part of the annual financial statements and is unaudited

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